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COMMISSION ON PHYTOSANITARY MEASURES

Ninth Session

Rome, 31 March - 4 April 2014

IPPC 2013 Financial report

Agenda item 10.3

Prepared by the IPPC Secretariat

I. Introduction

1. The purpose of this document is to provide an accurate accounting of the IPPC Secretariat financial position as of 31 December 2013.
2. The International Plant Protection Convention (IPPC) Financial statements include the Food and Agriculture Organization of the United Nations (FAO) regular programme allotment and trust fund resources that are administered by the IPPC Secretariat. This financial report for the year ending 31 December 2013 reflects summarized and explained financial statements.
3. The financial report is compiled according to the guidelines and recommendations of the Financial committee of 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.
4. Overall, for the period under review, total income amounted to USD 4,716,230 (FAO allotment and trust fund contributions), compared to USD 3,515,203 in 2012 and USD 4,001,628 in 2011. Total expenditures were USD 5,111,152 in 2013, compared with USD 3,871,490 in 2012 and USD 3,176,442 in 2011.
5. The difference between income and expenditures in the given years is a result of the different nature of FAO allotment and Trust fund resources. The first has to be fully utilized in the year of the allotment, while the latter resources are subject to agreed project periods, rate of spending and may be carried over to the next year.
6. As mentioned in last year's financial report to the CPM, the IPPC Multi-donor Trust Fund still remains in surplus (carry-over from 2013 to 2014 is USD 483,831; 2012 to 2013 USD 902,252). However, funds are being utilized at a faster rate than they are replenished. If this trend continues in

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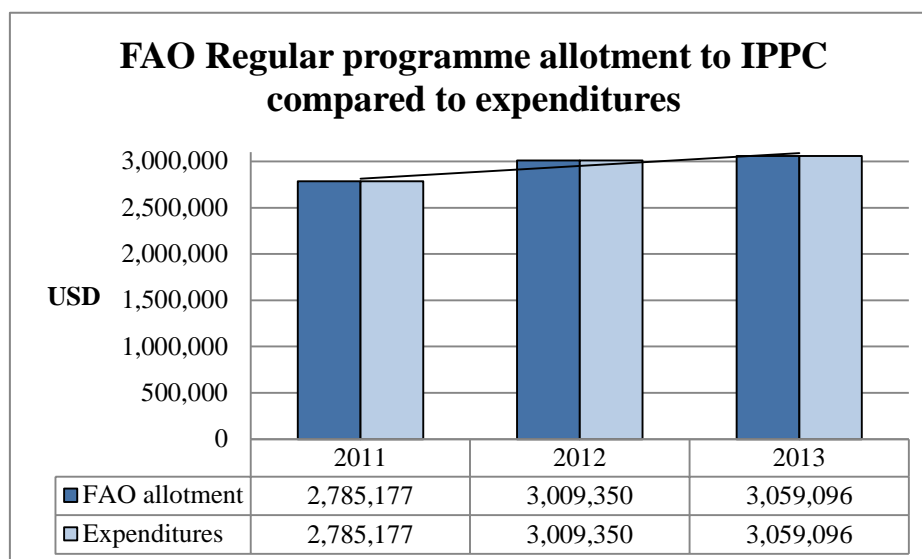
future years, there will be reduced funds available for the IPPC work programme funded by the IPPC Multi-donor Trust Fund.

7. The approximate total cost of organizing the Eighth Session of the Commission on Phytosanitary Measures (CPM8) was USD 500,000, regular programme and trust fund resources combined.

8. As is the case for most organizations in the current economic environment, there is a strong possibility that future funding for the Secretariat through the regular programme of the FAO may be cut. The Secretariat has been able to ensure that all of the regular programme funding made available for Secretariat operations and salaries were spent for the past year.

II. Regular programme

Figure 1. FAO Regular programme allotment to IPPC compared to expenditures



Income

In 2013, the FAO Regular programme allotment to the International Plant Protection Convention (IPPC) amounted to USD 3,059,096, compared to USD 3,009,350 in 2012 and USD 2,785,177 in 2011, which is an increase in resources of 1.6% for the 2012-2013 period and 9.8% in the 2011-2013 period.

