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83rd Meeting of the Bureau of the Contracting Parties to the
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and the Coastal Region of the Mediterranean and its Protocols

Tirana, Albania, 25-26 October 2016

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, 2016

I. FINANCIAL SITUATION

1. As reported to COP 19, the MTF fund balance continued to be positive through 2015. The fund balance improved from a positive USD 2.5 million as at 31 December 2013 to USD 5.3 million¹ as at 31 December 2014 and USD 5.5 million² as at 31 December 2015 as per the interim financial statement provided by the UNEP HQs. As at mid-September 2016, UNEP HQs are in the process of having the 2014-2015 account reviewed by the UN Auditors, therefore, it is expected that the audited financial statement will be provided in October/November 2016. Some delays have been experienced in the issuance of the statement due to the complexity of combining data from the legacy system (IMIS) and the new system (Umoja) launched in June 2015, and aligning them to be compliant with IPSAS requirements.
2. The fund balance of the host country account (CAL) improved from a negative USD 53,000 as at 31 December 2014 to a positive USD 403,000 as at 31 December 2015 as per the interim financial statement provided by the UNEP HQs. This is mainly due to the receipt of outstanding balance of USD 93,000 from the 2014 contribution as well as the full 2015 contribution of USD 400,000 from the Host Country at the end of 2015. This amount will be allocated for the deficit recovery of USD 150,000 (USD 75,000 for each year 2014 and 2015) and reimbursement of expenditures temporarily charged to MEL in 2015.
3. The repayment of the USD 170,000 loan from UNEP HQs will be arranged in 2016 upon receipt of the 2016 Host Country contribution from the Government of Greece in accordance with the operational clause 5 of the Budget Decision (IG.22/20), “*Welcomes* the loan of USD 170,000 provided by UNEP HQs to ease the cash flow of the Host Government Contribution account and *requests* the Secretariat to reimburse it as soon as practical and to continue implementing the Host Government Contribution account recovery plan as adopted by COP 17.”
4. The collection rate of 2016 contributions to the Mediterranean Trust Fund already reached about 90% as early as June 2016 by having the majority of the Contracting Parties paid their contributions. This level of contribution is quite a remarkable achievement, compared to previous years and considering that COP 19 was held after the start of the 2016-2017 biennium and the assessed scale and budget were approved only in February 2016. Some discrepancies between the 2016 pledges and collections are due to the fact that some Parties have paid on the basis of the provisional invoices (or “notifications” as defined by the Bureau) deriving from the previous scale (see Annex I for more details).
5. The 2016 EU Discretionary Contribution was received in March 2016. The 2016 Host Country contribution is expected soon, since the Government of Greece informed that the internal process for the payment has already been initiated as well as for the assessed contribution for the Mediterranean Trust Fund.
6. Rule 42 of the Rules of Procedure of the Barcelona Convention stipulates that a Contracting Party that is more than twenty-four months in arrears with its contribution shall not be entitled to vote. This is further elaborated in Procedure 4 of the Financial Regulations and Rules and Procedures, Decision IG 21/15 of COP 18.
7. As of 15 August 2016, two countries had arrears for over 24 months (see Annex I for more details) and in light of the above, the Secretariat has taken the following course of action as discussed and agreed at the 82nd Bureau meeting:
 - a. Libya EUR 463,662 (arrears since 2011)
The Secretariat sent a letter on 27 June 2016 proposing the re-payment of the outstanding arrears in five yearly instalments of 92,732.42 Euros each in accordance with Procedure 4, para. 2 (e) of the Financial Regulations and Rules and Procedures. The Secretariat has

¹ The figure is exclusive of unpaid pledges for 2014 recorded as income by the UNEP HQs.

² The figure is exclusive of unpaid pledges for 2015 recorded as income by the UNEP HQs.

used all opportunities to continue the dialogue with the Libyan Authorities towards an agreed payment schedule and report to the 84th Bureau meeting on the progress achieved.

