

***Summary Report  
of the Budget Committee***

**First Session: 9 November 1994: 11h50-12h10**

Chairman: R. Sharp (United Kingdom)  
Secretariat: I. Topkov  
M. Astralaga  
A. Beyene  
UNEP: E. Ortega  
Rapporteur: G. Furness

XI Financing and Budgeting of the Secretariat and of Meetings of the Conference of the Parties

The Chairman called the meeting to order and thanked all who had come to participate, which included delegations of Australia, Belgium, Canada, France, Japan, the Republic of Korea, New Zealand, Spain, Sweden, Switzerland and the United States of America.

There was a short discussion regarding the participation of observers, and it was agreed to invite

them to make their views known for about one hour at 15h30 during the afternoon session. The Chairman then indicated that the documents to be discussed by the Committee included documents Doc. 9.8 to Doc. 9.12. Document Doc. 9.10, on Budget Estimates for the CITES Trust Fund for 1996-1997 and for the Medium-term Plan for 1996-2000, would be the main consideration of the Committee and would be taken up last.

The Chairman closed the session at 12h10.

Second Session: 9 November 1994: 14h20-17h30

Chairman: R. Sharp (United Kingdom)  
 Secretariat: I. Topkov  
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 Rapporteur: G. Furness

XI Financing and Budgeting of the Secretariat and of Meetings of the Conference of the Parties

The Chairman called the session to order at 14h20 and noted that, at his request, the Secretariat had prepared, as a guide for the Committee's deliberations, a table comparing actual expenditures in 1992 and 1993, anticipated expenditures in 1994 and 1995, and the proposed budget for 1996 and 1997.

1. Financial Report for 1992-1993

Turning to document Doc. 9.8, the Chairman noted that the key figures appeared on the last page, which showed that the expenditures for the two years were well below budget, leaving an available balance of over CHF 3 million. Noting that the document had already been approved by the Standing Committee and was therefore for information rather than decision by the Committee, the Secretary General indicated that substantial savings had been achieved by agreement between UNEP and the Depositary Government to keep rental costs at the new facilities in Geneva at the same level as they had been in Lausanne. However, there was no assurance that, when the Secretariat moves to new quarters, such an arrangement would continue. While it was hoped that the United Nations would absorb any increase in costs, there was nothing in writing. The Committee agreed that an expression of concern about this situation should be recorded. The Secretary General thanked the Depositary Government for its very significant financial assistance.

There was a discussion of the level of administrative and overhead costs of the Secretariat, prompted by a query from the delegation of Australia. The Secretary General noted that there were only 34 per cent of the contributions, and a much lower percentage when external funding was taken into account.

The Secretary General also noted that, in earlier years, there had been insufficient resources in the Trust Fund to permit contracts with the staff until many months into the year, although Parties were asked to pay their contributions before or at the start of the year. UNEP had loaned money to keep the Secretariat functioning. Finally all the debt to UNEP had been repaid. It was also pointed out that a considerable number of Parties were in arrears on their contributions for 1993, and only 34 per cent of the contributions due for 1994 had been received. After considerable discussion, the Committee agreed to recommend that the Chairman of the Standing Committee be asked to write to the highest appropriate official of each Party in arrears, stressing that CITES is a family and can not function effectively if all contributions are not paid. This concluded the discussion of document Doc. 9.8.