Expenditures

In 2013, total regular programme expenditures of the International Plant Protection Convention (IPPC) amounted to USD 3,059,096 compared to USD 3,009,350 in 2012 and USD 2,785,177 in 2011. As in previous years, the IPPC Secretariat's financial priority was to fully spend regular programme funds and execute all budgeted activities. Table 1 shows a detailed breakdown of the regular programme expenditures.

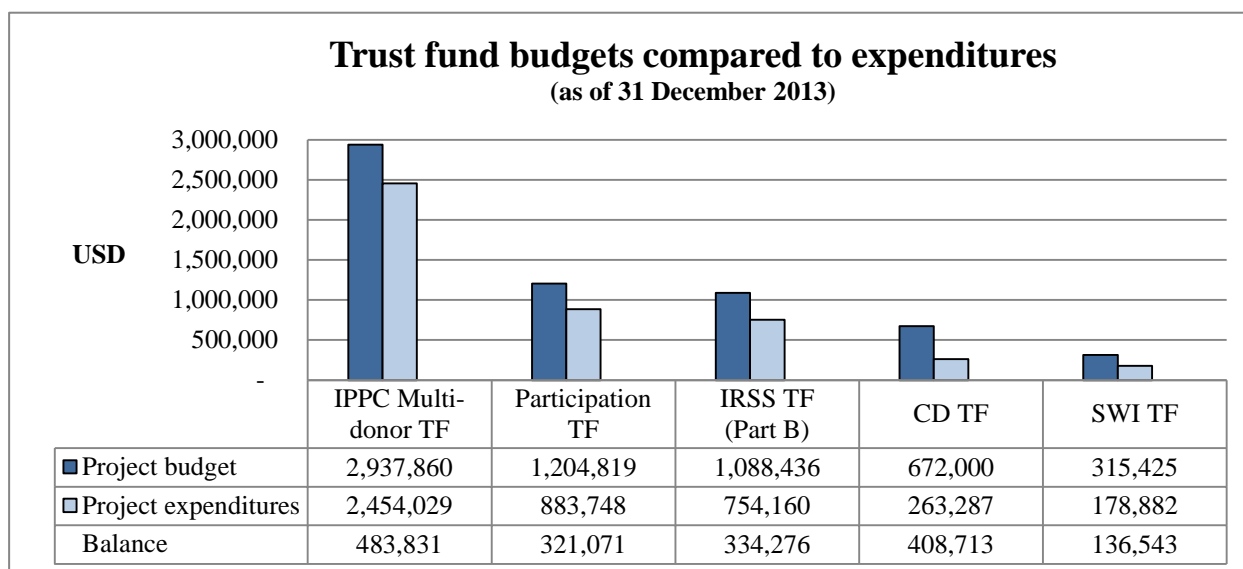
Table 1. Regular programme expenditures (in USD)

	2011	2012	2013
Staff	1,707,494	1,941,431	1,899,630
Travel	192,625	229,229	420,231
General and non-staff	885,058	838,690	739,235
Total	2,785,177	3,009,350	3,059,096

