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**3rd SESSION OF THE MEETING OF THE PARTIES TO THE AGREEMENT ON THE
CONSERVATION OF AFRICAN-EURASIAN MIGRATORY WATERBIRDS (AEWA)**
23 – 27 October 2005, Dakar, Senegal

REPORT ON INCOME AND EXPENDITURE
2003-2005

Prepared by the Secretariat

INTRODUCTION

The budget proposal for 2003-2005 was adopted by the Meeting of the Parties (MOP2) at its second session (September 2002, Germany) by Resolution 2.7. In accordance with operational paragraph 1 c of Resolution 2.6 regarding Institutional Arrangements, *'The Standing Committee shall oversee, on behalf of the Meeting of the Parties, the development and execution of the Secretariat's budget as derived from the Trust Fund and other sources, and also all aspects of fund-raising undertaken by the Secretariat in order to carry out specific functions authorized by the Meeting of Parties'*. During this triennium the Secretariat has reported to each Standing Committee meeting on income and expenditure since the previous meeting.

The Funds available for the implementation of the Agreement can be divided into 1) the Core Fund, accrued through Membership fees and 2) Earmarked Funds accrued through voluntary contributions from Governments and Partner Organisations.

The following report will give an overview of income and expenditure for both the Core Fund and the Earmarked Funds. The current report for the period 2003-2005 is based on the reports that have been submitted to the Standing Committee since MOP2. The main difference is that this report collates the expenditure and does not give an overview budget line by budget line. These figures are available on request.

This report will not only provide an overview of the actual expenditure in 2003 and 2004, but also the current¹ and expected expenditure from the Core Fund for 2005. In addition, it presents an overview of the income through Membership fees as of 1 September 2005.

ACTION REQUESTED FROM THE MEETING OF PARTIES

The Meeting of the Parties is requested to take note of the income and expenditure during the period 2003-2005.

¹ As of 1 September 2005

GENERAL

As stated above, two Funds have been established for the Agreement: one for the Core Fund and one for the Earmarked voluntary contributions of Governments and Partner Organisations. The level of the Core Fund was laid down in Annex 1 to Resolution 2.7 as adopted by MOP2. The Earmarked voluntary contribution has been accrued through the Secretariat's fund-raising activities. The Secretariat is very grateful for the support received from several Governments and Partner Organisation towards the implementation of the Agreement. Without this support the achievements of the last three years would not have been possible.

OVERVIEW OF INCOME AND EXPENDITURE OF THE CORE FUNDS

INCOME

Membership fees

According to the latest information received from UNON (see Annex 1 attached), the total amount of outstanding contributions/Membership fees from Contracting Parties for prior years and 2005 is US \$ 142,637. Of the 51 Contracting Parties, 21 did not pay all their dues. However, it should be noted that at least three countries joined only recently, and that only six countries are three years in arrears.

At regular intervals of 3 to 6 months, Parties are reminded both by UNON and by the Agreement Secretariat about their outstanding contributions. Thus, it was possible to keep the total amount of outstanding contributions at a low level, as indicated in Annex 1.

Although the Secretariat would appreciate if all countries paid their contributions punctually, as already stated the situation is relatively satisfactory, as it was possible to keep outstanding contributions to a minimum. Particularly those countries that are two or three years in arrears with their payments are urged to pay these outstanding contributions as soon as possible.

The overview given in Annex 1 also includes Membership fees from new Contracting Parties that joined the Agreement after 1 January 2003. In accordance with Resolution 2.7, income accrued from Membership fees from these new Parties is allocated to fund a number of projects listed in the same Resolution. The Agreement Secretariat predicted that a total amount of US \$ 412,450 would thus be accrued. In fact accession to the Agreement by various potential new Parties is taking much longer than expected, so instead of the expected US \$ 412,450 the total amount accrued will be US \$ 351,672, US \$ 60,000 less than expected.

