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Environment Programme**



UNEP



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**Rotterdam Convention on the Prior
Informed Consent Procedure for Certain
Hazardous Chemicals and Pesticides in
International Trade
Conference of the Parties
Second meeting
Rome, 27–30 September 2005
Item 9 of the provisional agenda***

Programme of work and reconsideration of the indicative 2006 budget

Financial report and review of the staffing situation in the secretariat

Note by the secretariat

1. In its decision RC-1/17, on financing and budget for the biennium 2005–2006, the Conference of the Parties at its first session included a number of actions to facilitate the financial operation of the Convention following its entry into force.
2. Annexed to the present note is a financial report and review of the staffing situation in the secretariat. Except as otherwise noted or where apparent from the context, this report covers the period from 1 May 2004 to 30 April 2005.
3. The Conference may wish:
 - (a) To note this report;
 - (b) To call on Parties that have not yet done so to pay their required contributions under the Convention as soon as practicable; and
 - (c) To call on Parties that are in a position to do so to contribute to the voluntary Special Trust Fund.

* UNEP/FAO/RC/COP.2/1.

Annex

Financial report and review of the staffing situation in the secretariat

Introduction

1. The present report is divided into three chapters. Chapter I, “General issues”, describes the actions of the secretariat, pursuant to decision RC-1/17, to facilitate the financial operation of the Convention following its entry into force, including the financial support of the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Environment Programme (UNEP) towards the operation of the Convention and the secretariat. Chapter II, “Financial reports”, sets out the expenditures from the trust fund established under the interim period, as well as from the new General Trust Fund and the voluntary Special Trust Fund, while Chapter III, “Secretariat staffing situation”, reports on the staffing situation in the secretariat.

I. General issues

A. Trust funds established

2. In paragraph 1 of decision RC-1/17, the Conference invited the Executive Director of UNEP to establish on an interim basis for the period 2005–2006:

- (a) A general trust fund for the operational budget;
- (b) A voluntary special trust fund.

3. Pursuant to the invitation by the Conference, the two trust funds were established by the Executive Director of UNEP on 4 November 2004. The General Trust Fund for the operational budget has been assigned the code “RO” and the voluntary special trust fund has been assigned the code “RV”.

B. Closing of the existing trust fund (PP) and transfer of the unused balance

4. In paragraph 6 of decision RC-1/17, the Conference invited UNEP and the contributors to the trust fund established for the interim phase of the Convention to transfer the unused balance of that fund to one of the trust funds referred to in paragraph 1 of the same decision, and requested the head(s) of the Convention secretariat to account for the funds thus transferred.

5. A letter has been sent to all the countries that made donations to the trust fund in 2004, seeking their agreement to transfer the unused balance to one of the two trust funds referred to in paragraph 1 of decision RC-1/17. A copy of the letter can be found in background document UNEP/FAO/RC/COP.2/INF/4.

6. Table 3 in appendix I below summarizes the responses received. All donors agreed to transfer the unused balance of the PP trust fund to one of the two trust funds referred to in paragraph 1 of decision RC-1/17. Donors representing 25.3 per cent of the contributions in 2004 expressed a preference for a transfer to the General Trust Fund (RO), donors representing 39.0 per cent of the contributions in 2004 expressed preference for a transfer to the Special Trust Fund (RV) and one donor representing 35.7 per cent of the contributions in 2004 expressed no preference. Copies of the responses received are contained in background document UNEP/FAO/RC/COP.2/INF/4.

7. In paragraph 13 of decision RC-1/17, the Conference decided that designated contributions from the surplus of the PP trust fund should be added to the working capital reserve for 2005–2006 for the purpose of increasing its level to 15 per cent of the estimated expenditure of the operational budget, including programme support costs, for the year 2006.

8. In the indicative operational budget for 2006, the total estimated expenditure, including programme support costs, amounts to \$3,530,191; thus a working capital reserve of 15 per cent would amount to \$529,529. The Conference has already allocated \$11,968 in the indicative budget, so the amount needed to increase the level to 15 per cent would be \$517,561.

