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REVIEW AND PLANNING OF THE CORE AND PROJECT-BASED FUND

(Item 7 of the provisional agenda)

Note by the Secretariat

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I. THE STATUS OF THE CORE FUND

1. As shown in Table 1, the beginning fund balance of NEASPEC Core Fund as of January 2016 is US\$ 410,582. In the year 2016, China and the Republic of Korea made contributions of US\$50,000 and US\$182,241 to the Core Fund respectively. After applying the interest income and deduction of expenditures for 2016, the total balance of the Core Fund as of 31 December 2016 is US\$ 512,858. Table 1 below details the status of NEASPEC Core Fund.

Table 1. Status of NEASPEC Core Fund

As of 31 December 2016

(In US Dollars)

	Jan-Dec 2016	Jan-Dec 2015
Beginning Fund Balance	410,582	522,605
<u>Income</u>		
Contributions	232,241	171,487
Interest Income	3,717	1,413
	646,540	695,505
<u>Less:</u> Expenditures and commitments	(133,682)	(284,923)
Ending Fund Balance	512,858	410,582

2. The current balance of US\$512,858 as well as expected contributions will be utilized for the upcoming activities during 2016- 2018 which are budgeted to be US\$720,940.

3. The major expenditures in 2016 were for the following project activities:

- Programme planning and management: (1) project development and Secretariat management (including salary for a secretariat assistant, fees for consultants and expenses for official missions of staff, and (2) the organization of the SOM-20.
- Marine Protected Areas: (1) 2016 NEAMPAN Workshop and the 2nd Steering Committee Meeting (15-16 June 2016, Suncheon, Republic of Korea), and (2) National MPA Management Training Workshop (25-27 October 2016, Zhoushan City, Zhejiang Province, China)

- Nature Conservation: Workshop on Nature Conservation and Transboundary Cooperation (28-29 November 2016, Beijing, China).
- Low Carbon City Platform: (1) North-East Asia Low Carbon Cities Platform (NEA-LCCP) Expert Group Workshop (1-2 September 2016, Seoul, Republic of Korea), (2) North-East Asia Low Carbon City Platform Session during the International Conference on National Urban Policy (15 December 2015, Incheon, Republic of Korea).

4. The approved budget plan and expenditure for the project period of July 2013 to June 2016 and for the project period of January 2016 to December 2018 are shown in Table 2 and 3. The balance, US\$115,098, in the table 2 has been transferred to the Core Fund account for use in the current cycle, 2016-2018.

Table 2. Statement of Budget and Expense for July 2013 - June 2016

(Amount in USD)

Budget Items	Budget Jul 2013 - Dec 2015*	Expense			Balance Budget- Total Expense
		2013- 2015 (A)	Jan-June 2016* (B)	Total Expense (A)+(B)	
Project staff	100,000	88,539	21,410	109,950	-9,950
EGMs and SOMs	60,000	40,254	12,826	53,080	6,920
Staff travel	27,000	21,460	4,494	25,954	1,046
Website and printing	10,000	0	347	347	9,653
Equipment	4,000	0	0	0	4,000
Sundry	5,770	1,625	923	2,548	3,222
Operation- Subtotal (A)	206,770	151,878	40,000	191,878	14,892
Marine Environment	70,000	18,303	19,492	37,795	32,205
Nature Conservation	255,000	222,156	0	222,156	32,844
<i>A) Tiger and leopard</i>	100,000			89,477	10,523
<i>B) Migratory Birds</i>	155,000			132,679	22,321
Dust and Sandstorms	70,000	48,084	0	48,084	21,916
Programme - Subtotal (B)	395,000	288,543	19,492	308,035	86,965
Total (A) + (B)	601,770	440,421	59,492	499,914	101,857
Programme Support Cost (13%)	78,230	57,255	7,734	64,989	13,241
GRAND TOTAL	680,000	497,676	67,226	564,903	115,098

*The project was initially planned until Dec 2015, but extended to June 2016 due to the delay in holding the SOM-20.

Table 3. Statement of Budget and Expense for June 2016 - December 2018

As of 31 December 2016

(In US Dollars)

Activities	Budget Items	Approved Budget Jan 2016 - Dec 2018 (A)	Expense from Jul* - Dec 2016 (B)	Balance as of Dec 2016 (A)-(B)
Management of NEASPEC Secretariat and Meetings	Project staff/ consultants	140,000	18,635	121,365
	EGMs and SOMs	60,000	0	60,000
	Staff travel	30,000	3,142	26,858
	Website and printing	5,000	132	4,868
	Sundry	3,000	562	2,438
	Operation- Subtotal (A)	238,000	22,471	215,529
Development and Implementation of Activities	Transboundary Air Pollution	80,000	0	80,000
	o Joint Research	50,000	0	50,000
	o Workshops	30,000	0	30,000
	Marine Protected Area Network	80,000	2,004	77,996
	o Meeting(s)/trainings	50,000	2,004	47,996
	o MPA assessment	30,000	0	30,000
	Nature Conservation	90,000	17,032	72,968
	o Meetings and trainings	70,000	17,032	52,968
	o Analytical studies & publication	20,000	0	20,000
	Dust and Land Degradation	80,000	0	80,000
	o Technical training	50,000	0	50,000
	o Workshops for the Multi- Stakeholder Plan	30,000	0	30,000
	Low Carbon City	70,000	17,303	52,697
	o Technical assistance & workshop	50,000	17,303	32,697
	o Analytical studies	20,000	0	20,000
Programme-Subtotal (B)	400,000	36,339	363,661	
Total (A) + (B)		638,000	58,810	579,190
Programme Support Cost (13%)		82,940	7,645	75,295
GRAND TOTAL		720,940	66,456	654,484

Remarks: The expense from January to June 2016 incurred from the extension of on-going project activities to June 2016. Therefore, the spending of budget under new budget cycle began in July 2016.

