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# COMMISSION ON PHYTOSANITARY MEASURES

## Tenth Session

Rome, 16-20 March 2015

**International Plant Protection Convention Financial Report, Budget and  
Resource mobilization - IPPC 2014 Financial Report**

**Agenda item 10**

**Prepared by the IPPC Secretariat**

## I. Introduction

1. Financial statements of the Secretariat of the International Plant Protection Convention (IPPC) include the Food and Agriculture Organization of the United Nations (FAO) regular programme allotment and trust fund resources that are administered by the Secretariat of the IPPC. This financial report summarizes and explains the financial statements for the year ending 31 December 2014.

2. The financial report is compiled according to the guidelines and recommendations of the Financial Committee of the Commission on Phytosanitary Measures (CPM) and includes a three year overview, a separate presentation of regular programme and trust fund resources, trust funds shown by project period and various financial breakdowns. In addition, based on guidance from the Financial Committee of the CPM the financial report format has been updated to present the data in a more clear and transparent manner.

3. Overall total income and expense for the Secretariat of the IPPC in USD\*

Year	2012	2013	2014
Income	3,515,203	4,716,230	5,643,768
Expenses	3,871,490	5,111,152	4,925,838

\*FAO regular programme allotment and trust funds combined

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As in the previous years, the Secretariat of the IPPC's priority was to fully spend the regular programme allotment as this cannot be carried forward as resources in the Special Trust Fund of the IPPC<sup>1</sup> (Multi-donor). The difference between income and expenditures in the given periods is the result of the different nature of FAO allotment and trust fund resources. The FAO allotment has to be utilized in the biennium it is provided, whereas trust funds resources are subject to agreed project periods, rate of spending and could be carried over to following years, thus allowing the Secretariat a way to hold funds for longer periods of time, especially for projects that could be longer than the FAO biennium.

4. As mentioned in previous financial reports to the CPM, the Special Trust Fund of the IPPC (Multi-donor) remains in surplus (carry-over from 2014 to 2015 is USD 978,300, compared to 2013-2014 USD 801,298; 2012-2013 USD 902,252). However, funds are utilized at a faster rate than they are replenished which signifies that there will be reduced funds available for the Secretariat of the IPPC work programme in future years. Maintaining a buffer in the Special Trust Fund of the IPPC is essential for long term planning and efforts should be made to increase this buffer.

5. Over the past three years, average governance cost of the IPPC, such as the organization of the Commission on Phytosanitary Measures, Bureau and Strategic planning group meetings and associated costs, amounted to approximately USD 500,000 a year (FAO regular programme and trust funds resources combined).

6. Secretariat of the IPPC 2014 Budget for both regular programme and trust funds was executed in accordance with the Secretariat of the IPPC 2014-2015 Biennium Operational Budget presented at CPM-9 (2014).

7. There is a possibility that future funding for the Secretariat through the regular programme of the FAO may be reduced.

