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Convention for the Protection of the Marine Environment  
and the Coastal Region of the Mediterranean and its Protocols

Rome, Italy, 22-23 April 2020

**Agenda Item 4: Report by the Secretariat on Financial and Administrative Issues**

**Report by the Secretariat on Financial and Administrative Issues**

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UNEP/MAP  
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## FINANCIAL SITUATION AND PROPOSALS

### I. Financial Matters

#### A. Fund Balances, Working Capital Reserve (WCR) and Net Cash Balance

1. According to the audited and certified Statement of Financial Position, the Mediterranean Trust Fund (MTF) balance amounted to USD 9.8 million as at 31 December 2018. This balance reflects the accumulated surplus for MTF and the amount put aside for the WCR. It represents the total net assets as at the end of the financial year and as such it includes the assessed contributions receivable (arrears), the WCR and advance transfers to implementing partners. According to the interim Statement of Financial Position, issued on 17 February 2020, the Mediterranean Trust Fund (MTF) balance amounted to USD 8.2 million as at 31 December 2019<sup>1</sup>.
2. According to the audited and certified Statement of Financial Position, the Host Country Contribution (CAL) fund balance amounted to USD 525,941 as at 31 December 2018. This balance reflects the accumulated surplus for CAL. It represents the total net assets as at the end of the financial year and as such it includes voluntary contributions receivable of USD 51,558<sup>2</sup>, other assets of USD 1,333 and property, plant and equipment of USD 22,214. According to the interim Statement of Financial Position, issued on 7 March 2020, the Host Country Contribution (CAL) fund balance amounted to USD 656,426 as at 31 December 2019. The cash balance of the host country contribution will be utilized for the relocation of the Mediterranean Action Plan (MAP) premises and for expenses related to the setting up of the new offices.
3. In line with paragraph 2 of Procedure 3 of the Financial Rules and Procedures for the funds of the Barcelona Convention (Decision IG.21/15), a working capital reserve (WCR) is maintained within the Trust Fund for the Barcelona Convention, the purpose of which is to ensure continuity of operations in the event of a temporary shortfall of cash as well as to provide for potential losses on exchange. The WCR was established at the recommended UN rate of 15% of the average annual budget for the biennium, inclusive of programme support costs. The WCR, as reflected in the interim Statement of Financial Position for the year ended 31 December 2019, amounts to USD 1.13 million. In the biennium 2020-2021, the WCR will be adjusted accordingly to correspond to the rate of 15% of the annual budget. In line with the Decision IG.24/14 on the PoW and Budget 2020-2021, the WCR will be increased by EUR 170,163. The WCR amount corresponding to the rate 15% of the average annual budget for the biennium 2020-2021, inclusive of programme support costs, is roughly estimated at USD 1.17 million.
4. The Contracting Parties to the Barcelona Convention and its Protocols at their 21<sup>st</sup> Meeting (COP 21- Naples, Italy, 2-5 December 2019) agreed on the need to retain a net cash balance when conditions allow it, to ensure, as a temporary measure, the timely implementation of the Programme of Work, and to report to the Bureau of the Contracting Parties in their regular meetings on its utilisation (Decision IG.24/14). This amount may be equivalent to the budget required for covering the cost of the implementation of the PoW for up to 4 months, which is roughly estimated at USD 2,946,795<sup>3</sup> for the biennium 2020-2021. According to the interim Statement of Financial Position, the net cash balance as at 31 December 2019 amounts to USD 5,002,822. At the beginning of the year 2020, the cash requirements for the disbursement of the 1<sup>st</sup> Cash Advance to the RACs, financed by the MTF (40MEL), amounted to USD 3,863,238. For the first three months of the year 2020, the budget

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<sup>1</sup> This is a tentative fund balance and as such it does not include the end of year postings (accruals and adjustment of expenses from MEL to QML), which will increase the surplus by USD 0.5 million, approximately.

<sup>2</sup> This is the difference between the recorded receivable and the received amount for the year 2018, resulting from exchange rate fluctuations. This open receivable should be written off.

