

## **Report on Finances**

**November 2002**

### **Introduction**

As in the past, income and disbursement forecasts are reported on a calendar year basis. They are reported in American dollars because that is the unit of account for the Council, even though most contributions are made in a variety of other currencies.

The year 2002 has been a transition period between Phases II and III and therefore this report covers contributions to both Phases. The attached table tries to distinguish between the two Phases wherever possible. In general, one can say that wherever the text refers to a Working Group (WG) that indicates a Phase II activity and where it mentions a Task Force (TF) it usually means a Phase III activity except in the case of the Forest and Grassland TF where it bridges both Phases.

The other unusual aspect of this report is that, at the time of writing, we have yet to hear from several traditional supporters of CCICED about future commitments to Phase III.

### **Income**

There is no annual assessment or burden-sharing formula applied to Members of the Council. All contributions are voluntary.

#### *Phase II Contributions*

The following list covers the approximate US\$ value of year 2002 contributions to winding up activities funded in Phase II:

**Canada** - \$71,000 for Energy WG; \$126,000 for Trade WG; \$109,000 for Agriculture WG; \$2,000 for Pollution Control WG; \$100,000 for Canadian Secretariat

**UK** - \$214,000 for Economics WG

**Norway** - \$81,000 for Economics, Biodiversity and Trade Working Groups

**Netherlands** - \$29,000 for CO2 Mitigation Group

**Ford Foundation, World Bank, World Wildlife Fund, Australia and others**  
\$500,000 for Forest and Grassland TF

### *Phase III Pledges*

To date, Canada, China, Germany, Japan and Netherlands have committed funds to Phase III but others have expressed positive interest in contributing and it is anticipated that some pledges may be made during the Annual Meeting.

Canada and China have signed a formal Memorandum of Understanding Concerning CCICED for Phase III specifying that the Canadian contribution will not exceed Cdn\$ 8,000,000 and the Chinese contribution will amount to RMB 10,000,000 in addition to the provision of staff, facilities and local costs estimated at RMB 22,000,000. The annual Chinese cash contribution will equal approximately US\$ 245,000. The Canadian contributions were not earmarked in advance for any specific Task Forces but will be used to support whatever core activities require funds to meet the priority needs determined by the Council and its Bureau. To date some initial Canadian allocations have been made for the Eco-Security TF, Energy TF, Trade TF, Council meeting, Lead Experts and Secretariat costs for Phase III. China has also provided initial funds for 9 TFs, Council Meeting, Lead Experts and the Secretariat.

The following pledges have been made by other donors:

- The total German contribution for phase III amounts to 1,022 million EURO, out of which 190,000 will be provided as financial contribution to CCICED Secretariat for covering costs of annual meetings and other activities.
- In the case of Japan, GISPRI has pledged 5,000,000 yen to support the Task Force on Promotion of Circular Economy and Cleaner Production and OECC has pledged US\$300,000 to the TF on Urban Environmental Infrastructure Financing Mechanism and RMB 100,000 to the Secretariat.
- The Netherlands Government pledged 600,000 Euro to the TF on Enterprises Development and the Environment.
- Although no formal announcement had been made by the time this report was prepared, we understand that Norwegian NORAD will shortly make a substantial 5-year pledge. Sweden, UK, Switzerland and Shell Company have also indicated their interest. It is expected that their pledges will be announced shortly.

A table combining Phase II and III contributions by purpose and by donor is appended. It lists the approximate value in US\$ of all cash contributions made during calendar year 2002 with footnotes on total Phase III pledges to date. Please refer to the attachment for China's in-kind contributions. The financial support from all sources is of great value and much appreciated, as are the many in-kind contributions made not only by China but also by NGO's, firms and many experts and institutions. The latter are too numerous to mention here but are usually acknowledged in the Working Group and Task Force Reports.

## **Task Forces**

There are currently nine Task Forces (TF) approved to report to the Council this year and next year. For the first Meeting of Phase III, the following TFs will report to the Council: “ Forest and Grassland ”; “ China’s Accession to the World Trade Organization: Environmental Impacts & Strategies ” ; “ Environmental Economics ” ; and “ Eco-security ” .

The following five TFs will report to the 2003 AGM: “ Strategy and Mechanism Study for Promotion of Circular Economy and Cleaner Production ” ; “ Development of Environmental Protection Industry ” ; “ Urban Environmental Infrastructure Financing Mechanism ” ; “ Enterprises Development and the Environment ” ; “ Energy Strategies and Technologies ” .

The amount of future Task Force activity will be limited by two main considerations: time and money. At each Annual Meeting during Phase III, it is planned that the Council will receive and discuss only 4-6 TF final reports. By dropping the requirement to hear many TF reports annually, the Council should be able to optimize the time available for discussion of urgent issues. The other complicating factor in this Phase is the new rule that normally each TF will have no more than two years to complete its work program. In a few cases however, the Bureau may decide to extend the work period of a TF if Council Members recommend this because it would meet a priority need for China.

The other limitation will be financial resources to support Task Forces that are budgeted at approximately US\$300,000 each annually. Even the latter figure is a very tentative until we have more experience in operating short-term Task Forces and it may have to be adjusted by next year.

