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Desertification**

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Eighth session

Madrid, 3–14 September 2006

Item 6 of the provisional agenda

Programme and Budget

Programme and budget

Note by the secretariat

Addendum

Unaudited financial statements for the Convention's trust funds for the biennium 2006–2007 as at 31 December 2006

Summary

1. By its decision 23/COP.7, the Conference of the Parties (COP) requested the Executive Secretary to report to the COP at its eighth session on the financial status of the Convention's trust funds.
2. This document contains the unaudited financial statements of the United Nations Convention to Combat Desertification for the biennium 2006–2007 as at 31 December 2006.
3. The Conference of the Parties may wish to propose additional appropriate actions to be included in the decisions on administrative and financial matters to be adopted at its eighth session.

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I. Certification of the financial statements

18 May 2007

I certify that the appended financial statements of the United Nations Convention to Combat Desertification, numbered I to IV, are fairly stated.

Hama Arba Diallo
Executive Secretary
Permanent Secretariat
United Nations Convention to Combat Desertification

Note: Due to the timing of the finalization of this document and the departure of Mr. Diallo from the secretariat as of 19 June 2007, the certification was never signed by Mr. Diallo. It should be noted that the financial statements presented herein have been prepared according to the normal procedures of the secretariat.

II. Financial statements for the 12-month period ended 31 December 2006

Statement I. Statement of income and expenditures and changes in reserves and fund balances for the biennium 2006–2007 as at 31 December 2006

(United States dollars)

	SCHEDULE / NOTE REFERENCE	TRUST FUND FOR THE CORE BUDGET OF THE UNCCD (UXA)		TRUST FUND FOR PARTICIPATION OF REPRESENTATIVES OF STATE PARTIES IN THE SESSIONS OF THE UNCCD (UVA)		TRUST FUND FOR VOLUNTARY FINANCING OF ACTIVITIES UNDER THE UNCCD (UWA)	
		2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005
INCOME:							
Assessed contributions	Note 2 g (i)	8 290 013	15 939 000	-	-	-	-
Voluntary contributions (Sch. 1.2)	Note 2 g (ii)	635 204	1 308 243	281 738	904 205	4 555 090	8 695 424
Programme support cost income	Note 10	-	-	-	-	-	-
Other/miscellaneous income							
Interest income	Note 2 g (iii)	117 704	167 366	30 268	30 046	48 356	96 435
Miscellaneous	Note 2 g (iv)	93 956	255 896	8 585	5 163	104 696	5 929
TOTAL INCOME		9 136 877	17 670 505	320 591	939 414	4 708 142	8 797 788
EXPENDITURES:							
Staff and other personnel costs		4 297 656	10 278 637	-	1 654	2 073 645	2 964 373
Travel		519 608	757 091	85 503	1 058 032	678 312	1 181 741
Contractual services		46 863	132 347	-	5 869	324 838	314 723
Operating expenses		264 188	838 375	-	39 713	85 233	58 510
Acquisitions		12 175	20 910	-	-	399	6 005
Fellowships grants and other		2 057 533	4 330 185	-	-	1 090 002	2 652 511
Total direct expenditures		7 198 023	16 357 545	85 503	1 105 268	4 252 429	7 177 863
Programme support costs		935 743	2 126 481	11 115	143 685	547 569	902 912
TOTAL EXPENDITURES	Note 3	8 133 766	18 484 026	96 618	1 248 953	4 799 998	8 080 775
Prior period adjustments		(237 838)	30 013	31 726	(2 610)	-	(1 511)
Refund to donors	Note 4	-	-	-	-	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURES		765 273	(783 508)	255 699	(312 149)	(91 856)	715 502
Transfers (to) from other funds	Note 5	-	-	-	326 945	-	(476 945)
Savings on prior period obligations	Note 2 (e)	113 770	354 780	-	83 009	557 874	450 725
RESERVES AND FUND BALANCES: BEGINNING OF PERIOD		2 551 382	2 980 110	646 277	548 472	1 338 639	649 357
RESERVES AND FUND BALANCES: END OF PERIOD		3 430 425	2 551 382	901 976	646 277	1 804 657	1 338 639

