

**NOTE TO CITES FINANCE AND BUDGET SUBCOMMITTEE ON
THE ALLOCATION AND UTILIZATION OF PROGRAM SUPPORT COST**

Background

1. CITES secretariat management in their report to COP-18 submitted that USD 200,000 being bills of common services for their office (largely security costs plus other services charged by third parties) had not been settled. The parties sought clarity regarding the sharing of programme support income between UNEP and CITES secretariat, and settlement of bills.
2. CoP18 resolution, 18.1 on “financing and costed programme of work for the Secretariat for the triennium 2020-2022” and paragraph 5 requested the Secretariat to liaise with the United Nations Environment Programme (UNEP) in order for UNEP to provide to the Standing Committee at its 73rd meeting the cost allocation of the share of the Programme Support Costs and information on the common services breakdown, recalling the Memorandum of Understanding between the Standing Committee and the Executive Director of UNEP concerning the provision of Secretariat services to the Convention. This note has been prepared in response.
3. UNEP and CITES Secretariat have jointly reviewed all administrative bills and identified those still outstanding of USD 232,309.
4. This note has been prepared to provide some background on how administrative costs are funded and the proportions charged between UNEP and MEA secretariats, including CITES, and to propose settlement of the common services bills still outstanding.
5. According to the MOU signed between UNEP and CITES Standing Committee in August/September 2011, paragraphs 17 and 18 prescribe the sharing methodology of PSC funding central administrative services, including those performed by UNON and OIOS. UNEP’s Executive Director continues to allocate an appropriate share of program support income, not less than 67%, to the Secretariat for settlement of common administrative costs. The balance of 33% is retained by UNEP to meet core administrative costs incurred by the Multi-lateral Agreements (MEAs) and Divisions.

Classification of Administrative costs

6. Since the adoption of Umoja in 2015, administrative costs are classified into two broad categories: core costs and common costs. Therefore, the definition of central administrative costs as defined the 2011 MOU needs to be interpreted in this context as explained in paragraphs 7 and 8 below.
7. Core costs, are predominantly overhead indirect costs, such as policy related expenses pertaining to Finance, Human Resource, Procurement amongst other administrative services. Costs arising from the *standard periodic audits* for both Office of Internal Oversight Service (OIOS) and Board of Audit (BOA) are also classified under core costs. These costs are settled centrally by UNEP’s Corporate Services Division from the 33% allocation of PSC. The detailed list of core costs which are centrally settled by UNEP Corporate Services, though not exhaustive, is attached as Annex I.

8. Common costs, on the other hand, also known as direct costs, are *directly attributable to an MEA and incurred in the course of program execution*. Common costs include those pertaining to services provided by third parties other than UNEP such as rent, utilities, security, administrative staff costs, pouch, IT, communication expenses as well as costs arising from special audits or investigations etc. These costs are settled from the 67% allocation of Program Support Service allocated to the MEA.

Umoja costs

9. The new Enterprise Resource Planning tool (ERP), Umoja, processes all administrative business transactions from a common platform. This comes with associated license fee cost that is recovered by UNHQ based on a predetermined formula; presently, the number of active staff members provisioned to use the application. This cost is settled by all entities serviced by Umoja including UNEP. Umoja related transactional costs are classified as common or direct costs due to their nature because they are directly incurred by MEAs and thus settled from their share of 67%. These transactional costs include payroll, financial, human resource, procurement and other administrative business processes.
10. There has been a recent increase in the Umoja license fee that is borne by all UNEP offices including MEAs due to a change in the cost apportionment formulae; currently determined by the number of staff provisioned to use the ERP. The entire CITES Secretariat staff has been granted access to Umoja in order to process mandatory administrative requirements such as annual leave and other programmatic processes.
11. This increased cost has been settled from the program support share allocated to the offices, CITES included. A request is hereby made to consider charging this recurring cost to core assessed funds thereby alleviating the existing burden on the program support cost resource.

