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Продовольственная и  
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Объединенных Наций

Organización de las  
Naciones Unidas para la  
Alimentación y la Agricultura

منظمة  
الغذية والزراعة  
للأمم المتحدة

# COMMISSION ON PHYTOSANITARY MEASURES

## Twelfth Session

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

**Sustainable funding - Sustainable funding mechanisms for the IPPC  
Secretariat Work Programme**

**Agenda item 8.3**

**Prepared by the IPPC Secretariat**

## I. Introduction

1. Each year, CPM endorses the IPPC Secretariat Work Plan and Budget which represents the main framework for the annual activities of the IPPC Secretariat that are expected to advance the IPPC mission and contribute to global efforts in food security, trade facilitation and environment protection. There are two major sources of funding for the IPPC Secretariat: the FAO Regular programme allotment and the IPPC extra-budgetary resources which are composed of the IPPC Multi-donor trust fund (MDTF) and IPPC Projects.

2. In terms of the FAO Regular programme, the annual allotment to the IPPC Secretariat for the last five years is USD 2.95 million. Approximately 33% (USD 0.98 million) of the FAO Regular programme allotment is allocated to each of the three pillars of the IPPC Secretariat: Governance & Management, Standard Setting, and Implementation Facilitation. Total staff costs amount to 69% (USD 2.04 million) of the allotment, while operational costs are estimated at the level of 31% (USD 0.91 million).

3. In terms of the IPPC Multi-donor trust fund, an approximate budget of USD 1 million is usually proposed, but the level of contributions has never been this high. The closest to this level was achieved in 2014 when Contracting Parties provided USD 729 thousand. Most of the IPPC Multi-donor trust fund resources (42%) are allocated to the Implementation Facilitation, while the Standard Setting and Governance & Management were approximately allocated 32% and 26% of the total budget, respectively. Total staff costs amount to 76% while operational costs account for 24% of the total budget.

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4. In terms of the IPPC Projects budget for the last five years, it has fluctuated around USD 800 thousand per year and has mostly been funding participation of developing countries to IPPC meetings, the Implementation Review and Support System project (IRSS), the Phytosanitary Capacity Evaluation (PCE), and some other capacity development activities.

5. Overall, the IPPC Secretariat annual budget is approximately USD 5 million and supports the core ongoing actions and functions of the Secretariat to progress standard setting, implementation and governance. This core capacity provides staff and operating resources for attracting and managing co-investment in IPPC activities, including projects and the majority of implementation work, standard setting for the agreed minimum five standards per year, communications material, maintaining core IT systems including the web pages and the online comment system. Of this, USD 2.95 million comes from FAO, while about USD 2 million are received through donations from Contracting Parties and some resource organizations. This means that about 60% of funding to the IPPC Secretariat comes from FAO Regular programme, which is fairly sustainable, but leaving about 40% of IPPC Secretariat budget largely dependent on 10-15 donors from the 183 IPPC Contracting Parties and other resource organizations like the Standards and Trade Development Facility (STDF).

6. The IPPC Secretariat is at risk from the lack of a solid and sustained financial base of IPPC extra-budgetary resources. At least USD 2 million of the IPPC extra-budgetary resources are not predictable in both amount and timing; these funds are critical to fund the participation of developing countries to IPPC meetings, emerging pest issues, new technology and new tool initiatives, and the staff to support and drive these initiatives.

7. The CPM Bureau and the IPPC Secretariat, with the Strategic Planning Group, have explored options for sustainable funding for extra-budgetary activities at the level of USD 2 million annually. The unpredictability of resources, particularly for operational purposes, is a burden to proper planning to address the real needs of Contracting Parties. Execution of certain activities can only be done if resources are made available through the year. This often leads to activities being rushed at the expense of effective planning, which may incur additional costs and compromise outcomes. Late funding that is tied to a particular activity may displace other activities on the annual work plan. This volatility and uncertainty of income is a major challenge in fulfilling requests from Contracting Parties and can significantly impact other agreed priority activities.

