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|  | **MEMORANDUM OF UNDERSTANDING ON THE CONSERVATION OF MIGRATORY SHARKS** | CMS/Sharks/MOS2/Doc.10.1/ Rev.122 January 2016Original: English |

Second Meeting of the Signatories

San José, Costa Rica, 15-19 February 2016

Agenda Item 10

**PROPOSED BUDGET FOR THE SHARKS MOU SECRETARIAT**

*(Prepared by the Secretariat)*

**Background:**

1. In order to support the implementation of the Programme of Work, outlined in CMS/Sharks/MOS2/Doc.9.1, and to cover the costs of a fully operational Secretariat, sustainable funding is a fundamental requirement. The present document provides a proposal for resourcing the interim Secretariat in accordance with Section 8 of the MOU. Two budget scenarios, aimed at providing adequate and predictable resources for the MOU are presented in Annexes 1 - 3 below, with Annex 1 providing a comparison of the two scenarios.

**Current funding:**

1. MOS1 agreed that, given the non-binding nature of the MOU, budget contributions would be voluntary and rejected a proposed apportionment of contributions based on the UN scale of assessment. However, voluntary contributions received from Signatories in the previous triennium (2013-15) were significantly lower than the approved budget, as shown in CMS/Sharks/MOS2/Doc.10.2.
2. Because of the resulting funding insecurities, the P3 position for a Programme Manager and a part-time G5 assistant position (50 per cent), approved by MOS1, could not be filled. Consequently, the Secretariat continued to rely on a P2 Officer to perform the day-to-day functions of the Secretariat; this officer was funded by the German Government throughout 2013 and 2014. Consultants were hired temporarily to support the Secretariat during peaks in workloads such as during the preparation of MOS2.
3. Furthermore, the Interim Secretariat benefited from the direction and support provided by staff of the CMS Secretariat. Staff time of the Executive Secretary, the Deputy Executive Secretary, the head of the Aquatic Team (in excess of the 10 per cent indicated in the budget), and the Administration and Fund Management Unit were provided as an in-kind contribution from the CMS core budget.
4. Moreover, the unpredictability of funding obliged the Secretariat to apply a restrictive approach regarding expenditure for activities, which made long-term planning difficult and resulted in the ad hoc development of activities as and when funding was made available by donors.
5. Fundraising by the Secretariat was even required for core activities, such as the organization of AC1 and MOS2 as well as for a key study on conservation priorities for species listed in Annex 1. These fundraising activities were supported by the CMS Fundraising Officer and Administration and Fund Management Unit. The preparation of funding applications and meeting the associated reporting requirements further increase the workload of the Secretariat.
6. There is expected to be a balance of €250,000 (+/- €50,000), including a 15 per cent reserve (see paragraph 36), at the end of 2015. Estimated expenditure for MOS2 and AC1, which will be paid in 2016, is already included in these figures[[1]](#footnote-1). This balance provides the Secretariat with some security for the next triennium against a potential shortfall of voluntary contributions to pay for planned activities.

**Proposed budget Scenarios:**

1. For the triennium 2016-2018 the Secretariat has developed two scenarios for Signatories to consider in the context of their ability to provide resources to the Trust Fund, and taking into account their decisions related to the proposed Programme of Work.
2. Both scenarios are based on the continued operations of the interim Secretariat at the CMS headquarters in Bonn, Germany, allowing for the provision of managerial direction and administrative support.
3. In comparison with the budget for the last triennium, staff costs are lower, because a new scale of standard costs has been developed, better reflecting the current costs for Bonn-based staff.

**Budget Scenarios**

Overview

1. Scenario 1 includes an increase of 9 per cent compared with the approved budget of the last triennium. It would cover costs of a fully functional Secretariat and the implementation of important activities as outlined in the Programme of Work. It contains full costs for two meetings of the Advisory Committee (AC) and MOS3 as well as initial funding for two Working Group meetings.

