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Financial report of the IPPC Secretariat for 2018

Agenda item 15.1

Prepared by the IPPC Secretariat

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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 2018. It includes financial statements for resources available in 2018 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 2018, total resources available to the IPPC Secretariat amounted to USD 6,520,766, comprised of USD 2,944,980 from FAO RP and USD 3,575,786 from IPPC EB (contributions and carry-overs), as shown in Table 1. Total expenditures from both RP and EB sources in 2018 amounted to USD 5,095,519, comprised of USD 2,979,927 from FAO RP and USD 2,115,592 from IPPC EB funds, as shown in Table 1. The deficit of USD 34,947 in FAO RP resources (0.59% of the biennial allocation) was absorbed by the FAO RP allotment to the IPPC Secretariat for 2019.
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 financial resources for the IPPC Secretariat for 2018 in USD

Available Resources (USD)				Expenditures (USD)		
Year	FAO RP Budget	IPPC EB Trust Funds (Contributions, Available project funds and Carry- Overs)	Total	FAO RP Budget	IPPC EB Trust Funds	Total
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
2018	2,944,980	3,575,786	6,520,766	2,979,927	2,115,592	5,095,519

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) maintained a carry-over (carry-over from 2018 to 2019 is USD 1,475,082 compared to 2017 to 2018 carry-over of USD 1,228,153). In 2018, seven Contracting parties made contributions to the IPPC Multi-Donor Trust Fund (Special Trust Fund of the IPPC) (See Table 4).

6. In 2018, IPPC Secretariat received approximately USD 1,053,550 in In-kind (non-financial) contributions from 18 Contracting parties, 16 Regional organizations and 2 International organizations. Value of In-kind contributions is the best estimate of the costs incurred for the contributing donors.

7. The 2018 Budget of the IPPC Secretariat for both RP and EB resources was executed in accordance with the "IPPC Secretariat Work Plan and Budget for 2018" presented at CPM-13 (2018).

8. The IPPC Secretariat ensured that all of the 2018 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 2018 of the IPPC Secretariat;
- 2) *adopt* the Financial Report for 2018 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 2018.

2. FAO Regular Programme

10. In 2018, FAO RP resources allocated for the IPPC Secretariat amounted to USD 2,944,980 (Fig 1), as per FAO’s 2018-2019 Biennial Programme of Work and Budget approved by the FAO Conference in 2017 at the level of USD 5.9 million. In 2018, 69% of the FAO RP resources contributed were under FAO Strategic Programme 4 – “Enable more inclusive and efficient agricultural and food systems”, while 31% of resources were under FAO Strategic Programme 2 – “Make agriculture, forestry and fisheries more productive and sustainable”.