8. The FAO regular programme allotment for 2014 has been fully spent to cover Secretariat operations and salaries.

9. The CPM is invited to:

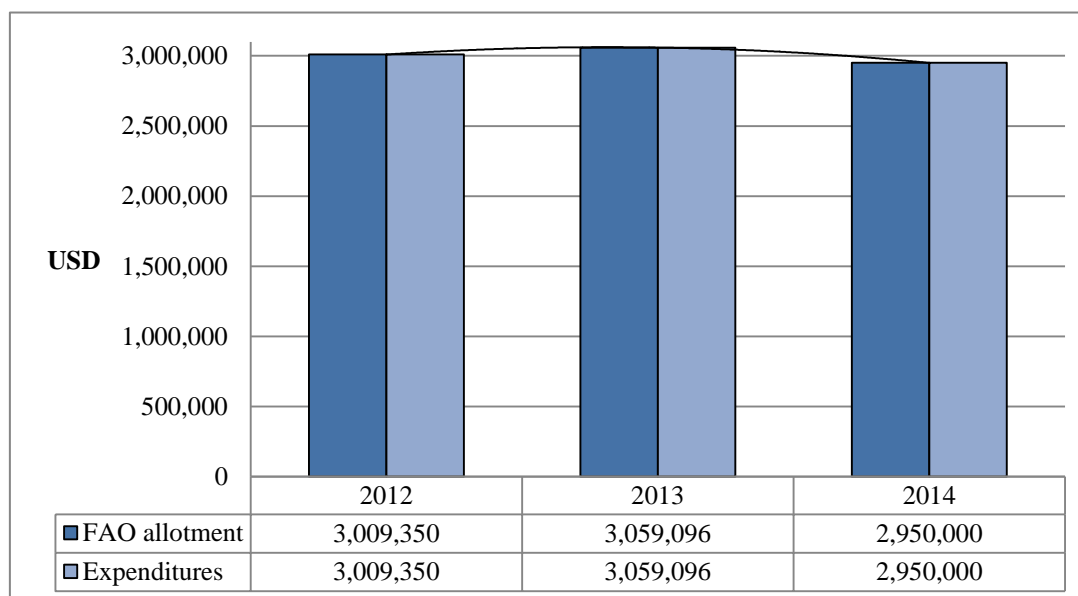
- *note* the 2014 Financial report of the Secretariat of the International Plant Protection Convention
- *adopt* the 2014 Financial report for the Special trust fund of the IPPC (Multi-donor) (Table 3)
- *encourage* contracting parties to contribute to the Special trust fund of the IPPC (Multi-donor)
- *thank* contracting parties which contributed to the Secretariat of the International Plant Protection Convention's work programme in 2014

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<sup>1</sup> Special Trust Fund of the IPPC was established by ICPM-5 (2003)

## II. FAO Regular programme

**Figure 1. FAO Regular programme allotment to Secretariat of the IPPC compared to expenditures**

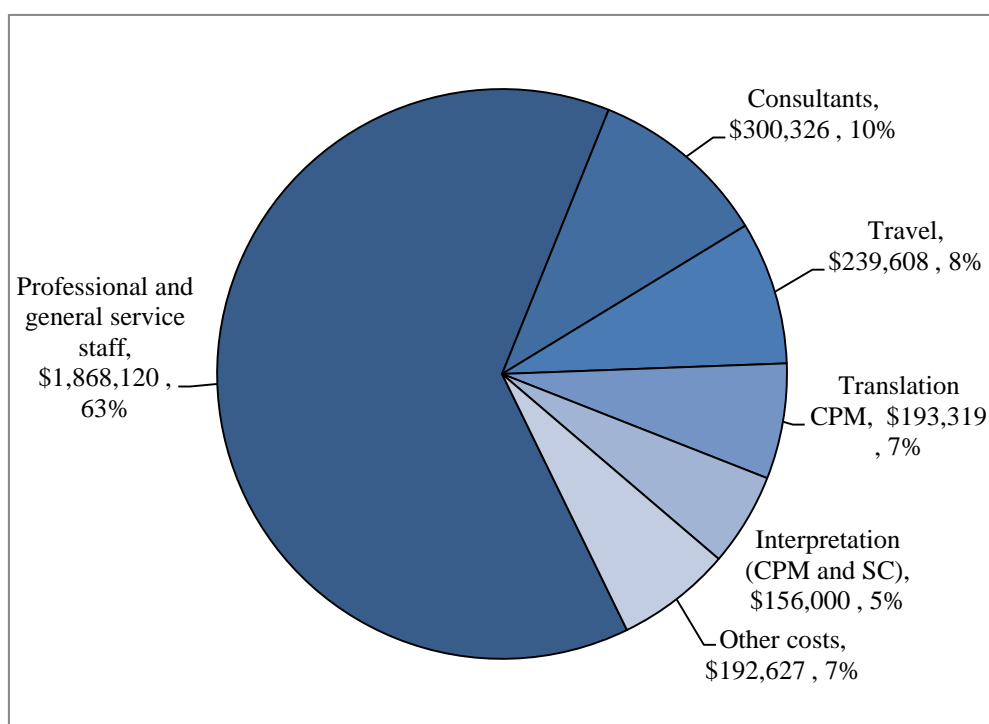


### Income

10. In 2014, FAO Regular programme allotment to the Secretariat of the IPPC amounted to USD 2,950,000, compared to USD 3,059,096 in 2013 and USD 3,009,350 in 2012, which represents a decrease of 3.6% for the 2013-2014 period.