Statement I continued

	SCHEDULE / NOTE REFERENCE	TRUST FUND FOR CONVENTION EVENTS ORGANIZED BY THE UNCCD SECRETARIAT (BMA)		SPECIAL ACCOUNT FOR UNCCD PROGRAMME SUPPORT COST (ZQA)		SPECIAL ACCOUNT FOR UNCCD INCREMENTAL COST (ZHA)		TOTAL	
		2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005
INCOME:									
Assessed contributions	Note 2 (i)	-	-	-	-	-	-	8 290 013	15 939 000
Voluntary contributions	Note 2 (ii)	638 894	1 562 681	-	-	275 534	-	6 386 460	12 470 553
Programme support cost income	Note 10	-	-	1 466 338	3 241 784	-	-	1 466 338	3 241 784
Other/miscellaneous income									
Interest income	Note 2 (iii)	15 031	26 585	38 415	30 212	732	-	250 506	350 644
Miscellaneous	Note 2 (iv)	5 814	127 995	6 490	-	-	-	219 541	394 983
TOTAL INCOME		659 739	1 717 261	1 511 243	3 271 996	276 266	-	16 612 858	32 396 964
EXPENDITURE:									
Staff and other personnel costs		287 438	425 530	1 477 254	2 457 029	3 558	-	8 139 551	16 127 223
Travel		138 731	452 653	-	-	367 892	-	1 790 046	3 449 517
Contractual services		-	433 537	-	-	-	-	371 701	886 476
Operating expenses		-	11 157	-	8 719	44 983	-	394 404	956 474
Acquisitions		-	-	-	-	3 337	-	15 911	26 915
Fellowships grants and other		63 608	57 066	478 150	412 419	-	-	3 689 293	7 452 181
Total direct expenditure		489 777	1 379 943	1 955 404	2 878 167	419 770	-	14 400 906	28 898 786
Programme support costs		66 875	179 393	-	-	-	-	1 561 302	3 352 471
TOTAL EXPENDITURE	Note 3	556 652	1 559 336	1 955 404	2 878 167	419 770	-	15 962 208	32 251 257
Prior period adjustments	Note 4	39 614	-	244 333	16 835	286	-	78 121	42 727
Refund to donors		-	-	-	-	-	-	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		142 701	157 925	(199 828)	410 664	(143 218)	-	728 771	188 434
Transfers (to) from other funds	Note 5	-	-	-	-	150 000	-	150 000	(150 000)
Savings on prior period obligations	Note 2 (e)	-	-	-	-	-	-	671 644	888 514
RESERVES AND FUND BALANCES: BEGINNING OF PERIOD		176 464	18 539	848 463	437 799	-	-	5 561 225	4 634 277
RESERVES AND FUND BALANCES: END OF PERIOD		319 165	176 464	648 635	848 463	6 782	-	7 111 640	5 561 225

Statement II. Statement of assets, liabilities, reserves and fund balances for the biennium 2006–2007 as at 31 December 2006
(United States dollars)

	SCHEDULE / NOTE REFERENCE	TRUST FUND FOR THE CORE BUDGET OF THE UNCCD (UXA)		TRUST FUND FOR PARTICIPATION OF REPRESENTATIVES OF STATE PARTIES IN THE SESSION OF THE UNCCD CONFERENCE (UVA)		TRUST FUND FOR VOLUNTARY FINANCING OF ACTIVITIES UNDER THE UNCCD (UWA)	
		2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2004-2005
ASSETS							
Cash and term deposits	Note 2 (f), 6	2 421 275	1 476 312	844 602	673 836	1 795 687	1 594 332
Cash pool (euro)		138 420		48 511		122 286	
Investments							
Accounts receivable:							
Pledged and assessed contributions receivable	Sch. 1.1	2 219 525	1 807 265	-	-	-	-
Operating funds provided to executing agencies		-	-	-	-	-	-
Other accounts receivable	Note 7	86 330	244 866	5 054	16 532	471 421	146 815
Other assets		40 056	-	-	-	102 872	-
Interfund balances receivable		56 134	-	4 439	-	-	699 002
		-	-	-	-	-	-
TOTAL ASSETS		4 961 740	3 528 443	902 606	690 368	2 492 266	2 440 149
LIABILITIES							
Deferred income/contributions received in advance	Sched. 1.3	1 080 936	693 647	-	-	-	-
Unliquidated obligations		294 267	162 357	-	43 084	628 592	1 078 570
Accounts payable:							
Inter-fund balances payable		-	-	-	58	29 894	1 934
Other accounts payable	Note 8	156 112	121 057	630	949	29 123	21 006
TOTAL LIABILITIES		1 531 315	977 061	630	44 091	687 609	1 101 510
RESERVES AND FUND BALANCES							
Operating reserve	Note 9	-	-	145 394	145 394	410 164	410 164
Working capital reserve	Note 9	750 210	750 210	-	-	-	-
Cumulative surplus (deficit)		2 680 215	1 801 172	756 582	500 883	1 394 493	928 475
TOTAL RESERVES AND FUND BALANCES		3 430 425	2 551 382	901 976	646 277	1 804 657	1 338 639
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		4 961 740	3 528 443	902 606	690 368	2 492 266	2 440 149

Statement II continued

	SCHEDULE / NOTE REFERENCE	TRUST FUND FOR CONVENTION EVENTS ORGANIZED BY THE UNCCD SECRETARIAT (BMA)		SPECIAL ACCOUNT FOR UNCCD PROGRAMME SUPPORT COST (ZQA)		SPECIAL ACCOUNT FOR UNCCD INCREMENTAL COSTS (ZHA)	TOTAL	
		2006-2007	2004-2005	2006-2007	2004-2005	2006-2007	2006-2007	2004-2005
ASSETS								
Cash and term deposits	Note 2 (f), 6	257 980	187 630	595 715	811 980	6 512	5 921 771	4 744 090
Cash pool (euro)		14 818		34 216		374	358 625	
Investments							-	
Accounts receivable:							-	
Pledged and assessed contributions receivable	Sch. 1.1 & 1.2	-	-	-	-		2 234 464	1 807 265
Operating funds provided to executing agencies		-	-	-	-		-	-
Other accounts receivable	Note 7	29 457	28 754	39 614	37 536	-	616 937	474 503
Other assets		-	-	14 308			157 236	
Interfund balances receivable		30 292		26 059	-	264	117 188	699 002
		-	-	-	-		-	-
TOTAL ASSETS		332 547	216 384	709 912	849 516	7 150	9 406 221	7 724 860
LIABILITIES								
Deferred income/contributions received in advance	Sched. 1.1	-	-	-	-	-	1 080 936	693 647
Unliquidated obligations		13 241	39 516	7 000	-	-	943 100	1 323 527
Accounts payable:							-	
Inter-fund balances payable		-	-	-	1 053	-	29 894	3 045
Other accounts payable	Note 8	141	404	54 277	-	368	240 651	143 416
TOTAL LIABILITIES		13 382	39 920	61 277	1 053	368	2 294 581	2 163 635
RESERVES AND FUND BALANCES								
Operating reserve	Note 9	-	-	338 045	338 045		893 603	893 603
Working capital reserve	Note 10	-	-	-	-		750 210	750 210
Cumulative surplus (deficit)		319 165	176 464	310 590	510 418	6 782	5 467 827	3 917 412
TOTAL RESERVES AND FUND BALANCES		319 165	176 464	648 635	848 463	6 782	7 111 640	5 561 225
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		332 547	216 384	709 912	849 516	7 150	9 406 221	7 724 860

