

**INTERNATIONAL RENEWABLE ENERGY AGENCY**

Fourth meeting of the Council

Abu Dhabi, 12 – 13 November 2012

**Note by the Director-General on the  
Fund for Developing Country Representatives (FDCR)**

1. This note has been prepared to update the IRENA membership on the status of the Fund for Developing Country Representatives (FDCR or the Fund) in advance of the fourth meeting of the Council in November 2012 and the third session of the Assembly in January 2013.
2. It provides an up-to-date overview of voluntary contributions received to the FDCR, as well as of the disbursements made for the participation of Members in the third meeting of the Council and projected disbursements for the fourth. The note highlights the possibility of an imminent funding shortfall for participation in the third session of the Assembly in the absence of substantial additional contributions. It presents six disbursement scenarios which have been designed to maximize participation at the third Assembly based on different levels of available funds. The note closes with a recommendation to the Assembly to review the existing funding regime.

**I. Background**

3. IRENA's membership needs to travel to the seat of the Agency at least once per year in order to participate in the regular annual sessions of the Assembly, with additional travel required for those countries that are members of the Council and/or committees. As the Statute of IRENA stipulates in Article IX.C that the cost of a delegation's participation shall be borne by the respective Member, travel support for Members cannot be covered from the core budget of the Agency. During the establishment phase of the Agency, the participation of some developing countries had been supported by the host government of the Agency.

4. During its second session, the Assembly acknowledged that the accomplishment of the mission of IRENA, and the achievement of its objectives in promoting the “widespread and increased adoption and the sustainable use of all forms of renewable energy,” requires the broadest possible participation of all IRENA Members in the Agency’s decision-making processes.
5. To ensure that no Member is excluded from engaging in the deliberations and decision-making of the Agency for budgetary reasons, the Assembly established the FDCR by decision A/2/DC/11 at its second session to assist representatives of delegations from Least Developed Countries (LDCs) and Small Island Developing States (SIDS) in covering the costs associated with their participation in the meetings of the Agency’s governing bodies. The Assembly underlined “that the effective participation of both developed and developing countries in the work of IRENA will continue to be one of the major strengths of the Agency as it will result in a high level of inclusiveness, ownership and transparency in the activities of the Agency” (A/2/DC/11).
6. The FDCR was designed to be funded by voluntary contributions.
7. The decision set forth several criteria for which types of participation the FDCR will cover.<sup>1</sup> For example, the Assembly decided that funding will be available for non-IRENA LDCs and SIDS delegations until the conclusion of the third Assembly, but afterward only to IRENA Members. The decision also stated that funding is available for meetings of the Assembly, the Council, and subsidiary organs (but for the latter two, the delegation must be a member of that body). Furthermore, the FDCR payment will support one head delegate and one alternate for each delegation, and for each it will cover airfare, full daily subsistence allowance (DSA),<sup>2</sup> and terminal expenses.<sup>3</sup> All airfare of less than 9 hours will be economy class; any longer will be business class, by the most direct and economical route.
8. Since the establishment of the Fund, there have been calls to broaden the scope of the FDCR and to consider funding developing countries beyond the list of only LDCs and SIDS.

## **II. Contributions to date**

9. Following the Assembly decision approving the establishment of the Fund, the Director-General set up a bank account for the FDCR.
10. Calls for contribution were sent via email on 12 March and 12 April 2012. The Director-General followed up with a report on FDCR progress at the third Council meeting in June 2012. A third call for contributions was sent on 4 October 2012.

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<sup>1</sup> For a full list of criteria, please see decision A/2/DC/11 and the Annex Section I.

<sup>2</sup> According to the International Civil Service Commission (ICSC) standard rates, the DSA for Abu Dhabi is USD 340 per person per day.

<sup>3</sup> Terminal expenses cover the cost for each delegate to get to and from the airport for both arrival and departure. This is a flat amount set by the Agency at USD 50 for each of the four legs, for a total of USD 200 per delegate per trip.

