

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



Seventeenth meeting of the Conference of the Parties
Johannesburg (South Africa), 24 September – 5 October 2016

Administrative and financial matters

Administration, finance and budget of the Secretariat
and of meetings of the Conference of the Parties

FINANCIAL REPORTS FOR 2014-2016

1. This document has been prepared by the Secretariat.
2. In accordance with the *Terms of Reference for the Administration of the Trust Fund*, annexed to Resolution Conf. 16.2 on *Financing and the costed programme of work for the Secretariat for the triennium 2014-2016*, the Secretariat has prepared the report set out in the present document, covering the period 1 January 2014 to 30 June 2016 for both Convention trust funds, using the approved format in presenting the financial reports on the costed programme of work.
3. The Secretariat wrote to Switzerland in May 2013, in relation to the Resolution Conf. 16.2, drawing its attention to the paragraph in which the Conference of the Parties:

“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 the other convention secretariats based in Switzerland” and seeking Switzerland’s response to this invitation.

The Secretariat was advised by Switzerland that such further support would not be provided to the CITES Secretariat.

4. At its 66th meeting (SC66, Geneva, January 2016), the Standing Committee took note of the willingness of the Host Country to further discuss future support with the Secretariat. The Standing Committee agreed to request that the Conference of the Parties (CoP) at its 17th meeting:

“direct the Secretariat to explore the potential benefits of alternative hosting arrangements for the Secretariat (meaning Host Country) and make a recommendation to the Standing Committee, at its 69th meeting, if any changes would be beneficial to the Convention and the Parties”.

This recommended directive is silent on what should be done with the Secretariat's recommendation and on whether the Standing Committee is intended to have a decision-making function on the location of the Secretariat or whether it should make a recommendation at the 18th meeting of the Conference of the Parties. This matter may need to be clarified through the final Resolution to be adopted on financing and the costed programme of work of the Secretariat. The Secretariat also seeks guidance on whether it is expected to call for expressions of interest to host the Secretariat if it is required to explore the potential benefits of alternative hosting arrangements for the Secretariat.

Financial report on costed programme of work for 2014

5. At SC66, the Secretariat presented its report of expenditures associated with its costed programme of work for 2014 and 2015 (up to 31 October 2015) in document SC66 Doc. 10.1 on *Financial matters*^{*}.
6. Annex 1 to the present document contains the 2014 costed programme of work, with the final CITES general Trust Fund (CTL) 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 of USD 5.83 million.
7. The overall expenditure included overspending on translation costs as well as a modest overspending on general travel and maintenance of the Secretariat's office premises. This was offset by savings under some of the operational budget lines, such as overall staff costs, committee members' travel, subcontracts, office supplies, non-expendable equipment and hospitality.
8. At its sixteenth meeting (CoP16, Bangkok, 2013), the Conference of the Parties to CITES took note of the costed programme of work, funded from the voluntary external CITES activities Trust Fund (QTL), totalling USD 7,942,399 for 2014. Annex 1 to the present document contains the expenditures for 2014 and contributions received in relation to each activity.
9. Annex 2 to the present document, in its Table 1, contains the scale of contributions for each Party to the CITES general Trust Fund (CTL) and payments made in 2014. Table 2 shows the summary per month for the current year, prior years and future years. The overall payment rate for 2014 was 85 per cent.
10. During 2014, the Secretariat continued to raise funds for the voluntary external CITES activities Trust Fund (QTL). As of 31 December 2014, a total of USD 3,608,341, amounting to 45 per cent of the total indicative budget for 2014, had been deposited. Details of donor contributions are contained in Annex 3 to the present document.

Financial report on costed programme of work for 2015

11. In June 2015, a new enterprise resource planning system called Umoja was implemented for the United Nations Secretariat. This was in addition to the move to financial reporting compliant with the International Public Sector Accounting Standards (IPSAS). Consequently, the expenditures for the period 2015 are coming from two different financial system and are no longer providing charges at the budget code level as was the case for the period up to 31 May 2015.
12. Annex 4 to the present document contains the 2015 costed programme of work and the total expenditure for each activity and for each trust fund of the Convention, including programme support costs. The total expenditure for the CITES general Trust Fund (CTL), amounted to USD 5,975,836, against a budget of USD 6,018,089, giving an implementation rate of 99.30 per cent.
13. The total expenditure for the translation of documents for the three permanent committees and for general translation continues to be higher than was estimated and will require a budgetary increase for the future. It should be noted that the increase in the volume of documentation requiring translation, especially for the meetings of the permanent committees and the Conference of the Parties, 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, following the abolition of the two P-4 translation posts, the Secretariat has no capacity to check the quality of external translation of documents.
14. In Annex 5 of the present document, Table 1, shows the scale of contribution to the CITES general Trust Fund (CTL) and payments made as of 31 December 2015. Table 2 shows the summary per month of the paid contributions for 2015, which amounts to USD 5,981,941 and represents payments of USD 5,385,580 for 2015, USD 211,595 for prior years and USD 384,766 for future years. The payment rate for 2015 was thus 87 per cent.
15. Annex 6 shows the annual distribution of unpaid contributions as of 31 December 2015, which amounted to USD 978,776. At the end of 2014, the total unpaid contributions were USD 813,644. The payment rate was therefore lower for 2015. With the introduction of IPSAS on 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

