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84th Meeting of the Bureau of the Contracting Parties to the
Convention for the Protection of the Marine Environment
and the Coastal Region of the Mediterranean and its Protocols

Athens, Greece, 19-20 June 2017

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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I. FINANCIAL SITUATION

1. As reported to COP 19, the MTF fund balance continued to be positive through 2016. The fund balance increased from USD 5.8 million¹ as at 31 December 2015 to USD 6.3 million as per the interim financial statement provided by the UNEP HQs. This figure includes the balance of 2016 budget which is expected to be expended in 2017 as well as USD 1.4 million Working Capital Reserve which has been increased from the level of USD 1.1 million in 2014-2015 as decided at the COP19 held in Athens in February 2016.

2. The fund balance of the host country account (CAL) increased from USD 403,000 as at 31 December 2015 to USD 552,000 as at 31 December 2016 as per the interim financial statement provided by the UNEP HQs. This amount includes part of the 2016 rent to the National Research Institute which was only accounted in 2017, the deficit recovery for last three years, and some administrative costs temporarily charged to MEL in 2015 prior to the receipt of the host country contribution. Reimbursement of the administrative costs to MEL has been delayed due to the complication of the Umoja accounting procedure, and therefore, the equivalent amount of the CAL is expected to be used to off-set the amount borrowed from MEL in 2015.

3. The full repayment of the USD 170,000 loan to the CAL account from UNEP HQs has been requested to the HQs 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 reached 97.37%. And for 2017, it has reached 64.45 % as at end April 2017.

5. The 2017 EU Discretionary Contribution was received in May 2017. The Host Country contribution is usually paid around summer while the Government of Greece is making its maximum effort to initiate the payment the soonest possible.

6. As of 30 April 2017, 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 513,931 (arrears since 2011)

The Secretariat sent a letter on 27 June 2016 in October 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. A letter for the transmission of the Invoice dated 04 October 2016 was sent in November 2016. The Secretariat has 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 84,820 (arrears since 2011)

Regarding the payment of arrears, as informed at the last Bureau meeting, 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

¹ The figure is exclusive of unpaid pledges for 2016 and previous years recorded as income by the UNEP HQs as well as the balance set aside as working capital reserve.

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 and the promising collection rate in 2017 as at end April. It requests those Contracting Parties which have not paid their 2017 contributions and arrears to do so 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.**

7. With regards to the expenditures as at 31 December 2016, approximately 80% is spent from the Mediterranean Trust Fund budget, 90% from the EC Discretionary, and 100% from the host country account. 2017 cash advances have been disbursed to the RACs except for INFO/RAC which has experienced some delays in submission of the required project document for this purpose due to the recent change of the Director of the centre.

8. 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. With the overall increase of the budget in 2016-2017 from the previous biennium, an additional EUR 25,000 will be transferred to the reserve by the end of 2017, which makes the total of the reserve an equivalent of EUR 856,000.

9. Savings were accrued due to post vacancy and upon delivery of a number of 2016 Programme of Work outputs. These savings are to be used for delivering priority outputs in accordance with the Operational Clause 18 of the COP17 Decision on MAP Programme of Work and Budget for the 2012-2013 biennium, IG 20/24, UNEP(DEPI)/MED IG 20/8, approved in Paris in February 2012, which states: "Authorize the Coordinating Unit to make transfer of savings of one Main Activity of the approved budget to other Main Activity. In addition the Coordination Unit is authorized to reallocate resources up to 5% from one main activity to another in order to allow the completion of activities in the Programme of Work within the same MAP Component."

10. Savings of some USD 400,000 are expected to be achieved in 2016 -2017 biennium from the staff/personnel budget of the Secretariat due to the lengthy recruitment process experienced to fill in the vacancies. The Secretariat proposes to use this amount to strengthen the area of information and communication including a P3 staff post. A concrete proposal with a costing will be submitted to the MAP Focal Points meeting to be held in Athens in September 2017 for the consideration of the Contracting Parties, as part of the detailed draft Programme of Work and Budget.

