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# COMMISSION ON PHYTOSANITARY MEASURES

**Twelfth Session**

**Incheon, Republic of Korea , 5-11 April 2017**

**Financial report of the IPPC Secretariat for 2016**

**Agenda item 15.1**

**Prepared by the IPPC Secretariat**

## 1. Executive Summary

1. This paper presents the financial report of the International Plant Protection Convention (IPPC) Secretariat for the year ending on 31 December 2016. It includes financial statements for resources available in 2016 from FAO's Regular Programme (RP) budget and the IPPC Extra-Budgetary (EB) Trust Fund sources that were administered by the IPPC Secretariat during the reporting period.
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 resources shown by project period and various financial breakdowns.
3. In 2016, total resources available to the IPPC Secretariat amounted to USD 5,130,961, comprised of USD 2,951,183 from FAO RP and USD 2,179,778 from IPPC EB (contributions and carry-overs), as shown in Table 1. Total expenditures from both RP and EB sources in 2016 amounted to USD 4,703,080 as shown in Table 1.
4. While FAO RP resources are only available for use during the biennium in which they are provided, resources from IPPC EB sources can be carried forward over to the following year, subject to the respective Trust Fund and project agreements. Consequently, the difference between available resources and expenditures in the given periods is mainly due to carry-over of IPPC EB resources that remained available for spending in the following year.

**Table 1 - Overall resources for the IPPC Secretariat for 2016 in USD**

Year	Available Resources (USD)			Actual Expenditures (USD)		
	FAO RP Budget	IPPC EB Trust Funds (Contributions and Carry-Overs)	Total	FAO RP Budget	IPPC EB Trust Funds	Total
2014	2,950,000	3,561,243	6,511,243	2,984,010	2,051,141	5,035,151
2015	2,950,000	2,734,413	5,684,413	2,929,061	1,879,761	4,808,822
2016	2,951,183	2,179,778	5,130,961	3,038,731	1,664,349	4,703,080

5. As a result of resource mobilization efforts and sound financial management, the IPPC Multi-Donor Trust Fund (MDTF) (Special Trust Fund of the IPPC) still remains in surplus (carry-over from 2016 to 2017 is USD 1,098,756, compared to 2015 to 2016 carry-over of USD 683,664). In 2016, five Contracting parties made contributions to the IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC), same number as in 2015 (See Table 4).
6. The total cost to the IPPC Secretariat for the organization of the Eleventh Session of the Commission on Phytosanitary Measures (CPM-11 2016) amounted to approximately USD 450,000 from both the FAO RP budget and the IPPC EB resources combined, similar to CPM-10 costs (2015).
7. The 2016 Budget of the IPPC Secretariat for both RP and EB resources was executed in accordance with the "IPPC Secretariat Work Plan and Budget for 2016" presented at CPM-11 (2016).

8. The IPPC Secretariat ensured that all of the 2016 FAO RP budget available for Secretariat operations and salaries were fully utilized for the budgeted activities.
  
9. The CPM is invited to:
  - 1) *note* the Financial Report for 2016 of the IPPC Secretariat
  - 2) *adopt* the Financial report for 2016 of the IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC) (Table 4)
  - 3) *encourage* contracting parties to contribute to the IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC) and IPPC Projects, preferably on an ongoing basis
  - 4) *thank* contracting parties which contributed to the IPPC Secretariat's programme of work in 2016

## 2. FAO Regular Programme

10. In 2016, FAO RP resources allocated for the IPPC Secretariat amounted to USD 2,951,183, as per FAO’s 2016-2017 Biennial Programme of Work and Budget approved by the FAO Conference in 2015 at the level of USD 5.9 million (Fig 1). In this year, 70% of the FAO RP resources contributed were under FAO Strategic Programme 4 - Enable inclusive and efficient agricultural and food systems, while 30% of resources were under FAO Strategic Programme 2 - Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner.

