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## Convention to Combat Desertification

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Item 5 (b) of the provisional agenda

#### Programme and budget

**Financial performance for the Convention trust funds,  
including an update on the arrangements for the Global Mechanism**

## Financial performance for the Convention trust funds

### Note by the secretariat

#### *Summary*

By its decision 10/COP.11, the Conference of the Parties (COP) requested the Executive Secretary to report to the COP at its twelfth session on the status of the trust funds established under the financial rules. This document responds to that request by providing an overview of the income and expenditure of all Convention trust funds for the biennium 2014–2015 as at 31 May 2015.

Following the United Nations approach to results-based management, performance reporting is used to determine the actual progress made towards achieving expected accomplishments in comparison with the commitments set out in the approved programme budget. Such performance reporting covers all activities in the programme budget. Accordingly, Parties may wish to review the financial performance of the Convention trust funds against the level of implementation of the work programmes of the secretariat, the Global Mechanism, the Committee on Science and Technology and the Committee for the Review of the Implementation of the Convention. Therefore, this document should be read in conjunction with document ICCD/CRIC(14)/3, which presents the performance of the Convention subsidiary bodies by the results achieved.

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## I. Introduction

### A. Mandate

1. Rule 10 (d) of the rules of procedure of the Conference of the Parties (COP) provides that the provisional agenda of each ordinary session of the COP shall include, as appropriate, the proposed budget as well as all questions pertaining to the accounts and financial arrangements. By its decision 10/COP.11, the COP requested the Executive Secretary to report to the COP at its twelfth session on the status of the trust funds established under its financial rules.

### B. Scope of the note

2. This document provides an overview of the income and expenditure of all Convention trust funds for the biennium 2014–2015 as at 31 May 2015.

3. In accordance with the 10-year strategic plan and framework to enhance the implementation of the Convention (2008–2018) (The Strategy), which was adopted by the COP by its decision 3/COP.8, the Convention bodies and institutions are to prepare four-year workplans and two-year work programmes in line with their mandates, following a results-based management approach, to outline their contribution to The Strategy. The implementation of the workplans for the period 2014–2015 and the work programmes for 2014–2015 provide the basis for the performance of the Convention trust funds, as contained in this document. This document should therefore be read in conjunction with the detailed performance report of the secretariat, the Global Mechanism (GM), the Committee on Science and Technology and the Committee for the Review of the Implementation of the Convention for the biennium 2014–2015.<sup>1</sup>

## II. Income and expenditure report

### A. Trust Fund for the Core Budget of the United Nations Convention to Combat Desertification

4. The COP, by its decision 10/COP.11, approved a core budget of EUR 16.1 million for the biennium 2014–2015 (see table 1). Funding for the approved budget comes from indicative contributions by all Parties and the Host Government.

Table 1

**Programme budget for the biennium 2014–2015**

(Euros)

	2014	2015	2014–2015
Direct costs for programme activities	7 069 705	7 256 031	14 325 736
Programme support costs	919 062	943 284	1 862 346
Adjustment to working capital reserve	(65 651)		(65 651)

<sup>1</sup> ICCD/CRIC/(14)/3.

	2014	2015	2014–2015
<b>Total approved budget</b>	<b>7 923 116</b>	<b>8 199 315</b>	<b>16 122 431</b>
Contributions from the Host Government	511 292	511 292	1 022 584
Unspent balances or contribution from prior financial periods	202 053	202 053	404 106
Indicative contributions from all Parties	7 209 771	7 485 970	14 695 741
<b>Total income</b>	<b>7 923 116</b>	<b>8 199 315</b>	<b>16 122 431</b>

5. By the same decision, the COP approved the budget for the transfer of the GM to Bonn, Germany, of EUR 350,894 (see table 2).

Table 2

**Resource requirements for transferring the Global Mechanism to Bonn (Euros)**

	Budget
Relocation costs of the Global Mechanism	310 526
Programme support costs	40 368
<b>Total</b>	<b>350 894</b>
<i>Income</i>	
Reserves against the Trust Fund for the Core Budget of the United Nations Convention to Combat Desertification	<b>350 894</b>

6. As at 31 May 2015, the Trust Fund for the Core Budget of the United Nations Convention to Combat Desertification (UNCCD) had received EUR 9.3 million, or 63.3 per cent of the total indicative contributions for the biennium. At the time of the preparation of this report, the voluntary contribution from the Host Government had not been received for 2015. Table 3 indicates the actual amount of income received to date in the biennium.