2. Anticipated Expenditures for 1994 and 1995

With regard to document Doc. 9.9, the Secretariat pointed out that an expected saving of CHF 400,020 had been realized by the delay in filling the two posts of

translators, which had been approved effective from 1 January 1993. This saving would be partially offset by a proposed increase of CHF 201,576 in 1995 when the two posts are filled and the Associate Regional Officer for Asia, at present seconded by the Government of Japan, had to be funded from the Trust Fund. In principle, these costs could be funded from the available balance at the end of 1993, but only if all contributions were paid. At the moment, there was actually a shortage of CHF 2 million. The delegation of Canada pointed out that the Standing Committee had asked the Secretariat to try to build up the available balance, in order to be able to make contracts with the staff and consultants at the beginning of the year and to permit staff expansion when required. The Chairman noted that the Standing Committee was looking at the available balance as a resource, which could be used to reduce the budget. The observer from UNEP felt that maintaining liquidity should be the guiding principle. The Secretary General also pointed out that, under Articles XI and XII of the Convention, the Secretariat was responsible for convening meetings of the Conference of the Parties. If, as seemed likely, the next meeting were held in a developing country, the costs to the Trust Fund could well equal or exceed the available balance. This ended discussion of document Doc. 9.9.

3. Budget for 1996-1998 and Medium-term Plan for 1996-2000

At this point, observers from non-governmental organizations were invited to participate. Observers from the World Wide Fund for Nature, World Wildlife Fund-US, TRAFFIC and the Environmental Investigation Agency (EIA) joined the meeting. The observer from WWF expressed thanks for the opportunity to participate and said that their overriding concern was to find more resources for improvement of implementation and enforcement of the Convention. If new resources could not be found, perhaps corresponding reductions in other budget line items could be made. The observer from TRAFFIC shared this concern, noting the importance of training for Management Authorities, law enforcement and Customs personnel; he also expressed concern about the problem of finding resources in a very tight, relatively small budget. In the discussion the need was noted to build on the discussions of infractions, the deficiency in national legislation in at least 25 to 30 Parties, the problem of new conventions coming into effect, which would require additional government resources, and the time required of the Secretariat staff in raising external funds.

The delegation of the United States of America asked whether the addition of another staff member covering implementation and enforcement would help. The Secretary General said it would, especially as the current, highly effective Enforcement Officer was leaving the Secretariat in January 1995. There was general agreement that these concerns and needs

should be taken into account in the current considerations of the long-term strategy.

The observer from TRAFFIC indicated that some of the burden of work on Secretariat staff could be alleviated if the review of permits for finished products were stopped. The possibility of reducing expenditures on the Identification Manual was mentioned, but such a decision would have to be made by the Conference of the Parties, and many developing countries found the Manual very useful.

The observer from TRAFFIC suggested that a search be conducted for corporate support and sponsorship. The observer from the Conservation Treaty Support Fund pointed out that someone had to find these sponsors and suggested that non-governmental organizations be enlisted to help. The Chairman suggested that Parties also be enlisted to help, while the delegation of Canada noted that there had been some complaints in the past about corporate sponsorship.

Following a brief discussion of other budget items where savings might be made, including nomenclature studies, general missions and communications, the Chairman expressed thanks for the interventions by the non-governmental observers.

#### 4. External Funding

Next taken up was document Doc 9.11 (Report of the Secretariat), which covered the period March 1992 through June 1994 as well as contributions received before March 1992 for assistance to attend the eighth meeting of the Conference of the Parties. The Secretariat presented the report, which covered completed projects and those in progress, with a total cost amounting to about USD 3 million. Some contributions that had been made direct from donors to contractors or countries engaged in projects had not been recorded. Contributions in kind had also not been included. Twenty-eight projects approved by the Standing Committee had not been implemented because of a lack of funding.

The Chairman felt it was important to recognize contributions and asked how the Secretariat brought projects to the attention of prospective donors. The delegation of Canada noted that projects had to be approved by the Standing Committee and Regional Representatives could make them known to prospective donors operating in their regions. The Secretary General pointed out that the projects funded often related to the priorities of the donors, not those of the Secretariat or of the Conference of the Parties. He

highlighted the paragraph in document Doc 9.12 Annex that invites all Parties to support CITES projects with the Global Environment Facility (GEF). He also suggested that large, international non-governmental organizations that received government donations could allocate a certain percentage for CITES. The Chairman noted that governments that had unspent funds at the end of their fiscal year could try to make them available to CITES.