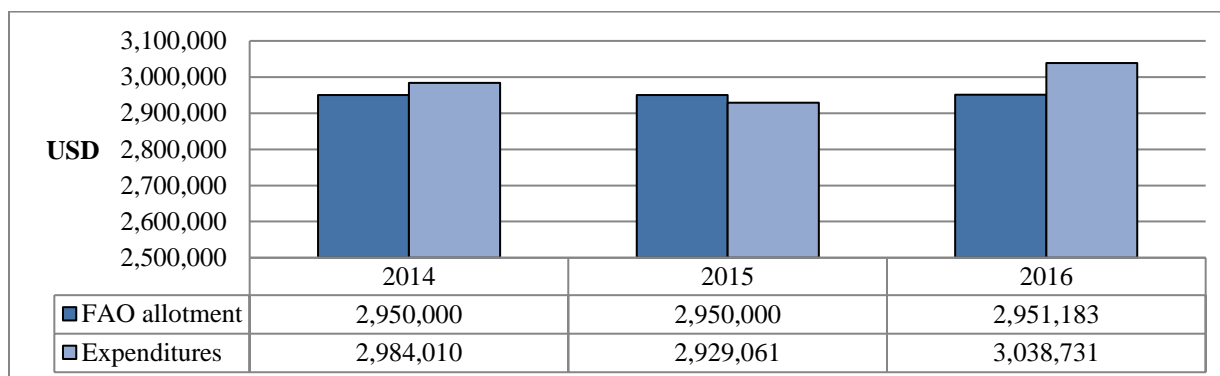


Figure 1. The FAO Regular programme contribution vs. expenditures for 2016 year (range between USD 2.5 to 3 million has been augmented for better graphical representation)

11. In 2016, total FAO RP expenditures of the IPPC Secretariat amounted to USD 3,038,731, representing a slight increase compared to 2015 (Fig.2). As in the previous years, the IPPC Secretariat’s financial priority was to efficiently execute all the budgeted activities. This goal has been achieved in 2016. The slight overspending of USD 87,548 will be funded from the IPPC 2017 budgetary allocation.

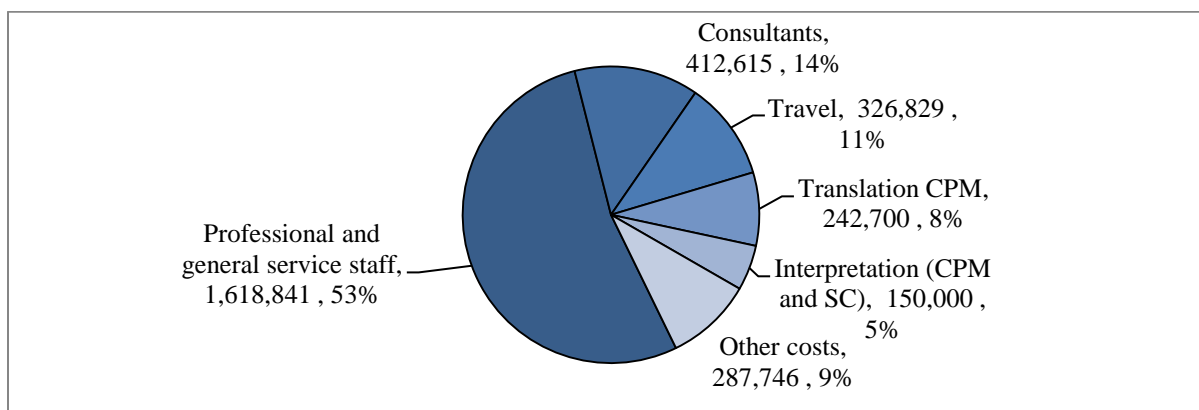


Figure 2. The FAO Regular programme expenditures by expense type for 2016 (USD)

12. Out of the total FAO RP expenditures in 2016 (USD 3,038,731), USD 2,031,456 related to staff costs (professional and general service staff and consultants), USD 326,829 was spent on travel and USD 392,700 was used for non-staff costs (translation, interpretation). Table 2 shows a detailed breakdown of the FAO RP expenditures.