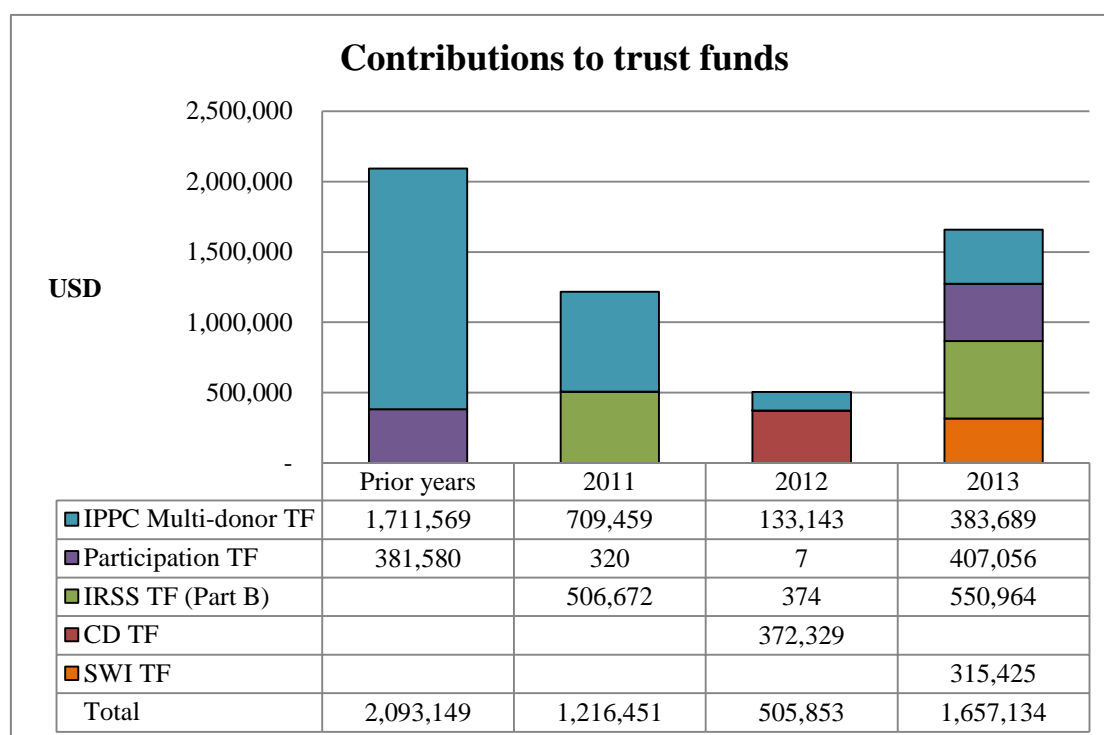
Table 1 shows a detailed breakdown of the regular programme expenditures. Of the total regular programme expenditures in 2013, USD 1,899,630 related to staff costs (professional and general staff), USD 420,231 was spent on travel and USD 739,235 was used for general and non-staff costs (translation, interpretation, publications, printing, catering, consultants, etc). Compared to 2012, in 2013 there was a considerable increase in travel expenditures mostly due to an enhanced Secretariat work programme, which included a Secretariat to Secretariat meeting with the CBD, a meeting with the World Customs Organization, as well as attendance at some specific meetings such as meetings with the UNECE to discuss a proposed potato standard which had implications for the IPPC. Travel expenditures partially increased due to the fact that living allowances of international consultants are now recorded on the travel account (not under salaries). Of the general and non-staff expenditure, approximately USD 320,000 regular programme funds were spent on the organization of the Eight Session of the Commission on Phytosanitary Measures (CPM8).

