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REVIEW OF THE CORE FUND AND PROJECT-BASED FUND

(Item 6 of the provisional agenda)

Note by the Secretariat

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I. THE STATUS OF THE CORE FUND

1. As of 31 December 2023, the balance of the NEASPEC Core Fund was US\$810,512. In 2023, contributions from China and the Republic of Korea were US\$44,985 and US\$116,640 respectively.

2. As of 30 September 2024, the balance of the NEASPEC Core Fund was US\$665,142. The status of the NEASPEC Core Fund as of 30 September 2024 is shown in Table 1.

**Table 1. NEASPEC Core Fund –
Financial Statement**
As of 30 September 2024

(In US dollars)

| | 2024* (as of 30 Sep) | 2023 | 2022 |
|---|-------------------------|-----------|-----------|
| Beginning Fund Balance | 810,512 | 961,942 | 1,033,420 |
| <u>Income</u> | | | |
| Contributions Received* | 45,000 | 161,625 | 179,718 |
| Interest Income | - | 38,018 | 5,142 |
| Sub-total | 45,000 | 199,643 | 184,860 |
| <u>Less:</u> Expenditures and commitments | (190,370) | (351,073) | (256,338) |
| Ending Fund Balance at the end of period | 665,142 | 810,512 | 961,942 |

*Contributions Received: This financial report cut off as 30 September 2024. The contributions of US\$45,000 received from China is included in this table.

3. From August 2023 to September 2024, expenses incurred can be categorized into two main components: (1) project development and secretariat management, and (2) activity implementation under each thematic work programme. The details of the budget spending, categorized by thematic work programme, are as follows:

(a) Programme planning and management (US\$148,941):

- US\$119,082 for project development and secretariat management, including salary for one international staff member (50% of the post cost) and one local staff member.
- US\$3,244 for NEASPEC website maintenance.
- US\$26,615 for organizing the *Meeting of National Focal Points* in Incheon, Republic of Korea (11 October 2023), the *Commemorative Event of the 30th Anniversary of NEASPEC* (23 October 2023) and the *NEASPEC 26th Senior Officials Meeting* in Seoul, Republic of Korea (23-24 October 2023).

(b) Air Pollution (US\$25,000):

- US\$25,000 for organizing the *NEACAP 1st Policy Dialogue* in Incheon, Republic of Korea (23 September 2024); and the *NEACAP Sixth Meeting of the Science and Policy Committee and Technical Centers* in Incheon, Republic of Korea (24 September 2024).

** Remarks: For the NEACAP policy analysis report, US\$38,000 was spent on six consultants, which was reported as part of the committed expenses in the 2023 report and is thus not included here.*

(c) Biodiversity and Nature Conservation (US\$ 17,078):

- US\$17,078 for organizing the *Workshop on Nature Conservation and Biodiversity for Transboundary Cooperation* held in Incheon, Republic of Korea (28-29 August 2024). In addition to the NEASPEC Core Fund, the workshop used a project-based fund. Please find more details in Table 3 below.

(d) Marine Protected Areas (US\$11,021):

- US\$10,000 for a consultant on the *NEAMPAN study on ocean-based climate action in the Republic of Korea* (October 2023)
- US\$1,021 for a mission to attend the *Ocean Governance Global Conference* in Tarragona, Spain (September 2023)

(e) Low Carbon City Platform (US\$ 25,966):

- US\$25,966 for organizing the *4th International Forum on Low Carbon Cities* in Kitakyushu, Japan (8-9 October 2024).

** Remarks: Commitment as of 30 September 2024.*

(f) Desertification and Land Degradation (US\$ 0):

- A working paper was produced in-house without any expenditure.

4. Over the past three years, the NEASPEC Core Fund balance has significantly decreased, from US\$ 1,033,420 in January 2022 to US\$665,142 as of 30 September 2024, due to expenditures on approved activities exceeding contributions received. Thus, increased contributions are required to maintain the current work programme.

5. Table 2 illustrates the financial status of the NEASPEC Core Fund against the approved budget for the period 2021-2025, categorized by the nature of expenditures. As of 30 September 2024, the Secretariat has spent US\$1,009,705, representing 53.14% of the approved budget.

