

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

Report to Finance and Budget Subcommittee

Administrative and financial matters as of 31 March 2021

As per the Terms of Reference for the Finance and Budget Subcommittee (FBSC) of the CITES Standing Committee, please find below report on administrative and financial report as of 31 March 2021.

Administrative matters

Delegation of Authority

Since the reporting in the report as at 30 September 2020, we have received feedback from UNEP on provided inputs on the new delegation policy and framework proposed.

MEA Secretariat administered by UNEP have now reviewed the new version and are joint having detailed discussions with Corporate Services Division of UNEP on the draft delegation policy and framework.

The final version is expected to be available by early May 2021 and will then be communicated to the chair of Standing Committee and FBSC as per the Memorandum of Understanding between CITES Standing Committee and the Executive Director of UNEP from September 2011, paragraphs 15 and 16.

The delegation policy and framework for the management and administration of Multilateral Environmental Agreement Secretariat issued by UNEP on 1 November 2016 is still in place.

Programme Support Cost Policy and allocation

In line with Resolution 18.1 on *Financing and the costed programme of work for the Secretariat for the triennium 2020-2022*, paragraph 5, the Secretariat has liaised with UNEP on the allocation of the Programme Support Costs (PSC) retained by UNEP for its Secretariat services to the Convention.

A draft note on allocation and utilization of the programme support cost has been prepared by UNEP. The Secretariat has asked for further details on the breakdown of core (indirect) cost covered by UNEP and common (direct) costs to be covered by CITES as well as confirmation that the existing Memorandum of Understanding between Standing Committee and the Executive Director of UNEP signed in September 2011 is adhered to in the new proposed policy on allocation. The final note from UNEP will be shared with FBSC, when available, for further discussion.

The allocation of PSC for 2021 has been issued by UNEP in February 2021 and includes a higher cost for the Umoja system than in previous years as UNHQ (Controller's office) has introduced a new methodology for sharing the costs within the UN Secretariat.

For CITES this included an increase of 29% or USD 12,547 per annum from 2020 in Umoja costs as per below table.

Further increases are expected with the new developments of Umoja extension 2 which will include project and programme management and fund-raising modules.

Year	Umoja costs in USD (out of CITES portion of the PSC)
2017	27,728
2018	34,092
2019	46,835
2020	43,193
2021	55,740

Staffing situation

The temporary hiring freeze is still in place for UNEP on its regular and Environmental funded positions while no such freeze is in place for CITES vacant positions. However, the Secretariat is closely monitoring the expenditure and collected contribution rates to ensure that we are within the available resources. This may delay the process as the Secretariat will proceed up to selection of the new staff while the on boarding may take longer time.

Since the previous quarterly report, the Secretariat has completed the following recruitments:

- Finance and Budget Assistant, MIKE team in Nairobi – appointed in November 2020.
- Programme Management Officer, P-3, MIKE team in Nairobi – appointment in February 2021.
- Associate Programme Management Officer, P-2 – appointment in mid-March 2021.
- Meeting and Conference Services Assistant - selected and expected to be reporting in May 2021.

Further details are included in below table on vacant positions under recruitment.

Summary of vacant position under recruitment:

Functional title	Funding source	Status
Associate Information Systems Officer, P-2	Core	JO-133944; pending final review by UNON Central Review Body before selection can be done. Expected to be finalized in April/May 2021.
Programme Management Officer, P-3	Core	JO-152324; expected to be posted on Inspira at the end of April 2021.
Programme Management Officer (ICWC), P-3	External	JO under creation following classification.
Chief, Scientific Unit, P-5	Core	JO-152660; expected to be posted on Inspira in May/June 2021 and will be filled at the end of 2021 when current staff member will retire.

Please note that the all vacancy announcements for staff or consultancy positions are posted on CITES website with direct link to the UN recruitment system *Inspira*.

A notification to Parties informing about the staff changes since January 2020 until 31 March 2021 is being prepared and will shortly be published on CITES website.

