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Virtual Meeting

REVIEW OF THE CORE FUND AND PROJECT-BASED FUND

(Item 7 of the provisional agenda)

Note by the Secretariat

CONTENTS

I.	THE STATUS OF THE CORE FUND.....	2
II.	THE STATUS OF THE PROJECT-BASED FUND.....	6
III.	IN-KIND CONTRIBUTIONS FROM PARTNERS AND OTHERS.....	9
IV.	ISSUES FOR CONSIDERATION.....	10

I. THE STATUS OF THE CORE FUND

1. As of 31 December 2020, the balance of the NEASPEC Core Fund was US\$943,779. In 2021, contributions from China and the Republic of Korea were US\$44,985 and US\$254,079, respectively. The Government of Mongolia has expressed its commitment to contribute to the NEASPEC Core Fund annually starting from 2022. The Secretariat has received US\$4,982 from Mongolia to the Core Fund for the 2022 budget year.

2. As of 30 June 2022, the balance of the NEASPEC Core Fund was US\$955,702. Table 1 illustrates the details of the NEASPEC Core Fund as of 30 June 2022.

Table 1. NEASPEC Core Fund - Financial Statement

As of 30 June 2022

	2022	2021	2020
	(as of 30 June)		(In US Dollars)
Beginning Fund Balance	1,033,420	943,779	727,132
<u>Income</u>			
Contributions Received	4,982	299,323	290,712
Interest Income		2,382	11,555
Gain/Loss on exchange		0	
	4,982	301,705	302,267
<u>Less:</u> Expenditures and commitments	(82,699)	(212,065)	(85,620)
Ending Fund Balance ending period	955,702	1,033,420	943,779

3. Tables 2 and 3 show the status of the project budget by programme area and budget category of expense for the project period of 2016-2020 and 2021-2025, respectively. As of 31 December 2020, the total project expense was US\$583,517 for the project period from July 2016 to December 2020. Due to the COVID-19 pandemic, all planned meetings in 2020 and 2021 were organized virtually, which resulted in substantial savings in travel and meeting-related costs.

Table 2. Status of NEASPEC Project Budget (for the period 2016-2020)*As of 31 December 2020*

(In US Dollars)

Activities	Budget Items	Approved 2016 - 2020 (A)	Expense 2016	Expense 2017	Expense 2018	Expense 2019	Expense 2020	Total Expense 2016-2020 (C)
Management of NEASPEC Secretariat and Meetings	Project staff	242,539	18,635	47,787	53,199	52,951	53,381	225,953
	Consultant - Evaluator	20,000				-	20,166	20,166
	EGMs and SOMs	56,117	3,389	10,758	16,227	14,685	-	45,059
	Staff travel*	9,728	15	10,004	(3,951)	-	-	6,068
	Website	1,752	59	293	-	-	290	642
	Sundry	1,062	15	15	-	-	493	523
	Operation- Subtotal (A)	331,198	22,113	68,857	65,475	67,636	74,329	298,410
Development and Implementation of Activities	Transboundary Air Pollution	98,310	150	18,310	-481	34,714	2,000	54,693
	o Joint Research	40,000	-	-	-	5,020	2,000	7,020
	o Workshops	58,310	150	18,310	(481)	29,694		47,673
	Marine Protected Area Network	27,408	0	4,067	1,337	209	0	5,613
	o Meeting(s)/trainings	27,408	-	4,067	1,337	209		5,613
	o MPA assessment	0	-	-	-	-		-
	Nature Conservation	140,201	18,155	-77	11,308	23,356	20	52,762
	o Meetings and trainings	90,201	18,155	(77)	5,442	10,005		33,525
	o Analytical studies & publication	50,000	-		5,866	13,351	20	19,237
	Dust and Land Degradation	50,000	0	0	0	1,495	0	1,495
	o Technical training	30,000	-	-	-	-	-	-
	o Workshops for the Multi- Stakeholder Plan	20,000	-	-	-	1,495	-	1,495
	Low Carbon City	116,600	18,393	60,484	-19,908	44,471	0	103,440
	o Technical assistance & workshop	57,340	18,393	1,234	13,092	11,141	-	43,860
	o Analytical studies*	59,260	-	59,250	(33,000)	33,330	-	59,580
	Programme-Subtotal (B)	432,519	36,698	82,784	-7,744	104,245	2,020	218,003
Total (A) + (B)		763,717	58,811	151,641	57,731	171,881	76,349	516,413
	Programme Support Cost (13%)	99,283	7,645	19,713	7,505	22,300	9,941	67,104
	Grand Total	863,000	66,456	171,354	65,236	194,181	86,290	583,517

