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PROGRAMME AND BUDGET

Addendum

Report on the performance of the Convention's trust funds in the biennium 2004–2005

Note by the secretariat*

EXECUTIVE SUMMARY

1. This document reports on the performance of all the funds of the Convention for the biennium 2004-2005 as at 30 June 2005. For the General Fund for the core budget, projections for the remaining six months of the biennium are provided, as well as an estimated total utilization for the entire biennium. The present document should be read in conjunction with the documents concerning the activities of the secretariat (ICCD/CRIC(4)/2), the proposed programme and budget for the biennium 2006–2007 (ICCD/COP(7)/2/Add.1 and Add.2), and the performance report of the Supplementary Fund (ICCD/COP(7)/2/Add.4).

2. The present document seeks to report on the resources utilized, the activities carried out and the results achieved by each programme during the biennium. The Parties may note that the nominal budget increase of 5 per cent from the 2002-2003 budget to the 2004–2005 budget translated into a significant decrease in the amount of available resources, mainly due to the impact of the depreciation of the United States dollar against the Euro. This resulted in severe financial limitations that affect the work of the secretariat.

* The submission of this document has been delayed in order to provide the Conference of the Parties with the most up-to-date information on the performance of the Convention's trust funds.

3. The current expenditure projections up to the end of the biennium indicate a possibility of exceeding the amount of the approved core budget. In view of this, the Parties may wish to authorize the secretariat to make use of any available savings brought forward from the previous periods.

4. As at 31 December 2004, the secretariat has recorded a cumulative surplus from savings from operations of previous periods and interest income to the amount of US\$ 3,197,370. This includes contributions receivable in the amount of US\$ 1,447,600. The interim financial report of the secretariat for the year 2004 (ICCD/COP(7)/2/Add.3 (B)) provides more details on the accounts of the secretariat. The Conference of the Parties (COP) may therefore wish to grant approval to the Executive Secretary to utilize the anticipated savings mentioned above to offset any eventual over-expenditures as a result of the decline of the value of the United States dollar vs. the Euro.

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. BACKGROUND INFORMATION.....	1 – 4	4
A. Mandate	1	4
B. Scope of the note.....	2 – 4	4
II. BUDGET PERFORMANCE REPORT	5 – 55	4
A. General Fund and Supplementary Fund activities	5 – 53	4
B. Supplementary contribution to the Convention activities by the host Government (Bonn Fund) in the biennium 2004–2005	54 – 55	19
C. Special Fund for participation.....		20
III. HUMAN RESOURCES	56 – 66	20
A. General Fund.....	56 – 65	20
B. Programme support costs.....	66	21
IV. WORKING CAPITAL RESERVE.....	67	23
V. CONCLUSIONS AND RECOMMENDATIONS	68 – 70	23

List of tables

1. Summary of income in the biennium 2004–2005 as at 30 June 2005.....	5
2. Analysis of contributions received to the General Fund for the biennium 2004–2005 as at 30 June 2005	6
3. Summary of expenditures in the biennium 2004–2005 by programme	7
4. Summary of expenditures in the biennium 2004–2005 by object of expenditures	8
5. Expenditures in the biennium 2004–2005 for the Executive management and policy	9
6. Expenditures in the biennium 2004–2005 for COPSUBLA.....	11
7. Expenditures in the biennium 2004–2005 for Science and technology	13
8. Expenditures in the biennium 2004–2005 for Facilitation of implementation	14
9. Expenditures in the biennium 2004–2005 for External relations and public information	16
10. Expenditures in the biennium 2004–2005 for Administrative and financial services..	18
11. Expenditures in 2004 from the Bonn Fund.....	19
12. Status of Special Fund for participation as at 30 June 2005.....	20
13. Comparison of the approved and filled posts, gender distribution, geographic distribution and location as at 30 June 2005 (General Fund, Supplementary Fund, associate experts and programme support)	22

I. BACKGROUND INFORMATION

A. Mandate

1. Rule 10 (d) of the Rules of Procedure of the COP (ICCD/COP(1)/11/Add.1) 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 23/COP.6, the COP requested the Executive Secretary to report to the Conference at its seventh session on the status of the funds established under its financial rules..

B. Scope of the note

2. The present document reports on actual income and expenditures of all Convention funds for the biennium as at 30 June 2005. For the General Fund for the core budget, the expenditures estimated to occur by 31 December 2005 are also presented. In addition to the performance level, the present document gives information on programme implementation and the results achieved.

3. The note is organized as follows:

(a) Chapter II contains information on budget performance for the period 2004-2005 for the four funds administered by the secretariat: the General Fund for the core budget (General Fund), the Supplementary Fund, the Special Fund for participation in the sessions of the COP and its subsidiary bodies (Special Fund); and the trust fund for the supplementary contribution to Convention activities by the host Government (Bonn Fund).

(b) Chapter III provides information on management of human resources;

(c) Chapter IV presents the status of the working capital reserve;

(d) Chapter V gives information on the administrative arrangements;

(e) Chapter VI concludes this performance report.

4. The present document should be read in conjunction with the documents concerning the activities of the secretariat (ICCD/CRIC(4)/2), the proposed programme and budget for the biennium 2006-2007 (ICCD/COP(7)/2/Add.1 and Add.2), and the 2004-2005 performance report for the Supplementary Fund (ICCD/COP(7)/2/Add.4).

II. BUDGET PERFORMANCE REPORT

A. General Fund and Supplementary Fund activities

5. The approved budget for the biennium 2004-2005 represented a nominal increase of 5 per cent from the previous budget. It was not adjusted to reflect the impacts of currency rate fluctuation, inflation or changes in the United Nations standard salary scales that had occurred since the previous budget biennium. The nominal increase translated into a significant decline of actual resources available, primarily due to the impact of the depreciation of the United States

dollar against the secretariat's functional currency, the Euro. The resulting financial limitations were particularly severe in the light of the workload for the biennium: many decisions taken by COP at its sixth session set tasks that add to both the substantive and quantitative scope of the activities of the secretariat.