<sup>3</sup> (EUR 16,071,821 / 24 months X 4 months) / 0.909

*Total Regular Commitments for 2020-2021: EUR 16,071,821*

*UN Operational Rate of Exchange USD/EUR effective on 01 Dec 2019: 0.909.*

implementation costs of the Secretariat, financed by the MTF (40MEL), are roughly estimated at USD 749,900<sup>4</sup> (excluding PSC). The cash balance is being utilized to facilitate the efficient and timely implementation of the Programme of Work by preventing liquidity problems and risks caused by the non-payment of arrears and by the delays in the payment of the assessed contributions, as the trends in receipts show that the collections begin flowing in after the first quarter of the year.

5. During COP 21 (Naples, Italy, 2-5 December 2019), it was requested that the audited information for the biennium, including the use of the discretionary contributions for biennium 2018-2019, shall be shared once it is published. The Secretariat shall adhere to this request and provide the respective information for the biennium 2018-2019 as soon as the audited financial statements for 2019 are available.

6. Proposed Recommendations:

**(a) The Bureau takes note of the Fund balances and the Working Capital Reserve and requests the Secretariat to continue maintaining the Working Capital Reserve at the recommended level;**

**(b) The Bureau welcomes the information provided on the interim financial statements as at 31 December 2019 and notes that the audited financial statements will be shared as soon as they are available.**

#### **B. Contributions**

7. The collection rate of the assessed ordinary contributions to the Mediterranean Trust Fund had reached a high of 97.40% for the year 2018 and a high of 96.13% for the year 2019, as at 6 March 2020. As at the same date, no receipts of 2020 contributions had been identified. Deferred Income of EUR 48 from Montenegro has been reflected in collections for 2020. The comprehensive status of contributions as at 6 March 2020 is presented in Annex I.

8. As at 6 March 2020, four Contracting Parties were in arrears in the payment of their dues in excess of 24 months, one Contracting Party was in arrears for the two preceding years, and two Contracting Parties were in arrears in the payment of their dues for the preceding year. The detailed status of contributions is reflected in Annex I. The seven Countries in arrears and their unpaid contributions are indicated below.

<b>Country</b>	<b>Contributions in Arrears</b>	<b>Fiscal Years</b>
State of Libya	EUR 654,930	2011-2019
Syrian Arab Republic	EUR 112,267	2011-2019
Algeria	EUR 213,575	2016-2019
Lebanon	EUR 64,143	2016-2019

<b>Country</b>	<b>Contributions in Arrears</b>	<b>Fiscal Years</b>
Bosnia and Herzegovina	EUR 10,456	2018-2019

<b>Country</b>	<b>Contributions in Arrears</b>	<b>Fiscal Years</b>
Egypt	EUR 61,126	2019
Tunisia	EUR 11,260	2019

9. In November 2019, pursuant to the Conclusions of the 88<sup>th</sup> Meeting of the Bureau of the Contracting Parties to the Barcelona Convention and its Protocols (Rome, Italy, 21-22 May 2019), letters were sent by the President of the Bureau (Ms. Klodiana Marika) and the Coordinator of the UNEP/MAP-Barcelona Convention Secretariat (Mr. Gaetano Leone) to the Ministers of Foreign

<sup>4</sup> CU & MEDPOL Budget for 2020: USD 2,999,596 / 12 months X 3 months

Affairs of the State of Libya, Syrian Arab Republic, Algeria and Lebanon, through a Note Verbale to their Permanent Missions to the United Nations, in an effort to continue the discussions and achieving an agreement on a possible roadmap for the payment of the arrears. Formal responses from the Contracting Parties in reference had not been received by mid-March 2020. The Secretariat will continue to monitor the situation facilitating the payment of arrears and will act in line with the Financial Rules and Procedures for the funds of the Barcelona Convention. The Secretariat also continues informal follow-up action with representatives of the above-mentioned Contracting Parties whenever the opportunity arises.