## **II. Sustainable Funding of Other Related International Organizations**

8. A number of related international organizations such as the World Organization for Animal Health (OIE), North American Plant Protection Organization (NAPPO), the Asia-Pacific Plant Protection Commission (APPPC), European Plant Protection Organization (EPPO) and Codex Alimentarius use annual contributions from member governments to fund their activities.

## **III. Strategies and Actions Taken for the IPPC**

9. For many years, the ICPM, CPM, SPTA, SPG and the Bureau have discussed mechanisms for facilitating additional funding for the IPPC. These discussions have looked at a range of approaches from assessed voluntary contributions using the UN formula to mandatory contributions where expenditures of the organization are met by annual contributions from member governments. The ICPM, CPM, SPTA, SPG and the Bureau have also looked in the revision of the Convention to include text for mandatory assessed contributions to fund and support IPPC activities as a long term solution.

10. At CPM-6 (2011), the FAO Legal Office advised CPM (CPM-6 Report paragraph 149) that there was no need for a formal CPM procedure for an individual country, or group of countries or organizations, to make donations to the IPPC Secretariat, but that an agreement was required to protect both the donor and the interests of the organization. The agreements and how the funds are used would normally be a mutual decision between the country in question and the FAO.

11. Since 2013, the IPPC Secretariat has made significant improvements in financial management practices, financial reporting quality, clarity, transparency and efficiency. Improvement in financial management practices have brought more and significant ad-hoc resources, but their predictability in timing and amount remains the issue.

12. In 2015, upon the initiative of the new IPPC Secretary, a task force on resource mobilization (TFRM) of the IPPC Secretariat was established to enhance mobilization of extra-budgetary resources. The Secretary also took action to optimize the resources available and to extend as long as possible those members of the staff dependent on extra-budgetary resources – thereby retaining expertise and experience within the Secretariat.

13. As a result of these efforts, significant advances were made in 2016 with regard to the sustainable funding initiative for the IPPC Secretariat. First, at CPM-11, the IPPC Secretary urged Contracting Parties to continue to support the IPPC work programme. Later in the year in collaboration with the CPM Bureau and Financial Committee, the IPPC Secretariat prepared a sustainable funding proposal. The need to stabilize and provide sustained funding for the operational activities of the IPPC Secretariat have been discussed many times and there is no less imperative to achieve this outcome.

#### **IV. Options for Consideration**

14. In October 2016 and with reference to the Secretariat funding proposal, the SPG supported two clear options for sustainable funding of the IPPC Secretariat and its core activities: a “Voluntary Assessed Contribution Agreement” (VACA) system and a “Pay-As-You-Go” system. These concepts, after suitable review and revision would form the fundamental components of a CPM-15 (2020) proposal for sustainable funding. Some possible pros and cons of each are explored further, and should also be further developed along with the specifics of the proposals themselves.

15. Voluntary assessed contributions are intended to attract regular and ongoing contributions from CPs as a predictable and stable source of revenue. The assessed estimate of the approximate contribution amount that would be required by a Contracting Party for sustainable operations (roughly USD 2 million per year) is provided in Attachment 2 using the UN assessment scale. The concept is based on a philosophy of many small but ongoing contributions to the work program of the IPPC Secretariat.

16. To enable the process for contributing funding, the IPPC Secretariat is providing a draft “Voluntary Contribution Agreement”, developed in cooperation with the FAO Technical Cooperation Department, that could be used by individual countries to provide an annual assessed and agreed amount of funding immediately, but would also be a basic component of the future system (see Attachment 1).

17. The “Pay-As-You-Go” system to resourcing the Secretariat’s activities would require any new activities mandated by the CPM to be resourced financially by a Contracting Party or Parties before any work could begin. In the absence of funding for that specific issue, the work would not take place.

