

Decision 11/CP.10

Administrative and financial matters

The Conference of the Parties,

Having considered the information contained in documents prepared by the secretariat on administrative and financial matters,¹

Recalling the financial procedures for the Conference of the Parties to the United Nations Framework Convention on Climate Change adopted by decision 15/CP.1, annex I,²

I. Audited financial statements for the biennium 2002–2003

1. *Takes note* of the audited financial statements for the biennium 2002–2003, the audit report by the United Nations Board of Auditors, and the comments of the secretariat on the latter;³

2. *Expresses appreciation* to the United Nations for arranging the audits of the Convention's accounts and for the valuable audit observations and recommendations;

3. *Takes note* of the recommendations and urges the Executive Secretary to implement them, as appropriate;

II. Budget performance in the biennium 2004–2005

4. *Takes note* of the report on financial performance for the period 1 January to 30 June 2004, including the status of contributions to all the trust funds of the Convention;

5. *Expresses appreciation* to Parties that have paid their contributions to the core budget in a timely manner;

6. *Also expresses appreciation* for the contributions received from Parties to facilitate the participation of developing country Parties in the Convention process, particularly the least developed countries and small island developing States among them, as well as contributions to the Trust Fund for Supplementary Activities;

7. *Expresses disappointment* at the continuing shortage of contributions to the Trust Fund for Participation in the UNFCCC Process, and the subsequent inability to finance two delegates from eligible least developed countries and small island developing States;

8. *Notes with concern* the low level of contributions to the Trust Fund for Supplementary Activities in comparison to the requirements for the biennium 2004–2005;

9. *Encourages* Parties to increase their efforts to contribute to the Trust Fund for Participation in the UNFCCC Process and to the Trust Fund for Supplementary Activities;

10. *Reiterates its appreciation* to the Government of Germany for its annual voluntary contribution to the core budget of EUR 766,938 and its special contribution of EUR 1,789,522, as host Government to the secretariat in Bonn;

¹ FCCC/SBI/2004/12 and Add.1–2, FCCC/SBI/2004/13 and FCCC/SBI/2004/INF.15.

² FCCC/CP/1995/7/Add.1.

³ FCCC/SBI/2004/12 and Add.1–2.

11. *Notes with concern* the large number of Parties that have not made their contributions to the core budget for 2004 or for prior years, some since the establishment of the trust funds;⁴
12. *Notes also* the serious economic difficulties being experienced by some Parties;
13. *Urges* Parties that have not paid their contributions to the core budget to do so without further delay, bearing in mind that contributions are due on 1 January of each year in accordance with the financial procedures;
14. *Urges also* Parties to the Kyoto Protocol to pay their contribution to the Kyoto Protocol Interim Allocation for 2005, which is due by 16 February 2005;
15. *Authorizes* the Executive Secretary, on an exceptional basis and without creating a precedent for the Convention, the Kyoto Protocol or any other international instrument, to draw up to USD 1.5 million from unspent balances (carry-over) from previous financial periods and miscellaneous income to cover over-expenditures on salaries in the biennium 2004–2005 resulting from the reduced value of income as a result of the considerable decline in the value of the United States dollar against the euro during 2004;

III. Programme budget for the biennium 2006–2007

16. *Requests* the Executive Secretary to submit for consideration by the Subsidiary Body for Implementation, at its twenty-second session (May 2005), a proposed programme budget for the biennium 2006–2007, including a contingency for conference services, should this prove necessary in the light of decisions taken by the General Assembly at its fifty-ninth session;
17. *Requests* the secretariat to explore options, taking into account the experience of other international organizations and conventions, to protect the funds of the Convention and the Kyoto Protocol against the adverse effects of exchange rate fluctuations, and to report to the Subsidiary Body for Implementation at its twenty-second session, when submitting the programme budget pursuant to paragraph 16 above;
18. *Requests* the Subsidiary Body for Implementation, at its twenty-second session, to recommend a programme budget for adoption by the Conference of the Parties at its eleventh session (November–December 2005) , and by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;
19. *Also requests* the Subsidiary Body for Implementation to authorize the Executive Secretary to notify Parties of their contributions for 2006 on the basis of the recommended budget.

*6th plenary meeting
17–18 December 2004*

⁴ FCCC/SBI/2004/INF.15.