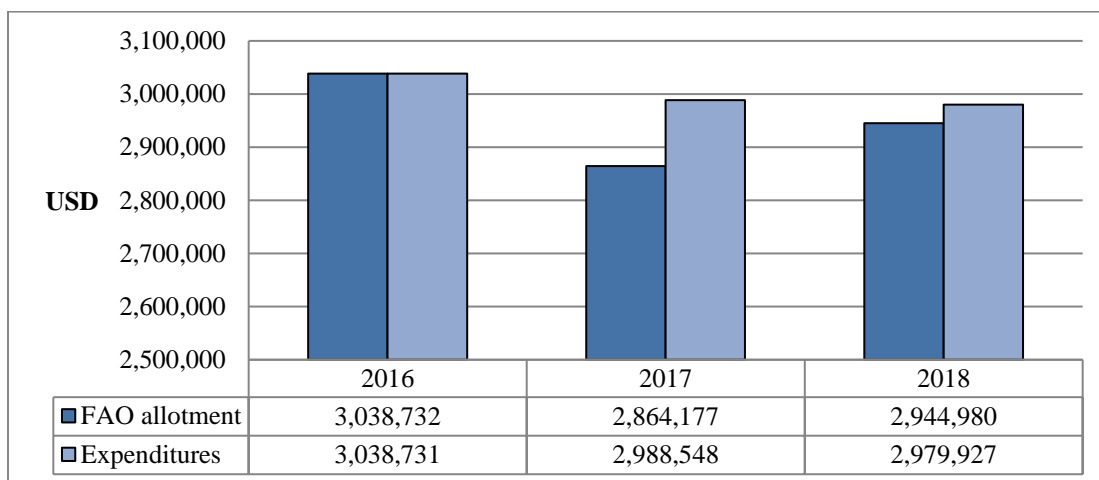


Figure 1. The FAO Regular Programme contribution vs. expenditures for 2016-2018 period (range between USD 2.5 to 3 million has been augmented for better graphical representation)

11. In 2018, total FAO RP expenditures of the IPPC Secretariat amounted to USD 2,979,927. 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 2018.

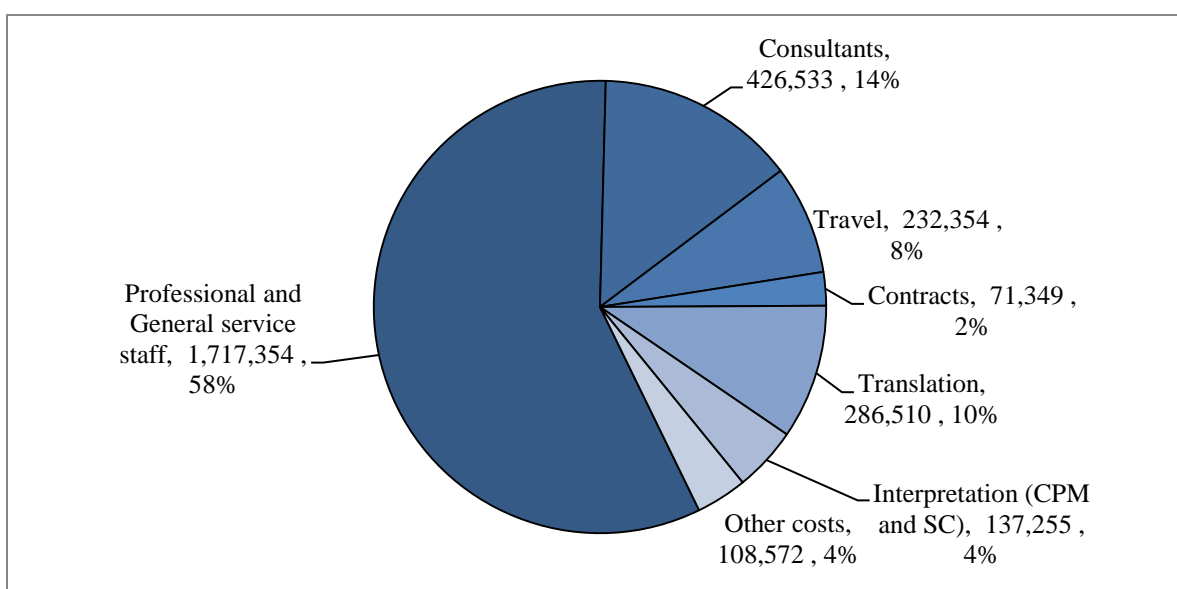


Figure 2. The FAO Regular Programme expenditures by expense type for 2018 (USD)

12. Out of the total FAO RP expenditures in 2018 (USD 2,979,927), USD 2,143,887 related to personnel costs (professional and general service staff and consultants), USD 232,354 was spent on travel

and USD 495,114 was used for contracts, translation and interpretation costs and USD 108,572 was spent on Other costs. In line with recommendations of the Financial Committee (FC), Table 2. shows a detailed breakdown of the FAO RP expenditures.

