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**Rotterdam Convention on the Prior
Informed Consent Procedure for Certain
Hazardous Chemicals and Pesticides in
International Trade
Conference of the Parties
Second meeting
Geneva, 9-13 October 2006
Item 8 of the provisional agenda
Programme of work and consideration
of the proposed budget for the 2007–2008 biennium**

Financial report and review of the staffing situation in the secretariat

Note by the secretariat

1. In its decision RC-2/7, on the financing and budget arrangements for the biennium 2005–2006, the Conference of the Parties at its second session reconfirmed its decision RC-1/17 and decided on a number of actions to facilitate the financial operation of the Convention.
2. Annexed to the present note is a financial report and review of the staffing situation in the secretariat. Except as otherwise noted or where apparent from the context, this report covers the period from January 2005 to 30 May 2006.
3. The Conference may wish:
 - (a) To take note of the report;
 - (b) To call on Parties that have not yet done so to pay their required contributions under the Convention as soon as practicable;
 - (c) To call on Parties that are in a position to do so to contribute to the Voluntary Special Trust Fund.

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Annex

Financial report and review of the staffing situation in the secretariat

Introduction

1. The present report is divided into three chapters. Chapter I, “General issues”, describes the actions taken by the secretariat pursuant to decision RC-2/7 to facilitate the financial operation of the Convention, including financial support by the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Environment Programme (UNEP) for the operation of the Convention and the secretariat. Chapter II, “Financial reports”, sets out the expenditures from the General Trust Fund and the Voluntary Special Trust Fund, while Chapter III, “Secretariat staffing situation”, reports on the staffing situation in the secretariat.

I. General issues

A. Financial support from UNEP and FAO towards the operation of the Convention and its secretariat in 2005 and 2006

2. In paragraph 2 of decision RC-2/7, the Conference invited the governing bodies of UNEP and FAO to continue their financial support for the operation of the Convention and its secretariat in 2006.

3. In-kind contributions from UNEP in 2005–2006, in the form of legal and administrative support, amounted to approximately \$250,000 annually (see table 1 in appendix I below).

4. In 2005–2006, FAO maintained its financial contribution to the Rotterdam secretariat. Its contribution of \$ 360,000 annually included the cost of 25 per cent of one D-1 post (co-Executive Secretary), one P-5 post, one P-3 post and 25 per cent of one General Service post (as set out in table 1 in appendix I below). Further in-kind contributions included administrative and legal support as well as technical support from Regional Officers and amounted to an estimated \$ 300,000 annually.

5. In 2005, FAO provided a one-time contribution of \$ 520,000 for supplementary technical assistance activities to support the ratification and implementation of the Convention.

B. Status of contributions

6. In paragraph 12 of decision RC-2/7, the Conference of the Parties noted with concern that a number of parties had not paid their assessed contributions to the operational budget for 2005, which had been expected on 1 January 2005 in accordance with paragraph 14 of the financial rules. As of July 2005, as reported in the financial report and review of the staffing situation in the secretariat prepared for the second meeting of the Conference of the Parties (UNEP/FAO/RC/COP.2/18 (appendix II, table 1)), arrears in payment of assessed contributions for 2005 were \$ 1,417,300. As of May 2006, assessed contributions received for 2005 were \$ 1,691,737, while arrears in payment of \$ 349,171 remained outstanding.

7. The problem of late contributions, though somewhat improved over 2005, has continued in 2006. As of May 2006, arrears in payment of assessed contributions for 2006 amount to \$ 973,833 (see appendix II, table 1 of the present report) with the result that the arrears in payments of assessed contributions for 2005 and 2006 amount to a total of \$1,323,004. In addition, Italy has yet to pay its host country contribution for 2005 and 2006 of 1,200,000 Euro (approximately \$ 1,493,213). An updated table on the status of contributions will be made available at the current meeting.

8. In paragraph 12 of decision RC-2/7, the Executive Secretary was invited to submit proposals for promoting full and timely payment of contributions for consideration and review by the Conference of the Parties at its third meeting. It is proposed to expand the list of paid contributions posted on the Convention website to include those parties that have not yet paid their assessed contributions as a reminder of the need to do so. In addition, the Executive Secretary will write to the official contact points and draw their attention to the need to pay outstanding contributions. The Conference may wish to consider further actions that might be taken with respect to parties that have outstanding balances in unpaid assessed contributions.

II. Financial reports

A. Expenditure report and statement of accounts

9. Interim statements of expenditure for 2005 for the operational budget under the General Trust Fund and the Voluntary Special Trust Fund are set out in appendix I (tables 1 and 2 respectively).