### Expenditures

11. In 2014, total regular programme expenditures of the Secretariat of the IPPC amounted to USD 2,950,000, compared to USD 3,059,096 in 2013 and USD 3,009,350 in 2012.

**Figure 2. Secretariat Regular programme expenditures by expense type - 2014 year**

12. Out of the total regular programme expenditures in 2014 (USD 2,950,000), USD 1,868,120 related to staff costs (professional, general staff), USD 300,326 related to costs of hiring Consultants, USD 239,608 was spent on travel and USD 541,946 was used for general and non-staff costs (translation, interpretation, publications, printing, catering, etc.).

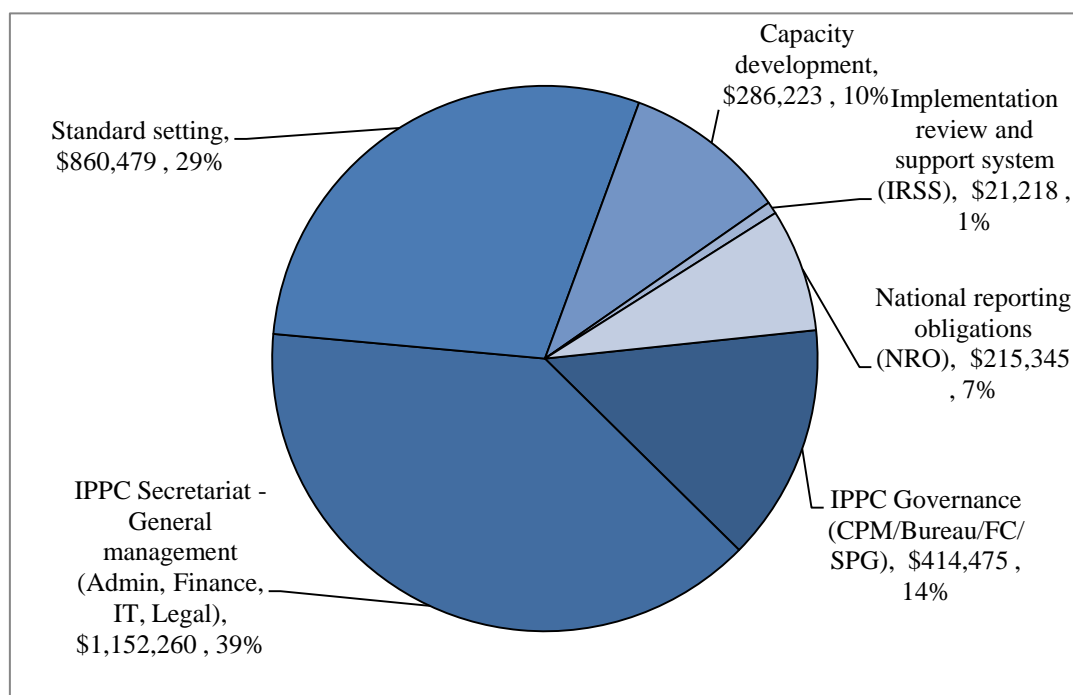
**Table 1. Secretariat Regular programme expenditures by expense type (in USD)**

Cost type	2012	2013	2014
Professional and General service staff	1,847,864	1,791,247	1,868,120
Consultants	188,531	339,300	300,326
Travel	191,987	228,332	239,608
Translation CPM	180,102	180,061	193,319
Interpretation (CPM and SC)	212,000	212,000	156,000
Other costs	172,646	286,224	192,627
Divisional net costs	216,220	21,932	-
<b>Total</b>	<b>3,009,350</b>	<b>3,059,096</b>	<b>2,950,000</b>

13. Table 1 shows a detailed breakdown of Secretariat's Regular programme expenditures by the cost type. Over the past three years, regular programme expenditures remained steady for all the cost types. Total staff costs fluctuated around USD 1.8 million per year in the 2012-2014 period. The same applies for Travel costs, which amounted to an approximate annual value of USD 210,000. Translation and interpretation costs also remained at the same level for the 2012-2014 period, or approximately USD 185,000 per year (note, as the number of sessions for CPM-9 (2014) were fewer, the

interpretation costs for 2014 were also reduced). Consultants' costs showed slight decrease in 2014 (by 11%), compared to 2013.

