

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



Sixty-ninth meeting of the Standing Committee
Geneva (Switzerland), 27 November – 1 December 2017

Administrative and financial matters

FINANCIAL MATTERS

1. This document has been prepared by the Secretariat.
2. The present document highlights the financial performance of the Secretariat since the 17th meeting of the Conference of the Parties (CoP17, Johannesburg, 2016) and provides information on income and expenditure from 1 January 2016 to 31 July 2017 for both Convention trust funds. The report should be read in conjunction with the document on administrative matters including host country arrangements for the Secretariat.

Financial report on costed programme of work for 2016

3. Annex 1 to the present document shows the 2016 costed programme of work with the final Trust Fund expenditure, including programme support costs amounting to nearly USD 6.3 million, which is 95 per cent of the Secretariat's total budget for 2016 or USD 6.6 million. The Secretariat is also conscious of the actual cash available in the Trust Fund (see paragraph 8 below).
4. There was overspending on the budget line for translation costs in 2016. The amount spent was USD 337,600 against a budget line of USD 200,000. This overspend was due to the very high number of documents that needed to be translated for CoP17 (120 working documents and 62 Party proposals), which was more than was anticipated during the budget preparations for the triennium 2014-2016. This overspending was offset by savings under operational budget lines, such as overall salary costs due to vacancies during part of the year and the lower post adjustment rates incurred during the year than was budgeted (actual average rate of 85.3 compared to budget rate of 101.5), and lower costs for sub-contracts, maintenance of equipment, bank changes and hospitality lines.
5. At its 16th meeting (CoP16, Bangkok, 2013), the Conference of the Parties took note of the costed programme of work funded from the external "Support to CITES Activities" Trust Fund (QTL), totalling nearly USD 6.4 million in 2016. During 2016, the Secretariat raised external QTL funds. As of 31 December 2016, an amount of USD 6 million, or 94 per cent of the total indicative QTL budget for 2016, had been deposited into CITES' bank accounts.
6. Major donor funding in 2016 related to the following projects:
 - a) The European Union (EU) provided the second instalment of funds for the implementation of the programme "Minimising Illegal Killing of Elephants and other Endangered Species (MIKES) in Africa (activity B-9) in the amount of EUR 3 million or USD 3,372,909;
 - b) The EU provided funds for preparatory regional workshops in preparation of CoP17 "Strengthening the capacity of developing countries in multilateral environmental decision-making: Enhancing preparations for CITES CoP17 and CBD COP13" (activity A-7) in the amount of EUR 690,150 or USD 771,344;
 - c) South Africa provided funds for the hosting of CoP17 in Johannesburg in the amount of USD 598,124;

- d) The United States of America provided funds for activities of the International Consortium on Combating Wildlife Crime (ICWC) (activities C-4 and C-5) in the amount of USD 242,590;
 - e) 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 185,000;
 - f) Switzerland provided funds towards the implementation of enforcement activities (activities C-1 to C-7) in the amount of CHF 150,000 or USD 147,929;
 - g) France provided funds for activities of the International Consortium on Combating Wildlife Crime (ICWC) (activity C-6) in the amount of EUR 85,000 or USD 90,167;
 - h) Japan provided funds towards a MIKE project in Zimbabwe (activity B-9) in the amount of USD 60,000;
 - i) Hong Kong SAR provided funds towards enforcement activities (activity 3) in the amount of HKD 400,000 or USD 51,381; and
 - j) For the CITES Sponsored Delegates Project (SDP) for CoP17, funds were provided by several Parties and philanthropic organizations (Australia, Austria, Canada, China, European Union, Finland, Germany, Netherlands, Sweden, Switzerland, United Kingdom and United States of America as well as from GLOBE Foundation, Oak Foundation, PEW Charitable Trusts, Vulcan Philanthropy and World Association of Zoos and Aquariums (WAZA)) in the amount of USD 491,895. In addition, an amount of USD 45,000 out of the total USD 226,843 registration fees for CoP17 (activity A-1) were used for the SDP as per prior approval by the Finance and Budget Sub-Committee in July 2016.
7. For further details on donor and contributions received during the year to the external Trust Fund, please note that regular monthly status reports are posted on CITES website.
8. Annex 3 shows the scale of contributions for each Party to the CITES general Trust Fund (CTL) and payments made in 2016 for the current year, prior and future years. The overall payment rate for 2016 was 84 per cent which is lower than the payment rates for 2014 and 2015 which were at 85 and 87 per cent respectively. The Secretariat has continued its efforts to send reminder letters to Parties with long outstanding payments and to contact their permanent missions in Geneva with the aim of reducing the level of pending contributions to the Convention.