4. For the budget period of 2021-2025, the budget was spent from January 2021 to June 2022 mainly for (1) project development and secretariat management and (2) activity implementation under each thematic work programme. The details of budget spending categorized by thematic work programme are as followings:

- (a) Programme planning and management: Project development and secretariat management, including salary for one international staff (50% of the post cost), one local staff, fees for consultants, and cost for development NEASPEC website (US\$227,162)
- (b) Air Pollution: two consultants for NEACAP policy analysis report and Best Available Techniques review paper respectively (US\$19,389)

- (c) Marine Protected Areas: (1) Translation (Japanese and Korean), layout and printing of the publications; and (2) NEAMPAN Workshop (15 July 2021, online) – online facilitation via KUDO¹ including simultaneous interpretation (US\$29,488)
- (d) Biodiversity and Nature Conservation: All activities were conducted online which resulted in savings on travel and meeting costs. The project activities were implemented using separate Nature Conservation project funds. Please find more details in Table 7.
- (e) Low Carbon City Platform: (1) International Forum on Low Carbon Cities (23-24 November 2021, online) - online facilitation via zoom with simultaneous interpretation, (2) Science, Technology and Innovation (STI) for Low Carbon and Resilient Cities: Training Workshop (16-17 December 2021, Hybrid form-online and Ulaanbaatar, Mongolia) - consultants for simultaneous interpretation (Chinese-English and vice versa), and (3) Printing of the Comparative Study on Low Carbon City Development in China, Japan, and the Republic of Korea (US\$10,582)
- (f) Desertification and Land Degradation: One consultant for a stock-taking study on the interlinkage of Desertification and Land Degradation (US\$8,000)

5. The financial status of NEASPEC Fund categorized by the nature of expenditures is presented in Table 3 below. In the year 2021, the Secretariat spent US\$212,065 or 11.16% of the total budget, whereas the Secretariat has accumulatively utilized US\$294,622 or 15.51% of the total budget as of 30 June 2022.

Table 3. Status of NEASPEC Project Budget (for the period of 2021-2025)

As of 30 June 2022

(In US Dollars)

Descriptions	Budget 2021-2025	Commitments and Expense <i>As of 30 June, 2022</i>	Budget Balance
Staff and other personnel costs	804,850	201,957	602,893
Contractual services	42,000	41,326	674
Operating expenses*	1,500	14,372	-12,872
Supplies and materials	0	424	-424
Equipment and furniture	4,500	2,648	1,852
Transfers and grants	110,000	0	110,000
Travel	718,500	0	718,500
Sub-total	1,681,350	260,727	1,420,623
Programme support costs (13%)	218,576	33,895	184,681
TOTAL	1,899,926	294,622	1,605,304

¹ KUDO is a multilingual web conferencing platform with human-powered live interpretation.

Remark: *the overspending on "Operating expenses" incurred from the organization of online meetings/seminars through engaging vendors for operational and technical support, the license fee for online meeting platforms, and video-recording.

6. The COVID-19 pandemic has continued to persist during the first half of 2022, and it has led to changes in the programme implementation modality from in-person meetings to virtual meetings. Therefore, the Secretariat requests the redeployment of budget lines to reflect the changes in the programme implementation modality.

7. Below is the proposed revised budget for consideration. The total budget for the period remains unchanged.

Table 4. Proposed Revised Budget 2021-2025

(In US Dollars)

Descriptions	Budget 2021-2025	Change (+/-)	Revised Budget 2021-2025
Staff and other personnel costs	804,850	0	804,850
Contractual services	42,000	+90,000	132,000
Operating expenses	1,500	+82,200	83,700
Supplies and materials	0	+2,500	2,500
Equipment and furniture	4,500	0	4,500
Transfers and grants	110,000	0	110,000
Travel	718,500	-174,700	543,800
Sub-total	1,681,350	0	1,681,350
Programme support costs (13%)	218,576	0	218,576
TOTAL	1,899,926	0	1,899,926

8. The saving from the "Travel" budget during 2021-2022 in the amount of US\$174,700 is proposed to be redeployed to the followings budget lines:

- (a) "Contractual Services" line in the amount of \$90,000 to cover the cost of NEASPEC website development (US\$19,860), website maintenance service of US\$3,500/year, interpretation and translation services, and printing of publications and reports;
- (b) "Operating Expenses" in the amount of US\$82,200 to accommodate the cost of engaging vendors to set up and manage online meeting platforms, the license fee for online meeting platforms, and video-recording; and
- (c) "Supplies and materials" in the amount of US\$ 2,500 to cover the cost of office supplies.