**Figure 3. Secretariat Regular programme expenditures by core activity - 2014 year**



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

Secretariat of the IPPC Core Activity	2012	2013	2014
IPPC Governance (CPM/Bureau/FC/SPG)	397,671	449,173	414,475
Secretariat – Gen. Man. (Admin, Finance, IT, Legal)	1,041,280	1,166,354	1,152,260
Standard setting	669,198	878,118	860,479
Capacity development	372,139	280,850	286,223
Implementation review and support system (IRSS)	90,645	42,935	21,218
National reporting obligations (NRO)	222,197	219,734	215,345
Divisional net costs	216,220	21,932	-
<b>Total</b>	<b>3,009,350</b>	<b>3,059,096</b>	<b>2,950,000</b>

14. Table 2 shows a detailed breakdown of Secretariat's Regular programme expenditures by core activity. Over the past three years, average regular programme cost for the governance of the IPPC amounted to approximately USD 420,000 a year. These costs include organization of CPM, Bureau and Strategic planning group meetings and include interpretation, translation, temporary staff, catering and travel costs. The Secretariat of the IPPC General management costs have been steady at around USD 1,100,000 over the past three years and include general management, professional and general service staff salaries, general procurement, communications, financial management, information technology, ISPM 15 symbol registration, travel and all other costs that are not specifically related to any core activity. See the Table 2 for more details on costs of each core activity of the Secretariat under the FAO regular programme allotment. Note that core activities are supplemented by trust funds.

### III. Trust funds

#### Special Trust Fund of the IPPC (Multi-donor)

Figure 4. Special Trust Fund of the IPPC (Multi-donor) - Contributions vs. Expend. (2012-2014)

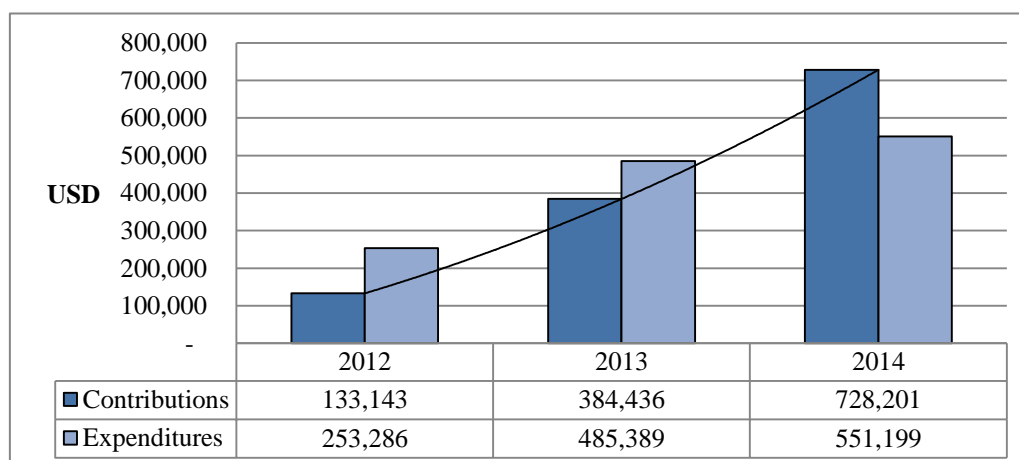


Table 3. Special Trust Fund of the IPPC (Multi-donor) Contributions vs. Expenditures (2012-2014) (in USD)- detail breakdown

<b>Contributions</b>	<b>2004-2011*</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Australia		-	-	139,695
Japan		-	28,500	28,500
New Zealand		30,000	80,000	-
Republic of Korea		100,000	100,000	100,000
USA		-	175,000	-
Canada		-	-	337,255
Netherlands		-	-	50,000
Sweden		-	-	70,000
Other		3,143	936	2,751
<b>Total</b>	<b>2,421,027</b>	<b>133,143</b>	<b>384,436</b>	<b>728,201</b>
<b>Expenditures</b>	<b>2004-2011*</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Professional and General service staff		7,588	193,650	240,328
Consultants		110,622	148,154	81,381
Travel		95,330	118,258	90,316
Contracts		1,433	-	92,626
Other		38,313	25,327	46,548
<b>Total</b>	<b>1,398,633</b>	<b>253,286</b>	<b>485,389</b>	<b>551,199</b>
<b>Balance</b>	<b>1,022,394</b>	<b>902,251</b>	<b>801,298</b>	<b>978,300</b>

