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منظمة
الغذية والزراعة
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2015 Financial Report - Financial Report and Resource mobilization
Agenda item 11.3.1
Prepared by the IPPC Secretariat

I. Executive Summary

1. This paper presents the Financial, Budget, and Resources Mobilization report of the International Plant Protection Convention (IPPC) Secretariat for the year ending 31 December 2015. It includes financial statements for resources available in 2015 from FAO's Regular Programme (RP) budget and the Extra-Budgetary (EB) Trust Fund sources that were administered by the IPPC Secretariat during the reporting period. The paper also includes forecasts of funding requirements from both the FAO's RP budget and the EB sources for the period 2016-2017.
2. This financial report is compiled according to the guidelines and recommendations of the Financial Committee (FC) of the CPM Bureau and includes a three-year trend for all the figures, a separate presentation of RP and EB resources, EB shown by project period and various financial breakdowns. The financial report also includes presentation of expenditures of the trust funds as a new feature.
3. Overall, during 2015, total resources available to the IPPC Secretariat amounted to USD 5,683,546, comprised of USD 2,950,000 from FAO RP and USD 2,733,546 from EB (contributions and carry-overs), as shown in Table A. Total expenditures from both RP and EB sources in 2015 amounted to USD 4,815,650 as shown in Table A.
4. While FAO RP resources are only available for use during the biennium in which are they provided, resources from EB sources can be carried forward over to the following year, subject to the respective Trust Fund project agreements. Consequently, the difference between available yearly

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resources and expenditures in the given periods is mainly due to carry-over of EB resources that remained available for spending in the following year.

A. Table A - Resources for the IPPC Secretariat (from FAO Regular Programme (RP) contribution and Extra-Budgetary (EB) Trust Funds, in USD)

Year	Available Resources			Actual Expenditures		
	FAO RP Budget	EB Trust Funds (Contributions and Carry-	Total	FAO RP Budget	EB Trust Funds	Total
2013	3,059,096	2,416,776	5,475,872	3,059,096	1,905,924	4,965,020
2014	2,950,000	3,561,243	6,511,243	2,984,010	2,051,141	5,035,151
2015	2,950,000	2,733,546	5,683,546	2,929,061	1,886,589	4,815,650

5. As a result of resource mobilization efforts and careful financial management, the Special Trust Fund of the IPPC (Multi-donor) still remains in surplus (carry-over from 2015 to 2016 is USD 675,969 compared to 2014 to 2015 carry-over of USD 977,106, and 2013-2014 carry-over of USD 801,298). In 2015, five Contracting parties (3% of the total membership of 182 Contracting parties) made contributions to the Special Trust Fund of the IPPC (Multi-donor), compared to six Contracting parties in 2014. Funds are still being utilized at a faster rate than they are replenished. If this trend continues in future years, there will be no funds available in the Special Trust Fund of the IPPC (Multi-donor) – Table 3.

6. The total cost for the Secretariat of CPM-10 (2015), amounted to approximately USD 430,000 from both the FAO RP budget and EB resources combined, which is USD 70,000 less than the cost incurred for CPM-9 (2014) mainly due to lower translation, interpretation (less sessions) and travel costs.

7. The 2015 Budget of the IPPC Secretariat for both RP and EB was executed in accordance with the IPPC Secretariat 2014-2015 Biennium Operational Budget presented at CPM-9 (2014).

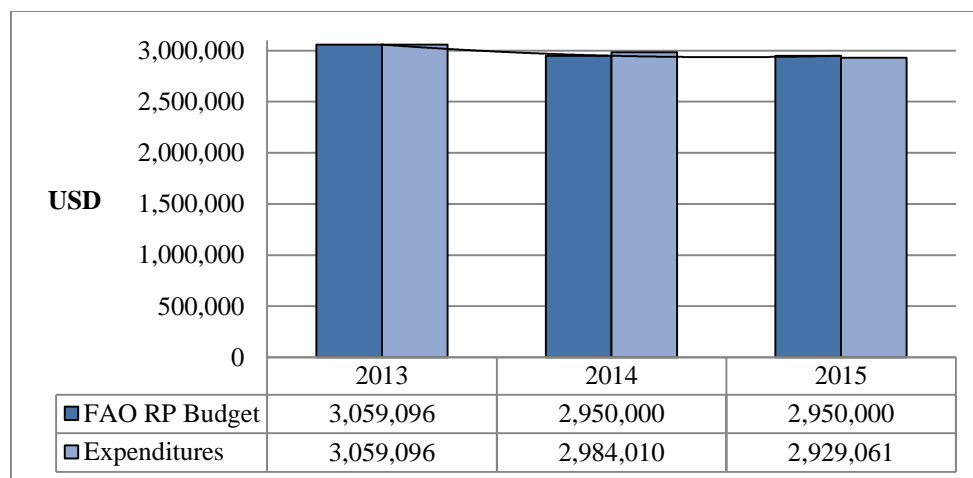
8. The IPPC Secretariat has been able to ensure that all of the 2015 FAO RP budget available for the Secretariat operations and salaries were fully utilized for the budgeted activities.