10. Overall, expenditures from the General Trust Fund were on the order of \$ 1,000,000 less than planned. The principal contribution to this under-expenditure was \$827,000 resulting from unfilled staff positions in the Secretariat (\$ 587,000 in professional and \$ 240,000 in administrative support). A further saving of \$ 60,000 resulted when the study on financial mechanisms, considered at the second meeting of the Conference of the Parties, was completed under budget. The actual cost of the first meeting of the Chemical Review Committee exceeded the estimated cost, as the meeting was convened over nine days and not the five days originally planned. The additional time was used to allow the members of the newly formed committee to review the working papers and policy guidance developed during the interim PIC procedure.

11. Expenditures from the Voluntary Special Trust Fund were some \$354,445 less than planned. A major contributor to this difference (\$173,442) was the fact that the overall costs of travel for the second meeting of the Conference of the Parties were lower than originally estimated, as well as the fact that there was no high-level segment. Funds for technical assistance and printed material were supplemented by funds made available through FAO. Work on the website was not undertaken due to the lack of available staff.

B. Status of the general trust fund for the operational budget (RO)

12. A report on contributions to the General Trust Fund for the operational budget, as of 30 May 2006, is provided in appendix II below (tables 1 and 2), and shows a shortfall in contributions of \$ 814,744 and \$ 1,566,200 for 2005 and 2006 respectively. An update on the status of contributions will be distributed at the current meeting.

13. An interim report showing expenditures as of 30 May 2006, as well as projected expenditures by 31 December 2006, is also provided in appendix II (table 3). The interim report is presented without prejudice to the financial statements to be produced pursuant to rule 21 of the financial rules.

C. Status of the Voluntary Special Trust Fund (RV)

14. A report on contributions to the Voluntary Special Trust Fund, as of 30 May 2006, is provided in appendix III (table 1). An updated table on the status of contributions will be made available at the meeting.

15. An interim report showing expenditures as of 30 May 2006, as well as projected expenditures by 31 December 2006, is also available in appendix III (table 2).

16. This interim report is presented without prejudice to the financial statements to be produced pursuant to rule 21 of the financial rules.

III. Secretariat staffing situation

17. The Conference of the Parties to the Stockholm Convention at its first meeting agreed in decision SC-1/4 to co-finance in 2006 the position of joint head of the secretariats of the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention at the level of D-1 within the UNEP part of the Secretariat. As of 30 May 2006, Ms. Monique Barbut, Director of the UNEP Division of Technology, Industry and Economics (DTIE), was acting as officer-in-charge of the secretariat office in Geneva, as the position of Executive Secretary, which had been advertised in September 2005, had yet to be filled.

18. A table showing the staffing situation of the secretariat as of 30 May 2006 is provided in appendix IV. One consequence of the substantial shortfall in the payment of contributions to the General Trust Fund has been a further delay in filling all of the positions in the staffing table approved in paragraph 9 of decision RC-2/7.

19. As of 30 May 2006, the selection process for the P-5 post within UNEP, originally posted in August 2005, had yet to be completed. One P-3 position in UNEP was advertised in February 2006 and

the recruitment process for that post is underway. The other vacant P-3 post in UNEP has yet to be advertised. The P-4 post in FAO was re-advertised in July 2005 and the selection process is yet to be completed. Action has been initiated on the further P-4 and P-3 posts in FAO.

20. The functions of the P-4 Financial Officer to be funded by programme support costs in 2006 are being performed by the Financial Officer of the Chemicals Branch of DTIE at the P-3 level on an interim basis. As of May 2006, no P-4 financial officer had been appointed.

Appendix I

**Table 1: Expenditure report for operational budget for 2005
(in dollars)**

	2005	Expenditures as at 31 December 2005
Ensure effective functioning of the Conference of the Parties		
<i>COP2</i>		
Conference services	435,536	415,846
Subtotal	435,536	415,846
<i>CRCI</i>		
Conference services	110,372	122,310
Experts' travel	85,630	113,769
Subtotal	196,002	236,079
<i>Compliance Committee</i>		
Ad hoc working group meeting	20,000	0
Conference services	0	20,000
Experts' travel	0	0
Subtotal	20,000	20,000
Study on financial mechanism	100,000	38,000
Office automation and databases		
Software/hardware	75,000	45,903
Consultants/subcontracts	20,000	0
Subtotal	95,000	45,903
Core secretariat costs		
Professional personnel*	1,462,800	875,898
Consultants	25,000	28,045
Administrative support*	475,125	235,034
Official travel	100,000	69,436
Equipment and premises	40,000	18,253
Miscellaneous	47,000	60,645
Subtotal	2,149,925	1,287,311
Total activities	2,996,463	2,043,140
Administrative overheads (13%)	389,540	265,608
Subtotal activities and administrative overheads	3,386,003	2,308,748

* Does not include contribution from UNEP Environment Fund (see paragraph 3).

