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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
Athens, 2020

FINANCIAL SITUATION AND PROPOSALS

I. Financial Matters

A. Fund Balances

1. The assessed part of the Mediterranean Trust Fund (MTF) balance decreased from USD 9.8 million as at 31 December 2018 to USD 8.8 million as at 31 December 2019¹. This balance represents the total net assets as at the end of the financial year. It reflects the accumulated surplus of USD 7.7 million and the amount put aside for the Working Capital Reserve (WCR) of USD 1.1 million. The accumulated surplus includes the assessed contributions receivable (arrears) and the advance transfers to implementing partners.
2. The Host Country Contribution fund balance increased from USD 525,941 as at 31 December 2018 to USD 656,425 as at 31 December 2019². This balance represents the total net assets as at the end of the financial year. It reflects the accumulated surplus. The cash balance of the host country contribution will be utilized for the refurbishment of the current premises of the Secretariat.
3. An analysis of the possible impact of the current COVID-19 crisis on the financial situation, in line with the projections and scenarios of UNEP, has been undertaken and information on possible scenarios is presented in the Report on Specific Issues (document UNEP/MED BUR.89/6).

Proposed Recommendation:

- (a) The Bureau took note of the Fund Balances as at 31 December 2019.**

B. Contributions

4. As at 27 September 2020, the collection rate of the assessed ordinary contributions to the Mediterranean Trust Fund had reached 73.62% for the year 2020. The comprehensive status of contributions as at 27 September 2020 is presented in Annex I.
5. As at 27 September 2020, six Contracting Parties were in arrears out of which five Contracting Parties were in arrears for two or more years and one Contracting Party was in arrears for one year, as detailed in the table below.

| Country | Contributions in Arrears | Years |
|------------------------|--------------------------|-----------|
| 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 |
| Bosnia and Herzegovina | EUR 10,456 | 2018-2019 |
| Tunisia | EUR 11,260 | 2019 |

6. In line with Procedure 4.2.d of the Financial Rules and Procedures for the funds of the Barcelona Convention, the Coordinator will write to those parties whose contributions have not been received, to stress them the importance of paying their respective contributions for the year as well as arrears for prior periods, if any, and to remind them of the loss of their voting rights at any meeting of the Contracting Parties pursuant to Rule 42 of the Rules of Procedure of the Barcelona Convention. In line with Procedure 4.2.e of the Financial Rules and Procedures for the funds of the Barcelona Convention, the Coordinator will as well propose to the Parties whose contributions are in arrears for two or more years, a payment schedule to enable these Parties to clear all outstanding arrears within a

¹ Figures for 2019 were retrieved from UMOJA and final figures are to be provided by UNON.

² Figures for 2019 were retrieved from UMOJA and final figures are to be provided by UNON.

maximum of six years and to pay future contributions by their due dates. The Secretariat will continue making efforts with the relevant national authorities, in order to find a solution to settle all outstanding arrears or to agree on payments plans, considering the specific circumstances of the Contracting Parties in arrears. The Secretariat will also continue informal follow-up action with representatives of the above-mentioned Contracting Parties whenever the opportunity arises.

7. In early September 2020 and as a result of previous formal correspondence and informal follow-up actions with the Contracting Party's representatives, a letter was sent to the Government of Algeria proposing an updated payment schedule which would enable clearing of all the outstanding arrears within six years, provided that future contributions will be paid by their due dates. This proposal is pending response from the Contracting Party.

8. In line with Procedure 4.2.b of the Financial Rules and Procedures for the funds of the Barcelona Convention, the Contracting Parties should be notified of the amount of their contributions for a given year by 15 October of the first year of the biennium. Invoices showing the contributions for 2021 and the outstanding amounts for prior years, where applicable, are being issued and sent to the Parties by UNEP Headquarters. These invoices and their accompanying letters are also being forwarded by the Secretariat to the MAP Focal Points for their attention.