9. The CPM is invited to:

- 1) *note* the 2015 Financial Report of the International Plant Protection Convention Secretariat
- 2) *adopt* the 2015 Financial report for the Special trust fund of the IPPC (Multi-donor) (Table 3)
- 3) *encourage* contracting parties to contribute to the Special trust fund of the IPPC (Multi-donor)
- 4) *thank* contracting parties which contributed to the Secretariat of the International Plant Protection Convention's work programme in 2015

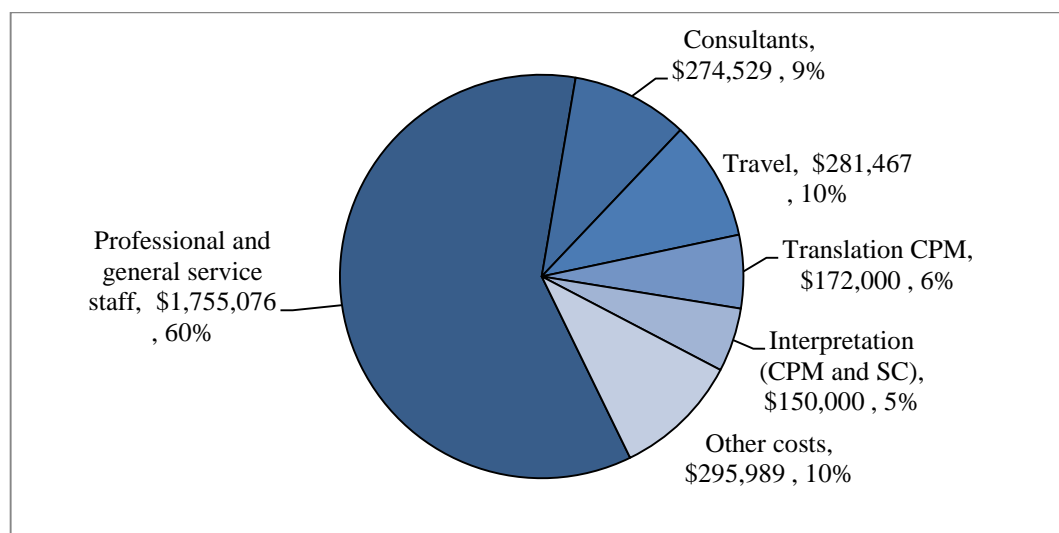
FAO Regular Programme Contribution

Figure 1. FAO Regular Programme Contribution to the IPPC Secretariat compared to expenditures



10. In 2015, FAO RP resources allocated for the IPPC Secretariat amounted to USD 2,950,000, the same nominal amount as in 2014 as per FAO's Programme of Work and Budget approved by the FAO Conference (not adjusted for inflation). In 2014-2015 biennium, 85% of the RP resources contributed were under FAO Strategic objective 4 - Enable inclusive and efficient agricultural and food systems, while 15% of resources were under FAO Strategic objective 2 - Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner.

Figure 2. IPPC Secretariat Regular programme expenditures by expense type - 2015 year



11. In 2015, total RP expenditures of the IPPC Secretariat amounted to USD 2,929,061, representing a slight decrease compared to 2014. As in the previous years, IPPC Secretariat's financial priority was to efficiently execute all the budgeted activities. This goal has been achieved in 2015.