Financial report on costed programme of work for 2017 as of 31 July 2017

9. Annex 2 to the present document contains the costed programme of work for the period up to 31 July 2017, which shows an overall expenditure of USD 3.3 million on the CITES Trust Fund (CTL) against a budget of USD 5.9 million, which is giving an implementation rate of 57 per cent for the first seven months, showing that Secretariat is on track to deliver within its budget in 2017. Note that the budget level for 2017, which is the first year in the triennium 2017-2019, is lower than for the year 2016, which included the expenditures for the 17th meeting of the Conference of the Parties.
10. The Secretariat is foreseeing overspending on the budget line related to UN security costs required at the Standing Committee and scientific body meetings in Geneva during 2017 as additional costs are now being passed onto the Secretariat. The UN Office at Geneva (UNOG) informed the Secretariat on 10 July 2017 that full security costs now has to be paid as meetings organized at the International Conference Centre of Geneva (CICG) are not considered UN meetings. This was not the case previously. We will therefore not only pay for overtime, as used to be the practice for previous meetings, but the full cost for security officers performing duties at the conference centre.
11. Additional costs of USD 15,740 was incurred for UNOG security at the 29th meeting of the Animals Committee and 23rd Plants Committee in July 2017 and the estimate for the 69th meeting of the Standing Committee is an additional USD 8,000. It should be noted that no provision was included in the allocated budget for 2017 for this purpose as it had not been communicated to the Secretariat before CoP17. The Secretariat is proposing to offset the overspending with foreseen savings under the overall staff costs.
12. Taking into account the projected savings under the personnel component for salary costs, due to vacancies and incoming new staff starting later in the year, the Secretariat is requesting to use part of the 2017 balance to co-fund the fourth year extension of one Junior Professional Officer (JPO, equivalent to a P2 post))

performing functions as the Marine Species Officer in the Scientific Services Team for the year 2018. An amount of USD 70,000 is expected to be required to co-fund the JPO post at the P-2 level noting that the new Programme Officer position at P-2 level is not being filled in 2017 and is proposed to be released and carried-over to 2018 for this purpose.

13. As part of the ongoing efforts to use the allocated funds in the most efficient way, the Secretariat has undertaken a review of its office space allocation within the International Environment House (IEH), in the context of the exercise initiated by the United Nations Environment Programme (UNEP) on shared costs of maintaining IEH. Through this review, the Secretariat is taking steps to align its offices with the guidelines for office space for UN staff members and to take into account the new costs that are foreseen for additional security. Based on this review, while seven new people will join the Secretariat over the coming 12 months, the Secretariat will remain within its existing office space. In order to accommodate these new people (namely, interns, JPO, secondments, core and project funded staff), during the second part of 2017, changes will be made to the current space allocation. These changes will enable the Secretariat to accommodate new people and to ensure that the maintenance cost for its offices remains within the approved budget allocation for 2017.
14. As of 31 July 2017, an overall amount of USD 8,243,858 has been fund-raised and deposited on the CITES external Trust Fund (QTL) which is 55 per cent of the total indicative budget for the year 2017. The major donors were the following:
 - a) The European Union provided the first instalment of funds towards the implementation of the project "Supporting sustainable management of endangered tree species and conservation of the African Elephant" (activity B-10) in the amount of USD 3,346,228;
 - b) The EU provided the third instalment of funds for the implementation of the programme "Minimising Illegal Killing of Elephants and other Endangered Species (MIKES) in Africa (activity B-9) in the amount of EUR 3 million or USD 3,337,317;
 - c) The EU provided the first instalment of funds for the implementation of project "Support the overall implementation of CITES among developing country Parties through capacity-building activities explicitly called for or related to selected Resolutions and Decisions adopted at CITES CoP17" (activities A-1, B-6, D-1 and D-7) in the amount of EUR 630,656 or USD 673,059;
 - d) The EU provided the first instalment of funds for the joint project with UN Office on Drugs and Crime (UNODC) related to "UNODC-CITES Asia Wildlife Law Enforcement and Demand Management Project" (activity B-9) in the amount of USD 686,456;
 - e) Switzerland provided support towards non-detriment findings for snakes in relation to Decision 17.12, for the review on "Trade in animal specimens reported as produced in captivity under Resolution Conf. 17.9" and for the "Disposal of confiscated illegal trade specimens" (activities B-5 and B-6) in the amount of CHF 59,900 or USD 59,975;
 - f) Monaco provided the first instalment of funds for activities related to the International Consortium on Combating Wildlife Crime (ICWC) (activity C-6) in the amount of EUR 50,000 or USD 56,283; and
 - g) Hong Kong SAR provided funds towards enforcement activities (activity 3) in the amount of HKD 400,000 or USD 51,497.
15. In Annex 4, the scale of contribution to the CITES general Trust Fund (CTL) for each Party and payments made in 2017 are shown. As of 31 July 2017, an amount of USD 2,571,025 or more than 41 per cent remains unpaid for the year and this will have negative impact on the Secretariat's ability to fund daily operations as the cash balance available is low compared to actual expenditure projected for the year. The overall payment rate for 2017 at the time of writing is 52 per cent.
16. Annex 5 shows the annual distribution of unpaid contributions as of 31 July 2017, which is amounting to USD 3.4 million. With the introduction of International Public Sector Accounting Standards (IPSAS) in January 2014, the issue of late and non-payment of assessed contributions has been raised by UNEP. Under IPSAS, long-standing unpaid assessed contributions will be counted as doubtful debts, and provisions will be made in the accounts to cover the amounts from reserve, thus reducing the amount available for the use of Parties.

