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Administrative, financial and institutional matters

Programme budget for the biennium 2026–2027

Programme budget for the biennium 2026–2027

Proposal by the Executive Secretary

Addendum

Trust fund for the international transaction log

Summary

This document contains the work programme and proposed budget for the international transaction log for the biennium 2026–2027 for consideration by the Subsidiary Body for Implementation.



Abbreviations and acronyms

CDM	clean development mechanism
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
COP	Conference of the Parties
GS	General Service level
ITL	international transaction log
P	Professional level
RSA	registry system administrator
RSA Forum	Registry System Administrators Forum
SBI	Subsidiary Body for Implementation
true-up period	additional period for fulfilling commitments for the second commitment period of the Kyoto Protocol

I. Introduction

A. Mandate

1. CMP 3 requested the secretariat to establish the trust fund for the international transaction log to receive fees to cover the resource requirements of the activities of the ITL administrator.¹
2. The UNFCCC financial procedures require the Executive Secretary to prepare the administrative budget for the following biennium and to dispatch it to all Parties to the Convention at least 90 days before the opening of the ordinary session of the COP at which the budget is to be adopted.²
3. COP 26 requested the Executive Secretary to publish future proposals on the programme budget, including the work programme, at least 60 days before the start of the first session of the year of the SBI at which the budget is to be discussed.³

B. Scope

4. This document contains the proposed budget for the ITL for the biennium 2026–2027. It details the proposed work programme for the ITL for that period and the resources required to implement it.

C. Possible action by the Subsidiary Body for Implementation

5. The SBI is expected to recommend a budget for the ITL for the biennium 2026–2027 for consideration and adoption at CMP 20.
6. The SBI may wish to consider providing guidance on the closure of the trust fund for the international transaction log or to provide guidance on additional funding sources in the event that the ITL continues operating beyond 2027.

II. Key areas of work

7. The secretariat established and maintains the ITL to verify the validity of transactions undertaken by the CDM registry, established under decision [3/CMP.1](#), and by national registries established under decision [13/CMP.1](#).⁴ As the ITL administrator, the secretariat is responsible for, inter alia, ensuring the proper functioning of this critical infrastructure, which enables and facilitates the settlement of transactions of units pertaining to the flexible mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol.⁵
8. The ITL administrator operates the ITL, the purpose of which is to record and verify the validity of transactions undertaken by the CDM registry and by national registries. The ITL is necessary to ensure that no double counting of Kyoto Protocol units within registry systems and no issuance above the agreed limits occurs. In addition, the ITL administrator organizes meetings of the RSA Forum, which is aimed at enhancing cooperation between RSAs and facilitating the implementation by registry systems of common operational procedures, in response to decision [16/CP.10](#), and carries out assessments of Parties' national

¹ Decision [11/CMP.3](#), para. 11.

² Decision [15/CP.1](#), annex I, para. 3. The financial procedures are also applicable to the Kyoto Protocol in accordance with its Article 13, para. 5.

³ Decision [22/CP.26](#), para. 23.

⁴ As per decision [13/CMP.1](#), annex, para. 38.

⁵ Details on the activities of the ITL administrator are contained in its annual reports. The latest report is contained in document [FCCC/KP/CMP/2024/5](#).

registries and their accounting of Kyoto Protocol units, as reported in their standard electronic format tables.

III. Work programme

9. As in the biennium 2024–2025, in 2026–2027 the ITL administrator will continue carrying out the activities related to preserving ITL records, such as transactions of Kyoto Protocol units proposed by registries, standard independent assessment reports, contracts, emails and the content of the RSA extranet, until at least 2030, and will focus its activities on ensuring the business continuity of registry systems, by:

- (a) Providing technical services through the ITL to enable the CDM registry and national registries to perform transactions of Kyoto Protocol units;
- (b) Ensuring the reliable hosting of the ITL;
- (c) Providing support to national registries, the consolidated system of European Union registries, including the European Union transaction log, the CDM registry, the joint information and CDM information systems and the compilation and accounting database with a view to maintaining their connections and operations with the ITL;
- (d) Fostering cooperation among RSAs through the RSA Forum to ensure that registry systems are accurate, efficient and secure;
- (e) Fulfilling its obligations as the ITL administrator in accordance with all applicable decisions of the COP and the CMP.