6. Out of the total approved budget for the secretariat for the biennium 2004-2005, 85.6 per cent is allocated for staff-related costs, compared to 50.6 per cent in the previous biennium. The unfavourable currency exchange fluctuation of the Euro and the United States dollar since 2003 has increased the relative share of staff costs that are mainly effected in Euros, resulting in the need to freeze three key staff posts and limit the use of budgetary resources to travel and consultancy. Consequently, despite the saving measures, the secretariat has not been able to operate at its full capacity in the period 2004-2005. The estimated expenses required to maintain the current structure of the secretariat are anticipated to exceed the approved budget for the biennium. The Parties may therefore wish to authorize the Executive Secretary to utilize savings from previous budgets to offset any eventual over-expenditure as a result of the decline of the value of the United States dollar.

1. Report on income

7. The status of contributions to the General Fund for the core budget and the Supplementary Fund is summarized in table 1.

Table 1. Summary of income in the biennium 2004-2005 as at 30 June 2005
(in United States dollars)

Source	Approved budget and unpaid balance from prior years	Core budget received contributions as at 30 June 2005	%	Suppl. Fund contributions as at 30 June 2005
Balance of the General Fund brought forward ^{1/}	1,254,073	527,902	42.0	
Assessed contributions from Parties	15,939,000	12,380,669	77.7	
Special contribution from Germany (EUR 1,022,584)	1,110,000	1,308,243	117.9	
Balance of Supplementary Fund brought forward				649,357
Voluntary contributions to the Supplementary Fund				8,210,916
Subtotal	18,303,073	14,216,814	77.7	8,860,273
Prior year savings on obligations and interest income ^{2/}		396,460		66,161
Total	18,303,073	14,613,274		8,926,434

^{1/} This balance includes working capital reserve brought forward from 2002-2003.

^{2/} The interest income is made up of US\$ 27,622 for 1999, US\$ 245,347 for 2002-2003 and US\$ 123,491 for 2004-2005.

Table 2. Analysis of contributions received to the General Fund
for the biennium 2004–2005 as at 30 June 2005
(in United States dollars)

	From prior years	2004	2005	Total
Approved core budget	-	8,048,000	7,891,000	15,939,000
Contributions receivable as at 31 December 2003	1,254,073	-	-	1,254,073
Subtotal	1,254,073	8,048,000	7,891,000	17,193,073
Contributions received as at 30 June 2005	527,902	7,505,079	4,875,590	12,908,571
Percentage	42 %	93 %	62 %	75 %
Outstanding contributions as at 30 June 2005	726,171	542,921	3,015,410	4,284,502
Percentage	58 %	7 %	38 %	25 %

8. As at 30 June 2005, 126 Parties had fully paid their 2004 contributions while 58 Parties had fully paid their 2005 contributions. Received contributions represent 75 per cent of the approved budget and outstanding contributions from prior periods. Assessed contributions amounting to US\$ 4,284,502 and representing 25 per cent of the total contributions receivable in the biennium were outstanding. The Executive Secretary has continued to send out reminder letters inviting all Parties which have not yet paid their contributions in full to do so without further delay. In addition the secretariat posts reports on the outstanding contributions in its website, which is updated on a monthly basis.

9. The Parties may note that US\$ 726,171 representing 17 per cent of the total outstanding contributions as at 30 June 2005 are from the prior biennium. Although the Executive Secretary has made every effort to collect these outstanding contributions, there are indications that some of these amounts may remain unpaid for a long time. Consequently, the Executive Secretary invites Parties to review and advise on possible action to be taken.

10. Updated status of contributions to the General Fund for the core budget, the Supplementary Fund and the Special Fund as at 17 October 2005 is reported in document ICCD/COP(7)/2/Add.6.

11. In addition to the approved assessed contributions from Parties, a special contribution of US\$ 1,308,243 has been received from the host country, Germany, to the General Fund for the core budget of the Convention. This contribution is reflected in table 1.

2. Report on expenditures

12. Tables 3 and 4 summarize actual expenditures under the General and Supplementary Funds as at 30 June 2005 and total estimated expenditures for the year 2005, by programme and by object of expenditure. Total estimated expenditure for the biennium is presented for the General Fund.

Table 3. Summary of expenditures in the biennium 2004–2005 by programme
(in United States dollars)

Programme	Approved 2004-2005 budget	Actual expenditures as at 30 June 2005	% of the approved budget	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures as at 31 Dec. 2005	%	Suppl. Fund as at 30 June 2005
Executive management and policy	1,550,000	1,707,300	110.0	502,000	2,209,300	142.6	47,800
COPSUBLA	1,361,000	815,500	59.9	417,000	1,232,500	90.6	1,199,700
Science and technology	928,000	607,300	65.4	273,100	880,400	94.9	29,900
Facilitation of implementation	4,009,000	3,126,200	78.0	1,009,600	4,135,800	103.2	4,083,900
External relations and public information	900,000	1,079,200	120.0	359,700	1,438,900	160.0	420,900
Administrative and financial services	2,533,000	2,175,800	85.9	780,800	2,956,600	116.7	-
Global Mechanism	3,701,000	1,300,000	35.1	2,401,000	3,701,000	100.0	-
Subtotal	14,982,000	10,811,300	72.2	5,743,200	16,554,500	110.5	5,782,200
Programme support costs*	1,948,000	1,405,500		746,600	2,152,100		751,700
Total	16,930,000	12,216,800	72.2	6,489,800	18,706,600	110.5	6,533,900
Capital reserve	119,000	16,600		-	16,600		346,317
Less: Contribution from the host Government	1,110,000	1,308,243		-	1,308,243		-
Grand total	15,939,000	10,925,157	68.5	6,489,800	17,414,957	109.3	6,880,217

* In accordance with United Nations guidelines ST/SGB/188, paragraph 47, a 13 per cent programme support factor has been applied to expenditures on all the funds except where exemptions have been authorized by the United Nations Controller.