**Table 2. The FAO Regular programme expenditures by expense type (in USD) for 2016**

Cost type	2014	2015	2016
Professional and General service staff	1,868,120	1,755,076	1,618,841
Consultants	300,326	274,529	412,615
Travel	239,608	281,467	326,829
Translation CPM	193,319	172,000	242,700
Interpretation (CPM and SC)	156,000	150,000	150,000
Other costs	226,637	295,989	287,746
<b>Total</b>	<b>2,984,010</b>	<b>2,929,061</b>	<b>3,038,731</b>

13. In line with recommendations of the Financial Committee (FC), Table 2 shows a detailed breakdown of IPPC Secretariat RP expenditures by the cost type. FAO RP expenditures remained relatively steady for all the cost types. Total human resources costs (staff and consultants) fluctuated around USD 2 million per year in the 2014-2016 period. Travel costs slightly increased in 2016 (by 16%), compared to 2015 due to increased Secretariat activities.

14. Table 3. and Fig 3. show a detailed breakdown of the IPPC Secretariat RP expenditures by core activities. Over the last three years, average governance and management costs of the IPPC Secretariat amounted to approximately USD 1.4 million per year. These costs include the organization of meetings of the CPM, Bureau, Financial Committee and Strategic Planning Group, interpretation, translation, temporary staff, catering, meeting travel costs, general management staff salaries, general procurement, communications, financial management, information technology (website and similar), ISPM 15 symbol registration, staff travel and all other costs that are not specifically related to any core activity. Core activities are partially funded by trust fund and project resources (see details in sections below).

**Table 3. The FAO Regular programme expenditures by core activities (in USD) for 2016**

IPPC Core Activity	2014	2015	2016
IPPC Governance/Management/Strategy	1,600,745	1,467,447	1,340,387
Standard Setting	860,479	864,342	1,032,969
Implementation Facilitation	522,786	597,272	665,375
<b>Total</b>	<b>2,984,010</b>	<b>2,929,061</b>	<b>3,038,731</b>

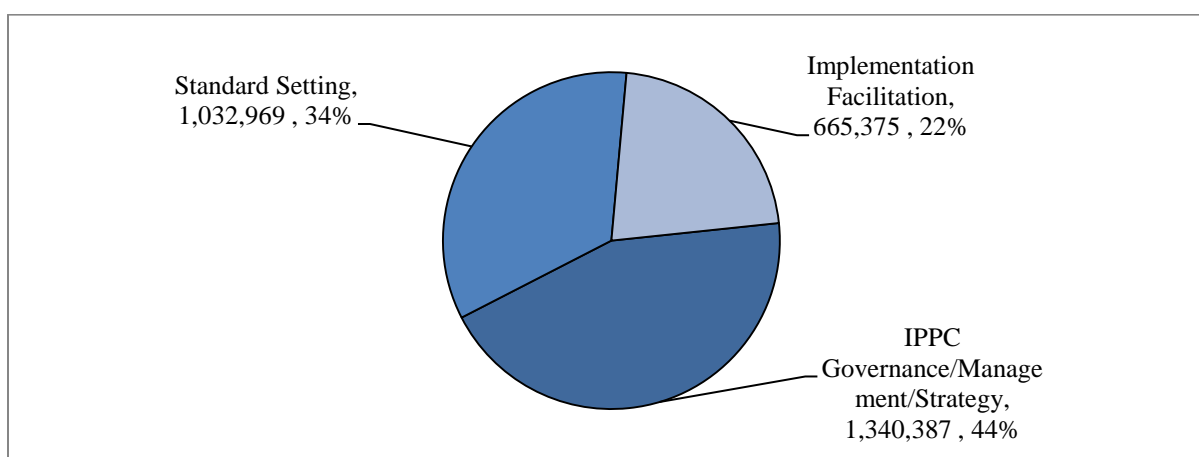


Figure 3. The FAO Regular programme expenditures by core activities for 2016 (USD)