Table 2. The FAO Regular Programme expenditures by expense type (in USD) for 2018

Cost type	2016	2017	2018
Professional and General Service staff	1,618,841	1,125,457	1,717,354
Consultants	412,615	635,565	426,533
Travel	326,829	478,242	232,354
Contracts	112,529	189,474	71,349
Translation	242,700	342,468	286,510
Interpretation (CPM and SC)	150,000	118,705	137,255
Other costs	175,217	98,637	108,572
Total	3,038,731	2,988,548	2,979,927

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 1.5 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 either Standard Setting or Implementation Facilitation units. 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 2018

IPPC Core Activity	2016	2017	2018
Governance/Management/Strategy	1,340,387	1,525,013	1,592,876
Standard Setting	1,032,969	1,078,540	859,883
Implementation Facilitation	665,375	384,995	527,168
Total	3,038,731	2,988,548	2,979,927

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

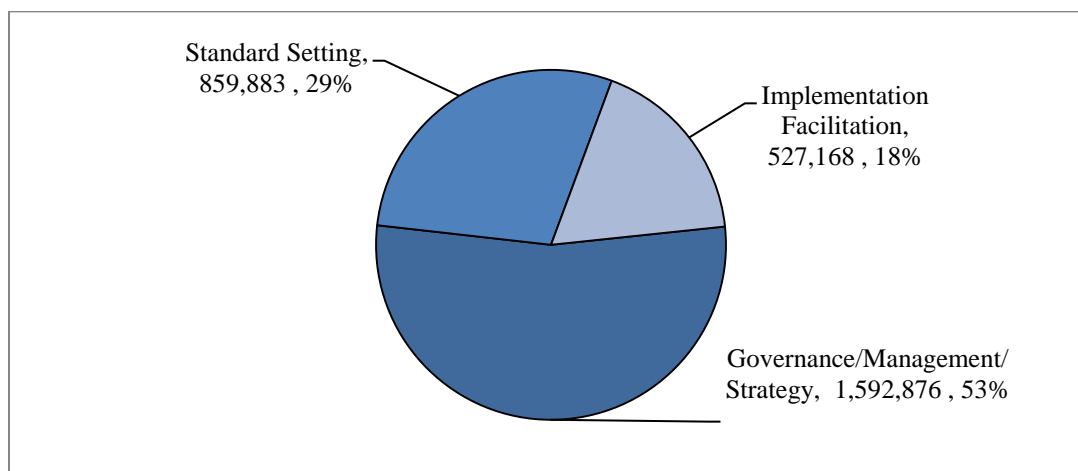


Figure 3. The FAO Regular Programme expenditures by core activities for 2018 (USD)

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 2018 amounted to USD 1,123,488, which represents an increase of 3.7% compared to 2017. In 2018, seven Contracting parties made contributions to the IPPC Multi-Donor Trust Fund.

15. Out of 2018 total contributions, USD 357,178 are related to ePhyto activities. Contracting parties also supported various Standard setting (USD 79,365) and Implementation facilitation activities (USD 442,071) as well as International Year of Plant Health (IYPH) 2020 initiative (USD 80,000) and other priorities in the amount of USD 149,054.

