

DRAFT BUDGET PROPOSAL FOR 2006-2008

INTRODUCTION

In accordance with Article VI, paragraph 8 c of the Agreement, at each ordinary session of the Meeting of the Parties the budget and any other matters relating to financial arrangements for the Agreement shall be adopted.

By its Resolution 2.7 Appendix III paragraph 12, the Meeting of Parties requested the Agreement Secretariat, in consultation with the Standing Committee and the Executive Director of UNEP, to prepare a medium term plan as envisaged in Chapter III of the Legislative and Financial Texts regarding the United Nations Environmental Programme and Environment Fund. This medium term plan will cover the years 2006-2012, inclusive, and shall incorporate the budget for the period 2006-2009.

The current budget proposal is based on the level of activities that the Secretariat has carried out in the period 2003-2005. The costs of these activities are covered by the Budget as adopted by MOP2 through Resolution 2.7. However, in the same Resolution, the MOP decided that funds accrued from new Contracting Parties could be used for additional projects.

To avoid a drop in the current level of activities, the Secretariat proposes to use the figures of Resolution 2.7 both for the core Budget and for the project funded by additional income from contributions of New Parties as baseline

The background for the decision to split the budget in core budget and costs of additional projects to be funded by contributions of new Contracting Parties was to avoid a tremendous increase of the budget for the 2003-2005 period. For the time being, this was a suitable solution allowing the Secretariat to increase its activities. It is expected that by the end of 2005 most of the industrialized countries of Western Europe will have joined the Agreement. This would mean that a similar approach for 2006-2008 will not be appropriate. However to avoid again substantial increase of subscription costs the Secretariat proposes to new Contracting Parties will contribute to additional projects through their annual contributions starting the year they joined the Agreement followed by three consecutive years.

The Medium Term Plan, based on the previous Medium Term Plan as discussed at MOP2, gives an idea of what the future needs are to serve the Agreement. It is clear that the Agreement is still in the phase of growth for which the necessary resources are undoubtedly needed, e.g. for building up a Secretariat that could adequately execute all functions as given by MOPs and/or laid down in Article VIII of the Agreement.

Finally in the period 2003-2005 the Secretariat was confronted with impact of the loss of the purchase power of the US Dollar towards the EURO. This loss has led to substantial increase of the salary cost of as well the Professional Staff as General Staff. The latter receives salary in EUROS. Professional Staff receive their salaries in US Dollars. To compensate the differences between the living costs at duty station they receive in addition to their base salary the so-called post adjustment. In 2002 this post adjustment was 12% currently it is 50 %; and this is causing a tremendous increase. In general the US Dollar has lost 25 % of its purchase power since beginning of 2002.

ACTIONS REQUESTED FROM THE TECHNICAL COMMITTEE

The draft Budget proposal for 2006-2008 is submitted to the Technical Committee as a piece of information. It is not the intention to review the Budget proposal thoroughly during the TC6 meeting; instead the TC is requested to take note of this proposal.