EXPENDITURE

Core Fund

In accordance with Annex 1 to Resolution 2.7, MOP2 allocated a total of US \$ 1,790,937. In addition, MOP2 also decided to set aside income accrued through Membership fees of new Parties that acceded to the Agreement after 1 January 2003. It was foreseen that a total amount of US \$

412,450 would thus be accrued. As indicated above, the total amount accrued through Membership fees of new Parties was US \$ 60,000 less than expected. This meant that for 2003-2005 a total Core Budget of US \$ 2,142,609 (US \$ 1,790,937 + US \$ 351,672) was available.

Based on the figures provided by UNON as of 1 September 2005 and estimates made by the Secretariat regarding the expenditures in the coming months until the end of December 2005, the total expenditure for 2003-2005 will be approximately US \$ 2,311,216. If this estimate proves correct the total over-expenditure would therefore be US \$168,607. This has an impact on the total Fund reserves for the Agreement.

The expenditures made can be broken down into costs related to 1) Salaries, 2) Meetings; 3) Travel; 4) Consultants and subcontractors and 5) Operational costs. The following paragraphs will give an overview of the difference between budget allocated and actual costs.

Salary costs

The following table gives an overview of the funds that have been allocated in the approved Budget 2003-2005 and the actual expenditure. According to the approved Budget for 2003-2005, a total amount of US \$ 627,459 was allocated to cover the costs of salaries for the three Staff members of the Agreement Secretariat. Based on the expenditure in 2003, 2004 and the expected expenditures for 2005, the total cost of salaries will be approximately US \$ 810,116, an overspend of 29 percent. This large increase in salary costs is due to the loss of purchasing power of the US Dollar during that period.

Table 1: Overview of the Salary costs

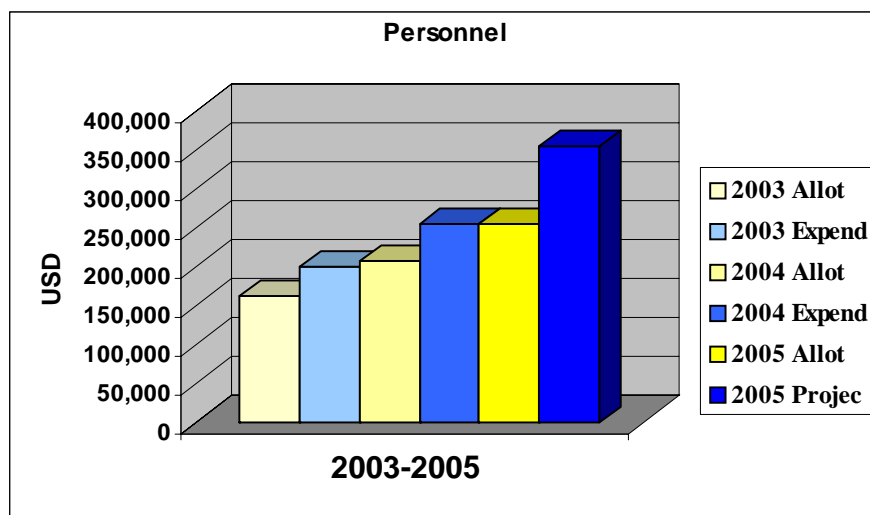
Personnel	2003 All²	2003 Exp³	2004 All.	2004 Exp.	2005 All.	2005 Proj⁴
Executive Secretary	120,000	148,138	121,000	143,119	122,000	175,000
Technical Officer	0	0	45,000	59,529	90,000	125,000
Administrative Assistance	43,459	50,888	42,500	52,942	43,500	55,000
Total	163,459	199,026	208,500	255,590	255,500	355,000

When the 2003-2005 Budget was drafted in 2002, 1 US Dollar was worth 1.02 Euros. Meanwhile the US Dollar has lost 25 percent of its value, with a corresponding negative impact on salary expenditure. United Nations Professional Staff receive their salaries in US Dollars. The salary of these Officers consists of the basic salary applicable for his/her grade plus an additional so-called "post adjustment". This is meant to compensate partly the living costs at the relevant duty station. In 2002, when the Budget proposal was drafted, the figure for the duty station Bonn was 12 percent. Following the loss of purchasing power of the US Dollar, it is currently 40.1 percent. This is the primary cause of the increase in salary costs.

² Allocated in accordance with Resolution 2.7 and where applicable including leftover of previous year.

³ Actual expenditures.