9. The unused balance of the PP trust fund – as of 31 December 2004 – amounts to \$1,447,378. In accordance with the preferences expressed by the 2004 donors, the secretariat has transferred 25.3 per cent, amounting to \$365,510, to the General Trust Fund for the purpose of increasing the level of the working capital reserve, and 39.0 per cent, amounting to \$564,462, to the Special Trust Fund. From the 35.7 per cent for which no specific preference was expressed, the secretariat has transferred \$152,051 to the General Trust Fund for the purpose of increasing the level of the working capital reserve to 15 per cent. The remaining balance, amounting to \$365,355 has been transferred to the Special Trust Fund.

10. Thus, out of a total of \$1,447,378, \$517,561 has been transferred to the General Trust Fund and \$929,817 to the Special Trust Fund.

11. For technical reasons, it will not be possible to close the PP trust fund before the liquidation of all obligations and liabilities, so adjustments to the above may take place, and the secretariat will report on this to the Conference at its third meeting in 2006.

C. Financial support from UNEP and FAO towards the operation of the Convention and its secretariat in 2004 and 2005

12. In paragraph 7 of decision RC-1/17, the Conference invited the governing bodies of UNEP and FAO to continue their financial support for the operation of the Convention and its secretariat in 2005 and 2006.

13. In-kind financial support from UNEP in 2004 amounted to approximately \$258,855 (see table 1 in appendix I below) and it is expected that the 2005 in-kind contribution will be approximately \$250,000 (see table 3 in appendix II). This is arrived at by assigning 25 per cent staffing and support elements as follows: one D-1 post, two P-3 posts, 4 General Service posts and miscellaneous costs.

14. In 2004 FAO maintained its financial contribution to the Rotterdam secretariat. For 2004 the contribution of \$448,007 included the post of co-Executive Secretary (25 per cent of one D-1 post), one P-5 post, one P-3 post and one G-3 post (as set out in table 1 in appendix I below). In 2005 it is expected that the financial contribution will be essentially the same (see table 3 in appendix II). Further in-kind contributions, not specifically quantified here, included administrative and legal support.

15. In 2004 and 2005 FAO provided additional funds in the order of \$338,000 and \$407,000 respectively for supplementary technical assistance activities to support the ratification and implementation of the Convention.

D. Status of contributions

16. In paragraph 19 of decision RC-1/17, the Conference requested the head(s) of the Convention secretariat to publish a list of assessed contributions received on the web site of the Convention and to keep this list up to date.

17. Pursuant to this request the website has been modified and shows the total of the contributions received.

II. Financial reports

A. PP Trust Fund: Expenditure report and statement of accounts

18. A statement of expenditures of the PP Trust Fund, as well as the cash balance as of 31 December 2004, is available in appendix I (tables 1 and 2, respectively).

B. Status of the general trust fund for the operational budget (RO)

19. A report on contributions to the General Trust Fund for the operational budget, as of 30 April 2005, is provided in appendix II below (tables 1 and 2). An updated status of contributions will be distributed at the meeting.

20. An interim report showing expenditures as of 30 April 2005, as well as projected expenditures by 31 December 2005, is also provided in appendix II (table 3).

21. This interim report is presented without prejudice to the financial statements to be produced pursuant to rule 21 of the financial rules.

C. Status of the voluntary special trust fund (RV)

22. A report on contributions to the voluntary Special Trust Fund, as of 30 April 2005, is provided in appendix III (table 1).

23. An interim report showing expenditures as of 30 April 2005, as well as projected expenditures by 31 December 2005, is also available in appendix III (table 2). As the voluntary trust fund could not become operational until the PP trust fund was closed, no expenditures on this trust fund could be reported at this time. An updated table will be made available at the meeting.

24. This interim report is presented without prejudice to the financial statements to be produced pursuant to rule 21 of the financial rules.

III. Secretariat staffing situation

25. Following the departure of Mr. Jim Willis, the former Director of UNEP Chemicals, Ms. Monique Barbut, Director of the UNEP Division of Technology, Industry and Economics, was appointed Officer-in-Charge of the secretariat office in Geneva on 18 October 2004, pending the decision of the Conference of the Parties to the Stockholm Convention on sharing the executive secretaryship of the conventions.

26. A table showing the staffing situation of the secretariat as of 30 April 2005 is provided in appendix IV. The P-2 post within UNEP was originally posted in February 2004; the selection process has yet to be completed, however. The P-4 post in FAO was staffed until August 2004 when the incumbent left, the position was re-advertised and a candidate selected who in the end decided not to accept the offer. The post was re-advertised in July 2005 and the selection process is under way.