Table 2. Status of NEASPEC Project Budget (for the period of 2021-2025)*As of 30 September 2024**(In US dollars)*

| Descriptions | Budget 2021-2025 | Commitments and Expense As of 30 Sept 2024 | Budget Balance |
|--------------------------------------|---------------------|--|-------------------|
| Staff and other personnel costs | 829,000 | 548,283 | 280,717 |
| Contractual services | 291,000 | 96,952 | 194,048 |
| Operating expenses* | 40,000 | 15,561 | 24,439 |
| Supplies and materials | 2,500 | 1,478 | 1,022 |
| Equipment and furniture | 4,500 | 2,648 | 1,852 |
| Transfers and grants | 110,000 | 88,600 | 21,400 |
| Travel | 404,350 | 140,022 | 264,328 |
| <i>Sub-total</i> | <i>1,681,350</i> | <i>893,544</i> | <i>787,806</i> |
| <i>Programme support costs (13%)</i> | <i>218,576</i> | <i>116,161</i> | <i>102,415</i> |
| TOTAL | 1,899,926 | 1,009,705 | 890,221 |

* *Operating expenses include courier service fee, rental of meeting facilities and equipment, on-line meeting facilitation services, bank fee, and other miscellaneous operating expenses.*

II. THE STATUS OF THE PROJECT-BASED FUND

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

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

7. The SOM-23 endorsed the project, which includes 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 3). The project was initially planned from January 2020 to September 2022, and the Government of the Russian Federation approved an extension until August 2023 to complete planned activities to complete planned activities, which were achieved as scheduled. The remaining balance, due to the cancellation of in-person meetings during the COVID-19 pandemic, was returned to the donor (Table 4).

Table 3. Transboundary Cooperation on the Conservation of Amur Tigers, Amur Leopards and Snow Leopards in North-East Asia

Final Financial Statement

23 January 2020 to 29 February 2024

(In US dollars)

2020-2024

Funding

| | |
|---|-----------------------|
| Contributions Received | 377,081 |
| Interest Income | <u>15,850</u> |
| Sub-total | 392,931 |
| <u>Less: Expenditures and commitments</u> | <u>(232,970)</u> |
| Ending Fund Balance at the end of period | <u><u>159,961</u></u> |

*Remarks: The balance of US\$159,961 was returned to the donor.

**Table 4. Final Budget and Expenses
For the period 23 January 2020 to 29 February 2024**

(In US dollars)

| Descriptions | Budget 2020-2023 | Expense | Budget Balance |
|--------------------------------------|---------------------|----------------|-------------------|
| Staff and other personnel costs | 10,000 | 10,100 | (100) |
| Contractual services | 57,000 | - | 57,000 |
| Operating expenses* | 1,000 | 68 | 932 |
| Supplies and materials | - | - | - |
| Equipment and furniture | - | - | - |
| Transfers and grants | 212,000 | 196,000 | 16,000 |
| Travel | 53,700 | - | 53,700 |
| <i>Sub-total</i> | 333,700 | 206,168 | 127,532 |
| <i>Programme support costs (13%)</i> | 43,381 | 26,802 | 16,579 |
| TOTAL | 377,081 | 232,970 | 144,111 |

*Remarks: Total project funds balance is project funds balance of US\$144,111 plus interest income of US\$15,850 = US\$159,961.

Project on “Connectivity Conservation for Habitats of Flagship Migratory Birds in North-East Asia (Black-Faced Spoonbills, Hooded Cranes, and White-Nape Cranes)”

8. The proposal on connectivity conservation for the habitats of flagship migratory birds in North-East Asia was reviewed and approved by the Russian Federation, with a total project budget of US\$ 299,789 for the project period from May 2024 to April 2027. The project focuses on: 1) the demographics of the three flagship species and the impacts of environmental, social and economic conditions on the species and their habitats; 2) good practices and recommendations for the subregion based on analytical studies that assess the impacts of agricultural activities on these species and their habitats, examine the effects caused by the construction of energy infrastructures (e.g., solar and wind generation facilities), and address other relevant issues; and 3) capacity building activities among stakeholders, especially empowering youth and women.