Statement III. Statement of cash flows for the biennium 2006–2007 as at 31 December 2006
(United States dollars)

	UXA		UVA		UWA		BMA		ZQA		ZHA
	2006– 2007	2004– 2005	2006– 2007	2004– 2005	2006– 2007	2004– 2005	2006– 2007	2004– 2005	2006– 2007	2004– 2005	2006– 2007
CASH FLOWS FROM OPERATING ACTIVITIES:											
Net excess (shortfall) of income over expenditures (Statement I)	765 273	(783 508)	255 699	(312 149)	(91 856)	715 502	142 701	157 925	142 701	410 664	(199 828)
(Increase) decrease in contributions receivable	(427 199)	(553 192)	-	1 480	-	-	-	-	-	-	-
(Increase) decrease in other accounts receivable	173 475	246 453	11 478	(12 507)	(324 606)	(731 454)	(703)	2 836	(703)	5 015	(2 078)
(Increase) decrease in other assets	-	1 632	-	-	-	-	-	-	-	-	-
Increase (decrease) in contributions received in advance	387 289	70 718	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable	35 055	(20 157)	(319)	1 007	8 117	3 061	(263)	86	(263)	(3 121)	54 277
Increase (decrease) in unliquidated obligations	131 910	(1 009 636)	(43 084)	(48 296)	(449 978)	491 611	(26 275)	(195 700)	(26 275)	(13 185)	7 000
Increase (decrease) in inter-fund balances Payable	-	(88 037)	(58)	(62 326)	27 960	1 934	-	-	-	(17 482)	(1 053)
Less: Interest income	(117 704)	(167 366)	(30 268)	(30 046)	48 356	96 435	15 031	26 585	(11 554)	(19 085)	8 203
NET CASH FROM OPERATING ACTIVITIES	948 099	(2 303 093)	193 448	(462 837)	(782 007)	577 089	130 491	(8 268)	103 906	362 806	(133 479)
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:											
(Increase) decrease in inter-fund balances receivable	-	-	-	-	-	-	-	-	-	-	-
Plus: Interest income	117 704	167 366	30 268	30 046	(48 356)	(96 435)	(15 031)	(26 585)	11 554	19 085	(8 203)
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	117 704	167 366	30 268	30 046	(48 356)	(96 435)	(15 031)	(26 585)	11 554	19 085	(8 203)
CASH FLOWS FROM OTHER SOURCES:											
Savings on prior periods' obligations	113 770	354 780	-	83 009	557 874	450 725	-	-	-	-	-
Other adjustments to fund balances	-	-	-	326 945	-	(476 945)	-	-	-	-	-
NET CASH FROM OTHER SOURCES	113 770	354 780	-	409 954	557 874	(26 220)	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	944 963	(1 780 947)	170 766	(22 837)	201 355	454 434	70 350	(34 853)	70 350	381 891	(216 265)
CASH AND TERM DEPOSITS	1 476 312	3 257 259	673 836	696 673	1 594 332	1 139 898	187 630	222 483	811 980	430 089	811 980
CASH AND TERM DEPOSITS	2 421 275	1 476 312	844 602	673 836	1 795 687	1 594 332	257 980	187 630	882 330	811 980	595 715

Statement IV. The core budget: statement of appropriations for the biennium 2006–2007 as at 31 December 2006
(United States dollars)

