

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2012

17 BUD

Brussels, 26/27 November 2012

Related documents: CC 450, CC 451, CC 458, RD 2 (ECC of 26 11 2012)

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Budgetary Issues

[The Energy Charter Conference at its 23rd Meeting held on 26th/27th November 2012] *took note* of the Financial Statement and the Auditor's Report of 2011 with a qualified opinion from the Auditors, as circulated in document CC 450 (Annex I), and agreed, on the recommendation of the Budget Committee, to discharge the Secretary General from his management and administrative responsibility in respect to the 2011 Budget, in accordance with Article 32(4) of the Financial Rules.

[Following discussion between the delegations], the Chairman concluded by stating that the draft Budget for 2013 (CC 451 - Annex II), including the draft Establishment Table and the two multi-annual commitment authorities (Annex III) had therefore been *approved* by the Conference which also *took note* of the Indicative Financial Plan for 2014-2015.

Indicative Financial Plan for 2014-2015 (*)

All figures in Euros '000

BUDGET PART I		Budget 2012	Indicative Financial Plan 2014-2015 (*)							
			2014				2015			
			Scenario I (ZNG)	%	Scenario II (ZRG)	%	Scenario I (ZNG)	%	Scenario II (ZRG)	%
1	Salaries and Allowances	3.308,52	3.308,52	0,0	3.381,31	2,2	3.308,52	0,0	3.415,12	1,0
2	Official Travel	177,55	177,55	0,0	184,12	3,7	177,55	0,0	188,72	2,5
3	Professional and Special Services	349,40	381,40	9,2	394,33	12,9	381,40	0,0	404,19	2,5
4	Meetings	82,06	82,06	0,0	85,1	3,7	82,06	0,0	87,22	2,5
5	Representation	21,33	21,33	0,0	22,12	3,7	21,33	0,0	22,67	2,5
6	Operating Expenditure	485,25	453,25	0,0	470,02	3,7	453,25	0,0	481,77	2,5
7	General Administration	27,15	27,15	0,0	28,15	3,7	27,15	0,0	28,86	2,5
8	Capital Expenditure	9,59	9,59	-51,0	10,31	-47,3	9,59	0,0	10,57	2,5
9	IT Equipment and Software	18,68	18,68	-54,1	20,19	-50,4	18,68	0,0	20,69	2,5
10	Information	14,59	14,59	0,0	15,13	3,7	14,59	0,0	15,51	2,5
11	Miscellaneous and Contingency	2,92	2,92	0,0	3,03	3,7	2,92	0,0	3,1	2,5
TOTAL BUDGET PART I		4.497,04	4.497,04	0,0	4.613,81	2,6	4.497,04	0,0	4.678,42	1,4
BUDGET PART II										
	Draw on GRF (Salaries and Allowances)	220,00	336,77	53,1	220,00	0,0	401,38	19,2	220,00	0,0
	Interest Income (Consultants)	53,63	53,63	0,0	53,63	0,0	53,63	0,0	53,63	0,0
	WCF – finalization Transit Protocol	56,27	0		0		0		0	
	Other Working Capital Funds	p.m.	p.m.		p.m.		p.m.		p.m.	
	Voluntary contribution Germany	73,33	0		0		0		0	
	Voluntary contribution Norway	32,00	0		0		0		0	
	Voluntary contribution the Netherlands	0	0		0		0		0	
	Voluntary contribution the Netherlands	0	0		0		0		0	
	Other voluntary Contributions	p.m.	p.m.		p.m.		p.m.		p.m.	
	EC – Daco project	38,11	0		0		0		0	
TOTAL BUDGET PART II		473,34	390,40	-6,7	273,63	0,0	455,01	16,5	273,63	0,0
TOTAL BUDGET		4.970,38	4.887,44	-1,7	4.887,44	-1,7	4.952,05	1,3	4.952,05	1,3

(*) These figures for 2014 and 2015 are entirely indicative in nature and do not prejudice the budget discussion next year