Recommended Action

12. The Standing Committee to:
- To take note of the evolution of central administrative costs following the adoption of Umoja, in particular, the classification into **core** and **common** administrative costs, to be interpreted and applied in the new context.
 - Authorize the settlement of bills still outstanding since 2018.
 - Consider recommending supplementary funding of future administrative costs from core budget whenever PSC is inadequate.

SUMMARY OF BILLS 2018-2021

A BILLS SETTLED FROM CORE BUDGET

Category	2018	2019	2020	2021	TOTAL
Rent	78,753	78,819	78,253	0	235,824

Security	45,013	50,718	48,021	0	143,752
TOTAL	123,765	129,537	126,274	0	379,576

B BILLS OUTSTANDING

Category	2018	2019	2020	2021	TOTAL
Other Services	75,892	85,968	54,680	15,769	232,309
TOTAL	75,892	85,968	54,680	15,769	232,309

Annex I

UNEP's core services in support of the Convention on International Trade in Endangered Species of Wild Flora and Fauna

The table below provides the list of core administrative and support services provided by United Nations Environment Programme (UNEP) in support of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES). Core administrative and support services are those services provided by UNEP against the 33% share of the programme support costs income attributable to all CITES trust funds. The list of core services is not exhaustive and may include additional core services, that may arise due to changes occasioned by administrative developments including but not limited to those arising from the implementation of Enterprise Resource Planning (ERP) systems. The table below is without prejudice to the delegation of authority from the Executive Director of UNEP to the Executive Secretary of CITES.

Service Category	Description
Policy, guidelines, and procedures	<p>All policies concerning administrative arrangements are governed by the United Nations General Assembly resolutions and those of United Nations Environment Programme's governing body. United Nations Financial Regulations and Rules supplemented by Multilateral Environmental Agreements' and entities' financial procedures or rules ensure effective and efficient use of resources in accordance with the purposes for which funds are provided, within authorized limits and available income. The United Nations Financial Regulations and Rules also regulate the organization's procurement activities.</p> <p>United Nations Staff Regulations and Rules set the framework within which United Nations Environment Programme's personnel, including different categories of staff members, consultants, and independent contractors, are recruited, and administered.</p> <p>United Nations Secretariat policies supplement and provide details on the implementation of the resolutions and regulations. They are embodied in United Nations administrative issuances i.e. Secretary-General's Bulletins, Administrative Instructions and Information Circulars which may be further interpreted and translated into guidelines and procedures for day to day operations.</p>
Human Resources	Recruitment and performance management.

Service Category	Description
<i>Talent Acquisition and Management</i>	Developing staffing plans and implementing related recruitment activities namely classification, vacancy announcement, assessments, evaluation, review, and selection.
<i>Staff Administration</i>	Advise on staff, on-boarding administering contracts, processing entitlements and benefits, review, and update of dependency status, leave records, lateral move, separation from service etc. Advise on Administering end-of-service and post-retirement benefits including pension fund deductions and After Service Health Insurance scheme.
<i>Staff development and training</i>	Mandatory online ethics and integrity training, competency based interviewing skills, management development programme etc. Identify capacity building needs and provide opportunities for continuous learning with a view to build a multi-skilled workforce promoting career development for staff. These include in-house developed training modules on Results Based Management and Gender Mainstreaming, among others.
<i>Performance Management</i>	Implementing and monitoring compliance with performance management policies, process, and tools (INSPIRA) to reward/recognize/retain staff and address underperformance. Supporting rebuttal process guidance and conducting training on writing workplans and performance assessments. Managing the Financial Disclosure programme.
Budget and Finance	Review, management, oversight and reporting of budgets and financial resources of the governing bodies and donors.
<i>Budgeting / Fund Management</i>	Review, support on presenting and justifying budgets to the governing bodies. Process budgetary authorizations and financial transactions. Advise staff, management, and governing bodies on the use of financial resources. Create, maintain, and close Trust Funds.
<i>General Accounting / Financial Statements</i>	Authority to sign the consolidated financial statements rests with the Executive Director. Extracts from the consolidated statements are signed by UNON. Maintenance of accounts and preparation of Financial Statements including the Programme Support account. Advise on processing accounting entries/adjustments including donor refunds; year-end accruals; statutory reporting and support to the annual external audit.
<i>Payments / Expenditure</i>	Advise on the processing of payments to Implementing Partners, consultants, vendors, and meeting participants as well as advise on monitoring advances and recording expenditures from financial reports received from Implementing Partners.
<i>Payroll</i>	Advise on processing payment of salaries, entitlements, related advances, and maintenance of payroll accounts.
<i>Contributions /Cash Management</i>	Authority to accept contributions from the Parties rests with the United Nations Environment Programme Executive Director. Advise on issuance of invoices to Parties, recording and monitoring contribution receivables, processing contributions upon receipt of payments; reconciling applied deposit accounts.
<i>Treasury/Banking/ Investment</i>	Advise on the receipt and disbursement of funds, House Bank management, bank reconciliations, maintenance of banking details for staff, vendors, implementing partners and consultants. Investment of United Nations Environment Programme funds in the right products is managed by UNHQ Treasury.
<i>Oversight</i>	Coordinate internal audit, investigation, inspection, and external audit.
Legal	Legal advice, opinions, and representation in the Internal Justice System.