Table 3

**Income received for the biennium 2014–2015 (Euros)**

Carry-over from 2012–2013	510 929
Indicative contributions for 2014–2015	9 327 297
Contributions for previous years	147 891
Contributions from the Host Government	511 292
Contributions for future years received in advance	18 487
Interest and miscellaneous income	3 805
<b>Total income received</b>	<b>10 519 701</b>

7. The total amount of outstanding indicative contributions is USD 0.87 million for 2002–2007 and EUR 6.7 million for 2008–2015. Tables 4 and 5 provide details on the number of Parties and the amount outstanding by year.

Table 4

**Outstanding contributions to the trust fund by year for the period 2002–2007 as at 31 May 2015**

(United States dollars)

	<i>Number of Parties</i>	<i>Outstanding amount</i>
Outstanding since 1 January of:		
2002	2	160
2003	3	174
2004	5	350
2005	7	473
2006	10	271 674
2007	21	593 129
<b>Total</b>		<b>865 960</b>

Table 5

**Outstanding contributions to the trust fund by year for the period 2008–2015 as at 31 May 2015**

(Euros)

	<i>Number of Parties</i>	<i>Outstanding amount</i>
Outstanding since 1 January of:		
2008	26	658 025
2009	30	96 760
2010	38	31 264
2011	45	98 512
2012	54	138 144
2013	68	474 173
2014	84	741 699
2015	131	4 490 773
<b>Total</b>		<b>6 729 350</b>

8. Parties may recall that the COP authorized the Executive Secretary to enter into arrangements with any Party whose agreed outstanding contributions remain unpaid for two or more years to mutually agree on a “schedule of payments” for that Party to pay all unpaid agreed contributions within six years, depending on the financial circumstances of the Party concerned, and to pay future contributions by the due date.<sup>2</sup> In June 2014, the secretariat sent reminders to all Parties with outstanding contributions and invited those Parties with contributions outstanding for two years or more to make payment

<sup>2</sup> Decision 9/COP.9, paragraph 13.

arrangements. As at 31 May 2015, the secretariat had not been contacted by any Party to make these arrangements for outstanding contributions of two years or more.

9. The secretariat will continue to remind Parties of their outstanding contributions and post the monthly status of indicative contributions on its website.<sup>3</sup>

10. Expenditure as at 31 May 2015 in the Trust Fund for the Core Budget of the UNCCD amounted to EUR 8.1 million, or 56.6 per cent of the core budget, using the average exchange rate for the first 17 months of the biennium. The low expenditure rate is primarily due to savings accrued from vacant posts, namely two Director level posts, one of which was not filled until the first quarter of 2015, in addition to two Professional level and three General Service level positions in both the secretariat and the GM. The secretariat and the GM have made further savings through cost efficiencies in the utilization of consultants and have made efforts to pursue online training courses for staff development training, wherever possible. The secretariat and the GM are therefore projecting possible savings in the budget by year end of EUR 0.623 million. With regard to the budget to support the GM in the move to Bonn, expenditure in the same financial period amounted to EUR 0.304 million, or 98 per cent of the approved budget. Table 6 shows a comparison between the approved budget and related expenditure for the period.

Table 6  
**Expenditure by programme as at 31 May 2015**  
(Euros)

	<i>I</i>	<i>II</i>	<i>III = I - II</i>	<i>IV</i>	<i>V = I - (II+IV)</i>
	<i>Approved budget 2012–2013</i>	<i>Expenditure</i>	<i>Balance as at 31 May 2015</i>	<i>Expenditure Forecast June–Dec. 2015</i>	<i>Projected Balance As at 31 Dec 2015</i>
<i>I. Programmes</i>					
A. Advocacy, awareness raising and education	1 955 400	1 274 927	680 473	686 392	(5 919)
B. Policy framework	1 540 200	975 143	565 057	537 758	27 299
C. Science, technology and knowledge	2 309 900	1 455 176	854 724	831 639	23 085
D. Capacity-building	678 175	346 480	331 695	294 585	37 110
E. Financing and technology transfer	1 588 050	745 333	842 717	752 183	90 534
<i>II. Management support</i>					
F. Executive direction and management	3 139 035	1 422 878	1 716 157	1 295 044	421 113
G. Conference services	676 100	431 422	244 678	243 747	931
H. Administration and finance services	2 438 876	1 455 174	983 702	954 963	28 739
<b>Total Core Budget (A–H)</b>	<b>14 325 736</b>	<b>8 106 532</b>	<b>6 219 204</b>	<b>5 596 311</b>	<b>622 893</b>
Transfer to Bonn of the Global Mechanism	310 526	304 240	6 286	0	6 286

<sup>3</sup> <[www.unccd.int/en/about-the-convention/The-Secretariat/Pages/default.aspx](http://www.unccd.int/en/about-the-convention/The-Secretariat/Pages/default.aspx)>.