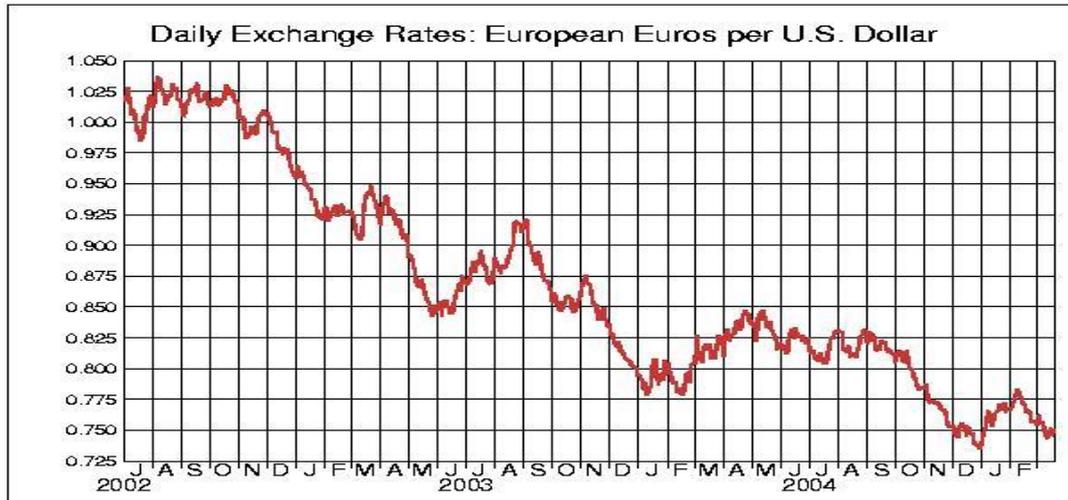
BUDGET 2003-2005

At the second session of the Meeting of the Parties (September 2002, Germany) Resolution 2.7 was adopted regarding the Budget for 2003-2005. According to this Resolution in total a budget was available for activities for this triennium of US \$ 1,790,937. In addition to the core budget MOP2 also decided to allocate funds accrued from contributions of new Parties that accede to the Agreement after 1-1- 2003 to a number of projects/ activities. As indicated in the same

Resolution the additional income expected would amount US \$ 412,450. This means that in reality the total funds available for activities in 2003-2005 was US \$ 1,790,937 + US \$ 412,450 being US \$ 2,203,387.

The World has changed since MOP2. In particular, the fall in the dollar exchange rate has had a great impact on the performance of the AEWa budget. Graph 1 illustrates this clearly. In 2002, when the Budget for 2003-2005 was drafted and later on adopted by MOP2, the exchange rate of the US dollar against the EURO was above 1. The current exchange rate is 0.75. The exchange rate of the US dollar against the EURO has dropped from 1.02 at the beginning of 2003 to 0.75. This means that the US dollar lost 25 % of its value since MOP2.

Graph 1: Exchange rate of the US dollar against the EURO



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Time period shown in diagram: 1/Jul/2002 - 18/Mar/2005

Since the Secretariat is based in the EURO zone, nearly all payments made are in EUROS. With the AEWa Budget in US \$, a drop in the value of the US Dollar therefore has a considerable impact on our financial situation. For every EURO we spend, we now need 1.25 US \$ instead of just 1 US \$ as estimated. Although all budget lines are affected, the ones on salaries show a particularly large increase of costs. This increase is caused partly because the local staff is paid in EUROS and partly because the internationally recruited Professional Staff paid in US dollars are compensated for exchange rate losses via post-adjustment. The level of post adjustment in 2002 was 12 % and currently it is 51 % (March 2005)

The future exchange rates of the US dollar are hard to predict. To avoid any exchange rate loss in the future two options could be taken in consideration; 1) To adopt the budget in EUROS and 2) To adopt the Budget in USD and the subscriptions of Parties in EUROS.

In 2003, the Meeting of Parties to EUROBATs adopted their Budget for 2004-2006 in EUROS. The problem is that the bookkeeping in the United Nations has to be done in US Dollars. This would mean double work keeping record of payments in EUROS and USD. The second option where we Budget is kept in USD but the subscription is set in EUROS will secure that the income is stable. In case the USD would loose more purchase power the Budget will only be positively affected. Only when the USD would gain incredible purchase power and the value of the EURO would be far less then the USD again problems would occur. However it is not expected that this will happen in the next triennium.

NEW MEDIUM TERM PLAN 2006-2012

Taking into account what has been mentioned-above regarding loss of purchase power of the US dollar against the EURO but also taking into account some other developments e.g. broadening the scope of the Agreement by inclusion of the Central Asian Flyway, etc. the Secretariat thought that there is a need to revised the Medium term Plan as has been presented at MOP2 in document AEWa/ MOP2.24 (rev. 1).