**Table 1: Overview on budget scenario 1 *(Euros)***



1. Scenario 2 entails a decrease of 20 per cent in comparison with the budget of the last triennium. It provides for only one meeting of the AC and less funding for AC activities. Costs of AC working group meetings are not included.

**Table 2: Overview on budget scenario 2 *(Euros)***



1. Annex 1 provides a more detailed comparison of both scenarios together with the budget of the 2013-2015 triennium in a single table.

Scenario 1

1. Scenario 1 (see Annex 2) aims to cover the costs of a fully functional Secretariat, which is able to implement activities as outlined in the Draft Programme of Work (CMS/Sharks/MOS2/Doc.9.1) and the Terms of Reference of the Interim Secretariat. In comparison with the previous triennium, it shows an increase of 9 per cent.

*Staff Costs*

1. At MOS1 the Signatories approved the creation of a P3 post, which was not filled owing to budget insecurities as explained in CMS/Sharks/MOS2/Doc.10.2. Based on the Secretariat’s experience of managing the MOU during the past triennium, a full-time Programme Officer (P-3) supported by a part-time Administrative Assistant (G-5, 50 per cent) would be required to meet the increasing demands of a fully operational Secretariat, Such a staff contingent is therefore included in both scenarios. In particular the management and implementation of the budget including reporting and fundraising duties, representing the MOU at international meetings, as well as the planning of activities and the development and management of projects requires at least the level of a P3 Officer.

*Activities of the Secretariat and Operating Costs*

1. The budget estimates for the activities and operations of the Secretariat are based on the experience of the last triennium. Provisions have been made for an increased level of translation during the second and the third year when the Meeting of the Signatories and the AC is expected to take place. It should also be noted that no provision has been made for the rent and maintenance of office space, as these continue to be borne by the Government of Germany under the terms of their Agreement in relation to the hosting of the CMS Family in Bonn. In comparison with the last triennium a few expenditure items, such as operating costs, translation costs, printing of technical materials and hospitality, have be reduced based on past experience. As regular training for staff is a requirement under UN regulations, a new budget line for staff training has been included.

*Activities of the Advisory Committee and External Experts*

1. The budget includes travel costs for AC members to represent the MOU in meetings of Regional Fisheries Management Organizations (RFMOs) or other relevant bodies and to build up and maintain a working relationship with these organizations as further, discussed under agenda item 9 “Programme of Work” and 11 “Partnerships and Cooperation”. This is an important activity in the implementation of one of the core mandates of the Secretariat and the AC to improve cooperation with relevant fisheries organizations in order to synergize efforts and avoid duplications.

*Meetings of Signatories*

1. The significant increase in the budget requirements for the third year of the triennium is due to the fact that the Third Meeting of the Signatories (MOS3) is scheduled to take place in 2018. The costs of this meetings have been estimated based on the participation of approximately twenty-five sponsored delegates and five members of the Secretariat. However, these costs are likely to grow significantly as efforts are being continued to encourage additional Range States to join the MOU. Costs for interpretation have also been increased, as travel for six interpreters need to be met under this item. The development of technical documents is only foreseen during the last two years before the meeting, which results in turn in reduced costs on this item.

*Meetings of the Advisory Committee*

1. It is anticipated that two meetings of the AC will need to be convened during the triennium to facilitate its work. The current proposal foresees that the meetings take place in early 2017 and 2018; the latter should be held at least six months before the MOS3. Paragraph 26 of the MOU notwithstanding, the Secretariat recommends not to hold the AC meeting in conjunction with MOS,to allow more time for the preparation of documents and commendations arising from the AC’s deliberations. . From the experience of CMS, this arrangement would not be likely to result in increased costs, as participants to the AC are in most cases different from MOS participants. Furthermore, the Secretariat could host such a meeting in its premises in Bonn, thereby saving on venue and technical costs for the meeting.
2. Costs for “Online Workspace”, which was established to facilitate online collaboration among AC members, were kept to a significantly lower level than expected, which explains the reduced figure in the proposed budget for this item.

