

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



Sixty-sixth meeting of the Standing Committee  
Geneva (Switzerland), 11-15 January 2016

Administrative and financial matters

Administration and finance

Financial matters

FINANCIAL REPORTS FOR 2014 AND 2015

1. This document has been prepared by the Secretariat.
2. The Secretariat has prepared the report set out in the present document, which provides information on income and expenditure from 1 January 2014 to 31 October 2015 for both Convention trust funds.
3. As per Resolution Conf. 16.2 on *Financing and the costed programme of work for the Secretariat for the triennium 2014-2015*, the Secretariat has used the new approved format in presenting the financial reports on the costed programme of work.
4. Furthermore, the Secretariat wrote to Switzerland in May 2013, in relation to the Resolution Conf. 16.2, drawing its attention to the paragraph that states: "*EXPRESSES its appreciation to the Government of Switzerland as the Host Country for its support to the Secretariat, and INVITES it to consider further opportunities to support the CITES Secretariat in a manner that is comparable to other convention secretariats based in Switzerland*" and seeking Switzerland's response to this invitation. The Secretariat has been advised by Switzerland that such further support will not be provided to the CITES Secretariat.

Financial report on costed programme of work for 2014

5. Annex 1 to the present document shows the 2014 costed programme of work with the final Trust Fund expenditure, including programme support costs, amounting to USD 5.57 million, which is 95.43 per cent of the Secretariat's total budget for 2014 or USD 5.83 million.
6. The over expenditure on translation costs, general travel and maintenance of the premises was offset by savings under some operational budget lines such as overall staff costs, committee members' travel, sub-contacts, office supplies, non-expandable equipment and hospitality.
7. At its 16th meeting, the Conference of the Parties to CITES took note of the costed programme of work funded from the Support to CITES Activities Trust Fund (QTL), totalling USD 7,942,399 for 2014. During the year, the Secretariat raised funds and, as of 31 December 2014, an amount of USD 3,608,341, or 45 per cent of the total indicative budget for 2014, had been deposited.
8. The major donor funding in 2014 relates to the following projects:
  - a) The European Union (EU) provided funds for the implementation of the programme "Minimising the Illegal Killing of Elephants and other Endangered Species" (MIKES) in Africa (activity B-9) in the amount of EUR 1,550,000 or USD 2,104,032;

- b) Final payment of project “Strengthening the CITES implementation capacity of developing countries to ensure sustainable wildlife management and non-detrimental trade” during 2008-2013 (activity E-11) in the amount of EUR 231,813 or USD 308,516 from the EU;
- c) The United Kingdom of Great Britain and Northern Ireland provided funds for activities of the International Consortium on Combating Wildlife Crime (ICWC) (activity C-5) in the amount of USD 145,000, capacity-building for national legislation support (activities D-1 and D-3) in the amount of USD 91,834, as well as towards activities related to assessing progress on the economics and livelihood aspects of wildlife trade (activity E-11), regional cooperation on the management of and trade in queen conch (activity B-5), workshop on operating controlled deliveries (activity B-5) and for the project anti-money laundering and asset recovery manual (activity C-2) totalling USD 367,066;
- d) Japan provided funds for capacity-building and CITES implementation for new Parties (activity D-1) amounting to USD 50,000;
- e) Australia provided funds for the support to potential new Parties in the Pacific region (activity D-3) in the amount of USD 40,000;
- f) The United States of America provided funds towards MIKE South Asia (activity B-8) in the amount of USD 90,000, as well as for activities related to convention support (activity F-4), for a timber trade study (activity B-4), meeting of the advisory working group for the Review of Significant Trade (RST) (activity B-1), data run on periodic review of appendices (activity B-2) and for assistance to Parties subject to RST trade suspension (activity B-5) totalling USD 217,590;
- g) Mexico provided funds to organize the joint meetings of the Animals and Plants Committees in Veracruz, 28 April to 8 May 2014, (activities A-3 and A-4) in the amount of USD 64,114;
- h) Switzerland provide funds for the implementation of Decisions 16.102 a) ii) and iii) (activity B-5) in the amount of CHF 34,000 or USD 38,331; and
- i) A contribution was received from the British Embassy in Switzerland, Maleras Glasbruk (Sweden) and Switzerland for the organizing of the World Wildlife Day event on 3 March 2014 (activity F-3) in the total amount of USD 13,666.