II. CONSULTANCY REPORTING

11. Consultants have been hired in line with the Programme of Work of Budget approved by COP19. During January to December 2016 and January to April 2017 28% and 48% of the consultancy was funded by the MTF/EU Discretionary funding respectively as shown in the summary consultancy tables (Annex II).

III. PERSONNEL MATTERS

12. The status of recruitment is summarized below:

P5 Deputy Coordinator (Position No: 30600864): Ms Tatjana Hema (Albanian national) was promoted to the post and assumed her new functions as at 15 October 2016.

P4 Programme Management Officer (Med Pol) (Position No: 30600866): a recruitment exercise to fill the position on a temporary basis for 9 months was undertaken to enable the reclassification of the post and the related recruitment to take place in the meantime. The temporary post was advertised in INSPIRA for 7 days with a deadline for applications of 6 February 2017. The temporary recruitment and the reclassification of the post are underway.

P3 Pollution Officer (Position No: 31005935): the selected candidate, Mr. Erol Cavus (Turkish national) reported for duty on 2 May 2017.

P3 Socio-economic Activities/Sustainable Development Officer (Position No: 31003291): the selection process is in its final stages and it is expected that the selected candidate reports for duty in June 2017.

P3 Monitoring Officer (Position No: 31002533): Ms Virginie Hart, incumbent of this post, has submitted her resignation for personal reasons as of 16 June 2017. The recruitment process has just started.

G6 Budget Assistant (Position No: 30606488): the reclassification of the post is completed. The post is to be advertised in INSPIRA shortly.

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 area in which the human resources are mostly needed is in information and communication. 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 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 location. A number of options are currently being explored so as to finalize the transfer of the premises in the course of 2017.

Annex I
Status of 2016 and 2017 contributions as at 30/04/2017

Status of 2016 contributions as at 30/04/2017

Country	Unpaid Pledges for 2015 and Prior years	Pledges for 2016	Collections for 2016	Unpaid Pledges for 2016
	EUR	EUR	EUR	EUR
Albania	-	3,217	3,217	0
Algeria	-	64,746	45,367	19,379
Bosnia & Herzegovina	-	5,228	5,228	-264
Croatia	-	39,813	39,813	-1,950
Cyprus	-	17,292	17,292	0
Egypt	-	61,126	0	61,126
European Union	-	142,670	142,670	0
France	-	1,954,037	1,853,829	0
Greece	-	189,412	189,412	0
Israel	-	172,924	131,256	0
Italy	-	1,507,250	1,507,250	0
Lebanon	-	18,499	9,853	8,646
Libya	463,662	50,268	0	50,268
Malta	-	6,434	6,434	0
Monaco	-	4,021	3,978	0
Montenegro	-	1,609	43	0
Morocco	-	21,716	1,609	-48
Slovenia	-	33,780	20,623	1,093
Spain	-	982,447	33,146	0
Syrian Arab Republic	75,168	9,652	634	0
Tunisia	-	11,260	982,447	-2,969
Turkey	-	409,387	409,387	9,652
T O T A L	538,830	5,706,788	5,556,623	141,573

**

97,37%

Additional Contributions for information only

	Expected contribution	Received contribution
European Commission	596,484	596,484

	Expected contribution	Received contribution
Greece	378,000	353,794

* Difference is due to exchange rates fluctuations.

** The Contribution of Greece for the year 2016 was received on 30 December 2016 and was recognized by UNEP HQs in January 2017

