

March 2013



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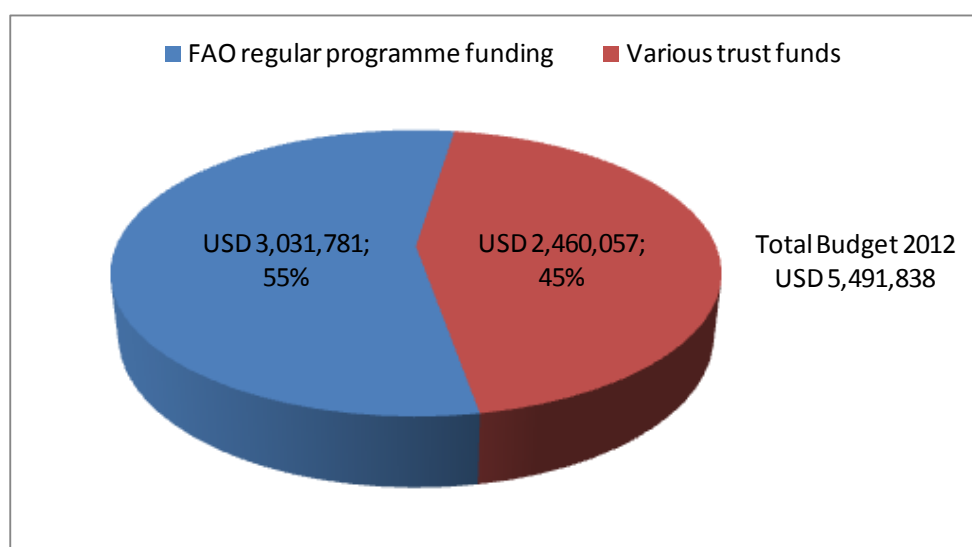
Organización
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COMMISSION ON PHYTOSANITARY MEASURES

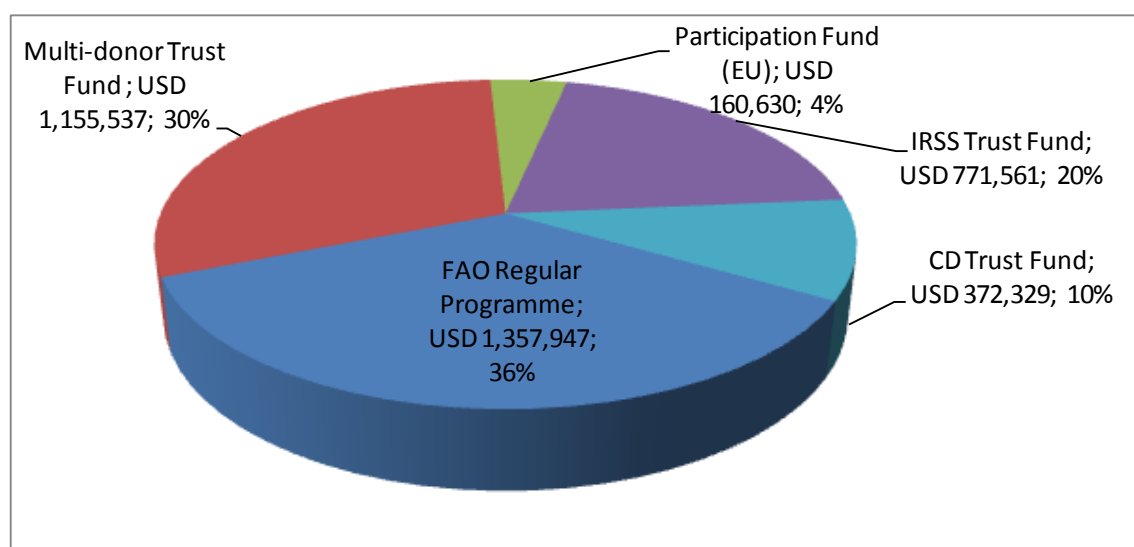
Eighth Session
Rome, 8 - 12 April 2013
2012 - 2013 Secretariat Financial Report
Agenda item 9.3
Prepared by IPPC Secretariat

I. 2012 Financial Results

1. The 2012-2013 IPPC Secretariat Financial Report is intended to provide a review of last year's activities, as well as planned expenditures for activities to take place in 2013.
2. In 2012, IPPC resources (including salaries) totalled USD 5,491,838. FAO regular programme funding represented 55% of the overall budget or USD 3,031,781, while the various IPPC trust funds comprised 45% of the overall budget or USD 2,460,057. (Figure 1.)

Figure 1: IPPC Total Budget for 2012

3. **Operating budget** - Removing the fixed salary allocation from the total 2012 budget figure, the total operating budget for IPPC was USD 3,818,004 or 70% of the total budget. FAO regular programme funds (available for operational purposes) were USD 1,357,947 or 36% of the operating budget, while the various IPPC trust funds (available for operational purposes) represented 64% of the budget or USD 2,460,057. (Figure 2.)