Budget classification	Appropriations				Expenditures			
	Approved 2006–2007 Budget	Adjustments	% of transfers within budget lines	Adjusted 2006–2007 Budget	Disbursements	Unliquidated Obligations	Total	Balance
Executive direction and management	1 750 000	38 000	2.17	1 788 000	852 475	16 926	869 401	918 599
Substantive Support to the COP and its Subsidiary Bodies	1 101 000	49 800	4.52	1 150 800	384 926	63 877	448 803	701 997
Science and Technology	735 000	24 000	3.27	759 000	353 703	3 096	356 799	402 201
Facilitation of Implementation and coordination	4 492 000	(52 500)	(1.17)	4 439 500	2 121 128	30 304	2 151 432	2 288 068
External Relations and Public Information	1 274 000	-	-	1 274 000	336 649	5 779	342 428	931 572
Administrative unit	2 593 000	(59 300)	(2.29)	2 533 700	1 036 602	174 286	1 210 888	1 322 812
Global Mechanism	3 886 000	-	-	3 886 000	1 708 623	-	1 708 623	2 177 377
Subtotal	15 831 000	-	-	15 831 000	6 794 106	294 268	7 088 374	8 742 626
Programme support costs	2 058 000	-	-	2 058 000	883 234	38 256	921 489	1 136 511
Total	17 889 000	-	-	17 889 000	7 677 340	332 524	8 009 863	9 879 137
Working capital reserve	12 000	-	-	12 000	119 000	-	168 210	(156 210)
Less: contribution from host country	1 196 000	-	-	1 196 000	638 318	-	635 204	560 796
Grand Total	16 705 000	-	-	16 705 000	7 158 022	332 524	7 542 869	9 162 131

Schedule 1.1 Status of outstanding contributions to the core budget as at 31 December 2006
(United States dollars)

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
1	Afghanistan	-	-	-	-	-	-	-	60.00	60.00
2	Albania	-	-	-	-	-	-	-	-	-
3	Algeria	-	-	-	-	-	-	-	-	-
4	Andorra	-	-	-	-	-	-	-	415.00	415.00
5	Angola	-	-	-	-	-	-	-	83.00	83.00
6	Antigua and Barbuda	-	-	-	-	-	-	-	29.01	29.01
7	Argentina	-	-	-	-	-	-	3 917.27	76 765.00	80 682.27
8	Armenia	-	-	-	-	-	-	-	-	-
9	Australia	-	-	-	-	-	-	-	-	-
10	Austria	-	-	-	-	-	-	-	-	-
11	Azerbaijan	-	-	-	-	-	-	-	-	-
12	Bahamas	-	-	-	-	-	-	-	-	-
13	Bahrain	-	-	-	-	-	-	-	-	-
14	Bangladesh	-	-	-	-	-	-	-	778.95	778.95
15	Barbados	-	-	-	-	-	-	-	-	-
16	Belarus	-	-	-	-	-	-	-	-	-
17	Belgium	-	-	-	-	-	-	-	-	-
18	Belize	-	-	-	-	-	-	-	-	-
19	Benin	-	-	-	-	-	-	-	-	-
20	Bhutan	-	-	-	-	-	-	-	-	-
21	Bolivia	-	-	-	-	-	-	-	746.00	746.00

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
22	Bosnia and Herzegovina	-	-	-	-	-	-	-	-	-
23	Botswana	-	-	-	-	-	-	-	-	-
24	Brazil	-	-	-	-	-	68 465.01	180 390.00	122 195.00	371 050.01
25	Brunei Darussalam	-	-	-	-	-	-	-	-	-
26	Bulgaria	-	-	-	-	-	-	-	-	-
27	Burkina Faso	-	-	-	-	-	-	-	-	-
28	Burundi	-	-	-	-	-	-	9.84	-	9.84
29	Cambodia	-	-	-	-	-	-	-	-	-
30	Cameroon	-	-	-	-	-	-	-	-	-
31	Canada	-	-	-	-	-	-	-	-	-
32	Cape Verde	-	-	-	-	-	-	-	56.41	56.41
33	Central African Republic	-	-	-	-	-	-	-	52.64	52.64
34	Chad	-	-	-	-	80.00	80.00	80.00	83.00	323.00
35	Chile	-	-	-	-	-	-	-	-	-
36	China	-	-	-	-	-	-	-	60.00	60.00
37	Colombia	-	-	-	-	-	-	-	-	-
38	Comoros	-	-	-	-	-	-	14.18	83.00	97.18
39	Congo	-	-	-	-	0.41	80.00	80.00	83.00	243.41
40	Cook Islands	-	-	-	-	-	-	10.00	83.00	93.00
41	Costa Rica	-	-	-	-	-	406.19	1 500.00	2 404.00	4 310.19
42	Côte d'Ivoire	-	-	-	-	-	-	32.19	829.00	861.19
43	Croatia	-	-	-	-	-	-	-	-	-
44	Cuba	-	-	-	-	-	-	41.05	3 482.00	3 523.05
45	Cyprus	-	-	-	-	-	-	-	1 680.00	1 680.00
46	Czech Republic	-	-	-	-	-	-	-	-	-

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
47	Democratic People's Republic of Korea	-	-	-	-	-	-	-	244.37	244.37
48	Democratic Republic of the Congo	-	-	-	-	-	85.00	320.00	249.00	654.00
49	Denmark	-	-	-	-	-	-	-	-	-
50	Djibouti	-	-	-	-	-	-	4.45	83.00	87.45
51	Dominica	-	-	-	80.00	80.00	80.00	80.00	83.00	403.00
52	Dominican Republic	-	-	-	-	-	-	-	-	-
53	Ecuador	-	-	-	-	-	-	-	202.00	202.00
54	Egypt	-	-	-	-	-	-	-	-	-
55	El Salvador	-	-	-	-	-	-	-	-	-
56	Equatorial Guinea	-	-	-	20.00	80.00	80.00	80.00	166.00	426.00
57	Eritrea	-	-	-	-	-	-	-	-	-
58	Ethiopia	-	-	-	-	-	-	-	-	-
59	European Community	-	-	-	-	-	-	-	-	-
60	Fiji	-	-	-	-	-	-	-	-	-
61	Finland	-	-	-	-	-	-	-	-	-
62	France	-	-	-	-	-	-	-	-	-
63	Gabon	-	-	-	-	-	-	-	-	-
64	Gambia	-	-	-	-	5.00	80.00	80.00	83.00	248.00
65	Georgia	-	-	-	-	-	-	-	-	-
66	Germany	-	-	-	-	-	-	-	-	-
67	Ghana	-	-	-	-	-	-	390.00	329.00	719.00
68	Greece	-	-	-	-	-	-	-	42 521.64	42 521.64

