

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES  
OF WILD FAUNA AND FLORA

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Sixty-second meeting of the Standing Committee  
Geneva (Switzerland), 23-27 July 2012

Administrative matters

Financial matters

FUTURE FINANCIAL REPORTING

1. This document has been prepared by the Secretariat.

Reporting format

2. One of the responsibilities of the Finance and Budget Subcommittee (FBSC) is to “further develop the report format to ensure that the financial reports are easily understood and transparent, and that they enable informed decisions to be taken in relation to the financial performance of the Convention”.
3. The current format of the costed programme of work is directly linked and aligned to the goals and objectives of the *Strategic Vision 2008-2013*. However, the use of this format means that activities that are directed to Parties and other actors are included in the Secretariat’s programme of work and activities.
4. The Secretariat consulted and sought advice from other multilateral environmental agreements (MEAs) on budget presentations and financial reporting.
5. For the budget presentation at the 16th meeting of the Conference of the Parties (CoP16, Bangkok, March 2013) for the triennium 2014-2016 and for future financial reporting, the Secretariat will propose that the costed programme of work (CPW) be tailored to the structure and activities of the Secretariat. It will however still align it with the *Strategic Vision*.
6. The proposed budget structure will follow the functional chart (Annex 1) of the Secretariat, as follows:
  - a) Governing Bodies and Meeting Services;
  - b) Knowledge Management and Outreach Services;
  - c) Scientific Services;
  - d) Regulatory Services:
    - Legal Affairs and Trade Policy Services; and
    - Enforcement Support Services

Additionally, it will include the following:

- e) Office equipment, maintenance and services
7. Attached as Annex 2 is a sample format of the proposed CPW for 2014-2016.
  8. At CoP16, together with the proposed CPW, the Secretariat will provide the proposed allocation of funds and the operational budget under the CITES Trust Fund (CTL), which is funded by contributions from the Parties. The sample CTL budget presentation for 2014-2016 is shown as Annex 3. This format follows the United Nations standard budgeting format.

9. The Secretariat will also prepare the estimated budget for support to CITES activities funded through counterpart or external funds, which falls under the code QTL. Like the CTL, the QTL will be aligned with the CPW. Annex 4 shows the sample QTL budget presentation for 2014-2016, which will follow the same format as the CTL.

#### Budgetary proposals

10. The Secretariat proposes to present two budget scenarios at CoP16. These will include the following:
- a) *Status quo* of the Secretariat: This scenario has a no-real growth budget for 2014-2016, which is to keep the current number of staff and the current operating costs. The estimate of staff salary costs is based on the UN standard salary cost for 2013 Version 11, and adjusted at an increment of 4 % per annum of the 2013 standard salary cost. On the basis of this adjustment, it is foreseen that an increase of contributions of approximately 24 % will be needed to retain the *status quo*. This increase takes into account the 9 % budget increase that was covered by the drawdown from the reserve for the biennium 2012-2013. The deferral of this budget increase has given rise to the need for a large increase in contributions, which otherwise would have been 15 %.
  - b) *Status quo* with adjusted operating costs: This scenario keeps the current number of staff but entails an increase of operating costs, based on an analysis of current expenditure, specifically in translation of documents, logistical arrangements for committee meetings, maintenance of the office, etc.
11. The assessed contributions from the Parties will be based on the UN scale of assessments approved by the General Assembly in October 2012 and released in February 2013, adjusted, as usual, to take account of the fact that not all UN Member States are Parties to CITES.
12. A consultant was completing an initial analysis, funded by UNEP, of the respective budgets and staffing numbers of different MEA Secretariats and UNEP Divisions. The analysis will be provided as an information document at the present meeting once it is available. Earlier drafts show that the CITES Secretariat is equivalent to the smallest Convention Secretariat of those analysed, and many times smaller than some.
13. The range of support provided to MEA Secretariats by host countries varies from convention to convention, and is presented in different arrangements, such as direct financial support, free or subsidized rent, free access to meeting facilities, etc. In some cases, Conventions have benefited greatly through additional financial support, in particular the more recently-adopted Conventions. The CITES Secretariat does not receive additional financial support from the host country. Nevertheless, like the other Geneva-based MEA Secretariats and UNEP offices, it receives in-kind contributions from the Government of Switzerland, such as office maintenance subsidized by the host country and free conference facilities for meetings held in Geneva.
14. The information provided below is an incomplete list of the kind of support that is currently provided to some MEA Secretariats:
- a) Secretariat of the Stockholm Convention, in Geneva, Switzerland: It receives a total annual contribution of CHF 2,000,000 from the Government of Switzerland, inclusive of its annual assessed contribution. Starting in the biennium 2012-2013, 75 % of this amount is posted in the general trust fund while 25 % is allocated to the voluntary trust fund to support, among other things, participants to meetings of the convention and joint activities;
  - b) Secretariat of the Rotterdam Convention, co-located in Geneva, Switzerland, and Rome, Italy: It receives EUR 1,200,000 annually, jointly from the Governments of Switzerland and Italy. This is posted into the general trust fund of the convention. Annual assessed contributions are paid in addition by the two Parties;
  - c) Secretariat of the Convention on Biological Diversity, located in Montreal, Canada: Its CoP10 budget decision states: "*Expressed its appreciation to Canada as the host country for its enhanced support to the Secretariat and welcomes its annual contribution to date of US\$1,082,432 in 2010 to be increased at 2 per cent per year, from the host country Canada and the Province of Quebec to the operation of the Secretariat, of which 83.5 per cent has been allocated per annum to offset contributions from the Parties to the Convention for the biennium 2011-2012.*" and

