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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 2017 is US\$ 570,435. In 2017, China and the Republic of Korea made contributions to the Core Fund in the amount of US\$50,000 and US\$100,000 respectively. In September 2018, China has contributed US\$50,000 to the fund. The additional of US\$100,000 is expected to receive from the Republic of Korea by end of the year.

2. After applying the interest income and deduction of expenditures for 2018, the total balance of the Core Fund as of 31 August 2018 is US\$ 504,683. Table 1 below details the status of NEASPEC Core Fund.

Table 1. Status of NEASPEC Core Fund

As of 31 August 2018

(In US Dollars)

	2018 Jan- Aug	2017	2016
Beginning Fund Balance	557,995	570,435	466,024
<u>Income</u>			
Contributions			
Received*	0	150,000	232,241
Interest Income	84	5,239	5,851
	558,079	725,674	704,116
<u>Less: Expenditures and commitments</u>	(53,396)	(167,679)	(133,681)
Ending Fund Balance as of	504,683	557,995	570,435

**Remarks: US\$50,000 contribution from China received in September 2018 and therefore is not included.*

3. The current balance of US\$ 504,683 together with new contributions will be used for the implementation of the project activities in accordance to the NEASPEC Strategic Framework for 2016-2020. The proposal for the extended budget is presented in Table 3.

4. The major expenditures in 2017 and 2018 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-21.
- Transboundary Air Pollution: Consultation Meeting on the North-East Asia Clean Air

Partnership (NEACAP) (31 October 2017, Busan, Republic of Korea)

- Marine Protected Areas: International Seminar on Marine Protected Areas in YSLME and North-East Asia (14 July 2017, Gangwha Island, Republic of Korea)
- Nature Conservation: Consultation on Transboundary Nature Conservation (25 February 2018, Incheon, Republic of Korea)
- Low Carbon City Platform: (1) Green Transformation in Wuhan-International Consultation Workshop for Low-carbon City Roadmap (11 June 2018, Wuhan, China), (2) North-East Asia Low Carbon City Platform: Peer Review and Comparative Study Workshop (16 June 2017, Beijing, China)

5. The status of budget project for the period of July 2016-August 2018 is presented in Table 2 below. As of August 2018, the total expenditure is US\$291,164.

Table 2. Status of Budget
As of 31 August 2018

(In US Dollars)

Activities	Budget Items	Approved Budget 2016 - 2018	Total Expense July 2016 to Aug 2018 (B)	Budget Balance as of August 2018 (A)-(B)
Management of NEASPEC Secretariat and Meetings	Project staff	140,000	101,939	38,061
	Consultant -Evaluator	0	-	
	EGMs and SOMs	60,000	11,117	48,883
	Staff travel*	30,000	9,728	20,272
	Website	5,000	352	4,648
	Sundry	3,000	15	2,985
	Operation- Subtotal (A)		238,000	123,151
Development and Implementation of Activities	Transboundary Air Pollution	80,000	18,310	61,690
	o Joint Research	50,000	-	50,000
	o Workshops	30,000	18,310	11,690
	Marine Protected Area Network	80,000	7,408	72,592
	o Meeting(s)/trainings	50,000	7,408	42,592
	o MPA assessment	30,000	-	30,000
	Nature Conservation	90,000	22,201	67,799
	o Meetings and trainings	70,000	22,201	47,799
	o Analytical studies & publication	20,000		20,000
	Dust and Land Degradation	80,000		80,000
	o Technical training	50,000		50,000
	o Workshops for the Multi-Stakeholder Plan	30,000		30,000
	Low Carbon City	70,000	86,600	(16,600)
	o Technical assistance & workshop	50,000	27,340	22,660
o Analytical studies	20,000	59,260	(39,260)	
Programme-Subtotal (B)		400,000	134,519	265,481
Total (A) + (B)		638,000	257,670	380,330
	Programme Support Cost (13%)	82,940	33,494	49,446
	Grand Total	720,940	291,164	429,776

6. To support the continued implementation of NEASPEC Strategic Plan 2016- 2020, the Secretariat requests the extension of current project budget from year 2018 to year 2020 with the additional of US\$143,000 to the current budget with the revised total budget of US\$863,000 subject to the approval of the proposed activities under the agenda item 5. This extension will allow the Secretariat to develop the next project in line with the Strategic Plan 2021-2025. Please refer to the proposed budget in Table 3 below.