18. Both systems could be operated at the same time, the “Voluntary Assessed Contribution Agreement” (VACA) system for long-term funding of the core IPPC work programme and the “Pay-As-You-Go” system for short term projects that would need to be tackled by the IPPC Secretariat. Neither of these approaches preclude additional funding for projects, and would be in addition to the FAO Regular programme allotment.

19. **Possible pros/cons of a “Voluntary Assessed Contribution Agreement” system (VACA)**

<b>Pros – a VACA system would:</b>
enhance the ability to plan a longer term Secretariat work programme given increased long-term resource availability – higher focus on work rather than mobilizing resources.
enable equitable distribution of voluntary contributions by CPs based on UN criteria and not a significant burden to governments in a global climate of economic austerity.
reduce the Secretariat’s burden to engage in resource mobilization for the short term.
contribute to a cumulative trust fund for IPPC programs.
for the majority of CPs, not add significantly more to the Assessed Contribution provided by members to the FAO.
<b>Cons – a VACA system may:</b>
experience a lack of willingness/interest of Contracting Parties to voluntarily provide additional resources to the IPPC Secretariat.
add additional burden on financial staff as a result of administrative issues related to managing and reporting on additional resources and activities.
compound difficulties in managing and ensuring that contributions are made and maintained.

Possible pros/cons of a “Pay-As-You-Go” system

<b>Pros – a “Pay-As-You-Go” system would:</b>
provide assurance that sufficient resources, human and financial, are available to engage in a new area of work before it begins.
add predictability to financial and Secretariat management processes.
reduce stress on management to find resources allowing for more focus on timely delivery of the project.
ensure contributions are made without follow up and are totally dependent on Contracting Parties.
<b>Cons - a “Pay-As-You-Go” system may:</b>
mean that the IPPC Secretariat would no longer be in control of work program as it would most likely be dictated by those Contracting Parties capable of putting up the funds to support specific activities.
result in a proliferation of individual trust funds to manage individual CP resource contributions, creating an unmanageable paperwork burden on Secretariat staff.
create significant delays in initiation of projects as the FAO human resources processes impact the ability to recruit and retain staff on a “Pay-As-You-Go” project basis.

20. The CPM is invited to:

- 1) *Endorse* in principle the use of a “Voluntary Assessed Contribution Agreement” (VACA) system and a “Pay-As-You-Go” system as the fundamental components of a proposal for sustainable funding to be made at CPM-15 in 2020.
- 2) *Request* the CPM Bureau and its Financial Committee, as well as the SPG, to develop detailed provisions for such a sustainable funding proposal.
- 3) *Call* for a progress report on the sustainable funding proposal to be presented to CPM-13 (2018), and
- 4) *Encourage* contracting parties in the interim period to commit extra-budgetary resources consistent with the suggested amounts in attachment 2 through the Voluntary Assessed Contribution Agreement as outlined in attachment 1.

**AGREEMENT BETWEEN**  
**THE GOVERNMENT OF \_\_\_\_\_**  
**AND**  
**THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**

**MTF/GLO/122/MUL**  
**"Special International Plant Protection Convention Trust Fund"**

The **COUNTRY** ("the donor"), shall make available, on a grant basis, to the Food and Agriculture Organization of the United Nations ("FAO"), a contribution amounting up to a maximum of \_\_\_\_\_ ("the contribution") to provide support to the project "**Special International Plant Protection Convention Trust Fund**" (MTF/GLO/122/MUL) ("the project") as set out in the overall International Plant Protection Convention Secretariat ("the IPPC Secretariat") work plan.