27. The functions of the P-4 Financial Officer to be funded by programme support costs in 2005 and 2006 (note 1 to the staffing table of the Convention secretariat, as approved by the Conference at its first meeting in decision RC-1/17) are performed by the Financial Officer of UNEP Chemicals at the P-3 level on an interim basis. No P-4 Financial Officer has thus been appointed.

28. A status report on the invitation by the Conference to the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants to consider at its first meeting, if feasible and appropriate, co-financing in 2006 the position of a joint head of the secretariats of both the Stockholm and Rotterdam conventions at the level of D-1 can be found in document UNEP/FAO/RC/COP.2/5 (paragraphs 38–43).

Appendix I

Table 1: Expenditure report for 2004

	Budget as approved by the Committee at its tenth session	Total expenditures PP Trust Fund	UNEP Environment Fund	FAO regular budget	Total
Ensure effective functioning of the INC COP1¹					
Conference services	375,000	494,957	0	0	494,957
Participants' travel	205,000	395,963	0	0	395,963
Subtotal	580,000	890,920	0	0	890,920⁴
					0
ICRC5 in Geneva²					0
Conference services	85,000	83,079	0	0	83,079
Participants' travel	75,000	66,894	0	0	66,894
Subtotal	160,000	149,973	0	0	149,973
					0
INC-11 in Geneva³					0
Conference services	90,000	118,479	0	0	118,479
Participants' travel (DSA only)	35,000	35,000	0	0	35,000
Subtotal	125,000	153,479	0	0	153,479
					0
Facilitation of implementation and ratification					0
Workshops	100,000	80,911			80,911
Printed material	35,000	34,216		0	34,216
Study on technical assistance needs	75,000	20,000	23,450		43,450
Website	10,000				0
Subtotal	220,000	135,127	23,450	0	158,577
					0
Office automation and databases					0
Software					0
Hardware	40,000	73,738			73,738
Consultants/subcontracts	0	24,000		0	24,000
Subtotal	40,000	97,738	0	0	97,738
					0
Core secretariat costs					0
Project personnel	1,321,850	668,743	138,054	333,234	1,140,031
Consultants	45,000	43,059		9,759	52,818
Administrative support	390,075	203,679	79,389	58,989	342,057
Official travel	100,000	88,278		15,185	103,463
Equipment and premises	5,000	3,680	17,962	0	21,642
Miscellaneous	15,000	20,891		30,840	51,731
Subtotal	1,876,925	1,028,330	235,405	448,007	1,711,742
					0
Total	3,001,925	2,455,567	258,855	448,007	3,162,429
Administrative overheads (13%)	390,250	319,224			319,224
Total	3,392,175	2,774,791	258,855	448,007	3,481,653

¹ Funded by Switzerland.² Funded by Switzerland³ Funded by Germany⁴ Additional costs amounting to \$174,705 paid directly by Switzerland

Table 2: Fund balance of the PP Trust Fund

2004	
Carried forward from 2003	2,410,832
Income to PP Trust Fund	1,622,280
Interest	21,454
Expenditures	-2,607,188 ^a
Fund balance at the end of the period	1,447,378

^a The difference in expenditures is due to the fact that the PP Trust Fund accounts reflect credits from cancellations of prior year obligations

Table 3: Responses received from 2004 donors regarding the use of the unused balance

Donor	Amount (US\$)	Percentage of total	Preference
Canada	37,328	2.22	General Trust Fund
European Commission	124,440	7.41	General Trust Fund
Germany	74,567	4.44	Special Trust Fund
Norway	50,006	2.98	General Trust Fund
Sweden	33,552	2.00	General Trust Fund
Switzerland	580,000	34.56	Special Trust Fund
United Kingdom	178,530	10.64	General Trust Fund
United States of America	600,000	35.75	No preference
Total	1,678,423	100	

General Trust Fund	25.25
Special Trust Fund	39.00
No preference	35.75
Total	100

Appendix II

General Trust Fund for the Operational Budget (RO)