11. More information on expenditure may be found in the report referred to in paragraph 3 above.

## **B. Trust Fund for Participation of Representatives of Eligible Parties in the Sessions of the United Nations Convention to Combat Desertification**

12. As at 31 May 2015, the Trust Fund for Participation of Representatives of Eligible Parties in the Sessions of the UNCCD Conference had received EUR 0.96 million in income, including carry-over from prior periods, which was used to fund participants from eligible Parties, designated science and technology correspondents from eligible affected countries and representatives from non-governmental organizations. Information on the income and expenditure of this trust fund is given in table 7.

Table 7

### **Income and expenditure of the Trust Fund for Participation of Representatives of Eligible Parties in the Sessions of the UNCCD Conference as at 31 May 2015**

(Euros)

<i>Income</i>	
Carry-over from 2012–2013	244 882
Voluntary contributions received for 2014–2015	717 444
Interest and miscellaneous income	266
<b>Total income</b>	<b>962 592</b>
<i>Expenditure</i>	
Travel costs obligated for 59 eligible participants to the session of the CST S-4 <sup>a</sup> and the UNCCD 3rd Scientific Conference	221 894
Travel costs obligated for 78 eligible participants to the session of CRIC 13 <sup>b</sup>	294 056
Programme support costs	67 074
<b>Total expenditure</b>	<b>583 024</b>
<b>Balance of funds</b>	<b>379 568</b>

<sup>a</sup> Fourth special session of the Committee on Science and Technology.

<sup>b</sup> Thirteenth session of the Committee for the Review of the Implementation of the Convention.

## **C. Trust Funds for Voluntary Financing of Activities under the United Nations Convention to Combat Desertification**

13. Parties may recall that the COP, by its decision 10/COP.11, took note of the extrabudgetary funding needs for supplementary activities amounting to EUR 7.3 million for the secretariat work programme and EUR 11.6 million for the GM as contained in the programme and budget for the biennium 2014–2015. Table 8 shows income and expenditure as at 31 May 2015.

Table 8  
**Income and expenditure of the respective Trust Funds for Voluntary Financing Activities for the secretariat and the Global Mechanism as at 31 May 2015**  
 (Euros)

	<i>Secretariat</i>	<i>Global Mechanism</i>
<i>Income</i>		
Carry-over from 2012–2013	787 597	4 193 251
Voluntary contributions received for 2014–2015	3 904 675	6 086 206
Interest and miscellaneous income	3 749	5 510
<b>Total income</b>	<b>4 696 021</b>	<b>10 284 967</b>
<i>Expenditure</i>		
Disbursements and obligations	2 237 515	4 496 945
Programme support costs	261 618	433 000
<b>Total expenditure</b>	<b>2 499 133</b>	<b>4 929 945</b>
<b>Balance of funds</b>	<b>2 196 888</b>	<b>5 355 022</b>

14. As at 31 May 2015, the secretariat had received EUR 3.9 million, or 53 per cent of the voluntary contribution requirements for the biennium set out in decision 10/COP.11, and the GM had received EUR 6.1, which also represents 53 per cent of the estimated amount. Overall, the receipt of voluntary contributions has improved by 85 per cent for the secretariat and 91 per cent for the GM when compared with the same time in the biennium 2012–2013.

#### **D. Trust Fund for Convention Events Organized by the secretariat of the United Nations Convention to Combat Desertification (the Bonn Fund)**

15. The Government of Germany, Host Government to the secretariat, supports Convention-related activities and events with an annual supplementary contribution amounting to EUR 511,292. This contribution, known as the Bonn Fund, is transferred to the secretariat in two instalments per year. Of the total contribution of EUR 1,022,584 for the biennium 2014–2015, EUR 511,292 had been received by the secretariat as at 31 May 2015, in addition to the carry-over balance and miscellaneous income.

16. The Bonn Fund is utilized according to a cost plan which is proposed by the secretariat and accepted by the Government of Germany. As at 31 May 2015, EUR 0.496 million had been used according to the cost plans agreed for 2014 and 2015. It should be noted that the 2015 contribution had not been received by the time of the preparation of this report. An overview of this utilization is presented in table 9.