The new Medium Term Plan 2006-2012 is based on the assumption that the growth of the Agreements activities will continue and that, linked to that, the Secretariat will grow to ensure that its can execute all its functions adequately as laid down in Article VIII of the Agreement and/ or given by the MOPs. It is envisaged that the Secretariat by 2012 would exist of exist out of 4 Professional Staff Members being the Executive Secretary,

Technical Officer, Information Officer, Regional Coordinator and out of 3 ½ General Staff being the Personal Assistant, Administrative Assistant, Information Assistant and a part-time Assistant/ Secretary.

Table 2: Medium Term Plan 2003-2009 in EUROS

| Budget line | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| 1100 Professional Staff | 230,000 | 249,000 | 301,000 | 320,000 | 326,000 | 370,000 | 420,000 |
| 1200 Consultants | 63,000 | 63,000 | 147,600 | 75,000 | 75,000 | 150,000 | 100,000 |
| 1300 Administrative support | 51,000 | 73,500 | 75,300 | 100,000 | 104,000 | 140,000 | 150,000 |
| 1600 Travel on official business | 44,000 | 44,000 | 60,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 2200 Subcontracts and Subprojects | 0 | 0 | 80,000 | 75,000 | 75,000 | 75,000 | 100,000 |
| 3300 Meetings and training | 42,400 | 42,000 | 90,400 | 50,000 | 50,000 | 100,000 | 60,000 |
| 4000 Equipment | 6,400 | 6,400 | 6,400 | 10,000 | 10,000 | 10,000 | 12,500 |
| 5100 Operation and Maintenance | 3,200 | 3,200 | 3,200 | 5,000 | 5,000 | 5,000 | 7,500 |
| 5200 Reporting costs and info. mat. | 22,400 | 22,400 | 28,400 | 40,000 | 40,000 | 40,000 | 45,000 |
| 5300 Sundry (Communications) | 9,200 | 9,200 | 11,200 | 12,000 | 12,000 | 15,000 | 13,000 |
| 5400 Hospitality | 2,000 | 2,000 | 2,000 | 2,500 | 2,500 | 2,500 | 3,000 |
| subtotal | 473,600 | 515,100 | 805,500 | 739,500 | 749,500 | 957,500 | 961,000 |
| 6000 UNEP administrative costs | 61,568 | 66,963 | 104,715 | 96,135 | 97,435 | 124,475 | 124,930 |
| Withdrawal Trust Funds | 35,168 | 57,063 | 40,215 | 0 | 0 | 0 | 0 |
| Total | 500,000 | 525,000 | 870,000 | 835,635 | 846,935 | 1,081,975 | 1,085,930 |

The figures given above are based on assumptions made by the Secretariat regarding the future development of the Agreement and, linked to that, the staffing needs. In the view of the Secretariat, there is a need to develop a Strategic Plan for the Agreement in close cooperation with the Contracting Parties. This Plan would form the basis for a further development of the Agreement and would also give some clarity on future Secretarial needs. The need for such a plan could be proposed to MOP3 and, if they agree a working group could be established to work intersessionally and to come up with a draft Strategic Plan at MOP4.

The figures for the period 2006-2008 are explained in more detail in the next paragraph.

DRAFT BUDGET PROPOSAL FOR THE PERIOD 2006-2008.

General introduction

As explained in the previous paragraph, the drop in the exchange rate of the US dollar had a great impact on the performance of the Agreements budget in the period 2003-2005. To avoid a similar situation occurring in the next triennium, the Secretariat proposes to present the budget in USD/ EUROS and to set the annual contributions in EUROS.

In general, interest in the Agreement is growing steadily. This is not only shown by the increase of the number of Contracting Parties since MOP2 being 33 to 48 as of 1 April 2005, but also by an increasing interest in the Agreement on the part of NGOs and IGOs. Several Contracting Parties and international NGOs have shown a particular interest in supporting the implementation of the Agreement by providing additional voluntary contributions. The total amount accrued since MOP 2 is US \$ XXXX These contributions are earmarked for specific projects from the International Implementation Priorities AEWA 2003-2007. The Secretariat is very pleased with this support.