Table 4. Summary of expenditures in the biennium 2004–2005 by object of expenditures
(in United States dollars)

Object of expenditures	Approved 2004–2005 budget	Actual expenditures as at 30 June 2005	% of approved budget	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures as at 31 Dec. 2005	%	Suppl. Fund as at 30 June 2005
Staff costs	8,633,500	7,384,600	85.6	2,430,600	9,815,200	113.7	1,629,700
Consultants and experts	282,000	283,300	-	129,700	413,000	146.5	697,400
Travel of participants and representatives	167,000	80,300	-	113,400	193,700	116.0	445,400
Staff travel	530,000	478,000	-	110,000	588,000	110.9	463,700
Contractual services	62,000	39,800	-	50,000	89,800	177.4	122,900
General operating expenditures	807,000	571,400	-	302,500	873,900	108.3	22,300
Hospitality	27,000	2,700	-	45,000	47,700	176.7	-
Supplies and materials	110,500	67,400	-	43,100	110,500	100.0	-
Equipment and furniture	37,900	0	-	37,900	37,900	100.0	-
Contribution to joint services	624,100	603,800	-	80,000	683,800	109.6	-
Grants and contributions	-	-	-	-	-	-	2,400,800
Contribution to the Global Mechanism	3,701,000	1,300,000	-	2,401,000	3,701,000	100.0	-
Subtotal	14,982,000	10,811,300	72.2	5,743,200	16,554,500	110.5	5,782,200
Programme support costs	1,948,000	1,405,500		746,600	2,152,100		751,700
Total	16,930,000	12,216,800	72.2	6,489,800	18,706,600	110.5	6,533,900
Capital reserve*	119,000	16,600	-	-	16,600	-	346,317
Less: Contribution from the host Government	1,110,000	1,308,243	-	-	1,308,243	-	-
Grand total	15,939,000	10,925,157	68.5	6,489,800	17,414,957	109.3	6,880,217

* At its sixth session, the COP reaffirmed that the working capital reserve maintained within the General Fund shall be set at a level of 8.3 per cent of core budget expenditures, including overhead charges. It is anticipated that at the end of the year 2005 the working capital reserve will be US\$ 701,000, including US\$ 684,322 balance brought forward from 2004. Under the Supplementary Fund, the operating reserve balance brought forward from 2004 amounts to US\$ 750,512.

3. Performance by programme

13. When considering the performance of each programme, the Parties may note that most functions of the secretariat involve staff and resources from more than one programme. In the following sections, the secretariat's functions are presented under those programmes that have the principal responsibility in carrying out the activities in question.

*Executive management and policy (EDM)*Table 5. Expenditures in the biennium 2004–2005 for the Executive management and policy
(in United States dollars)

Object of expenditures	Approved 2004-2005 budget	Actual expenditures as at 30 June 2005	% of approved budget	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures as at 31 Dec. 2005	%	Suppl. Fund
Staff costs (1 ASG, 1 D-1, 1 P-4, 2 GS)	957,700	1,116,200	116.6	372,000	1,488,200	155.4	-
Staff travel	467,000	466,100	99.8	100,000	566,100	121.5	41,700
Hospitality	3,000	2,700	90.0	30,000	32,700	1,090.0	-
Consultants and experts	122,300	122,300	100.00	-	122,300	100.0	6,100
Total	1,550,000	1,707,300	110.1	502,000	2,209,300	142.6	47,800

14. The Executive management and policy (EDM) programme bears the organizational responsibility for the management of the secretariat and its responsiveness to the tasks assigned by the Convention and the COP.

15. During the biennium 2004-2005, EDM has provided advice to the bodies of the Convention on the basis of the Convention's provisions and the decisions of the COP. It has directed the policy orientation of the secretariat with the aim of ensuring that the activities carried out serve the Parties in an optimal manner and respond to the requests of the COP. In the light of the budgetary limitations, EDM has introduced management tools and saving measures for the effective functioning of the secretariat, and intensified its efforts to mobilize supplementary funding.

16. High priority has been given to the development of closer cooperation with relevant organizations, agencies and institutions. Pursuant to the request of the COP, EDM has coordinated the secretariat's preparation of the Joint Work Programme with the Global Mechanism (GM), the consultations with the Global Environment Facility (GEF) and the preparation of the related Memorandum of Understanding to be considered by COP 7, as well as the discussions on cooperation initiatives with various multilateral partners including the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank, among others. It has strengthened cooperation with the International Crops Research Institute in Semi-Arid Tropics (ICRISAT), and the Common Fund for Commodities (CFC) through the preparation of Memorandums of Understanding with the two entities.

17. With regard to policy advocacy and awareness-raising, EDM has represented the Convention at the highest level in various intergovernmental and regional conferences and meetings, as well as in bilateral contacts with affected country Parties and donor partners. It has coordinated the representation of the secretariat in other forums and meetings.

18. EDM has also sought to analyse and prepare responses to emerging policy issues relevant to the Convention, including the linkages between the Millennium Development Goals (MDGs) and the UNCCD, the mainstreaming of combating desertification into the overall national level strategies and programmes, and the development of economic opportunities and private sector involvement in drylands.

