

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

BUDGET AND PROGRAMME OF WORK FOR THE PERIOD 2017 TO 2019

1. This document has been prepared by the Secretariat.

Introduction

2. In Resolution Conf. 16.2 on *Financing and the costed programme of work for the Secretariat for the triennium 2014-2016*, adopted at its 16th meeting (CoP16, Bangkok, 2013), the Conference of the Parties, among other things:

NOTES with appreciation the two budget proposals submitted by the Secretariat for the triennium 2014-2016 budget period and REQUESTS the Secretary-General to prepare budget proposals in the same format for consideration by the Conference of the Parties at its 17th meeting, including, as a minimum, a zero nominal growth budget scenario and a zero real growth budget scenario and, in consultation with the Standing Committee, if necessary, a third scenario.

3. At its 66th meeting (Geneva, January 2016), the Standing Committee took note of the Secretariat's report (document SC66 Doc. 10.2) on three proposed budget scenarios for the triennium 2017-2019.

Overview of the proposed budgetary proposals including programme of work, staffing and budgets for the triennium 2017-2019

4. The costed programme of work and budget for the triennium 2017-2019 has been developed and presented in a similar format to that presented at CoP16. It is tailored to the current structure and activities of the Secretariat.
5. In developing the draft of the new costed programme of work, the overall objective was to provide a framework that takes account of the Secretariat's assessment of the activities, available resources and requests for assistance from Parties to support implementation of the Convention.
6. The proposed activities constitute a continuation of the activities implemented in the current triennium 2014-2016, taking into account lessons learned, financial contributions received and the outcomes achieved during this period.
7. As noted above, the draft programme of work of the Secretariat for the triennium 2017-2019 is set out in three alternative budget scenarios:
 - a) scenario 1 presents the programme of work and budget under the first alternative budget scenario (zero real growth);
 - b) scenario 2 presents the second alternative budget scenario (zero nominal growth); and

- c) the third alternative budget scenario (incremental growth) is as set out in scenario 3. The third scenario builds on the zero real growth budget scenario and contains a modest increment in the staffing component.
8. The calculation of the average annual assessed contribution of each Party is based on the current United Nations scale of assessment for the period 2016-2018, adopted by the General Assembly by Resolution 70/245 on 23 December 2015, adjusted to take into account that not all Member States of the United Nations are Parties to the Convention. For the European Union, which is not a Member State of the United Nations, a rate of 2.5 per cent was used when calculating the CITES adjusted scale for 2017-2019.
9. The staffing proposal for the triennium 2017-2019 was developed on the basis of the following:
- a) The United Nations standard salary costs for the Geneva duty station for the year 2016, version 9, dated 6 January 2016, were used to calculate staff costs for 2017, and were adjusted upwards by 4 per cent for each year within the triennium. This adjustment does not reflect an increase in staff salaries and is meant to buffer the impact of inflation and fluctuation of the exchange rates. Estimates of these are taken into account in the UN standard salary costs.

It should be noted that the UN standard salary costs that have been used reflect a decrease of nearly 7.6 per cent in the proposed staff budget for 2017-2019 compared to the staffing costs for the triennium 2014-2016. This decrease results mainly from the lower projected post-adjustment rate and exchange rate used for the year.

Noting that the changes in post-adjustment rates and currency fluctuations are difficult to predict, the Secretariat is recommending the use of the UN standard salary costs, which have been the norm for previous budget periods and also for other Multilateral Environmental Agreements (MEAs). If the salary costs fluctuate during the triennium as a result of movements in the exchange rate between the US dollar and the Swiss franc, the Secretariat would request the Standing Committee to approve any necessary draw-down from the general CITES Trust Fund (CTL) to cover the actual salary expenditure, should the projected the UN standard salary costs be an underestimate of actual costs. The standard salary costs applied are subject to revision by UN headquarters in early 2017;