Figure 2: IPPC Operating Activities Budget for 2012

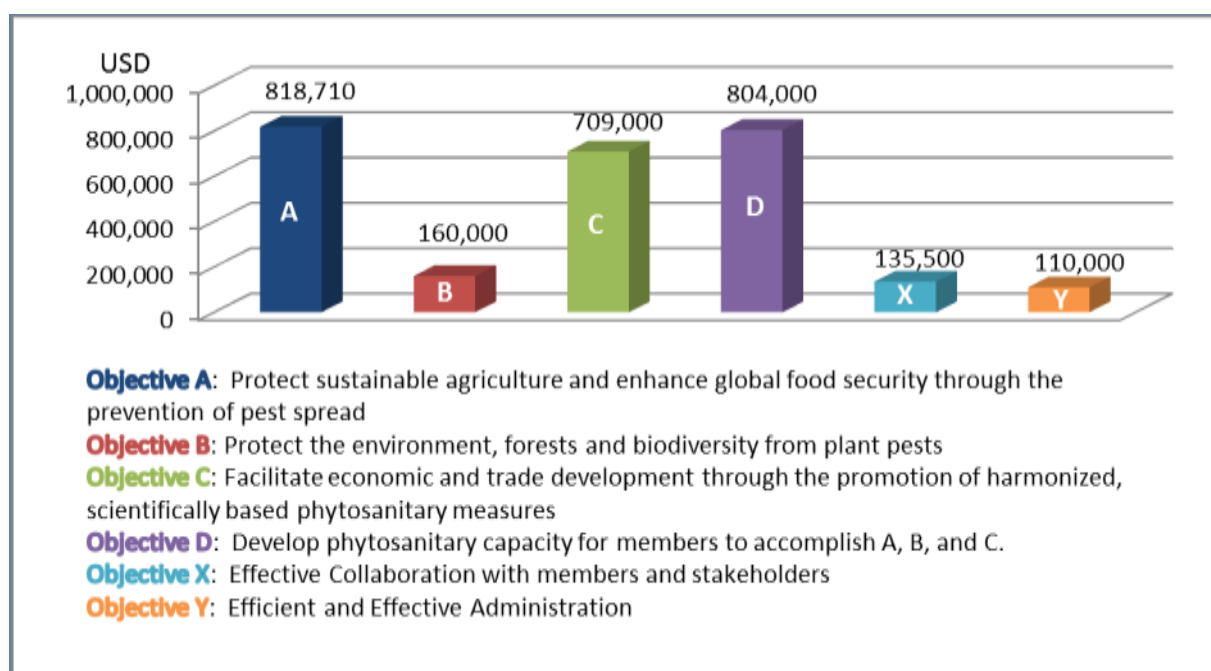
4. At the start of 2012, the largest of the IPPC trust funds, representing 30% of the operating budget, was the multi-donor trust fund which began the year with USD 1,155,537. There were several generous contributions to the trust fund, including those from Australia, Republic of Korea, Switzerland, and others. The IRSS trust fund began the year with USD 771,561 and is solely funded by the European Union. The recently created capacity development trust fund started 2012 with USD 372,329, largely from STDF/WTO. A special trust fund established by the EU to support the attendance and participation of developing countries in IPPC meetings began the year with USD 160,630. This information is expressed in Figure 2 above.

5. As is well known, the current global situation has resulted in a general retrenchment in outside financial support to the IPPC. Nevertheless, some member countries have provided generous assistance to the IPPC Secretariat over the past year – both financially (see above) and in-kind support (secondments from France, Japan and the U.S. as well as hosting meetings and supporting participation etc.). These efforts are greatly appreciated as they provide the Secretariat with the ability to sustain its operations and, in some cases, broaden outreach and take on new issues.

II. Expenditure

6. **Total expenditure** - The total expenditure in 2012 totaled USD 4,187,553. Overall, the budget was executed consistent with the approved budget plan and in line with the new strategic objectives of the IPPC Strategic Framework with a few minor modifications such as cancelled meetings, increased translation costs, etc. Total staff costs were USD 1,450,343 or 35% of the total expenditure, while operating expenditure was USD 2,737,210 or 65% of total expenditure. Operating expenditure by the IPPC Strategic Framework objectives is shown in Figure 3. For clarity it is very important to note that the many of the key activities carried out by the Secretariat are not addressed under one single objective. Standard setting activities, for example, take place under several of the objectives. The intent of the chart and the budget document is to focus on monetary expenditures as they relate to the objectives of the IPPC Strategic Framework.

Figure 3: 2012 Operating expenditures by IPPC objectives



7. **CPM-7 (2012) and Standards Committee meetings** - A quick review of spending through the end of 2012 indicates that the largest amounts spent in 2012 were for activities associated with the Seventh Commission on Phytosanitary Measures and the April and November Standards Committee meetings. Current estimates for costs related to the Commission meeting are approximately USD 400,000 and the two meetings of the SC USD 200,000.

