

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES
OF WILD FAUNA AND FLORA

Thirteenth meeting of the Conference of the Parties
Bangkok (Thailand), 2-14 October 2004

Report of the Finance Working Group

1. Committee II in its first session considered Agenda Item 8, Financing and budgeting of the Secretariat and of meetings of the Conference of the Parties. The Committee noted documents 8.1 Financial reports for the years 2002 and 2003, 8.2 Estimated expenditures for the years 2004 and 2005, and document 8.4 External Funding. Relative to document 8.3 Budget for 2006-2008, the Chairman established an open working group, chaired by the United States of America, to consider the triennium budget proposal for 2006-2008. It was agreed that the working group would not meet at the same time as the Committees, to allow any interested delegations to participate.
2. Over 30 Parties representing all Regions participated in the meetings of the Finance Working Group. The work of the Working Group focused on Document 8.3 (Rev. 1), and considered the budget estimates for the Triennium 2006-2008 and the draft resolution on financing and budgeting. Working Group expressed support for the new budget structure that shows estimated total resources needed for the implementation of specific services, and acknowledged the work of the Standing Committee in providing guidance to the Secretariat in the development of this new approach.
3. The Finance Working Group considered the concerns expressed during the Committee II discussions relating to the use of the United Nations scale of assessment as the basis for contributions to the Trust Fund. While appreciating these concerns, the Finance Working Group noted the potential implications for all Parties if a decision was taken to recommend a different basis for contributions to the Trust Fund at this time.
4. In response to these concerns, the Finance Working Group therefore recommends:
 - a) That the United Nations Scale of assessment continues to serve as the basis for contributions to the Trust Fund for the purposes of the Triennium Budget for 2006-2008.
 - b) That any change to the basic scale of contributions should only be considered by the Conference of the Parties if notice of such proposal has been communicated to the Parties at least 150 days before the meeting.
 - c) That the draft resolution on financing and budgeting should note the serious economic difficulties being experienced by certain Parties and stress the need to allow for flexibility in application of the UN scale of assessment to the Parties concerned.
5. The proposed budget for the triennium 2006-2008 as presented in Annexes 1 and 2, reflects a zero growth budget for the Convention. The increase in costs over the previous triennium budget reflects actual costs over those previously estimated for the same work program. However, if adopted, this zero growth budget would require a 10.3 increase in Party contributions to the Trust Fund.
6. There was considerable discussion in the Finance Working Group on the impact of increasing budgets on Party contributions and the need to adequately fund the work of the Convention in support of developing countries. It was also acknowledged that by starting with a zero growth budget, any reduction of the proposed triennium budget would result in a real reduction in the work program and services to the Parties. There was no consensus in the Finance Working Group to accept a 10.3 % increase in Parties' contributions. As such, the Finance Working Group devoted a great deal of effort to considering a number of options for reducing the total costs of the triennium budget.

7. In its preparation of the budget and financial documents for this meeting, the Standing Committee requested the Secretariat to prepare, for the information of the Parties, a budget that would reflect a zero growth in the Parties contributions in the triennium 2006-2008. This document, Annex 6, provides a series of options for a total reduction of USD 1,458,280, taking into account the guidance from the Standing Committee. The Finance Working Group considered the options as presented in Annex 6, as well as a number of other options presented during its deliberations. The Finance Working Group focused on areas where savings could be realized while considering certain priorities of work.
8. Based on its deliberations of the 2006-2008 triennium budget, the Finance Working Group recommends:
 - a) The endorsement of the activity based budgeting process as outlined in the budget documents.
 - b) Endorsement of the recommendations of the Standing Committee which stressed the importance of maintaining capacity building; enforcement and legislation; and scientific programs at their current levels.
 - c) A priority of the importance of maintenance and development of the CITES website given the ever-increasing role of the CITES website in assisting the Parties in implementing the Convention.
 - d) That the Secretariat be allowed some flexibility as a percentage of the total, in deciding how the reductions are to be achieved. The Secretariat is encouraged to consider efficiencies within budget activities to achieve savings while maintaining the core activity.
9. Taking into account the above recommendations, the attached Annex 1 presents the recommendations of the Finance Working Group on a series of options for achieving a zero growth in the Parties contributions in the triennium 2006-2008 budget, while reflecting a 10.3 percent reduction in the work program for the Convention.
10. The Finance Working Group also considered the draft resolution on financing and budgeting and recommends several amendments to that draft which reflect the recommendations of the Finance Working Group concerning the scale of assessment, new budget structure and implementation of the options for reduction. The revised draft text is presented as Annex 2.

Zero contribution growth budget

This budget option would require a reduction of USD 1,458,280 of the proposed budget 2006-2008. The targeted average annual amount is USD 486,093

Agreed options for cost-saving measures	Savings in the triennium expressed in USD	Ave Annual Savings expressed in USD	% of increase in contributions required after the implementation of the options
<u>Option 1</u> eliminate budgetary provision for external consultants	118,650	39,550	9.46
<u>Option 2</u> Reduce costs for publications	203,400	67,800	8.03
<u>Option 3</u> Convene 2 meetings of the Standing Committee between CoP meetings	84,750	28,250	7.43
<u>Option 4</u> convene two meetings of the Animals and Plants Committees between CoP meetings, back to back and in Geneva only	291,450	97,150	5.37
<u>Option 5</u> Not to use the CITES Trust Fund to cover Travel costs and per diem of the representatives of the developed	57,630	19,210	4.96
<u>Option 6</u> Convene meetings of the Conference of the Parties in Geneva only unless a candidate host country pays the difference in costs between its proposed venue and Geneva	138,000	46,000	3.99
<u>Option 7</u> freeze the vacant GS post	190,000	63,333	2.65
<u>Option 8</u> Further cost-saving measures to be determined by the Secretary-General of the Convention	374,400	124,800	0
Savings which will be achieved through the implementation of the options above	1,458,280	486,093	