#### Financial report on costed programme of work for 2015 as of 31 October 2015

- 9. Due to the implementation of a new enterprise resource planning system in the United Nations Secretariat called Umoja in June 2015, together with the move to financial reporting compliant with the International Public Sector Accounting Standards (IPSAS), the expenditures for the period 1 June to 31 October 2015 are estimates only. This is primarily due to Umoja no longer posting charges at the budget code level as is the case for the period up to 31 May 2015.
- 10. Annex 2 to the present document contains the costed programme of work for the period up to 31 October 2015, which shows an overall expenditure on the CITES Trust Fund (CTL) amounts to USD 4,473,672 against a budget of USD 6,018,089 which is giving an implementation rate of 74.34 per cent, showing the Secretariat is on track to deliver within its budget in 2015.
- 11. The total expenditure for the translation of documents to the three permanent committees and for general translation continues to be higher than was estimated and might require a budgetary increase in future budgets. Table 1 shows the increases in the volume of documents prepared by the Secretariat and Parties since 2012 as well as the respective budget and expenditure per meeting.
- 12. It should be noted that the increase in the volume of documentation requiring translation, especially for the permanent committees and the CoP meetings, and the coordination and administration of the external translation of documents, is being absorbed by existing staff, which is placing the Secretariat under significant strain. Furthermore, as advised during previous meetings, following the abolition of the two P4 translation posts, the Secretariat has no capacity to check the quality of the external translation of documents.
- 13. The Secretariat will continue to explore options on absorbing the increasing volume of documents requiring translation by use of an electronic documentation system including translation; further outsourcing of the

translation services; encouraging adherence to the policy on the maximum number of pages per document; and assessing whether all pre-session and in-session documents require translation.

**Table 1. Number of documents and actual costs for translated documents to the permanent committees and for general translation**

<b>Meetings</b>	<b>Number of documents from the Secretariat</b>	<b>Number of documents from Parties</b>	<b>Budget (USD)</b>	<b>Expenditure (USD)</b>
CoP16 (2013)	37	56	275,000	364,507
CoP17 (2016)	-	-	200,000	-
SC62 (2012)	45	36	105,000	96,891
SC65 (2014)	47	23	65,000	101,993
SC66 (2015) estimates	50	47	65,000	42,605
AC26 (2012)	20	14	35,000	27,971
AC27 (2014)	30	23	50,000	48,064
AC28 (2015) estimates	20	33	50,000	48,481
PC20 (2012)	13	21	35,000	34,168
PC21 (2014)	14	18	50,000	36,196
PC22 (2015) estimates	13	40	50,000	52,166
General translation for 2012	-	-	50,000	47,005
General translation for 2013	-	-	75,000	70,554
General translation for 2014	-	-	100,000	82,226
General translation for 2015 (up to 31 October)	-	-	100,000	83,619

14. In 2015, the Secretariat received funds in the amount of USD 409,513 out of the indicative budget of USD 5,205,027 for the year 2015 to the Support to CITES Activities Trust Fund (QTL). The Secretariat is planning to post details on contributions received to the Support to CITES Activities Trust Fund (QTL) on regular basis starting from 2016 on the CITES website as is now done on monthly basis for the contributions received to the Operational budget under the General Trust Fund (CTL).