\*Detailed contributions breakdown is only shown for the 2012-2014 period

15. In 2014, contributions to the Special Trust Fund of the IPPC (Multi-donor) amounted to USD 728,201, the highest annual contribution amount since the trust fund was established in 2003. However, as the work programme of the Secretariat of the IPPC is increased, if not replenished at a higher rate, the Special Trust Fund of the IPPC (Multi-donor) may not be able to support the expectations of CPM if this factor is not addressed. See the forecast for more details (Figure 7).

### Other trust funds administered by the Secretariat to the IPPC

**Table 4. Other trust funds**

SECRETARIAT TRUST FUNDS (Short description/project symbol)	Donor	Status	Project timeline							Start date	End date	Total budget			
			2011	2012	2013	2014	2015	2016	2017						
<b>European Union trust funds</b>															
Participation TF (311/EC) (2011-2014)	EU	Closed	█	█	█	█	█	█	█	█	█	█	1/1/11	30/6/14	1,204,819
Participation TF (311/EC) (2014-2017)	EU	Active							█	█	█	█	1/7/14	30/6/17	819,282
IRSS TF (Part A) (311/EC) (2011-2012)	EU	Closed	█	█									1/1/11	31/3/12	534,614
IRSS TF (Part B) (391/EC) (2012-2014)	EU	Closed		█	█	█	█	█	█	█	█	█	1/4/12	31/3/14	1,088,436
IRSS TF (Part C) (391/EC) (2014-2017)	EU	Active							█	█	█	█	1/4/14	31/3/17	794,702
<b>Umbrella programme for Capacity Dev.</b>															
Global Phytos. manuals (368/STF)	STDF	Active			█	█	█	█	█	█	█	█	1/2/12	31/7/15	672,329
Strengthening biosecurity (165/UK)	UK	Active					█	█	█	█	█	█	1/4/14	31/3/15	269,697
Training of PCE facilitators (527/STF)	STDF	Active					█	█	█	█	█	█	1/4/14	30/9/16	734,078
Cooperation for phytosan. CD (419/JPN)	Japan	Active			█	█	█	█	█	█	█	█	1/8/12	30/4/15	425,262
Strengthening Gambia NPP (030/STF)	STDF	Active			█	█	█	█	█	█	█	█	15/3/13	31/3/14	56,020
SWI-IRSS (551/SWI)	SWI	Active						█	█	█	█	█	1/7/14	30/6/16	339,750
<b>Other trust funds</b>															
SWI-Standard setting TF (368/SWI)	SWI	Active			█	█	█	█	█	█	█	█	5/10/12	30/6/15	315,425
USA support to IPPC (555/USA)	USA	Active					█	█	█	█	█	█	1/7/14	30/9/14	80,000
PCE Tool translation (368/UK)	UK	Closed			█	█	█	█	█	█	█	█	1/3/13	30/9/13	98,590
APO USA (017/USA)	USA	Closed	█	█	█	█	█	█	█	█	█	█	31/10/11	30/10/12	123,752
<b>Total (USD)</b>															<b>7,556,756</b>