11. In response to these requests, four countries have contributed to the Fund to date: the United Arab Emirates (USD 150,000), Finland (USD 25,000), Madagascar (USD 2,616) and Iraq (USD 1,800). These contributions total USD 179,416. In addition, on 24 October 2012, Germany pledged to contribute USD 80,000 to the FDCR.

### **III. Funding for participation in the third and fourth Council meetings**

12. The actual total cost of supporting representatives to the third Council meeting in June 2012 was USD 75,000.
13. The projected total cost of supporting representatives to the fourth Council meeting and the preceding committee meetings in November 2012 is expected to be in the range of USD 100,000.
14. These expenditures total USD 175,000, which would come close to depleting the total amount in the Fund (USD 179,416) as of 7 November 2012.
15. Even after adding the pledged funds from Germany to the Fund, participation of less than 10 percent of eligible delegations to the third Assembly in January 2013 could be funded without additional contributions.

### **IV. Disbursement scenarios for participation in the third session of the Assembly**

16. The decision of the second Assembly anticipated the potential for a shortfall due to the voluntary nature of contributions, stating that “support to delegations will depend on available funds for each meeting, and funds will be equally allocated to all eligible delegations” (A/2/DC/11, para. 1, v). However, it is possible that partial funding will effectively prevent participation by many of these delegations, as most are expected to be unable to finance the difference.
17. The spirit of the decision, namely to enhance participation and inclusiveness by enabling the fullest participation possible from LDCs and SIDS, may be diminished without further investigation into disbursement scenarios that could maximize participation based on the funds available.
18. Accordingly, the Secretariat has researched costs in detail, using the disbursement scenarios below, which are based on different levels of contributions to the Fund.
19. The table below outlines six funding scenarios that range from least to most expensive, for three different eligibility groups and two different sets of criteria. This variety of scenarios reflects the Secretariat’s understanding, based on current practice, of equitable distribution for maximum participation in the event of insufficient funds. Applying any of these scenarios would depend upon additional voluntary contributions.

20. All six of these options are described in the Annex in detail, with cost calculations. In summary, they are:

Disbursement Scenarios for the third Assembly based on level of Contributions Received <sup>4</sup>		
Eligible Disbursement Group	As written in A/2/DC/11, total amount (USD) needed in contributions to fully fund	With modified criteria for airfare and DSA, as described in the Annex section II, total amount (USD) needed in contributions to fully fund
Group 1: Members only	489,600	398,700
Group 2: Members and Signatories/Applicants	951,900	738,300
Group 3: Members, Signatories/Applicants, and all others	1,227,600 <sup>5</sup>	931,900

21. Bearing in mind that all funds to support delegations' participation in the third Assembly must be allocated prior to the session, and that guidance from the Assembly on how to proceed on the matter cannot be received in time, the Director-General presents the Council with an overview of different funding scenarios which have been prepared with a view to adhering as closely as possible to the spirit of the Assembly decision. Depending on the receipt of additional voluntary contributions and the level of available funding, the Secretariat will implement one of these scenarios.
22. The Director-General invites the Council to consider the different funding scenarios and to provide any observations or proposals in this respect.
23. The Director-General also encourages the membership to contribute to the FDCR in keeping with the Agency's mission and dedication to inclusiveness, as consistent shortfalls will limit the effectiveness of the FDCR in promoting participation and inclusiveness in the Agency's decision-making processes.

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<sup>4</sup> All amounts in this table, and in the corresponding Annex, are rounded to the nearest USD 100.

<sup>5</sup> This amount represents the cost of fully funding eligible delegations as defined in decision A/2/DC/11.

