

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



Seventieth meeting of the Standing Committee
Rosa Khutor, Sochi (Russian Federation), 1-5 October 2018

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 last Standing Committee meeting (SC69, Geneva, November 2017) and provides information on income and expenditure from 1 January 2017 to 30 June 2018 for both Convention trust funds. The report should be read in conjunction with document SC70 Doc. 9.1.

Financial report on costed programme of work for 2017

3. Annex 1 to the present document shows the 2017 costed programme of work with the final Trust Fund (CTL) expenditure, including programme support costs amounting to nearly USD 5.7 million, which is 96 per cent of the Secretariat's total budget for 2017 of USD 5.9 million. The Secretariat has also been conscious of the actual cash available in the Trust Fund (see paragraph 6 below).
4. As reported in document SC69 Doc. 7, overspending of USD 22,500 incurred during the period related to UN security costs required at the Standing Committee and scientific meetings in Geneva during the year which was offset with lower costs for maintenance of office equipment due to usage of existing rental contract for photocopiers for another year as the replacement of the newer machines was postponed until 2018.
5. The personnel component incurred savings of around USD 125,000, due to vacancies and incoming new staff starting later in the year, which partly (USD 70,000) will be carried-over to 2018 and used to co-fund the extension of a Junior Professional Officer (JPO, equivalent to a P-2 post) as approved at the 69th meeting of the Standing Committee. Further savings in the amount of USD 20,000 incurred in the areas related to travel of members to Standing Committee and scientific committees as fewer than budgeted travel to the meetings in Geneva.
6. In Annex 3, the scale of contribution to the CITES Trust Fund (CTL) for each Party and payments made for the current year, prior and future years as of 31 December 2017 are shown. The report is showing that nearly 91 per cent of the annual assessed contribution for 2017 were received. The overall payment rate for 2017 was 84 per cent which is at the same level as in 2016, but lower than in 2015 which was at 87 per cent. With the introduction of Umoja, cash availability has become important as the Secretariat cannot spend without cash in the bank even if the annual assessed contributions pledge is acknowledged.
7. At its 17th meeting (CoP17, Johannesburg, 2016), the Conference of the Parties took note of the costed programme of work funded from the External Trust Fund (QTL), totalling USD 14.9 million in 2017. As of 31 December 2017, an amount of USD 9.5 million, or 64 per cent of the total indicative QTL funding estimates for 2017, has been deposit into CITES' bank accounts.
8. The major donor funding in 2017 relates to the following projects and is presented in annex 6:

- 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 European Union 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 European Union 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;
 - d) The European Union 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;
 - e) Switzerland provided its first instalment for Convention Support in 2018 (activities B, C, D and E) in the amount of CHF 500,000 or USD 508,130;
 - f) The United States of America (US Fish & Wildlife Service) provided the first instalment for activities related to “Strengthening CITES Compliance and Law Enforcement in Southeast Asian countries” (activities C-4, D-1 and D-3) in the amount of USD 494,719;
 - g) The United States of America (US- National Oceanic and Atmospheric Administration) provided the first instalment of funds for activities related to “Strengthening CITES implementation for selected marine species” (activity B-6) in the amount of USD 114,310;
 - h) China provided support towards capacity-building in Asia (activities B-5, D-9 and E-10) in the amount of USD 99,990;
 - i) 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;
 - j) Sweden provided funds towards capacity-building for enforcement officers and Management Authorities to implement the Convention (as per document SC69 doc. 21) (activities C-1 and C-3) in the amount of USD 58,467;
 - k) 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;
 - l) Hong Kong SAR provided funds towards enforcement activities (activity 3) in the amount of HKD 400,000 or USD 51,497;
 - m) The United Kingdom of Great Britain and Northern Ireland provided funds for the lion listing proposal work in cooperation with the Convention on the Conservation of Migratory Species of Wild Animals (CMS) in the amount of USD 17,440 (activity B-4);
 - n) Stop Ivory, David Shepherd Wildlife Foundation and Fondation Franz Weber provided funds towards the implementation of Decisions 17.171-172 regarding ivory stockpiles management and disposals (activity E-8) in the amount of USD 7,984; and
 - o) Registration fees funds were paid by observers attending the 29th meeting of the Animals Committee (activity A-3) in the amount of USD 12,200, 23rd meeting of the Plants Committee (activity A-4) in the amount of USD 4,800 and for the 69th meeting of the Standing Committee (activity A-2) in the amount of USD 17,447.
9. For further details on the donor and contributions received during the year to the external Trust Fund (QTL), please note that the regular monthly status reports are posted on CITES website at <https://cites.org/eng/disc/fund.php>.

