

Report of the Working Group Meeting on the Procedures for Finance, Administration and Planning for the Asia and Pacific Plant Protection Commission (APPPC)

21-23 July 2008, Bangkok, Thailand

List of recommendations

Basis for mandatory contribution system

(a) The recommendation concerning the level of mandatory contributions is to base the contributions on the UN scale. This is proposed because:

- FAO follows UN systems,
- APPPC is an “Article XIV body” of FAO,
- the systems are well understood, agreed to by FAO members and reviewed and amended regularly.

Procedural rules

(b) It was decided to recommend that the Legal Office prepare drafts of rules of procedure for the management of the Commission and financial rules for the operation of the Commission. These will be based on the principles and directives for the management of “Article XIV bodies” (Part R of the FAO Basic Text) and the Plant Protection Agreement for the Asia and Pacific Region. See attachment.

Contribution levels

(c) The contribution levels for each contributing country are expressed as percentages of the total budget. The percentages are based on the UN scale of contributions with the 22% limit in line with the UN General Assembly rule adopted in 2000 as well as consideration of the ability of the Least Developed Countries (LDC) to contribute. It was felt that this formed a system that was as fair and equitable as possible. The regular review of the UN scale also provides assurance of continuing consideration of changes in the status of members.

The dollar amounts of the mandatory contributions from the estimated budget are indicative and not actual or agreed to. They are added to provide APPPC members with information on what contributions would be needed for a limited work programme.

1. Introduction

Dr He Changchui, Assistant Director-General and Regional Representative for Asia and the Pacific welcomed the participants to the meeting and to Bangkok.

Dr He opened his introduction by stressing the elements of change in recent past of the APPPC. He mentioned the developments of the Commission including the increasing participation of APPPC members over recent years and the preparation and adoption of regional standards for phytosanitary measures. The development of the activities of the Commission is clearly evident in the report of the 25th session of the Commission in 2007.

The administrative arrangements of the Commission will change with the coming into force of the 1983 amendments concerning mandatory contributions for funding the Commission. This meeting will be discussing the procedures for budgeting, planning, and accounting for dealing with these funds – in particular the setting of the level of funding contributions. The meeting will be considering the business plan agreed to at the 25th session of the Commission and relate this to the proposed budget and level of mandatory contributions from members.

Dr He wished the Group constructive discussions in preparing a draft document for consideration of the 26th session of the Commission in India.

2. Participants

Participants from China, India, Malaysia, New Zealand, Republic of Korea, Sri Lanka, Thailand and Viet Nam attended the APPPC working group. The Senior FAO Legal Officer provided legal advice to the meeting (Annex 1).

3. Discussion on the agenda of the meeting

The agenda was introduced and discussed (Annex 2).

Mr Piao Yongfan, the Secretary of the Commission, briefly stated the purposes of the meeting. He said that the Commission's last session held in Beijing in 2007 set up this working group whose meeting would be held in 2008 with key participants consisting of the Chair, Vice Chairs, Standing Committee Chairs, Australia and the Republic of Korea. He then gave details about the documents distributed to the participants, indicating that additional inputs would be given during the course of the meeting.

Dr John Hedley, chairman of the meeting, said that this meeting was important in making recommendations to the Commission on the level of mandatory contributions and business arrangements to enable its members to accomplish more things than in the past. So far APPPC had to depend mostly on FAO's inputs. With the imminent coming into force of the amendments, APPPC hoped to have some reasonable funds to finance its activities.

To achieve this, it was crucial to get support from the members. He brought to the attention of the participants to the fact that the Commission already had some achievements including several regional standards. It proved that the Commission members could work together to produce valuable contributions to plant protection in the region.

With the mandatory contributions, APPPC would be able to finance more meetings and additional staff to assist the Secretary in his efforts to support the Commission's various activities.

Dr Hedley hoped that this meeting would be able to set forth some system which was flexible for implementation. The participants would also have to come up with a clear report for their colleagues at the next session which would be held in 2009 in either Hyderabad or New Delhi.

4. Introduction to the legal issues associated with coming into force of the 1983 amendments

Mr Jean-Pierre Chiaradia-Bousquet, Senior FAO Legal Officer, recalled that the establishment of the APPPC was to deal with specific plant protection issues at the suggestion of the United Kingdom. The agreement was established under Article XIV of the FAO Constitution and the Commission is an RPPO in the sense of Article IX of the IPPC. The Commission is within the FAO and therefore the FAO rules apply. The rules state that Article XIV bodies can have financial rules as long as they follow the basic rules of the FAO.

Mr Chiaradia-Bousquet noted that this meeting is being held to begin the implementation of the 1983 amendment. These amendments that, hopefully, are about to come into force were:

- i) adopted by the Commission,
- ii) reviewed by the by the Committee on Constitutional and Legal Matters (CCLM), and then
- iii) approved by the Council of FAO.