Service Category	Description
<i>Advisory and Representation</i>	<p>Provision of corporate legal advice and institutional support.</p> <p>Representing the organisation before the Management Evaluation Unit with regards to requests filed by staff members. Representing the organisation at the United Nations Dispute Tribunal (UNDT) and provision of support to the Office of Legal Affairs with regards to appeals filed at the United Nations Appeals Tribunal.</p> <p>Negotiating settlements of claims; provision of legal support and advice in mediation, reconciliation, and arbitration.</p> <p>Legal and institutional support in disciplinary procedures; provision of legal advice in cases of alleged misconduct and relevant investigations.</p> <p>Reviewing and clearing Host Country Agreements and legal instruments in accordance with the Delegation of Authority Policy and Framework for the Management and Administration of Multilateral Environmental Agreements.</p> <p>Provision of legal advice on human resources issues e.g., interpretation of the Staff Regulations and Rules, advise on outside activities, separation from employment, settlements.</p> <p>Coordinating audits, inspections and evaluations undertaken by the Office of Internal Oversight Services.</p> <p>Providing advice on engaging with implementing partners, provision of templates for this purpose.</p>
Support Services	Services to support operations including office space, premises, host country arrangements and protocols.
<i>Contracts and Procurement</i>	Supervising procurement related functions and providing advice on procurement proposals of significant financial or operational impact; reviewing the proposed strategy/approach to best serve office's interests. Providing oversight over the service providers. Representation at the High-Level Committee on Management Procurement Network on development of policies and procedures of interest to the office. Liaising with the contracts committee for the preparation and presentation of cases for approval and addressing to follow-up queries. Provision of general contract administration services including amendment, extension, or closure.
<i>Inventory / Asset Management</i>	Provision of services to manage inventory of equipment items and assets including bar coding, maintain records and track movement of items; conduct physical inventories; process the disposal of obsolete and unserviceable items.
<i>Travel, Shipping and Visa</i>	Providing advice on developments in Secretariat travel policies and procedures. This includes advice on shipping services, handled through external vendors under contracts encompassing all aspects of incoming and outgoing official shipments of organizational goods and property as well as staff members' personal effects during recruitment, transfer and separation.
<i>Facilities Management</i>	Advising on the provision of comfortable and efficient working environment for the staff.
<i>Mail Pouch</i>	Advising on different mail services i.e postal, international express courier and diplomatic pouch, including but not limited to cost, transit days, document preparation, etc.
<i>Archives/Document Management</i>	<p>Advising on and overseeing the implementation of policies for the management of archives in accordance with established archival standards and practices.</p> <p>Advise on Maintaining and managing archives.</p>