1. Issues from the contribution in currencies other than United States Dollars will be received and recorded based on the United States Dollar value at the UN rate of exchange prevailing on the day of receipt of the contribution.
2. The project will be completed by 31 December 20XX.
3. FAO has established a Multiple Donor Trust Fund ("Trust Fund"), MTF/GLO/122/MUL, to administer the contributions and expenditures of the project. The contribution of the donor will be paid to the Trust Fund. The contribution will be administered under FAO's financial and administrative rules and will be subject to the following conditions:
  - (a) the contribution will be implemented in line with the overall IPPC Secretariat work plan. FAO will make every effort to ensure timely and full implementation of the project;
  - (b) FAO will make every effort to ensure that the contribution is not used to meet the cost of import duties or customs duties (or any similar levies) imposed by the countries involved on the goods imported or services provided. In the event that exemption from such duties is not granted, the costs of duties can be met from the contribution;
  - (c) the contribution shall be paid to FAO in one instalment on signature of this agreement into the following account:

Bank Name: Citibank  
 399 Park Avenue, New York, NY, USA, 10022

Account Name: Food Agr Org – TF USD

Swift/BIC: CITIUS33

ABA/Bank Code: 021000089

Account No.: 36352577

clearly stating Project MTF/GLO/122/MUL

- (d) the contribution has to be made in United States Dollars.
4. The donor and FAO shall promptly inform each other of any event or situation which might affect the implementation of project activities and which may necessitate a modification or alteration of the scope, implementation, the agreed budget or other aspects of this Agreement. In case any change occurs in the schedule or implementation of the activities, FAO shall promptly inform the donor.
  5. The obligations of FAO are contingent upon receipt of the necessary funds from the donor in accordance with this Agreement.
  6. The contribution will include a provision not exceeding 6 percent of the total net inputs to cover the cost of administrative and operational services incurred by FAO directly relating to the project.
  7. FAO will administer and account for the contribution in accordance with FAO's financial regulations and other applicable rules and procedures and practices and keep separate records and accounts for the project, which conform to professionally accepted bookkeeping rules and practices. The contribution will be used solely for the support to the project as specified in this Agreement. All financial accounts and statements shall be expressed in United States Dollars and shall be subject exclusively to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of FAO, in conformity with the single audit principle observed by the United Nations system as a whole.
  8. All procurement shall be made in accordance with FAO regulations, which conform to generally accepted principles of good procurement practice, including safeguards against corrupt and illegal practice, and that no offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice can be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts. To this end, FAO shall ensure that it applies and enforces its relevant rules regarding corrupt and illegal practices.
  9. FAO will provide, at any time and at the request from the donor, its standard financial statements regarding the status of the implementation of the project which will be maintained for the project as a whole.
  10. IPPC Secretariat will report the achieved results of the trust fund contributions each year at its Commission on Phytosanitary Measures (CPM) meeting FAO will submit to the donor, within six months at project completion, a terminal report and a certified financial statement. The financial statement will be issued in US dollars and will be for the project as a whole. Any unspent funds and any interest accrued from the Contribution will be returned to the donor, following closure of the project, on a pro rata basis in proportion to the contribution of each donor. A progress report can be provided if so requested by the donors.
  11. The donor shall not accept any responsibility or liability for any claims, debt demands, damage or loss as a result of the implementations of this Agreement.

12. If any changes occur which, in the opinion of the donor, impair significantly on the value of the project, the donor and FAO will consult on measures to resolve the problem and possible courses of action. In the event of such changes, the donor reserves the right to modify or terminate its financial contribution to the project. In the event of termination, the obligations already assumed by either party shall remain in force to the extent necessary to permit orderly withdrawal of personnel, funds and assets, the settlement of accounts between the parties and the settlement of any liability incurred by FAO for the activities covered by this Agreement.
  
13. For the avoidance of doubt, nothing in this Agreement or in any document relating thereto will be construed as constituting a waiver of privileges and immunities of FAO. Any dispute between the donor and FAO arising out of the interpretation or execution of this Agreement shall be settled by a mutually agreed arrangement.
  
14. This Agreement shall enter into force upon signature by both parties and may be subsequently amended by mutual consent in writing.
  
15. This Agreement is made in two originals in the English language, duly signed by the authorized representatives of the donor and FAO.