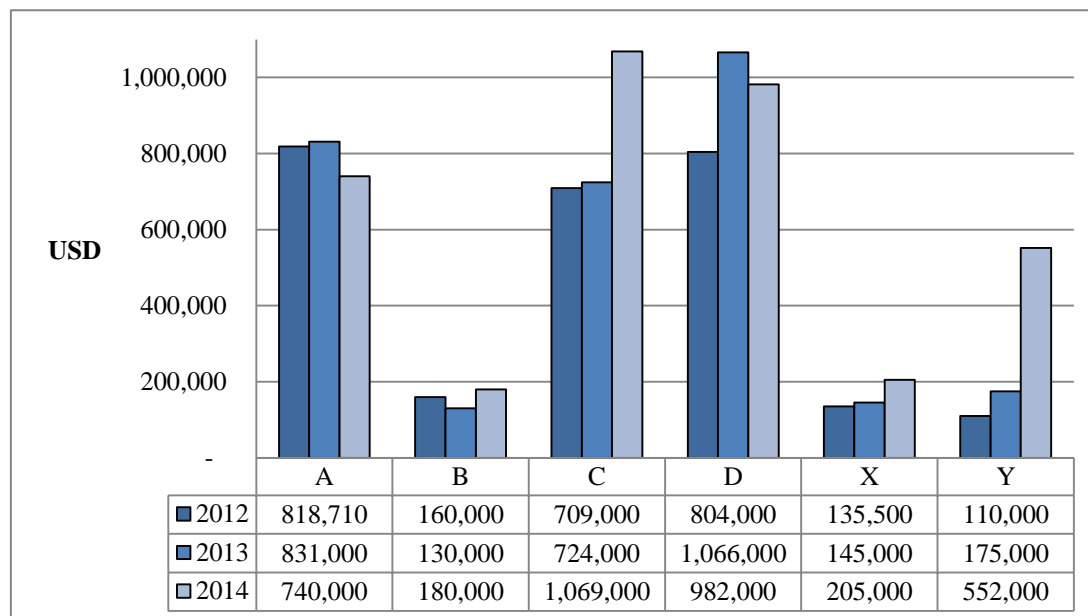
16. Table 4. shows a detailed breakdown of the other trust funds administered by the Secretariat of the IPPC and their budgets over the period from 2011 to 2017. Along with the Special Trust Fund of the IPPC (Multi-donor), these trust funds provide essential financial resources for specific Secretariat activities. In 2014, the Secretariat had 12 active trust funded projects. Each project has a specific purpose, budget and an agreement for its execution. A detailed breakdown of income and expenditures of all the trust funds would exceed the scope of this financial report. It is important to note that the Republic of South Africa also provided financial support to Secretariat in 2014 (USD 137,642). Initiation of this project is in progress and the project does not have a project symbol yet. Note that some of the trust funds appear active even after the project end date because technical and financial reporting obligations deadlines come at a later date than the project end date.

17. Umbrella Programme for Capacity development hosts two additional projects that are not administered by the Secretariat of IPPC: 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.

18. The Secretariat to the IPPC appreciates the generous 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 Secretariat work programme

#### IV. IPPC Strategic and functional objectives

**Figure 5. 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

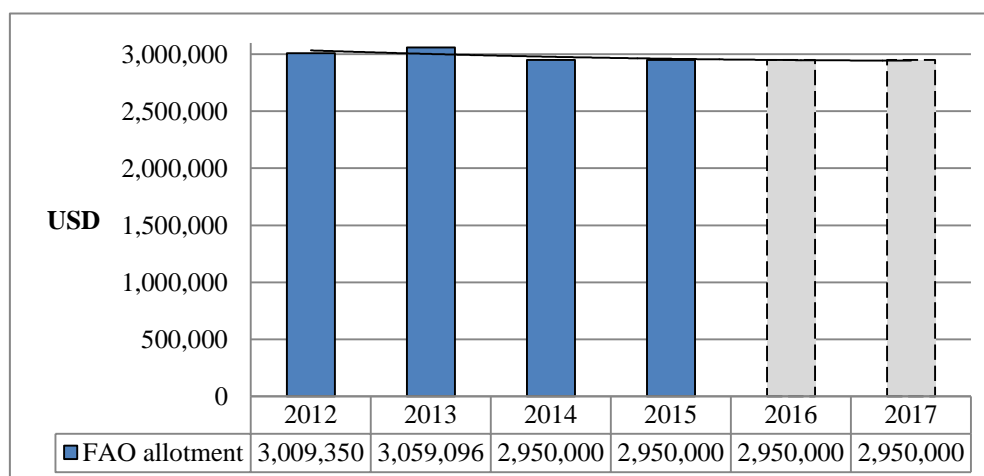
19. Figure 5 shows operational expenditures (regular programme and trust funds combined) by IPPC strategic and functional objectives in the period 2012-2014 in accordance with the IPPC Strategic Framework 2012-2019 that was adopted in 2012 at CPM7. As a result of increased trust fund contributions and broadened work programme in 2014, the Secretariat allocated significantly more resources to objectives C and Y (related to hiring additional staff in all core areas of the Secretariat) and slightly more resources to objectives B and X, while objectives A and D received moderately less resources, in accordance with the Secretariat of the IPPC 2014-2015 Biennium Operational Budget presented to CPM-9 (2014).



