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منظمة
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Financial report of the IPPC Secretariat for 2017

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 2017. It includes financial statements for resources available in 2017 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. It includes a three-year trend for all figures, their source of funding (RP and EB), and a breakdown of EB resources by project period. Additional financial breakdowns are also included.
3. In 2017, total resources available to the IPPC Secretariat amounted to USD 6,202,195, comprised of USD 2,864,177 from FAO RP and USD 3,338,018 from IPPC EB (contributions and carry-overs), as shown in Table 1. Total expenditures from both RP and EB sources in 2017 amounted to USD 5,091,906, comprised of USD 2,988,548 from FAO RP and USD 2,103,358 from IPPC EB funds, as shown in Table 1. The resulting deficit of USD 124,371 in FAO RP resources (2.1% of the biennial allocation) was absorbed on an exceptional basis by the Agriculture and Consumer Protection (AG) department of FAO.
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 2017 in USD

Year	Available Resources (USD)			Expenditures (USD)		
	FAO RP Budget	IPPC EB Trust Funds (Contributions, Available project funds and Carry-Overs)	Total	FAO RP Budget	IPPC EB Trust Funds	Total
2015	2,915,996	2,734,415	5,650,411	2,928,168	1,879,761	4,807,929
2016	3,038,732	2,584,437	5,623,169	3,038,731	1,691,622	4,730,353
2017	2,864,177	3,338,018	6,202,195	2,988,548	2,103,358	5,091,906

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 2017 to 2018 is USD 1,228,153, compared to 2016 to 2017 carry-over of USD 1,098,756). In 2017, six Contracting parties and one international organization made contributions to the IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC) (See Table 4).
6. The total cost of the organization of the Twelfth Session of the Commission on Phytosanitary Measures (CPM-12 2017) amounted to approximately USD 971,800. Republic of Korea directly and indirectly paid 62% (USD 601,800) of the total cost.
7. The 2017 Budget of the IPPC Secretariat for both RP and EB resources was executed in accordance with the "IPPC Secretariat Work Plan and Budget for 2017" presented at CPM-12 (2017).

8. The IPPC Secretariat ensured that all of the 2017 FAO RP budget available for Secretariat operations and salaries were fully utilized for the budgeted activities.

2. FAO Regular Programme

9. In 2017, FAO RP resources allocated for the IPPC Secretariat amounted to USD 2,864,177, 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.

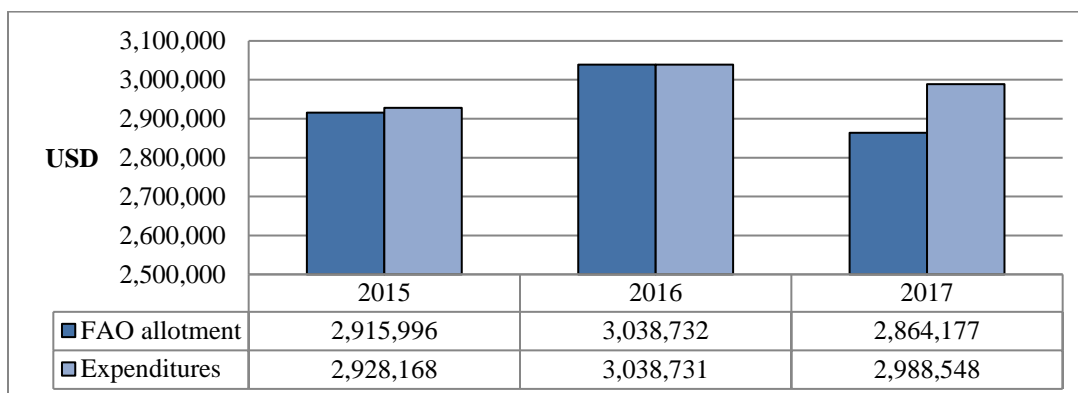


Figure 1. The FAO Regular Programme contribution vs. expenditures for 2015-2017 period (range between USD 2.5 to 3 million has been augmented for better graphical representation)

10. In 2017, total FAO RP expenditures of the IPPC Secretariat amounted to USD 2,988,548. 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 2017.