The observer from Conservation Treaty Support Fund urged the Secretariat to contact CTSF regularly regarding approved project proposals, and also requested that certain corrections be made to document Doc. 9.11 to reflect several unrecorded contributions. The Secretary General expressed appreciation of the assistance of from CTSF and WWF. The delegation of the United States of America noted that their government had provided USD 120,000 to the 1992 Delegate Project; the Secretariat indicated that USD 100,000 of this had been added to the Trust Fund, so was not reflected in document Doc. 9.11. This ended discussion of this document.

There was a brief discussion of document Doc. 9.12 (Plans for External Funding, Report of the Secretariat). The Secretariat pointed out that the document contained a list of priorities for external funding, and noted that many awaited funding. The Budget Committee instructed the Secretariat in future to separate the draft resolution on Financing and Budgeting of the Secretariat and of Meetings of the Conference of the Parties and the Terms of Reference for Administration of the Trust Fund from the document on Plans for External Funding.

The Secretary General pointed out that the paragraph in the draft resolution inviting the Parties to support requests of the Secretariat for additional funding of CITES projects by the Global Environment Facility was new; in previous Resolutions, the Secretariat had been directed to perform this function. The delegation of Canada recommended, and the Committee agreed, to delete the word "the" at the end of the first line of the paragraph. The delegation of the Republic of Korea pointed out a typographical error in the last sentence of the draft resolution.

The discussion of document Doc. 9.12 concluded with a brief discussion about whether the Committee should recommend that the proposed study on improving effectiveness of the Convention should look into budgetary considerations. The delegation of Canada thought this might be premature.

The session was closed at 17h30.

Third Session: 10 November 1994: 10h20-12h20

Chairman: R. Sharp (United Kingdom)  
 Secretariat: I. Topkov  
 M. Astralaga  
 A. Beyene  
 UNEP: E. Ortega  
 Rapporteur: G. Furness

- XI Financing and Budgeting of the Secretariat and of Meetings of the Conference of the Parties  
 3. Budget for 1996-1998 and Medium-term Plan for 1996-2000

The Chairman opened the meeting at 10h20 and noted the presence of the delegation of Germany as an additional participant. There being no further comments on the Annexes to document Doc. 9.12, related to the draft resolution and terms of reference, attention turned to document Doc. 9.10 (Budget Estimates for the CITES Trust Fund for 1996-1997 and for the Medium-Term Plan for 1996-2000) and its Annexes.

At the request of the Chairman, the delegation of Canada reviewed the status of discussions of the working group on "How to improve the effectiveness of the Convention", indicating that the group generally felt that the proposed review should be conducted by an independent consultant, should include participation by members of the CITES family, must have clear terms of reference and must be completely under the control of the Standing Committee. A contract would be given only for the first phase, estimated to cost CHF 200,000. The estimate for the second phase was CHF 300,000. The group had not specified whether the review should be covered by the Trust Fund or by external funding; the delegation of Canada stated that their country was willing to contribute up to CAD 50,000 in its current fiscal year, and the delegation of Norway had also offered to provide some support (amount not specified).

The delegation of Canada also reported that the working group, headed by the delegation of Malawi, on the expansion of regional representation in the Standing Committee had come up with two alternatives, which would require funding for either eleven or nine additional participants in the Standing Committee. The Secretary General indicated that the proposed budget had provided for an increase, but only for one Standing Committee meeting a year.

The Chairman then asked each delegation to give an indication as to what budget level they could support, as the Budget Committee members included representatives of many of the largest contributors to the CITES Trust Fund. The Chairman felt that the increase proposed for the biennium 1996-1997 was about 35 per cent; the Secretary General said it was about 28 per cent. A few delegations said they could support the Secretariat's proposed budget, although one indicated they might have problems with an

increase in Standing Committee participation costs. Other delegations expressed concern about spiralling costs, and were looking for ways to trim the budget, but recognized the need for some increase.