II. THE STATUS OF THE PROJECT-BASED FUND

5. In addition to the activities funded by the Core Fund, NEASPEC also operates the project-based fund with the contributions from member States for specific activities.

6. Based on the agreement with the Government of the Russian Federation and also in pursuant to the decision of the SOM-19, the Secretariat has implemented the project on the “Development of the Technical and Policy Frameworks for Transboundary Air Pollution Assessment and Abatement in North East Asia”. The total expense under the project was US\$ 125,422. Combining the interest earned, the project funds balance is US\$ 46,712 as of 31 December 2016.

7. Table 4 shows the approved budget for the project and expenses made as of 31 December 2016.

Table 4. Statement of Budget and Expense

As of 31 December 2016

(In US Dollars)

Descriptions	Budget (2014-2016)	Total Expense 2014-2016	Balance 31 Dec2016
Personnel/Consultant	15,000	15,880	(880)
Subcontracts/Grants (for modeling and framework development)	70,000	60,903	9,097
Meetings and workshops	60,000	34,047	25,953
Miscellaneous	5,442	163	5,279
Sub-Total	150,442	110,993	39,449
Programme Support Cost (13%)	19,558	14,429	5,129
Total	170,000	125,422	44,578
Add: Interest income			2,134
Grand Total			46,712

8. The expenditures in the amount of US\$ 15,880 were for the engagement of experts to assist in the modeling of source-receptor relationship (SRR) of transboundary air pollution, prepare technical documents on a new subregional framework and develop the concept of the framework.

9. The expenditures in the amount of US\$60,903 were for the SRR modeling and framework development under the Agreement with the Scientific Research Institute for Atmospheric Air Projection, Russian Federation.

10. The expenditures in the amount of US\$ 34,047 were for the organization of the Expert Group Meeting on 1 May 2014, Incheon, Republic of Korea; the Consultation Meeting on Modeling Source-Receptor Relationship of Transboundary Air Pollution during 18-21 March 2015 in Busan and Incheon, Republic of Korea, and Beijing, China; and the NEASPEC Expert Consultation and Roundtable Meeting on Transboundary Air Pollution during 8-9 December 2016 in Seoul, Republic of Korea. The actual expense was far less than budgeted due to sharing of meeting costs with partners.

III. CONTRIBUTIONS FROM PARTNERS

11. During the past budget period, the Secretariat obtained additional financial and in-kind support from project partners through joint activities or collaboration. Table 5 details in-kind contributions that the Secretariat received in 2016. In addition to the activities listed in the Table 5, the Secretariat has collaborated with various project partners in member States for project implementation. Those partners include the Land of the Leopard National Park, Russian Federation, Far East Office of WWF Russia, Institute of Biology and Soil Science, Far Eastern Branch of Russian Academy of Science, Feline Research Center of State Forestry Administration, China, Korean Society for Environment and Ecology (KESS), Chinese Academy of Forestry, China, Wild Bird Society of Japan (WBSJ), Wildlife Science and Conservation Center of Mongolia, and State Nature Biosphere Reserve “Daursky”, Russian Federation.

Table 5. In-kind contributions received for joint activities in 2016

Activity	Dates	Partner	Contributions
Roundtable Meeting on Transboundary Air Pollution	9 Dec	ROK Ministry of Foreign Affairs	Venue, catering and travel of participants
Workshop on Nature Conservation and Transboundary Cooperation	28-29 Nov	Beijing Forestry University, China	Venue, local administrative and logistical supports
North-East Asia Low Carbon Cities Platform (NEA-LCCP) Expert Group Workshop	1-2 Sep	Seoul Metropolitan Government, ROK	Venue, catering, local administrative and logistical supports
NEAMPAN Workshop and the 2nd Steering Committee Meeting	15-16 Jun	Suncheon City Government, ROK	Venue, catering, local administrative and logistical supports

20 th Senior Officials Meeting (SOM)	1-2 Feb	Ministry of Environment and Ministry of Foreign Affairs, Japan	Venue, catering, local administrative and logistical supports
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12. In the current budget period of July 2016- December 2018, it is expected that the Secretariat will continue to receive financial and in-kind contributions to scale up NEASPEC activities and outcomes.

IV. ISSUES FOR CONSIDERATION

13. The Meeting may wish to express its appreciation to the member States that provided financial contributions to the Core Fund and Project-based Fund and encourage others in a position to make similar contributions to do so.

14. The Meeting may wish to accept the financial report and request member States to announce their intended financial and in-kind contributions to the implementation of programmes and activities.

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