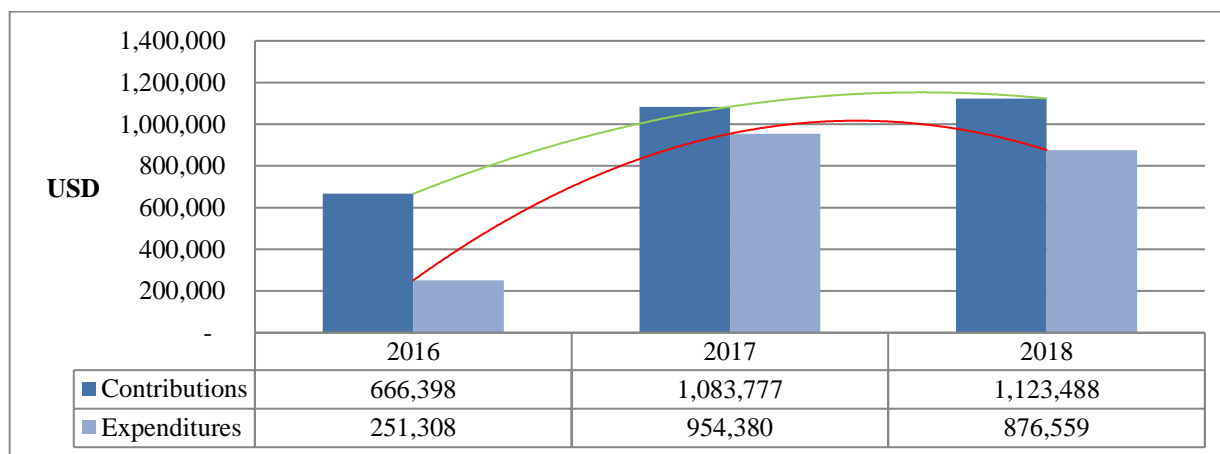


Figure 4. The IPPC Multi-Donor Trust Fund contributions vs. expenditures for 2016-2018

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 458,237 (52%) were used for Governance activity; USD 374,058 (43%) for Implementation Facilitation activity and USD 44,264 (5%) 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 2018

Contributions	2004-2015	2016	2017	2018
Australia		150,000	433,017	-
Canada		-	205,793	322,182
France		25,000	-	-
Japan		-	20,000	20,000
Netherlands		-	-	59,737
New Zealand		38,929	50,000	50,000
Republic of Korea		311,126	208,000	176,700
Switzerland		-	-	314,619
USA/NAPPO		140,000	155,000	155,000
International Seed Federation (ISF)		-	9,875	-
Other		1,343	2,092	25,250
Total	4,137,648	666,398	1,083,777	1,123,488
Expenditures by Cost type	2004-2015	2016	2017	2018
Professional and General service staff		237,083	495,137	172,915
Consultants		-	47,411	224,899
Travel		-	252,903	174,321
Contracts		-	-	245,825
GOE (translation, interpretation, other)		-	102,946	8,982
Other (FAO Support costs, other)		14,225	55,983	49,617
Total	3,453,982	251,308	954,380	876,559
Expenditures by Core activity*	2004-2015	2016	2017	2018
Governance/Management/Strategy		-	466,620	458,237
Standard Setting		-	20,000	44,264
Implementation Facilitation		251,308	467,760	374,058
Total	3,453,982	251,308	954,380	876,559
Balance	683,666	1,098,756	1,228,153	1,475,082

NB: For ease of reference, prior years (2004-2015) 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 2018 to 2019

Contracting party/Organization	Activity	Balance as of 31 Dec 2018
Australia	e-Phyto	204,820
	PFA and ALPP	205,502
Canada	SSU (SC)	4,658
	SSU (EWG)	79,365
	Sea Containers	8,448
ISF	IYPH	9,875
Japan	e-Phyto	1,656
	IFU	39,428
Korea	Asian countries	26,700
	IYPH	50,000
	e-Phyto	90,000
	Sea Containers	21,754
NAPPO/USA	IYPH	35,206
	e-Phyto	45,523
Netherlands	e-Phyto	27,749
New Zealand	Overall WP	50,000
Switzerland	Communication	62,433
	e-Phyto	105,710
	Un-earmarked	406,255
Total (USD)		1,475,082

18. For higher transparency and accountability purposes, Table 5. shows the structure of the carry-over balance from 2018 to 2019.

