

**PREPARATORY COMMISSION FOR THE INTERNATIONAL
RENEWABLE ENERGY AGENCY**

**Decision regarding the Provisional Work Programme and Budget
of the Preparatory Commission for 2011**

Fourth session

PC.4/DC.6

Sunday, 24 October 2010

Exhibition Center, Abu Dhabi

**Decision PC.4/DC.6 regarding the Provisional Work Programme
and Budget of the Preparatory Commission for 2011**

The Preparatory Commission for the International Renewable Energy Agency (“Commission”), at its fourth session,

referring to Article II and IV of IRENA’s Statute, defining the overall objectives and activities of the Agency and thus, building the basis for the 2011 Work Programme and Budget,

considering the challenges to establish the Secretariat of the Preparatory Commission including all support services necessary for the implementation of its programmes and initial pilot projects,

noting that a balance needs to be achieved between the establishment of the Secretariat, building its internal capacity and infrastructure, providing advice and support for Signatories and becoming an active partner in international fora,

recalling paragraph III number 3. of the Decision PC.3/dc.6 on Adopting the 2010 Work programme and Budget of the Preparatory Commission that the Secretariat shall develop a Work Programme and Budget for 2011 for adoption at the fourth session of the Preparatory Commission/ first Assembly,

having considered Regulation 3.1 of the financial regulations of the Commission stating that the Secretariat shall prepare and submit to the Commission a draft budget for its next financial period which is defined under Regulation 2 of the financial regulations of the Commission as one calendar year,

recalling regulation 4.1 of the financial regulations of the Commission,

recalling regulation 5a of the financial regulations which states that resources of the Commission shall comprise voluntary contributions made by Members on the basis of the indicative IRENA scale of contributions,

emphasising the considerable uncertainties in implementing the 2010 Work Programme and

Budget and the shortfall in contributions in 2010 compared to adopted budget and the need to avoid those difficulties in 2011,

striving for the first Assembly of IRENA which is to convene in the first quarter of 2011 which will adopt the 2011 Work Programme and Budget,

bearing in mind that any delay in the date of the first Assembly would lead to a delay in mandatory contributions necessitating an even greater need for voluntary contributions prior to the first Assembly,

considering that Signatories have to prepare for their financial contributions in 2011,

I. *notes* that a solid financial basis is needed *and invites* all Members of the Commission to contribute to the budget of the Commission in 2011 by voluntary contributions in order to implement the activities outlined in the Work Programme and Budget for 2011;

II. *requests* the Members of the Commission pay their contributions as early as possible in 2011 in accordance with regulation 9.2 of the financial regulations to ensure that a solid financial basis is assured to cover the obligations of the Commission¹;

III. *decides as follows*:

1. The Secretariat shall continue to implement the activities based on the 2010 Work Programme and Budget with special priority to improving the functioning of the organization through implementation of the Financial and Organisational Review Team (FROT) action plan.

2. Based on the 2010 Work Programme and Budget, and the draft 2011 Work Programme and Budget of the Preparatory Commission (PC/WG.PRO/WP.13/Rev.2), the Secretariat and the new management team shall together develop a 2011 Work Programme and Budget with greater clarity in strategic direction, in due time before the first session of the Assembly with a view to its adoption at that session. Such Work Programme and Budget shall strive to match outputs to required resources (funding, personnel) to achieve such outputs so as to facilitate ease of budgetary planning and oversight.

3. The provisional 2011 budget for IRENA will be presumed to be

- a core budget for IRENA of USD 13.26 million² which is to cover for the core activities and administrative costs and an operating reserve through to December 2011³;
- Additional voluntary contributions resulting from the UAE bid implementation agreement of up to 2.9 million USD for operations, up to 2.9 million USD for research and 1.6 million USD for workshops and conferences;
- Additional voluntary contributions for the operation of the IITC in Bonn granted by

¹ It is noted that a preliminary 2011 Work Programme and Budget exercise conducted by the Secretariat finds that the bare minimum staff costs for 2011 would be 6.3 million USD, which would imply that at least 1.6 million USD would be necessary in the period before the first Assembly.

