



***REPORT***

Rome, Italy

12 October 2015

# **IPPC Financial Committee October, 2015**



**Food and Agriculture Organization of the United Nations**

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## Commission on Phytosanitary Measures

### Financial Committee Meeting

12 October 2015 (9-12h)

## REPORT

### 1. Opening of the meeting

- [1] The FC Chairperson welcomed the FC members and opened the meeting. He highlighted the importance of the FC in providing the fundament for prospective SPG discussions to understand in-depth the financial situation and future of the IPPC.
- [2] The IPPC Secretary, Mr Jingyuan XIA, welcomed the participants and made opening remarks. He summarized the steps taken to renew the IPPC Secretariat over the past four months. He highlighted that the goal was to create a “One IPPC” with one common mission. The strategies for renewal were to enhance internal cohesion and to increase external influence. He also mentioned the challenges underlying the current situation of the Secretariat; imbalance in structure, instability of staff contracts and inefficiency in operation. To address these challenges, reshaping the structure, regrouping the responsibilities and renewing the operational mechanism, have been enforced and put in place.
- [3] Regarding finance and resource mobilization, he provided an analysis demonstrating that funds supporting the Secretariat and its activities came approximately 50% from RP and 50% from TF. The European Union is a major donor to the TF by providing approximately 25% of the total funds. Approximately 20% are provided by the STDF and the rest comes from about 10 countries, in particular Australia, United States of America, Canada, Japan, Republic of Korea, New Zealand, Sweden and the Netherlands. South Africa is the only developing country that has provided funding to the IPPC. Furthermore, he highlighted that IPPC is the only convention that does not have mandatory assessed contributions.
- [4] As to the expenses of the Secretariat, these doubled the past year due to increase in staff. Necessary steps to ensure that the activities requested by the CPM may be carried out. However, as it stands the staff will not be able to be continued unless action is taken. To tackle this situation from the Secretariat’s side, he had established a Resource Mobilization Task Force (RMTF) whose strategy will target not only developed countries but also developing countries (e.g. BRICS countries) and target other channels that the Secretariat has not exploited before (see also discussions under Section 6.1). He stressed that he was extremely optimistic about the prosperous future of the Secretariat, provided all actors would contribute and work together.
- [5] Regarding the role of the FC, the Secretary noted that he looked forward to discussing this also with a view to mobilizing resources for important activities, such as the IYPH 2020.

### 2. Adoption of the Agenda

The FC adopted the agenda (Appendix 1).

### 3. Housekeeping

- [6] The Secretariat introduced the Documents list (Appendix 2) and noted that the following FC members participated in the meeting: Mr John GREIFER (USA), Ms Kyu-Ock YIM (Republic of Korea), Mr

Lucien KOUAME KONAN (Côte d'Ivoire), Mr Ralf LOPIAN (Finland). From the Secretariat, the Secretary, Mr Jingyuan XIA, , Mr Marko BENOVIC and Ms Eva MOLLER, participated.

[7] For contact details of the FC members, reference was made to the membership list on the IPP.

#### **4. Report of last meeting and review of actions points**

[8] There were no comments to the FC June 2015 report<sup>1</sup>.

[9] The FC reviewed the pending actions from the last meeting and updated the action list. The FC Chairperson noted that it would be appropriate to monitor only those items strictly related to finances and resource mobilization, and that for other items other fora would be better. The FC discussed which activities should be ongoing and it was suggested that the action list form the foundation for the FC work programme

[10] In this context, one member noted that although the FC may not be directly involved in the preparation of the IYPH 2020, there will be financial implications stemming from the IYPH that would need the attention of the FC. The FC agreed to retain the IYPH as an ongoing activity for the FC, although the overall planning of the IYPH may be undertaken by a specifically established Steering Committee (STECOM) in the future.