9. The European Commission (EC) Discretionary Contribution for the year 2020 was received in May 2020. The Greek Host Country Contribution for the year 2020 was received in June 2020.

10. Pursuant to the Conclusions of the 89th Meeting of the Bureau of the Contracting Parties to the Barcelona Convention and its Protocols (Teleconference, 22-23 April 2020), the Secretariat, in addition to the current practice of posting the contributions on the UNEP/MAP website, is disseminating by email every three months, starting from July 2020, the updated status of contributions to the MAP Focal Points.

Proposed Recommendations:

(b) The Bureau notes with appreciation the contributions received for the year 2020. It requests the Contracting Parties whose 2020 contributions are still pending to pay them as soon as possible;

(c) The Bureau strongly urges the Contracting Parties 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. This is particularly important due to the impact and unpredictability of the current COVID-19 global crisis;

(d) The Bureau strongly urges the Contracting Parties in arrears, in particular those in arrears for over two years, to pay them as soon as possible, while noting the specific circumstances of each Contracting Party in arrears;

(e) The Bureau takes note of the actions taken by the Secretariat regarding the Contracting Parties in arrears 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. Financial Implementation of the Programme of Work and Budget 2020-2021

11. The Financial Implementation of the Programme of Work and Budget 2020-2021 is making a progress and the level of the budget consumption for the biennium had reached approximately 40% as of 27 September 2020.³

12. Due to travel and meetings restrictions imposed as part of the COVID-19 response, some meetings that were planned for 2020 had to be postponed to 2021, and therefore the corresponding budget was rolled over to the next year. When possible, meetings were held virtually, which reduced to some extent the costs for their organization. Minor delays have also occurred in the recruitment of some consultants and implementation of national activities. Despite these elements and as reaffirmed by the 43rd ECP Meeting (teleconference, 28-29 September 2020), under the current situation the implementation of PoW activities and budget delivery is progressing well by applying the most appropriate and flexible approach in the selection of means of implementation to achieve the outputs/accomplishments approved at the COP. A more detailed analysis of potential savings due to COVID-19 impacts is ongoing in coordination with all MAP Components. An update will be provided to the Bureau at its next meeting.

Proposed Recommendation:

(f) The Bureau takes note of the progress made in the financial implementation of the Programme of Work and Budget 2020-2021.

D. Programme Support Costs (PSC)

13. The Programme Support allocation for the year 2020 amounts to a total of USD 823,000, which reflects an increase of USD 279,474 as compared to the advance allotment of USD 543,526, as a positive result of the discussions held between the Coordinating Unit and the Corporate Services Division (CSD) of UNEP. The level of the Overhead Trust Account (OTA) allocation demonstrates the high budget utilization rate for MAP and an increased generated PSC revenue, as compared to several other UNEP Offices and Multilateral Environment Agreements (MEAs), whose financial performance reflected lower incomes and deficits in the OTA. The increased amount enables the Secretariat to cover its basic operational needs for 2020. The Secretariat will continue monitoring closely the status of OTA balance during the 2020-2021 biennium.

Proposed Recommendation:

(g) The Bureau takes note of the programme support allocation for 2020 and welcomes the increase in the allotment agreed by the UNEP Corporate Services Division.

II. CONSULTANCY REPORTING

14. In 2019, the consultancy costs were funded by the MTF/EC Discretionary Contribution at a rate of 34%. During the first semester of 2020 the respective rate was 26%. MAP Components are continuing the efforts to utilize mainly and on a priority basis external funding resources for the consultancies and to use MTF complementary, as need be, in most of the cases and apart from the cases where consultants/individual contractors are recruited to execute functions similar to vacant staff posts. The summary of the consultancy costs for the year 2019 and for the first semester of the year 2020 are presented in Annex II.

³ This is the budget consumption level for MTF (Assessed Ordinary Contributions) and EC Discretionary Contribution.