19. The outcome of the work of EDM in the biennium 2004 – 2005 can be summarized as follows:

- (a) The secretariat has fulfilled its tasks despite the budgetary limitations, although the year 2005 in particular has been highly demanding in the light of the organization of two major events, the third session of the Committee for the Review of the Implementation of the Convention (CRIC 3) and COP 7, in the same year;
- (b) Intensified efforts to mobilize supplementary funding have resulted in an increase of over one million United States dollars in the Supplementary Fund compared to the previous biennium. The Parties may note, however, that the organization of CRIC 3 required significant financial resources that were not provided under the core budget. Furthermore, the depreciation of the United States dollar against the Euro affected the actual value of the Supplementary Fund;
- (c) The Joint Work Programme (JWP) with the GM has provided a useful tool for strengthened cooperation between the two entities;
- (d) The establishment of modalities and practices for implementing the Convention through support from the GEF has advanced;
- (e) The UNCCD process has attracted more inputs from major international organizations, including IFAD, UNDP, UNEP and the World Bank, through their role as the GEF implementing and executing agencies as well as through specific initiatives such as TerrAfrica;
- (f) The potential of combating desertification in eradicating poverty and meeting the MDGs has been noted in the declarations and decisions of various international and regional processes, and this has paved the way for strengthened support to and broader involvement in the Convention process;
- (g) The secretariat has developed its knowledge of and responsiveness to various emerging policy issues.

*Substantive support to the COP and its subsidiary bodies, legal advice and global issues
(COPSUBLA)*

Table 6. Expenditures in the biennium 2004–2005 for COPSUBLA
(in United States dollars)

Object of expenditures	Approved 2004-2005 budget	Actual expenditures as at 30 June 2005	% of approved Budget	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures as at 31 Dec. 2005	%	Suppl. Fund as at 30 June 2005
Staff costs (2 P-5, 1 P-3, 1 P-2, 1 GS)	1,261,000	815,500	64.7	272,000	1,087,500	86.2	474,900
Consultants and experts	100,000	-	-	100,000	100,000	100.0	177,000
Travel of participants and representatives	-	-	-	-	-	-	70,500
Staff travel	-	-	-	-	-	100.0	183,300
Contractual services	30,000	-	-	30,000	30,000	100.0	46,700
Operation costs	-	-	-	-	-	-	-
Hospitality	15,000	-	-	15,000	15,000	100.0	-
Grants and contributions	-	-	-	-	-	-	247,300
Total	1,406,000	815,500		417,000	1,232,500	87.7	1,199,700

20. The COPSUBLA programme primarily provides substantive and organizational support and legal advice to the COP, its subsidiary bodies and policy-making organs.

21. Activities relating to global issues, namely promoting the implementation of synergies between the Rio conventions, focusing on policy advocacy, information exchange with relevant stakeholders, and institutional liaison and coordination, as well as networking with developers of new tools for implementation, were mainly funded through voluntary contributions and are reported separately.

22. During the biennium 2004-2005, the activities undertaken by COPSUBLA programme under the core budget were to organize and service CRIC 3 and to prepare for COP 7.

23. CRIC 3 was organized from 2 to 11 May 2005 in Bonn, Germany. It was attended by 360 participants from 130 country Parties, one country observer, eight United Nations organizations and specialized agencies, 15 intergovernmental and 25 non-governmental organizations. Twenty-nine pre-session documents were prepared with a total of 651 pages. Also four in-session documents and two post-session documents, including a comprehensive report with conclusions and recommendations, were provided.

24. Preparations for COP 7 are currently under way. The session of the CST 7 and CRIC 4 will take place during the COP, and a Special Segment with high-level participation will also be organized. More than 40 documents have been prepared for the consideration of the COP and its subsidiary bodies. To date, preparations for the COP and the sessions of its subsidiary bodies have included the drafting and submission of official documentation, negotiations with the

Government of Kenya leading to the signature of a Host Country Agreement and liaising with the United Nations Offices at Nairobi and Geneva. The programme coordinated the general organization of the Conference, including conference facilities and equipment, provision of conference services and staff servicing the Conference, questions relating to security, immigration requirements and local transportation.

25. COPSUBLA programme has monitored the follow-up to decisions made by the COP and its subsidiary bodies and provided advice and analysis on relevant issues, including legal issues, relating to the work of the secretariat. It has prepared legal analyses and reports on various matters, including arbitration and conciliation procedures, and provided legal advice on the interpretation and application of the UNCCD and the rules of procedure of the COP.

26. In collaboration with the Science and technology programme and the other relevant programmes of the secretariat, COPSUBLA programme has supported activities carried out in the framework of the Joint Liaison Group (JLG) of the secretariats of the three Rio conventions. The two programmes have also worked on the Joint Work Programme (JWP) between the Convention on Biological Diversity (CBD) and UNCCD. They have facilitated the capacity building of affected developing country Parties in the preparation of projects for submission to development partners, including relevant GEF Operational Programmes on Sustainable Land Management and other desertification-related focal areas.

27. The outcome of the work of COPSUBLA in the biennium 2004-2005 can be summarized as follows:

- (a) The documentation process, conference facilities and other services for the sessions of the COP and its subsidiary bodies were effectively planned and provided in a timely manner;
- (b) CRIC 3 was efficiently organized and enabled an intergovernmental exchange on substantive and policy aspects under the Convention;
- (c) The decisions made by the COP were implemented in a timely manner and advice and analysis on relevant issues, including on procedural and legal issues, were provided as and when requested;
- (d) Linkages between the implementation of the UNCCD and the work carried out under other relevant conventions, institutions and processes were strengthened.