² The figure derives from an ad-hoc meeting of the IRENA Working Group on the 2010 Work Programme Implementation, and is further explained in annex 2 of the report of this meeting (PC/WG.PRO/WP.23).

³ Annex B provides a table of Member state's indicative voluntary contributions based on the assumption that there are no additional Signatories.

- Germany of up to 3.1 million USD; and
- Additional voluntary contributions for the operation of the IRENA Liaison Office in Vienna granted by Austria.
4. Bearing in mind the substantial uncertainties in the financial situation, the implementation of the 2011 budget, especially new hiring, should be conservative taking into account the state of provision of funding from Signatory States.
5. Voluntary contributions for core budget that are made by a Member State in 2011 prior to the first Assembly will be deducted from that Member States required mandatory contribution which will be decided at the first Assembly.
6. The budget shall be presented in United States Dollars. The contributions from Germany and Austria will be in Euros and converted to USD for the purpose of consistency.
7. In accordance with regulation 4.6 of the financial regulations and given the initial stage of the budget of the Commission, the Secretariat is authorised to make transfers between each of the appropriation sections outlined in Table 3 in Annex A up to an aggregate limit of 15 per cent of the estimated expenditure for those appropriation sections.
8. An operating reserve shall be established in accordance with regulation 11.1 of the financial regulations of the Commission corresponding to 15 per cent of the 2011 budget as outlined in Table 3.
9. The Secretariat shall evaluate the pertinence of an annual financial period for the budget until the first session of the Assembly of IRENA, taking into account the accounting standards.
10. The Secretariat is requested to report at the fifth session of the Commission of IRENA on the income, budget performance and possible adjustments in accordance with Article 15 of the financial regulations. The Secretariat shall also report on the implementation process of the 2010 Work Programme and Budget at the next session to the Commission.

Annex A: Indicative 2011 Budget Overview

Table 1. Indicative 2011 budget by contribution

Contributions	\$ Amount
Assessed contributions	\$13,259,059
Voluntary contributions from the UAE bid	\$7,553,874
Voluntary contributions from the German bid	\$3,109,419
Voluntary contributions from the Austrian bid	

Total Budget 2011

\$23,922,352

The figures in table 1 derive from an ad-hoc meeting of the IRENA Working Group on the 2010 Work Programme Implementation, and are further explained in annex 2 of the report of this meeting (PC/WG.PRO/WP.23). Figures in table 2 and 3 are extracted from the draft 2011 Work Programme and Budget of the Preparatory Commission (PC/WG.PRO/WP.13/Rev.2), and were not based on the discussions referenced above. Further consideration and revision of the division among functional area will follow from the Secretariat.

Table 2. Indicative 2011 budget by functional area

Expenditure by Function	Core Budget	Total
1. Executive Direction	\$2,605,905	\$4,377,505
2. Administration Support Services	\$1,538,095	\$5,411,669
3. Communication & Outreach	\$233,600	\$346,200
4. Knowledge Management	\$974,891	\$1,245,691
5. Innovation & Technology	\$774,441	\$4,556,260
6. Programmes & Capacity Building	\$633,184	\$1,486,084
TOTAL	\$6,760,117	\$17,423,409

Table 3. Indicative 2011 budget by cost element

Expenditure by Cost element	Core Budget	Total
A Staff Costs	\$6,306,117	\$8,415,535
B Contractual Services	\$30,000	\$2,466,666
C. Duty Travel	\$155,000	\$475,000
D. Operating Expenses	\$172,000	\$2,162,280
E. Acquisitions	-	\$1,766,928
F. Agency meetings and workshops	\$97,000	\$2,137,000
Total cost based expenditure	\$6,760,117	\$17,423,409
Increase of operating reserve (*)	\$1,014,018	
TOTAL FINANCIAL REQUIREMENTS	\$7,774,134	

(*) In the case of voluntary contributions, the UN regulations envisage an operating reserve (trust fund) of up to 15% of annual expenditure. For 2011 the operating reserve was calculated at 15% of the annual expenditures. The operating reserve remains the property of the members that have contributed to it. Upon conclusion of the First Assembly IRENA will rely on assessed contributions.