### 3 .IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC)

15. As shown in Fig. 4, the IPPC Multi-Donor Trust Fund (MDTF) contributions in 2016 amounted to USD 666,398, which represents an increase of 42% compared to 2015. In 2016, five Contracting parties made contributions to the IPPC Multi-Donor Trust Fund.
16. Out of 2016 total contributions, only USD 294,000 represent contributions towards activities in 2016. The rest are contributions related to activities in 2017 and beyond: CPM-12 (Korea), Standard setting (Australia) and International Year of Plant Health (IYPH) 2020 (USA/NAPPO, Korea and Ireland). Lower expenditures of the IPPC Multi-Donor Trust Fund (MDTF) in 2016 are result of the increased use of regular programme funds for Governance and Implementation facilitation costs to offset the savings made on 3 professional posts that were made vacant in 2016.

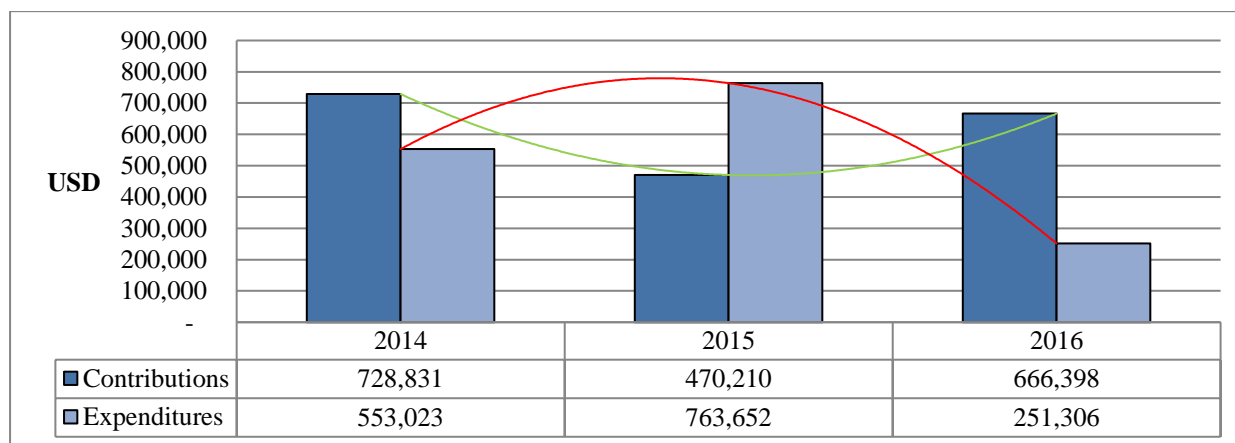


Figure 4. The IPPC Multi-Donor Trust Fund contributions vs. expenditures for 2014-2016

17. As recommended by the Financial Committee (FC), the IPPC Multi-Donor Trust Fund expenditure breakdown by Core activity has been added to the report (Table 4), where USD 251,306 (100%) were used for Implementation Facilitation activity. In terms of the IPPC MDTF expenditure breakdown by Cost type (Table 4), USD 237,082 (nearly 95%) were used for the professional and general service staff of the Implementation Facilitation unit. This clearly demonstrates that IPPC MDTF is crucial for implementation of the Convention. Consequently, the IPPC recognizes the need to shift more regular programme resources in future to Implementation facilitation activities.
18. The IPPC Secretariat would like to thank all the contracting parties for their contributions to the IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC). 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 IPPC's broadened programme of work.

**Table 4. The IPPC Multi-Donor Trust Fund Contributions vs. Expenditures (in USD) for 2016**

<b>Contributions</b>	<b>2004-2013*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Australia		139,695	-	150,000
Canada		337,255	-	-
Ireland		-	27,352	-
France		-	-	25,000
Japan		28,500	40,000	-
Netherlands		50,000	-	-
New Zealand		-	100,000	38,929
Republic of Korea		100,000	162,597	311,126
South Africa		-	137,642	-
Sweden		70,000	-	-
USA/NAPPO		-	-	140,000
Other		3,381	2,619	1,343
<b>Total</b>	<b>2,938,606</b>	<b>728,831</b>	<b>470,210</b>	<b>666,398</b>