* Does not include contribution from FAO Regular Programme (see paragraph 4).

Table 2: Expenditure report for activities under the Voluntary Special Trust Fund (in dollars)

		2005	Expenditures
Participants' travel			
	Participant's travel, COP	352,039	178,597
Subtotal activities		352,039	178,597
Administrative overheads (13%)		45,765	23,218
Total		397,804	201,815
Facilitation of implementation and ratification			
	Technical assistance	255,000	133,659
	Printed material	43,000	34,106
	Website	10,000	0
Subtotal activities		308,000	167,765
Administrative overheads (13%)		40,040	21,809
Total		348,040	189,574
Overall total of activities under voluntary Special Trust Fund		745,844	391,389

Appendix II

General Trust Fund for the Operational Budget (RO)

Table 1. Contributions to the Trust Fund for the years 2005 and 2006 as of 31 May 2006

Operational budget 2006 (in dollars)

		Scale for the Trust Fund with 22% ceiling and 0,01% base	Unpaid contributions for 2005	Pledges for 2006 ^{1/}	Received		Unpaid pledges for 2005 and 2006
					Collections in 2006 for prior year	Collections in 2006 for 2006	
	Member State	Percentage			Member State	Percentage	
1	Argentina	1.307	33,116	28,013			61,129
2	Armenia	0.010	0	216			216
3	Australia	2.177	0	46,649		46,649	0
4	Austria	1.174	0	25,170		25,170	0
5	Belgium	1.462	0	31,324		32,838	-1,514
6	Belize	0.010	93	225	93	210	15
7	Benin	0.010	222	216			438
8	Bolivia	0.012	312	263			575
9	Brazil	2.082	52,757	44,628			97,385
10	Bulgaria	0.023	0	498		498	0
11	Burkina Faso	0.010	222	216			438
12	Burundi	0.010	222	216			438
13	Cameroon	0.011	277	235			512
14	Canada	3.846	47,994	82,428			130,422
15	Chad	0.010	222	216			438
16	Chile	0.305	5,150	6,850			12,000
17	China	2.807	35,558	63,066			98,624
18	Congo, Dem. Republic	0.010	111	216			327
19	Cook Islands	0.010	222	216			438
20	Côte d'Ivoire	0.014	346	293			639
21	Cyprus	0.053	1,013	1,198	1,013		1,198
22	Czech Republic	0.250	0	5,363		5,363	0
23	Democratic People's Republic of Korea	0.014	346	293			639
24	Denmark	0.982	0	21,039			21,039
25	Djibouti	0.010	185	225			410
26	Ecuador	0.026	0	557			557
27	El Salvador	0.030	762	645			1,407
28	Equatorial Guinea	0.010	222	216			438
29	Eritrea	0.010	111	225			336
30	Ethiopia	0.010	0	216			216
31	European Community	2.500	-718	53,898			5,392
32	Finland	0.729	0	15,618		15,290	328
33	France	8.244	0	176,693		176,693	0
34	Gabon	0.012	312	263			575
35	Gambia	0.010	222	216			438
36	Germany	11.843	0	253,815		253,815	0
37	Ghana	0.010	222	216			438