12. Out of the total RP expenditures in 2015 (USD 2,929,061), USD 2,029,605 related to staff costs (professional and general service staff and consultants), USD 281,467 was spent on travel and USD 617,989 was used for other and non-staff costs (translation, interpretation, publications, printing, etc). Table 1 shows a detailed breakdown of the RP expenditures.

Table 1. IPPC Secretariat Regular programme expenditures by expense type (in USD)

Cost type	2013	2014	2015
Professional and General service staff	1,791,247	1,868,120	1,755,076
Consultants	339,300	300,326	274,529
Travel	228,332	239,608	281,467
Translation CPM	180,061	193,319	172,000
Interpretation (CPM and SC)	212,000	156,000	150,000
Other costs	286,224	226,637	295,989
Divisional net costs	21,932	-	-
Total	3,059,096	2,984,010	2,929,061

13. In line with recommendations of the Financial committee (FC), Table 1 shows a detailed breakdown of IPPC Secretariat RP expenditures by the cost type. RP expenditures remained steady for all the cost types. Total human resources costs (staff and consultants) fluctuated around USD 2.1 million per year in the 2013-2015 period. Translation and interpretation costs decreased steadily in the 2013-2015 period. Travel costs slightly increased in 2015 (by 17%), compared to 2014 due to increased Secretariat activities.

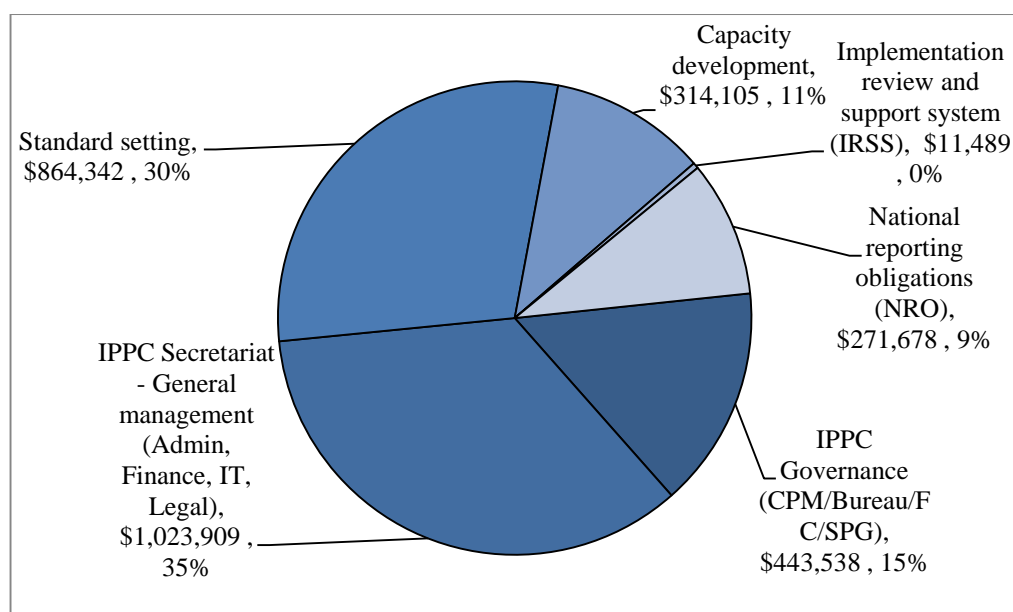
Figure 3. IPPC Secretariat Regular programme expenditures by core activity - 2015 year