<b>Expenditures by Cost type**</b>	<b>2004-2013*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Professional and General service staff		240,328	630,182	237,082
Consultants		81,381	15	-
Travel		90,316	618	-
Contracts		92,626	89,400	-
Other		48,372	43,437	14,224
<b>Total</b>	<b>2,137,308</b>	<b>553,023</b>	<b>763,652</b>	<b>251,306</b>

<b>Expenditures by Core activity**</b>	<b>2004-2013*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
IPPC Governance/Management/Strategy		279,453	168,389	-
Standard Setting		38,261	16,068	-
Implementation Facilitation		235,309	579,195	251,306
<b>Total</b>	<b>2,137,308</b>	<b>553,023</b>	<b>763,652</b>	<b>251,306</b>

<b>Balance</b>	<b>801,298</b>	<b>977,106</b>	<b>683,664</b>	<b>1,098,756</b>
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\* For easier reference, prior years (2004-2013) are grouped

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

#### 4. The IPPC Projects

19. Based on the Financial Committee (FC) recommendations, Table 5. shows a detailed breakdown of the IPPC Projects (active in 2016) and their budgets, expenditures and balances (at 31 December 2016) operated by the IPPC Secretariat between 2014-2017. Together with the IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC), these projects provide essential financial resources for specific IPPC Secretariat activities. In 2016, IPPC Secretariat administered four IPPC Projects. Each project has its specific purpose and all budgets were executed in accordance with the signed

agreements. The IPPC Secretariat is committed to execute all the activities within the project scope and budget and meet reporting requirements.

**Table 5. The IPPC Projects implemented by the IPPC Secretariat for 2016**

Project title	Donor	Status at 31 Dec 2016	Start date	End date	Total budget	Prior expenditures	2016 Expenditures	Balance at 31 Dec 2016
<b>European Union projects</b>								
Participation TF (GCP/GLO/311/EC)	EU	Active	01/07/2014	30/11/2016	819,282	483,527	308,482	27,273
IRSS TF (Part C) (GCP/GLO/391/EC)	EU	Active	01/04/2014	31/03/2017	794,702	271,660	367,549	155,493
<b>Umbrella programme for Capacity Development</b>								
Training of PCE facilitators (MTF/GLO/527/STF)	STDF	Active	01/04/2014	30/09/2017	734,088	50,626	501,483	181,979
SWI-IRSS (GCP/GLO/551/SWI)	SWI	Active	01/07/2014	30/04/2017	339,750	37,213	235,527	67,010
<b>Total (USD)</b>					<b>2,687,822</b>	<b>843,026</b>	<b>1,413,041</b>	<b>431,755</b>

20. In addition to active projects throughout the whole 2016 year, at the end of the year the IPPC Secretariat initiated three new projects:

Project title	Donor	Budget (USD)	Project period
ePhyto - Global electronic trade facilitation: Enhancing safe trade in plants and plant products (MTF /GLO/688/STF)	STDF	1,200,000	15 Dec 2016 – 14 Dec 2019
Support for implementation of the International Plant Protection Convention (IPPC) (GCP /GLO/725/EC)	European Commission	989,011	1 Jan 2017 – 31 Dec 2019
Strengthening the Capacity of Developing Contracting parties to Implement the IPPC under FAO-China South-South Cooperation programme	China	2,007,541	1 May 2017 – 30 Apr 2021

\*Detailed description of all projects can be found in the Annex 3 of the IPPC Secretariat Work plan and Budget for 2017 (CPM-12 Document 38)

21. The 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):

Project title	Donor	Budget (USD)	Project period
Support to Capacity Development in Implementation of Plant Pest Surveillance and Information Management in Southeast Asian Countries (GCP/RAS/286/ROK)	Korea	1,796,642	01 Sep 2016 - 28 Feb 2017
Strengthening phytosanitary inspection and diagnostic services in Azerbaijan (MTF/AZE/007/STF)	STDF	1,120,000	28 Feb 2016 - 31 Aug 2018

22. The IPPC Secretariat appreciates the generous contributions to the IPPC Projects from contracting parties and relevant organizations which allow the IPPC Secretariat to expand its capacity and deliver better services. Contracting parties and relevant organizations are invited to continue to contribute to IPPC Projects in the light of the increased demands from the Secretariat.