15. The major donors were the following:

- a) The United Kingdom of Great Britain and Northern Ireland provided funds toward the national legislation project (activity D-1) in the amount of GBP 100,000 or USD 149,768;

- b) The United States of America provided funds towards CoP16 Decisions and Resolutions related to enforcement matters (activity C-4) in the amount of USD 113,000;
  - c) Hong Kong SAR, China, provided funds to support enforcement and capacity-building activities in the Asian region (activity C-3) in the amount of USD 51,555;
  - d) Israel provided funds for the organization of the meeting of the Animals Committee in Tel Aviv, 30 August to 3 September 2015 (activity A-3) in the amount of USD 45,198; and
  - e) Georgia provided funds for the organization of the meeting of the Plants Committee in Tbilisi, 19 to 23 October 2015 (activity A-4) in the amount of USD 46,475.
16. Annex 3 shows the scale of contribution for each Party to the Trust Fund (CTL) and payments made in 2015. As of 31 October 2015, an amount of USD 2,298,725 or nearly 37 per cent remains unpaid for the year and this will have negative impact on Secretariat's ability to fund daily operations as the cash balance available is low compared to actual expenditure for the period.
  17. Annex 4, table 1, shows a summary of contribution paid for 2014 per month and includes total payments of USD 5,846,748 related to the current year 2014, prior and future years. The payment rate for 2014 is 85 per cent which is 10 per cent lower than in 2013. This lower payment rate is mainly due to non-payment of contributions for 2014 by Greece, India, Portugal, Saudi Arabia and the Bolivarian Republic of Venezuela, whose total contribution represent approximately 3 per cent of the total assessed contribution.
  18. Table 2 of Annex 4 shows the summary for 2015 and the total amount of USD 3,799,129 received up to 31 October 2015 represents payments of USD 3,463,547 for the current year, USD 155,591 for prior years and USD 179,991 for future years. The payment rate for 2015 is thus of 56 per cent.
  19. Annex 5 shows the annual distribution of unpaid contributions as of 31 October 2015, which is amounting to USD 2,956,777. It should be noted that several Parties are in contact with the Secretariat with the aim of clearing some of their arrears during 2015. An updated table with data as of 31 December 2015 will be provided at the beginning of January 2016.
  20. Annex 6 shows the statement of financial performance and financial position for the year ended 31 December 2014 for the general Trust Fund (CTL). The reserve and fund balance as of 31 December 2014 was of USD 2,826,039 .
  21. The certified accounts of the Trust Fund for the year 2014 are reproduced in Annex 6 to the present document. The accounts for the year 2014 have been certified as correct and in accordance with the accounting policies, regulations and rules of the United Nations. The certified accounts for both trust funds are included as an integral part of the certified accounts of the United Nations Environment Programme for the biennium 2014-2015.

#### Arrears

22. The Secretariat has continued its efforts to encourage Parties to pay their outstanding contributions by contacting the national contact focal points, the permanent missions in Geneva and by sending official reminder letters to concerned parties.
23. With regards to the 2016 invoices that will be distributed by the Secretariat by end of 2015 at the latest, and for which payments will be due by 1 January 2016, the Secretariat is planning to send electronic copies of such invoices to all national contact focal points, including the national scientific authorities, and to their permanent missions in Geneva to allow for a wider reach.
24. With the introduction of International Public Sector Accounting Standards (IPSAS), as of 1 January 2014, the issue of late and non-payment of assessed contributions has been raised by UNEP. Under IPSAS, long-standing arrears will be counted as doubtful debts, and provisions will be made in the accounts to cover the amounts from the reserve, and thereby reducing the amount available for use of Parties.

#### New Party to the Convention during 2014-2015

25. In 2015, the European Union became a new Party to the Convention on 8 July 2015 which led to an additional amount of USD 75,226 recorded under the CITES Trust Fund for the year 2015.

26. The Secretariat is proposing to use part of these funds for the 17th meeting of the Conference of the Parties in South Africa mainly to cover any costs related to supporting the organization of the meeting and public outreach (USD 15,000) and for the Sponsored Delegates Project (USD 60,226).
27. The scale of assessed contributions for 2016 is being re-calculated to take the new Party into account and consequently the Parties assessed contribution will be slightly lower than indicated in the Resolution 16.2 on *Financing and costed programme of work for the triennium 2014-2016*.