[11] The Secretary took the opportunity to highlight the importance of establishing the IYPH STECOM soonest in order to feed into the FAO Conference and FAO Council this year. He suggested that one member of the FC should be a member. An FC member recalled that CPM had agreed to form the STECOM at CPM-11 (2016) and that the SPG 2015 should discuss the structure of the STECOM. For this reason, the Bureau may be able to propose recommendations to the structure of the SG in their Friday 16 October meeting. The recommendation could then be finalized in their December meeting for presentation to the CPM.

[12] Regarding the development of “Guidelines for sponsorship”, the FC felt that it was still too early to discuss this fully. The FC suggested that the issue be brought up briefly by the Secretary in the TC-RPPO 2015 meeting to initiate discussions. The FC felt it would be important for the RPPOs to discuss the feasibility of RPPOs to sponsor the development of standards, and suggested that an in-depth discussion be had at the TC-RPPO in 2017. Based on the outcomes of the TC-RPPO discussions, the discussions could be reassumed in the FC, hence the activity was made pending.

[13] The Secretary underscored the importance of the discussion because he felt that sponsorship of standards would have beneficial effects not only on resource mobilization but also to enhance visibility.

[14] The FC:

- (1) Agreed to use the Action list as the basis for a draft FC 2016 work programme.
- (2) Agreed that the action point “monitoring CPM decisions” and “IYPH” would be an ongoing item on the work programme.
- (3) Agreed that an FC member should be a member of the STECOM of the IYPH.

#### **5. FC 2015 Work Programme**

##### **5.1. Current financial position of IPPC – TF**

[15] The Secretariat introduced the paper outlining the current financial position of the IPPC Secretariat<sup>2</sup>.

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<sup>1</sup> The FC reports are posted publicly on the IPP at <https://www.ippc.int/en/core-activities/governance/bureau/ippc-financial-committee-fc/>

<sup>2</sup> 03\_IPPC-FC\_2015\_October

- [16] He highlighted that the IPPC Multi-donor trust fund received only 53% of the total 2014 contributions; a significant decrease in contributions which will have a strong impact on the Secretariat's activities, especially within the Implementation Facilitation area which are heavily dependent on extra budgetary funding.
- [17] The current funds available in the IPPC Multi-donor trust fund will be sufficient to sustain the work programme and specifically staff costs until June 2016. Hereafter reductions in staff are foreseen (five positions) unless the situation will have changed. The estimated funds needed to retain these staff are USD 0.5 million.
- [18] One FC member queried whether the salary savings from the Capacity Development Officer (P4 position), who is retiring in 2016, could be used to cover part of these staff costs. He suggested this could provide the Secretary more time to decide where the major resources should be placed (SSU or IFU). The Secretariat explained that this would be possible for a part of the amount, and the Secretary further explained that a replacement would be sought rapidly. He stressed that using freed up funds from the P4 position may be a way to "buy more time" but it did not mitigate the crisis in terms of insuring sustainable and long-term funding.
- [19] The FC discussed how to approach the CPM on this; whether to highlight that staff would have to be let go from the Capacity Development / Implementation team, meaning that important activities would not be carried out or by suggesting savings on activities directly relate to the organization of the CPM.

In this context, it was proposed that the CPM sessions every two years could be shortened. One member also recalled that the Secretariat may decide (informing the Bureau) to shorten the length of the CPM if there are no sufficient funds available. The FC agreed that while this may be a drastic action, it may be necessary to consider shortening the CPM for 2017 or 2018. The FC agreed, however, that this would be an issue only in the case of a budgetary emergency with no other options available to mitigate the budgetary crisis.

[20] The FC:

- (4) Noted the financial situation of the IPPC Secretariat.
- (5) Asked the Secretariat to explore the possibility of using the lapsed salary from the retiring position(s) for funding some of the TF positions that will otherwise be abolished, noting that other long-term and sustainable solutions should be found.
- (6) Asked the Secretariat to prepare a cost estimate of the CPM itemized by day to clarify the savings of shortening the CPM session.

## 5.2. 2016 Financial outlook (contingency planning)

- [21] The Secretariat introduced the paper discussing the 2016 financial outlook and solicited input for contingency planning from the FC<sup>3</sup>. Discussions are reported under 5.1.