*Meeting of Working Groups*

1. In order to be able to prepare and hold thematic workshops, as discussed under agenda item 9 “Programme of Work”, the Secretariat would require appropriate resources. The working group would support the work of the AC considerably with regard to key activities in the Programme of Work and would thereby significantly contribute to the implementation of this MOU. Assuming that such workshops can be organized in Bonn, costs for venue and technical equipment could be kept relatively low.

Scenario 2

1. Scenario 2 (see Annex 3) includes reduced costs for the Secretariat, which will only be able to carry out its most basic functions and to partially implement additional activities as outlined in the Draft Programme of Work. In comparison with the previous budget, it represents a decrease of 20 per cent.
2. Please note that this scenario would not be able to be supported with the contributions received in the last triennium.. A similarly low funding commitment would require the use of the balance in the Trust Fund or would involve significant fundraising efforts for core activities, such as the organization of MOS3.

*Staff Costs*

1. Staff costs remain the same as in Scenario 1.

*Activities of the Secretariat and Operating Costs*

1. Scenario 2 includes lower costs for staff travel, the development of analytical studies and the printing of technical and information materials.

*Activities of the Advisory Committee and External Experts*

1. This scenario would only allow for the participation of the AC Chair at MOS3 as stipulated in the TOR and one additional meeting of high importance to be identified by the Committee. There is no provision for the participation of Committee members at meetings of fisheries bodies or workshops.

*Meetings of Signatories*

1. This scenario includes funding for interpretation and the report writer. It would however provide significantly fewer resources for logistical arrangements such as the venue and technical equipment, resulting in MOS3 having to be held in the Secretariat premises in Bonn, unless a host country came forward and covered the costs of a venue. Furthermore, resources for the support of delegates to participate in the meeting would be reduced. Bearing in mind that membership of the MOU is growing, this would lead to a situation in which the Secretariat cannot fund all delegates from eligible countries, unless additional fundraising efforts of the Secretariat were successful.

*Meetings of the Advisory Committee*

1. Contributions to support participation of Committee members would be reduced. This would result in only one AC meeting. As in scenario 1, this meeting would be decoupled from MOS3 and would be held in 2017. The maintenance of the “Online Workspace” to facilitate online collaboration among AC members would be ended and replaced by email communication.

*Meeting of Working Groups*

1. No Working Group meeting is budgeted for under this scenario.

Contributions

*Agreed Voluntary Contributions*

1. Without adequate and predictable resources, the MOU is unable to deliver its most fundamental objectives. Reliance on ad hoc voluntary contributions, that have not matched the budget agreed by Signatories to fund the Secretariat, have proved extremely challenging, particularly due to the inability to enter into multi-year contracts with staff.
2. In view of this, it is proposed that the budget be apportioned among Signatories on a voluntary basis.
3. As the proposal of the Secretariat to calculate contributions in accordance with the United Nations Scale of Assessment was rejected by MOS1, the Secretariat suggests that Signatories should indicate how much they would contribute annually to secure the agreed budget. This would provide the Secretariat with a much more reliable basis on which to plan expenditure on staffing and activities.
4. To this end, Annex 4 provides a table to be completed by Signatories with voluntary contributions that could realistically be offered over the coming triennium. Contributions, calculated using the United Nations General Assembly agreed scale of contributions (A/Res/64/248), have not been proposed in this table, but can be found in CMS/Sharks/MOS2/Inf.15.