Financial matters

CITES Trust Fund (CTL)

Financial data for the year 2020 as at 31 December 2020

The accounts for 2020 closed by 28 February 2021 and are currently undergoing audit by the UN Board of Auditors (China). The final report including the IPSAS financial statements per trust fund is expected in August/September 2021.

The Secretariat is currently preparing the financial reports including collected contributions as at 31 December 2020 and this will shortly be shared with FBSC.

Meanwhile, I would like to give an overview regarding the preliminary figures available and highlight a few areas which have financial impact for the future:

- Overall implementation rate of the approved budget for 2020 was 88%
 - budget of USD 6.1 million compared to
 - expenditure of USD 5.4 million.

- Collection rate of assessed contribution for 2020 was 75.5%
 - Major contributions for 2019 amounting to more than USD 1.5 million was paid late and only in January 2020;
 - Unpaid contributions for prior years was collected in 2020, amounting to nearly USD 350,000 and including some long-term outstanding amounts;
 - During the year, the Secretariat received two official communication from Parties (Portugal for 2020 only and Vanuatu for 2020-2021) informing that they will pay their 2020 assessed contribution late.

- Impact on operation of the Secretariat activities funded from the core budget due to the low collection rate of assessed contribution and ongoing pandemic:
 - The major expenditure during 2020 based on the approved budget relates to staff salaries and recurrent annual commitments related to scientific support, trade monitoring and CITES website agreements;
 - Planned purchase of replacement of computers and phones for the Secretariat that had been postponed in 2019 were undertaken in 2020;
 - All official travel was stopped from March 2020;
 - Lower maintenance costs for office space due to that staff were telecommuting from home during the period mid-March to December 2020 as per local authority advice; and
 - Staff selected but not onboarded as planned and delayed to later during the year and in early 2021.

Description	Budget 2020 (USD)	Expenditure 2020 (USD)	Assessed contribution collected for 2020 (USD)	Cash & funds balance (USD)
Post & salary items	4,170,423	4,121,948	-	-
Consultants	475,500	228,657	-	2,574,292
Non-post & salary items	1,536,120	1,067,674	-	2,713,924
Total:	6,182,043	5,418,279 (88%)	4,703,176 (75.5%)	5,288,216

Financial data for the year 2021 as at 31 March 2021

As of 31 March 2021, the Secretariat has spent around 23% of the total budget for 2021 on mainly staff salaries and recurrent annual commitments. The assessed contributions collection rate was 24.6% as shown in below table.

Description	Budget 2021 (USD)	Expenditure 2021 (USD)	Assessed contribution collected for 2021 (USD)	Cash & funds balance (USD)
Post & salary items	4,324,319	1,029,434	-	-
Consultants	475,500	(6,433)	-	634,330
Non-post & salary items	1,556,126	454,456	-	5,288,216
Total:	6,355,945	1,477,457 (23%)	1,5129,655 (24.6%)	5,922,546

The annual assessed contribution invoices for 2021 has a different format than in previous years as they have been generated from the UN financial system Umoja and most invoices were sent out to Parties in mid-October 2020.

During 2020, the Secretariat has worked with UNEP on reconciling data in Umoja with CITES information on past deposits into its bank account to ensure that the contributions data was fully updated and correct balances could be generated into the annual invoices.

The assessed contributions collection rate for the first 3 months of 2021 is higher than in previous years as shown in below table.

Assessed contributions collection rate per year	%
Year 2021 as at 31 March 2021	24.6
Year 2020 as at 31 March 2020	16
Year 2019 as at 31 March 2019	22
Year 2018 as at 31 March 2018	27

The Secretariat will continue to closely monitor the payments related to 2021 and prior years assessed contribution during the year and consult with Parties on regular basis.

A reminder letter will be sent out to Parties with unpaid contributions for 2020 and prior years at the end of April 2021 through its Permanent Missions in Geneva and we would appreciate that the FBSC members are assisting us with reminding Parties in your respective region to pay 2021 and prior years outstanding contributions.