Each country takes on additional obligations when there are amendments to the APPPC agreement. Such amendments can be slight and have little or no effect on members (e.g. the expansion of the area of APPPC to include China) but other amendments can introduce additional obligations – such as financial contributions. The amendments that introduce new obligations need to be accepted by two thirds of the contracting governments and will only apply to those that have accepted them. In the case of the APPPC and the amendments concerning mandatory contributions, the two thirds can be reached by the acceptance of Thailand or the withdrawal of the United Kingdom.

Mr Chiaradia-Bisquet then discussed the situation that some contracting governments will be contributing funds whereas some will not. There will be therefore two categories of contracting governments. Where this arrangement exists with other Article XIV bodies, the mandatory contributions are low, there is not usually any disagreements on the use of the funds. The General Fishery Commission for the Mediterranean has a similar arrangement.

In view of the present state of acceptance and the necessity to reach the two thirds majority, the group expressed the hope that Thailand would be able to provide its acceptance of the amendments as soon as possible.

5. Discussions on the administrative arrangements

5.1 Considerations on mandatory contributions

Article XIV bodies might, in addition to being funded by FAO, decide to set up their specific Trust Fund, with contributions from their members.

A number of the characteristics of the system that will be established was observed:

- Mandatory contributions must be in cash (i.e. not in kind).

- The biennium refers to the FAO biennium e.g. 2009-2010. So Article III point 1 of the agreement would indicate the submission of funds – in Jan 2009 and Jan 2010.
- As soon as the two thirds majority is reached, the FAO Director-General will open a Trust Fund for the APPPC.
- At its next session the Commission will adopt its budget.
- If the two thirds majority is reached before the next session of the Commission, the Trust Fund will open and operational.
- If the two thirds majority is reached after the next session of the Commission, the Trust Fund will open on that date but will be operational only in case the Commission had adopted a provisional budget covering one year only at its previous session.

It was noted that, according to paragraph 30 of the report of the 13th session of the APPPC, funds can be used to finance additional posts. The FAO regular budget will contribute as usual to the Secretariat position.

Amendments that entail new obligations will enter into force as from 30th day after acceptance by two thirds of the contracting governments. They apply only to the contracting governments which at the time of entry into force, or at some later date, have actually accepted the amendments.

Information was presented on APPPC members including GNI per capita, Agricultural GDP, etc. This was followed by a short discussion on the funds/percentages that could be related to each of the groupings using the APPPC Strategic Plan and Business Plan as the base funding required.

Various options for funding were discussed: one of the options that was reviewed is based on the agricultural GDP and hence had some relation to the APPPC agreement. However, it was noted that the APPPC is linked to trade as well as agriculture as part of the IPPC and the SPS system. Participants considered that trade is an important link as national agriculture.

Participants agreed that it would be very difficult to determine a new system for contributing to the APPPC. It was concluded that it would be effective to follow the UN system of funding as it is already implemented by FAO.

If the Commission adopts the UN system, it was noted that least developed countries (LDC) may still find it difficult to pay the small amounts of their contributions. In addition, it was noted that the maximum contribution by any contracting government to the APPPC Trust Fund will not exceed 22% of the total as fixed by the UN General Assembly decision taken in 2000. Accordingly, a new table for contributions based on the UN Scale was prepared displaying the contributions of the major contributors limited to 22%.

After further discussion, the group supported the recommendation that the UN system be used as a basis for the APPPC mandatory contribution system. The UN system is

an accepted system and is amended regularly as national situations change and particularly as the APPPC was an Article XIV body of the FAO.

The above recommendation concerning the level of mandatory contributions was based on the following elements:

- i) FAO implements the UN systems, and APPPC is an “Article XIV body” of FAO,
- ii) the UN system of contribution is well understood, agreed to by FAO members and reviewed and regularly amended by the General Assembly.
- (iii) The contributions of the larger contributors to 22% as is done with FAO. This reduces the contributions of the larger countries to a more reasonable proportion of the budget.

The contribution calculations will be aligned with the UN rate and consequently regularly updated.

Later in the meeting, the work programme was reviewed with the intent of providing a model budget for countries to be able to see what the percentage level of mandatory contributions might mean in monetary terms. See section 6.

5.2 Trust fund

The trust fund for mandatory contributions would be one of the FAO Trust Funds and known as the Trust Fund for the APPPC. The Trust Fund will use the general FAO procedures for operating trust funds. This means that auditing will be undertaken by the FAO Audit Team and reporting will follow the FAO financial rules. The budget holder will be nominated by the Director-General from among the staff of FAO and operate under the limits approved by the Commission.

If more funds are needed and voluntary contributions are offered, they would constitute trust or special funds.

5.3 Procedures/administrative systems

The meeting discussed the development of administrative guidance for the Commission. Some members felt that rules/guidance would be necessary while others felt that some flexibility would be advisable.