The delegation of the United States of America understood the need to cover essential increases but stated that they were not in a position to agree to any increase over the 1994-1995 level for their contribution if their percentage contribution to the Trust Fund remained at 25 per cent. The delegation considered their country's contribution to be voluntary, not an obligation. A consensus emerged that the budget for the 1996-1997 biennium should not be increased by more than 15 per cent over the budget for the 1994-1995 biennium.

The Secretary General was asked to indicate where reductions could be made. He replied that there were a number of problems, including: United Nations rules related to staff; the need to fund current and new requirements mandated by the Conference of the Parties; and the fact that over CHF 2,000,000 had already been pruned from the proposed budget relating to staff at the direction of the Standing Committee. The Secretary General asked that the Parties support him if reductions proposed created problems for the Secretariat with the United Nations, which audits the Secretariat.

The possibility of discontinuing employment at the end of 1995 of the staff member who was seconded by Japan was discussed, as was the cutting of other staff positions or, alternatively, the cutting of some highly time-consuming staff duties, such as confirmation of permits, particularly those submitted by Parties in the developed world, which should have the capacity to handle this matter on their own. If meetings of the Conference of the Parties were held less frequently, this could also reduce costs. The importance of providing interpretation for committees and working groups was stressed; without this, many of the developing countries could not participate, as in the case of the Budget Committee itself. The need to provide technical assistance and training was considered particularly important, although it did focus on individual Parties rather than on the operation of the Convention as a whole.

After some preliminary discussion of possible cuts in budget lines and agreement that a target of 15 per cent reduction would help the deliberations, the session was closed at 12h20.

### Fourth Session: 10 November 1994: 14h30-18h10

Chairman:	R. Sharp (United Kingdom)
Secretariat:	I. Topkov M. Astralaga A. Beyene
UNEP:	E. Ortega
Rapporteur:	G. Furness

XI Financing and Budgeting of the Secretariat and of Meetings of the Conference of the Parties

3. Budget for 1996-1998 and Medium-term Plan for 1996-2000

The Secretary General pointed out that the Trust Fund had been affected by the reduction in the contribution from the Russian Federation, which was three per cent less than that of the former USSR; there were no contributions from the other States of the former USSR, only one of which, Estonia, had acceded to the Convention.

The Committee then resumed the task of negotiating reductions in the individual budget lines. Some budget lines were either not reduced or were reduced minimally, based on the priorities indicated during the ninth meeting of the Conference of the Parties for improving enforcement and implementation of the Convention. Most of the reduced figures still constituted a substantial increase over the amounts budgeted for 1994 and 1995. During the discussions, the Secretary General and Secretariat staff frequently indicated potential problems that could be created by agreed reductions.

Lines 1101-1115 (professional staff) were reduced from CHF 2,150,000 to CHF 1,900,000 for 1996 and from CHF 2,325,000 to CHF 2,000,000 for 1997. This reduction partially reflected the proposal not to fund the position of Associate Programme Officer. The current incumbent was on secondment from Japan, an arrangement that would end in April 1995.

Line 1202 (technical assistance) was cut from CHF 50,000 in both 1996 and 1997 to CHF 30,000, although the importance of this function in improving implementation and enforcement was recognized.

Line 1204 (monitoring tags) was reduced from CHF 25,000 in both 1996 and 1997 to CHF 20,000.

Lines 1301-1309 (administrative support staff) was reduced from CHF 1,187,000 to CHF 1,000,000 in 1996 and from CHF 1,273,000 to CHF 1,050,000 in 1997. During the discussion, the Secretary General and members of the Committee emphasized the very hard work, long hours, dedication, sacrifice and duties going far beyond normal secretarial work of the Secretariat support staff. Members of the Committee also pointed out the importance of linking the budget discussions with those going on in other committees and the plenary session, as the Parties would have to pay for what they asked the Secretariat to do. At the same time, if the Parties were unable to provide sufficient funding, cuts would have to be made. The time consumed by confirming the validity of permits, especially for Parties that should be able to do this task themselves, was also discussed at length. The observer from UNEP noted that many professional and administrative staff members had long-term contracts

(as long as five years), but that these were "subject to the availability of funds".