## 6. Resource mobilization

### 6.1. IPPC Secretariat

- [22] The Secretariat introduced the paper highlighting that the Secretary had established a Resource Mobilization Task Force (RMTF) to strengthen resource mobilization activities<sup>4</sup>. The RMTF has members from the various units and areas of the IPPC Secretariat.
- [23] He further informed the FC of the activities undertaken in 2015, namely that the RMTF had (i) sent letters of appreciation to the countries that had provided contributions (Japan, New Zealand, South Korea and Switzerland); (ii) made a general request for funding to traditional donors through letters sent to four countries (Australia, Canada, Sweden and USA) and general request for funding to 16

<sup>3</sup> 03\_IPPC-FC\_2015\_October

<sup>4</sup> 04\_IPPC-FC\_2015\_October

potential donors (Belgium, Botswana, Denmark, Finland, Germany, Ireland, Italy, Kuwait, Luxembourg, Netherlands, Norway, Oman, Saudi Arabia, Singapore, Spain and United Kingdom).

- [24] In the pipeline are meetings with the BRICS countries, scheduled for mid November and various missions to selected countries and donors such as the European Commission, Sweden, Norway, Germany, Switzerland and the Netherlands (see also discussions under Section 1.). Additionally, on 14 October a meeting had been scheduled with the EU to discuss the possible funding of an umbrella project.
- [25] One FC member noted that he had suggested at the EPPO Council meeting that the countries present would earmark FAO trust funding to the IPPC. Several countries had been positive towards this suggestion. The FC member also informed the FC of a large World Bank funded project on climate change, suggesting this as an opportunity to seek funding through the development of a project proposal on plant health and climate change. This proposal could be linked to efforts made under the IYPH.
- [26] The Secretary echoed this suggestion noting that the IPPC will hold a seminar on Climate change and IPPC and that its climate change involvement is already a priority.
- [27] Another member queried the benefits of being part of the biodiversity liaison group and what the potential for GEF funding would be. The Secretary explained that opportunities were being investigated but that the scope of the GEF funding was very far from the mandate of the IPPC.
- [28] The FC felt that the SPG should discuss possible entries for donor discussions in relation to climate change and forward a recommendation for the CPM to consider.
- [29] One FC member noted that, based on the analysis of contributors made by the Secretary (see Section 1), it would be optimal to ask all countries, including developing countries, to contribute to the IPPC Secretariat through assessed contributions. He was convinced that if developing countries were prompted to fund IPPC related activities, they would.
- [30] The FC discussed how this message should be envisaged, and agreed that it would depend on the individual country hence a detailed analysis would need to be carried out to ensure that contact was targeted.
- [31] The FC:
- (7) Asked Mr Konan to work with the Secretariat in preparing a list of 5-10 potential developing country donors and draft letters to approach these.
  - (8) Advised the Secretariat to use targeted messages when approaching donors.
- [32] The FC:
- (9) Noted the progress of resource mobilization activities undertaken by the Secretariat in 2015.
  - (10) Supported that the Secretariat approach the World Bank concerning possible project proposals on "IPPC and Climate Change".

## 6.2. IYPH 2020

- [33] Mr Ralf LOPIAN introduced the paper on the International Year of Plant Health summarizing the main achievements over the past months<sup>5</sup>. The FC showed its appreciation with the development on this issue over the last four months.

## 7. ISPM 15 symbol registration

- [34] The Secretariat informed the FC on the progress for ISPM 15 symbol registration and outlined the coming activities under this area<sup>6</sup>. In 2015, the Secretariat has initiated new registrations for 15

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<sup>5</sup> 05\_IPPC-FC\_2015\_October

countries. Total allocated budget for this purpose is USD 40 000. The remaining registrations are intended to be concluded by end 2017 under the agreed budget of USD 350 000 (for the period 2013-2017).