- b) The new retirement age for staff of the United Nations will be set at 65 years for all staff members recruited from 1 January 2014 (based on General Assembly Resolution 67/257 on human resources);
- c) For staff recruited before that date, the rules on retirement at either 60 or 62 years will continue to apply. However, if they are still in post on 1 January 2018, they will be able to choose to delay their retirement to 65 years (based on General Assembly resolution 70/248 and 70/244 on UN common system: report of the International Civil Service Commission); and
- d) A United Nations mobility framework for internationally recruited staff members, came into effect on 1 January 2016, and is supposed to be cost-neutral and to require geographic moves every four to seven years, depending on the duty station, in line with the Secretary-General's refined managed mobility framework, approved by the General Assembly in Resolution 68/265. No costing for the additional resources required to enact the mobility framework has been included in the proposed alternative budget scenarios. Such additional resources would be needed to cover travel and installation costs of staff members and their dependents. In 2016, managed mobility will be offered for staff members in the Political, Peace and Humanitarian job network (POLNET) only.

Presentation of the budget alternatives and their scenarios

10. In accordance with Resolution Conf. 4.6 (Rev. CoP16) on *Submission of draft resolutions, draft decisions and other documents for meetings of the Conference of the Parties*, the Secretariat has included in the programme of work any budgetary and workload implications for the Secretariat or permanent committees as well as an indication of the source of funding.
11. The costed programme of work maintains the current functional budget headings, which is based on the functional chart of the Secretariat, and most of the activities, with some adjustments to specific activities as necessary.

Zero real growth budget scenario

12. The zero real growth budget scenario, in Annex 2, maintains the current number of staff but entails an increase in the operating costs, based on an analysis of actual operating expenditure during the period 2014-2015 and projected for 2016. The scenario uses the UN standard salary cost for 2016, version 9 dated 6 January 2016, and adjusted at an increment of 4 per cent per annum.
13. Appendix 1 to Annex 2 shows the costed programme of work of the Secretariat, tailored to its functional chart. It shows the priority ranking of the Secretariat's activities, along with the resources required for each activity in each year and the currently foreseen need for external resources.
14. Appendix 2 to Annex 2 presents the core operational budget under the CITES Trust Fund (CTL) and shows adjustments on several operating costs to reflect the analysis of the 2014-2015 expenditures. This Appendix reflects the actual translation costs of documents presented at meetings of the governing bodies and scientific committees. It also reflects a projected increased costs for conference staff to support the governing bodies based on new contractual arrangements introduced.
15. With the introduction of the new administrative and financial system, Umoja, UNEP headquarters has advised that future operational costs for the system, i.e. licence for users and connectivity costs, will have to be absorbed by individual offices. To date, no details of cost estimates have been given and therefore the Secretariat has estimated the annual cost as USD 1,000 per staff member, for inclusion under this scenario. The Secretariat will continue to seek clarification on this matter in order to make any necessary adjustment, including why it is not covered through the existing provision of Programme Support Cost (PSC).
16. Other estimated costs included under this scenario relate to improved staff security at the International Environment House in Geneva, especially after the changes in security threats within Europe after dreadful incidents in Paris and Brussels. These costs will be shared among all offices in the building. The Secretariat is working with the UNEP Europe representative and UN Office in Geneva (UNOG) to determine new measures to be implemented and their cost implications. An estimated annual amount of USD 10,000 has been included in this scenario, which reflects the CITES Secretariat's possible contribution towards the cost of an additional security officer and other security equipment at the office building.
17. Appendix 3 to Annex 2 shows the core operational budget under the CITES Trust Fund arranged by class level (a higher grouping of budget lines) in the new Umoja format.
18. The Trust Fund for CITES activities that are externally funded (QTL) is presented in Appendix 4 to Annex 2 and shows the external funds sought by the Secretariat. It should be noted that the cost estimates indicated are indicative only and that the implementation of activities is subject to the availability of funds.
19. Appendix 5 to Annex 2 is the scale of contributions, providing the assessed contribution from each Party, based on the UN scale of assessment approved by the General Assembly in December 2015 and released in February 2016, and adjusted to take into account that not all UN member States are Parties to CITES.
20. Appendix 6 to Annex 2 contains the UN standard salary scale for 2016 for the Geneva duty station, which was used to calculate the staff costs for 2017-2019.
21. The overall operational budget under this scenario – funded from the general CITES Trust Fund– would be USD 18,490,665, a decrease of 0.11 per cent over the operational budget adopted for the triennium 2014-2016.