Although several key donors have still not made any firm commitment to Phase III, we are hoping that eventually CCICED should be able to support a five-year budget of at least \$12 million for this purpose i.e. approximately 40 years of Task Force activity.

## **Other Expenses**

Most other costs are easier to estimate. The following annual costs which are forecast for this year should continue to be about the same in future years:

Council meetings (including travel costs) = \$250,000

Secretariat = \$210,000

(about \$100,000 are operational cost for the Secretariat)

Canadian Office

= \$200,000

### **Future Outlook**

It is not possible to make a valid 5-year income and disbursements projection at this early stage because several key donors that have been generous supporters in the past have held back on new commitments. It seems that they are waiting until they have a clear picture of how Phase      will be structured and operated. That picture took longer than anticipated to take shape. However, as more information becomes available after the initial Council meeting of Phase      , several substantial donors seem likely to make multi-year pledges - and that should make it possible to present a more satisfactory financial report next year.

## CCICED 2002 Budge (US\$K)

CCICED 2002 Budget Report	Approximate expenditures during calendar year 2002 in US\$000									
Purpose/Donor	1) CIDA	2) UK	3) NORAD	4) GTZ	5) Neth	6) Japan	7) others	8) China	Total	
Forestry/Grasslands TF							500	11	511	
Env. Economics WG/TF		214	15					11	240	
Eco-security TF	100		22					11	133	
Trade/ WTO TF	226		44					11	281	
Energy TF	171							11	182	
Circ Econ & Cleaner Prodn TF						45		11	56	
Urban Env Financing TF						150		11	161	
Enterprise Deve & Env TF					175			10	185	
Environmental Industry TF				137				10	147	
Agriculture WG	109								109	
Pollution & CO2 WGs	2				29				31	
<b>TF sub-total</b>	<b>608</b>	<b>214</b>	<b>81</b>	<b>137</b>	<b>204</b>	<b>195</b>	<b>500</b>	<b>97</b>	<b>2036</b>	
Council Meetings	193			38		12		12	255	
Lead Experts & consultants	100							12	112	
Secretariat	48							162	210	
Secretariat Canadian Office	200								200	
Other activities							31		31	
<b>Total</b>	<b>1149</b>	<b>214</b>	<b>81</b>	<b>175</b>	<b>204</b>	<b>207</b>	<b>531</b>	<b>245</b>	<b>2844</b>	
<p>1) Canadian CIDA pledged CDN\$ 8.0 million over 5 years in Phase III.</p> <p>2) Final portion of UK DFID grant to Economics WG in Phase II. No announcement yet on Phase III.</p> <p>3) Final portion of Norwegian NORAD grant in Phase II. NORAD is also likely to make a 5-year pledge for Phase III.</p> <p>4) German GTZ pledged 1.022 M Euro over 5 years in Phase III of which 190K will be financial contribution to AGM etc.</p> <p>5) Netherlands Government gave \$29K to CO2 study in Phase II and pledged 600K Euro to TF on Industry &amp; Sust. Dev. in Phase III.</p> <p>6) Japan: GISPRI pledged 19.9 M Yen to TF on Clean Prodn; OECC pledged \$300K to TF on Financing Env prot &amp; 100K RMB to the Secretariat.</p> <p>7) In 2001/02, following pledges were made to Forest/Grass TF: 600K-Ford Fdtn; 320K-WB; 25K-WWF; 62K-Australia; 18K-others.</p> <p>7) 5 year pledges have been made by ADB for \$85K and by Shell Company for \$73 K.</p> <p>8) China pledged RMB10M in cash and RMB 22M in-kind contribution over the 5 year period of Phase III (please refer to the attachment for details).</p> <p>Rates used for US\$: Cdn\$ = 1.55; Nor K = 7.63; Euro = 1.03; Japan Yen = 125.5; China Yuan = 8.28; UK£ = .65</p>										

## **Breakdown of In-kind Support from Chinese Side for CCICED Phase III (on an annual basis)**

The grant total is RMB 5,300,000 Yuan. The detailed breakdowns are as follows:

- A. Secretariat: RMB 750,000 Yuan, including salary and insurance for Secretary- General and operational costs for his office; rental for the office for the Secretariat, expenditure for water, electricity, daily communication, transportation, office facilities and other supporting logistic back ups;
- B. Task Forces: RMB 3,150,000 Yuan for 9 task forces for 2002-2003, including office rental, office facilities, water and electricity, daily communication, transportation, cost for supporting research fellows and logistic back ups;
- C. Lead Expert and assistants (5 persons): RMB 200,000 Yuan, including office and meeting rental, water and electricity, daily communication, transportation, depreciation of office facilities and logistic back ups;
- D. Preparation for AGM: RMB 350,000 Yuan, including the personnel input from parties related;
- E. Supporting cost for the Secretariat, TFs and Lead Expert and his assistants from local governments, enterprises, research institutes, universities and colleges for the following activities: side visits, investigations, meetings, demonstration projects and etc, which adds up to RMB 800,000 Yuan.

Please be kindly noted that the actual supporting costs from some local governments are much more than the estimated figure than RMB800,000 Yuan in Item E.

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