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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. The beginning fund balance of NEASPEC Core Fund in January 2014 was US\$ 582,763. In 2013, China and the Republic of Korea made contributions of US\$ 50,000 and US\$ 57,522 to the Core Fund, respectively. Table 1 details the status of NEASPEC Core Fund as of end of 31 July 2014.

[Table 1] Status of NEASPEC Core Fund

As of 31 July 2014

(In US Dollars)

	Jan-July 2014	Year 2013¹
Beginning Fund Balance	582,763	652,415
<u>Income</u>		
Contributions		
- Core Fund	0	107,522
Interest Income	-	4,184
	582,763	764,121
<u>Less:</u> Expenditures	(52,488)	(120,254)
Refunds to Donor ²	0	(61,104)
Ending Fund Balance	530,275	582,763
Funds required for the rest of approved budget period (see Table 2)	(532,111)	
Shortfall	1,836	

2. The detailed financial statements for the period from January to October 2013 were provided during SOM-18. Between November and December 2013, the expenditure of US\$ 16,891 was incurred for the organization of the SOM-18 and US\$ 10,322 for the operation and implementation of the Secretariat activities.

3. Expenditures for the period from January to July 2014 amount to US\$ 52,488 as follow:

- Programme planning and management: US\$ 29,430 for project development and Secretariat management (including salary for a secretariat assistant and expenses

¹ The amounts shown here in the year 2013 include amounts relating to the project on nature conservation and trans-boundary air pollution funded by the Russian Federation.

² The Russian Federation made a contribution of \$210,000 over the period from 2010-2012 for the project on nature conservation and trans-boundary air pollution. After completing the project, the residue balance of US\$61,104 was returned to the Russian Federation.

for official missions of staff).

- Nature Conservation: US\$ 9,616 for the “Expert Group Meeting on the Study on Transborder Movement of Amur Tigers and Leopards using Camera Trapping and Molecular Genetic Analysis”, held on 15-16 April 2014, Incheon, Republic of Korea.
- Marine Protected Areas: US\$ 13,442 for the “First Steering Committee Meeting of North-East Asian Marine Protected Areas Network”, held on 19-20 March 2014, Incheon, Republic of Korea.

4. The Secretariat mobilized financial and in-kind resources from partner organizations as well as from ESCAP East and North-East Asia Office (ESCAP-ENEA) for two activities, “the Symposium on Realizing Low Carbon Cities in North-East Asia” in December 2013 and the Field Survey at the Rason Migratory Bird Reserve, DPRK, in March 2014. The partner organizations are the Institute for Urban and Environmental Studies, Chinese Academy of Social Sciences (CASS IUE) and the Hanns-Seidel-Foundation, respectively. The Secretariat will continue to make efforts to mobilize financial and in-kind contributions from partners to scale up NEASPEC outputs and activities where relevant.

5. Table 2 shows (i) the approved budget plan for July 2013 - December 2015 and (ii) detailed expenditures incurred for the period from July 2013 to July 2014 for each programme.

[Table 2] Status of Budget for the Core Fund

As of 31 July 2014

(In US Dollars)

Budget Items	Approved Budget for Jul 2013 - Dec 2015	Expenditures for Jul 2013 - Jul 2014	Balance as of Jul 2014
Professional project staff/ consultants	100,000	42,450	57,550
EGMs and SOMs	60,000	14,948	45,052
Staff travel	27,000	4,865	22,135
Website and printing	10,000	-	10,000
Equipment	4,000	-	4,000
Sundry	5,770	315	5,455
Operation- Subtotal (A)	206,770	62,578	144,192
Marine Environment	70,000	11,896	58,104
o Meeting(s)/trainings	40,000	11,896	28,104
o Joint research	30,000	-	30,000
Nature Conservation	255,000	21,374	233,626
A) <i>Tiger and leopard</i>	<i>100,000</i>		91,490
o EGMs	25,000	8,510	16,490
o Field study, DNA analysis, etc.	75,000		75,000

<i>B) Migratory Birds</i>	155,000		142,136
o EGMs	30,000	12,864	17,136
o Survey, Study and Capacity Building	125,000		125,000
Dust and Sandstorms	70,000	35,027	34,973
o Technical training	35,000	35,027	-27
o Workshops	35,000	0	35,000
Programme-Subtotal (B)	395,000	68,297	326,703
Total (A) + (B)	601,770	130,875	470,895
Programme Support Cost (13%)	78,230	17,014	61,216
GRAND TOTAL	680,000	147,889	532,111

6. As of the date of preparing this report, the Secretariat is developing Letter of Agreements (LOAs) with implementing agencies in China, Japan, Mongolia, ROK and the Russian Federation for the two nature conservation projects. The project budget, other than the budget for EGMs, will primarily be executed under these LOAs. In particular, within the rest of year 2014, US\$ 20,000 and US\$ 66,852 have been assigned for tiger/leopard and migratory birds projects respectively.

II. THE STATUS OF THE PROJECT-BASED FUND

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

8. Currently, based on the agreement with the Government of the Russian Federation and also in pursuant to the approved project proposal made during the SOM-18, the Secretariat implements the project on Development of the Technical and Policy Frameworks for Transboundary Air Pollution Assessment and Abatement in North East Asia.

9. Table 3 shows the approved budget plan for the Project (2014-2015) and expenses made as of 31 July 2014.

[Table 3] Status of Budget for Project Based Fund

As of 31 July 2014

(In US Dollars)

Description	Budget (2014-2015)	Expenditures	Balance
Personnel	15,000	0	15,000
Subcontracts/Grants (for modeling and framework development)	70,000	0	70,000
Meetings and workshops	60,000	14,825	45,175
Miscellaneous	5,442	128	5,314

Programme Support Cost (13%)	19,558	1,944	17,614
TOTAL	170,000	16,897	153,103

10. The expenditures in the amount of US\$ 16,897 were for the organization of the Expert Group Meeting on the Project on 1 May 2014 in Incheon, Republic of Korea.

III. ISSUES FOR CONSIDERATION

11. As can be seen from Table 1, there are financial constraints to implement the approved programme up to December 2015. Furthermore, there will be no residue funds beyond 2015, making it difficult to develop the next multi-year budget plan, which is due for review and approval in SOM-20 in 2015. It is therefore imperative for continued and scaled-up financial contributions by member States. In addition to any 2014 financial contributions that are announced during the Meeting, the Meeting may wish to encourage member States to communicate well in advance their planned contributions in 2015 in order for the Secretariat to prepare the next multi-year budget plan.

12. The Meeting may wish to accept the financial report and request member States to make financial and in-kind contributions to the implementation of agreed programmes and activities.

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