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REVIEW AND PLANNING OF THE CORE AND PROJECT-BASED FUND

(Item 7 of the provisional agenda)

Note by the Secretariat

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I. THE STATUS OF THE CORE FUND

1. As of 31 December 2018, the balance of the NEASPEC Core Funds was \$654,864. China and Republic of Korea made contributions to the Fund in the amount of \$50,000 and \$100,000 respectively.

2. In 2019, Republic of Korea raised its contribution and transferred a total of \$200,000 to the NEASPEC Core Fund as indicated at the SOM-22 in support of the NEACAP. China has contributed \$50,000 to the Fund in August 2019 but the table 1 reflects contributions received by 31 July 2019. As of 31 July 2019, the Fund has the balance of \$708,724. Table 1 shows the revenues and expenses and commitments of the NEASPEC Core fund in details by year.

Table 1. NEASPEC Core Fund - Financial Statement

As of 31 July 2019

	(In US Dollars)		
	2019 Jan-Jul	2018	2017
Beginning Fund Balance	654,864	557,995	570,435
<u>Income</u>			
Contributions Received	200,000*	150,000	150,000
Interest Income	0	12,083	5,239
Gain/Loss on exchange	0	64	
	<u>200,000</u>	<u>720,162</u>	<u>725,674</u>
<u>Less:</u> Expenditures and commitments	<u>(146,140)</u>	<u>(65,298)</u>	<u>(167,679)</u>
Ending Fund Balance ending period	<u>708,724</u>	<u>654,864</u>	<u>557,995</u>

***Note:** To conform with the expense cut-off date as of 31 July 2019, US\$50,000 contribution received from China in August 2019 is not included in this table. The total amount of contributions and expenses for entire year will be fully reported at the year-end financial statement.

3. The remaining balance of the NEASPEC Core Fund together with new contributions will be used for the implementation of the project activities in accordance to the NEASPEC Strategic Framework.

4. The major expenditures in 2018 and 2019 were for the following project activities:

- Programme planning and management: (1) project development and Secretariat management (including salary for a secretariat assistant, fees for consultants and expenses for official missions of staff) and (2) the organization of the SOM-22.
- Transboundary Air Pollution: The First Science and Policy Committee Meeting of North-East Asia Clean Air Partnership (NEACAP) (4-5 July 2019, Seoul, Republic of Korea)
- Marine Protected Areas: NEAMPAN Project Review Meeting on Strengthening the Subregional Cooperation through Knowledge Sharing on Sustainable Management of Marine Protected Areas (30 April 2019, Incheon, Republic of Korea)
- Nature Conservation: International Forum on Tiger and Leopard Transboundary Conservation (28-29 July 2019, Harbin, China)
- Low Carbon City Platform: (1) International Consultation Workshop for Guangzhou Low-carbon Strategy (24-25 January 2019, Guangzhou, China) and (2) North-East Asia Low Carbon City Platform Comparative Study: Final Review Meeting (12 April 2019, Incheon, Republic of Korea)
- Desertification and Land Degradation: Asia-Pacific Forestry Week (APFW) 2019 Side Event: Multi-stakeholder Cooperation in North-East Asia on Combatting Desertification and Land Degradation (21 June 2019, Incheon, Republic of Korea)

5. The previous SOM approved the Secretariat's request to extend the project cycle from 2016-2018 to from 2016 to 2020 to support the continued implementation of NEASPEC Strategic plan 2016-2020. As of 31 July 2019, the total project expense is \$443,567 which represents 51 % of delivery rate in comparison with the total budget of \$863,000. Please refer to the table 2 for the status of project budget by programme area and by nature of expenses.

6. The Secretariat expects to hold a meeting by bringing national focal points to review the result of evaluation and the draft outline. To support the additional event, the Secretariat proposes the redeployment of US\$20,000 under consultation-evaluator to EGMs and SOMs. Also, the Secretariat expects to have additional activities under transboundary air pollution to operationalize NEACAP in 2020 and to receive project proposals on nature conservation to be supported by the project-based fund. Furthermore, the Secretariat has the view that budget for desertification and land degradation will not be fully utilized. In this regard, the Secretariat proposes the redeployment of US\$40,000 from the nature conservation and US\$20,000 from DLDD to transboundary air pollution.