Service Category	Description
<i>Enterprise Resource Programme (ERP) – Umoja</i>	<p>Advising on all aspects of workflow analysis, business process reengineering and organizational transformation.</p> <p>Managing core transformational activities connected to the Umoja implementation and system life cycle. Providing training and guidance on Umoja functionality, access, and modality for the execution of administrative processes.</p>
<i>Enterprise Risk Management (ERM) and Internal Controls</i>	Implementation of the United Nations Secretariat ERM policy and framework, its monitoring and development. Advise on developments and activities related to the life cycle of ERM. Liaison directly with the UN Secretariat's Department of Management for all issues relating to ERM and IC implementation and update of the ERM treatment plan.
Information and Communications Technology	Computing, telecommunications, office automation, infrastructure support including electronic mail as well as consulting, advisory and help desk services.
<i>ICT Infrastructure and services</i>	<p>Advising on the Provision of secure infrastructure services such as internet connectivity and Wi-Fi access; local area network and systems directory services; office computer, standard software productivity tools and security software; email, file storage and sharing, print, IP telephony; computer and video conference services. Provision of cloud and on-premise hosting services for websites, software applications, and databases.</p> <p>Access to corporate internet/intranet and mail systems.</p>
<i>Software development and maintenance</i>	Providing advice from tactical, operational, and strategic aspects with consideration to the specific needs of the office. Making recommendations on cost effective options e.g. outsourcing or in-house IT services. Provision of customised / off the shelf software applications to support the specific needs of office.
<i>Help desk services</i>	Provision of local and global services to staff in resolving various IT related issues for the UN enterprise applications.

Annex 2

Detail on outstanding bills

YEAR	2018	2019	2020	2021	TOTAL
Cost Category					
Direct costs to be settled from 67% or alternatively CITES core fund					
Expense report	40.00	240.00	200.00	0.00	480
Travel authorization	1,160.00	0.00	0.00	0.00	1,160
Travel TPO		200.00	0.00	0.00	200
Travel cost estimate		40.00	40.00	0.00	80
Staff Training	1,400.00	0.00	0.00	0.00	1,400
Total Direct costs	2,600	480	240	0.00	3,320
Additional Direct costs to be settled from 67% or alternatively CITES core fund					
Special Pouch	1086.91	6,993.21	0.00	0.00	8,080
Express Mail - Direct Cost	234.73	4,107.19	1307.11	1630.07	7,279
Express Mail - handing		915.87	349.35	60.00	1,325
Postal Mail - Direct Cost	4.72	77.14	38.19	0.00	120
Stationery services	858.50	1,315.04	473.35	0.00	2,647
Family certificates	42.00	0.00	0.00	0.00	42
Medical Services & Staff Welfare	2,232.00	0.00	0.00	0.00	2,232
Messenger	2,725.80	0.00	0.00	0.00	2,726
Centralized data	6,815.51	115.00	476.1	365.70	7,772
Network and Internet Connectivity	3,015.87	10,594.40	6293.7	2,097.90	22,002
Standard Software Package	5,929.62	0.00	0.00	0.00	5,930
Personal computing package		47,514.32	42,157.50	11,278.50	100,950
Multi-Function Printer Services	1,151.73	8,427.05	2,030.27	0.00	11,609
Security	0.00	0.00	0.00	0.00	0.00
IEH Shared ground floor/server room/prayer room/yoga	527.38	0.00	0.00	0.00	527
Bluezone file sharing	0.00	8.80	0.00	0.00	9
Wifi Maintenance	0.00	1,314.90	1,314.00	337.20	2,966
1st -3rd quarter pending payments	48,667.45	0.00	0.00	0.00	48,667
UNLP	0.00	1010.30	0.00	0.00	1,010

Customs clearance		3094.76			
Total Additional costs	73,292	85,488	54,440	15,769	228,989
YEAR	2018	2019	2020	2021	TOTAL
Total CITES bill	75,892	85,968	54,680	15,769	232,309
<i>Total bill GENEVA office</i>	<i>1,192,361</i>	<i>1,527,379</i>	<i>1,461,595</i>	<i>384,715</i>	4,566,049
% CITES bill	6%	6%	4%	4%	5%