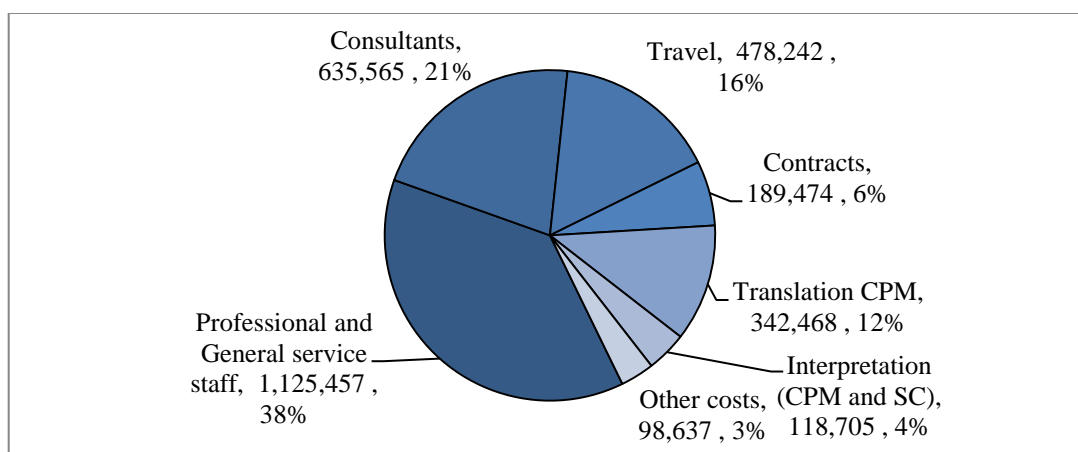


Figure 2. The FAO Regular Programme expenditures by expense type for 2017 (USD)

11. Out of the total FAO RP expenditures in 2017 (USD 2,988,548), USD 1,761,022 related to personnel costs (professional and general service staff and consultants), USD 478,242 was spent on travel and USD 650,647 was used for contracts, translation and interpretation costs. Table 2. shows a detailed breakdown of the FAO RP expenditures.

Table 2. The FAO Regular Programme expenditures by expense type (in USD) for 2017

Cost type	2015	2016	2017
Professional and General service staff	1,755,076	1,618,841	1,125,457
Consultants	274,529	412,601	635,565
Travel	281,467	326,829	478,242
Contracts	4,121	112,529	189,474
Translation CPM	172,000	242,700	342,468
Interpretation (CPM and SC)	150,000	150,000	118,705
Other costs	290,975	175,231	98,637
Total	2,928,168	3,038,731	2,988,548

12. In line with recommendations of the Financial Committee (FC), Table 2 shows a detailed breakdown of IPPC Secretariat RP expenditures by the cost type.
13. 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. 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 2017

IPPC Core Activity	2015	2016	2017
Governance/Management/Strategy	1,466,554	1,340,372	1,525,018
Standard Setting	864,342	1,032,969	1,078,540
Implementation Facilitation	597,272	665,390	384,990
Total	2,928,168	3,038,731	2,988,548

NB: Distribution of costs by core activities are estimates, while totals remain the same.

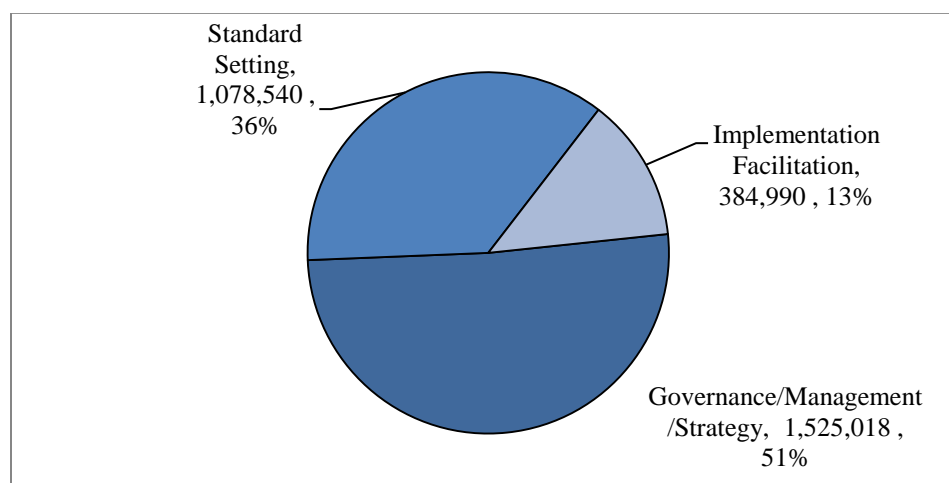


Figure 3. The FAO Regular Programme expenditures by core activities for 2017 (USD)