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
69	Grenada	-	-	-	-	-	-	-	83.00	83.00
70	Guatemala	-	-	-	-	-	-	-	-	-
71	Guinea	-	-	-	-	-	-	11.00	249.00	260.00
72	Guinea-Bissau	-	-	-	-	-	-	6.85	83.00	89.85
73	Guyana	-	-	-	-	-	80.00	80.00	83.00	243.00
74	Haiti	-	-	-	-	-	160.00	160.00	249.00	569.00
75	Honduras	-	-	-	-	-	-	389.64	415.00	804.64
76	Hungary	-	-	-	-	-	-	-	23.50	23.50
77	Iceland	-	-	-	-	-	-	21.00	2 736.00	2 757.00
78	India	-	-	-	-	-	-	-	40.00	40.00
79	Indonesia	-	-	-	-	-	-	-	-	-
80	Iran (Islamic Republic of)	-	-	-	-	-	-	20 391.54	12 601.00	32 992.54
81	Ireland	-	-	-	-	-	-	-	-	-
82	Israel	-	-	-	-	-	-	-	-	-
83	Italy	-	-	-	-	-	-	-	-	-
84	Jamaica	-	-	-	-	-	-	11.00	663.00	674.00
85	Japan	-	-	-	-	-	-	-	-	-
86	Jordan	-	-	-	-	-	-	534.00	912.00	1 446.00
87	Kazakhstan	-	-	-	-	-	-	-	-	-
88	Kenya	-	-	-	-	-	-	-	21.00	21.00
89	Kiribati	-	-	-	-	-	20.00	80.00	83.00	183.00
90	Kuwait	-	-	-	-	-	-	-	11 050.00	11 050.00
91	Kyrgyzstan	-	-	70.00	80.00	80.00	80.00	80.00	83.00	473.00
92	Lao People's Democratic Republic	-	-	-	-	-	-	27.00	83.00	110.00

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
115	Morocco	-	-	-	-	-	-	305.37	3 813.00	4 118.37
116	Mozambique	-	-	-	-	-	-	-	14.38	14.38
117	Myanmar	-	-	-	-	-	25.98	25.89	829.00	880.87
118	Namibia	-	-	-	-	-	-	-	-	-
119	Nauru	-	-	-	-	-	-	-	-	-
120	Nepal	-	-	-	-	-	-	-	-	-
121	Netherlands	-	-	-	-	-	-	-	-	-
122	New Zealand	-	-	-	-	-	-	-	-	-
123	Nicaragua	-	-	-	80.00	80.00	80.00	80.00	83.00	403.00
124	Niger	-	-	-	-	-	-	-	82.89	82.89
125	Nigeria	-	-	-	-	-	-	-	-	-
126	Niue	-	-	-	-	-	-	80.00	83.00	163.00
127	Norway	-	-	-	-	-	-	-	-	-
128	Oman	-	-	-	-	-	-	-	-	-
129	Pakistan	-	-	-	-	-	-	-	0.62	0.62
130	Palau	-	-	-	-	-	30.00	80.00	83.00	193.00
131	Panama	-	-	-	-	-	870.00	1 340.00	1 575.00	3 785.00
132	Papua New Guinea	-	-	-	-	-	-	-	-	-
133	Paraguay	990.00	1 270.00	1 110.00	1 240.00	1 210.00	1 210.00	1 180.00	995.00	9 205.00
134	Peru	-	6 140.00	8 100.00	8 930.00	8 620.00	9 090.00	8 920.00	7 378.00	57 178.00
135	Philippines	-	-	-	-	-	-	-	1 254.33	1 254.33
136	Poland	-	-	-	-	-	-	80.00	-	80.00
137	Portugal	-	-	-	-	-	-	-	-	-
138	Qatar	-	-	-	-	-	-	-	-	-
139	Republic of Korea	-	-	-	-	-	-	-	32 183.00	32 183.00