III. Budget balance

8. **Surplus** – a review of IPPC spending shows that 2012 ended with a surplus of USD 1,304,285 or 23.7% of the total budget. FAO regular programme funds ended the year in deficit, as well as the EU trust fund. The IRSS trust fund and the Capacity Development Trust fund ended the year in surplus. The Multi-donor trust fund monies are carried over to 2013. It should be noted that due to FAO budget reconciliation activities, these numbers are only approximate and only reflect the best estimate at calendar year end. (Table 1.)

Table 1: Budget 2012 balance

	Budget 2012	Regular Programme	Multi-donor Trust Fund	EU Trust Fund	EU IRSS Trust Fund	CD Trust Fund
Available (USD)	5,491,838	3,031,781	1,155,537	160,630	771,561	372,329
Used (USD)	4,187,553	3,042,876	271,556	289,326	517,408	66,387
Surplus/Deficit (USD)	1,304,285	-11,095	883,981	-128,696	254,153	305,942

9. The first focus of the IPPC Secretariat is ensuring that the regular programme fund allocation is spent entirely. The purpose is to demonstrate that the funds provided by the FAO are used to produce the results expected and to show that the IPPC Secretariat continues to be a high functioning, responsible and accountable organization. Spending the entire allotment of the FAO regular programme funding has not been a problem as the activities which the IPPC Secretariat undertakes during the course of the year generally exceed the monies available – hence the need for trust funds to support additional activities.

10. Over the past few years, the Multi-donor trust fund has maintained a surplus at the conclusion of the year. One of the reasons for this has been the lack of adequate personnel available to perform all of the tasks assigned to the Multi-donor trust fund. Another has been timing of deposits, e.g., the bureaucracy associated with receiving and depositing monies into the IPPC accounts can be and generally is, time consuming. Nevertheless, the use of trust funds to support the activities of the Secretariat is increasing and this provides a useful cushion should regular programme funds decrease in the coming years.

IV. 2013 Budget

11. In developing the budget for 2013, the Secretariat developed the spending estimates based on the same level of FAO regular programme funding for operations (not including salaries) of USD 1.357 million. After internal Secretariat discussions, the Secretariat is initially proposing to spend USD 1.478 million in regular programme funds in 2013. This number is higher than the amount spent in 2012, as 2012 had lower costs for interpretation and translation. The Secretariat is assuming that these costs will be higher for 2013. It is important to note that during the FAO budget reconciliation period, adjustments are made by FAO financial specialists responsible for the IPPC budget and costs associated with the IPPC Secretariat consistently result in the total expenditure of the FAO regular programme budget. In addition, due to transitions taking place in the area of information technology, as well as an increased emphasis on resource mobilization, there has been an increase in proposed expenditures under objective Y.

12. The Secretariat has been fortunate with the Multi-donor trust fund. This trust fund, with lower than standard FAO overhead costs, has been able to provide the Secretariat the resources to carry out many activities that otherwise would have been left undone. In view of the likelihood of decreasing FAO regular programme funds in the future, and the continuing lack of assessed contributions to the general trust fund, the amount carried over into 2014 may be significantly less than in previous years. The Multi-donor trust fund has been viewed over time as a safety-net resource for the IPPC Secretariat. As additional tasks have been assigned to the Secretariat over time, money has been

deposited into this fund for those purposes and it has been spent accordingly. As additional tasks have been assigned without concomitant funding support, the IPPC Multi-donor trust fund has been, and will be steadily diminishing. At this point in time, it is not possible to forecast when the fund will be exhausted completely, but, as it continues to diminish, so will be the level of activity the Secretariat can undertake and accomplish. This will also necessitate a reduction in available staff at some point in the future.

V. Budget forecast

13. The IPPC receives funding from a variety of sources; the largest overall inputs continue to come from the FAO regular programme fund, although, as noted above, this is gradually changing. Given the current global financial situation and consequent indications within FAO, it is the opinion of the Secretariat that a reduction in future regular programme funding for the IPPC Secretariat may be anticipated for the next biennium. Regrettably, the Secretariat is unable to provide information regarding regular programme funding for the next biennium at the time of the CPM. (Table 2.)

Table 2. Operating expenditures by objectives for 2012 and budget for 2013

Strategic objective	2012 Allocated/Spent (USD)	2013 Proposed (USD)
Objective A: Protect sustainable agriculture and enhance global food security through the prevention of pest spread	818,710	831,000
Objective B: Protect the environment, forests and biodiversity from plant pests	160,000	130,000
Objective C: Facilitate economic and trade development through the promotion of harmonized, scientifically based phytosanitary measures	709,000	724,000
Objective D: Develop phytosanitary capacity for members to accomplish A, B, and C.	804,000	1,066,000
Objective X: Effective Collaboration with members and stakeholders	135,500	145,000
Objective Y: Efficient and Effective Administration	110,000	175,000
Total	2,737,210	3,071,000

14. The CPM is invited to:

- 1) *adopt* the 2012-13 financial report for the IPPC.