III. Trust funds

Figure 2. Trust fund budget compared to expenditure

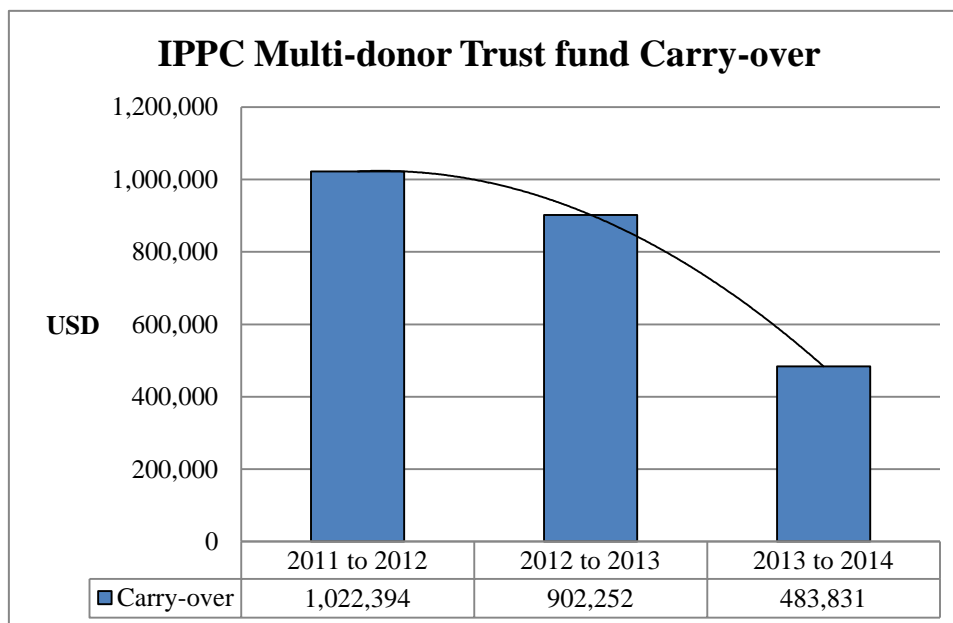


In response to the Financial Committee recommendations, figure 2 shows the total trust fund budget by trust fund compared to its expenditures for the whole project period and the balance for each trust fund (as of 31 December 2013). Balance for each trust fund shows the available funds for 2014 and future years, since trust funds resources can be carried over from year to year. It should be noted that the project budgets represent an estimate of received and yet to be received contributions since the final tranches are not yet credited to some of the trust funds, as can be seen in Figure 3. Of the total trust fund expenditure, approximately USD 180,000 was spent on the organization of the Eight Session of the Commission on Phytosanitary Measures (CPM8), mostly from the Participation Trust Fund.

Figure 3. Contributions to trust funds

As shown in the Figure 3, in addition to the regular programme allotment from the FAO, the IPPC has several trust funds. The IPPC Multi-donor trust fund has proved to be the most useful and flexible additional resource for administering the IPPC work programme and it has been used for standard setting activities, capacity development activities and communications materials. Nevertheless, contributions have declined over the past few years, which might have a significant impact on the IPPC work programme unless the trend is reversed.

In 2013, the EU Trust Fund to support developing countries participation in IPPC activities enabled more than 100 participants to take part in a number of different meetings including CPM, the SPG and regional workshops. The Secretariat is ensuring that this trust fund is used to the maximum benefit for contracting parties. The IRSS Trust Fund has been a resource for examining how the Convention is being implemented as well as providing information to support the development of IPPC Recommendations on internet trade and aquatic plants – both of which are being addressed in CPM9. The Capacity Development Trust Fund allowed several key developments including the manual on market access as well as an enhanced www.phyosanitary.info web page. The Swiss Trust Fund continues to support IPPC standard setting activities.

Figure 4. IPPC Multi-donor Trust fund Carry-over

As stated above, over the last three years the IPPC Multi-donor Trust fund was the primary additional resource for IPPC operational activities. However, as shown in Figure 3, the irregular rate of new contributions and the increase of IPPC operational activities resulted in a steady decline of the carry-over resources at the end of each year (shown in Figure 4). The carry-over from 2013 to 2014 amounted to USD 483,831, compared to 2012-2013 when it was USD 902,252. At the current rates of spending and donor contributions, the IPPC Multi-donor Trust Fund might not be able to maintain the level of work programme expected by CPM (shown in Figure 7).

IV. IPPC Strategic and Functional objectives

Figure 5. Operational expenditure by IPPC strategic and functional objectives (according to IPPC Strategic Framework 2012-2019)