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
140	Romania	-	-	-	-	-	-	-	-	-
141	Russian Federation	-	-	-	-	-	-	-	26.00	26.00
142	Rwanda	-	-	-	-	-	-	-	-	-
143	Saint Kitts and Nevis	-	-	-	-	-	-	-	80.00	80.00
144	Saint Lucia	-	-	240.00	160.00	150.00	160.00	160.00	166.00	1 036.00
145	Saint Vincent and the Grenadines	-	-	-	-	-	-	-	-	-
146	Samoa	-	-	-	-	-	-	25.00	-	25.00
147	San Marino	-	-	-	-	-	-	-	160.00	160.00
148	Sao Tome and Principe	-	-	-	-	13.78	80.00	80.00	83.00	256.78
149	Saudi Arabia	-	-	-	-	-	-	-	-	-
150	Senegal	-	-	-	-	-	-	-	-	-
151	Seychelles	-	-	-	-	-	20.00	160.00	166.00	346.00
152	Sierra Leone	-	-	-	-	-	-	6.63	83.00	89.63
153	Singapore	-	-	-	-	-	-	-	-	-
154	Slovakia	-	-	-	-	-	-	-	-	-
155	Slovenia	-	-	-	-	-	-	-	-	-
156	Solomon Islands	-	-	89.44	80.00	80.00	80.00	80.00	83.00	492.44
157	Somalia	-	-	-	-	-	80.00	80.00	83.00	243.00
158	South Africa	-	-	-	-	-	-	-	-	-
159	Spain	-	-	-	-	-	-	-	-	-
160	Sri Lanka	-	-	-	-	-	-	270.00	1 409.00	1 679.00
161	Sudan	-	-	-	-	-	-	-	663.00	663.00
162	Suriname	-	-	-	-	-	-	-	19.50	19.50

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
163	Swaziland	-	-	-	-	-	-	-	-	-
164	Sweden	-	-	-	-	-	-	-	-	-
165	Switzerland	-	-	-	-	-	-	-	25.00	25.00
166	Syrian Arab Republic	-	-	-	-	-	-	-	36.74	36.74
167	Tajikistan	-	-	-	-	-	-	-	-	-
168	Thailand	-	-	-	-	-	-	-	-	-
169	The former Yugoslav Republic of Macedonia	-	-	-	17.50	17.50	480.00	470.00	497.00	1 482.00
170	Timor-Leste	-	-	-	-	-	-	-	83.00	83.00
171	Togo	-	-	-	-	-	-	-	83.00	83.00
172	Tonga	-	-	-	-	-	-	-	-	-
173	Trinidad and Tobago	-	-	-	-	-	-	-	-	-
174	Tunisia	-	-	-	-	-	-	-	-	-
175	Turkey	-	-	-	-	-	-	0.30	-	0.30
176	Turkmenistan	-	-	-	-	-	-	-	415.00	415.00
177	Tuvalu	-	-	-	-	-	-	10.00	-	10.00
178	Uganda	-	-	-	-	25.00	400.00	390.00	497.00	1 312.00
179	Ukraine	-	-	-	-	-	-	-	-	-
180	United Arab Emirates	-	-	-	-	-	-	-	67.00	67.00
181	United Kingdom of Great Britain and Northern Ireland	-	-	-	-	-	-	-	-	-
182	United Republic of Tanzania	-	-	-	-	-	-	-	491.82	491.82
183	United States of America	-	-	150 920.00	8 280.00	113 270.00	220 560.00	307 020.00	509 800.00	1 309 850.00
184	Uruguay	2 000.00	4 300.00	5 090.00	6 130.00	5 820.00	6 120.00	6 000.00	3 896.00	39 356.00
185	Uzbekistan	-	-	-	-	-	-	-	-	-

	Parties to the Convention	BALANCE OUTSTANDING FOR								TOTAL BALANCE OUTSTANDING 31 Dec. 2006
		1999	2000	2001	2002	2003	2004	2005	2006	
186	Vanuatu	-	-	-	-	-	-	-	20.31	20.31
187	Venezuela (Bolivarian Republic of)	-	-	-	-	-	-	-	-	-
188	Viet Nam	-	-	-	-	-	-	-	30.00	30.00
189	Yemen	-	-	-	-	-	25.09	470.00	497.00	992.09
190	Zambia	-	-	-	-	-	-	-	-	-
191	Zimbabwe	-	-	-	-	-	-	-	580.00	580.00
191 TOTAL		3 140.00	11 900.00	165 689.44	25 177.50	129 841.69	309 087.27	561 173.93	1 013 514.86	2 219 524.69

Schedule 1.2. Status of voluntary contributions as at 31 December 2006*(United States dollars)*

Countries/Trust Funds	Voluntary contributions for 2006-2007
I. Trust Fund for the Core Budget of the UNCCD (UX)	
Germany	1 308 243
Total	1 308 243
II. Trust Fund for participation of representatives of States Parties in UNCCD (UV)	
Canada	84 801
Denmark	88 661
European Union	200 178
Finland	36 585
Ireland	32 342
Italy	250 940
Luxembourg	19 405
Norway	62 740
Portugal	4 343
Slovenia	1 805
Switzerland	60 000
United Kingdom of Great Britain and Northern Ireland	62 405
Total	904 205
III. Trust Fund for voluntary financing of activities under UNCCD (UW)	
Austria	6 475
Canada	31 667
Convention on Biodiversity	84 305
Cuba	50 098
Denmark	24 567
Finland	53 611
France	107 115
Germany	36 498
Global Environment Forum	5 409
Ghana	10 000
Italy	4 819 365
Netherlands	96 831
Monaco	121 646
Norway	507 018

Countries/Trust Funds	Voluntary contributions for 2006-2007
Republic of Korea	25 000
Slovenia	12 200
Spain	73 256
Sweden	61 402
Switzerland	314 610
United Arab Emirates	7 475
Venezuela	463 021
Subtotal	6 911 569
<u>Other United Nations organizations</u>	
International Fund for Agricultural Development	1 552 120
Global Mechanism	220 750
World Meteorological Organization	10 985
Subtotal	1 783 855
Total	8 695 423
<u>IV. Trust Fund for Convention Events organized by UNCCD secretariat (BM)</u>	
Germany	1 562 681
Total	1 562 681
GRAND TOTAL	12 470 552