Table 2. Status of NEASPEC Project Budget*As of 31 July 2019*

(In US Dollars)

Activities	Budget Items	Approved Budget 2016 - 2020 (A)	Expense 2016	Expense 2017	Expense 2018	Expense 2019 (1 Jan-31Jul)	Total Expense as of 31 July 2019 (B)	Budget Balance as of 31 July 2019 (A)-(B)
Management of NEASPEC Secretariat and Meetings	Project staff	242,539	18,635	47,787	53,199	31,094	150,715	91,824
	Consultant -Evaluator	20,000			-	-	-	20,000
	EGMs and SOMs	56,117	3,389	10,758	16,227	-	30,374	25,743
	Staff travel	9,728	15	9,896	(3,951)	-	5,960	3,768
	Website	1,752	59	293	-	-	352	1,400
	Sundry	1,062	15	15	-	-	30	1,032
	Operation-Subtotal (A)	331,198	22,113	68,749	65,475	31,094	187,431	143,767
Development and Implementation of Activities	Transboundary Air Pollution	98,310	150	18,310	-481	30,512	48,491	49,819
	o Joint Research	40,000	-	-	-	-	-	40,000
	o Workshops	58,310	150	18,310	(481)	30,512	48,491	9,819
	Marine Protected Area Network	27,408	0	4,067	1,337	0	5,404	22,004
	o Meetings/trainings	27,408	-	4,067	1,337	-	5,404	22,004
	o MPA assessment	0	-	-	-	-	-	-
	Nature Conservation	140,201	17,293	-77	11,308	21,486	50,010	90,191
	o Meetings/trainings	90,201	17,293	(77)	5,442	10,086	32,744	57,457
	o Analytical studies & publication	50,000	-	-	5,866	11,400	17,266	32,734
	Dust and Land Degradation	50,000	0	0	0	1,495	1,495	48,505
	o Technical training	30,000	-	-	-	-	-	30,000
	o Workshops for the Multi-Stakeholder Plan	20,000	-	-	-	1,495	1,495	18,505
	Low Carbon City	116,600	17,312	60,484	-19,908	43,590	101,478	15,122
	o Technical assistance & workshop	57,340	17,312	1,234	13,092	10,590	42,228	15,112
	o Analytical studies*	59,260	-	59,250	(33,000)	33,000	59,250	10
Programme-Subtotal (B)	432,519	34,754	82,784	-7,744	97,083	206,877	225,642	
Total (A) + (B)	763,717	56,867	151,533	57,731	128,177	394,308	369,409	
	Programme Support Cost (13%)	99,283	7,645	16,146	7,505	17,963	49,259	50,024
	Grand Total	863,000	64,512	167,679	65,236	146,140	443,567	419,433

* **Note:** The adjustment of 2018 expense is due to the liquidation of contract in the amount of \$33,000.

II. THE STATUS OF THE PROJECT-BASED FUND

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

8. Based on the agreement with the Government of the Russian Federation and in pursuant to the decision of the SOM-21, the Secretariat has started the implementation of the project on the “Strengthening the subregional cooperation through knowledge sharing on sustainable management of Marine Protected Areas (MPAs)”. The contribution of \$120,000 was transferred from the Government of Russian Federation in 2018. The project is approved for operation from 1 March 2018 to 31 December 2019 (21 month-period).

9. As of 31 July 2019, the table 3 presents the status of financial contributions for the project which has the total balance of \$60,737.