^{*} See document [SC66 Doc. 10.1](#).

counted as doubtful debts, and provisions will be made in the accounts to cover the amounts from the reserve, thereby reducing the amount available for use by Parties.

16. The Secretariat has continued to monitor received contributions and has increased its efforts to encourage Parties to pay their outstanding contributions by contacting national focal points, the permanent missions in Geneva, informing visiting delegations and by sending official reminder letters to concerned Parties. With regard to the 2016 invoices that were prepared and distributed by the CITES Secretariat in the latter part of 2015, the Secretariat also sent electronic copies of those invoices to national scientific authorities and to the permanent missions in Geneva to allow for a wider reach.
17. Annex 7 presents information on the status of voluntary contributions received in 2015 to the external CITES Trust Fund (QTL). As of 31 December 2015, the contributions amounted to USD 742,457.
18. The certified accounts of the two trust funds for the year 2014 are reproduced in Annex 8 to the present document (available in English only). The accounts for the year 2015 have been certified as correct and in accordance with the accounting policies, regulations and rules of the United Nations. The certified accounts are included as an integral part of the UNEP accounts for the biennium 2014-2015.
19. In Annex 8 of the present document, Table 1 shows an overview of the flow and use of the CITES general Trust Fund (CTL) for the year 2014. The fund balance and reserve of the of the CLT as of 31 December 2014 amounted to USD 2,826,039, of which USD 851,300 represented the operating cash reserve to guarantee the liquidity of the Trust Fund. The reserve was thus USD 1,974,739 in excess of the required operating cash reserve.
20. Table 2 of Annex 8 presents an overview of the voluntary external CITES Trust Fund (QTL). The fund balance amounted to USD 5,197,501 as of 31 December 2014.
21. Owing to the implementation of Umoja, the closing of the accounts for 2015 took longer than in previous years. Therefore the certified accounts for CITES two trust funds are expected to be available in late May 2016. The Board of Auditors is scheduled to undertake their audit of UNEP during the period 2 to 30 June 2016.
22. Following the report of the Finance and Budget Subcommittee (FBSC) at SC66 (document FBSC/SC66 Com. 5), the Standing Committee noted the report of the Secretariat on the financial reports for 2014 and 2015 (up to 31 October 2015).

Financial report on costed programme of work for the period up to 30 June 2016

23. Updated information on expenditures and contributions for both trust funds for the period 1 January to 30 June 2016, including projections for the year, will be provided by late July 2016 allowing for more up-to-date figures for the year. The updated information will be presented in Annexes 9 to 13.

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

24. In line with the information provided at SC66, in document SC66 Doc. 10.1 on *Financial matters / Financial reports for 2014 and 2015*, and taking into account that the Terms of Reference for Administration of the CITES Trust Fund (ToR), annexed to Resolution Conf. 16.2, are similar to the terms of reference for other Multilateral Environmental Agreements (MEAs). Furthermore, the ToR should be seen as complementing the resolution text the financing and the costed programme of work for the Secretariat and is added as an annex to the Resolutions on financing.
25. The Secretariat is proposing that no further review or amendment of the current ToR of the CITES Trust Fund be undertaken.
26. The Standing Committee took note of the proposal.

Registration fee for observer organizations

27. The Secretariat has conducted a survey of how registration fees are applied in other MEAs and natural resource management bodies. The results were presented at SC66 in document SC66 Doc. 10.1 on *Financial matters / Financial reports for 2014 and 2015*.

28. The Secretariat has charged registration fees for all observer organizations at meetings of the CoP since 1983, initially at a rate of USD 50. This fee has increased over time and currently the fee charged is at USD 600 for the first observer organization and USD 300 for each additional observer from the same organization. At meetings of the Standing Committee and scientific committees, a fee of USD 100 is charged for each observer.
29. Taking into account the current practice, inputs received from the Standing Committee and NGOs, the financial burden for many observers and the increased number of observer participants at meetings, the administrative costs involved and the proposed use of the funds received, the Secretariat is proposing a revised fee structure as shown in Table 1 below.