10. In line with the Financial Rules and Procedures for the funds of the Barcelona Convention, the Contracting Parties were notified of the amount of their contributions for 2020, immediately after COP 21. Invoices showing the contributions for 2020 and the outstanding amounts for prior years, where applicable, were issued and sent out to the respective Ministers by UNEP Headquarters (HQ)<sup>5</sup>. In early March 2020, these invoices and their accompanying letters were also shared by the Secretariat with the UNEP/MAP Focal Points for their attention and transmission to the respective Ministers.

11. As per the instructions of UNEP HQ, all invoices should be generated from Umoja. To enable issuance of the invoices through the system, a long reconciliation exercise was held in liaison with the Contributions Unit, in order to confirm the 2018 and prior year figures of outstanding pledges. As a result of this exercise, which was completed in November 2019, all the accounts' receivable balances were reconciled. UNEP/MAP's internal records were revised to reflect the Umoja balances in the cases of Algeria, State of Libya and Syrian Arab Republic<sup>6</sup>.

12. Proposed Recommendations:

**(c) The Bureau notes with appreciation the high level of contributions received for the years 2018 and 2019;**

**(d) The Bureau strongly urges the Contracting Parties to pay the 2020 contributions as soon as possible and to adhere to Procedure 4.2.b of the Financial Rules and Procedures for the funds of the Barcelona Convention, which states that contributions for each calendar year are expected within the first quarter of that year and should be paid promptly and in full;**

**(e) The Bureau strongly urges the seven Contracting Parties whose contributions for prior year(s) are still pending to pay them as soon as possible;**

**(f) The Bureau takes note of the actions taken by the Secretariat regarding the four Contracting Parties in arrears for over 24 months and requests the Secretariat to continue its efforts to collect the arrears in line with the respective Financial Regulations and Rules and Procedures and to report to the Bureau and to the Contracting Parties at their next meetings on the progress under any proposed and discussed payment schedule.**

### **C. Adjusted Scale of Assessments for the 2020-2021 biennium**

13. The Contracting Parties to the Barcelona Convention and its Protocols at COP 21 (Naples, Italy, 2-5 December 2019) approved the assessed ordinary contributions apportioned to the Parties of the Barcelona Convention for the 2020–2021 biennium, based on the scale of assessments for the contributions of Member States to the regular budget of the United Nations for the period 2019 to 2021, adopted by the General Assembly at its 73<sup>rd</sup> Session by its resolution 73/271 of 22 December 2018 (A/RES/73/271). In order to keep the scale used for the ordinary contributions to the MTF up to

<sup>5</sup> The invoices to the Contracting Parties were issued on 22 December 2020, except for Morocco and Montenegro for which the invoices were issued on 10 January 2020.

<sup>6</sup> Unpaid pledges for 2016 and prior years, as reflected on the annexed Contributions Tables, have been reduced as follows: by EUR 42 for Algeria, by EUR 9,804 for the State of Libya and by EUR 1,509 for the Syrian Arab Republic.

date, in line with Decision IG.23/14 on the PoW and Budget for 2018-2019, the MTF assessed rates were adjusted to the latest UN regular budget assessed rates.

14. Proposed Recommendation:

**(g) The Bureau takes note of the application of the new adjusted scale of assessments for the years 2020-2021.**

#### **D. Financial Implementation of the Programme of Work and Budget 2020-2021**

15. The preparation of the consolidated Project Document for the Coordinating Unit, MED POL and the RACs was initiated immediately after the COP to enable the implementation of the 2020-2021 PoW and make its Budget operational. The Project Document and the six respective Legal Instruments with the RACs have been duly signed. The first cash advances to the RACs, equivalent to the 2020 budget funded from the Assessed Ordinary Contributions and the EC Discretionary Contribution, were processed in line with the respective Clause of the Legal Instruments, i.e. within 30 working days following signature of the Agreements.

16. According to the respective Clause of the Legal Instruments, RACs shall submit Financial Reports on a 3-month basis and narrative progress reports on a 6-month basis. An update on the incurred expenditures will be provided at the next regular Meeting of the Bureau of the Contracting Parties to the Barcelona Convention and its Protocols.