Table 3. NEASPEC MPA Project- Financial Statement

As of 31 July 2019

	(In US Dollars)	
	2019 Jan-Jul	2018
Beginning Fund Balance	92,839	0
<u>Income</u>		
Contributions received		120,000
Interest Income	<u>0</u>	<u>2,257</u>
	92,839	122,257
<u>Less:</u> Expenditures and commitments	<u>(32,102)</u>	<u>(29,418)</u>
Ending Fund Balance ending period	<u><u>60,737*</u></u>	<u><u>92,839</u></u>

***Note:** Excluding the interest income, the total balance for 2019 is US\$58,480, as indicated in the table 4.

9. Presented in table 4 is the project expenses by their nature. Expenditure as of reporting date is \$61,520 which represents 51% of delivery rate. As indicated in the table 4, with the approval of the Russian Government, project budget (\$40,000) was reallocated from “Grants” to “Personnel / Contract” to accommodate the contractual arrangements with the counterparts with no additional financial implication to the total approved budget.

Table 4: Status of MPA Project Budget*As of 31 July 2019*

(In US Dollars)

Descriptions	Original Budget line	Revised Budget (approved) (1)	Expense 2018 (2)	Expense 2019 (Jan-Jul) (3)	Total Expense (4)	Balance (1)-(4)
Personnel/Consultant	10,000	50,000	26,000	21,000	47,000	3,000
Contractual services	19,500	19,500	34	3,446	3,480	16,020
Operating expense	695	695		60	60	635
Grants (LOA)	40,000	0	0	0	0	0
Travel (EGM)	36,000	36,000	0	3,903	3,903	32,097
Sub-Total	106,195	106,195	26,034	28,409	54,443	51,752
Programme Support Cost (13%)	13,805	13,805	3,384	3,693	7,077	6,728
Total	120,000	120,000	29,418	32,102	61,520	58,480

10. The major activities in 2018 and 2019 up to the date of reporting are for conducting the studies on “Strengthening the Subregional Cooperation through Knowledge Sharing on Sustainable Management of Marine Protected Areas” with following key expenditures:

- Consultant contracts to conduct the study: seven contracts were signed in 2018 and 2019. Consultants include one Chinese, one Japanese, one ROK and four Russian experts.
- Project Review Meeting on 30 April 2019, Incheon, Republic of Korea

III. CONTRIBUTIONS FROM PARTNERS AND OTHERS

11. During the past budget period, the Secretariat obtained additional financial and in-kind support from project partners through joint activities or collaboration. Table 5 details in-kind contributions that the Secretariat received in 2018-2019. In addition to the activities listed in the Table 5, the Secretariat has collaborated with various project partners in member States for project implementation. Those partners include Innovative Green Development Program (iGDP), Guangzhou Energy Conservation Supervision Center, National Forestry and Grassland Administration of China, Northeast Forestry University of China, Korea Environment Institute (KEI), and Institute for Global Environment Studies (IGES).

Table 5. In-kind contributions received for joint activities in 2018-2019

Activity	Dates	Partner	Contributions
International Forum on Tiger and Leopard Transboundary Conservation	28-29 July 2019, Harbin, China	National Forestry and Grassland Administration of China, Northeast Forestry University of China	Venue, catering, administrative and logistical support
Roundtable on the Future of North-East Asia Clean Air Partnership	4 July 2019, Seoul, Republic of Korea	Ministry of Foreign Affairs of ROK and National Council on Climate and Air Pollution of ROK	Venue, catering and logistical support
Asia-Pacific Forestry Week (APFW) 2019 NEASPEC Side Event	21 June 2019, Incheon, Republic of Korea	Korea Forestry Service, FAO	Venue and catering
International Consultation Workshop for Guangzhou Low-carbon strategy	24-25 January 2019, Guangzhou, China	Guangzhou Energy Conservation Center	Venue, catering and logistical support
22 nd Senior Officials Meeting	25-26 October 2018, Beijing, China	Ministry of Foreign Affairs, China	Venue, catering and local administrative and logistical support
Green Transformation in Wuhan-International Consultation Workshop for Low-carbon City Roadmap	11 June 2018, Wuhan, China	Innovative Green Development Program (iGDP), Wuhan Energy Conservation Supervision Center	Venue, catering and local administrative and logistical support

IV. ISSUES FOR CONSIDERATION

12. 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 others in a position to make similar contributions to do so.
13. The Meeting may wish to accept the financial report and approve the proposed redeployment of the budget
14. The Meeting may request member States to announce their intended financial and in-kind contributions to the implementation of programmes and activities.

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