In November 2003, the Global Environment Facility (GEF) Council approved the African-Eurasian Flyways GEF project. The implementation of this project, executed by Wetlands International in close cooperation with BirdLife International, will probably start mid of 2005. This US \$ 12-million-dollar project will strongly contribute to the implementation of the Agreement.

Since MOP2, the level of activities of the Secretariat has increased. Luckily, with the recruitment of the Associate Technical Officer as of 15th August 2004 the capacity of the Secretariat has increased, which certainly enables us to do our work better. For the time being, there is still a lack of capacity regarding information and communication. Recently, the Secretariat was informed that the Government of Germany has decided to provide a JPO information management for AEWA as of 1 October 2005 for the duration of one year with the possibility of extension of an additional year. The tasks of the JPO will exist of preparing press releases, special brochures, E-news and regular Newsletters. S(h)e will also widely disseminate information on the AEWA GEF project. In this era, information exchange and communication is becoming more and more important. If this is done efficiently, it could support the implementation of the Agreement. The draft Communication Strategy developed for the Agreement addresses these issues and indicates the need for strengthening capacity in this respect.

Looking back, it is clear that since MOP2 good progress has been made in promoting and partly in implementing the Agreement. The Secretariat foresees that, in the next triennium, it should focus more on implementation.

In Annex I you will find the draft Budget Proposal for 2006-2008. An explanation of the figures used is given below per budget line.

10 Personnel Component

1100 Professional Staff

- 1101 The post of Executive Secretary has been re-classified and meets the criteria of P4 level. It is expected that the recruitment process could be finalized before end of 2005. The salary figures given here are based on the assumption that the current incumbent will be recruited. The main difference to the figures of the previous budget arises from an increase in post-adjustment from 12 to 51 % as of March 2005 and an increase in the percentage of the contribution made by UN to the pension fund from 15.8 to 21 %.
- 1102 The Associate Technical Officer entered on duty as of the 15th August 2004. Similar as described above, the figures for this post are also affected by the increase in post-adjustment as well as of the pension fund.
- 1103 The JPO information management will enter on duty as of 1 October 2005. It is foreseen that after one year his/her appointed could be extended with another year, which would mean that as of 1 October 2007 his/ her contract will expire. To avoid that capacity in this field will disappear it is proposed to recruit an Associate Information Officer (P2) to enter on duty as of 1 October 2007.
- 1105 In case MOP3 adopts extension of the Agreement area by inclusion of the Central Asian Flyway the Secretariat proposed to establish a JPO post for a Flyway Officer who will work in close cooperation with the Executive Secretary on implementation of the CAF Action Plan and on promoting the Agreement in the region
- 1106 The costs of the Administrative and Fund Management Officer and her team of 4 general support Staff is covered by UNEP. For this, funds accrued through the 13 % overhead costs deducted e.g. from the AEWA Budget is being used.

1200 Consultants

- 1201 The budget estimates for 2003-2005 have been realistic. Taking into account the increase in the number of staff, it is expected that number of activities will increase too. This will automatically lead to an increase in the need for translation/proofreading of documents in English. It is estimate that an amount of an extra US \$ 1,000 per year is needed to cover these additional costs.
- 1202 The costs of French translations for the previous period have been underestimated. So far, the leftover on Russian/ Arabic translation has often covered the shortfall. It is expected that in the next triennium, the activities for the Russian/ Arabic-speaking countries will increase. Therefore these funds can't be used anymore to cover the gap and therefore the budget for French translation has been increased by US \$ 2,500.