<p>For the Government</p> <p>Signed:</p> <p>Name:</p> <p>Date:</p>	<p>For the Food and Agriculture Organization of the United Nations</p> <p>Signed:</p> <p>Name:</p> <p>Date:</p>
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**Attachment 2: Table of Estimated voluntary contribution amounts by contracting parties based on UN Assessment scale (2017), set to an annual revenue of USD 2 million**

IPPC Contracting party	UN Scale of assessments (percentage)	USD
Afghanistan	0.0060%	120
Albania	0.0080%	160
Algeria	0.1610%	3,220
Antigua and Barbuda	0.0020%	40
Argentina	0.8920%	17,840
Armenia	0.0060%	120
Australia	2.3370%	46,740
Austria	0.7200%	14,400
Azerbaijan	0.0600%	1,200
Bahamas	0.0140%	280
Bahrain	0.0440%	880
Bangladesh	0.0100%	200
Barbados	0.0070%	140
Belarus	0.0560%	1,120
Belgium	0.8850%	17,700
Belize	0.0010%	20
Benin	0.0030%	60
Bhutan	0.0010%	20
Bolivia (Plurinational State of)	0.0120%	240
Bosnia and Herzegovina	0.0130%	260
Botswana	0.0140%	280
Brazil	3.8230%	76,460
Bulgaria	0.0450%	900
Burkina Faso	0.0040%	80
Burundi	0.0010%	20
Cabo Verde	0.0010%	20
Cambodia	0.0040%	80
Cameroon	0.0100%	200
Canada	2.9210%	58,420
Central African Republic	0.0010%	20

IPPC Contracting party	UN Scale of assessments (percentage)	USD
Chad	0.0050%	100
Chile	0.3990%	7,980
China	7.9210%	158,420
Colombia	0.3220%	6,440
Comoros	0.0010%	20
Congo	0.0060%	120
Cook islands	no UN assessment	N/A
Costa Rica	0.0470%	940
Côte d'Ivoire	0.0090%	180
Croatia	0.0990%	1,980
Cuba	0.0650%	1,300
Cyprus	0.0430%	860
Czech Republic	0.3440%	6,880
Democratic People's Republic of Korea	0.0050%	100
Democratic Republic of the Congo	0.0080%	160
Denmark	0.5840%	11,680
Djibouti	0.0010%	20
Dominica	0.0010%	20
Dominican Republic	0.0460%	920
Ecuador	0.0670%	1,340
Egypt	0.1520%	3,040
El Salvador	0.0140%	280
Equatorial Guinea	0.0100%	200
Eritrea	0.0010%	20
Estonia	0.0380%	760
Ethiopia	0.0100%	200
European Union	no UN assessment	N/A
Fiji	0.0030%	60
Finland	0.4560%	9,120
France	4.8590%	97,180



IPPC Contracting party	UN Scale of assessments (percentage)	USD
Gabon	0.0170%	340
Georgia	0.0080%	160
Germany	6.3890%	127,780
Ghana	0.0160%	320
Greece	0.4710%	9,420
Grenada	0.0010%	20
Guatemala	0.0280%	560
Guinea	0.0020%	40
Guinea-Bissau	0.0010%	20
Guyana	0.0020%	40
Haiti	0.0030%	60
Honduras	0.0080%	160
Hungary	0.1610%	3,220
Iceland	0.0230%	460
India	0.7370%	14,740
Indonesia	0.5040%	10,080
Iran (Islamic Republic of)	0.4710%	9,420
Iraq	0.1290%	2,580
Ireland	0.3350%	6,700
Israel	0.4300%	8,600
Italy	3.7480%	74,960
Jamaica	0.0090%	180
Japan	9.6800%	193,600
Jordan	0.0200%	400
Kazakhstan	0.1910%	3,820
Kenya	0.0180%	360
Kuwait	0.2850%	5,700
Kyrgyzstan	0.0020%	40
Lao People's Democratic Republic	0.0030%	60
Latvia	0.0500%	1,000
Lebanon	0.0460%	920
Lesotho	0.0010%	20