Science and technology

Table 7. Expenditures in the biennium 2004–2005 for Science and technology
(in United States dollars)

Object of expenditures	Approved 2004– 2005 budget	Actual expenditures as at 30 June 2005	% of approved budget	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures as at 31 Dec. 2005	%	Suppl. Fund as at 30 June 2005
Staff costs (1 P-5, 1 P-4)	615,000	483,100	78.6	130,000	613,100	99.7	-
Consultants and experts	52,000	32,000	61.5	19,700	51,700	99.4	-
Travel of participants and representatives	194,000	80,300	41.4	113,400	193,700	99.8	2,700
Staff travel	22,000	11,900	73.4	10,000	21,900	100.0	-
Contractual services	-	-	-	-	-	-	27,200
Grants	-	-	-	-	-	-	-
Total	883,000	607,300	69.0	273,100	880,400	99.7	29,900

28. The Science and technology programme provides substantive support to the Committee on Science and Technology (CST) and its Group of Experts (GoE). It also manages scientific and technical communication and networking, provision of training and scholarships. It supports the development of approaches and methodologies for synergistic implementation, and liaises with the international scientific community.

29. During the biennium 2004-2005, the Science and technology programme serviced the CST with the aim of securing due follow-up to decisions taken by the COP. It facilitated the organization of the third meeting of the GoE in October 2004 and continues to promote the GoE projects initiated in the meeting towards potential financial partners. The programme organized the intersessional meeting of the CST Bureau; it continues to collect and report on best practices relating to the CST priority themes and pilot studies as requested by the COP. For the next session of the CST, in October 2005, the programme has prepared 12 documents.

30. The Science and technology programme has continued to follow closely the activities of the Millennium Ecosystem Assessment (MA) and Land Degradation Assessment in Drylands (LADA), including the provision of comments and input to related documents and participation in meetings.

31. The programme has cooperated with COPSUBLA programme in activities relating to strengthening the cooperation among the three Rio conventions and other relevant organizations, as mentioned above.

32. The outcome of the work of the Science and technology programme in the biennium 2004–2005 can be summarized as follows:

- (a) The work of the CST GoE progressed through the organization of the third meeting;
- (b) Timely and quality documentation is provided for the consideration of the CST.

Facilitation of implementation

Table 8. Expenditures in the biennium 2004–2005 for Facilitation of implementation
(in United States dollars)

Object of expenditures	Approved 2004–2005 budget	Actual expenditures as at 30 June 2005	%	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures	%	Suppl. Fund as at 30 June 2005
Staff costs (1 D-1, 5 P-5, 5 P-4, 3 P-3, 4 GS)	3,911,500	3,028,700	77.4	1,009,600	4,038,300	103.2	1,010,900
Consultants and experts	87,900	87,900	100.0	-	87,900	100.0	269,600
Travel of representatives and participants	-	-	-	-	-	-	372,200
Staff travel	-	-	-	-	-	-	221,700
Contractual services	9,600	9,600	100.0	-	9,600	100.0	56,000
Grants	-	-	-	-	-	-	2,153,500
Total	4,009,000	3,126,200	78.0	1,009,600	4,135,800	103.2	4,083,900

33. The Facilitation of implementation programme consists of four subprogrammes, namely those for Africa, Asia, Latin America and the Caribbean (LAC), and Europe (Northern Mediterranean and Central and Eastern European countries). The programme assists country Parties in meeting their obligations under the Convention in accordance with the provisions of the regional implementation annexes and COP decisions. Its activities are often undertaken in coordination and cooperation with other actors, in particular the GM.

34. During the biennium 2004-2005, the programme facilitated the preparation of national reports on the implementation of the Convention in Africa. It compiled, synthesized and analysed 49 reports received from the African country Parties and 20 reports received from developed country Parties for the consideration of CRIC 3. It also organized regional consultations and made arrangements for presentations and panels on various agenda items during the CRIC session.

35. The Facilitation of implementation programme supported affected country Parties in the five regions covered by the implementation annexes in bringing forward the national action programmes (NAPs). Several countries were assisted in formulating the NAP and mainstreaming it into overall national development strategies, and in building partnerships for the NAP implementation. The assistance provided consisted of advice and information, support to the preparation of background studies and organization of consultations and meetings with national and external stakeholders. These activities were often carried out jointly with the GM.

36. During the biennium, the programme placed particular attention to supporting collaboration on the priority substantive and thematic aspects. Promotion of the national and local level synergistic implementation was continued, the aim being to identify approaches and methodologies that could be replicated in the development of synergies in other affected country Parties.

37. At the subregional level, the development of subregional action programmes (SRAPs) has proceeded in terms of institutional coordination, although in many subregions progress in delivering pilot initiatives and other planned outputs has been delayed due to lack of funding. To date, four SRAPs have been prepared and launched in Africa and three SRAPs in Asia and Latin America and the Caribbean (LAC), respectively. One more SRAP is under preparation in each of the aforementioned three regions. In Europe, South-East European countries are in the process of establishing a subregional drought management centre.

38. Under their regional action programmes (RAPs), the African, Asian and Pacific and LAC country Parties have identified priority areas in which regional cooperation would be most cost-effective and create added value for the NAP processes. The implementation of the RAPs takes place through regional thematic programme networks (TPNs), each of which focuses on a specific priority area defined in the RAP, with a view to promote and upscale best practices. To date, all six TPNs in Africa and Asia, respectively, and four TPNs in LAC, have been launched.

39. The Northern Mediterranean and Central and Eastern European affected country Parties have identified priority areas for regional cooperation aiming to develop scientific networking, strengthen the regional exchange of information and documentation, support capacity building and promote exchange of techniques and know-how. The development of regional networking in Europe is well under way.

40. The outcome of the work of the Facilitation of implementation programme in the period 2004–2005 can be summarized as follows:

- (a) The reports submitted by country Parties and the synthesis and analysis documents that were prepared by the programme enabled the review carried out by CRIC 3. Presentations and panel discussions organized during CRIC 3 provided further information to the participants;
- (b) Regional consultations organized during CRIC 3 assisted the Parties in providing a forum for discussion and agreement on joint regional approaches on the matters on the agenda of the CRIC;
- (c) Through the assistance provided by the programme, several countries were able to bring forward the formulation and financing of their NAPs, as well as the development of projects in this context;
- (d) Support to cooperation at the subregional and regional levels resulted in the launching and further development of SRAPs and TPNs, strengthened involvement of many key partners, and an enhanced institutional framework for bringing forward the joint development of scientific and thematic aspects, thus contributing to the implementation of the Convention at all levels.