- 1203 Although so far, limited use has been made of this budget line, it is expected that in the next triennium, after the start of the African_Eurasian Flyway GEF project more documents will be translated into Russian in particular.
- 1204 The Secretariat will continue to use its own Staff or from CMS or its Agreements to write reports of TC and/ or StC meetings. For the Meeting of the Parties, official report writers will be contracted through UNON. Due to higher costs of salaries in general and airfares in particular, it is estimated that an additional amount of US \$ 5,000 is needed for the same services.
- 1205 In the previous triennium, no costs were made for interpretations during the meeting of TC and or StC. For the StC meeting these services are kindly provided free of charge by the Government of Germany. Regarding the TC meeting, agreement was reached with the current TC members to abstain from interpretation. However, this of course fully depends on the composition of the new TC. To have a provision in place in case more TC members need interpretation from English into French and vice versa, a similar amount as budgeted has been allocated for 2003-2005. Regarding the MOP, it is expected that the cost will rise due to the fact that the service are provided by UNON Staff. Their salaries also strongly depend on the exchange rate of the US dollar.
- 1220 The preparation for MOPs might slightly change due to a proposal that will be tabled by the TC regarding e.g. National Reports, Conservation Status Reports, etc. Assuming that these proposals are adopted, there will be no need to increase the budget that has been allocated for 2003-2005; the same figures could be used for 2006-2008.
- 1221 After the JPO Information enters on duty as of 1 October 2005 it is expected that more information material would be developed. Therefore the total amount per year has been slightly increased compared with the previous triennium.
- 1222 Assuming that the MOP3 adopts the inclusion of the Central Asian Flyway into the Agreement area, there will be a need to follow up the implementation of the CAF Action Plan and to promote the Agreement in that specific region. Although a JPO is also requested for the same type of work, the chances of getting such a JPO are very limited. To avoid losing momentum, the Secretariat proposes to allocate funds in budget line 1222 to contract a local expert to do this job. This person would also allocate part of his/ her time to recruit new Contracting Parties in the CAF region.
- 1223 For consultancies regarding research/ surveys, a similar amount to that in the previous triennium is proposed to be allocated in the budget.

1300 Administrative support

- 1301 To make the salaries of local recruited Staff working for the UN competitive with the salaries given by other international organizations based in Bonn, a regular review of the salaries takes place by the UN Agencies in Bonn. This has led to an increase in the salaries of a few thousand EUROS since 2002. In addition, the percentage paid by the UN to the Pension Fund has also increased from 15.8 to 21 %. Both points have been taken into account. Furthermore, the costs of the post of Administrative Assistant are based on the current incumbent, who has no dependents.
- 1302 In the 2003-2004 period, consultants were contracted to work on drafting Newsletters, disseminating information, setting up a database of press agencies, etc, etc. However, the UN Rules and Regulations do not allow contracting individual consultants to do this kind of work for a period of more than 6 months. This means that by the time the person is familiar with AEWA he/she has to leave and to be replaced. As addressed in the draft Communication Plan, there is a need for increased information exchange and communication. Therefore the Secretariat has proposed to recruit an Information Assistant on part-time basis as of 1 January 2007. This Staff member will work together with the JPO Information and later on with the Associate Information Officer. The costs are based on a post at G 4 level step 3 with dependents (2 children).

1600 Travel on Official Business

- 1601 The costs for travelling on Official Business have been underestimated for the period 2003-2005. Due to the increasing kerosene price, additional costs raised by security, etc., the airfares have gone up. With entering on duty of two additional Staff members, the Technical Officer and the JPO, an increase of this budget line is necessary.

- 1602 For more or less the same reason as mentioned under 1601, the cost of travelling to MOP4 has also increased.
- 1603 For participation in meetings to represent AEWA by unspecified experts, an amount similar to that of the previous triennium has been allocated.

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| 20 | SUBCONTRACT COMPONENT |
|-----------|------------------------------|

- 2201 The cost to be covered by the Agreement for organizing MOP4 has been estimated to be slightly higher than for MOP2. This is far from covering all the costs linked to organising MOP4. The Host should cover the balance.
- 2202 In the previous period, an amount of US \$ 50,000 per year was foreseen as a contribution to the AEWA GEF project. The funds needed for this were accrued from contribution of new Parties. In total, an amount of US \$ 100,000 was actually allocated in 2005. This is part of the US \$ 250,000 that GEF expects from AEWA as payment in cash. For the remaining US \$ 150,000, will be accrued from contribution of new Parties.
- 2203 To allow that at least one International Species Action Plan could be drafted in close cooperation with international NGOs or IGOs, as has been done in the previous triennium; a budget of US \$ 15,000 has been allocated. This is the same amount as used in the previous triennium.