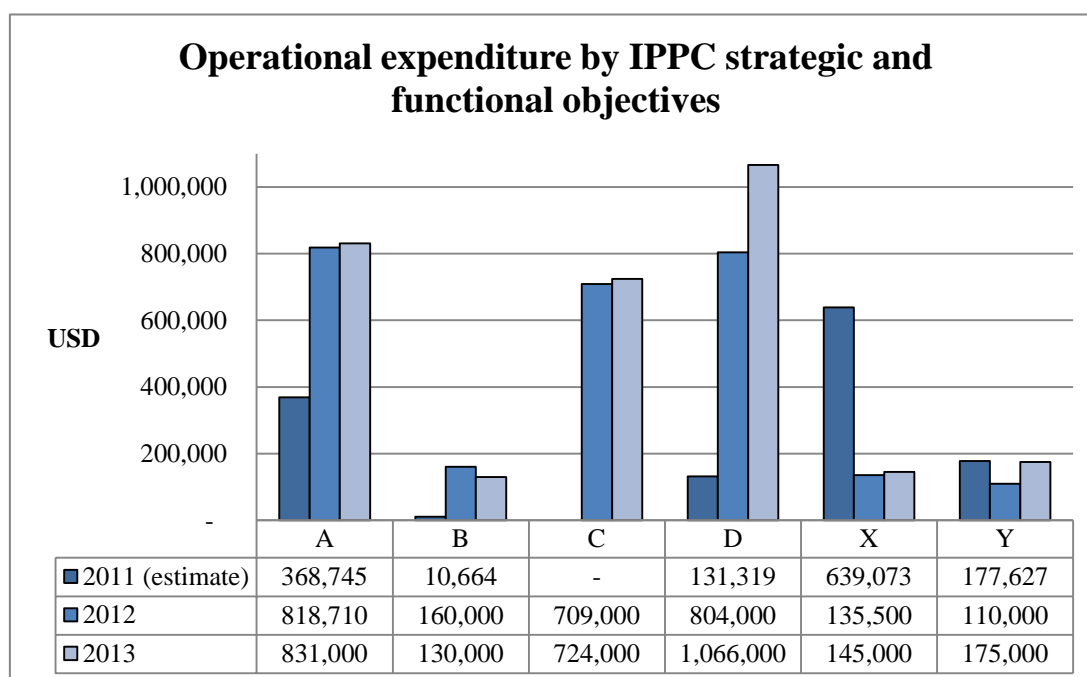


Figure 5 shows operational expenditure (regular programme and trust fund) by IPPC strategic and functional objectives (shown in Table 2) in the period 2011-2013. The 2011 figures are an estimate since the IPPC Strategic Framework 2012-2019 was not adopted until 2012 at CPM7. In 2013, with the exception of Objective B, the IPPC allocated more resources to all the objectives compared to 2012.

Table 2. 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.