II. THE STATUS OF THE PROJECT-BASED FUND

9. In addition to the activities funded by the Core Fund, NEASPEC operates the project-based fund with contributions from member States for specific activities.

Project on “Strengthening the subregional cooperation through knowledge sharing on sustainable management of Marine Protected Areas (MPAs)”

10. Based on the agreement with the Government of the Russian Federation and pursuant to the decision of the SOM-21, the Secretariat implemented the project on “Strengthening the subregional cooperation through knowledge sharing on sustainable management of Marine Protected Areas (MPAs)”. The contribution of \$120,000 was transferred from the Russian Federation in 2018. The project was approved for operation from 1 March 2018 to 30 June 2021. Upon closure of the project budget as of 8 December 2021, the total amount of expenditures was US\$78,500 (Table 5). The balance of US\$47,056, inclusive of interest income of US\$5,556, was transferred back to the ESCAP-Russian Funds in December 2021.

Table 5. MPA Project Budget and Expense
As of 8 December 2021 (as of closure of project)

(In US Dollars)

Descriptions	Original budget	Revised budget (approved)	Expense in 2020	Total Expense in 2021
Personnel/Consultant	10,000	50,000	47,000	47,000
Contractual services	19,500	19,500	3,712	18,423
Operating expense	695	695	140	143
Grants (LOA)	40,000	0	0	0
Travel (EGM)	36,000	36,000	3,903	3,903
Sub-Total	106,195	106,195	54,721	69,469
Programme Support Cost (13%)	13,805	13,805	7,118	9,031
Total	120,000	120,000	61,873	78,500

11. Due to the COVID-19 pandemic, a planned workshop could not take place. Upon the approval by the Government of the Russian Federation, the Secretariat thus changed the project activity plan and used the funds initially allocated for the workshop for translating the study outcomes into the languages of the NEAMPAN members (Chinese, Japanese, Korean and Russian). Key expenditures were made as follows:

- (a) Engagement of translation services of the project report into Chinese and Russian languages (The translation cost for Korean and Japanese languages were funded from NEASPEC Core Fund budget); and
- (b) Printing of the project report

Project on “Transboundary cooperation on the conservation of Amur tigers, Amur leopards and Snow leopards in North-East Asia”

12. The SOM-23 endorsed the project including three components; (1) transboundary cooperation between the Northeast Tiger and Leopard National Park (TLNP) of China and the Land of the Leopard National Park (LLNP) of the Russian Federation to conserve Amur tigers and leopards; (2) transboundary cooperation between neighboring protected areas in Lesser Khingan Mountains to conserve Amur tigers; and (3) the assessment of two snow leopard subpopulations in the transboundary areas between Mongolia and the Russian Federation, with the total contribution of US\$ 377,081 from the Russian Federation (Table 6). The project period was initially from January 2020 to September 2022, but the Government of the Russian Federation approved an extension by December 2022 to complete all planned activities.

Table 6. NEASPEC NC Project-Financial Statement

As of 30 June 2022

	2022	2021	2020
	(30 June)		(In US Dollars)
Beginning Fund Balance	27,537	270,260	0
<u>Income</u>			
Contributions received	0	0	377,081
Interest Income	0	277	6,179
	0	277	383,260
<u>Less:</u> Expenditures <i>and commitments</i>	(108,480)	0	<u>(113,000*)</u>
Ending Fund Balance ending period	162,057	270,537	270,260

Remark: * US\$113,000 is the commitment incurred from engaging in the contractual agreements with project partners in 2020. However, the actual release of payment will be made upon the project implementation schedule during 2020-2022. Therefore, the recognition of actual expense is later reflected upon the release of payment as in Table 7.