- [35] One FC member queried what the funding situation after 2017 would be. The Secretariat explained that it was anticipated that all registrations would have been initiated at this point meaning that funds would be committed even if registrations would be finalized only at a later stage. However, he pointed out that funding for maintaining registrations would be needed and that the CPM may need to consider this at some point. Maintenance of registrations would be mostly initiated as of 2023.
- [36] The FC discussed whether the CPM should consider this issue already in 2017 but felt it was too soon. Instead, the FC agreed to reconsider the issue of funding for maintenance of registrations in a 2017 meeting.
- [37] One member noted that some countries do not realize that reimbursement is even a possibility and suggested that emphasis should be made on a campaign for reimbursing IPPC for registration. The Secretary agreed that efforts should be made at CPM time to inform contracting parties fully.
- [38] The FC:
- (11) Noted the recent progress and the work plan for 2015 with regard to the registration of the ISPM 15 mark worldwide.
  - (12) Agreed to discuss the set up for ISPM 15 mark registration maintenance in a future meeting (2017).

## 8. New and emerging issues

### 8.1. Review of FC role and membership

- [39] The Secretary introduced a paper with the purpose of reviewing the role and membership of the FC in light of the current IPPC Secretariat financial situation and long-term planning<sup>7</sup>.
- [40] The Secretary queried the reasoning for the number of FC members, the FC composition and if experts such as donors or within resource mobilization could be invited to FC meetings.
- [41] One member explained that the FC was composed of only four members, of which three were Bureau members. This implied low financial impact on the Secretariat as they would be coming to the Bureau meetings anyway. He also noted that the current working arrangements foresee that external participants may be invited.
- [42] One FC member agreed that it could be beneficial to have expert advice on certain aspects, but felt that the FC was already fulfilling its mandate and improving financial reporting tremendously. He was worried that by inviting externals their roles would need to be clarified.
- [43] Another FC member noted that since the working arrangements of the FC already foresee that experts may be invited on a case-by-case basis, changes in the arrangements would not be needed. He also recalled that FC was established to relay trust-worthiness of the IPPC, and that inviting a major donor, such as DG-Trade, to participate in one meeting might be beneficial. Other possible experts could be IFAD or World Bank.
- [44] The FC:
- (13) Agreed to invite 1-2 experts (of which possibly a major donor such as European Commission) for their June 2016 meeting to enhance discussions on specific topics, specifically on resource mobilization.
  - (14) Asked the FC Chairperson to inform the Bureau of this intent and seek their support.

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<sup>6</sup> 06\_IPPC-FC\_2015\_October

<sup>7</sup> 07\_IPPC-FC\_2015\_Oct



## 8.2. 2016 FC work plan

[45] The FC discussed their priorities for 2016 and agreed that they would remain: (i) Resource mobilization, (ii) Maintaining or improving financial reporting and (iii) Preparing for the IYPH. The FC also agreed to capture in the work plan the possibility of inviting experts or donors on a regular basis.

[46] The FC invited the Secretariat to prepare a draft FC 2016 work plan for the next FC meeting.

## 8.3. CPM in Korea – Financial aspect

[47] The CPM Chairperson introduced the agenda item in regard to the proposal for the Republic of Korea to host CPM-12 (2017).

[48] She explained that the budget for hosting the CPM would be formally approved by the Congress of the Republic of Korea for 2016 at the end of the year. Since it was now too late to arrange for the CPM session in Korea in 2016, the budget allocation, however, would need to be postponed.

[49] She also noted that preparations had already been launched and that the budget included funding for the venue, lunch, the reception, travel for developing countries and for the Secretariat.

[50] The FC discussed briefly if it would be the case to try to shorten this CPM session by one day (see discussions under Section 5.1), but agreed that there would not be any particular savings in shorting this session by one day and that the budget had already been approved for the full amount.

[51] The Secretary expressed his deep appreciation to Korea for hosting the CPM session highlighting its importance in helping to increase IPPC visibility also because it would mark an important change for the Secretariat at the Convention's 65 anniversary. The FC echoed this appreciation and thanked Ms YIM for her proactive engagement.