Table 1. Proposed registration fee structure for observers organizations

Meetings of the Conference of the Parties and permanent committees	Amount (USD)	Remarks
Observer at CoP meetings – for first observer	600	Unchanged compared to current practice
Observer at CoP meetings – for second and third observer	-	Decreased from USD 300 to zero
Observer at CoP meetings – for fourth and any additional observer	300	Unchanged compared to current practice
International visitor attending CoP meetings	100	New fee taking into account the high level of international visitors to CITES meetings. Note that <u>no</u> fee will be required from national visitors or local communities.
Observer at Standing Committee meetings – for each observer	100	Unchanged compared to current practice
Observer at Animals and Plants Committee meetings – for each observer	100	Unchanged compared to current practice

30. The Secretariat is also proposing to continue to use the income from registration fees as approved at the 65th meeting of the Standing Committee (SC65, Geneva, 2014). This means that the fees shall be used to offset any deficit in translation costs for the meetings of the governing bodies (CoP and Standing Committee) and the scientific committees, as well as to cover any shortfall in funds for the Sponsored Delegates Project.
31. In compliance with the recommendation from the Standing Committee at SC65 (see document FBSC/SC65 Doc. 1), the Secretariat created a separate budget line in 2015 for recording income from registration fees under the external CITES Trust Fund (QTL). As of 31 December 2015, an overall amount of USD 25,345 was received for the period 2014-2015, including USD 16,498 from 2014 and USD 8,847 for 2015 (as shown under activity A-7).

Policy on translation of documents

32. At SC66, the Standing Committee instructed the Secretariat to prepare a policy on translation of documents, to the present meeting.
33. The Secretariat has continued to explore options to absorb the costs of the increasing volume of documents requiring translation, by use of the electronic documentation system, 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 2, below, shows the increase in the number of documents prepared by the Secretariat and Parties since 2012, as well as the relevant budget and expenditure for each meeting.
34. The Secretariat will provide a draft policy for review by late July 2016 in Annex 14 to the present document.

Table 2. Number of documents and actual costs for translated documents for meetings of the CoP and the permanent committees and for general translation

Meetings	Number of documents from the Secretariat	Number of documents from Parties	Budget (USD)	Expenditure (USD)
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 (2016)	50	47	65,000	146,256
AC26 (2012)	20	14	35,000	27,971
AC27 (2014)	30	23	50,000	48,064
AC28 (2015)	20	33	50,000	59,981
PC20 (2012)	13	21	35,000	34,168
PC21 (2014)	14	18	50,000	36,196
PC22 (2015)	13	40	50,000	57,666
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	-	-	100,000	105,619

Recommendation

35. The Secretariat requests that the Conference of the Parties accept the report of expenditures incurred and approve the report of implementation of the costed programmes of work for 2014, 2015 and 2016 (up to 30 June 2016).

Annexes

36. This document is supported by 14 annexes as listed below.

- Annex 1: Financial report on costed programme of work for 2014
- Annex 2: CITES general Trust Fund (CTL) – status of contribution as of 31 December 2014 and received in 2014 for each month (cumulative)
- Annex 3: CITES external Trust Fund (QTL) – status of contributions as of 31 December 2014
- Annex 4: Financial report on costed programme of work for 2015
- Annex 5: CITES general Trust Fund (CTL) – status of contribution as of 31 December 2015 and received in 2015 for each month (cumulative)
- Annex 6: CITES general Trust Fund (CTL) – annual distribution of the unpaid contributions as of 31 December 2015
- Annex 7: CITES external Trust Fund (QTL) – status of contributions as of 31 December 2015
- Annex 8: Statement of income and expenditure and changes in reserve and fund balance for the year 2014

- Annex 9: Financial report on costed programme of work for 2016 (up to 30 June 2016)
- Annex 10: CITES general Trust Fund (CTL) – status of contribution as of 30 June 2016 and received in 2016 for each month (cumulative)
- Annex 11: CITES general Trust Fund (CTL) – annual distribution of the unpaid contributions as of 30 June 2016
- Annex 12: CITES external Trust Fund (QTL) – status of contributions as of 30 June 2016
- Annex 13: Statement of income and expenditure and changes in reserve and fund balance for the year 2015
- Annex 14: Proposed policy for translation of CITES documents to its permanent committees