17. In line with the paragraph 20 of the Resolution Conf. 17.2 on *Financing and the costed programme of work for the Secretariat for the triennium 2017-2019*, the Secretary-General has during the year sent reminder letters and also contacted Parties with permanent missions in Geneva with pending contributions for three or more years.
18. Annex 6 shows the statement of financial performance and financial position for the year ended 31 December 2015 for the general Trust Fund (CTL). The statement is consolidating financial expenditure and income in 2015 from both the legacy system and Umoja which has caused challenges within the UN organization as the data structure in the two systems are different. The reserve and fund balance as of 31 December 2015 was of USD 2,382,996. The Secretariat is obliged to maintain a reserve of 15 per cent under Resolution Conf. 17.2, which is USD 851,300.
19. The IPSAS statement prepared is based on full accrual basis accounting meaning that transactions and events are recognised when they occur and not only when cash or its equivalent is received or paid while the previous accounting standards (UNSAS) was on modified cash basis. Therefore, the financial statements which were prepared based on the UN System Accounting Standards (UNSAS) for the years prior to 2014 and the financial statement prepared on the basis of IPSAS from year 2014 onwards are not fully comparable.
20. The implementation of both IPSAS and Umoja has both short and long term implications on the preparation and presentation of the financial statements for the CITES trust funds. The presentation of financial information has undergone significant changes, for example starting from 2014, 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-Services Health Insurance (ASHI), annual leave and repatriation grants and the provision for doubtful debt against long outstanding contributions have significantly affected the figures shown in the financial statement in Annex 6.
21. At the time of preparation of this report, the certified accounts for CITES trust funds for the year ending 31 December 2016 had not yet been issued by UN Office at Nairobi (UNON).
22. Umoja has the ability to produce various types of reports that can be used to support decision-making and to report to donors. However, the data in Umoja has been structured to suit future reporting requirements and this is causing problems when consolidating data from legacy system and Umoja. This is being looked at centrally at UNHQ level which is causing delays in reporting because of necessary manual interventions.
23. Overall, Umoja stabilization is still in progress and though steady progress has been achieved, for instance payroll and travel are now beginning to run smoothly, there are yet a number of problems that prevent the Secretariat from fully functioning at the pre-Umoja operational level.

Recommendations

24. The Secretariat recommends that the Standing Committee:
 - a) approve the reports on the costed programme of work for the full year of 2016 and for 2017 for the period up to 31 July 2017;
 - b) take note of the projected overspending in 2017 related to security costs at governing and scientific body meetings organized in Geneva; and
 - c) approve the use of USD 70,000 from expected 2017 savings under the personnel component and to carry-over this amount into 2018 for the 50 per cent co-funding of the 4th year extension of the JPO Marine Species Officer.