Schedule 1.3. Contributions paid in advance as at 31 December 2006
(United States dollars)

Party	Amount
Albania	20.00
Algeria	201.00
Bangladesh	50.05
Barbados	1 340.00
Belarus	10.00
Belize	80.00
Benin	1 050.61
Botswana	910.00
Burkina Faso	40.33
Cape Verde	26.59
Chile	2 320.00
Croatia	2 984.00
Democratic People's Republic of Korea	710.00
Denmark	57 586.00
Ecuador	1 373.00
Eritrea	113.00
Ethiopia	831.00
European Union	2 466.71
Fiji	310.00
Ghana	3.00
Greece	6.36
Guatemala	2 160.00
Indonesia	15 070.00
Israel	37 474.00
Italy	0.01
Libyan Arab Jamahiriya	2.637.09
Kenya	3.20
Latvia	1 244.00
Madagascar	1 347.78
Malta	1 161.00
Mauritius	912.00
Mongolia	83.00
Namibia	1 080.00
New Zealand	17 718.50
Niger	0.11
Pakistan	3 922.38
Papua New Guinea	489.24
Republic of Korea	680.00
Senegal	9 363.17
Singapore	31 170.00
Tajikistan	1 189.65
United Kingdom of Great Britain and Northern Ireland	491 846.00
United Republic of Tanzania	5.18
Uzbekistan	1 475.00
Zambia	184.00
	693 646.96

III. Notes to the financial statements

Note 1 Statement of purpose

The Permanent Secretariat of the United Nations Convention to Combat Desertification was established on 1 January 1999 with the following purposes:

- 1) To make arrangements for sessions of the Conference of the Parties (COP) and its subsidiary bodies established under the Convention and to provide them with services as required;
- 2) To compile and transmit reports submitted to it;
- 3) To facilitate assistance to the affected developing country Parties, on request, particularly those in Africa, in the compilation and communication of information required under the Convention;
- 4) To coordinate its activities with the secretariats of other relevant international bodies and conventions;
- 5) To enter, under the guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions;
- 6) To prepare reports on the execution of its functions under this Convention and present them to the Conference of the Parties; and
- 7) To perform such other secretariat functions as may be determined by the Conference of the Parties.

Note 2 Accounting policies

The following are the significant accounting policies of the United Nations Convention to Combat Desertification (UNCCD):

- (a) Rules and procedures

The accounts of the Convention are maintained in accordance with the Financial Regulations of the United Nations and its own Financial Rules, and in conformity with the United Nations System Common Accounting Standards (A/48/530) as recognized by General Assembly resolution 48/216 C of 23 December 1993 and subsequent revisions.

Under the financial procedures adopted by the Conference of the Parties, the Executive Secretary prepares the administrative core budget for the following biennium and submits it to the Conference of Parties for its consideration and approval. The approved budget constitutes authority to the Executive Secretary to issue allotments, incur obligations and make payments for the purposes for which the appropriations were approved. In the year 2006, the Conference of Parties approved a core budget of USD 8,290,000, out of which the equivalent of EUR 594,541 was paid by the host Government. The remaining amount is raised by all Parties, who are invited to make contributions based on an adjusted United Nations scale of assessment. In addition to this, the Parties at the seventh session of the Conference of Parties, in Nairobi, Kenya, authorized an expenditure of up to USD 1.5 million, from unspent balances, contributions from previous

financial periods and miscellaneous income, on staff related costs and other unavoidable operating expenses.

(b) Accounting convention

The accounts are prepared on the historical cost basis, modified to the extent that the cost of all property acquired is charged as an expense in the year of purchase except for the period under review where property donated in kind by the host Government was valued using the average United Nations rate of exchange.

The UNCCD's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the Conference of the Parties or the Executive Secretary. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry set of accounts.

(c) Contingent liabilities

The expenditures do not include possible costs to cover contingencies under Appendix D to the United Nations staff rules, for personnel financed under resources obtained from contributions. These personnel are under contractual arrangements with Van Breda & Co. International.

(d) Income tax refund policy

The UNCCD salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(e) Unliquidated obligations

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the financial period. Unliquidated obligations for the current period in respect of all UNCCD activities remain valid for 12 months following the end of the period to which they relate.

(f) Cash and term deposits

Funds on deposit in interest bank accounts, time deposits and call accounts are shown in the statements of assets and liabilities as cash. All term deposits are placed in line with the United Nations investment policies and guidelines.

(g) Income

(i) Assessed contributions from Parties

Income from assessed contributions is recognized on an accrual basis based on the budget approved by the Conference of the Parties.

(ii) Voluntary contributions

Voluntary contributions to UNCCD trust funds are recorded as income when received, which include funds received under inter-organization arrangements.

(iii) Interest income

Interest income is based only on amounts received and accrued from cash and term deposits relating to the financial period. Interest due from cash and term deposits made in the financial period but not maturing until future periods is recorded as accounts receivable.