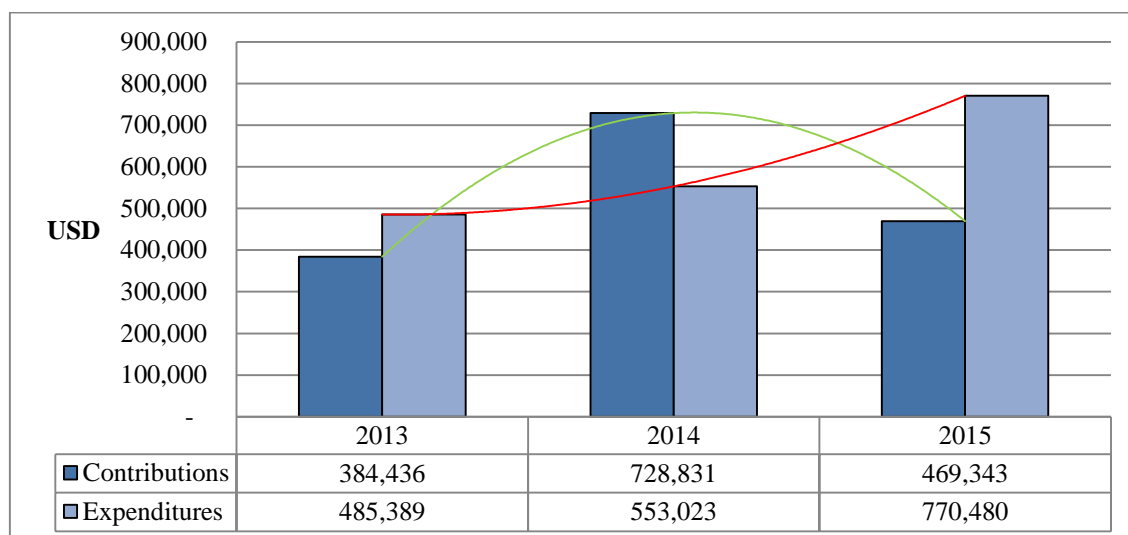
Table 2. Secretariat Regular programme expenditures by Core activity (in USD)

IPPC Core Activity	2013	2014	2015
IPPC Governance (CPM/Bureau/FC/SPG)	449,173	414,475	443,538
Secretariat – General management	1,166,354	1,186,270	1,023,909
Standard setting	878,118	860,479	864,342
Capacity development	280,850	286,223	314,105
Implementation review and support system (IRSS)	42,935	21,218	11,489
National reporting obligations (NRO)	219,734	215,345	271,678
Divisional net costs	21,932	-	-
Total	3,059,096	2,984,010	2,929,061

14. Table 2 shows a detailed breakdown of IPPC Secretariat RP expenditures by core activity. Over the last three years, average governance cost of IPPC amounted to approximately USD 435,000 a year. These costs include the organization of meetings of the CPM, Bureau, Financial committee and Strategic planning group and include interpretation, translation, temporary staff, catering and travel costs. IPPC Secretariat General management costs have been steady around USD 1,100,000 in the last three years and include general management professional and general service staff salaries, general procurement, communications, financial management, information technology (website and similar), ISPM 15 registration, travel and all other costs that are not specifically related to any core activity. Core activities are partially funded by trust fund resources (see details in the Trust fund section of the financial report).

Trust Funds

Figure 4. Special Trust Fund of the IPPC (Multi-donor) - Contributions vs. Expenditures (2013-2015)



15. In 2015, Special Trust Fund of the IPPC (Multi-donor) contributions amounted to USD 469,343, which represents a decline of 36% compared to 2014. In 2015, five Contracting parties (3% of the total membership of 182 Contracting parties) made contributions to the Special Trust Fund of the IPPC (Multi-donor), compared to six Contracting parties in 2014, impacting adversely the total of contributions received.

16. As recommended by the Financial committee (FC), the Special Trust Fund of the IPPC (Multi-donor) expenditure structure by Core activity has been added to the report, as shown in the Table 3. As it can be seen in the expenditure breakdown by Cost type (Table 3), the highest increase in expenditures occurred at the Professional and General service staff line from USD 240,328 in 2014 to USD 634,906 in 2015 due to increased activities in the Capacity development work area and hiring of new staff in late 2014 (see expenditures by Core activity for more details).

17. Due to the ever increasing work programme of the IPPC Secretariat, if not replenished at a higher rate, IPPC trust fund will not be able to fund all the activities currently in place; see Forecast section of the report for more details.

18. The IPPC Secretariat would like to thank all the contracting parties for their contributions to the Special Trust Fund of the IPPC (Multi-donor). These generous contributions allow IPPC to expand its capacity and deliver better services to contracting parties. Contracting parties are invited to continue to contribute to the trust fund in light of the broadened work programme.