- b. Syrian Arab Republic EUR 75,168 (arrears since 2011)
The Secretariat sent a letter on 29 June 2016 seeking the assistance of the Minister of the State for Environmental Affairs in expediting the payment of the contribution for 2016 as well as that of outstanding contributions from the previous years, in light of the solution found by the Syrian Focal Point - after the MAP Focal Points meeting in Athens in October 2015 - to channel the contribution through UNDP Damascus. The Secretariat contacted UNDP Damascus which confirmed the feasibility of such an option. The Secretariat will continue following up on this matter and report to the 84th Bureau meeting on the progress achieved.

Proposed Recommendations:

- (a) The Bureau notes with appreciation the high level of contributions received for the year 2016 as early as June and requests those Contracting Parties which have not done so to pay their 2016 contributions and arrears as soon as possible.**
- (b) The Bureau takes note of the actions taken by the Secretariat for the two cases of arrears for over 24 months and requests the Secretariat to continue its efforts to collect the arrears and report to the Bureau and to the Contracting Parties on the outcome of its actions.**

8. With regards to the expenditures as at 15 August 2016, approximately 24% is spent from the Mediterranean Trust Fund budget, 17% from the EC Discretionary, and 70% from the host country account. For the administrative costs, which are usually charged to the host country account, MEL will be temporarily charged until the 2016 contribution from the Government of Greece is received. This was also the case in 2015, as discussed at the 78th Bureau meeting (document UNEP/BUR/78/7, paragraph 10. iv³).

9. In accordance with paragraph 7 of COP 18 decision on the Programme of Work and Budget (Decision IG.21/17), a working capital reserve was established in July 2014 at the level of 15 percent of the annual expenditures and a total EUR 831,000 was transferred to it by the end of 2015 and the same amount is retained to date.

II. CONSULTANCY REPORTING

10. Consultants have been hired in line with the Programme of Work of Budget approved by COP19. During January to August 2016, 27% of the consultancy was funded by the MTF/EU Discretionary funding as shown in the summary consultancy table (Annex II).

III. PERSONNEL MATTERS

11. The status of recruitment is summarized below:

P5 Deputy Coordinator (Position No: 30600864): The post was advertised in the UN recruitment system INSPIRA for 60 days with a deadline for applications of 7 February 2016. The selection is in the final stages.

³ "vi. acknowledge the implications of the Umoja system for the financial management of UNEP/MAP, take note that, within the financial rules and regulations and Umoja procedures, some operational expenses may be temporarily charged to MTF within the given year on cost-neutral basis until the yearly Host Country contribution is realized, and request the Secretariat to report on this matter when such charges may have occurred."

P4 Programme Officer (Governance) (Position No: 30600865): the selected candidate, Mr. Ilias Mavroeidis (Greek national) reported for duty on 22 June 2016.

P3 Legal Officer (Position No: 30605901): the selected candidate, Ms Luisa Rodriguez Lucas (Spanish national) reported for duty on 26 August 2016.

P3 Pollution Officer (Position No: 31005935): The post was advertised in INSPIRA for 60 days with a deadline for applications of 14 May 2016. Recruitment is underway.

P3 Socio-economic Activities/Sustainable Development Officer (Position No: 31003291): The post was advertised in INSPIRA for 60 days with a deadline for applications of 22 May 2016. Recruitment is underway.

G6 Budget Assistant (Position No: 30606488): Mr. Panagiotis Kalogirou was transferred to another UNEP Office and separated from UNEP/MAP as at 30 June 2016. The preparation for advertising the post was actively completed by the Secretariat and the case is at the HQs for advertisement.

12. The Secretariat expects that the pending recruitment processes are completed by the Spring of 2017.

13. In implementing the 2016-2017 Programme of Work, a number of areas in which there are gaps in the human resources allocations and the actual workload and required functions have been identified. As was acknowledged at the 82th Bureau meeting, the areas in which the human resources are mostly needed are: information and communication and resources mobilization. In addition, in the course of a recent procurement exercise, the need for an Information and Technology Assistant has been identified to replace the current arrangement of subcontracting a vendor in order to better liaise with the UNEP HQs in implementation of its IT policy. In recent years, the Secretariat has been making a maximum effort in mobilizing external resources in delivering required functions so as to make the best use of the MTF funding including temporarily financing P3 Pollution Officer with project funds in 2016-2017. However, in order to deliver the Programme of Work in a most effective and consistent manner, a longer-term solution needs to be explored and the Secretariat would be grateful for the advice of the Bureau. In addition to the above, the Secretariat is seeking to secure other necessary human resources through the Junior Professional Officers Programme (JPO), non-reimbursable loan of experts' scheme, and UN Volunteer programme.