*** The amount of Euro 41,668 of the Contribution of Israel for 2016 was received in January 2017

**** The Contribution of Tunisia for 2016 was received in January 2017.

***** The Contribution of Lebanon for 2015 and part of 2016 was paid in March 2017.

Status of 2017 contributions as at 30/04/2017

Country	Unpaid Pledges for 2016 and Prior years	Pledges for 2017	Collections for 2017	Unpaid Pledges for 2017
	EUR	EUR	EUR	EUR
Albania	-	3,217	3,217	-
Algeria	19,379	64,746	-	64,746
Bosnia & Herzegovina		5,228	407	-
			4,821	-
Croatia	-	39,813	1,950	-
	-	-	37,863	-
Cyprus	-	17,292	17,292	-
Egypt	61,126	61,126	-	61,126
European Union	-	142,670	142,670	-
France	-	1,954,037	1,954,037	-
Greece	-	189,412	-	189,412
Israel	-	172,924	-	172,924
Italy	-	1,507,250	1,507,250	-
Lebanon	8,646	18,499	-	18,499
Libya	513,930	50,268	-	50,268
Malta	-	6,434		6,434
Monaco	-	4,021	4,021	-
Montenegro	-	1,609	1,609	0
				-3,218
				-48
Morocco	1,093	21,716	-	21,716
Slovenia	-	33,780	-	33,780
Spain	-	982,447	2,969	979,478
Syrian Arab Republic	84,820	9,652	-	9,652
Tunisia	-	11,260	-	11,260
Turkey	-	409,387		409,387
T O T A L	688,994	5,706,788	3,678,106	2,025,416

64.45%

Additional contributions for information only

	Expected contribution	Received contribution
European Commission	596,484	596,484

	Expected contribution	Received contribution
Greece	378,000	-

The negative balances show that the Contracting Party paid more than the obligated amount and the excess will be deducted from the next Invoice.

* Montenegro double paid the contributions for 2016 & 2017 on 12 January 2017.

Annex II
Table of Consultancy Costs

Consultancy costs between 1 January – 31December 2016 (in EUR)		
Component	Description	Jan to Dec
C.Unit	Med Trust Fund/EU Discretionary	39,440
	Other funding	164,101
	Sub-total	203,541
MEDPOL	Med Trust Fund/EU Discretionary	79,532
	Other funding	104,400
	Sub-total	183,932
BP	Med Trust Fund/EU Discretionary	50,000
	Other funding	186,975
	Sub-total	236,975
PAP	Med Trust Fund/EU Discretionary	134,188
	Other funding	57,782
	Sub-total	191,970
REMPEC	Med Trust Fund/EU Discretionary	45,868
	Other funding	47,050
	Sub-total	92,919
SPA	Med Trust Fund/EU Discretionary	58,200
	Other funding	118,185
	Sub-total	176,385
SCP	Med Trust Fund/EU Discretionary	0
	Other funding	379,080
	Sub-total	379,080
Total	Med Trust Fund/EU Discretionary	407,228
	Other funding	1,057,574
	Grand Total (in EUR)	1,464,802
	Percentage MTF/EU over total	0.28

* Vendors and Implementing Partners are included under some Components.

** December 2016 UN exchange rate of 0.956 was applied for the contracts in USD.

Consultancy costs between 1 January - 30 April 2017 (in EUR)		
Component	Description	Jan to Apr
C.Unit	Med Trust Fund/EU Discretionary	25,000
	Other funding	15,222
	Sub-total	40,222
MEDPOL	Med Trust Fund/EU Discretionary	42,608
	Other funding	15,308
	Sub-total	57,916
BP	Med Trust Fund/EU Discretionary	10,000
	Other funding	23,750
	Sub-total	33,750
PAP	Med Trust Fund/EU Discretionary	73,830
	Other funding	61,596
	Sub-total	135,426
REMPEC	Med Trust Fund/EU Discretionary	2,137
	Other funding	0
	Sub-total	2,137
SPA	Med Trust Fund/EU Discretionary	23,983
	Other funding	29,682
	Sub-total	53,665
SCP	Med Trust Fund/EU Discretionary	0
	Other funding	46,022
	Sub-total	46,022
Total	Med Trust Fund/EU Discretionary	177,558
	Other funding	191,579
	Grand Total (in EUR)	369,137
	Percentage MTF/EU over total	0,48

* Vendors and Implementing Partners are included under some components.

** 2nd half of April 2017 UN exchange rate of 0.942 was applied for the contracts in USD.