Table 3. Special Trust Fund of the IPPC (Multi-donor) contributions and expenditures as of 31 December 2015 (in USD)

Contributions	2004-2012*	2013	2014	2015
Australia		-	139,695	-
Canada		-	337,255	-
Ireland		-	-	27,352
Japan		28,500	28,500	40,000
Netherlands		-	50,000	-
New Zealand		80,000	-	100,000
Republic of Korea		100,000	100,000	162,597
South Africa		-	-	137,642
Sweden		-	70,000	-
USA		175,000	-	-
Other		936	3,381	1,752
Total	2,554,170	384,436	728,831	469,343

Expenditures by Cost type**	2004-2012*	2013	2014	2015
Professional and General service staff		193,650	240,328	634,906
Consultants		148,154	81,381	14
Travel		118,258	90,316	618
Contracts		-	92,626	89,400
Other		25,327	48,372	45,542
Total	1,651,919	485,389	553,023	770,480

Expenditures by Core activity**	2004-2012*	2013	2014	2015
IPPC Governance		-	99,300	-
IPPC Secretariat - General man.		273,315	180,153	175,217
Standard setting		460	38,261	16,068
Capacity development		211,614	130,867	462,768
IRSS		-	57,224	62,159
National reporting obligations (NRO)		-	47,218	54,268
Total	1,651,919	485,389	553,023	770,480
Balance	902,251	801,298	977,106	675,969

* For ease of reference, prior years (2004-2012) are grouped

** Total expenditures are the same, the difference is only in the presentation of the expenditure structure

Other trust funds administered by the Secretariat to the IPPC

Table 4. Other trust fund

SECRETARIAT TRUST FUNDS* (Short description/project symbol)	Donor	Status at 31 Dec 2015	Start date	End date	Total budget	Prior expenditures	2015 Expenditures	Balance at 31 Dec 2015
European Union trust funds								
Participation TF (311/EC) (2014-2016)	EU	Active	1/7/14	30/6/16	819,282	128,738	354,789	335,755
IRSS TF (Part C) (391/EC) (2014-2017)	EU	Active	1/4/14	31/3/17	794,702	71,164	200,496	523,042
Umbrella programme for Capacity Development								-
Strengthening Gambia NPP (030/STF)	STDF	Active	15/3/13	31/3/16	56,020	16,869	12,354	26,797
Training of PCE facilitators (527/STF)	STDF	Active	1/4/14	30/9/16	734,088	3,102	47,524	683,462
Strengthening biosecurity (165/UK)	UK	Active	1/4/14	31/3/16	269,697	-	267,965	1,732
SWI-IRSS (551/SWI)	SWI	Active	1/7/14	30/6/16	339,750	37,213	-	302,537
SWI-Standard setting TF (368/SWI)	SWI	Closed	5/10/12	30/6/15	315,769	230,239	83,023	-
Global Phytosanitary manuals (368/STF)	STDF	Closed	1/2/12	31/7/15	672,877	610,918	60,660	-
Cooperation for phytosanitary CD (419/JPN)	Japan	Closed	1/8/12	30/4/15	425,263	373,396	51,867	-
Total (USD)					4,427,448	1,471,639	1,078,678	1,873,325

**Active in 2015 (throughout the whole year or less)*

19. Based on the Financial committee (FC) recommendations, Table 4. shows a detailed breakdown of the Other IPPC Trust funds (active in 2015) and its budgets, expenditures and balances (as of 31 December 2015) operated by the IPPC Secretariat in the period 2012-2017. Along with the Special Trust Fund of the IPPC (Multi-donor), these Trust funds provide essential financial resources for specific IPPC activities. In 2015, IPPC had 9 active trust funds, out of which 3 were closed during the year. Each trust fund has its specific purpose and budgets are executed in accordance with the signed agreements. IPPC Secretariat is committed to execute all the activities within the project scope and budget and meet reporting requirements.

20. Umbrella Programme for Capacity development hosts two additional projects that are not administered by the Secretariat of IPPC (for these projects, the Secretariat is the Lead Technical Unit, but not the Budget holder): Support to Capacity Development in Implementation of Plant Pest

Surveillance and Information Management in Southeast Asian Countries – project symbol GCP /RAS/286/ROK – budget USD 1,796,642, and Strengthening phytosanitary inspection and diagnostic services in Azerbaijan – project symbol MTF /AZE/007/STF – budget USD 1,120,000.

21. The IPPC Secretariat appreciates the generous trust fund contributions from contracting parties which allow the Secretariat to expand its capacity and deliver better services. Contracting parties are invited to continue to contribute to the Special Trust Fund of the IPPC (Multi-donor) and other trust funds in the light of the increased work programme demands on the Secretariat.