#### Change in the status of CITES bank accounts

28. On 31 March 2015, the Secretariat was informed by the United Nations Office at Nairobi (UNON) that, with the adoption of Umoja, CITES bank accounts will no longer be operational as a dispensing account and that the bank signatory authority given to the Secretariat will be revoked from 1 May 2015. The bank accounts will be kept open to receive contributions only, meaning that no payments can be made from them under Umoja and that future payments will have to be made through the established “House Banks”. This represents a great loss for the Secretariat as the bank account enabled the Secretariat to operate in a very efficient manner.
29. The concept of “House Banks” is being established throughout the UN Secretariat and payment transactions will be made through this network of banks under Umoja, which will be available for every currency in the world; one USD account and one local currency account will be shared by every UN Secretariat entity operating in that specific country and currency. This approach is intended to facilitate a more efficient and cost effective payments and to reduce risks, transactions costs and currency exchange losses across the UN system. For the CITES Secretariat, this means that the House Bank will be located with the UN Office at Geneva (UNOG).

#### Terms of Reference of the administration of the Trust Fund (CTL)

30. In accordance with the recommendation from the Finance and Budget Subcommittee in document [FBSC/SC65 Doc. 1](#), the Secretariat has liaised with other Multilateral Environmental Agreement (MEA) Secretariats to see how terms of reference for the administration of their trust funds are managed. The result of this study is shown in table 2.
31. The overarching rules for the terms of reference or financial rules is that they are governed by the Financial Regulations and Rules of the United Nations, the Staff Regulations and Rules of the United Nations and other administrative policies or procedures promulgated by the Secretary-General of the United Nations and also administrative policies and procedures for the United Nations Environment Programme (UNEP) for those MEAs administered by UNEP.
32. The terms of reference for the administration of the Trust Fund (CTL) for CITES are governed by similar rules as the financial rules and terms of reference for other MEAs. Furthermore, the CITES TOR should be seen as complementing the resolution text for the financing and the costed programme of work for the Secretariat and is added as an annex to the financing resolutions.
33. The Secretariat is proposing that no further review or amendment of the current CITES TOR is undertaken.

**Table 2. Financial Rules or Terms of Reference for the administration of trust funds used by other MEAs**

<b>Multilateral Environmental Agreements (MEAs)</b>	<b>Financial Rules/ Terms of Reference for the Administration of Trust Funds (Yes/No)</b>	<b>Remarks</b>
Convention on Biological Diversity (CBD)	Yes	Amendment of financial rules adopted by the third meeting of the Conference of the Parties in 1996 (decision III/1) and includes rules on funds, contributions, accounts, budget, audit and amendments.
Convention on the Conservation of Migratory Species of Wild	Yes	Terms of reference adopted as part of the financing document for the triennium 2015-2017

Animals (CMS)		in 2014 (annex IV to resolution 11.1) and includes rules on financial period, funds, contributions, currency used, bank accounts, audit, budget.
United Nations Framework Convention on Climate Change (UNFCCC)	Yes	Financial procedures adopted at the tenth meeting in 1995 (annex I to decision 15/CP.1) and includes rules on budget, contributions, funds, accounts and audit, reimbursement to the host organization and general provisions.
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	Yes	Financial rules adopted by the tenth meeting of the Conference of the Parties in 2011 (decision BC-10/28) and includes rules on financial period, budget, funds, contributions, accounts and audit, administrative support costs and amendments.
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	Yes	Amendment to financial rules adopted by the fifth meeting of the Conference of Parties in 2011 (decision RC-5/1) and includes rules on financial period, budget, funds, contributions, accounts and audit, administrative support costs and amendments.
Stockholm Convention on Persistent Organic Pollutants	Yes	Amendment to financial rules adopted by the fifth meeting of the Conference of Parties in 2011 (decision SC-5/2) and includes rules on financial period, budget, funds, contributions, accounts and audit, administrative support costs and amendments.
Vienna Convention for the Protection of the Ozone Layer	Yes	Terms of reference adopted at the first meeting of the Conference of the Parties in 1989 (annex III) and includes rules on financial period, contributions, budget, administrative support charges, accounts, audit and general provision.
Montreal Protocol on Substances that Deplete the Ozone Layer	Yes	Amendment to terms of reference adopted at the fourteenth meeting of the Conference of the Parties in 2002 (decision XIV/41) and includes rules on financial period, contributions, budget, administrative support charges, accounts, audit and general provision.
Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention)	Yes	Terms of reference adopted at the fifth meeting of the Conference of the Parties in 1993 (resolution 5.2 annex 3) and includes rules on financial period, contribution, budget and accounts.