(iv) Miscellaneous income

Refunds and adjustments of expenditures charged to prior financial periods, net gains on exchange, moneys accepted for which no purpose is specified and proceeds from the sale of surplus property, are credited to miscellaneous income.

(v) Contributions

All contributions to secretariat's activities are deposited with United Nations Office in Geneva. Imprest accounts in euros are established for UNCCD to cover expenditures for events organized in Bonn. Reports on the utilization of such imprest accounts are posted in the financial statements on a regular basis.

(h) Translation of currencies

The financial statements of the UNCCD are presented in United States dollars. As per United Nations accounting standards, transactions in other currencies are recorded in United States dollars by applying the United Nations operational rates of exchange at the time of the transactions. Realized exchange gains and losses are charged to miscellaneous income and operating expense accounts, respectively. An amount of USD 385 included in the operating expenses relates to exchange losses and USD 90,615 as miscellaneous income during the reporting period.

Note 3 Trust fund expenditures

The total expenditures of USD 15,962,208 in Statement I are summarized as follows, during the reporting period:

(United States dollars)

Description	As at 31 December 2006
Staff and other personnel costs	8 139 551
Travel on official business	1 790 046
Contractual services	371 701
Operating expenses	394 404
Acquisitions	15 911
Grants and contributions to joint activities	3 689 293
Programme support costs	<u>1 561 302</u>
Total	<u>15 962 208</u>

Note 4 Refund to a donor

There was a refund to IFAD for the unspent contribution of USD 512 within the reporting period.

Note 5 Transfer to/from other trust funds

There was a transfer of USD 150,000 from UW to ZHA

Note 6 Cash and term deposits*(United States dollars)*

	As at 31 December 2006
Interest-bearing bank deposits maturing within twelve months	<u>5 921 771</u>

Note 7 Other accounts receivable*(United States dollars)*

	As at 31 December 2006
Education grant advances	121 445
Deferred expenditure on education grant	54 364
Travel advances	44 384
Salary advances	3 443
Value added tax	22 520
Pledges receivable	2 219 524
Others	<u>44</u>
Total	<u>2 465 724</u>

Note 8 Other accounts payable*(United States dollars)*

	As at 31 December 2006
Reserve for Appendix D	133 489
Others	<u>106 794</u>
Total	<u>240 283</u>

Note 9 Operating and working capital reserve

Operating reserves are established at 15 per cent (UV and UW) of the total annual expenditures under the voluntary general trust funds whereas an operating reserve for programme support account (ZQ) is maintained at 20 per cent of annual programme support income earned. A working capital reserve is maintained at 8.3 per cent of the total annual expenditures under the core budget (UXA). The reserves are to cover unforeseen shortfalls, uneven cash flows, unplanned costs and other final contingencies. For the reported period there was no need to draw on the operating reserves. The level of the reserves was reported as being USD 893,603 for the operating reserve and USD 750,210 for the working capital reserve (Statement II).

Note 10 Programme support

The programme support at 13 per cent of the actual expenditures of all established UNCCD trust funds is maintained in a separate account (ZQ), subject to specific exceptions made by the Controller. When a project is shared between UNCCD and another United Nations agency, programme support charges are also shared accordingly between both organizations with the combined amount not exceeding 13 per cent.

Note 11 Non-expendable Inventory

Most of the non-expendable property is attractive in nature and therefore valuation of all non-expendable property is limited to items with a value of USD 500 and above. During the year 2006 acquisitions amounted to USD 15,911.

Note 12 Disclosure of after service liabilities

UNCCD participated in the actuarial valuation survey conducted by an independent organization and coordinated by the United Nations Secretariat. The report was prepared using identical assumptions for the entire United Nations, taking into account the plans of benefits in place, available claims experience, magnitude of staff member and UNCCD contributions towards the cost. As at the time of preparing the financial statements, the United Nations Secretariat had not provided new data from the 2005 survey. Thus valuation methodologies, policies and procedures undertaken in determining the actuarial valuation of future liabilities under ASHI plan are based on the survey conducted in 2003. The value of actuarial valuation of post-retirement medical and dental benefits as of 31 December 2005 is provided in the table below.

(United States dollars)

	Present value of future benefits	Accrued liability as at 31 December 2005
Gross liability	5 350 000	2 304 000
Retiree contributions	(1 338 000)	(577 000)
Total	<u>4 012 000</u>	<u>1 727 000</u>

In accordance with the provisions of United Nations Accounting Standards (UNAS), the above figure is hereby disclosed, but no provision has been effected in the 2004–2005 or 2006–2007 accounts until a decision on how to treat this future liability is agreed on by the Conference of Parties.

Note 13 Disclosure as to participation in the United Nations Joint Staff Pension Fund

UNCCD is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The financial obligation of the organization to the United Nations Joint Pension Fund consists of its mandated contribution at the rate established by the United Nations General Assembly together with its share of any actuarial deficiency payments that might become payable pursuant to article 36 of the regulations of the United Nations Joint Staff Pension Fund.

Note 14 Disclosure of donations in kind

The Governments of France, Germany and Spain provided services of associate experts. The approximate values of these services is summarized as follows:

(United States dollars)

	As at 31 December 2006
Government of France (for 12 months)	86 295
Government of Germany (for 10 months)	62 954
Government of Spain (for 10 months)	<u>60 758</u>
Total of donations in kind	<u>210 008</u>