17. The efficiency and the effectiveness of the administrative arrangements has been increased. The work is being streamlined through less time-consuming and cumbersome processes, improved timeliness of financial reporting, standardization of formats, closer collaboration with UNEP HQ, staff training initiatives and the introduction of Umoja extension 2 which covers areas not previously automated. Efforts continue towards improved financial management capability and greater efficiency and effectiveness in the future.

18. Proposed Recommendation:

**(h) The Bureau welcomes the progress made on the administrative procedures and notes that further updates on the financial implementation of the PoW and Budget 2020-2021 will be provided at its next regular Meeting.**

#### **E. Programme Support Costs (PSC)**

19. The Programme Support allocation for 2019 amounted to USD 1,087,053. The advance allotment against the Overhead Trust Account for 2020 amounted to USD 543,526.50, corresponding to 50% of the current 2019 allocation. According to preliminary estimations, the final programme support allocation will decline in 2020 compared to 2019. The Coordinating Unit is holding discussions with the Corporate Services Division of UNEP, to allow for the rolling over of the end-of-year balances to the next year to take place across the biennia, in order for the positive balance from 2018-2019 core budget allocation to be carried over to 2020, thereby providing for the strengthening of the support to the operations of UNEP/MAP.

20. Proposed Recommendation:

**(i) The Bureau takes note of the programme support allocation for 2019 and advance programme support allotment for 2020, and urges the Secretariat to take appropriate action for the most efficient use of these resources to further strengthen the operations of UNEP/MAP.**

## II. CONSULTANCY REPORTING

21. The summary of consultancy costs for the year 2019 and for the first semester of the year 2020 will be presented at the next regular Meeting of the Bureau of the Contracting Parties to the Barcelona Convention and its Protocols.

## III. PERSONNEL MATTERS

22. The recruitments status is summarized below:

P2 Associate Project Management Officer (IMAP-MPA Project) (position No: 31034029): post to be shortly advertised in the United Nations Careers Portal.

G5 Finance & Budget Assistant, (IMAP-MPA Project) (position No: 30606487): recruitment is in progress.

P3 Programme Management Officer (Shared Environmental Information System II South Project) (Position No: 31025623): Ms. Christina Bodouroglou completed the 1-year temporary reassignment to MAP on 13 February 2020.

P4 Programme Management Officer (MedProgramme) (position No: 31032928): the post has been classified.

P3 Technical Programme Management Officer (MedProgramme) (position No: 31032929): the post was advertised in the United Nations Careers Portal, INSPIRA, with a deadline for applications of 19 March 2020: recruitment is in progress.

G5 Finance & Budget Assistant, (MedProgramme) (position No: 31032931): the post was advertised in INSPIRA with a deadline for applications of 28 February 2020: recruitment is in progress.

G5 Programme Management Assistant, (MedProgramme) (position No: 31032930): the post was advertised in INSPIRA with a deadline for applications of 2 March 2020: recruitment is in progress.

P2 Associate Administrative Officer (position No: 31033893): the post is advertised in INSPIRA with a deadline for applications of 12 April 2020: recruitment is in progress.

G5 Administrative Assistant, (Payments and Travel) (position No: 31035037): the post is under classification and once this is finalized it will be advertised in INSPIRA.

23. Proposed Recommendation:

**(j) The Bureau takes note of the status of recruitments at the Coordinating Unit and welcomes the efforts made by the Secretariat in ensuring adequate human resources for the smooth implementation of the Programme of Work.**

## IV. OTHER MATTERS

24. Paragraph 14 of Decision IG.24/14 on the PoW and Budget for 2020-2021 reads as follows: “*Urge* the Government of the Hellenic Republic to undertake all the required steps in order to ensure that fully adequate premises are made available to the Coordinating Unit within the shortest delay and in line with its commitments under the Host Country Agreement, and *request* the Secretariat to report to the Contracting Parties and to the Bureau on the progress made”.