## 5. IPPC In-kind Contribution

23. In 2016, the IPPC Secretariat received various in-kind (non-monetary) contributions for support to its activities in the form of staff, staff time (expertise) and meetings. The total amount is equivalent to USD 726,123, which is from 12 contracting parties, and 6 organizations (Table 6). These contributions are essential for the IPPC Secretariat to deliver the IPPC programme of work. Detailed monetary estimates of the in-kind contributions are listed in Table 6.

**Table 6. The list of the IPPC In-kind Contribution for 2016**

Contracting party/Organization	Activity (work area)	Type of contribution	Estimated USD value
Australia	Standard Setting	Meeting support of Expert Working Group (EWG) on Grain	6,000
Canada	Implementation Facilitation and Standard Setting	Staff time of Shane Sela (100%) and Meeting support of Technical Panel for Forest Quarantine (TPFQ)	256,000
China	Governance, National Reporting Obligations	Meeting support of CPM Bureau, IPPC Financial Committee (FC) and IPPC workshop on National Reporting Obligations (NRO)	50,000
Costa Rica	Implementation Facilitation	Staff time of Magda Gonzales Arroyo (8%) and Meeting support for PCE	31,000
Estonia	Implementation Facilitation	Staff time of Olga Lavrentjeva (8%)	6,000
France	Standard Setting	Staff time of Céline Germain (100%)	163,333
Jamaica	Standard Setting	Meeting support of Technical Panel on Diagnostic Protocols (TPDP)	8,000
Japan	Standard Setting	Meeting support of Technical Panel on Phytosanitary Treatments (TPPT)	6,000
New Zealand	Standard Setting	Staff time of Michael Ormsby (5%)	15,600
Republic of Korea	Implementation Facilitation	Meeting support of Capacity Development Committee (CDC) and the Pilot project on "Surveillance"	26,000
United States of America	Standard Setting	Staff time of Stephanie Dubon (25%)	23,400
Viet Nam	Implementation Facilitation	Staff time of Nguyen Thi Thu Huong (8%)	6,000
Centre International de Hautes Études Agronomiques Méditerranéennes (CIHEAM)	Implementation Facilitation	Meeting support of FAO-IPPC-CIHEAM Workshop on <i>Xylella</i>	50,000
European and Mediterranean Plant Protection Organization (EPPO)	Implementation Facilitation	Meeting support of IPPC Focus Group on Implementation	10,000
FAO Regional Office for Eastern Europe	Implementation Facilitation	Meeting support of IPPC Regional Workshop	10,790
FAO Regional Office for the Near East	Implementation Facilitation	Meeting support of IPPC Regional Workshop	8,000
FAO/IAEA Joint Division	Standard Setting	Staff time of Rui Cardoso Pereira (5%)	10,000
Inter-American Institute for Cooperation on Agriculture (IICA)	Implementation Facilitation	Meeting support of IPPC Regional Workshops	40,000
<b>Total (USD)</b>			<b>726,123</b>

## 6. Conclusion and Perspectives

24. In 2016 the IPPC Secretariat executed numerous activities within the resources made available. The financial position of IPPC Secretariat is stable in FAO RP funding. However, due to the ever increasing requests by the CPM, the programme of work 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. The IPPC Secretariat is grateful to all the contracting parties and relevant organizations that supported its programme of work, financially or in-kind in 2016. The IPPC Secretariat also invites contracting parties and relevant organizations to pledge their 2017 contributions during the CPM-12 meeting and support the IPPC mission.
25. The IPPC Secretariat has prepared the "IPPC Secretariat Work Plan and Budget for 2017" as an operational and financial framework for its activities. This is presented in CPM-12 document number 38.
26. The need for a sustainable funding mechanism for core activities of the IPPC Secretariat remains. A proposed approach to achieving long term sustainable funding is presented in CPM-12 document 26 for consideration.