Financial Arrangements

1. It is proposed that Signatories request the UNEP Executive Director to extend the United Nations Trust Fund for the management of the MOU by three years until 31 December 2018. Amended draft Terms of Reference for the administration of the proposed Trust Fund are provided in Annex 5.
2. In accordance with the Financial Regulations and Rules adopted by the United Nations General Assembly (UNGA) for the management of Trust Funds, Signatories are advised that Programme Support Costs are charged at a rate of 13 per cent on all expenditure incurred. The UNGA imposes this charge to ensure Trust Funds are not subsidized from the core resources of the United Nations and that the administrative costs are fully covered by the Trust Funds. For UNEP-administered Trust Funds, the practice has been that one-third of the resources generated from Programme Support Costs are used to support the administration of the Trust Fund directly while the remaining two-thirds are used by UNON and UNEP headquarters to cover their costs associated with the Trust Fund’s administration. Costs for the support from the CMS Administrative and Funds Unit are therefore partly covered.
3. Additionally, United Nations Trust Funds require that an operating cash reserve be maintained, at the level of 15 per cent of annual planned expenditure, to cover shortfalls and to meet the Trust Fund’s final expenditures, including liquidating any liabilities. In addition, Trust Fund resources may only be expended once sufficient cash payments have been received to meet initial expenditure estimates and the operating reserve requirement.

***Action requested:***

The Meeting of the Signatories is invited to:

1. Review the budget scenarios presented in the Annexes, also taking into account discussions under agenda item 9, and to adopt a Budget for 2016-2018;
2. Agree to share the costs based on the apportionment to be agreed on in Annex 4;
3. Adopt the revised Terms of Reference for the Trust Fund, presented in Annex 5, and request the UNEP Executive Director to extend the Trust Fund for a further three years.







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| **SCALE OF CONTRIBUTIONS TO PARTIES FOR THE PERIOD 2016-2018 AS PER THE PROPOSED BUDGET** *(in EURO)* |
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| **N°** | **Signatory** | **%** | **Assessment** | **Pledge** | **Balance** |
| 1 | Australia |   |   |   |   |
| 2 | Belgium |   |   |   |   |
| 3 | Chile |   |   |   |   |
| 4 | Colombia |   |   |   |   |
| 5 | Comoros |   |   |   |   |
| 6 | Congo |   |   |   |   |
| 7 | Costa Rica |   |   |   |   |
| 8 | Denmark |   |   |   |   |
| 9 | Egypt |   |   |   |   |
| 10 | EU |   |   |   |   |
| 11 | Germany |   |   |   |   |
| 12 | Ghana |   |   |   |   |
| 13 | Guinea |   |   |   |   |
| 14 | Italy |   |   |   |   |
| 15 | Jordan |   |   |   |   |
| 16 | Kenya |   |   |   |   |
| 17 | Liberia |   |   |   |   |
| 18 | Libya |   |   |   |   |
| 19 | Mauritania |   |   |   |   |
| 20 | Monaco |   |   |   |   |
| 21 | Nauru |   |   |   |   |
| 22 | Netherlands |   |   |   |   |
| 23 | New Zealand |   |   |   |   |
| 24 | Palau |   |   |   |   |
| 25 | Philippines |   |   |   |   |
| 26 | Romania |   |   |   |   |
| 27 | Samoa |   |   |   |   |
| 28 | Senegal |   |   |   |   |
| 29 | South Africa |   |   |   |   |
| 30 | Sudan |   |   |   |   |
| 31 | Sweden |   |   |   |   |
| 32 | Syrian Arab Republic |   |   |   |   |
| 33 | Togo |   |   |   |   |
| 34 | Tuvalu |   |   |   |   |
| 35 | United Arab Emirates |   |   |   |   |
| 36 | United Kingdom |   |   |   |   |
| 37 | United States of America |   |   |   |   |
| 38 | Vanuatu |   |   |   |   |
| 39 | Yemen |   |   |   |   |
| **39** | **TOTAL TO BE SHARED BY PARTIES** |  |  |  |  |

**Draft Terms of Reference**

**for the Administration of the Trust Fund for the Memorandum of Understanding on the Conservation of Migratory Sharks (2013-2016)**