**V. Recommendations for funding after the third Assembly**

24. The options listed in the table above and in the Annex apply specifically to FDCR funding for the third Assembly.
25. Following the third Assembly, funding for LDCs and SIDS delegations will be limited to IRENA Members only, according to decision A/2/DC/11, para. 1.i. This modification should reduce the amount necessary to fully fund the FDCR. However, it should be noted that while limiting eligibility to IRENA Members will reduce costs initially, this savings might ultimately be less than anticipated as signatories/applicants for membership and non-Members are expected to eventually become Members and thus become eligible for funding.
26. Anticipating potential future funding shortfalls, and based on experience gained during the application of the FDCR, the Director-General is proposing to present a set of recommendations for a review of the FDCR funding criteria and modalities by the Assembly. This may include provisions in response to the membership's concerns, including some of the modifications suggested in this document, an expansion of coverage to include all developing countries, numbers of delegates funded per delegation in each meeting, and the choice between a continuation of voluntary contributions or a change to assessed funding.

The Council may wish to:

- a. Request the Secretariat to submit to the third Assembly, based on experience gained during the implementation of Assembly decision A/2/DC/11, modified funding criteria and modalities with a view to enabling the broadest possible participation from membership, based on funds available at a given time.
- b. Recommend to the Assembly to:
  - i. Consider the modified funding criteria and modalities as submitted by the Director-General;
  - ii. Invite the Director-General to continue updating Members on the status of the FDCR and to submit further recommendations on its application to the Council and the Assembly, as necessary;
  - iii. Encourage those Members eligible for FDCR funding with diplomatic missions in the United Arab Emirates to consider, for at least one person eligible for funding through the FDCR, sending a delegate already present in the Agency's host country to the governing body meetings, considering that airfare is the major cost of attendance; and
  - iv. Continue inviting Members, Signatories, and States in accession to contribute to the Fund.

## **I. The criteria in decision A/2/DC/11**

1. The second Assembly, in decision A/2/DC/11, specified that the FDCR would be distributed as follows. For a full explanation of these criteria, please refer to the decision.<sup>6</sup> In brief, they are:
  - a. FDCR funding is available only to delegations from LDCs and SIDS, according to the UN lists for these categories.
  - b. Until the conclusion of the third Assembly, funding will be available for non-IRENA LDCs and SIDS delegations. However, after the third Assembly, funding will be available only to LDCs and SIDS delegations from IRENA Members.
  - c. Funding is available for meetings of the Assembly, the Council, and subsidiary organs (but for the latter two, the delegation must be a member of that body).
  - d. FDCR payment will support one head delegate and one alternate for each delegation, and for each it will cover airfare, full daily subsistence allowance (DSA),<sup>7</sup> and terminal expenses.<sup>8</sup> All airfare of less than 9 hours will be economy class; any longer will be business class, by the most direct and economical route.
  - e. If there are insufficient funds to pay these expenses for all those who qualify according to the above criteria, then the funds available will be allocated evenly among those eligible.

## **II. A possible modification to disbursement criteria in the event of insufficient funds—modified airfare and DSA for all delegations**

2. This option would modify the criteria in decision A/2/DC/11 as it pertains to airfare in order to reduce total cost.
3. In this scenario, for those LDCs and SIDS delegations whose flights are longer than 9 hours, only one member of the delegation would fly business class and the alternate second delegate would fly economy class despite the flight length. Flights shorter than 9 hours would apply the terms of the decision, unchanged, with both delegates flying economy class.

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<sup>6</sup> Please see A/2/DC/11, i-v.

<sup>7</sup> According to the International Civil Service Commission (ICSC) standard rates, the DSA for Abu Dhabi is USD 340 per person per day.

<sup>8</sup> Terminal expenses cover the cost for each delegate to get to and from the airport for both arrival and departure. This is a flat amount set by the Agency at USD 50 for each of the four legs, for a total of USD 200 per delegate per trip.

4. As airfare to the UAE is by far the largest cost component of participation in the Agency, this modification would result in substantial savings at every eligibility group level.
5. In addition, the parameters of DSA distribution could be modified. DSA for Abu Dhabi is set at USD 340 per day, according to ICSC rates, which is intended to cover the cost of accommodation and all meals. The Agency could opt instead to provide accommodation and meals for the delegates. The average price of a suitable hotel close to the site of the Assembly is approximately USD 175 per night for early 2013. In addition, including the meals provided as part of the third Assembly activities, an additional USD 65 per day would cover the cost of all meals for each delegate. On this basis, the Agency would save USD 100 per delegate per day which, as seen below, when viewed cumulatively across all eligible delegations, results in substantial cost savings.