External relations and public information

Table 9. Expenditures in the biennium 2004–2005 for External relations and public information
(in United States dollars)

Object of expenditures	Approved 2004- 2005 budget	Actual expenditures as at 30 June 2005	% of approved budget	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures as at 31 Dec. 2005	%	Suppl. Fund as at 31 Dec. 2003
Staff costs (1 P-5, 1 P-3, 2 P-2, 1 GS)	900,000	1,079,200	120.0	359,700	1,438,900	160.0	-
Travel of participants and representatives	-	-	-	-	-	-	-
Consultants and experts	-	-	-	-	-	-	308,400
Contractual services	-	-	-	-	-	-	95,500
Staff travel	-	-	-	-	-	-	17,000
Grants	-	-	-	-	-	-	-
Total	900,000	1,079,200	120.0	359,700	1,438,900	160.0	420,900

41. The External relations and public information (ERPI) programme facilitates inter-agency coordination, supports the involvement of non-governmental organizations (NGOs) in the Convention process and provides public information on the UNCCD.

42. During the biennium 2004-2005, ERPI programme made preparations for the secretariat's participation in several United Nations meetings and resulting follow-up as well as in other events in the field of sustainable development, including the United Nations General Assembly, the Commission on Sustainable Development (CSD) and the United Nations Forum on Forests (UNFF). These activities were carried out in close collaboration with the UNCCD liaison unit in New York.

43. ERPI programme also started the preparation and coordination of activities for the 2006 International Year of Deserts and Desertification (IYDD). Invitations were sent to institutional partners to develop a joint strategy paper with a view to explore viable options and identify possible activities for the successful celebration of the IYDD. Such strategy was later discussed with the cluster of agencies designated by General Assembly resolution 58/211, namely UNDP, UNEP and IFAD, as well as other relevant United Nations institutions and organizations, including the World Bank, United Nations Volunteers (UNV), CBD, GEF, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and Food and Agriculture Organization of the United Nations (FAO), among others. So far, this cluster of agencies has already met four times and a tentative schedule of activities has been prepared. An official communication was sent also to the national focal points to include the celebration of the IYDD within the programme of work of their respective national committees to combat desertification.

44. ERPI programme has assisted the COP in effectively channelling the accreditation inflow from the non-governmental community. To date, more than 720 NGOs have been granted observer status to the COP. In view of limited resources, only four NGOs were supported to participate in CRIC 3. ERPI programme also facilitated the celebration of the third LAC meeting of the *Reseau international d'ONG sur la Desertification* (RIOD), which took place in October

2004. This meeting offered an opportunity for the NGOs to elect their regional and subregional representatives and renew their grass-root level strategy to further support the implementation of the Convention.

45. In the field of public information, ERPI provided material for awareness-raising and educational purposes. The following public information activities were carried out:

- Publication of the biennial newsletter *Down to Earth*;
- Updating and printing of the UNCCD information kit in English, French, Russian and Spanish in collaboration with the World Meteorological Organization (WMO);
- Publication of two volumes of success stories from local communities;
- Preparation of the “Environmental Education Kit on Desertification” in collaboration with UNESCO;
- Strengthening of media relations and the provision of an electronic journalist database and media briefs;
- Re-design of the UNCCD website;
- Strengthening of the library services and of relationships with relevant institutions such as German universities and other United Nations organizations’ libraries in Bonn;

46. The year 2004 marked the tenth anniversary of the adoption of the Convention and special events with a high political profile and press conferences were organized worldwide to commemorate this important date. ERPI prepared a public information campaign including new promotional tools to increase outreach capabilities of the Convention aimed at decision makers and the public at large. On that occasion, the secretariat launched the “UNCCD Anniversary Brochure: Ten Years On” and the 2004 poster edition “Skin Erosion”.

47. The outcome of the work of ERPI programme in the biennium 2004–2005 can be summarized as follows:

- (a) Matters relating to the UNCCD process were brought up and received increased attention in relevant intergovernmental processes;
- (b) Preparations for the IYDD proceed in a timely and coordinated manner;
- (c) The involvement of NGOs in the UNCCD process has evolved;
- (d) Information on the Convention was produced and effectively disseminated to Parties, observers, media and the general public.

Administrative and financial services

Table 10. Expenditures in the biennium 2004–2005 for Administrative and financial services
(in United States dollars)

Object of expenditures	Approved 2002–2003 budget	Actual expenditures as at 30 June 2005	%	Estimated expenditures to 31 Dec. 2005	Total estimated expenditures as at 31 Dec. 2005	%
Staff costs (1 P-5, 1 P-4, 3 GS)	800,000	861,900	107.7	287,300	1,149,200	143.7
Consultants and experts	51,100	41,100	80.4	10,000	51,100	100.0
Staff travel	-	-	-	-	-	-
General operating expenditures	860,400	571,400	66.4	302,500	873,900	101.5
Contractual services	50,500	30,200	59.8	20,000	50,200	99.4
Supplies and materials	100,000	67,400	67.4	43,100	110,500	110.5
Equipment and furniture	37,000	-	-	37,900	37,900	100.0
Contribution to joint services	634,000	603,800	95.2	80,000	683,800	99.9
Total	2,533,000	2,175,800	85.9	780,800	2,956,600	116.7

48. Administrative and financial services programme assists the Executive Secretary in the planning, development, coordination, control and management of the secretariat's resources.

49. During the biennium 2004-2005, Administrative and financial services programme has administered the secretariat's resources. It has developed internal financial and other controls with a view to improving the recording and control of the use of resources, and administered human resources, including the formulation of an overall human resource policy for the secretariat. It has facilitated the auditing process and managed the reporting on voluntary contributions.