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

14. As shown in Fig. 4., the IPPC Multi-Donor Trust Fund (MDTF) contributions in 2017 amounted to USD 1,083,777, which represents an increase of 63% compared to 2016. In 2017, six Contracting parties and one international organization made contributions to the IPPC Multi-Donor Trust Fund.
15. Out of 2017 total contributions, USD 673,017 are related to ePhyto activities. Contracting parties also supported various Standard setting and Implementation facilitation activities as well as International Year of Plant Health (IYPH) 2020 initiative. Higher expenditures of the IPPC Multi-Donor Trust Fund (MDTF) in 2017 are partially result of the increased use of the trust fund for Governance and Implementation facilitation costs and partially related to the organization of CPM-12 in Korea.

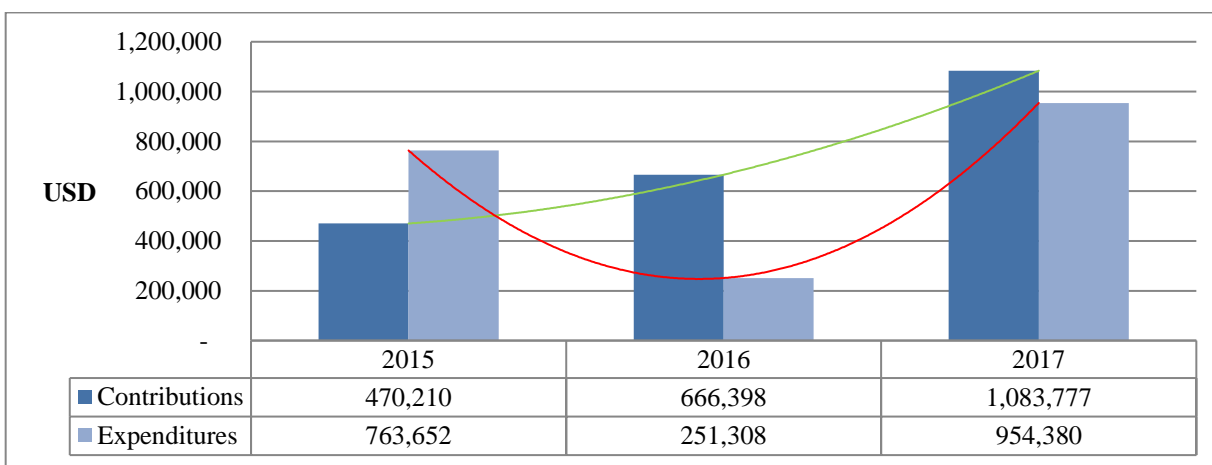


Figure 4. The IPPC Multi-Donor Trust Fund contributions vs. expenditures for 2015-2017

16. 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 466,620 (49%) were used for Governance activity; USD 467,760 (49%) for Implementation facilitation activity and USD 20,000 (2%) for Standard setting activity.
17. 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 2017

Contributions	2004-2014	2015	2016	2017
Australia		-	150,000	433,017
Canada		-	-	205,793
Ireland		27,352	-	-
France		-	25,000	-
Japan		40,000	-	20,000
New Zealand		100,000	38,929	50,000
Republic of Korea		162,597	311,126	208,000
South Africa		137,642	-	-
USA/NAPPO		-	140,000	155,000
International Seed Federation (ISF)		-	-	9,875
Other		2,619	1,343	2,092
Total	3,667,438	470,210	666,398	1,083,777

Expenditures by Cost type	2004-2014	2015	2016	2017
Professional and General service staff		630,182	237,083	495,137
Consultants		15	-	47,411
Travel		618	-	252,903
Contracts		89,400	-	-
GOE (translation, interpretation, other)		-	-	102,946
Other (FAO Support costs, other)		43,437	14,225	55,983
Total	2,690,330	763,652	251,308	954,380

Expenditures by Core activity*	2004-2014	2015	2016	2017
Governance/Management/Strategy		168,389	-	466,620
Standard Setting		16,068	-	20,000
Implementation Facilitation		579,195	251,308	467,760
Total	2,690,330	763,652	251,308	954,380

Balance	977,108	683,666	1,098,756	1,228,153
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NB: For ease of reference, prior years (2004-2014) are grouped.