Table 3. Proposed Budget for 2016-2020

(In US Dollars)

Activities	Budget Items	Total Est. Expense 2016-2018 (A)	Budget 2019 (B)	Budget 2020 (C)	Total Proposed Budget 2016-2020 (A+B+C)
Management of NEASPEC Secretariat and Meetings	Project staff	124,939	57,600	60,000	242,539
	Consultant -Evaluator	-	20,000	0	20,000
	EGMs and SOMs	26,117	15,000	15,000	56,117
	Staff travel*	9,728	0	0	9,728
	Website	352	700	700	1,752
	Sundry	15	565	482	1,062
	Operation- Subtotal (A)	161,151	93,865	76,182	331,198
Development and Implementation of Activities	Transboundary Air Pollution	18,310	55,000	25,000	98,310
	o Joint Research	-	40,000	0	40,000
	o Workshops	18,310	15,000	25,000	58,310
	Marine Protected Area Network	7,408	10,000	10,000	27,408
	o Meeting(s)/trainings	7,408	10,000	10,000	27,408
	o MPA assessment	-	-	-	0
	Nature Conservation	30,201	60,000	50,000	140,201
	o Meetings and trainings	30,201	30,000	30,000	90,201
	o Analytical studies & publication	-	30,000	20,000	50,000
	Dust and Land Degradation	-	35,000	15,000	50,000
	o Technical training	-	15,000	15,000	30,000
	o Workshops for the Multi- Stakeholder Plan	-	20,000	0	20,000
	Low Carbon City	96,600	10,000	10,000	116,600
	o Technical assistance & workshop	37,340	10,000	10,000	57,340
	o Analytical studies	59,260	-	-	59,260
	Programme-Subtotal (B)	152,519	170,000	110,000	432,519
Total (A) + (B)	313,670	263,865	186,182	763,717	
	Programme Support Cost (13%)	40,777	34,302	24,204	99,283
	Grand Total	354,447	298,167	210,386	863,000

*Remark: The budget for staff travel from year 2019-2020 is included as a part of budget for development and implementation of project activities under each project area.

II. THE STATUS OF THE PROJECT-BASED FUND

7. 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.

8. Based on the agreement with the Government of the Russian Federation and in pursuant to the decision of the SOM-21, the Secretariat has started the implementation of the project on the “Strengthening the subregional cooperation through knowledge sharing on sustainable management of Marine Protected Areas (MPAs)”. However, the Secretariat has not executed any project budget as the activities focused on the preparatory work and the arrangement for national counterparts needed to wait for the new organizational arrangement in some member Governments.

9. Table 4 illustrates the budget status for the project.

Table 4. Statement of Budget (the MPA project account)

As of 31 August 2018

(In US Dollars)

Descriptions	Budget (2018-2019)
Personnel/Consultant	10,000
Contractual services	19,500
Operating expense	695
Grants (LOA)	40,000
Travel (EGM)	36,000
Sub-Total	106,195
Programme Support Cost (13%)	13,805
Grand Total	120,000

III. CONTRIBUTIONS FROM PARTNERS AND OTHERS

10. 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 2017-2018. 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 Innovative Green Development Program (iGDP), Wuhan Energy Conservation Supervision Center, Yellow Sea Large Marine Ecosystem (YSLME), Gangwha County, Korea Marine Environment Management Corporation (KOEM), Hanns Seidel Foundation, Korea Environment Institute (KEI), and Institute for Global Environment Studies (IGES).

Table 5. In-kind contributions received for joint activities in 2017-2018

Activity	Dates	Partner	Contributions
Green Transformation in Wuhan-International Consultation Workshop for Low-carbon City Roadmap	11 June 2018, Wuhan, China	Innovative Green Development Program (iGDP), Wuhan Energy Conservation Supervision Center	Venue, catering and local administrative and logistical support
International Seminar on Marine Protected Areas in YSLME and North-East Asia	14 July 2017, Gangwha Island, ROK	YSLME, Gangwha County and KOEM	Venue, meals, catering, accommodation, local administrative and logistical supports
North-East Asia Low Carbon Cities Platform: Peer Review and Comparative Study Workshop	16 June 2017, Beijing, China	Innovative Green Development Program (iGDP) and Energy Foundation	Venue, catering, local administrative and logistical supports
KEI-NEASPEC joint project on "Connectivity Conservation and Transboundary Cooperation in North-East Asia"	April-December 2017	Korea Environment Institute (KEI)	Administrative and logistical supports
21st Senior Officials Meeting (SOM)	16-17 March 2017	Ministry of Foreign Affairs, ROK	Venue, catering, local administrative and logistical supports

IV. ISSUES FOR CONSIDERATION

11. 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.

12. 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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