⁴ Expenditures based on figures as of 1 September 2005 plus expected expenditures till of 2005.



The salary of General Staff is paid in Euros. The increase there is mainly caused by the exchange rate of the Euro toward the US Dollar.

Costs related to Meetings

The costs listed in Table 2 are to cover the travel costs and daily subsistence allowance of participants from developing countries and/or countries with economies in transition to attend meetings organized by AEWa.

According to the approved Budget 2003-2005, the total costs related to meetings were US \$ 225,000, plus US \$ 90,000 for Regional meetings to be paid from funds accrued from contributions of new Parties. In reality the total amount allocated in 2003-2005 was only US \$ 278,896. Based on the total expenditure for 2003, 2004 and the projected costs for 2005, it is expected that the total expenditure for meetings for the period 2003-2005 will be US \$ 182,653, a saving of 35 percent.

In 2004 the cost of the TC5 meeting was higher than expected due to the fact that a number of funded delegates stayed on in Edinburgh to participate in the Global Flyway Conference; which was organized back-to-back with the TC5 meeting at the same venue. These additional costs were covered by AEWa, the Agreement thus supporting the organization of this important event.

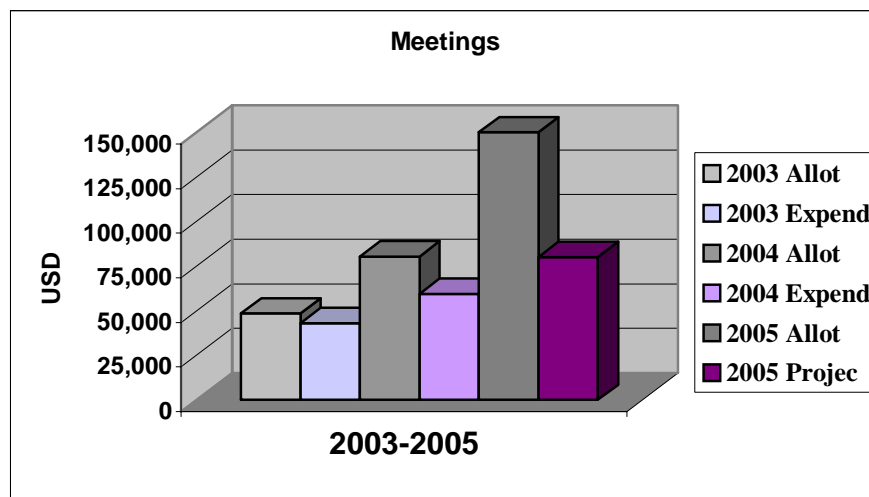
Table 2: Overview of costs related to meetings

Meetings	2003 All.	2003 Exp.	2004 All.	2004 Exp.	2005 All.	2005 Proj.
Meeting of Parties	0	0	0	0	75,000	25,000
Meeting of Technical Committee	33,491	28,086	35,405	46,766	30,000	25,000
Meeting of Standing Committee	15,000	15,000	15,000	12,442	15,000	8,000
Regional Meetings	0	0	30,000	359	30,000	22,000
Total	48,491	43,086	80,405	59,567	150,000	80,000

The Agreement has been successful in fundraising for the organization of MOP3. Due to the fact that the Conference of the Parties to UNCCD will take place at the same time as MOP3, UNON Conference Services informed the Agreement Secretariat that they would not be in the position to service MOP3. The Secretariat decided to take the responsibility of organizing MOP3 without UNON Conference Services, which has also led to substantial savings. However, it should be noted that the Agreement Secretariat has thus taken a bigger risk and burden upon its shoulders.

In 2004 and in 2005 funds were received from the countries that hosted TC4 and TC5 to cover travel and subsistence costs of the AEWA Staff members that attended these TC meetings.

Substantial support has been received from several Contracting Parties and the UNEP Division of Environmental Conventions to cover the travel and subsistence costs of delegates from eligible countries to enable them to attend MOP3.