III. PERSONNEL MATTERS

15. Due to the COVID-19 pandemic and the United Nations consequent travel restrictions, ongoing recruitment processes have been possibly delayed and on-boarding of new staff members has been put on hold until further notice.

16. The recruitments status is summarized below:

P4 Administrative/Fund Management Officer (Position No: 30601050): the incumbent, Ms. Kumiko Yatagai, reported for duty effective 1 July 2020 upon completion of her temporary reassignment at UNEP Geneva and that of Ms. Lydia Eibl-Kamolleh at UNEP/MAP.

P4 Programme Management Officer (MedProgramme) (position No: 31032928): Following Lorenzo Galbiati's transfer to FAO, Rome, as of 17 August 2020, the post was advertised in Inspira with a deadline for applications of 17 October 2020: recruitment is in progress.

P3 Programme Management Officer (2023 MED QSR) (position No: 31025245): following Daria Mokhnacheva's departure upon completion of the 1-year initial appointment, i.e. 19 August 2020, the recruitment was launched, and post is to be advertised under JO 141189 in Inspira shortly.

P3 Technical Programme Management Officer (MedProgramme) (position No: 31032929): the post was advertised in Inspira with a deadline for applications of 19 March 2020. Interviews took place and the recruitment is under review at Headquarters.

P3 Programme Management Officer (EcAp MED III Project) (position No: 30606551): recruitment process is to be launched shortly.

P2 Associate Project Management Officer (IMAP-MPA Project) (position No: 31034029): the post was advertised in Inspira with a deadline for applications of 28 April 2020: recruitment is underway.

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

P2 Associate Programme Management Officer (Marine Litter MED II project): the creation of the post is to be initiated in the near future.

G5 Finance and Budget Assistant, (IMAP-MPA Project) (position No: 30606487): the post was advertised in Inspira with a deadline for applications of 16 October 2019. Interviews took place, Headquarters completed the review of the recruitment and selection of the candidate is underway.

G5 Finance and Budget Assistant, (MedProgramme) (position No: 31032931): the post was filled by Styliani Tampakaki through a lateral move effective 1 July 2020.

G5 Programme Management Assistant, (MedProgramme) (position No: 31032930): the post was advertised in Inspira with a deadline for applications of 28 February 2020. Recruitment is in progress.

G5 Administrative Assistant, (Payments and Travel) (position No: 31035037): the post was advertised in Inspira with a deadline for applications of 14 July 2020: recruitment is in progress.

Proposed Recommendation:

(h) 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

17. 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”.

18. As a result of the continuous efforts of the Coordinating Unit to ensure the adequacy of the premises, discussions with the Greek Government and the hosting Institute are ongoing regarding the refurbishment of the current premises of the Secretariat.

Proposed Recommendation:

(i) The Bureau takes note with appreciation of the joint efforts made by the Greek Government and the Coordinating Unit and requests the Secretariat to update the Bureau on the progress made at its next meeting.

Annex I

Status of Contributions as at 27 September 2020

| Status of Assessed Ordinary Contributions apportioned to Parties of the Barcelona Convention as at 27 September 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 | - | - | - | - | 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 | 1.042.970 | 390.094 | |
| 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 | 1.733 | - | |
| 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 | |
| TOTAL | 758.585 | 148.393 | 159.653 | 1.066.631 | 5.706.788 | 4.201.270 | 1.505.518 | - |
| <i>Collection Rate</i> | | | | | | 73,62% | | |
| EC Discretionary Contribution | | | | | | | | |
| | | | | | Expected contribution for 2020 | Received contribution for 2020 | | |
| | | | | | EUR | EUR | | |
| European Commission | | | | | 596.484 | 596.484 | | |
| Host Country Contribution | | | | | | | | |
| | | | | | Expected contribution for 2020 | Received contribution for 2020 | | |
| | | | | | EUR | EUR | | |
| Greece | | | | | 344.800 | 354.437 | | ** |
| *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. | | | | | | | | |
| **Difference between expected and received contribution due to exchange rates fluctuations. | | | | | | | | |
| <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> | | | | | | | | |