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| 30 | Training and Meeting Component |
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- 3201 An amount similar to that for training as for the period 2003-2005 has been allocated for 2006-2008. To support delegates of developing countries or countries with economies in transition, an amount of US \$ 60,000 has been allocated. This is far less than allocated in the previous budget; reason for this is the budget constraints foreseen by the Secretariat.
- 3301 The budget allocated for organizing the meeting of the TC has proved to be sufficient in general. Therefore a similar amount has been allocated again per year.
- 3302 The costs covering travel and subsistence costs of funded Standing Committee members to participate in the meeting of the Standing Committee were underestimated in the previous budget. Therefore an increase of US \$ 5,000 is proposed to bring them in line with the actual costs.
- 3303 To promote the accession and/or the implementation of the Agreement, the Secretariat is planning to organise some regional meetings. In 2004, a meeting took place on promoting sustainable hunting in Western Africa, partly funded through voluntary contributions and partly by the Budget 2003-2005. With the arrival of the Technical Officer, more capacity is in place to organise such workshops. Therefore an amount similar to that allocated in the previous triennium is allocated again.

| | |
|-----------|---|
| 40 | Equipment and Premises Component |
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- 4101 Compared with the previous triennium, the costs have been slightly increased.
- 4201 With the recruitment of new Staff and upgrading of the software used by the network, there will be a need to purchase 2 new computers plus software per year. Also, purchase of one additional printer per year will be necessary. The total costs per year are estimated to be US \$ 5,000
- 4202 Beginning of October 2005 the Secretariat will move to the Langer Eugen. It is foreseen that the Government of Germany will provide the additional furniture for the extra offices the AEWA Secretariat will have.
- 4301 The Government of Germany covers the rent and maintenance costs.

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| 50 | Miscellaneous Components |
|-----------|---------------------------------|

- 5101 The funds allocated to cover the operation/ maintenance costs of computers in the previous period seemed to be sufficient. Therefore, similar figures are used for 2006-2008.
- 5102 The operation/ maintenance costs for the 'AEWA' copy-machine were shared with EUROBATS and ASCOBANS. In the new premises, the AEWA Secretariat will not share a floor with the other two Secretariats. It is expected that they will purchase a new copy-machine and that, as of the date of the move to Langer Eugen, AEWA has to cover all costs of the current machine. Taking into account that the machine was purchased in 2000, it is expected that maintenance costs will increase. Therefore the costs have been increased by US \$ 500.
- 5103 The funds allocated for operation/ maintenance of other equipment, e.g. the fax machine, have proven to be sufficient. Therefore similar figures are being used for 2006-2008.
- 5201 The cost of external production of documents has been underestimated for the 2003-2005 period. Taking into account that, with the increase in the Secretariat's capacity, the number of documents produced will increase, the budget allocated for this budget line has been increased with an amount of US \$ 2,500 per year.
- 5202 After entering on duty of the JPO Information Management it is expected that the development of information materials will increase substantially. Therefore, the budget line for this has been increased from US \$10,000 to US \$ 20,000 per year. Half of it is covered by the core budget and half by the additional funds accrued from contributions of new Contracting Parties.
- 5203 An amount similar to that in previous years has been allocated for the purchase of reference material.
- 5301 Also, an amount similar to that in previous years has been allocated to cover the cost of using telephone/ fax.
- 5302 It is proposed to reduce the costs regarding postage and miscellaneous. The Secretariat will use more and more electronic mail or CD-roms to submit meeting documents to e.g. the TC /StC members/ observers and MOP delegates.
- 5303 The amount for bank charges was underestimated for the previous triennium. Therefore an increase of US \$ 500 per year is proposed for the 2006-2008 period.
- 5400 An amount similar to that in previous years has been allocated to cover the hospitality cost.