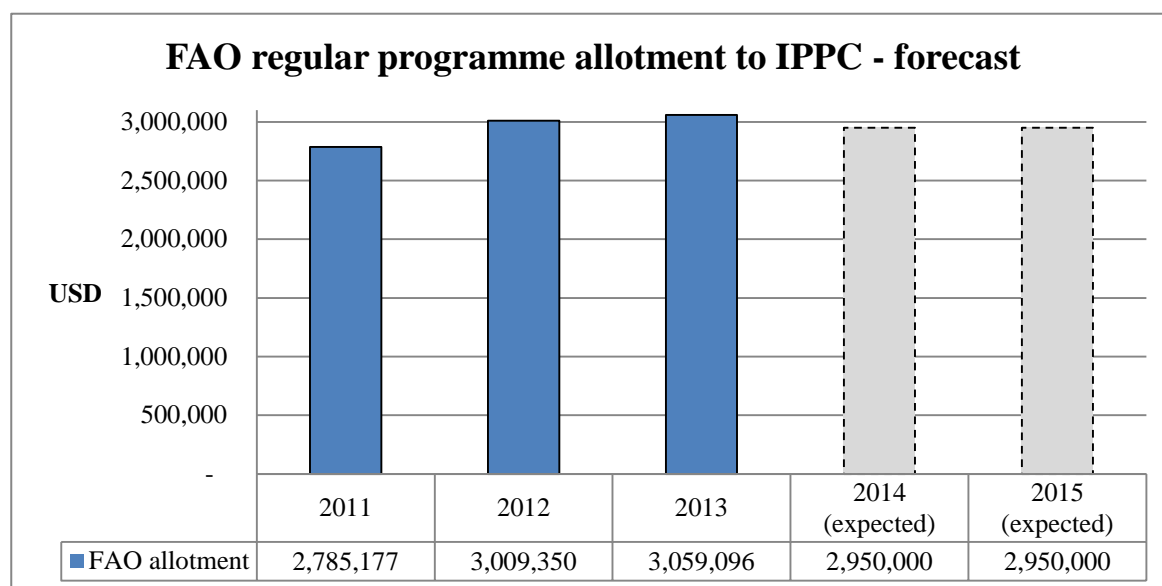
Functional objectives

Objective X: Effective collaboration with members and stakeholders

Objective Y: Efficient and effective administration

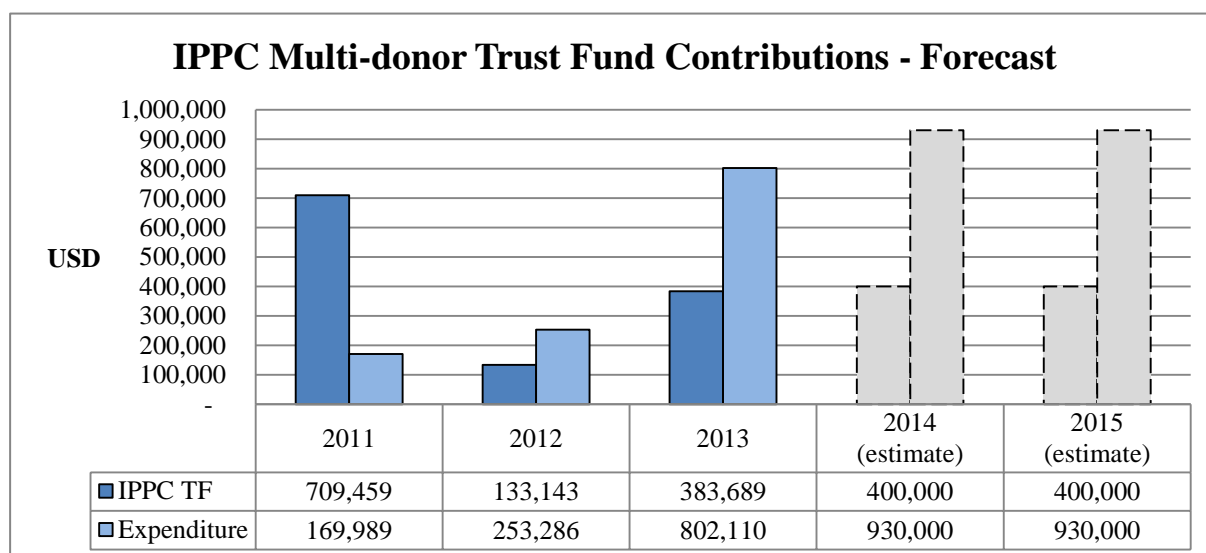
V. Forecast and Conclusions

Figure 6. FAO regular programme allotment to IPPC - forecast



FAO Conference at its 38th session in June 2013 approved the 2014-2015 biennium allotment to IPPC of USD 5.9 million (USD 2.95 million per year), which is a 2.8% decrease compared to the previous 2012-2013 biennium. In the current international fiscal environment, such a reduction was expected, and in fact the IPPC was not as adversely affected as some other units in FAO. Nevertheless, funding has been reduced, and to maintain the current level of effort, more use will need to be made of the IPPC Multi-donor Trust Fund. This reduced allotment shows that contracting parties need to renew (or initiate) provision of resources if we are to sustain the IPPC work programme into the future.

Figure 7. IPPC Multi-donor Trust Fund Contributions – forecast



As shown in Figure 7, if the contributions stay on the 2011-2013 average or USD 400,000 per year, while taking into consideration the carry-over funds from 2013 to 2014 of USD 483,831, in 2015 there will be reduced funds available for the IPPC work programme funded by the IPPC Trust Fund, since the costs of budgeted activities are higher than the forecasted contributions. To avoid this, it is crucial that the IPPC resource mobilization efforts are strengthened.

For IPPC resource mobilization efforts, this is a difficult period as the competition for resources is fierce. The IPPC is at a disadvantage among the three SPS Agreement international organizations as despite the vital role that plant health plays in the world, there is no attention-grabbing issue that can serve to generate resources to support the work programme. This means that more than ever, contracting parties and the Secretariat need to work together to find more effective ways of accomplishing tasks at lower costs while maintaining the best quality products and services possible. For the Secretariat, a part of the resource mobilization effort has been the focus on improving the Secretariat's financial reporting. The Secretariat must demonstrate to the contracting parties, current partners and future donors that it is a capable steward of the funds it receives and as such is deserving of sustained support.

In conclusion, in 2013 IPPC successfully put into use the funds it received, executing numerous activities. The financial position of IPPC is stable in regular programme funding for the next biennium (2014-2015). However, the weak spot for the Secretariat is the extra-budgetary support which depends on current and new donors. For the work programme to continue in a sustained positive way, contracting parties and the Secretariat must continue to reach out to traditional donors as well as to seek new partners who recognize that protection of our plants is a mission worth pursuing.

The CPM is invited to:

- 1) *adopt* the IPPC 2013 Financial report.
- 2) *encourage* contacting parties to contribute to the IPPC Multi-donor Trust fund.

Abbreviations used in the document:

TF: Trust fund / CD: Capacity Development / CBD: Convention on Biological Diversity/ IRSS: Implementation Review and Support System / SWI: Switzerland / SPS Agreement: World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures / SPG: Strategic Planning Group / UNECE: United Nations Economic Commission for Europe