

PROVISIONAL NOTE OF THE 2ND MEETING OF THE CMS FINANCE AND BUDGET SUB-COMMITTEE

The sub-group met on 22 November in Bonn in advance of the 37th Standing Committee, with representatives from the UK (chair), Chile, Iran, Philippines and Tunisia, together with the Secretariat, the Depositary country and the chair of the Standing Committee.

The terms of reference of the group are set out in Annex IV of Resolution 9.14, which can be found on the CMS's website. As agreed at its first meeting last years, the sub-group focused on:

- i. reviewing income and expenditure to focus attention on keeping the Convention solvent as stated at mandate 4.a;*
- ii. reviewing the allocation of the budget to activities to ensure their consistency with Resolutions and Decisions (mandate 4.b); and finally*
- iii. working with the Secretariat to assist it to improve its financial procedures and reporting (mandates 4.c and d).*

To discharge its duties the group reviewed the Annexes to document CMS/StC37/11, which detailed the state of core and voluntary contributions and expenditure to date to assist in keeping the Convention solvent, and the workplan document (CMS/StC37/Inf2) to assess consistency with Resolutions and clarity and transparency of current and future work streams.

Receipts

Notwithstanding that several Parties had multiple years of unpaid dues, and several Parties had yet to make their 2010 subscriptions, the group noted that the potential sum of bad debts and the potential for some outstanding 2010 dues not being paid did not present a risk to the solvency of the Convention. This positive position was a result of: some lower than anticipated spend in some areas in 2009; previous experience of late payments indicating a probability that the majority of the 2010 dues would be received; and, advance payments for futures years, gave a current balance of just - €36,716. This figure took account of recent payments made by India and Spain, which came after CMS/StC37/11 was produced. At the present time the reserve, which totals €350,000 was more than sufficient to cover what was expected to be a temporary shortfall.

Nevertheless, to assist the CoP in assessing how best to proceed in dealing with unpaid dues, the sub-committee recommends to the Standing Committee that the sub-group regional representatives be asked to write to all those Parties with outstanding or overdue subscriptions. **(ACTION POINT)** In doing it suggested special attention should be given to those countries with 3 or more year's unpaid subscriptions and the larger unpaid 2010 subscription. (If agreed, the Secretariat and the chair of the sub-group would agree on the contents of a letter to be sent **(ACTION POINT)**.) The information gathered would enable the Secretariat to make recommendations to CoP10. Additionally the sub-Committee asked the Standing Committee members themselves to consider how best to encourage Parties from within their regions to clear their debts.

The Secretariat agreed to send the sub-group the Annexes to StC37/11 in Excel to assess how its reports could be better presented and to assist them to suggest improvements or to highlight possible areas for improvement **(ACTION POINT)**.

Expenditure

The sub-group reviewed the expenditure outturn to date and clarified any significant variances from the expected profile of the following budget lines:

1102/1302 –The delayed recruitment of a permanent full time Deputy Executive Secretary had resulted in a lower outturn than anticipated for 1102, but that in part this had been balanced by higher costs against the assistant's post. The recruitment process was nearly complete and future years expenditure should return to profile.

2010 – The need for greater work in supporting the Future Shape review had meant that it had not been possible to spend as much time as had been anticipated on outreach and fundraising. The group noted and supported the justification for this, but suggested that when setting the 2012-2014 budget care be given to ensure sufficient funds were made available for these purposes and that it was used.

3302 – Delegate support for this year's Scientific Council had been provided by carrying over the 2009 allocation and the receipt of a voluntary contribution from Germany. A higher budget would be needed in future years, unless the number of delegates to the Council becomes restricted or alternative means of funding attendance found.

3303 – The group heard from the Secretariat, and noted, that the delegates travel cost allocation was unlikely to be sufficient, and recommended that the Standing Committee instructs them to write to parties to seek voluntary contributions to assist.

3304 - With a greater number of documents requiring translation, it seemed likely that this alone would be over spent. Nevertheless as a result of underspends elsewhere within this budget group, this did not at this time raise concerns.

2205 – The current lower than profile spend was a result of the temporary loss of a consultant, who was in the process of being replaced.

1306 – the post had for some time been filled at P4 rather than P5 level, but this resultant underspend would return closer to profile now that the P5 had been confirmed.

2230 – The overall 2009-2010 lower than profile spend on conservation grants and projects was likely in the end to be near to fully spend, with payments being made to delayed projects during this year and 2011.

2260 – A lower than profile outturn to date was likely to be re-balanced as a result of increased work in this areas by JPOs provided by Germany and Finland.

5101 – The intended use of the triennium budget for IT equipment to purchase replacement, and in particular modern laptops, was noted and supported to keep the Secretariat in touch with other users of modern software systems.

The sub-group also noted the inclusion of an un-numbered budget for efficiency savings and queried its utility now and for future years. Finally, the sub-group noted that all posts (bar the Deputy Executive Secretary post mentioned earlier) had now been filled.

Overall, the sub-group noted that whilst minor profiling discrepancies had been highlighted, these were not a cause for concern and, with upcoming programme activities being paid for by the balance of underspends from previous years that will assist this year and next, the budget was being effectively managed.

Voluntary payments

The sub-group took note of Annex III, expressed its gratitude and suggested that the standing Committee might similarly wish to offer its thanks, whilst at the same time encouraging Parties to continue to make voluntary contributions, wherever possible.

Workplan (StC37/Inf2)

After lunch the sub-group considered the Secretariat's workplan, noting that it was being used primarily as an internal management tool to monitor ongoing work.

It was felt that with some minor modifications and the addition of additional costs, the document presented a positive opportunity to develop as a tool both to assess spend to date but also to assist Parties in deciding where and when to make voluntary payments. The sub-committee recommended improving the format of the workplan to see if it could be used to track activities against expenditure and outcomes.

In reviewing the document the sub-group noted the high dependence of many work areas on voluntary funds, many of which had not been forthcoming. In particular it was noted that the amount allocated to the MoU work was particularly insufficient if progress was to be made. The lack of voluntary donations, in-country funding, and the lack of a core fund had hindered progress and was likely to continue to do so. A seed fund of €50,000 per MoU was suggested as necessary. The lack of funding for the climate change workshop was also noted as disappointing and cause for concern if connections were to be made between CMS and UNFCCC.

To provide greater utility to Parties in assessing where best to allocate voluntary contributions in the current triennium, and also to enable them to make a more informed judgement when reviewing the level of the next triennium budget, a number of revisions were suggested to group the activities by outcomes requested by the CoP to highlight the implications of any lower than requested or needed funds.

The Secretariat and the chair of the sub-group would liaise to modify the sheet to lead with outcome focussed headings leading to figures indicating how much trust fund and voluntary payments were required together with an indication of any shortfall. **(ACTION POINT)** This could then be converted to assist in outlining real costs and options when discussing the future triennium's work programme and budget at CoP10.

Conclusions

Overall the sub-group heard that income and expenditure were likely to broadly meet the intended levels for the triennium, and that there was no threat of insolvency and that the Secretariat was managing the expenditure well.

It hoped that a modified version of the workplan document could assist the Secretariat in producing budget options which would highlight the choices and implications of those. It was also recognised that the Secretariat and the sub-group needed to continue to work together to produce the final budget papers to be submitted to CoP10. The sub-committee also agreed to consider establishing an internet forum for its members to assist in exchanges of documents and views.

Trevor Salmon
Chair of the sub-group on finance and budget
23 November 2010