Reserve calculation details:

2009: The operating reserve was calculated as \$306,558.

2010: The operating reserve was calculated at \$1,826, 000 (306 558 carry forward from 2009 + \$1,519, 000 additional to be raised in 2010). The \$1,519 000 however was never raised due to the lower contributions being received than was envisaged. It is also assumed that the 2009 carry forward will be spent by the end of the 2010 year.

2011: The operating reserve will thus amount to 15 % of the expenditure amounting to USD 1, 729,442.52, with no carry forward for the 2010 year.

Annex B: Indicative IRENA Adjusted Scale of Voluntary Contributions for 2011

Based on the provisional 2011 budget USD 13.259 million

States	UN Factor (%)	Adjusted Contribution (%)	Contribution to IRENA 2011 (USD)
Afghanistan	0.004	0.005	642
Albania	0.010	0.012	1,606
Algeria	0.128	0.155	20,555
Angola	0.010	0.010	1,326
Antigua and Barbuda	0.002	0.002	321
Argentina	0.287	0.348	46,089
Armenia	0.005	0.006	803
Australia	1.933	2.341	310,418
Austria	0.851	1.031	136,661
Azerbaijan	0.015	0.018	2,409
Bahrain	0.039	0.047	6,263
Bangladesh	0.010	0.010	1,326
Belarus	0.042	0.051	6,745
Benin	0.003	0.004	482
Bosnia and Herzegovina	0.014	0.017	2,248
Brunei Darussalam	0.028	0.034	4,496
Bulgaria	0.038	0.046	6,102
Burkina Faso	0.003	0.004	482
Cambodia	0.003	0.004	482
Cameroon	0.011	0.013	1,766
Cape Verde	0.001	0.001	133
Central African Republic	0.001	0.001	133
Chad	0.002	0.002	321
Chile	0.236	0.286	37,899
Colombia	0.144	0.174	23,125

Comoros	0.001	0.001	133
Congo	0.003	0.004	482
Costa Rica	0.034	0.041	5,460
Côte d'Ivoire	0.010	0.012	1,606
Croatia	0.097	0.117	15,577
Cyprus	0.046	0.056	7,387
Czech Republic	0.349	0.423	56,045
Democratic Republic of the Congo	0.003	0.004	482
Denmark	0.736	0.891	118,193
Djibouti	0.001	0.001	133
Dominican Republic	0.042	0.051	6,745
Ecuador	0.040	0.048	6,424
Egypt	0.094	0.114	15,095
Eritrea	0.001	0.001	133
Estonia	0.040	0.048	6,424
Ethiopia	0.008	0.010	1,285
Fiji	0.004	0.005	642
Finland	0.566	0.685	90,893
France	6.123	7.415	983,284
Gabon	0.014	0.017	2,248
Gambia	0.001	0.001	133
Georgia	0.006	0.007	964
Germany	8.018	9.710	1,287,599
Ghana	0.006	0.007	964
Greece	0.691	0.837	110,967
Grenada	0.001	0.001	133
Guatemala	0.028	0.034	4,496
Guinea	0.002	0.002	321
Guinea-Bissau	0.001	0.001	133