If the 2021 assessed contribution collection rate will be lower in the coming months, the Secretariat may have to use the available fund balance to cover salaries of existing staff and further delay on-boarding of new staff members. Note that this will require prior approval from the Parties through the Standing Committee.

In addition to the cash and fund balance of around USD 5.9 million, the core trust fund also has its working capital reserve of USD 899,955 that can be utilized with the same prior approval as above.

At the time of this report, no further official communication has been received from Parties that they will not pay their 2021 assessed contribution during the year except for those Parties reported in 2020.

Audit of CITES

Office of Internal Oversight Services (OIOS) has started its audit of the CITES Secretariat and is taking place during the period January to April 2021 and will be carried out in Nairobi, Kenya. The audit will cover the period from 1 January 2018 to 31 December 2020 and covers the following areas:

- Strategic management and governance;
- Operations management; and
- Finance and administration.

The audit will be conducted through interviews with key personnel, review of relevant documentation, analytical review of data and judgemental sample testing.

The final audit report is expected to be finalized by end of June and will thereafter be posted on CITES website.

Online meetings and possible financial impact

Based on FBSC recommendation in mid-October 2020, the Standing Committee agreed on the transfer of USD 280,000 from 2020 related to AC, PC and SC meetings for possible organization during 2021. This approval was on a one-time exceptional basis from the expected 2020 savings under the meeting related components and included in the Notification 2021/015 dated 4 February 2021.

Since the previous report, decision has been taken to hold the 73rd meeting of the Standing Committee online with reduced agenda during 5-7 May 2021. For this online meeting, the Secretariat has used the UN global system contracts in place for the online platform which has reduced the transaction cost for the procurement and will also allow the usage of global negotiated rates by the vendors. The vendor selected is Kudo and the interpretation will be performed by CITES hired interpreters similar to previous face-to-face meetings of our governing bodies.

As reported in the quarterly report as at 30 September 2020, UNEP has issued guidelines on "Reimbursement of communication cost for virtual meetings for meeting participants" including hourly rates per 1 GB per each UN region.

The guideline includes average hourly rate in USD for 1 GB range per region, as per below table, and can be reimbursed to eligible meeting participants without receipt for reimbursements up to USD 200 per meeting. Any reimbursement above USD 200 will have to be accompanied by receipts to support the expense.

Table on average standard hourly rates for 1 GB per regions

Regions	Standard hourly rate for 1 GB (USD)
Africa	8
Asia / Pacific	9
CEE	6
GRULAC	8
WEOG / OECD	6

The Secretariat is proposing to follow the procedures set out in Resolution Conf. 17.3 on Sponsored Delegates Project for nomination of eligible members and delegates for the coming online meetings/sessions for the scientific and governing bodies committees.

As of the time of this report, the Secretariat has received two requests for reimbursement from Standing Committee and three from Animals and Plants Committee members.

As no core funding is included in the triennium budget for 2020-2022 for this purpose, the above additional costs for data connection could be financed through the existing registration fees collected during 2019-2021 period or through the core travel cost budget for SC, AC and PC members.

Furthermore, the FBSC agreed in early March 2021 to exceptionally reduce the registration fees for observer organizations participating at the SC73, AC31 and PC25 online meetings during 2021 from USD 100 to USD 50 per organization delegate.

Support of the CITES Activities Trust Fund (QTL)

During 2020 and up 31 March 2021, the following contributions have been collected on the external trust fund for ongoing and new activities:

- As at 31 December 2020: nearly USD 9,2 millions
- As at 31 March 2021: nearly USD 1.7 millions

The Secretariat is posting on monthly basis on its website detailed information on contributions collected on both the core and external trust funds and the data can be found on the below links:

- Core trust fund (CTL)
https://cites.org/sites/default/files/eng/disc/funds/ct03-21_en.pdf
- External trust fund (QTL)
https://cites.org/sites/default/files/eng/disc/funds/status_of_external_contributions_to_the_CITES_External_Trust_Fund_08Apr2021.pdf

The page on financial matters on the CITES website has been amended and now includes more relevant information related to financial matters including financial resolutions, audit reports, UN financial regulations and rules etc.