Zero nominal growth budget scenario

22. In this scenario, shown in Annex 3, the current level of staff and operating costs are maintained at the 2014-2016 level and there are no changes in operating costs, but it does take into account the UN standard salary cost for 2016, version 9 dated 6 January 2016, and adjusted at an increment of 4 per cent per annum.
23. Appendix 1 to Annex 3 shows the Secretariat's costed programme of work, following its functional chart, and includes the resources required from each trust fund for each year.

24. Appendices 2 and 3 to Annex 3 present the operational budgets for the activities funded from the general CITES Trust Fund (CTL) by year; at budget code level in Appendix 2 and at class level in Appendix 3.
25. Appendix 4 to Annex 3 shows the external funding required to support all proposed activities to be funded from the voluntary external Trust Fund (QTL).
26. The scale of contributions is presented in Appendix 5 to Annex 3 and shows the assessed contribution from each Party, based on General Assembly Resolution 70/245 adopted in December 2015, on UN scale of assessment.
27. It should be noted that this scenario contains no adjustment of the operating costs based on actual expenditure during the period 2014-2015 and this means that, if adopted, this would put the Secretariat in difficult situation as funds would not be sufficient to cover expected expenditures during the period 2017-2019. This means that there would be a reduction in the overall budget compared to the 2014-2016 level.
28. The overall operational budget under this scenario – funded from the general CITES Trust Fund – would be USD 17,431,463, a decrease of 5.83 per cent compared to the operational budget adopted for the triennium 2014-2016.

Incremental growth budget scenario

29. The incremental growth budget scenario, in Annex 4, builds on the zero real growth scenario and includes a modest incremental growth in staffing requirements to assist with the implementation of the programme of work. It is proposed that the two additional posts, one Junior Programme Officer at P-2 level and one Programme Assistant at General Service level, are funded from the CITES Trust Fund (CTL).
30. The proposed increase in the staffing requirements is based on the following considerations:
 - a) staffing resources have been decreasing, as shown in document SC66 Doc. 10.2, presented at the 66th meeting of the Standing Committee, with the Secretariat being reduced in size by 26 per cent (seven core posts) since the year 2000;
 - b) there has been a significant expansion in the number of tasks required to implement the programme of work, and an increased number of Parties (nearly 20 per cent increase since 2000);
 - c) there has been an increase in the size of meetings of the governing bodies and scientific committees and the associated organization and preparation work, including the number of documents to be written and translated; and
 - d) there has also been an increase in the number of Decisions and Resolutions adopted at each meeting of the Conference of the Parties to be implemented in the coming period (as indicated in Annex 1 of the present document), and an increased level of interest in the Convention across multiple sectors and at all levels.

Further detailed explanation with statistics is shown in document CoP17 Doc. 7.1 on *Administration of the Secretariat*. Annexes 1 to 3 shows in graphic format some of the major changes experienced by the Secretariat.

31. Appendix 1 of the budget scenario in Annex 4 describes the costed programme of work and follows the Secretariat's functional chart. For each activity, an estimate of resources required for its implementation is provided and broken down between the general CITES Trust Fund (CTL) and the voluntary external CITES activities Trust Fund (QTL). It should be noted that the programmatic activities related to science, enforcement, legislation and capacity-building are mainly dependent on external sources and not funded from the core budget.
32. The operational budgets include activities whose costs are to be covered by the assessed contributions of Parties to the general CITES Trust Fund, as well as activities to be funded from the voluntary external CITES activities Trust Fund. It should be noted that some activities draw upon resources from both trust funds. Appendices 2, 3 and 4 of Annex 4 provide details of the costs to be funded from each trust fund.

33. Appendix 5 to Annex 4 presents the scale of contributions, which shows the assessed contribution for each Party, based on the UN scale of assessment released in February 2016. The annex includes all new Parties that acceded to the Convention during the period 2014-2016.
34. Appendix 6 to Annex 4 shows the UN standard salary scale for the Geneva duty station for the year 2016, which was used to calculate the staff costs for the triennium 2017-2019.
35. The overall operational budget under this scenario – funded from the general CITES Trust Fund – would be USD 19,478,183, an increase of 5.23 per cent over the operational budget adopted for the triennium 2014-2016.
36. For the triennium 2017-2019, the Secretariat proposes to use the CITES Trust Fund reserve as a buffer against possible currency exchange losses, which cannot be predicted but may have a significant impact on the budget, and for other unexpected contingencies, including an underestimation in the projected UN standard salary costs.