IPPC Strategic and functional objectives

Figure 5. Estimated Operational expenditures by IPPC strategic and functional objectives (according to IPPC Strategic Framework 2012-2019)

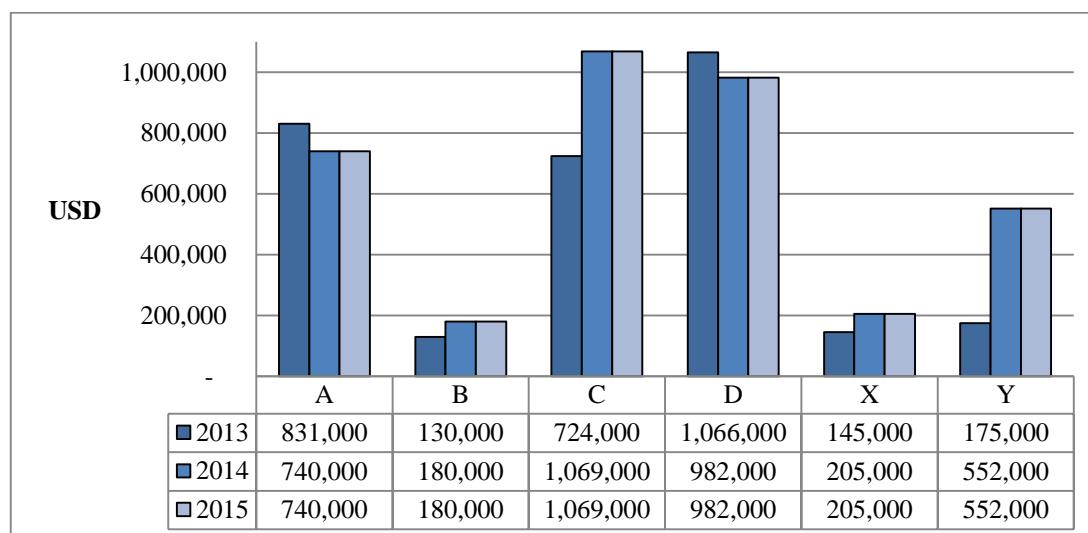


Table 5. IPPC strategic and functional objectives (IPPC Strategic Framework 2012-2019)

Strategic objectives

Objective A: Protect sustainable agriculture and enhance global food security through the prevention of pest spread

Objective B: Protect the environment, forests and biodiversity from plant pests

Objective C: Facilitate economic and trade development through the promotion of harmonized, scientifically based phytosanitary measures

Objective D: Develop phytosanitary capacity for members to accomplish A, B, and C.

Functional objectives

Objective X: Effective collaboration with members and stakeholders

Objective Y: Efficient and effective administration

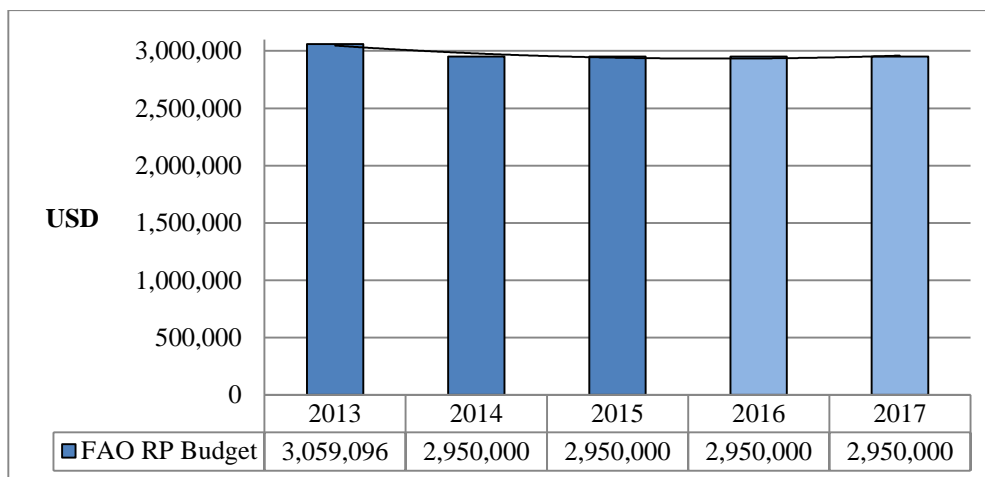
22. Figure 5 shows estimated operational expenditures (RP and trust funds combined) by IPPC strategic and functional objectives in the period 2013-2015 in accordance with the IPPC Strategic