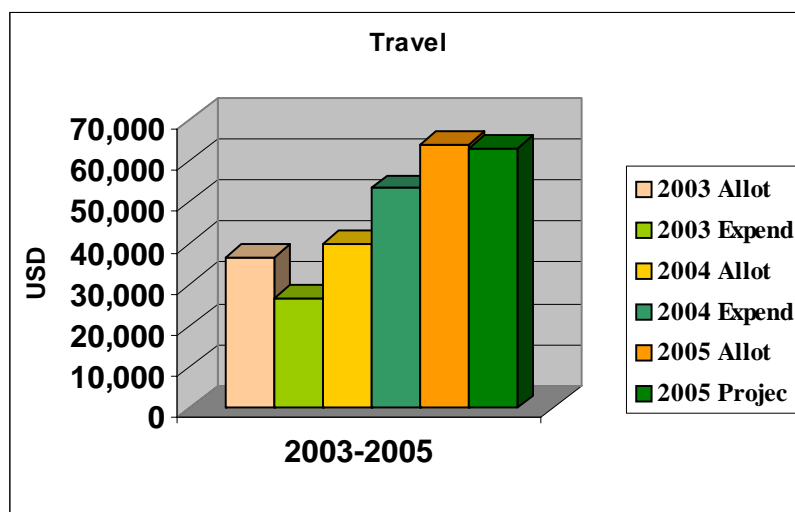


Travel costs

During the period 2003-2005 the Secretariat has faced increasing air fares due higher fuel costs and additional costs related to security. Some support was received to cover travel and subsistence costs of AEWA Staff to attend MOP3. Due to the support received it has been possible to keep the total expenditure within the budget allocated.

Table 3: Travel costs

Travel	2003 All.	2003 Exp.	2004 All.	2004 Exp.	2005 All.	2005 Proj.
General	32,549	26,506	35,000	52,475	40,000	45,000
Meeting of Parties	0	0	0	0	18,000	10,000
Unspecified Experts	4,000	136	5,000	933	6,000	8,000
Total	36,549	26,642	40,000	53,408	64,000	63,000



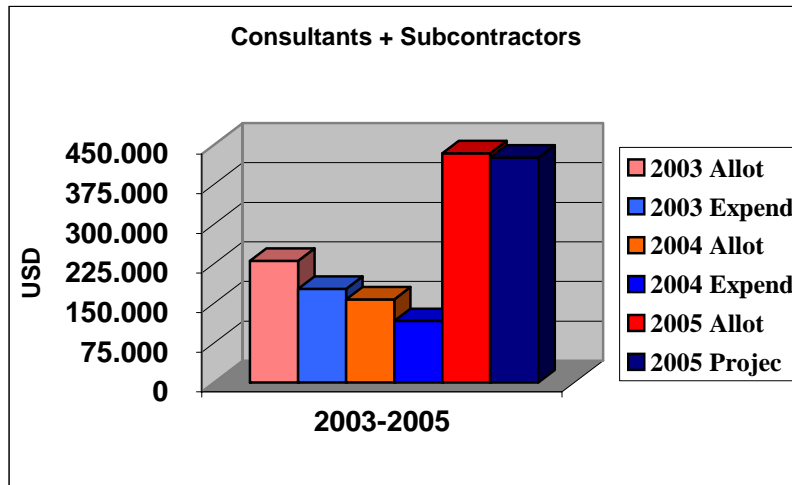
Costs of Consultants and subcontractors

The Core Fund has covered the costs of Consultants and Subcontractors. In total an amount of US \$ 821,524 was allocated. Based on the latest information available, the Secretariat expects that by end of 2005 the total expenditure will be US \$ 719,943, a saving of 12 percent.

Table 4: Consultants and Subcontractors

Consultants + Subcontractors	2003 All.	2003 Exp.	2004 All.	2004 Exp.	2005 All.	2005 Proj.
Consultants total	139,933	98,165	116,107	76,872	219,012	264,000
Subcontractors total	90,431	79,390	41,041	39,516	215,000	162,000
Total	230,364	177,555	157,148	116,388	434,012	426,000

Being aware of the increasing costs, particularly of salaries of AEWA staff, the Agreement Secretariat has tried to keep the costs of Consultants and Subcontractors as low as possible. It was possible to save an amount of US \$ 37,500 by not having interpretation during TC meetings. In addition to this, savings were made on proofreading of English-language documents by using the services of the native English speaker who works for the ASCOBANS Secretariat. In addition, some successful fundraising undertaken for the preparation of documents for MOP3.