		Scale for the Trust Fund with 22% ceiling and 0,01% base	Unpaid contributions for 2005	Pledges for 2006 ^{1/}	Received		Unpaid pledges for 2005 and 2006
					Collections in 2006 for prior year	Collections in 2006 for 2006	
	<i>Member State</i>	<i>Percentage</i>			<i>Member State</i>	<i>Percentage</i>	
38	Greece	0.725	18,359	15,530	18,359		15,530
39	Guinea	0.010	222	216			438
40	Hungary	0.172	0	3,693			3,693
41	India	0.576	0	12,933			12,933
42	Iran (Islamic Republic of)	0.215	5,439	4,601			10,040
43	Ireland	0.479	0	10,752			10,752
44	Italy	6.679	169,218	143,142	169,218	150,061	-6,919
45	Jamaica	0.011	0	235		215	20
46	Japan	22.000	0	474,298		97,808	376,490
47	Jordan	0.015	0	322			322
48	Kenya	0.012	182	276	182	359	-83
49	Kyrgyzstan	0.010	222	216			438
50	Latvia	0.021	520	440	520	440	0
51	Liberia	0.010	222	216			438
52	Libyan Arab Jamahiriya	0.180	4,573	3,868			8,441
53	Liechtenstein	0.010	222	216		216	222
54	Lithuania	0.033	0	703		682	21
55	Luxembourg	0.105	2,667	2,256	2,667	2,256	0
56	Madagascar	0.010	0	216		187	29
57	Malaysia	0.278	0	5,948		7,017	-1,069
58	Mali	0.010	222	216			438
59	Marshall Islands	0.010	222	216			438
60	Mauritania	0.010	0	225			225
61	Mauritius	0.015	0	338		32	306
62	Mexico	2.574	21,743	57,843			79,586
63	Moldova	0.010	148	225			373
64	Mongolia	0.010	222	216			438
65	Namibia	0.010	0	225			225
66	Netherlands	2.311	0	49,521		49,513	8
67	New Zealand	0.302	0	6,476		6,476	0
68	Nigeria	0.057	1,455	1,231			2,686
69	Norway	0.928	0	19,896			19,896
70	Oman	0.096	2,425	2,051	2,425	2,051	0
71	Pakistan	0.075	318	1,690		1,690	318
72	Panama	0.026	658	557			1,215
73	Paraguay	0.016	416	352			768
74	Peru	0.126	0	2,826			2,826
75	Poland	0.630	0	14,161			14,161
76	Portugal	0.643	0	14,438			14,438
77	Qatar	0.088	1,663	1,966			3,629
78	Republic of Korea	2.456	62,214	52,627	62,214	52,627	0
79	Romania	0.082	0	1,758			1,758
80	Rwanda	0.010	222	216	63	222	153
81	Samoa	0.010	0	216			216

		Scale for the Trust Fund with 22% ceiling and 0,01% base	Unpaid contributions for 2005	Pledges for 2006 ^{1/}	Received		Unpaid pledges for 2005 and 2006
					Collections in 2006 for prior year	Collections in 2006 for 2006	
	<i>Member State</i>	<i>Percentage</i>			<i>Member State</i>	<i>Percentage</i>	
82	Saudi Arabia	0.975	24,699	20,892			45,591
83	Senegal	0.010	222	216			438
84	Singapore	0.530	0	11,919		11,919	0
85	Slovenia	0.112	0	2,403		2,403	0
86	South Africa	0.399	10,115	8,556		18,671	0
87	Spain	3.445	87,294	73,842			161,136
88	Sudan	0.011	162	246			408
89	Suriname	0.010	222	216			438
90	Sweden	1.364	0	29,243			29,243
91	Switzerland	1.637	0	35,074		35,049	25
92	Syrian Arab Republic	0.052	0	1,113			1,113
93	Thailand	0.286	0	6,124		6,124	0
94	Togo	0.010	222	216			438
95	Ukraine	0.053	1,351	1,143			2,494
96	United Arab Emirates	0.321	8,141	6,886			15,027
97	United Kingdom of Great Britain and Northern Ireland	8.377	0	179,535		179,535	0
98	United Republic of Tanzania	0.010	222	216			438
99	Uruguay	0.066	1,663	1,406			3,069
100	Venezuela	0.234	2,468	5,253			7,721
		100	605,925	2,155,912	256,754	1,182,079	1,323,004

^{1/} Source: United Nations General Assembly fifty-eighth session, agenda item 124, resolution 58/1 B.

Table 2. Summary of Income received as of 31 May 2006 (RO) (in dollars)

	2005	2006	
Total approved budget 2005–2006	3,542,159	3,710,224	
Host country contribution	(1,444,043)	(1,463,415)	(contribution of 1.2 million euros)
Total to be covered by assessed contributions	2,098,116	2,246,809	(minus 2005 prorated income for new Parties)
Total income received			
Carry-over from PP Trust Fund	0	236,996	
Assessed contributions received	1,691,737	1,182,079	
Contributions paid for prior year	256,754	0	
Interest	10,660	0	
Host Government Switzerland	768,264	724,949	
Host Government Italy €600,000	0	0	
Total	2,727,415	2,144,024	
Balance	(814,744)	(1,566,200)	

Table 3. Expenditures and projected expenditures of the operational budget for 2006 (in dollars)