Table 7. Status of NC Project Budget and Expense (preliminary)*As of 30 June 2022*

(In US Dollars)

Descriptions	Budget (A)	Expense 2020 (B)	Expense 2021 (C)	Outstanding Commitment 30 June 2022 (D)	Total Committed and Expense 2020-2021 E = B+C+D	Balance (A)-(E)
Staff and other personnel costs	10,000	0	0	0	0	10,000
Contractual services	57,000	0	0	0	0	57,000
Operating expenses	1,000	0	0	0	0	1,000
Transfers and grants	212,000	14,014	85,986	96,000	196,000	16,000
Travel	53,700	0	0	0	0	0
Sub-total	333,700	14,014	85,968	96,000	196,000	137,700
Programme support costs (13%)	43,381	1,822	11,178	12,480	25,480	17,901
TOTAL	377,081	15,836	97,164	108,480	221,480	155,661

Remarks: The balance of US\$155,661 is *exclusive* of interest income of US\$6,456 as of 30 June 2022

13. The major activities in 2020-2022 with key expenditures up to the date of the report include the following:

- (a) On project component 1: “Transboundary cooperation between the Northeast Tiger and Leopard National Park (TLNP) of China and the Land of the Leopard National Park (LLNP) of the Russian Federation to conserve Amur tigers and leopards”: Out of the contract amount of US\$96,000 for the LOA with LLNP, US\$30,000 was advanced to LLNP for initial project implementation activities in early 2022. The remaining amount of the contract is pending for payment.
- (b) On project component 2: “Sino-Russian transboundary protected areas and feasibility study in Lesser Khingan Mountains to conserve Amur tigers”: The committed contract amount of US\$50,000 for the LOA with the WWF Russia (Amur branch) and the Feline Research Center has been released (US\$25,000, respectively).
- (c) On project component 3: “Assessment of the current status of two snow leopard subpopulations in Transboundary are between Mongolia and the Russian Federation”: The committed contract amount of US\$50,000 for the LOA with the Irbis Mongolia Center and the WWF Russia (Altai-Sayan branch) has been released (US\$25,000, respectively).

III. IN-KIND CONTRIBUTIONS FROM PARTNERS AND OTHERS

14. During the past budget period, the Secretariat obtained additional financial and in-kind support from project partners through joint activities or collaboration. Table 8 details in-kind contributions that the Secretariat received in 2020-2021. In addition to the activities listed in the table, the Secretariat has collaborated with various project partners in member States for project implementation. Those partners include but are not limited to, Baikal Institute of Nature Management of the Siberian Branch of the Russian Academy of Science (BINM SB RAS), Climate Change Research and Cooperation Centre (CCRCC) of Mongolia, Green Climate Fund (GCF), Innovative Green Development Program (iGDP), ICLEI East Asia Secretariat, Incheon Climate and Environment Research Center, Incheon Metropolitan City, Korea Marine Environment Management Corporation (KOEM), and OJJeong Resilience Institute (OJERI) of Korea University.

Table 8. In-kind contributions received for joint activities in 2020-2021

Activity		Dates	Partner	Contributions
Project “Science, Technology and Innovation (STI) for Low Carbon and Resilient Cities”	a. Stakeholder consultations	Aug-Oct 2021	<ul style="list-style-type: none"> Climate Change Research and Cooperation Centre (CCRCC), Mongolia Baikal Institute of Nature Management of the Siberian Branch of the Russian Academy of Science (BINM SB RAS) 	Human resources, administrative and logistical support
	b. International Forum on Low Carbon Cities	23-24 November 2021, online	<ul style="list-style-type: none"> Incheon Metropolitan City ICLEI East Asia Secretariat Innovative Green Development Program Green Climate Fund Incheon Climate & Environment Research Center 	Human resources and logistical support
	c. Science, Technology and Innovation (STI) for Low Carbon and Resilient Cities: Training Workshop	16-17 December 2021, Hybrid (Ulaanbaatar, Mongolia and online)	<ul style="list-style-type: none"> Climate Change Research and Cooperation Centre (CCRCC), Mongolia ICLEI East Asia Secretariat Innovative Green Development Program (iGDP) 	Human resources, administrative and logistical support
Project “Transboundary cooperation on the conservation of Amur tigers, Amur leopards and Snow leopards in North-East Asia”		2020-2022	<ul style="list-style-type: none"> Land of Leopard National Park (Russian Federation) Feline Research Center of China WWF Russia Irbis Mongolia Center 	Human resources, administrative and logistical support

Webinar: Carbon Emissions from Land Use and management in East and North-East Asia: Linking Desertification, land degradation and climate change	15 September 2021	<ul style="list-style-type: none"> • OJEong Resilience Institute (OJERI) of Korea University 	Human resources and logistical support
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IV. ISSUES FOR CONSIDERATION

15. 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 other member States to make similar contributions.

16. The Meeting may wish to request member States to announce their intended financial and in-kind contributions to the implementation of programmes and activities.

17. The Meeting may wish to accept the financial report and approve the proposed revised budget plan for the project period of 2021-2025 (table 4).

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