Indicative Establishment Table 2014-2015 (*)

Total posts	2012	2014-2015^(*)
A-grade	15	15
B-grade	11	11
C-grade	0	0
Total	26	26

<u>Private Office</u>			<u>Office of SG</u>
A7 ⁺	1	1	A7+ - SG
A7	1	1	B4 – Secretary
A4	2	1	A4 - Senior Adviser
B5	0 ⁽¹⁾	1	A3 - Legal Counsel
B4/5	1	1	B5 - Asst (knowledge center)
B4	1		
B3	1		
		1	<u>Office of DSG</u>
<u>Directorate T&T</u>		1	A7 – DSG
A6	1	1	B3 – Secretary
A4	3	1	A4 - Senior Expert (ExO)
B4/5	1	1	B5 - Assistant (language)
B3	1	1	B5 – Assistant (ExO)
			<u>Directorate</u>
<u>Directorate E&I</u>		1	A6 – Director
A6	1	1	B3 – Secretary
A4	3	1	B3 – Secretary
A3	1	1	A3/4 - (Senior) Expert (Transit)
B3	1	1	A2/3 - Expert (Transit)
		1	A3/4 - (Senior) Expert (En. Eff.)
<u>Legal Affairs</u>		1	A2/3 - Expert (Energy Efficiency)
A5	1	1	A3/4 - (Senior) Expert (Trade)
B4/5	1	1	A2/3 - Expert (Trade)
B3	0,5	1	A3/4 - (Senior) Expert (Investment)
		1	A2/3 – Expert (Investment)
<u>Adm & Finance</u>			<u>Administration & Finance</u>
A4	1		A4 - Head of AF
B6	2	1	B3 – Secretary
B4/5	1	1	B6 - Principal Assistant
B3	0,5	1	B6 - Principal Assistant
C3/4	0	1	B4 – Assistant
		1	

(*) These figures for 2014 and 2015 are entirely indicative in nature and do not prejudice the budget discussion next year

(1) from 1-9-12 onwards



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**Independent auditor's report to the members of Energy Charter Conference
 on the financial statements of Energy Charter Secretariat for the year
 ended 31 December 2011**

In accordance with Article 32 of the Financial Rules applicable to Energy Charter Secretariat, we report to you on the performance of our mandate which has been entrusted to us. This report contains our opinion on the financial statements.

Qualified opinion on the financial statements

We have audited the financial statements of Energy Charter Secretariat for the year ended 31 December 2011, which comprise the balance sheet as at 31 December 2011, the statement of income and expenditure for the year then ended (except for the amount under the "Budget" columns on page 3, which have been approved by the members of the Conference) and a summary of the significant accounting policies and notes. These financial statements are identified by a balance sheet total of EUR 6,349,346 and a net of total income and total expenditure for the year (total of parts I and II) of EUR 368,468.

Responsibility of the management for the preparation and fair presentation of the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Rules and their Implementing Instructions applicable to the Energy Charter Secretariat and in accordance with the Accounting Policies of the Secretariat which are described in Note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Société civile ayant emprunté la forme d'une société coopérative
 à responsabilité limitée
 Burgerlijk vennootschap die de rechtsvorm van een coöperatieve
 vennootschap met beperkte aansprakelijkheid heeft aangenomen
 RPM Bruxelles - RPR Brussel - TVA - B.T.W. BE 0446.334.711
 Banque - Fortis - Bank 210-0905900-69



**Audit report dated 30 October 2012 on the financial statements
of Energy Charter Secretariat
for the year ended 31 December 2011**

Responsibility of the independent auditor

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, applied in a public sector perspective. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Secretariat and the presentation of the financial statements, taken as a whole. Finally, we have obtained from the management and the Secretariat's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Note 2 to the financial statements describes the uncertainties related to the collection of the contributions due by the Russian Federation and Uzbekistan. The unpaid contributions of the Russian Federation amount to EUR 437,230 at 31 December 2011 and represent the contributions due for the last four years. The unpaid contributions of Uzbekistan amount to EUR 6,080 and represent the contributions due for the last eight years. According to the management, there is no indication that both countries do not intend to pay. Therefore, the management has decided not to record an impairment loss on these unpaid contributions in the financial statements. Taking into account the ageing of these unpaid contributions, we cannot concur with this position and therefore we believe it would be appropriate to take provisions for impairment at least for amounts dating from 2010 and before. This would represent an additional provision of EUR 313,292 for The Russian Federation and an additional provision of EUR 5,307 for Uzbekistan .