Proposed Recommendation:

The Bureau takes note of the status of recruitment at the Coordinating Unit and in addition, it encourages the Contracting Parties who may be able to do so to contribute human resources to the Secretariat in the areas that are mostly needed such as information and communication, and resource mobilization, through JPO and other similar schemes and to consider an increase in the allocation of funds to the required human resources for the effective and consistent delivery of the Programme of Work.

IV. OTHER MATTERS

14. The Secretariat and the Host Country (Government of Greece) advanced the discussion regarding identification of new adequate premises to relocate the Secretariat from its current temporary location. A number of options have been explored and the Secretariat is waiting for the final proposals to be presented by the Host Country in September/October 2016.

Annex I
Status of 2015 contributions as at 31/08/2016

Status of 2016 contributions as at 31/08/2016

Country	Unpaid Pledges for 2015 and Prior years	Pledges for 2016	Collections for 2016	Unpaid Pledges for 2016
	EUR	EUR	EUR	EUR
Albania	0	3,217	0	3,217
Algeria	51,786	64,746	0	64,746
Bosnia & Herzegovina	0	5,228	5,228	0
Croatia	0	39,813	39,813	-1,950
Cyprus	0	17,292	17,292	0
Egypt	0	61,126	0	61,126
European Union	0	142,670	142,670	0
France	0	1,954,037	1,853,829	100,208
Greece	0	189,412	0	189,412
Israel	0	172,924	131,256	41,668
Italy	0	1,507,250	1,507,250	0
Lebanon	4,068	18,499	0	18,499
Libya	463,662	50,268	0	50,268
Malta	0	6,434	0	6,434
Monaco	0	4,021	4,021	0
Montenegro	0	1,609	0	1,609
Morocco	194	21,716	0	21,716
Slovenia	0	33,780	33,780	0
Spain	0	982,447	982,447	-2,969
Syrian Arab Republic	75,168	9,652	0	9,652
Tunisia	0	11,260	0	11,260
Turkey	0	409,387	409,387	0
T O T A L	594,879	5,706,788	5,126,973	574,896

Additional Contributions for information only

	Expected contribution	Received contribution
European commission	596,484	596,484

	Expected contribution	Received contribution
Greece	378,000	

*The negative balance shows that the Contracting Party paid based on the provisional invoice which is more than the final amount approved by COP19. The excess will be deducted from the 2017 invoice.

Annex II
Table of Consultancy Costs

Consultancy costs between 1 January - 31 Aug 2016 (in EUR)		
Component	Description	Jan to Aug
C.Unit	Med Trust Fund/EU Discretionary	10,000
	Other funding	106,640
	Sub-total	116,640
MEDPOL	Med Trust Fund/EU Discretionary	46,500
	Other funding	98,000
	Sub-total	144,500
BP	Med Trust Fund/EU Discretionary	25,000
	Other funding	153,950
	Sub-total	178,950
PAP	Med Trust Fund/EU Discretionary	113,000
	Other funding	31,000
	Sub-total	144,000
REMPEC	Med Trust Fund/EU Discretionary	27,162
	Other funding	10,728
	Sub-total	37,890
SPA	Med Trust Fund/EU Discretionary	12,500
	Other funding	88,335
	Sub-total	100,835
SCP	Med Trust Fund/EU Discretionary	0
	Other funding	139,272
	Sub-total	139,272
Total	Med Trust Fund/EU Discretionary	234,162
	Other funding	627,925
	Grand Total (in EUR)	862,087
	Percentage MTF/EU over total	0.27

*Vendors and Implementing Partners are included under some Components.

**Aug 2016 UN exchange rate of 0.895 was applied for the contracts in USD.