25. The Coordinating Unit has continued working in coordination with the authorities of the Hellenic Republic to proceed with the identification of new, adequate and representative premises for MAP headquarters. This included the Secretariat looking for alternative office premises, which have resulted now in a possible suitable location from the private sector. The Secretariat is currently awaiting the recommendation letter from the Ministry of Environment and Energy of Greece in order to proceed with the negotiations with the owner. The support of the Bureau on this matter will be greatly appreciated. In parallel, efforts have been made to request for the renovation of the existing premises of the Secretariat, should it be impossible to conclude the lease agreement described above.

**Proposed Recommendation:**

**(k) The Bureau takes note with appreciation of all efforts made by the Hellenic Republic and the Secretariat and urges the Host Government to rapidly support, in line with its commitment, to provide the Secretariat with adequate premises to ensure the efficiency and effectiveness of UN operations.**

**Annex I**

**Status of Contributions as at 6 March 2020**



Status of 2018-2019 Contributions as at 6 March 2020										
Ordinary Contributions to MTF										
Country	Unpaid Pledges for 2016 and prior years	Unpaid Pledges for 2017	Unpaid Pledges for 2018	Unpaid Pledges as at 31/12/2018	Pledges for 2018	Collections for 2018	Pledges for 2019	Collections for 2019	Unpaid Pledges for 2019	Deferred Income
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Albania	-	-	-	-	3,217	3,217	3,217	3,217	-	
Algeria	19,337	64,746	64,746	148,829	64,746	-	64,746	-	64,746	****
Bosnia and Herzegovina	-	-	5,228	5,228	5,228	-	5,228	-	5,228	
Croatia	-	-	-	-	39,813	39,813	39,813	39,813	-	
Cyprus	-	-	-	-	17,292	17,292	17,292	17,292	-	
Egypt	-	-	-	-	61,126	61,126	61,126	-	61,126	****
European Union	-	-	-	-	142,670	142,670	142,670	142,670	-	
France	-	-	-	-	1,954,037	1,954,037	1,954,037	1,954,037	-	
Greece	-	-	-	-	189,412	189,412	189,412	189,412	-	
Israel	-	-	-	-	172,924	172,924	172,924	172,924	-	
Italy	-	-	-	-	1,507,250	1,507,250	1,507,250	1,507,250	-	
Lebanon	8,646	18,499	18,499	45,644	18,499	-	18,499	-	18,499	
Libya (State of Libya)	504,126	50,268	50,268	604,662	50,268	-	50,268	-	50,268	****
Malta	-	-	-	-	6,434	6,434	6,434	6,434	-	
Monaco	-	-	-	-	4,021	4,021	4,021	4,021	-	
Montenegro	-	-	-	-	1,609	1,609	1,609	1,609	-	(48)**
Morocco	-	-	-	-	21,716	21,716	21,716	21,716	-	*
Slovenia	-	-	-	-	33,780	33,780	33,780	33,780	-	
Spain	-	-	-	-	982,447	982,447	982,447	982,447	-	
Syrian Arab Republic	83,311	9,652	9,652	102,615	9,652	-	9,652	-	9,652	****
Tunisia	-	-	-	-	11,260	11,260	11,260	-	11,260	
Turkey	-	-	-	-	409,387	409,387	409,387	409,387	-	
<b>TOTAL</b>	<b>615,420</b>	<b>143,165</b>	<b>148,393</b>	<b>906,978</b>	<b>5,706,788</b>	<b>5,558,395</b>	<b>5,706,788</b>	<b>5,486,009</b>	<b>220,779</b>	<b>(48)</b>
<b>Collection Rate</b>						<b>97,40%</b>		<b>96,13%</b>		
			626,775					1,127,757		
EC Discretionary Contribution										
					Expected contribution for 2018	Received contribution for 2018	Expected contribution for 2019	Received contribution for 2019		
					EUR	EUR	EUR	EUR		
European Commission					596,484	596,484	596,484	596,484		
Host Country Contribution										
					Expected contribution for 2018	Received contribution for 2018	Expected contribution for 2019	Received contribution for 2019		
					EUR	EUR	EUR	EUR		
Greece					367,200	322,035	367,200	354,893		***
<p>*The Contribution of Morocco for 2018 was received in January 2019.</p> <p>**The Contribution of Montenegro was received in 2017.</p> <p>***Difference between expected and received contribution due to exchange rates fluctuations</p> <p>****Unpaid pledges for 2016 and prior years have been reduced in order for the receivable balances reflected on the current table to be in line with Umoja accounts, as reconciled in liaison with UNEP Contributions Unit: by EUR 42 for Algeria, by EUR 9,804 for the State of Libya and by EUR 1,509 for the Syrian Arab Republic.</p> <p>*****Arrears of Egypt for 2016-2018 were received on 01/07/2019</p> <p>Note: Financial Regulations and Rules of the United Nations: Regulation 3.5. Contributions and advances shall be considered as due and payable in full within 30 days of the receipt of the communication of the Secretary-General referred to in regulation 3.4 or on the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.</p>										