	Approved 2006 budget In \$	Expenditures up to 31 May 2006	Projected expenditures up to end 2006	Total expenditures and projected expenditures
Ensure effective functioning of the Conference of the Parties				
<i>COP3</i>				
Conference services	600,000	572,868	0	572,868
Experts' travel to non-compliance meeting during COP3	278,000	0	278,000	278,000
Subtotal	878,000	572,868	278,000	850,868
<i>CRC2</i>				
Conference services	105,000	130,271	0	130,271
Experts' travel	72,000	70,821	0	70,821
Subtotal	177,000	201,092	0	201,092
Office automation and databases				
Software/hardware	66,000	12,679	53,321	66,000
Consultants/subcontracts	29,000	0	29,000	29,000
Subtotal	95,000	12,679	82,321	95,000
Core secretariat costs				
Professional personnel ^{a/}	1,536,786	267,914	502,390	770,304
Consultants	25,000	23,511	0	23,511
Administrative support ^{a/}	384,598	120,894	169,252	290,146
Official travel	100,000	47,690	52,310	100,000
Equipment and premises	40,000	0	40,000	40,000
Miscellaneous	47,000	25,043	21,957	47,000
Subtotal	2,133,384	485,052	785,908	1,270,960
Total activities	3,283,384	1,271,691	1,146,229	2,417,920
Administrative overheads (13%)	426,840	165,320	149,010	314,330
Subtotal activities and administrative overheads	3,710,224	1,437,011	1,295,239	2,732,250

^{a/} Does not include contribution from UNEP Environment Fund (see paragraph 3).
^{a/} Does not include contribution from FAO Regular programme (see paragraph 4).

Appendix III

Voluntary Special Trust Fund for the Operational Budget (RV)

Table 1. Contributions and pledges to the voluntary Special Trust Fund for the years 2005 and 2006 as of 31 May 2006 (in dollars)

	Pledged amount	Paid	Unpaid	
Carryover from PP Trust Fund 2005		929,817		\$500,000 earmarked by Switzerland for projects to be decided
Carryover from PP Trust Fund 2006		425,004		
COP2 decision 2/7 approved a further transfer of \$		242,065		
European Community	€50,000	47,788		Technical assistance projects
Germany	\$18,109	18,109	0	Technical assistance projects
Netherlands	\$188,035	188,035	0	Ad hoc Working Group on compliance (COP3)
Netherlands	\$100,000		100,000	50% for technical assistance
Norway	\$23,187	23,187	0	Participants' travel from LDCs
Sweden SEK 150,000	\$20,026	20,026		Participants' travel from LDCs
Switzerland	\$100,000	99,975		Support regional and subregional meetings
Switzerland	\$90,000	89,975		Technical assistance activities
USA	\$500,000	500,000	0	No mention (except for specific countries)
USA	\$300,000	0	300,000	
Total		2,583,981	400,000	

Table 2. Expenditures and projected expenditures for activities under the voluntary Special Trust Fund (in dollars)

	2006	Expenditures up to 31 May 2006	Projected expenditures up to end 2006	Total expenditures and projected expenditures
Participants' travel				
Participants' travel COP	500,000	16,499	483,500	499,999
Subtotal activities	500,000	16,499	483,500	499,999
Administrative overheads (13%)	65,000	2,145	62,855	65,000
Total	565,000	18,644	546,355	564,999
Facilitation of implementation and ratification				
Technical assistance	565,255	249,797	315,458	565,255
Printed material	45,150	12,821	32,329	45,150
Website	10,500	0	10,500	10,500
Subtotal activities	620,905	262,618	358,287	620,905
Administrative overheads (13%)	80,718	34,140	46,577	80,718
Total	701,623	296,758	404,864	701,623
Overall total of activities under voluntary Special Trust Fund	1,266,623	315,402	951,219	1,266,622

Appendix IV

Staffing

Table 1: Staffing situation as of 31 May 2006

		Approved	FAO	UNEP	Total
Staff category and level		2006			
		Staffing	Actual	Actual	Actual
A.	Professional category				
	D-1	0.5	0.25 ^{3/}	0.25	0.50
	P-5	2.0	1 ^{3/}	0 ^{2/}	1.0
	P-4 ^{1/}	4.0	0 ^{2/}	1.0	1.0
	P-3	5.0	2 ^{3/}	1.0 ^{2/}	3.0
	P-2	2.0	1.0	1.0	2.0
	Subtotal	13.5	4.25	3.25	7.5
B.	General Service category	5.30	2.25 ^{3/}	2.50	4.75
TOTAL (A + B)		18.8	6.5	5.8	12.3

^{1/} Administrative Officer to be funded from Programme Support Costs (OTL). In 2006 performed by the Financial Officer of UNEP Chemicals at the P-3 level on an interim basis. As of May 2006 no P-4 Financial Officer had been appointed.

^{2/} Under recruitment

^{3/} FAO contribution of 25 per cent of one D-1 post, one P-5 post, one P-3 post and 25 per cent of one General Service post.