Honduras	0.008	0.010	1,285
Iceland	0.042	0.051	6,745
India	0.534	0.647	85,754
Iran	0.233	0.282	37,417
Iraq	0.020	0.024	3,212
Ireland	0.498	0.603	79,973
Israel	0.384	0.465	61,666
Italy	4.999	6.054	802,782
Japan	12.530	15.175	2,012,175
Jordan	0.014	0.017	2,248
Kazakhstan	0.076	0.092	12,205
Kenya	0.012	0.015	1,927
Kiribati	0.001	0.001	133
Kuwait	0.263	0.319	42,235
Kyrgyzstan	0.001	0.001	133
Latvia	0.038	0.046	6,102
Lebanon	0.033	0.040	5,299
Lesotho	0.001	0.001	133
Liberia	0.001	0.001	133
Libyan Arab Jamahiriya	0.129	0.156	20,716
Liechtenstein	0.009	0.011	1,445
Lithuania	0.065	0.079	10,438
Luxembourg	0.090	0.109	14,453
Madagascar	0.003	0.004	482
Malaysia	0.253	0.306	40,629
Maldives	0.001	0.001	133
Mali	0.003	0.004	482
Malta	0.017	0.021	2,730
Marshall Islands	0.001	0.001	133
Mauritania	0.001	0.001	133

Mauritius	0.011	0.013	1,766
Mexico	2.356	2.853	378,347
Monaco	0.003	0.004	482
Mongolia	0.002	0.002	321
Montenegro	0.004	0.005	642
Morocco	0.058	0.070	9,314
Mozambique	0.003	0.004	482
Nauru	0.001	0.001	133
Nepal	0.006	0.007	964
Netherlands	1.855	2.247	297,892
Nicaragua	0.003	0.004	482
Niger	0.002	0.002	321
Nigeria	0.078	0.094	12,526
Norway	0.871	1.055	139,873
Oman	0.086	0.104	13,811
Pakistan	0.082	0.099	13,168
Palau	0.001	0.001	133
Panama	0.022	0.027	3,533
Papua New Guinea	0.002	0.002	321
Peru	0.090	0.109	14,453
Philippines	0.090	0.109	14,453
Poland	0.828	1.003	132,967
Portugal	0.511	0.619	82,061
Qatar	0.135	0.163	21,679
Republic of Korea	2.260	2.737	362,930
Republic of Moldova	0.002	0.002	321
Romania	0.177	0.214	28,424
Rwanda	0.001	0.001	133
Saint Vincent and the Grenadines	0.001	0.001	133
Samoa	0.001	0.001	133

Sao Tome and Principe	0.001	0.001	133
Senegal	0.006	0.007	964
Serbia	0.037	0.045	5,942
Seychelles	0.002	0.002	321
Sierra Leone	0.001	0.001	133
Slovakia	0.142	0.172	22,804
Slovenia	0.103	0.125	16,541
Somalia	0.001	0.001	133
South Africa	0.385	0.466	61,827
Spain	3.177	3.848	510,190
Sri Lanka	0.019	0.023	3,051
Sudan	0.010	0.010	1,326
Swaziland	0.003	0.004	482
Sweden	1.064	1.289	170,866
Switzerland	1.130	1.369	181,465
Syrian Arab Republic	0.025	0.030	4,015
Tajikistan	0.002	0.002	321
The former Yugoslav Republic of Macedonia	0.007	0.008	1,124
Timor-Leste	0.001	0.001	133
Togo	0.001	0.001	133
Tonga	0.001	0.001	133
Tunisia	0.030	0.036	4,818
Turkey	0.617	0.747	99,083
Uganda	0.006	0.007	964
United Arab Emirates	0.391	0.474	62,790
United Kingdom of Great Britain and Northern Ireland	6.604	7.998	1,060,527
United Republic of Tanzania	0.008	0.010	1,326
United States of America	22.000	22.000	2,917,200
Uruguay	0.027	0.033	4,336

Uzbekistan	0.010	0.012	1,606
Vanuatu	0.001	0.001	133
Yemen	0.010	0.010	1,326
Zambia	0.004	0.005	642
Zimbabwe	0.003	0.004	482
IRENA Budget	86.417	100	13,260,000

This calculation is based on UN GA Resolution 64/248. It has been adjusted to the current number of IRENA Signatories (148 states plus the European Union).

Referring to draft decision 13051/1/09 REV 1 of the Council of the European Union, the European Union is also kindly invited to contribute voluntarily to IRENA's budget.