Status of 2020 Contributions as at 6 March 2020								
Ordinary Contributions to MTF								
Country	Unpaid Pledges for 2017 and prior years	Unpaid Pledges for 2018	Unpaid Pledges for 2019	Unpaid Pledges as at 31/12/2019	Pledges for 2020	Collections for 2020	Unpaid Pledges for 2020	Deferred Income
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Albania	-	-	-	-	3.467	-	3.467	
Algeria	84.083	64.746	64.746	213.575	59.801	-	59.801	*
Bosnia and Herzegovina	-	5.228	5.228	10.456	5.200	-	5.200	
Croatia	-	-	-	-	33.367	-	33.367	
Cyprus	-	-	-	-	15.600	-	15.600	
Egypt	-	-	61.126	61.126	80.602	-	80.602	
European Union	-	-	-	-	142.670	-	142.670	
France	-	-	-	-	1.918.407	-	1.918.407	
Greece	-	-	-	-	158.603	-	158.603	
Israel	-	-	-	-	212.338	-	212.338	
Italy	-	-	-	-	1.433.064	-	1.433.064	
Lebanon	27.145	18.499	18.499	64.143	20.367	-	20.367	
Libya (State of Libya)	554.394	50.268	50.268	654.930	13.000	-	13.000	*
Malta	-	-	-	-	7.367	-	7.367	
Monaco	-	-	-	-	4.767	-	4.767	
Montenegro	-	-	-	-	1.733	48	1.685	
Morocco	-	-	-	-	23.834	-	23.834	
Slovenia	-	-	-	-	32.934	-	32.934	
Spain	-	-	-	-	929.953	-	929.953	
Syrian Arab Republic	92.963	9.652	9.652	112.267	4.767	-	4.767	*
Tunisia	-	-	11.260	11.260	10.834	-	10.834	
Turkey	-	-	-	-	594.113	-	594.113	
<b>TOTAL</b>	<b>758.585</b>	<b>148.393</b>	<b>220.779</b>	<b>1.127.757</b>	<b>5.706.788</b>	<b>48</b>	<b>5.706.740</b>	<b>-</b>
<i>Collection Rate</i>						<i>0,00%</i>		
			628.775				189.371	
EC Discretionary Contribution								
					Expected contribution for 2020	Received contribution for 2020		
					EUR	EUR		
European Commission					596.484	-		
Host Country Contribution								
					Expected contribution for 2020	Received contribution for 2020		
					EUR	EUR		
Greece					344.800	-		
<p>*Unpaid pledges for 2016 and prior years have been reduced in order for the receivable balances reflected on the current table to be in line with Umoja accounts, as reconciled in liaison with UNEP Contributions Unit: by EUR 42 for Algeria, by EUR 9,804 for the State of Libya and by EUR 1,509 for the Syrian Arab Republic.</p>								
<p><i>Note: Financial Regulations and Rules of the United Nations: Regulation 3.5. Contributions and advances shall be considered as due and payable in full within 30 days of the receipt of the communication of the Secretary-General referred to in regulation 3.4 or on the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.</i></p>								