Table 1
Contributions to the Trust Fund as of 30 April 2005

Operational budget 2005
(millions of United States dollars): 2,222,998

	United Nations scale of assessment 2004–2006	Scale for the Trust Fund with 22% ceiling and 0.01% base	Absolute contributions due per country	Collections in 2005 for 2005	Unpaid contributions for 2005
<i>Party</i>	<i>Percentage</i>	<i>Percentage</i>	2005		
Argentina	0.956	1.490	33,116		33,116
Armenia	0.002	0.010	222		222
Australia	1.592	2.481	55,148	55,148	0
Austria	0.859	1.339	29,756	29,756	0
Belgium	1.069	1.666	37,031		37,031
Benin	0.002	0.010	222		222
Bolivia	0.009	0.014	312		312
Brazil	1.523	2.373	52,757		52,757
Bulgaria	0.017	0.026	589	589	0
Burkina Faso	0.002	0.010	222		222
Burundi	0.001	0.010	222		222
Cameroon	0.008	0.012	277		277
Canada	2.813	4.383	97,444	49,450	47,994
Chad	0.001	0.010	222		222
Cook Islands	0.001	0.010	222		222
Côte d'Ivoire	0.010	0.016	346		346
Czech Republic	0.183	0.285	6,339	6,339	0
Democratic People's Republic of Korea	0.010	0.016	346		346
Denmark	0.718	1.119	24,872		24,872
Ecuador	0.019	0.030	658		658
El Salvador	0.022	0.034	762		762
Equatorial Guinea	0.002	0.010	222		222
Ethiopia	0.004	0.010	222		222
Finland	0.533	0.831	18,463	18,463	0
France	6.030	9.396	208,882		208,882
Gabon	0.009	0.014	312		312
Gambia	0.001	0.010	222		222
Germany	8.662	13.498	300,055	229,998	70,057
Ghana	0.004	0.010	222		222
Greece	0.530	0.826	18,359		18,359
Guinea	0.003	0.010	222		222
Hungary	0.126	0.196	4,365	4,365	0
Iran (Islamic Republic of)	0.157	0.245	5,439		5,439
Italy	4.885	7.612	169,218		169,218
Jamaica	0.008	0.012	277	277	0

	United Nations scale of assessment 2004–2006	Scale for the Trust Fund with 22% ceiling and 0.01% base	Absolute contributions due per country	Collections in 2005 for 2005	Unpaid contributions for 2005
<i>Party</i>	<i>Percentage</i>	<i>Percentage</i>	2005		
Japan	19.468	22.000	489,060		489,060
Jordan	0.011	0.017	381		381
Kyrgyzstan	0.001	0.010	222		222
Latvia	0.015	0.023	520		520
Liberia	0.001	0.010	222		222
Libyan Arab Jamahiriya	0.132	0.206	4,573		4,573
Liechtenstein	0.005	0.010	222		222
Lithuania	0.024	0.037	831		831
Luxembourg	0.077	0.120	2,667		2,667
Madagascar	0.003	0.010	222		222
Malaysia	0.203	0.316	7,032		7,032
Mali	0.002	0.010	222		222
Marshall Islands	0.001	0.010	222		222
Mongolia	0.001	0.010	222		222
Netherlands	1.690	2.633	58,542	58,542	0
New Zealand	0.221	0.344	7,656	7,656	0
Nigeria	0.042	0.065	1,455		1,455
Norway	0.679	1.058	23,521	23,521	0
Oman	0.070	0.109	2,425		2,425
Panama	0.019	0.030	658		658
Paraguay	0.012	0.019	416		416
Republic of Korea	1.796	2.799	62,214		62,214
Romania	0.060	0.093	2,078		2,078
Rwanda	0.001	0.010	222		222
Samoa	0.001	0.010	222	197	25
Saudi Arabia	0.713	1.111	24,699		24,699
Senegal	0.005	0.010	222		222
Slovenia	0.082	0.128	2,841	2,841	0
South Africa	0.292	0.455	10,115		10,115
Spain	2.520	3.927	87,294		87,294
Suriname	0.001	0.010	222		222
Sweden	0.998	1.555	34,571		34,571
Switzerland	1.197	1.865	41,465	41,465	0
Syrian Arab Republic	0.038	0.059	1,316	1,316	0
Thailand	0.209	0.326	7,240	7,240	0
Togo	0.001	0.010	222		222
Ukraine	0.039	0.061	1,351		1,351
United Arab Emirates	0.235	0.366	8,141		8,141
United Kingdom of Great Britain and Northern Ireland	6.127	9.548	212,242	212,242	0
United Republic of Tanzania	0.006	0.010	222		222
Uruguay	0.048	0.075	1,663		1,663
European Community	2.500	2.500	55,575	56,293	-718
Total	70.317	100.000	2,222,998	805,698	1,417,300