9. During the initial period of project implementation, US\$10,033 was spent to organize a *Workshop on Nature Conservation and Biodiversity for Transboundary Cooperation*, held in Incheon, Republic of Korea (28-29 August 2024), in support of Component 3) above (Table 5 and 6).

Table 5: Interim Financial Statements

For the period of 17 May 2024 to 30 September 2024

| | 2024 |
|---|-----------------------|
| | (17May-30Sept) |
| Beginning Fund Balance | - |
| <u>Income</u> | |
| Contributions Received* | 299,789 |
| Interest Income | - |
| Sub-total | 299,789 |
| <u>Less: Expenditures and commitments</u> | <u>(10,033)</u> |
| Ending Fund Balance at the end of period | <u><u>289,756</u></u> |

Table 6: Budget and Expenses and Outstanding Commitments

For the period of 17 May 2024 to 30 September 2024

(In USdollars)

| Descriptions | Budget 2024-2027 | Outstanding Commitments &Expense 2024 | Budget Balance |
|--------------------------------------|-----------------------------|--|---------------------------|
| Staff and other personnel costs | 30,300 | - | 30,300 |
| Contractual services | 30,000 | 113 | 29,887 |
| Operating expenses | 25,000 | - | 25,000 |
| Supplies and materials | | - | - |
| Equipment and furniture | | - | - |
| Transfers and grants | 90,000 | - | 90,000 |
| Travel | 90,000 | 8,766 | 81,234 |
| <i>Sub-total</i> | <i>265,300</i> | <i>8,879</i> | <i>256,421</i> |
| <i>Programme support costs (13%)</i> | <i>34,489</i> | <i>1,154</i> | <i>33,335</i> |
| TOTAL | 299,789 | 10,033 | 289,756 |

III. IN-KIND CONTRIBUTIONS FROM PARTNERS AND OTHERS

10. During the past budget period, the Secretariat obtained additional financial and in-kind support from project partners through joint activities and collaboration. Table 7 details in-kind contributions received by the Secretariat since August 2023.

Table 7. In-kind contributions received from August 2023 to September 2024

| Activity | Date and venue | Partner | In-kind contribution |
|--|---|---|---|
| Workshop on nature conservation and biodiversity for transboundary cooperation | 28-29 August 2024, Incheon, ROK | National Institute of Ecology (NIE), ROK | Venue, human resources, and logistical support |
| Clean Air Week: Air Quality Management in Asia and the Pacific | 9-13 September 2024, Incheon & Seoul, ROK | ESCAP Environment and Development Division | Venue, lectures, and facilitation of site visits |
| NEACAP Symposium on Climate Change and Air Quality Management | 10 September 2024, Seoul, ROK | National Air Emission Inventory and Research Center (NAIR), ROK | Venue, human resources, and logistical and financial support. |

11. 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, *China-PEMSEA Sustainable Coastal Management Cooperation Center (CPC); First Institute of Oceanography, Ministry of Natural Resources of China; Incheon Metropolitan City of the Republic of Korea; Incheon Institute; JICA Kyushu; Kitakyushu City, Japan; Korea Maritime Institute (KMI); National Air Emission Inventory and Research Center of the Republic of Korea; CityNet; Climate Change Center; Institute for Global Environmental Strategies (IGES); ICLEI East Asia Secretariat; Institute for Global Decarbonization Progress (iGDP); Local Government Association for Climate and Energy Transition of the Republic of Korea; and Environment and Development Division of ESCAP.*

IV. ISSUES FOR CONSIDERATION

12. The Meeting may wish to express its appreciation to the member States for their financial contributions to the NEASPEC Core Fund and project-based fund, as well as to partner organizations for their support and in-kind contributions.

13. Given the significant decrease in the balance of the NEASPEC Core Fund, the Meeting may wish to encourage member States to increase their contributions and/or make new contributions in alignment with the development of the NEASPEC Strategic Plan 2026-2030.

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

15. The Meeting may wish to accept the financial report.

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