4. The IPPC Projects

19. Based on the Financial Committee (FC) recommendations, Table 6. shows a detailed breakdown of the IPPC Projects (active in 2018) and their budgets, expenditures and balances (at 31 December 2018) operated by the IPPC Secretariat between 2016-2018. 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 2018, the IPPC Secretariat administered five 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 2018

Project title	Donor	Status at 31 Dec 2018	Start date	End date	Budget	Prior expenditures	2018 Expenditures	Balance at 31 Dec 2018
European Union projects								
EU Support to IPPC (GCP/GLO/725/EC)	EU	Active	01/01/2017	31/12/2019	989,011	410,928	65,212	512,871
EU IRSS Project (GCP/GLO/877/EC)	EU	Active	01/02/2018	31/01/2021	742,925	-	129,843	613,082
Other								
ePhyto Project (MTF/GLO/688/STF)	STDF	Active	15/12/2016	14/12/2019	1,120,000	369,816	533,070	217,114
China SSC Project (GCP /INT/291/CPR)	China	Active	24/02/2017	31/12/2020	2,007,541	83,306	287,304	1,636,931
Support to ePhyto (GCP /GLO/827/JPN)	Japan	Active	02/07/2017	31/08/2020	675,681	19,548	223,604	432,529
Total (USD)					5,535,158	883,598	1,239,033	3,412,527

20. Detailed description of all projects can be found in the Annex 2 of the IPPC Secretariat Work plan and Budget for 2020 (CPM-14 Document 14).

21. 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. The IPPC In-kind (non-financial) contributions

Table 7. The IPPC In-kind (non-financial) contributions provided to the IPPC Secretariat in 2018

Contracting Parties /Organizations	Activities (work areas)	Types of Contribution (staff time, meeting support)	Estimated value in USD
APPPC	Trade Facilitation	Meeting support for ePhyto Steering Group Meeting in Japan; and Meeting support for IPPC Global Symposium on ePhyto in Malaysia	30,000
Argentina	Trade Facilitation	Meeting support for the Latin America Workshop on ePhyto	5,000
Australia	Trade Facilitation	Staff time of two officers for ePhyto activities; travel for the two officers	100,000
	IPPC Network	Meeting support for the IPPC Regional Workshop for South West Pacific	45,000
Brazil	Implementation Facilitation	Providing support for the development of the IPPC Pest Free Area Guide	5,000
	IPPC Network	Meeting support for the IPPC Regional Workshop for Latin America	10,000

Contracting Parties /Organizations	Activities (work areas)	Types of Contribution (staff time, meeting support)	Estimated value in USD
CAHFSA	IPPC Network	Meeting support for the IPPC Regional Workshop for Caribbean	5,000
CAN	Governance	Meeting support for the organization of 30 th TC-RPPOs	5,000
	Implementation Facilitation	Revision of the Spanish translation of the IPPC Guide on pest surveillance	5,000
	IPPC Network	Meeting support for the IPPC Regional Workshop for Latin America and translation of IPPC Regional Workshop material into Spanish	10,000
Canada	Trade Facilitation	Staff time for ePhyto Coordinator (100%) for 12 months and associated travel for the officer	250,000
China	Standard Setting	Meeting support for Technical Panel for Phytosanitary Treatments (TPPT) Meeting; and one staff time (100%) for 4 months	50,000
	Implementation Facilitation	Meeting support for IPPC High-level symposium on One Belt One Road	60,000
	Trade Facilitation	Meeting support for Sea Containers Task Force (SCTF)	10,000
COSAVE	IPPC Network	Meeting support for the IPPC Regional Workshop for Latin America	5,000
EPPO	Standard Setting	Meeting support for Technical Panel on Diagnostic Protocols (TPDP) Meeting	5,000
	IPPC Network	Meeting support for the IPPC Regional Workshop for Eastern and Central Europe and providing translation of draft ISPMs and other materials for the IPPC Regional Workshop for Eastern and Central Europe	10,000
FAOMG	IPPC Network	Meeting support for the IPPC Regional Workshop for Africa	5,450
FAOREU	IPPC Network	Meeting support for the IPPC Regional Workshop for Eastern and Central Europe and for the NRO Workshop for Eastern and Central Europe	1,000
FAOSEC	IPPC Network	Meeting support for the IPPC Regional Workshop for Eastern and Central Europe and for the NRO Workshop for Eastern and Central Europe	1,000
FAOSLC	IPPC Network	Meeting support for the IPPC Regional Workshop for Caribbean	1,000
Fiji	IPPC Network	Meeting support for the IPPC Regional Workshop for South West Pacific	5,000
France	Standard Setting	Staff time of one officer (100%) for 3 months	50,000
IAEA	Implementation Facilitation	Providing support for the development of the IPPC Pest Free Area Guide	20,000
IAPSC	IPPC Network	Meeting support for the IPPC Regional Workshop for Africa	31,500
IICA	Implementation Facilitation	Translation into Spanish of the IPPC Guide on pest surveillance	15,000
	IPPC Network	Meeting support for the IPPC Regional Workshop for Latin America and for Caribbean and translation of IPPC Regional Workshop for Latin America and for Caribbean materials into Spanish	35,000
Ireland	Trade Facilitation	Meeting support for ePhyto Steering Group Meeting	7,500