Operational costs

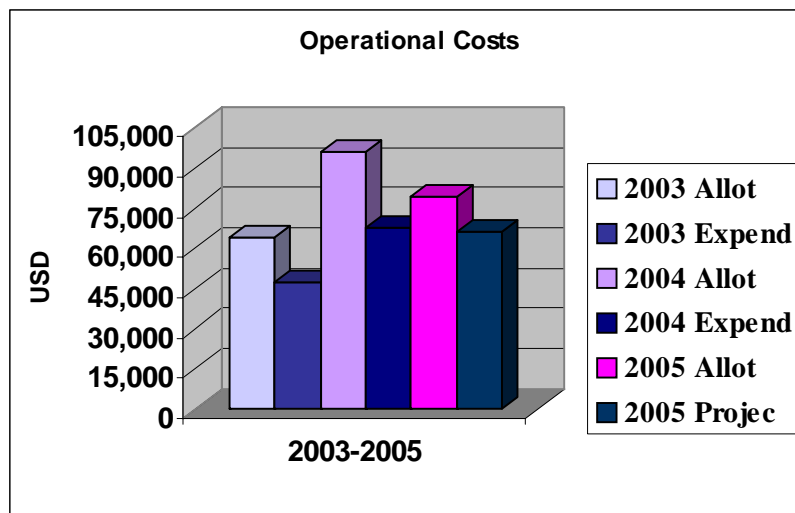
This encompasses all other costs not mentioned-above, i.e. the cost of purchasing and maintaining equipment; charges for telephone, fax and postage, hospitality expenditure, the cost of staff training etc.

Table 5: Operational costs

Operational Costs	2003 All.	2003 Exp.	2004 All.	2004 Exp.	2005 All.	2005 Proj.
Operational Costs	64,219	47,311	95,911	68,000	79,600	66,250
Total	64,219	47,311	95,911	68,000	79,600	66,250

In this case also the Secretariat has tried to make some savings. In particular, the Secretariat considered how savings could be made regarding the mailing of documents. It is now common practice to upload documents for meetings on to the AEWA website and ask participants by E-mail to download these documents from there.

Looking at the figure given in Table 5, the total amount allocated for operational costs was US \$ 239,730. The table also shows the actual expenditure for 2003 and 2004, which together with the expected expenditure for 2005 amounts to a total of approximately US \$ 181,561 for 2003-2005, a saving of 24 percent.



Total costs

The Agreement Secretariat has done its utmost to make savings in several areas with a view to minimizing the negative impact on the total budget of the loss of purchasing power of the US Dollar. However the opportunities to make savings within the 2003-2005 budget were very limited, unless the Secretariat had decided to cut back on its activities. The latter was not desirable as it would have changed the Secretariat’s work programme. In some cases the Secretariat was able to cover some of the costs mentioned above by allocating earmarked funds to these activities. Be that as it may, a more structural solution should be found for the next triennium to avoid similar problems caused by exchange rate losses. This could partly be achieved by changing the budget from US Dollars to Euros. The Secretariat will propose this to MOP3.

The following graph outlines the total costs versus the allocated budget. As stated at the beginning of this section, for the period 2003-2005 the over-expenditure will be US \$ 168,067.

As decided by MOP2, a total amount of US \$ 200,000 from the Fund Reserve was used to reduce the contributions from the Parties. This means that, together with the over-expenditure of US \$ 168,067, the reserve, which on 1 January 2003 stood at US \$ 526,305, will be reduced by US \$ 368,067.

INCOME AND EXPENDITURE OF EARMARKED FUNDS

INCOME

Earmarked Voluntary Contributions

Fundraising, primarily for the implementation of the International Implementation Priorities AEWVA 2003-2007; for TC meetings and MOP3, has been a priority for the Agreement Secretariat. The Agreement Secretariat was able to conclude agreements for earmarked voluntary contributions

with several Contracting Parties and/or Partner Organisations. During the triennium a total of approximately US \$ 750,000 has been accrued. The Agreement Secretariat is very grateful for the earmarked voluntary support provided, without which it would not have been in a position to implement the International Implementation Priorities, to organize TC meetings or MOP3.