**III. Disbursement Group 1, only Members are eligible**

6. There are 33 Members of IRENA that are LDCs, SIDS, or both.

USD 398,700	<b>Criteria as modified in II, and limited to Members only</b>	<p>This disbursement scenario is the least expensive of all, since it limits eligibility to Members only, and lowers the cost of airfare and DSA as described in II above by limiting business travel and by providing delegations with accommodation and meals instead of DSA.</p> <p>The sum of DSA (USD 63,400) and travel expenses<sup>9</sup> (USD 335,300) provides a grand total of <b>USD 398,700</b>, assuming four days of participation for each delegate.</p>
USD 489,600	<p><b>Criteria as written in A/2/DC/11, but limited to Members only</b></p> <p>Note: this will automatically be the rule after the third Assembly by the terms of decision A/2/DC/11.</p>	<p>In this option, the decision would be administered as written except only Members would be eligible for FDCR assistance, and thus assistance is not available to signatories/applicants or other non-Members of IRENA.</p> <p>The sum of DSA (USD 89,800) and travel expenses (USD 399,800) provides a grand total of <b>USD 489,600</b>, assuming four days of participation for each delegate.</p>

<sup>9</sup> As used in the Annex, “travel expenses” is the sum of airfare and terminal expenses (the cost of transport to and from the airport).

**IV. Disbursement Group 2, Only Members and signatories/applicants are eligible**

7. There are 61 countries that are either Members of IRENA or Signatories/Applicants and that are also on the list of LDCs and/or SIDS.

<p>USD 738,300</p>	<p><b>Criteria as modified in II, and limited to Members and signatories/applicants</b></p>	<p>This disbursement scenario limits eligibility to Members and signatories/applicants only, and lowers the cost of airfare and DSA as described in II above by limiting business travel and by providing delegations with accommodation and meals instead of DSA.</p> <p>The sum of DSA (USD 117,100) and travel expenses (USD 621,200) provides a grand total of <b>USD 738,300</b>, assuming four days of participation for each delegate.</p>
<p>USD 951,900</p>	<p><b>Criteria as written in A/2/DC/11, but limited to Members and signatories/applicants</b></p>	<p>In this disbursement scenario, the decision would be administered as written, except that only Members and signatories/applicants would be eligible for FDCR assistance, and thus assistance would not be available to other non-Members of IRENA.</p> <p>The sum of DSA (USD 165,900) and travel expenses (USD 786,000) provides a grand total of <b>USD 951,900</b>, assuming four days of participation for each delegate.</p>

V. **Disbursement Group 3, Members, signatories/applicants, and other non-Members**

8. There are 76 countries designated as LDCs, SIDS, or both by the UN.

USD 931,900	<b>All-inclusive application of the FDCR, as written in decision A/2/DC/11, with criteria as modified for airfare and DSA in II</b>	<p>In this disbursement scenario, the decision would be administered as written (i.e. for Members, signatories/applicants, and other non-Members), but with airfare and DSA lowered as described in II.</p> <p>The sum of DSA (USD 145,900) and travel expenses (USD 786,000) provides a grand total of <b>USD 931,900</b>, assuming four days of participation for each delegate.</p>
USD 1.23 million	<b>All-inclusive application of the FDCR, as written in decision A/2/DC/11, with no modifications</b>	<p>This disbursement scenario would apply if sufficient funds were contributed to apply the decision as written.</p> <p>The sum of DSA (USD 206,700) and travel expenses (USD 1,020,900) provides a grand total of <b>USD 1,227,600</b>. This number represents the amount needed to fully fund LDCs and SIDS delegation participation at the third Assembly based on decision A/2/DC/11, assuming four days of participation for each delegate.</p>