Contracting Parties /Organizations	Activities (work areas)	Types of Contribution (staff time, meeting support)	Estimated value in USD
Italy	Standard Setting	Meeting support for the Technical Panel for the Glossary (TPG)	2,000
Japan	Governance	Staff time and travel costs of two officers to support CPM-13 – two weeks	15,000
	Trade Facilitation	Meeting support for ePhyto Steering Group Meeting; and for Asia and Pacific Workshop on ePhyto	15,000
Madagascar	IPPC Network	Meeting support for the IPPC Regional Workshop for Africa	2,000
Maersk Line	Trade Facilitation	Part time staff for Sea Containers Task Force (SCTF) Coordinator	15,000
Malaysia	Trade Facilitation	Meeting support for IPPC Global Symposium on ePhyto	10,000
Malta	Standard Setting	Meeting support for Expert Working Group (EWG) on Guidance on pest risk management (2014-001)	5,000
NAPPO	Implementation Facilitation	Translation of the ISPM 5 brochure in Spanish, and meeting support for the experts meeting to finalize the drafting of the Guide for PFAs	25,000
OIRSA	IPPC Network	Meeting support for the IPPC Regional Workshop for Latin America	3,000
Oman	IPPC Network	Meeting support for the IPPC Regional Workshop for Near East	3,000
NEPPO	IPPC Network	Meeting support for the IPPC Regional Workshop for Near East	2,000
FAORNE	IPPC Network	Meeting support for the IPPC Regional Workshop for Near East	2,000
PPPO	IPPC Network	Meeting support for the IPPC Regional Workshop for South West Pacific	5,000
Republic of Korea	IPPC Network	Meeting support to IPPC Regional Workshop for Asia	60,000
	Communication	One staff (intern) for 3 months	2,100
Russia	IPPC Network	Meeting support for the IPPC Regional Workshop for Eastern and Central Europe, for NRO Workshop for Eastern and Central Europe and providing translation of materials for the IPPC Regional Workshop for Eastern and Central Europe	15,000
Trinidad & Tobago	IPPC Network	Meeting support for the IPPC Regional Workshop for Caribbean	5,000
UK	Standard Setting	Staff time and travel costs of two officers to support SC May and SC November meetings – two weeks	15,000
USA	Trade Facilitation	Staff time of one officer for ePhyto activities	50,000
	Implementation Facilitation	Providing support for the development of the IPPC Pest Free Area Guide	20,000
Total			1,053,550

22. In 2018, IPPC Secretariat received approximately USD 1,053,550 in In-kind contributions from 18 contracting parties, 16 regional organizations and 2 international organizations. Value of In-kind contributions is the best estimate of the costs incurred for the contributing donors.

6. 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 programme of work, financially or in-kind in 2018. The IPPC Secretariat also invites contracting parties and relevant organizations to pledge their 2019 contributions during the CPM-14 meeting and support the IPPC mission.

24. 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-14 document 28 for consideration and action.