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REVIEW AND PLANNING OF THE CORE FUND

(Item 9 of the provisional agenda)

Note by the Secretariat

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I. THE STATUS OF THE CORE FUND AND PROJECT-BASED FUND

1. As shown in Table 1, the beginning fund balance of NEASPEC Core Fund and Project-based Fund as of January 2011 is US\$ 739,943. In the year 2011, China and the Republic of Korea made contributions of US\$50,000 and US\$100,000 to the Core Fund respectively; while Russian Federation made contributions of US\$75,000 to the Project-based Fund. A total of US\$225,000 in contributions was received in the year 2011. Between January 2012 and October 2012, China made contributions of US\$50,000 to the Core Fund and Russian Federation made contributions of US\$60,000 to the Project-based Fund. A total of US\$110,000 in contributions was received between January 2012 and October 2012. After applying the interest income and deduction of expenditures for the same periods, the total balance of the Core Fund and Project-based Fund as of 31 October 2012 is US\$ 603,433.

[Table 1] Status of NEASPEC Core Fund and Project-based Fund (Jan 2011- Oct 2012)

(In United States Dollars)

	Jan-Oct 2012 ^{1/}	Jan-Dec 2011 ^{2/}
Beginning Fund Balance	637,087	739,943
Income		
Contributions	110,000	225,000
Interest Income	3,809	9,795
	750,896	974,738
Less: Expenditures	147,464	337,651
Ending Fund Balance	603,433	637,087

Remarks: 1 & 2 - Detailed Financial Statement for the two periods, January 2011-December 2011 and January 2012-October 2012, are provided respectively in Table A and Table B of the Annex..

2. The major expenditures excluding sundries and programme supporting costs during January 2011-October 2012 are as follows:

- Programme planning and management: (1) US\$37,305 for an EGM on transboundary marine pollution, Senior Official Meeting 16, and a side event at UNCCD COP-10 on combating desertification and land degradation at UNCCD COP-10, and (2) US\$74,167 for project development and secretariat management (including expenses for hiring consultants and official missions of staff).
- Dust and sandstorm: (1) US\$22,281 for an inception meeting and a review meeting on project implementation, (2) US\$100,000 to implement the pilot project at Zamyn-Uud, (3) US\$38,348 for organizing a training programme for Mongolian policy-makers and

technical experts, and (4) US\$15,100 for a study of successful practices of combating desertification and prevention of dust and sandstorms.

- Nature Conservation¹: (1) US\$30,875 for an ECM and a workshop, (2) US\$30,000 to implement the project for conservation of Amur tiger and Amur leopard in Lower Tumen River Area, and (3) US\$10,050 for substantive support to the project implementation.
- Transboundary Air Pollution: (1) US\$50,404 for two ECMs, (2) US\$15,000 to implement the project of promoting and enhancing cooperation in the subregion on assessment and mitigation of transboundary air pollution, and (3) US\$15,000 for a review of current subregional mechanisms to address transboundary air pollution.

3. Furthermore, as laid out in paragraph 3 of NEASPEC/SOM(16)/8, the secretariat organized two joint activities with the Korea Environmental Industry and Technology Institute (KEITI) and one with Suwon city in the areas of carbon footprint partnership and eco-efficiency for low carbon respectively. These activities were organized with in-kind contributions from KEITI and Suwon city as well as funds from ESCAP Subregional Office for East and North-East Asia (SRO-ENEA).

II. PROGRAMME PLANNING AND MANAGEMENT:

July 2013 - December 2015

4. The budget for the programme planning and management which was approved by the SOM-15 in 2010 was US\$244,000 for the period of July 2011 - June 2013 while projects on Dust and Sandstorm, Nature Conservation, and Transboundary Air Pollution have been implemented by separate project accounts.

5. In relation to July 2013 - December 2015, the secretariat proposes the below budget plan in Table 2. In accordance with the new programmatic approach of ESCAP for project and budget management, one single project account is proposed instead of a separate account for each programmatic area. In this regard, the budget plan for programme planning and management includes all major activities rather than focusing only on the secretariat operation. However, this budget plan does not include activities for transboundary air pollution and eco-efficiency partnership which will be funded from other sources. Furthermore, the budget plan will align with calendar year which is the reporting cycle for ESCAP.

6. As of 31 October 2012, as shown in Table 1 in the Annex, excluding the allocated budget for various activities, the unallocated budget balance is US\$362,917. This is the only

¹ The budget for nature conservation and transboundary air pollution, funded by the Russian Federation, have a combined budget account, "transboundary environmental challenges" as shown in table 1 on Annex.

remaining fund available for allocation for any new proposed activities from July 2013 to December 2015. This amount does not include interest income and expected contributions from member States to the Core Fund after 31 October 2012.

7. Given the previous pattern of contributions, it is expected that between 1 January 2013 and December 2015, the secretariat may receive US\$400,000 in contributions from member States for Core Fund. This will make the total amount available for allocation for the period from July 2013 to December 2015 to be approximately US\$763,000.