Table 9

**Income and expenditure of the Bonn Fund as at 31 May 2015**

(Euros)

<i>Income</i>	
Carry-over from 2012–2013	(286 799)
Voluntary contributions received for 2014–2015	511 292
Interest and miscellaneous income	348
<b>Total income</b>	<b>224 841</b>
<i>Expenditure</i>	
Disbursements and obligations	439 115
Programme support costs	57 083
<b>Total expenditure</b>	<b>496 198</b>
<b>Balance of funds</b>	<b>(271 358)</b>

**E. Special Account for Programme Support Costs**

17. In accordance with the standard practice of the United Nations, a rate of 13 per cent is charged to all trust funds for programme support services. These support services are mostly used to cover the costs of administrative support staff and secretariat staff costs at the United Nations liaison office in New York, United States of America. Table 10 shows the status of the Special Account for Programme Support Costs.

Table 10

**Income and expenditure of the Special Account for Programme Support Costs as at 31 May 2015**

(Euros)

<i>Income</i>	
Carry-over from 2012–2013	744 591
Programme support costs income in 2014–2015	2 070 976
Interest and miscellaneous income	33 545
<b>Total income</b>	<b>2 849 112</b>
<i>Expenditure</i>	
Disbursements and obligations	2 631 626
<b>Total expenditure</b>	<b>2 631 626</b>
<b>Balance of funds</b>	<b>217 486</b>

### **III. Conclusions and recommendations**

**18. The COP may wish to take note of the information presented in this document and decide on actions that may need to be included in decisions on the programme budget.**

## Annex

### Projects and events funded from the Trust Fund for Supplementary Activities (secretariat and the Global Mechanism) in the biennium 2014–2015

<i>Project</i>	<i>Income (Euros)</i>	<i>Expenditure (Euros)</i>	<i>Balance (Euros)</i>
Secondment of an Assistant Programme Officer to the UNCCD Asia RCU office in Bangkok, Thailand	148 850	69 077	79 773
Cost sharing arrangement of a Programme Officer in liaison office in New York, United States of America	137 237	199 855	(62 618)
Secondment of Liaison Officer, Changwon Initiative	192 832	33 890	158 942
GM: support to the national reporting	1 138 993	950 037	188 956
Development of the PRAIS/reporting system, including synergies with UNFCCC and CBD	205 751	80 277	125 474
Sustainable land management best practices database	172 166	134 588	37 578
Support to the networking of non-governmental organizations	197 493	87 831	109 662
Intergovernmental Working Group	42 940	43 974	(1 034)
Study and advocacy on Land Degradation Neutrality	36 800	30 811	5 989
Indicators for Land Degradation Neutrality	40 000	11 415	28 585
NAP alignment/Land Degradation Neutrality	220 800	60 164	160 636
Science-Policy Interface	22 080	0	22 080
UNCCD 3rd Scientific Conference	100 000	0	100 000
Publication of the outcomes of the 3rd Scientific Conference	14 720	15 120	(400)
Global Land Outlook	159 562	153 228	6 334
Land for Life Award	269 180	193 118	76 062
Land for Life Award: best practices	62 985	25 267	37 718
Greening Drylands Partnerships	184 000	0	184 000
Regional workshop on capacity development to support the elaboration of National Drought Management Policies	33 211	32 571	640
A joint publication on drought	20 000	0	20 000
World Land Outlook - analysis phase	117 572	157 528	(39 956)
Study of the Economics of Land Degradation in Asia	147 200	20 307	126 893
Soil Leadership Academy	800 000	60 216	739 784
Policy linkages: land-based adaptation	100 000	0	100 000
Policy linkages: rights-based approach (gender)	60 000	0	60 000
UNDP technical support on gender issues	14 534	0	14 534

<i>Project</i>	<i>Income (Euros)</i>	<i>Expenditure (Euros)</i>	<i>Balance (Euros)</i>
GM: Integrating Climate Change Finance into Sustainable Land Management Investment Strategies	620 000	487 518	132 482
GM: Triggering Investments in Sustainable Land Management	554 903	1 129 767	(574 864)
GM: Upgrading the RBM system	41 810	24 261	17 549
GM: Streamlining Knowledge Management	58 190	0	58 190
IFAD Escrow Account received in 2014–2015	3 672 310	0	3 672 310
<b>Total</b>	<b>9 586 119</b>	<b>4 000 820</b>	<b>5 585 299</b>

Abbreviations:

CBD = Convention on Biological Diversity; GM = Global Mechanism; IFAD = International Fund for Agricultural Development; NAP = national action programme; PRAIS = performance review and assessment of implementation system; RBM = results-based management; RCU = Regional Coordination Unit; UNCCD = United Nations Convention to Combat Desertification; UNDP = United Nations Development Programme; UNFCCC = United Nations Framework Convention on Climate Change; VITRI = Viikki Tropical Resources Institute.