#### Registration fees for observer organizations

34. As per the recommendation from the Finance and Budget Subcommittee in document [FBSC/SC65 Doc. 1](#), the Secretariat has created a separate budget line in 2015 for the recording of registration fees under the External Trust Fund (QTL project 2K70, budget line 5302). As of 31 October 2015, an overall amount of USD 22,822 has been received for the 2014-2015 period including USD 16,498 from 2014 and USD 3,162 for 2015 (still pending recording by the treasury in UNON and is not shown in the 2015 data under activity A-7).
35. The Secretariat has conducted a survey on how registration fees are applied in other MEAs and natural resource management bodies and table 3 is showing the result. One MEA, CMS, is charging non-

governmental organizations (NGOs) for the distribution of documents. However, due to the administrative burden this represented, no fee has been charged for the last two meetings of their Conference of the Parties. The International Union for Conservation of Nature (IUCN) is charging two different amounts depending on whether the participants are from the IUCN member organization, IUCN Commission, IUCN Regional and National Committee or from the outside.

36. The Secretariat has charged registration fees for all observer organizations at CoP meetings since CoP4 (1983) and the starting amount was USD 50, which subsequently has been increased over time and currently the fee charged is of USD 600 for the first NGO representative and USD 300 for the rest. At the meetings of the Standing Committee and the scientific committees, a fee of USD 100 is charged for each observer.
37. Further study of an appropriate fee structure and level for CITES is proposed to be undertaken by the Secretariat for presentation at the 17th meeting of the Conference of the Parties taking into account the increased number of observer participants at meetings, the administrative costs involved and the proposed usage of the funds received.

**Table 3. Registration fee applied by other MEAs and natural resource management bodies**

<b>MEAs and Natural Resource Management Bodies</b>	<b>Registration fees for observer organizations (Yes/No)</b>	<b>Remarks</b>
Convention on Biological Diversity (CBD)	No	
Convention on the Conservation of Migratory Species of Wild Animals (CMS)	No	The rules of procedure for CMS introduced a charge of USD 100 to cover the distribution of meeting documents to NGOs. In practice, it proved to be an administrative burden and it has not been implemented for the last two COP meetings.
United Nations Framework Convention on Climate Change (UNFCCC)	No	
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	No	
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	No	
Stockholm Convention on Persistent Organic Pollutants	No	
Vienna Convention for the Protection of the Ozone Layer	No	
Montreal Protocol on Substances that Deplete the Ozone Layer	No	
Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention)	No	
World Conservation Union (IUCN)	Yes	A registration fee for participation in the World Conservation Congress is charged. For participants

		from IUCN member organization and IUCN Commission or IUCN National or Regional Committee, the fee is CHF 600. Other participants, who do not belong to these two categories, are charge a fee of USD 1,000. Other fees are also used depending if a workshop is organized, e.g. USD 450 or other kind of meetings.
International Whaling Commission	Yes	Registration fees for media and observers are charged by IWC. For media, a registration fee of GBP 70 for each news entity is charged. For non-member governments, regional integration organizations and international governmental organizations, the fee is GBP 800 per individual observer except for those international governmental organizations with whom IWC has reciprocal arrangements for the exchange of observers. For non-governmental organizations, the fee is GBP 580 for the first observer per organization and GBP 285 for each additional observer.
International Tropical Timber Organization (ITTO)	Yes	Different levels exist for participants and conference fees depending on what kind of meeting, conference or workshop is organized. The fees are in the range from zero to USD 300 for delegates, USD 150 for students and USD 80 for accompanying person. The conference fee might be higher depending on location of the conference.