10. Some activities that were carried out in previous bienniums will be reduced in scope or discontinued:

- (a) No registries will be initialized or go-live activities performed during this period;
- (b) No changes will be made to the data exchange standards or to the common operational procedures, which are already well established;
- (c) No new functions will be added to the ITL software and new releases of the ITL will only be undertaken if urgently required owing to critical security vulnerabilities or bugs;
- (d) No hardware upgrades will be performed;
- (e) Parties' national registries and their accounting of Kyoto Protocol units will not be assessed as the true-up period assessment was completed in 2024; the ITL administrator will continue to support the assessment of standard electronic format tables, if requested by a Party whose registry is connected to the ITL;
- (f) The RSA extranet will be minimally maintained, with no new developments undertaken or content added, with the exception of materials pertaining to the RSA Forum (such as agendas and presentations);
- (g) No new working groups will be established under the RSA Forum;
- (h) The security audit and disaster recovery testing of the ITL will only be performed once given that such audits and tests in recent years have not uncovered any major issues;
- (i) Training and guidance materials for RSAs and relevant experts from Parties to the Kyoto Protocol that are not included in Annex I to the Convention on the general functioning of the ITL and registry systems, the common operational procedures and other relevant knowledge areas will not be further developed, though existing materials will remain available on the RSA extranet.

IV. Proposed budget

11. The proposed budget for the ITL reflects the resources required to ensure its continued reliable operation. All efforts have been made to keep the requirements to a minimum, taking into account the reduced or discontinued, and continuing activities identified in paragraphs 9–10 above.

12. Table 1 presents the proposed budget for the ITL for the biennium 2026–2027 by object of expenditure. The proposed budget represents a decrease of EUR 512,046 (15 per cent) compared with the approved budget for 2024–2025 (EUR 3,321,311) and a decrease of EUR 1,042,683 (31 per cent) compared with the approved budget for 2022–2023 (EUR 3,851,948).

Table 1

Proposed budget for the international transaction log for the biennium 2026–2027 by object of expenditure

(Euros)

<i>Object of expenditure</i>	<i>Proposed budget for 2026–2027</i>
Staff costs ^a	862 400
Consultants	50 000
Travel of staff	12 400
Experts and expert groups	–
Training	12 915
General operating expenses ^b	1 446 360
Contributions to common services	102 000
Subtotal	2 486 075
Programme support costs	323 190
Total budget	2 809 265
Adjustment to working capital reserve ^c	(22 175)
Required income	2 787 090
Credit from unspent balances	2 787 090
Contributions to fees after credit from unspent balances	–
Total income	2 787 090

Note: Figures in brackets indicate negative values.

^a Staff costs include the costs for overtime and general temporary assistance.

^b General operating expenses represent the costs of the ITL service providers.

^c In accordance with para. 6 of decision 17/CMP.7, the working capital reserve has been established at 8.3 per cent of the estimated expenditure for the trust fund for the international transaction log for one year. The current working capital reserve is EUR 138,759, while the working capital reserve for the biennium 2026–2027 amounts to EUR 116,584, a decrease of EUR 22,175.

13. The number of ITL staff will be further reduced in the biennium 2026–2027 as a result of decreased operational support needs following the reduction and discontinuation of certain activities. The ITL staff will be composed of one P-4, one P-3 and one P-2 level posts. Table 2 presents the post requirements for the ITL for the biennium 2026–2027 and a comparison with the post requirements since the biennium 2018–2019.