Line 1320 (temporary assistance/overtime) was cut from CHF 100,000 to CHF 50,000 for 1996 and from CHF 160,000 to CHF 100,000 for 1997. The Secretary General pointed out that the staff had agreed to forego overtime payments during the meeting, despite the long hours; they would receive an extra week of leave instead.

Line 1601 (general CITES missions) was cut from CHF 140,000 to CHF 120,000 for 1996 and from CHF 170,000 to CHF 110,000 for 1997.

Line 1603 (travel of staff to COP) was cut from CHF 295,000 to CHF 260,000 for 1997. There was considerable discussion about the relative costs of holding meetings of the Conference of the Parties in various venues, and the Committee agreed that, as a general rule, the venue where the costs would be the least would be best from a budgetary point of view.

Under "Sub-contracts", in line 2101 (nomenclature studies), the allocation for animals was cut from CHF 40,000 to CHF 10,000 for both 1996 and 1997, and that for plants from CHF 60,000 to CHF 30,000 for 1996 and from CHF 45,000 to CHF 25,000 for 1997. In line 2102 (significant trade), the allocation for animals was cut from CHF 114,000 to 100,000 for 1996 and from CHF 121,000 to CHF 100,000 for 1997. At the suggestion of the delegation of Switzerland, line 2104 (Identification Manual) was reduced, for animals, from CHF 100,000 for 1996 and CHF 105,000 for 1997 to CHF 80,000 in both 1996 and 1997. Proposed Identification Manual expenditures for plants were cut from CHF 60,000 to CHF 30,000 in both 1996 and 1997. The CHF 74,000 allocated for line 2107 (coded-microchip) for 1996 was eliminated.

Line 3201 (enforcement seminars) was cut from CHF 150,000 to CHF 120,000 for both 1996 and 1997, although the Committee agreed on the value of this group training. The budget line was still double the amount approved for the 1994-1995 biennium.

Under "Meetings", lines 3302 (Plants Committee) and 3303 (Animals Committee) were each reduced from CHF 60,000 to CHF 50,000 for both 1996 and 1997. Funds for Standing Committee meetings (one a year, with interpretation) were not reduced, in view of the expected expansion of this Committee.

Line 3304 (African Elephant Panel of Experts) was added, with CHF 30,000 for 1996 only.

Line 4100 (expendable equipment) was reduced from CHF 70,000 to CHF 60,000 for both 1996 and 1997.

The Secretary General emphasized that the amounts for line 4300 (office premises) referred only to required lease payments for the former Secretariat premises in Lausanne.

Line 5202 (COP-related documents) was reduced from CHF 161,000 to CHF 140,000 for 1997.

Line 5301 (communications) was cut from CHF 280,000 to CHF 250,000 for 1997.

After all the recommended reductions, and the addition for meetings of the Panel of Experts on the African Elephant were taken into account, the Secretary General stated that the average yearly increase for the biennium 1996-1997 over the triennium 1993-1995 had been reduced to 14.5 per cent, i.e. about half of the increase proposed in document Doc. 9.10 Annex 1.

There was some discussion of the possibility of using the available balance to pay some of the budget costs but caution was expressed in view of the fact that only 35 per cent of the contributions for 1994 had been received. It was suggested that keeping enough funds to pay at least three or four months of salaries would be desirable.

After the Chairman expressed thanks for the co-operation and assistance of the Secretariat, the representative from UNEP and the members of the Committee, and after the members of the Committee had applauded the Chairman, the meeting was closed at 18h10, the Budget Committee having completed its work.