## V. Forecast

### FAO Regular programme

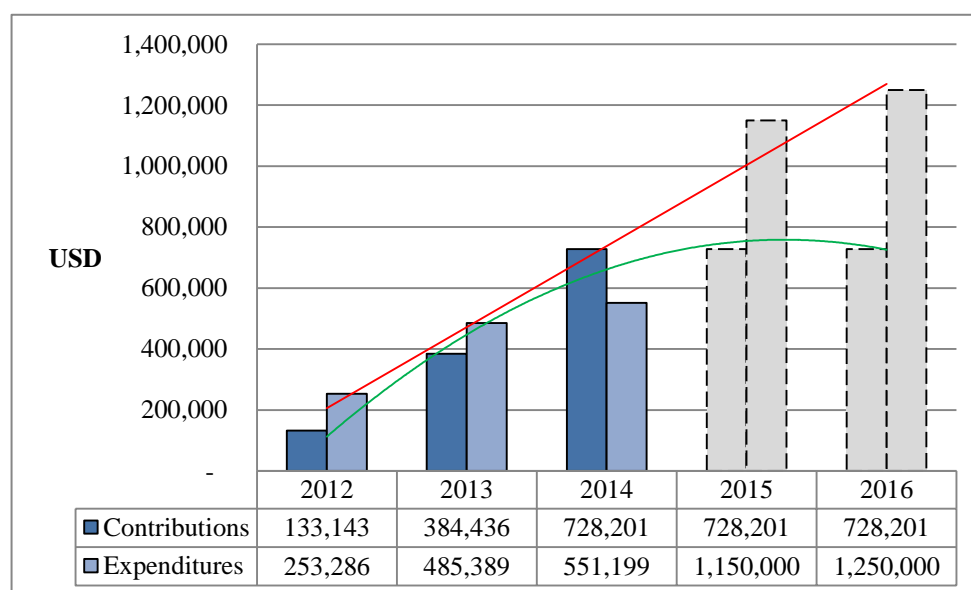
**Figure 6. FAO Regular programme allotment to the Secretariat of the IPPC – forecast**



20. The current Regular programme budget was approved by FAO Conference at its 38th Session in June 2013 and the allotment to the Secretariat was USD 5.9 million (or USD 2.95 million per year) for the 2014-2015 biennium. FAO Conference in 2015 will determine the 2016-2017 allotment to the Secretariat. However, based on the information available at the time of writing this report and initial discussions between senior FAO and Secretariat of the IPPC management, no significant changes are envisaged compared to 2014-2015 biennium.

### Special Trust Fund of the IPPC (Multi-donor)

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



21. As shown in Figure 7, in comparison to 2013, contributions to the Special Trust Fund of the IPPC (Multi-donor) increased by 89% in 2014 and reached the record amount of USD 728,201. However, expected expenditures in 2015 and 2016 (related to hiring staff in all core areas) are higher

than the current level of contributions can support. 2015-2016 forecasted annual operational costs for the Special Trust Fund of the IPPC (Multi-donor) will reach approximately USD 1.2 million and contracting parties are invited to pledge their contributions towards this amount in order that the Secretariat's work programme is continued according to work programme of CPM, in a sustainable way.

22. In conclusion, in 2014 Secretariat of the IPPC executed numerous activities with limited resources. The financial position of Secretariat of the IPPC is stable in FAO regular programme funding. However, as the work programme of the Secretariat of the IPPC is increased, extra-budgetary support is needed to sustain the work programme of the Secretariat. The Secretariat is grateful to all the contracting parties that have supported its work programme, financially or in-kind in 2014. The Secretariat also invites contracting parties to pledge further contributions to support the Vision of the IPPC : Protecting global plant resources from pests.