* Distribution of costs by core activities are estimates, while totals remain the same.

Table 5. Structure of the IPPC Multi-Donor Trust Fund carry-over balance from 2017 to 2018

Contracting party/Organization	Activity	Balance as of 31 Dec 2017
Australia	SSU (PT)	150,000
	e-Phyto	395,507
Canada	SSU (SC)	60,975
	SSU (EWG)	68,598
International Seed Federation (ISF)	IYPH	9,875
	e-Phyto	40,000
Republic of Korea	IYPH	40,000
	IYPH	3,652
	IFU (Surveillance)	74,204
USA/NAPPO	e-Phyto	106,614
	IYPH	30,000
	IYPH	40,000
Un-earmarked funds		208,728
Total (USD)		1,228,153

18. For higher transparency and accountability purposes, Table 5. shows the structure of the carry-over balance from 2017 to 2018. Most of ePhyto and IYPH resources are planned to be used starting from 2019, while other resources are planned to be used in 2018.

4. The IPPC Projects

19. Based on the Financial Committee (FC) recommendations, Table 6. shows a detailed breakdown of the IPPC Projects (active in 2017) and their budgets, expenditures and balances (at 31 December 2017) 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 2017, IPPC Secretariat administered seven 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 6. The IPPC Projects implemented by the IPPC Secretariat for 2017

Project title	Donor	Status at 31 Dec 2017	Start date	End date	Original Approved Budget	Latest Approved Budget	Prior expenditures	2017 Expenditures	Balance at 31 Dec 2017
European Union projects									
IRSS TF (Part C) (GCP/GLO/391/EC)	EU	Closed	01/04/2014	31/03/2017	794,701	694,245	639,209	55,036	-
EU Support to IPPC (GCP/GLO/725/EC)	EU	Active	01/01/2017	31/12/2019	989,011	989,011	-	410,928	578,083
Umbrella programme for Cap. Dev.									
									-
Training of PCE facilitators (MTF/GLO/527/STF)	STDF	Closed	01/04/2014	31/12/2017	734,088	734,088	552,109	182,495	-
SWI-IRSS (GCP/GLO/551/SWI)	SWI	Closed	01/07/2014	30/04/2017	339,751	339,751	272,740	28,365	-
ePhyto Project (MTF/GLO/688/STF)	STDF	Active	15/12/2016	14/12/2019	1,120,000	1,120,000	-	369,816	750,184
Other									
									-
China SSC Project (GCP /INT/291/CPR)	China	Active	24/02/2017	31/12/2020	2,007,541	2,007,541	-	83,306	1,924,235
Support to ePhyto (GCP /GLO/827/JPN)	Japan	Active	02/07/2017	31/08/2020	675,681	675,681	-	19,548	656,133
Total (USD)					6,660,773	6,560,317	1,464,058	1,149,494	3,908,635

20. In addition to active projects in 2017 year, at the end of 2017 the IPPC Secretariat initiated one new project:

Project title	Donor	Budget (USD)	Project period
Implementation Review and Support System (IRSS) of the IPPC (third cycle) (GCP /GLO/877/EC)	European Commission	742,924	01 Feb 2018 - 31 Jan 2021

21. Detailed description of all projects can be found in the Annex 3 of the IPPC Secretariat Work plan and Budget for 2018 (CPM-13 Document 35).

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. Conclusion and Perspectives

23. 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 work programme, financially or in-kind in 2017. The IPPC Secretariat also invites contracting parties and relevant organizations to pledge their 2018 contributions during the CPM-13 meeting and support the IPPC mission.
24. The IPPC Secretariat has prepared the "IPPC Secretariat Work Plan and Budget for 2018" and "IPPC Secretariat Work Plan and Budget for 2019" as an operational and financial frameworks for its activities in 2018 and 2019 (CPM-13 documents number 35 and 36, respectively).
25. The need for a sustainable funding mechanism for the IPPC Work Programme remains. A proposed approach to achieving long term sustainable funding is presented in CPM-13 document 26 for consideration.
26. **The CPM is invited to:**
 - 1) *note* the Financial Report for 2017 of the IPPC Secretariat;
 - 2) *adopt* the Financial Report for 2017 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 Work Programme in 2017.