## 9. Discussions on agenda items for next meeting

[52] The FC discussed which items to add to the agenda of the next meeting and agreed that discussions should be continued on the potential worst case budget scenario and staff reductions, the financial outlook of the Secretariat, and resource mobilization. Additionally, the FC agreed to review the FC working arrangements to understand if they should be modified, for instance in terms of the body needing to approve them (currently this is the SPG whereas the FC felt it would be more appropriate that it was the Bureau). The FC agreed that if the EC will join the next meeting, the agenda would need to be reviewed to ensure maximum and optimal use of the time.

## 10. Next meeting (scheduling)

[53] The FC will next convene in Rome on 1 April 2016. FC members were asked to check the IPP calendar regularly for updates.



**APPENDIX 01 - Provisional Agenda**

| Agenda item  | Document No                                   | Presenter          |
|--|---|--------------------|
| <b>1. Opening of the meeting</b>   |   | Greifer/Xia        |
| <b>2. Adoption of the Agenda</b>   | 01_IPPC-FC_2015_October                       | Benovic            |
| <b>3. Housekeeping</b>   |   |                    |
| <ul style="list-style-type: none"> <li>• Documents list</li> <li>• Participants list</li> <li>• Local information</li> </ul> | 02_IPPC-FC_2015_October<br>See IPP<br>See IPP | Benovic            |
| <b>4. Report of last meeting and review of actions points</b>  |   |                    |
| IPPC FC June report available on IPP Work area:  | June 2015 Report                              | Benovic            |
| <b>5. FC 2015 Work Programme</b>   |   |                    |
| 5.1. Current financial position of IPPC – TF   | 03_IPPC-FC_2015_October                       | Benovic            |
| 5.2. 2016 Financial outlook (contingency planning)   | 03_IPPC-FC_2015_October                       | Benovic            |
| <b>6. Resource mobilization</b>  |   |                    |
| 6.1. IPPC Secretariat  | 04_IPPC-FC_2015_October                       | Benovic            |
| 6.2. IYPH 2020   | 05_IPPC-FC_2015_October                       | Lopian             |
| <b>7. ISPM15 symbol registration</b>   |   |                    |
| 7.1. ISPM15 symbol registration - progress   | 06_IPPC-FC_2015_October                       | Benovic            |
| <b>8. New and emerging issues</b>  |   |                    |
| 8.1. Review of FC role and membership  | 07_IPPC-FC_2015_October                       | Xia                |
| 8.2. 2016 FC work plan   |   | FC and Secretariat |
| 8.3. CPM in Korea – Financial aspect   |   | Yim                |
| <b>9. Discussions on agenda items for next meeting</b>   |   | FC and Secretariat |
| <b>10. Next meeting (scheduling)</b>   |   |                    |

**APPENDIX 02 - Documents list**

| <b>DOCUMENT NO.</b>     | <b>AGENDA NO.</b> | <b>DOCUMENT TITLE</b>   | <b>POSTED</b> |
|-------------------------|-------------------|---|---------------|
| 01_IPPC-FC_2015_October | 1                 | Provisional Agenda  | 07.10.2015.   |
| 02_IPPC-FC_2015_October | 3                 | Documents list  | 07.10.2015.   |
| 03_IPPC-FC_2015_October | 5.1./5.2          | Current financial position of IPPC – TF and 2016 Financial outlook (contingency planning) | 07.10.2015.   |
| 04_IPPC-FC_2015_October | 6.1               | Resource mobilization - IPPC Secretariat  | 07.10.2015.   |
| 05_IPPC-FC_2015_October | 6.2               | Resource mobilization - IYPH 2020   | 07.10.2015.   |
| 06_IPPC-FC_2015_October | 7.1               | ISPM15 symbol registration - progress   | 07.10.2015.   |
| 07_IPPC-FC_2015_October | 8.1               | Review of FC role and membership  | 07.10.2015.   |

| <b>Document</b>          | <b>Agenda item</b> | <b>Content</b>      |
|--------------------------|--------------------|---------------------|
| Report from last meeting | 04                 | FC 2015 June Report |