Earmarked voluntary contributions in cash were received during the triennium 2003-2005 from the following:

Contracting Parties

European Commission, France, Germany, Sweden, Switzerland, Mauritius, the Netherlands and the United Kingdom.

Non-Contracting Parties

Norway

Partner Organisations

World Association for Zoos and Aquariums and UNEP Division of Environmental Conventions.

In addition to contributions in cash, the Secretariat received support in kind particularly regarding the organization of the Workshop in Sustainable Hunting in Western Africa (October 2004, Senegal) from the following Partner Organisations: CIC, FNC OMPO, ONCFS and Wetlands International.

Indirect support has been received for the drafting of the Conservation Status Report to be submitted to MOP3 from Denmark and from OMPO in close cooperation with FNC.

Also regarding several Single Species Action Plans, agreement was reached with CMS to share the cost of drafting such plans.

When listing those that have contributed in cash or in kind to earmarked funds for the implementation of the Agreement there is always the risk of forgetting one or the other organization. Nevertheless the Agreement Secretariat is very pleased and grateful for all the support received from Contracting Parties and Partner Organisations, which has enabled it to carry out some of its activities.

EXPENDITURE

Many activities have been initiated and implemented by the Agreement Secretariat using the Earmarked Funds available. A detailed report on the implementation of the International Implementation Priorities AEWAs 2003-2007 can be found in doc: MOP3.10. Also the Report of the Secretariat (doc: MOP3.9) will report on activities that have been carried out during the period 2003-2007.

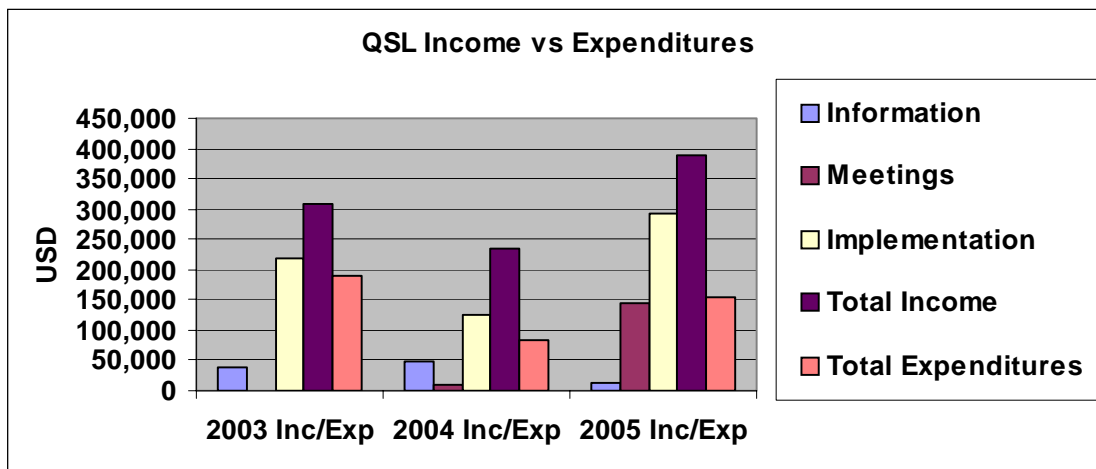
As already stated, the funds received from Contracting Parties and Partner Organisations are linked to certain projects for the International Implementation Priorities 2003-2007. Some of these projects are running over more than one year, so that by end of 2003, 2004 and even 2005 not all

funds allocated will have been spent. Also international project are often subject to unforeseen delays because for example consultation processes at international level takes longer than expected. However, the Secretariat hopes that some of the projects can be finalized in due course, and that the outcome of the studies done can be published.

The following overview gives an impression of how funds have been or will be used. Here again, the activities are clustered in three categories: 1) Information management; 2) Implementation of the Agreement and 3) Meetings.