A handwritten signature in black ink, consisting of several loops and a vertical line extending downwards.



**Audit report dated 30 October 2012 on the financial statements
of Energy Charter Secretariat
for the year ended 31 December 2011**

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements for the year ended 31 December 2011 give a true and fair view of the Energy Charter Secretariat's financial position and its Income and Expenditure for the year then ended in accordance with the Financial Rules and their Implementing Instructions and with the Accounting Policies which are described in Note 2 to the financial statements of the Energy Charter Secretariat.

Brussels, 30 October 2012

Ernst & Young Reviseurs d'Entreprises SCCRL
Independent auditor
represented by

Danielle Vermaelen
Partner

13DV0160

Draft BUDGET 2013

All figures in Euros '000

BUDGET PART I		2012	2013
1	Salaries and Allowances	3.308,52	3.308,52
2	Official Travel	177,55	177,55
3	Professional and Special Services	349,40	349,40
4	Meetings	82,06	82,06
5	Representation	21,33	21,33
6	Operating Expenditure	485,25	453,25
7	General Administration	27,15	27,15
8	Capital Expenditure	9,59	19,59
9	IT Equipment and Software	18,68	40,68
10	Information	14,59	14,59
11	Miscellaneous and Contingency	2,92	2,92
TOTAL BUDGET PART I		4.497,04	4.497,04
BUDGET PART II			
	Draw on GRF (Salaries and Allowances)	220,00	220,00
	Interest Income (Consultants)	53,63	53,63
	WCF – finalization Transit Protocol	56,27	0,00
	Voluntary Contribution Norway	32,00	0,00
	Voluntary Contribution Germany	73,33	36,67
	Voluntary Contribution The Netherlands	0,00	50,00
	Voluntary Contribution The Netherlands	0,00	20,00
	Other Working Capital Funds	p.m.	p.m.
	Voluntary Contributions	p.m.	p.m.
	EC – Daco Project	38,11	38,11
TOTAL BUDGET PART II		473,34	418,41
GRAND TOTAL		4.970,38	4.915,45

Draft Establishment Table 2013

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<u>Private Office</u>			<u>Office of SG</u>
A7 ⁺	1	1	A7+ - SG
A7	1	1	B4 – Secretary
A4	2	1	A4 - Senior Adviser
B5	0 ⁽¹⁾	1	A3 - Legal Counsel
B4/5	1	1	B5 - Asst (knowledge center)
B4	1		
B3	1		<u>Office of DSG</u>
		1	A7 – DSG
<u>Directorate T&T</u>		1	B3 – Secretary
A6	1	1	A4 - Senior Expert (ExO)
A4	3	1	B5 - Assistant (language)
B4/5	1	1	B5 – Assistant (ExO)
B3	1		
		1	<u>Directorate</u>
<u>Directorate E&I</u>		1	A6 – Director
A6	1	1	B3 – Secretary
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C3/4	0	1	B4 – Assistant
		1	

(1) from 1-9-12 onwards

Two multi-annual commitment authorities

- Prolongation of the multi-annual commitment authority of Euro 100.000 in respect of Budget item 3 'Professional and Special Services', to cover contracts running into the following year;
- Prolongation of the multi-annual commitment authority of Euro 50.000 in respect of Budget item 6 'Operating Expenditure', to obtain the most advantageous market conditions for certain long-term operating expenditures.