Table 2

Post requirements for the international transaction log for 2026–2027

<i>Post level</i>	<i>2018–2019</i>	<i>2020–2021</i>	<i>2022–2023</i>	<i>2024–2025</i>	<i>2026–2027</i>
P-4	2	2	1	1	1
P-3	3	3	1	1	1
P-2	1	1	3	2	1
GS	1	0.5	1	–	–
Total	7	6.5	6	4	3

14. The training budget has been adjusted to reflect the required training activities.
15. The proposed budget for contributions to common services reflects per capita support costs commensurate with the level of staffing.
16. In addition to reducing and discontinuing certain activities (see para. 10 above), the ITL administrator will continue to apply the following measures to keep the resource requirements of the ITL to a minimum:
- (a) Optimizing the data centre hosting and licence and third-party support costs of the required hardware and software;
 - (b) Systematizing, documenting and addressing typical incident, user error and user problem scenarios, while providing proactive guidance to registry systems, to minimize reoccurrence and the associated remedial costs;
 - (c) Simplifying registry testing arrangements, registry contact management and digital certificate management with the goal of optimizing associated costs;
 - (d) Engaging RSAs in the centralized annual review of national registries, thereby avoiding the cost of consultants and minimizing travel costs;
 - (e) Providing options for virtual and remote participation in meetings with a view to lowering travel and meeting costs;
 - (f) Identifying ways to employ secretariat staff instead of consultants or contractors, where possible, including options for consolidating activities related to the ITL service desk, software development and application support.
17. This budget is proposed under the assumption that there will be no changes to the data exchange standards in 2026–2027.

V. International transaction log infrastructure in the future

18. In the proposed budget for the ITL for 2024–2025,⁶ it was reported that maintaining and operating the ITL would become increasingly challenging after mid-2025 owing to many of the technologies underlying the ITL infrastructure becoming obsolete. In 2024, however, the ITL administrator upgraded all components of the infrastructure that were feasible to upgrade, with the exception of its software, which would require a substantial (re-)investment. With the hardware upgrades that were completed in 2024, and despite the lack of software upgrade, the ITL is expected to operate securely and reliably until at least mid-2027.
19. With regard to the validation and recording of transactions of Kyoto Protocol units, the ITL is expected to remain operational until at least mid-2027 because some types of transaction (e.g. the issuance, forwarding and cancellation of certified emission reductions in registries) are anticipated to continue beyond the end of the true-up period.
20. Should ITL operation be necessary beyond mid-2027, services pertaining to the ITL (e.g. in terms of availability, recovery time in case of a disaster, and security) are likely to decrease unless significant new investments are made.

VI. Unspent balances and methodology for the collection of international transaction log fees

21. As at 31 December 2024, the unspent balances of the trust fund for the international transaction log amounted to USD 5,974,850,⁷ excluding the operating reserve of USD 144,540. Given the planned expenditures for the biennium 2026–2027, these unspent balances would be sufficient to fully cover Parties' fees in the biennium 2026–2027.

⁶ [FCCC/SBI/2023/2/Add.2](#).

⁷ Preliminary figure.

22. On the basis of the above, the SBI is expected to consider that the proposed budget for the biennium 2026–2027 be covered in full by the unspent balances of the trust fund for the international transaction log, resulting in lower overhead for Parties and for the ITL administrator related to the collection of user fees. As a result, there will be no need for the SBI to recommend a methodology for the collection of ITL fees in the biennium 2026–2027.

23. Taking into account the unspent balances of the trust fund for the international transaction log as at 31 December 2024 and the requirements for 2025–2027, as well as the need to ensure that sufficient funds remain to cover any remaining liabilities beyond 2027, funding in the trust fund for the international transaction log at the end of 2027 is projected to be nearly depleted. Therefore, if it is expected that the ITL will continue operating beyond 2027, finding additional funding will be necessary for the biennium 2028–2029 and beyond.

24. However, if it is expected that the ITL will not continue operating beyond 2027, the SBI may wish to consider, at a future session, the disconnection of the ITL from national registries and the CDM registry and the closure of the trust fund for the international transaction log.