IPPC Contracting party	UN Scale of assessments (percentage)	USD
Liberia	0.0010%	20
Libya	0.1250%	2,500
Lithuania	0.0720%	1,440
Luxembourg	0.0640%	1,280
The former Yugoslav Republic of Macedonia	0.0070%	140
Madagascar	0.0030%	60
Malawi	0.0020%	40
Malaysia	0.3220%	6,440
Maldives	0.0020%	40
Mali	0.0030%	60
Malta	0.0160%	320
Mauritania	0.0020%	40
Mauritius	0.0120%	240
Mexico	1.4350%	28,700
Micronesia (Federated States of)	0.0010%	20
Mongolia	0.0050%	100
Montenegro	0.0040%	80
Morocco	0.0540%	1,080
Mozambique	0.0040%	80
Myanmar	0.0100%	200
Namibia	0.0100%	200
Nepal	0.0060%	120
Netherlands	1.4820%	29,640
New Zealand	0.2680%	5,360
Nicaragua	0.0040%	80
Niger	0.0020%	40
Nigeria	0.2090%	4,180
Niue	no UN assessment	N/A
Norway	0.8490%	16,980
Oman	0.1130%	2,260
Pakistan	0.0930%	1,860
Palau	0.0010%	20

IPPC Contracting party	UN Scale of assessments (percentage)	USD
Panama	0.0340%	680
Papua New Guinea	0.0040%	80
Paraguay	0.0140%	280
Peru	0.1360%	2,720
Philippines	0.1650%	3,300
Poland	0.8410%	16,820
Portugal	0.3920%	7,840
Qatar	0.2690%	5,380
Republic of Korea	2.0390%	40,780
Republic of Moldova	0.0040%	80
Romania	0.1840%	3,680
Russian Federation	3.0880%	61,760
Rwanda	0.0020%	40
Saint Kitts and Nevis	0.0010%	20
Saint Lucia	0.0010%	20
Saint Vincent and the Grenadines	0.0010%	20
Samoa	0.0010%	20
Sao Tome and Principe	0.0010%	20
Saudi Arabia	1.1460%	22,920
Senegal	0.0050%	100
Serbia	0.0320%	640
Seychelles	0.0010%	20
Sierra Leone	0.0010%	20
Singapore	0.4470%	8,940
Slovakia	0.1600%	3,200
Slovenia	0.0840%	1,680
Solomon Islands	0.0010%	20
South Africa	0.3640%	7,280
South Sudan	0.0030%	60
Spain	2.4430%	48,860
Sri Lanka	0.0310%	620

IPPC Contracting party	UN Scale of assessments (percentage)	USD
Sudan	0.0100%	200
Suriname	0.0060%	120
Swaziland	0.0020%	40
Sweden	0.9560%	19,120
Switzerland	1.1400%	22,800
Syrian Arab Republic	0.0240%	480
Tajikistan	0.0040%	80
Thailand	0.2910%	5,820
Togo	0.0010%	20
Tonga	0.0010%	20
Trinidad and Tobago	0.0340%	680
Tunisia	0.0280%	560
Turkey	1.0180%	20,360
Tuvalu	0.0010%	20
Uganda	0.0090%	180
Ukraine	0.1030%	2,060
United Arab Emirates	0.6040%	12,080
United Kingdom of Great Britain and Northern Ireland	4.4630%	89,260
United Republic of Tanzania	0.0100%	200
United States of America	22.0000%	440,000
Uruguay	0.0790%	1,580
Vanuatu	0.0010%	20
Venezuela (Bolivarian Republic of)	0.5710%	11,420
Viet Nam	0.0580%	1,160
Yemen	0.0100%	200
Zambia	0.0070%	140
Zimbabwe	0.0040%	80
Gambia	0.0010%	20
<i>Non-assigned percentage</i>	<i>0.1210%</i>	<i>2,420</i>
<b>Total (183 IPPC CPs)</b>	<b>100%</b>	<b>2,000,000</b>

Source: <http://www.un.org/en/ga/contributions/budget.shtml>; [www.ippc.int](http://www.ippc.int)