Annex II
Consultancy Reporting

| Consultancy costs for the period: 1 January - 31 December 2019 (in EUR)* | | |
|---|---|------------------------|
| Component | Description | Jan to Dec 2019 |
| C.Unit | Med Trust Fund/EC Discretionary | 58.259 |
| | Other funding | 136.640 |
| | Sub-total | 194.899 |
| MEDPOL | Med Trust Fund/EC Discretionary | 100.710 |
| | Other funding | 117.126 |
| | Sub-total | 217.836 |
| PB/RAC | Med Trust Fund/EC Discretionary | 103.707 |
| | Other funding | 201.255 |
| | Sub-total | 304.962 |
| PAP/RAC | Med Trust Fund/EC Discretionary | 77.910 |
| | Other funding | 375.583 |
| | Sub-total | 453.493 |
| REMPEC | Med Trust Fund/EC Discretionary | 100.004 |
| | Other funding | 58.888 |
| | Sub-total | 158.892 |
| SPA/RAC | Med Trust Fund/EC Discretionary | 84.703 |
| | Other funding | 120.700 |
| | Sub-total | 205.403 |
| SCP/RAC | Med Trust Fund/EC Discretionary | 17.300 |
| | Other funding | 50.347 |
| | Sub-total | 67.647 |
| INFO/RAC | Med Trust Fund/EC Discretionary | 0 |
| | Other funding | 0 |
| | Sub-total | 0 |
| Total | Med Trust Fund/EC Discretionary | 542.593 |
| | Other funding | 1.060.539 |
| | Grand Total (in EUR) | 1.603.132 |
| | Percentage of MTF/EC Discr. over total funding | 34% |

***For the contracts in USD, the UN Operational Rate of Exchange for one United States Dollar (USD), effective on 31 Dec 2019 (1 USD = 0.896 EUR) is applied for the conversion of the amounts from USD to EUR. For the contracts in other currencies, the respective UN Operational Rates of Exchange for one United States Dollar (USD), effective on 31 December 2019, are applied for the conversion of the amounts to USD and further conversion to EUR.**

| Consultancy costs for the period: 1 January - 30 June 2020 (in EUR)* | | |
|---|---|------------------------|
| Component | Description | Jan to Jun 2020 |
| C.Unit | Med Trust Fund/EC Discretionary | 63.591 |
| | Other funding | 6.698 |
| | Sub-total | 70.288 |
| MEDPOL | Med Trust Fund/EC Discretionary | 4.688 |
| | Other funding | 13.395 |
| | Sub-total | 18.083 |
| PB/RAC | Med Trust Fund/EC Discretionary | 6.000 |
| | Other funding | 8.820 |
| | Sub-total | 14.820 |
| PAP/RAC | Med Trust Fund/EC Discretionary | 0 |
| | Other funding | 213.697 |
| | Sub-total | 213.697 |
| REMPEC | Med Trust Fund/EC Discretionary | 81.907 |
| | Other funding | 23.143 |
| | Sub-total | 105.050 |
| SPA/RAC | Med Trust Fund/EC Discretionary | 0 |
| | Other funding | 129.864 |
| | Sub-total | 129.864 |
| SCP/RAC | Med Trust Fund/EC Discretionary | 7.790 |
| | Other funding | 59.952 |
| | Sub-total | 67.742 |
| INFO/RAC | Med Trust Fund/EC Discretionary | 0 |
| | Other funding | 0 |
| | Sub-total | 0 |
| Total | Med Trust Fund/EC Discretionary | 163.976 |
| | Other funding | 455.569 |
| | Grand Total (in EUR) | 619.545 |
| | Percentage of MTF/EC Discr. over total funding | 26% |