1. The Trust Fund for the Memorandum of Understanding (MoU) on the Conservation of Migratory Sharks (hereinafter referred to as the Trust Fund) shall be extended by three years to provide financial support for the aims of the MoU.
2. The present Terms of Reference shall be effective from 1 January 2016 to
31 December 2018.
3. The financial period shall be three calendar years beginning 1 January 2016 and ending 31 December 2018, subject to the approval of the UNEP Environment Assembly.
4. The Trust Fund shall be administered by the Executive Director of the United Nations Environment Programme (UNEP).
5. The administration of the Trust Fund shall be governed by the Financial Regulations and Rules of the United Nations, the Staff Regulations and Rules of the United Nations and other administrative policies or procedures promulgated by the Secretary-General of the United Nations.
6. Commitments against the resources of the Trust Fund may be made only if they are covered by the necessary income. No commitments shall be made in advance of the receipt of contributions.
7. In accordance with the United Nations rules, UNEP shall deduct from the income of the Trust Fund an administrative charge equal to 13 per cent of the expenditure charged to the Trust Fund in respect of activities financed under the Trust Fund.
8. The Trust Fund shall be subject to audit by the United Nations Board of Auditors.
9. The financial resources of the Trust Fund for 2016-2018 should be derived from Voluntary Contributions from Signatories and Non-Signatories to the MoU, other governmental, intergovernmental and non-governmental organizations and other sources.
10. For the convenience of Signatories, for each of the years of the financial period, the Executive Director of UNEP should, as soon as possible, after the first day of each year, request contributions from Signatories.
11. Contributions received into the Trust Fund that are not immediately required shall be invested at the discretion of the United Nations, and any income shall be credited to the Trust Fund.
12. Budget estimates covering the income and expenditure for the three calendar years constituting the financial period, should be submitted to the meeting of the Signatories.
13. The estimates for each of the calendar years covered by the financial period should be specified according to budget lines and should be accompanied by such information as may be required by or on behalf of the contributors and such further information as the Executive Director of UNEP may deem useful and advisable.
14. The proposed budget, including all necessary information, should be made available by the Secretariat to all Signatories at least 30 days before the date fixed for the opening of the Meeting of the Signatories to which they are to be considered.
15. The budget should be adopted by consensus of the Signatories present at the Meeting of the Signatories.
16. In the event that the Executive Director of UNEP anticipates that there might be a shortfall in resources over the financial period as a whole, the Executive Director should consult with the Secretariat, which should seek the advice of the Chair and/or Vice-Chair regarding priorities for expenditure.
17. Upon the request of the Secretariat of the MoU, after seeking the advice of the Chair and Vice-Chair of the Meeting of the Signatories, the Executive Director of UNEP should, to the extent consistent with the Financial Regulations and Rules of the United Nations, make transfers from one budget line to another. At the end of the first and second calendar year of the financial period, the Executive Director of UNEP may proceed to transfer any unspent balance of appropriations to the second and third calendar year respectively, provided that the total budget approved by the Parties shall not be exceeded, unless specifically sanctioned in writing by the Chair and/or Vice-Chair of the Meeting of the Signatories.
18. At the end of each calendar year of the financial period[[2]](#footnote-2), the Executive Director of UNEP should make available, through the MoU Secretariat, the year-end accounts. The Executive Director should also make available, as soon as practicable, the audited accounts for the financial period. Those accounts should include full details of actual expenditure compared to the original provisions for each budget line.
19. Extra-budgetary contributions may be accepted for purposes that are consistent with the objectives of the MoU.
20. Extra-budgetary contributions should be used in accordance with terms and conditions agreed upon between the Contributor and the Secretariat.
1. The Secretariat will include all meeting related costs in its report on expenditures for 2015. [↑](#footnote-ref-1)
2. The calendar year 1 January to 31 December is the accounting and financial year, but the accounts’ official closure date is 31 March of the following year. Thus, on 31 March the accounts of the previous year must be closed, and, it is only then that the Executive Director may submit the accounts of the pervious calendar year. [↑](#footnote-ref-2)