8. The secretariat proposes allocating US\$680,000 for the period from July 2013 to December 2015 as follows.

[Table 2] Budget Plan for July 2013 - December 2015

Activities	Budget Items	Amount (US\$)
Management of NEASPEC Secretariat and meetings	Professional project staff/ consultants	100,000
	EGMs and SOMs	60,000
	Staff travel	27,000
	Website and printing	10,000
	Equipments	4,000
	Sundry	5,770
	<i>Subtotal</i>	206,770
Implementation of ongoing activities and development of new initiatives on Marine Environment, Nature Conservation, and Dust and Sand storms.	Marine Environment	70,000
	• Intergovernmental meeting(s)/trainings	40,000
	• Joint research	30,000
	Nature Conservation	255,000
	• NEASPEC Partnership for tiger and leopard	100,000
	• NEA Eco-Network	155,000
	Dust and Sandstorms	70,000
• Technical training	35,000	
• International workshop(s)	35,000	
<i>Subtotal</i>	395,000	
Total		601,770
Programme Support Cost (13%)		78,230
Grand Total		680,000

9. The role of NEASPEC in facilitating subregional cooperation on environment and sustainable development will be further strengthened in the next biennium by the implementation of follow-up activities on the current projects as well as other new activities on marine environment and habitats for key migratory birds species.

10. Results framework of the programme planning and management is proposed as follows. The following outputs and activities are formulated in accordance with the standard format of ESCAP's project document.

Output A

Enhanced knowledge of member Governments and major stakeholders on the subregional situation of sustainable development and strengthened subregional dialogue and cooperation for advancing joint efforts for sustainable development.

Key activities:

- A.1 Review progress of implementation of ongoing programmes and activities under the framework of NEASPEC.
- A.2 Support dialogue among Member States on strengthening subregional environmental cooperation through NEASPEC.
- A.3 Operate the NEASPEC Secretariat in an efficient and effective manner.
- A.4 Organize the annual Senior Officials Meeting including preparation of meeting documents, logistic arrangements and preparation of the outcome document.

Output B

Expanded and enhanced subregional cooperation to address key challenges to sustainable development in North-East Asia.

Key activities:

- B.1 Support member Governments and key stakeholders to develop and implement activities of Nature Conservation, Dust and Sandstorms and Marine Environment
- B.2 Develop activities for Transboundary Air Pollution and Eco-efficiency Partnership, identify financial sources and implement the activities.
- B.3 Facilitate dialogue among key stakeholders in member States as well as other relevant subregional, regional and international organizations to identify and develop new joint initiatives in support of the implementation of the Rio+20 Outcome.

Output C

Enhanced capacity of policy makers and other stakeholders to strengthen information sharing on the objectives and results achieved under NEASPEC and its activities.

Key activities:

- C.1 Enhance the function of the NEASPEC website as a medium for effective outreach by improving its system and updating information.
- C.2 Publish the outcomes of NEASPEC projects and activities for wider dissemination of information.

11. During the current period, the secretariat strengthened and expanded a number of outputs and activities by obtaining additional financial support from SRO-ENEA and other external partners through joint activities or collaboration. In the next period July 2013 – December 2015, it is expected that the secretariat will continue to utilize financial support including in-kind contributions to scale up NEASPEC outputs and activities where relevant.

12. At the same time, SRO-ENEA plans to implement subregional activities in support of the outcome of UN Conference on Sustainable Development (Rio+20) and other major multilateral environmental agreements, and inter- and intra-subregional knowledge sharing related to green economy. While these activities will be implemented outside the framework of NEASPEC, SRO-ENEA will ensure their linkages and synergies with NEASPEC activities through close consultations with member States.

III. ISSUES FOR CONSIDERATION

13. The Meeting may wish to accept the report on the NEASPEC Core Fund and request strengthened commitments of all member States to the Core Fund.

14. The Meeting may wish to express the appreciation to member States that made financial contributions the Core Fund and Project Fund.

15. The Meeting may wish to approve the budget plan for 2013-2015 in accordance with decisions under the agenda items on Review of Programme Planning and Implementation.

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Annex

Table A. Detailed Financial Statement (January 2012- October 2012) by Project Components (in USD)

	Dust and Sandstorms	Transboundary Challenges (1.Nature Conservation, 2. Air Pollution)	Programme Planning and Management *	NEASPEC Core Fund - (Unallocated)	Total
Beginning Balance as at 1 Jan 2012	47,203	104,146	134,521	351,217	637,087
<u>Income</u>					
Contributions	-	60,000	-	50,000	110,000
NEASPEC Core Funds	-	-	41,028	(41,028)	-
Interest Income	255	743	83	2,728	3,809
	47,458	164,889	175,632	362,917	750,896
<u>Less: Expenditures</u>	26,544	83,331	37,588	-	147,464
Fund Balance as at 31 Oct 2012	20,914	81,557	138,044	362,917	603,433

* This component is in respect of the USD 244,000 approved by the 16th SOM for the allocation of July 2011 - June 2013.

Table B. Detailed Financial Statement for the year ended 31 December 2011 by Project Components (in USD)

	Dust and Sandstorms	Nature Conservation	Programme Planning and Management	NEASPEC Core Fund (Unallocated)	Total
Beginning Balance as at 1 Jan 2011	225,163	39,715	103,466	371,599	739,943
<u>Income</u>					
Contributions (New)	-	75,000	-	150,000	225,000
NEASPEC Core Funds	-	24,085	152,000	(176,085)	-
Interest Income	2,704	427	961	5,703	9,795
	227,867	139,227	256,427	351,217	974,738
<u>Less: Expenditures</u>	180,664	35,081	121,906	-	337,651
Fund Balance as at 31 Dec 2011	47,203	104,146	134,521	351,217	637,087