Draft proposed resolution

37. A draft resolution on financing and the costed programme of work for the triennium 2017-2019 is presented in Annex 5 of the present document. It is based on Resolution Conf. 16.2, with proposed new text underlined and deletions in strikethrough.

Consultation on the proposed budgetary proposals

38. Paragraph 23 of the Memorandum of Understanding between the Standing Committee of the Conference of the Parties to CITES and the Executive Director of UNEP states:

“The Standing Committee understands that a copy of the draft Secretariat budget will be shared with the Executive Director for review and comments in respect of any matters of direct relevance to the role and functions of the Executive Director before the final proposed budget is submitted by the Secretary-General for consideration by the Conference of the Parties”.

39. Accordingly, the Secretary-General forwarded the draft budget scenarios to the UNEP headquarters on 18 April 2016 for his review and comments.
40. The Finance and Budget Subcommittee (FBSC) was also consulted on the draft budget documents via electronic means on 5 April 2016.
41. The comments received from UNEP and the FBSC have been taken into account in the final proposed budget scenarios presented in the annexes to the present document.

Recommendation

42. In light of the significant increases in the workload of the Secretariat and the prudent and well managed use of its resources, the Secretariat requests the Conference of the Parties to consider the incremental growth budget scenario in Annex 4, when adopting the budget for the triennium 2017-2019.

Annexes

43. This document is supported by six appendices for each budget scenario, one annex showing the Secretariat’s tasks under Resolution and Decisions between CoP16 and CoP17, and one annex containing a draft resolution on financing and the costed programme of work for the Secretariat for the triennium 2017-2019, as follows:

Annex 1: Secretariat tasks under Resolution and Decisions – CoP16-CoP17

Annex 2: Scenario 1 - Zero real growth

Appendix A: Proposed costed programme of work for 2017-2019 by activity level;

Appendix B: Operational budget under the general core trust fund (CTL) for 2017-2019 by budget code levels;

- Appendix C: Operational budget under the general core trust fund (CTL) for 2017-2019 in UN Umoja format;
- Appendix D: Indicative budget for the external trust fund (QTL) for 2017-2019 by budget code levels;
- Appendix E: Scale of contributions for the triennium 2017-2019 for the general trust funds (CTL) based on UN scale of assessment for 2016-2018; and
- Appendix F: UN standard salary costs for Geneva for the triennium 2014-2019.

Annex 3: Scenario 2 - Zero nominal growth

- Appendix A: Proposed costed programme of work for 2017-2019 by activity level;
- Appendix B: Operational budget under the general core trust fund (CTL) for 2017-2019 by budget code levels;
- Appendix C: Operational budget under the general core trust fund (CTL) for 2017-2019 in UN Umoja format;
- Appendix D: Indicative budget for the external trust fund (QTL) for 2017-2019 by budget code levels;
- Appendix E: Scale of contributions for the triennium 2017-2019 for the general trust funds (CTL) based on UN scale of assessment for 2016-2018; and
- Appendix F: UN standard salary costs for Geneva for the triennium 2014-2019.

Annex 4: Scenario 3 - Incremental growth

- Appendix A: Proposed costed programme of work for 2017-2019 by activity level;
- Appendix B: Operational budget under the general core trust fund (CTL) for 2017-2019 by budget code levels;
- Appendix C: Operational budget under the general core trust fund (CTL) for 2017-2019 in UN Umoja format;
- Appendix D: Indicative budget for the external trust fund (QTL) for 2017-2019 by budget code levels;
- Appendix E: Scale of contributions for the triennium 2017-2019 for the general trust funds (CTL) based on UN scale of assessment for 2016-2018; and
- Appendix F: UN standard salary costs for Geneva for the triennium 2014-2019

Annex 5: Draft resolution on financing and the costed programme of work for the Secretariat for the triennium 2017-2019