Financial report on costed programme of work for 2018 as of 30 June 2018

10. Annex 2 to the present report contains the costed programme of work for the period 1 January to 30 June 2018 which shows an overall expenditure of USD 2,685,239 on the CITES Trust Fund (CTL) against a budget of USD 5,999,700 which is giving an implementation rate of 45 per cent, showing that the Secretariat is on track to deliver within its budget in 2018.
11. As reported for in paragraphs 4-5, the Secretariat is also foreseeing overspending on the logistic budget lines related to Animals and Plants Committee meetings between 16-26 July 2018 (including two joint meeting days) for UN security presence and venue cost as the joint meeting is taking place during a weekend day and the International Conference Centre of Geneva (CICG) must remain open with full service. Additional costs of USD 8,725 for UN security and USD 9,000 for the venue are foreseen for which no provision was included in the allocated budget for 2018. The Secretariat is proposing to offset the overspending with foreseen savings of USD 15,000 under the logistic budget line for the Standing Committee as all extra cost if not held in Geneva related to staff and conference travel and shipment of material will be borne by the host government (Russian Federation).
12. The number of agenda items for Standing Committee (SC) meetings continues to increase and the level is expected to be exceeding the numbers from SC69 and therefore extra evening sessions are foreseen at the 70th meeting of the Standing Committee and the Secretariat had to hire three additional interpreters to cover the extra sessions for which no budget allocation was included for 2018 at an estimated cost of USD 6,000 excluding travel.
13. The overall personnel component for salary costs is expected to remain within given budget allocation with projected underspending on the professional staff part due to reduction of Geneva post adjustment rate by 5.2 per cent for international recruited staff as reported in document SC70 Doc. 7 and the vacant Secretary-General position at D-2 level since early April 2018.
14. Annex 4 shows the contributions paid for 2018 and includes total payments of USD 2,568,288 related to the current year, up to 30 June 2018, prior and future years.
15. In accordance with the Resolution Conf. 17.2 on *Financing and the costed programme of work for the Secretariat for the triennium 2017-2019*, in paragraph 18, the Conference of the Parties:

REQUESTS all Parties to pay their contributions as far as possible during the year prior to the one to which they relate or, otherwise, promptly by the beginning of the calendar year (1 January to 31 December) to which the contributions apply

However, it should be noted that as of 30 June 2018, an amount of USD 3,513,155 or nearly 60 per cent remains unpaid for the year and this will have an 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 this report is 37 per cent.

16. In Annex 5, the annual distribution of unpaid contributions as of 30 June 2018 is shown, which is amounting to USD 4.5 million including the year 2018. As mentioned in earlier reports, with the introduction of International Public Sector Accounting Standards (IPSAS), long-standing unpaid assessed contributions will be counted as doubtful debts, and provision will be made in the accounts to cover the amounts from the reserve, thus reducing the amount available for the use of Parties.
17. Furthermore, and in line with Resolution 17.2, paragraph 20, the Secretariat has sent reminder letters twice yearly and contacted Parties with permanent missions in Geneva with information on pending contributions for three or more years.
18. As of 30 June 2018, an amount of USD 2,839,273 has been fund-raised and deposited on the CITES external Trust Fund (QTL) which is 22 per cent of the total indicative budget for the year 2018. As presented in annex 7, the major donors were the following:
 - a) The United Kingdom of Great Britain and Northern Ireland provided the first instalment towards support to the ICCWC Strategic Programme activities (activity C-6) in the amount of GBP 1.6 million or USD 2,227,102;

- b) The European Union provided part of the second 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 120,000 or USD 150,000;
 - c) Switzerland provided its second instalment for Convention Support in 2018 (activities B, C, D and E) in the amount of CHF 100,000 or USD 104,712;
 - d) Hong Kong provided support towards capacity building and enforcement in the Asian region (activity C-3) and towards demand reduction activities (activity E-8) in the amount of HKD 800,000 or USD 102,012;
 - e) Monaco provided the second instalment of funds for activities related to ICCWC (activity C-6) in the amount of EUR 50,000 or USD 60,914;
 - f) France provided the support towards the ICCWC Strategic Programme activities (activity C-6) in the amount of EUR 50,000 or USD 57,665;
 - g) Japan provide funding towards the MIKE programme on “Strengthening anti-poaching operations in the Queen Elizabeth National Park, Uganda” (activity 9) in the amount of USD 55,000;
 - h) The United States of America provided funding toward “Strengthening CITES compliance and law enforcement in Southeast Asian countries” (activities C-4, D-1 and D-30) in the amount of USD 34,483;
 - i) The United Kingdom of Great Britain and the Northern Ireland provided support for Asian Big Cats (decision 17.228) (activities C-4, D-1 and D-30) in the amount of GBP 18,000 or USD 24,643;
 - j) Animal Welfare Institute, Species Survival Network, Born Free Foundation, Natural Resources Defense Council and International Fund for Animal Welfare (IFAW) provided funds towards the implementation of Decisions 17.171-172 regarding ivory stockpiles management and disposals (activity E-8) in the amount of USD 10,400; and
 - k) Registration fees funds were paid by observers attending the 30th meeting of the Animals Committee (activity A-3) in the amount of USD 8,951, 24th meeting of the Plants Committee (activity A-4) in the amount of USD 2,205 and for the 70th meeting of the Standing Committee (activity A-2) in the amount of USD 1,186.
19. The statement of financial performance and financial position for the year ended 31 December 2016 for the CITES Trust Fund (CTL) is shown in annex 8. The IPSAS statement prepared is based on full accrual basis accounting which means that transactions and event are recognized when they occur and not only when cash is received or paid.
20. At the time of writing, the certified accounts for CITES trust funds for the year ending 31 December 2017 had not yet been issued by the UN Office at Nairobi (UNON).

Terms of Reference of the Finance and Budget Sub-Committee (FBSC)

21. In line with the discussions at SC69 and during the intersessional period, the Secretariat has prepared the draft amended Terms of Reference of the FBSC as contained in annex 9.

Recommendation

22. The Secretariat recommends that the Standing Committee:
- a) approve the reports on costed programme of work for the full year of 2017 and for the period up to 30 June 2018;
 - b) take note of the projected overspending in 2017 and 2018 related to conference logistics and security costs at governing and scientific body meetings organized in Geneva; and
 - c) approve the proposed amended Terms of Reference for the Finance and Budget Sub-Committee as contained in annex 9 of this document.