Table 6: Income and expenditure of earmarked funds

	2003 Inc/Exp	2004 Inc/Exp	2005 Inc/Exp
Information	38,665	49,727	13,434
Meetings	0	10,509	145,359
Implementation	217,816	123,843	292,295
Total Income	309,239	235,040	390,400
Total Expenditures	188,616	84,735	155,389



COUNTRIES	Unpaid Pledges as at 31.12.04	Adjustments for prior years	Pledges for 2005	Collections in 2005 for prior years	Collections in 2005 for 2005 & Future Yrs	Unpaid pledges for prior years	Unpaid pledges for 2005	Unpaid pledges for prior years & 2005
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Albania	-143		147			(143)	147	4
Benin	24		100			24	100	124
Bulgaria	0		636		636	0	0	0
Congo	270		100			270	100	370
Croatia	0		1,907		1,907	0	0	0
Denmark	0		36,628		36,628	0	0	0
Djibouti	100		100			100	100	200
Egypt	2,050		3,961			2,050	3,961	6,011
Equatorial Guinea	(120)		100			(120)	100	(20)
European Commission	0		4,928			0	4,928	4,928
Finland	(25,527)		25,527			(25,527)	25,527	0
France	97,008		173,455	97,008	173,455	0	0	0
Gambia	0		100			0	100	100
Georgia	458		244			458	244	702

COUNTRIES	Unpaid Pledges as at 31.12.04	Adjustments for prior years	Pledges for 2005	Collections in 2005 for prior years	Collections in 2005 for 2005 & Future Yrs	Unpaid pledges for prior years	Unpaid pledges for 2005	Unpaid pledges for prior years & 2005
Germany, F.R.	0		173,455		173,455	0	0	0
Ghana	0		100			0	100	100
Guinea	200		147			200	147	347
Hungary	0		5,971		5,971	0	0	0
Israel	(2,496)		20,295		17,799	(2,496)	2,496	0
Ireland	0		13,632		13,632	0	0	0
Jordan	(391)		391			(391)	391	0
Kenya	0		391		391	0	0	0
Lebanon	638		587			638	587	1,225
Libya	0		2,018			0	2,018	2,018
Lithuania	55		634	55	634	0	0	0
Luxembourg	0		3,648		3,648	0	0	0
Macedonia	152		293	152		0	293	293
Mali	371		100			371	100	471
Mauritius	(518)		538			(518)	538	20
Moldova	(136)		100			(136)	100	(36)

COUNTRIES	Unpaid Pledges as at 31.12.04	Adjustments for prior years	Pledges for 2005	Collections in 2005 for prior years	Collections in 2005 for 2005 & Future Yrs	Unpaid pledges for prior years	Unpaid pledges for 2005	Unpaid pledges for prior years & 2005
Monaco	(196)		196			(196)	196	0
Netherlands	0		84,993		84,993	0	0	0
Niger	375		100			375	100	475
Nigeria	388		1,799			388	1,799	2,187
Portugal	5,297		12,280	5,297	12,280	0	0	0
Romania	0		2,836		2,836	0	0	0
Senegal	(236)		244			(236)	244	8
Slovak	(2,103)		2,103			(2,103)	2,103	0
Slovenia	(3,724)		3,724			(3,724)	3,724	0
South Africa	0		19,952		19,927	0	25	25
Spain	63,753		123,176	63,753		0	123,176	123,176
Sudan	299		293			299	293	592
Sweden	0		50,213		50,213	0	0	0
Switzerland	0		62,302		62,302	0	0	0
Syria	2,693		3,709	2,693	3,691	0	19	19
Togo	197		100			197	100	297

COUNTRIES	Unpaid Pledges as at 31.12.04	Adjustments for prior years	Pledges for 2005	Collections in 2005 for prior years	Collections in 2005 for 2005 & Future Yrs	Unpaid pledges for prior years	Unpaid pledges for 2005	Unpaid pledges for prior years & 2005
Uganda	221		196			221	196	417
Ukraine	2,638		2,592			2,638	2,592	5,230
U.K.	0		173,455		173,455	0	0	0
United Rep. of Tanzania	(210)		196			(210)	196	(14)
Uzbekistan	101		292			101	292	393
Total	141,489	0	1,014,984	168,958	837,853	(27,469)	177,132	149,662