Framework 2012-2019 that was adopted in 2012 at CPM7. As the result of increased trust fund contributions and broadened work programme, in 2014 and 2015, IPPC allocated significantly more resources to objectives C and Y and slightly more resources to objectives B and X, while objectives A and D received moderately less resources, in accordance with the IPPC 2014-2015 Biennium Budget adopted at CPM-9 in 2014.

Forecast

FAO Regular programme contribution

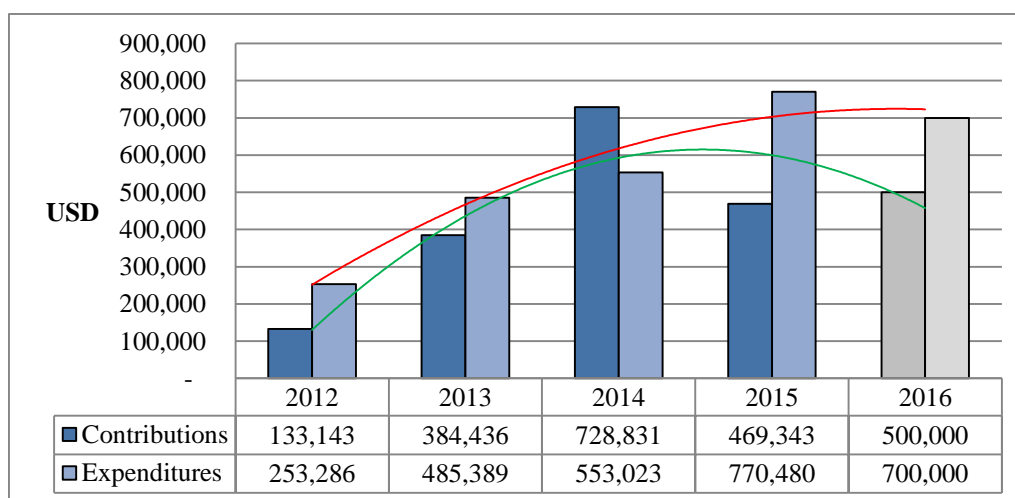
Figure 6. FAO Regular Programme contribution to the Secretariat of the IPPC – forecast



23. FAO RP contribution to the IPPC Secretariat for the 2014-2015 biennium was approved by FAO Conference at its 38th Session in June 2013 at the level of USD 5.9 million (or USD 2.95 million per year). FAO Conference at its 39th Session in June 2015 approved the IPPC Secretariat 2016-2017 contribution at the same level of USD 5.9 million (or USD 2.95 million per year).

Special Trust Fund of the IPPC (Multi-donor)

Figure 7. Special Trust Fund of the IPPC (Multi-donor) - Contributions in comparison to expenditures – forecast



24. As shown in Figure 7, in comparison to 2014, Special Trust Fund of the IPPC (Multi-donor) contributions decreased by 36% in 2015 to USD 469,343. However, expected expenditures in 2016, based on the IPPC Secretariat Work Plan and Budget for 2016, are higher than the current level of

contributions can support. Estimated operational minimum for the Special Trust Fund of the IPPC (Multi-donor) has reached approximately USD 1 million and contracting parties are invited to pledge their contributions towards this amount in order that the work programme is continued in a sustainable way.

II. Conclusion

25. In conclusion, in 2015 IPPC Secretariat executed numerous activities within the resources made available. The financial position of IPPC is stable in FAO RP funding. However, due to the ever increasing requests by the CPM, the work programme of the IPPC Secretariat is constantly expanding and current extra-budgetary support needs to be increased to address the CPM's requests and for the IPPC Secretariat to deliver its work programme in a sustained way. IPPC Secretariat is grateful to all the contracting parties that supported its work programme, financially or in-kind in 2015. IPPC Secretariat also invites contracting parties to pledge their 2016 contributions during the CPM-11 meeting and support the IPPC mission: Protecting the world's plant resources from pests.