50. Administrative and financial services programme has prepared the documentation concerning the programme and budget of the Convention for the consideration of the COP and its Bureau.

51. The programme has provided the arrangements for staff travel, as well as the travel and logistic arrangements for the UNCCD-sponsored meetings, conferences and workshops. It is also responsible for taking action in the operational framework of the secretariat, including communication (telephone, fax, postage, pouch), rental and maintenance of office premises, supplies and materials and replacement of office equipment.

52. The secretariat has continued to collaborate with the UNFCCC secretariat on administrative matters related to internal audit, operation of IMIS and procurement of goods and services. The secretariat has continued to explore the possibilities of collaborating with other United Nations organizations in Bonn with the aim of providing better services at a reduced cost. The secretariat continues to seek more ways of collaborating with all the other United Nations organizations in Bonn on matters related to the proposed new United Nations campus with a view to minimizing administrative related expenditures.

53. The outcome of the work of Administrative and financial services programme in the biennium 2004–2005 can be summarized as follows:

- (a) Enhanced management accountability, including control and safeguard of the secretariat's assets, has been achieved;
- (b) Budget documents and management reports are accurately prepared and distributed in a timely manner;
- (c) Financial information is provided in a timely manner and logistical support to the operations efficiently delivered;
- (d) Adherence to applicable United Nations rules and regulations is guaranteed;
- (e) Recruited staff are of high quality taking into account gender balance and geographical distribution;
- (f) Financial data is correctly stated in the Integrated Management Information Systems (IMIS).
- (g) Skills of staff are constantly reviewed and realigned to their work requirement through training;
- (h) Working environment, in terms of both tools, and space is conducive for production of high quality work.

B. Supplementary contribution to the Convention activities by the host Government (Bonn Fund) in the biennium 2004–2005

54. A supplementary contribution of Euro 1,022,584 (US\$ 1,303,278) was received from the host Government for Convention-related activities and events. This contribution is expected to be used for the following activities:

Table 11. Expenditures in 2004 from the Bonn Fund
(in United States dollars)

Activity	Actual expenditures
1. Preparations for, and organization of, CRIC 3	181,745
2. Preparatory activities for the International Conference for Renewable Energies, Bonn, Germany, June 2004	22,858
3. Organization of fourth inter-regional Africa-LAC Forum, Tunis, November 2004	88,813
4. Launching of the Africa TPN 6, Tunis, November 2004	14,316
5. Launching of the Asia TPN 6, Pakistan, June 2004	47,361
6. Launching of the LAC TPN 3, December 2004	94,727
7. Launching of LAC TPN 4, Guatemala, November 2004	44,669
8. Organization of a workshop on the SRAP in South Asia, Sri Lanka, July 2004	40,515
9. Organization of a technical workshop on drought mitigation in the Balkans, Romania, October 2004	28,414
Subtotal	563,418
Programme support costs (13%)	73,244
Total	<u>636,662</u>

55. For 2005, expenditures of the Bonn Fund are planned for the organization of CRIC 3 and preparation for COP 7.

C. Special Fund for participation

Table 12. Status of Special Fund for participation as at 30 June 2005
(in United States dollars)

Income	
Interest savings and prior years adjustments	385,281
Contributions received in 2004-2005	651,526
Interest earned in 2004-2005	18,491
Total income 2005	1,055,298
Estimated expenditures	
Travel of 132 participants to CRIC 3	587,892
Travel of 190 participants to COP 7	1,218,000
Overhead	244,457
Total estimated expenditures	2,124,899
Shortfall *	1,269,165

* Efforts to mobilize funds from donor countries to cover the shortfall are under way, and the status of funds raised will be reported to the COP as at 17 October 2005.

III. HUMAN RESOURCES

A. General Fund

56. By its decision 23/COP.6, the COP approved 43 posts (30 Professional and 13 General Service) under the General Fund for the biennium 2004–2005. In addition, programme and support posts were funded in that biennium from other sources of funding, which included some Professional posts being funded under programme support, and from voluntary contributions. Two additional staff are funded through the associate expert programme of the United Nations.

57. Salaries and related benefits are paid at United Nations worldwide standards and all such payments are made through the United Nations Office at Geneva. Exchange rates and mandated benefit increases are outside the control of UNCCD.

58. As a result of the insufficiency of funds during the biennium, the Executive Secretary authorized the freezing of three senior posts as one of the measures taken to maintain operations at the level of the approved budget. The staffing status of the secretariat, the funding source, the geographic and gender distribution of the staff as it stands at 30 June 2005 are presented in table 13 below.

59. UNCCD has a successful internship programme that has allowed for several individuals to perform their internship at UNCCD during this biennium.

60. Nevertheless, the secretariat needs to play a larger role in supporting staff development activities in the future. One important step has been the establishment of a special leave policy for staff development which enables staff to undertake further studies and gain more experience in their field of work.

61. In order to strengthen and streamline the recruitment and staff development programme within the secretariat, the Executive Secretary has set up a central review body following the established guidelines of the United Nations for such a body.

62. As at 30 June 2005, 37 posts out of 43 (25 Professional staff and 12 General Service staff) under the approved General Fund were filled. It should be noted that recruitment is under way to fill two vacant General Fund posts (one P-2, one General Service) and one General Fund post (one General Service) that will be vacant as of 1 October 2005.

63. Information on the geographical distribution of staff members occupying General Fund and programme support posts is provided in table 13 below. While the paramount consideration in the appointment of UNCCD staff is the necessity to secure the highest standards of efficiency, competence and integrity, efforts are made to ensure that staff is recruited on as wide a geographical basis as possible.

64. Table 13 also contains information on the gender distribution of staff members holding contracts of more than six months under all the funds. The secretariat is continuing to do its best to attract qualified women to join the secretariat with a view to attaining the United Nations goal of 50/50 gender distribution.