#### Financial changes within the United Nations

##### Implementation of new accounting system for the United Nations

38. As of 1 January 2014, the United Nations is complying with International Public Sector Accounting Standards (IPSAS). The first IPSAS-compliant financial statement for the United Nations Secretariat is scheduled for the fiscal year 1 January 2014 to 31 December 2014 for all reporting entities of the Secretariat, including UNEP, with the exception of peacekeeping operations.
39. With the adoption of IPSAS, the United Nations will move away from the current United Nations System Accounting Standards (UNSAS). Compliance with IPSAS requires the introduction of the full accrual basis of accounting, which is accepted best practice and is a significant change from the modified cash basis of accounting applied under UNSAS. The full accrual basis of accounting requires the recognition of transactions and events when they occur (and not only when cash or its equivalent is received or paid), and the reporting in the financial statements of the fiscal periods to which they relate.
40. IPSAS are the accounting standards that will guide the future presentation of the financial statements of the United Nations Organization. However, the implementation of IPSAS goes far beyond the accounting function. As IPSAS-compliant accounting policies are put in place, there is a need to change procedures, workflows and instructions, as well as the control framework that underpin financial accounting and reporting. The result will be a major organizational change impacting the business process and general management. Thus, the success of IPSAS implementation depends on the cooperation and efforts of a large number of United Nations staff at Headquarters, at the Offices away from Headquarters, and at the field missions and other offices. This is a major challenge for the United Nations as systems are not designed to comply with IPSAS.
41. The adoption of IPSAS will allow for improved internal control and transparency with respect to all assets and liabilities; more comprehensive and consistent information about costs and income which will better support the governance of the Organization; as well as improved consistency and comparability of financial statements over time and across different organizations.



42. It has been recognized that the vigorous information requirements to produce IPSAS-compliant financial statements for the Organization will necessitate a change to a robust, global information system. The Umoja project, which was approved by the UN General Assembly in conjunction with the IPSAS Project, is tasked with providing the information system that will be the backbone for the implementation of IPSAS.
43. Some of the implications for the Secretariat of the changes to IPSAS and Umoja will be that, starting from 2014, the opening balances will be based on age analysis of old outstanding contributions in accordance with the IPSAS policy framework. Other changes include the issuance of annual financial statements instead of biennial statements, annual audits, accounting for in-kind contributions, full recognition of liabilities for employee obligations, such as After-Service Health Insurance (ASHI), and other accruing compensatory benefits, such as annual leave and repatriation grants.
44. The Umoja solution and IPSAS go hand in hand and using SAP as the new enterprise resource planning software across the United Nations Secretariat will further ensure that the United Nations comply with IPSAS standards in all its financial transactions once Umoja has been deployed.
45. The roll-out of these two new systems is having a significant impact on the Secretariat, including on staff, especially those administrative staff charged with leading the roll-out of these reforms.

#### Recommendations

46. The Secretariat requests the Committee to approve the report on the costed programme of work for 2014-2015.
47. The Secretariat recommends that the Standing Committee:
  - a) Approve the use of the assessed contribution for part of the year 2015 from the European Union for the 17th meeting of the Conference of the Parties (organizational support and outreach; and Sponsored Delegates Project);
  - b) Request the Secretariat to undertake a further review of translation of documents statistics and prepare a policy on the subject to be presented at CoP17; and
  - c) Request the Secretariat to undertake a further study on an appropriate fee structure and level of registration fees for observer organizations to be presented at CoP17.