- d) Secretariat of the Convention on the Conservation of Migratory Species of Wild Animals, based in Bonn, Germany: office space and maintenance are provided free-of-charge by the Government of Germany.
15. The Parties might want to consider the possibility of establishing a minimum annual contribution for each Party, such as USD 250 or USD 500.
16. The Secretariat staff has decreased in number over the last 10 years. It should be noted that staffing resources are stretched while the basis to fulfil the programme of work has expanded beyond its initial mandate, i.e. the number of Parties has increased, organization of committee meetings has become more demanding and more Decisions and Resolutions are adopted at each CoP meeting.
17. Currently, the Secretariat has 26 established posts, which were all occupied in 2000 and 2001. However, the staffing level has gradually decreased as staff members retired or resigned and have not been replaced. The staffing table below shows the decrease in the number of staff with the corresponding percentage of decrease since 2000. It also shows the increase in the number of Parties during the same period, as at the end of each year, with the corresponding percentage of increase since 2000. (The figure for 2012 is the number at the time of writing, but the Secretariat is aware of at least seven non-Party States that are making progress towards accession.)

<u>Year</u>	<u>No. of Staff</u>	<u>% of staff decrease</u>	<u>No. of Parties</u>	<u>% of increase in Parties</u>
2000	26	0 %	152	0 %
2001	26	0 %	155	2.0 %
2002	24	7 %	159	4.6 %
2003	24	7 %	163	7.2 %
2004	24	7 %	165	8.5 %
2005	24	7 %	168	10.5 %
2006	24	7 %	169	11.2 %
2007	23	11 %	172	13.2 %
2008	23	11 %	173	13.8 %
2009	22	15 %	175	15.1 %
2010	20	23 %	175	15.1 %
2011	20	23 %	175	15.1 %
2012	19	26 %	175	15.1 %

#### Finance and Budget Subcommittee

18. In Resolution Conf. 11.1, (Rev. CoP15), on *Establishment of Committees*, paragraph d), the Conference of the Parties resolves that:

*the Conference of the Parties or the Standing Committee may appoint working groups with specific terms of reference as required to address specific problems. These working groups shall have a defined life span which shall not exceed the period until the next meeting of the Conference of the Parties, at which time it may be renewed if necessary. They shall report to the Conference of the Parties and, if so requested, to the Standing Committee.*

19. In Resolution Conf. 15.1, on Financing and the costed programme of work for the Secretariat for the biennium 2012-2013, the Conference of the Parties:

*INSTRUCTS the Finance and Budget Subcommittee of the Standing Committee to report at meetings of the Standing Committee and of the Conference of the Parties on recommendations on all financial and budgetary documents and proposals developed by its members.*

20. This instruction indicates the wish of the Conference of the Parties that the FBSC should have a permanent status under the Standing Committee. The Secretariat therefore proposes that Resolution Conf. 11.1 (Rev. CoP15) be amended to reflect this intention. Otherwise, the Standing Committee will need to re-establish the FBSC after each meeting of the Conference of the Parties. If the Standing Committee agrees, this can be dealt with in the context of the substantive review of Resolutions undertaken in preparation for CoP16.
21. The terms of reference of the FBSC also mentions its responsibility to fulfill the mandate of Resolution Conf. 14.1. This needs to be amended to reflect Resolution Conf. 15.1.

## Recommendations

22. The Secretariat requests the Standing Committee to:

- a) take into account its recommendation regarding the FBSC;
- b) consider this report; and
- c) provide feedback in preparation for the budgetary discussions during the 16th meeting of the Conference of the Parties.