65. Table 13 also shows the recruitment status as at 30 June 2005.

B. Programme support costs

66. In the period 2004–2005 allotment advices have been and will be issued to cover the costs associated with two P-5, 1 P-2 and eight General Service posts, as well as communication costs, UNOG support costs and costs relating to IMIS technical support. The allotment for these costs was requested in accordance with decision 23/COP.6. The posts financed under programme support are those dealing with administrative and related tasks, including those of the liaison offices at United Nations headquarters. Negotiations are under way with the United Nations Office at Geneva (UNOG) to allocate a larger share of the programme support income earned from the UNCCD funds to the secretariat. This will enable the secretariat to increase capacity within the administration and finance unit. Table 13 provides the details of the posts established and funded under the programme support funds. Presently, five posts under the administrative and financial services programme are covered by funds from programme support.

Table 13. Comparison of the approved and filled posts, gender distribution, geographic distribution and location as at 30 June 2005
(General Fund, Supplementary Fund, associate experts and programme support)

Category	Approved	Filled	Gender		Region					
			F	M	Africa	Asia	LAC	WEOG	CEE	
<u>General Fund</u>										
ASG	1	1	-	1	1	-	-	-	-	-
D-1	2	1	-	1	-	-	-	1	-	-
P-5	10	8	2	6	2	1	1	4	-	-
P-4	8	8	2	6	4	1*	1	1	1	1
P-3	5	5	3	2	1	-	1	3	-	-
P-2	4	3	-	3	-	1	-	1	1	1
<i>Subtotal</i>	30	26	7	19	8	3	3	10	2	-
GS	13	12	10	2	3	2	-	6	1	-
Total General Fund	43	38	17	21	11	5	3	16	3	3
<u>Supplementary Fund</u>										
P-5	2	2	-	2	2	-	-	-	-	-
P-4	2	2	-	2	-	-	2	-	-	-
P-3	3	3	1	2	-	1	-	2	-	-
P-2/L-2	3	3	3	-	1	-	-	1	1	1
<i>Subtotal</i>	10	10	4	6	3	1	2	3	1	-
GS	-	-	-	-	-	-	-	-	-	-
Total Suppl. Fund	10	10	4	6	3	1	2	3	1	1
<u>Associate experts</u>										
L-2	2	2	-	2	-	-	-	2	-	-
Total Associate experts	2	2	-	2	-	-	-	2	-	-
<u>Programme support</u>										
P-5	2	2	-	2	2	-	-	-	-	-
P-4	-	-	-	-	-	-	-	-	-	-
P-3	-	-	-	-	-	-	-	-	-	-
P-2	1	1	-	1	-	1	-	-	-	-
<i>Subtotal</i>	3	3	-	3	2	1	-	-	-	-
GS	10	10	6	4	2	2	1	5	-	-
Total Programme support	13	13	6	7	4	3	1	5	-	-
<u>Grand Total</u>										
ASG	1	1	-	1	1	-	-	-	-	-
D-1	2	1	-	1	-	-	-	1	-	-
P-5	14	12	2	10	6	1	1	4	-	-
P-4	10	10	2	8	4	1	3	1	1	1
P-3	8	8	4	4	1	1	1	5	-	-
P-2/L-2	10	9	3	6	1	2	-	4	2	2
<i>Subtotal</i>	45	41	11	30	13	5	5	15	3	3
GS	23	22	16	6	5	4	1	11	1	1
GRAND TOTAL	68	63	27	36	18	9	6	26	4	4
<u>By location:</u>										
Bonn	58	53	23	30	15	8	4	22	4	4
<u>Other locations:</u>										
New York Liaison Office	3	3	1	2	1	1	1	-	-	-
Africa RCU	2	2	-	2	1	-	-	1	-	-
Asia RCU	1	1	-	1	1	-	-	-	-	-
LAC RCU	1	1	-	1	-	-	1	-	-	-
Geneva Liaison Office	2	2	2	-	-	-	-	2	-	-
Rome Liaison Office	1	1	1	-	-	-	-	1	-	-
Total staff outside of Bonn	10	10	4	6	3	1	2	4	-	-
GRAND TOTAL	68	63	27	36	18	9	6	26	4	4

* This post is being filled with a staff member at the P-3 level.

IV. WORKING CAPITAL RESERVE

67. Paragraph 9 of the UNCCD financial rules states that “within the General Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Conference of the Parties by consensus. The purpose of the working capital reserve shall be to ensure the continuity of operations in the event of a temporary shortfall of cash. Drawbacks from the working capital reserve shall be restored from contributions as soon as possible.” In the reporting biennium, the secretariat did not draw from the reserves in any of the established funds. It is anticipated that at the end of 2005 the required working capital reserve will be approximately US\$ 868,000.

V. CONCLUSIONS AND RECOMMENDATIONS

68. The COP at its sixth session requested the Executive Secretary to report at the seventh session on the financial performance of the Convention budget. In this document detailed information on the utilization of funds under the General Fund has been provided. The Parties may wish to review the documents and advise the Executive Secretary of action to be taken.

69. The Executive Secretary has continued to send out regular reminders to all those Parties with outstanding contributions. In addition, the secretariat established a link with the website whereby Parties are able to check the status of the outstanding contributions. The report is updated on a monthly basis. As at 30 June 2005, however, an amount of US\$ 726,171 (from the period 1999–2003) is still outstanding. The COP may wish to advise the secretariat on action to be taken regarding these outstanding contributions.

70. In view of the decline in value of the United States dollar against the Euro, current expenditures projections indicate the possibility of exceeding the amount of the approved budget if the secretariat is expected to maintain its current establishment. In view of this, the COP may wish to authorize the secretariat to make use of any available savings brought forward from the previous periods.