Table 2**Summary of income received as of 30 April 2005**

Total operational budget 2005	3,667,041	
Host country contribution ^a	<u>-1,444,043</u>	(contribution of 1.2 million euros)
Total to be covered by assessed contributions	2,222,998	
Total income received		
Carry-over from PP Trust Fund		517,561
Assessed contributions received		805,698
Host Government Switzerland		768,264
Host Government Italy		0
Switzerland start-up contribution		135,428
Total		2,226,951

^a Host country contribution according to the United Nations exchange rate for September 2004 (1.2 million euros = US\$ 1,444,043)

Table 3
Expenditures and projected expenditures of the operational budget for 2005
(in United States dollars)

	Approved 2005 budget	Expenditures up to end April 2005	Projected expenditures up to end Dec. 2005	Total expenditures and projected expenditures
Ensure effective functioning of the COP				
<i>COP2</i>				
Conference services	435,536	39,511	396,025	435,536
Subtotal	435,536	39,511	396,025	435,536
<i>CRC1</i>				
Conference services	110,372	84,226	0	84,226
Experts travel	85,630	75,542	0	75,542
Subtotal	196,002	159,768	0	159,768
<i>Compliance Committee</i>				
Ad hoc working group meeting	20,000		20,000	20,000
Conference services	0		0	0
Experts travel	0		0	0
Subtotal	20,000		20,000	20,000
Study on financial mechanism	100,000	38,000	0	38,000
Office automation and databases				
Software/hardware	75,000		75,000	75,000
Consultants/subcontracts	20,000		20,000	20,000
Subtotal	95,000		95,000	95,000
Core secretariat costs				
Professional personnel	1,462,800	286,233	600,000	886,233
Consultants	25,000		25,000	25,000
Administrative support	475,125	62,001	163,000	225,001
Official travel	100,000	7,033	70,000	77,033
Equipment and premises	40,000	3,112	35,000	38,112
Miscellaneous	47,000	61	47,000	47,061
Subtotal	2,149,925	358,440	940,000	1,298,440
Total activities	2,996,463	595,719	1,451,025	2,046,744
Administrative overheads (13%)	389,540	77,443	188,633	266,077
Subtotal activities and administrative overheads	3,386,003	673,162	1,639,658	2,312,821

Contribution from UNEP Environment Fund (see paragraph 13)
Contribution from FAO regular programme (see paragraph 14)

250,000
448,361

Appendix III

Voluntary Special Trust Fund for the Operational Budget (RV)

Table 1: Contributions and pledges to the Trust Fund as of 30 April 2005

	Pledged amount	2005 Amount in US\$	Paid	Unpaid
Carry-over from PP Trust Fund		929,817		
Netherlands	188,035	188,035	188,035	-
Total		1,117,852	188,035	

Table 2: Expenditures and projected expenditures under the voluntary Special Trust Fund (in United States dollars)

		Approved 2005 budget	Expenditures up to end April 2005	Projected expenditures up to end Dec. 2005	Total expenditures and projected expenditures
Participants' travel					
	Participants' travels COP	352,039	0	352,039	
Subtotal activities		352,039	0	352,039	
Administrative overheads (13%)		45,765	0	45,765	
Total		397,804	0	397,804	
Facilitation of implementation and ratification					
	Technical assistance	255,000	0	255,000	
	Printed material	43,000	0	43,000	
	Website	10,000	0	10,000	
Subtotal activities		308,000	0	308,000	
Administrative overheads (13%)		40,040	0	40,040	
Total		348,040	0	348,040	
Overall total voluntary Special Trust Fund		745,844	0	745,844	

Appendix IV

Staffing

Table 1: Staffing situation as of 30 April 2005

		Approved	Actual
Staff category and level		2005	
		staffing	
A	Professional category		
	D-1	0.5	0.50
	P-5	2.0	2.00
	^a P-4	4.0	1.00
	P-3	3.0	3.00
	P-2	2.0	1.00
	Subtotal	11.5	7.5
B	General Service category	5.3	3.50
	Total (A + B)	16.8	11.0

^a Administrative Officer provided at P-3 level from programme support costs (OTL), see paragraphs 26 and 27