It was requested that the Legal Office prepare drafts of rules of procedure for the management of the Commission and financial rules for the operation of the Commission. These will be based on the principles and directives for the management of “Article XIV bodies” (Part R of the FAO Basic Text) and the Plant Protection Agreement for the Asia and Pacific Region (Agreement as amended in 1969, 1983 and 1990, Article II. 6).

5.3.1 Timing of submission of funds

The report of the 13th session of the Commission in Article III states when the contributions should be paid – at the beginning of the first and second years of the biennium.

5.3.2 Currency

This is covered by Article III. It is noted that the contribution should be in the form of “cash”. This includes monetary contributions but rules out the in-kind contributions. Funds have to be paid in US dollars or convertible currency.

5.3.3 Budget

The trust funds cannot provide funding delegate travel to meetings of the Commission, except under special conditions such as when the work plan is completed and funds are available.

“Article XIV bodies may have their budget:

- funded by FAO,
- funded by FAO plus voluntary fundings, or
- funded by FAO plus voluntary fundings plus autonomous budget from mandatory contributions (see Part R para 33 of the FAO Basic Text).

The budget will be based on the work plans submitted by the three standing committees to the Commission which shall review, amend if necessary, and then approve as the biennial budget.

When necessary, special working groups will be set up to consider specific matters. The funding of such working groups would be included in the budget.

5.3.4 Expenditure

Expenditure will be controlled by the budget holder according to the approved work plan in line with the financial rules.

5.3.5 Staffing

It was pointed out that the secretariats of similar organisations consist of several full time officers. The appointment of a full time person to promote information exchange among APPPC members and provide assistance to the Executive Secretary was agreed to in the strategic plan adopted at the 25th session.

The Group noted the statement in para 33 of the report of the 13th session which said that the APPPC may wish to use part of its financial resources to finance the posts of additional staff. There was general agreement that some of the trust funds be used to supply a project staff person.

6. Consideration of the work programme

The Group considered the draft operational budget prepared by the Secretariat in detail, including FAO’s support costs (13%) as well as administration costs that are fixed by FAO governing bodies. The monies for contingencies were regarded by the Group to be too large. It was felt that some contingency monies should be set aside (10%) – particularly for the first biennium when some countries might find it difficult to place the request for APPPC contribution funds into their national budgets.

Consideration of section 6 of the strategic plan document (an annex for the report of the 25th session of the APPPC) for the APPPC:

6.1 Intended programme of work for the biennium for the APPPC Trust Fund

During consideration of the draft strategic plan, it was felt that some activities could be funded from other sources.

6.1.1 Plant Protection Measures

To fund programmes on:

- Development and adoption of regional standards (APPPC RSPMs)
Includes two meetings of the Standards Committee (one for each year of the biennium).....**\$38,000**
- Workshop on pest incursion management**retained** (could be linked to SALB programme re detection, surveillance and eradication).....**\$20,000**
- Workshop to promote and support the development of Code of Conduct on the Distribution and Use of Pesticides..... **moved to additional table**
- Commission study and review of the implementation of the Code of Conduct on the distribution of pesticides.....**moved to additional table**

6.1.2 Information management

To fund the preparation of:

- Resources for information management projects (project staff person)
Reduced to funds for one year of the biennium.....**\$100,000**

6.1.3 Capacity development

To fund the preparation of:

- i) Workshop on PRA
 - ii) Workshop on manual for preparation of pesticide residue assessment, and
 - iii) Workshop on PFA and ALPP as well as course materials.
- The group recommended that there is two workshops for the biennium on topics to be selected by the next session.....(2 x \$20,000).....**\$40,000**

6.1.4 International agreements

To fund the preparation of:

- Regional workshop on draft ISPMs..... **moved to additional table**

6.1.5 Administration

To fund the preparation of:

- Promote acceptance of revised APPPC.....**moved to additional table**
- Coordination of funding for plant protection activities in the region
(information and coordination officer already costed)
Publications, Consultants, etc. reduced for the biennium to..... **\$20,000**

Particular	Amount (in US dollars)
Cost of proposed activities	218,000
10% contingency	21,800
Sub-total	239,800
FAO 13% support cost	31,174
Sub-total	270,974
Administration cost	5,000
Total per biennium	275,974

The reconsideration of a recommended work programme will have the annual cost of approximately **\$138,000**.

6.2 Additional table listing projects for funding by means of other trust funds, including items recommended for removal from the work programme to be funded by the APPPC Trust Fund (made up from mandatory member contributions)

- Workshop to promote and support the development of Code of Conduct on the Distribution and Use of Pesticides.....**\$20,000**
- Commission study and review of the implementation of the Code of Conduct on the Distribution of Use of Pesticides..... **\$15,000**
- Regional workshops on draft ISPMs (one per year)..... **\$70,000**
- Promote acceptance of revised APPPC..... **\$20,000**

7. Consideration of contribution level

The contribution levels for each contributing country are expressed as percentages of the total budget – see Tables 1 and 2. The percentages are based on the UN scale of contributions with the 22% limit in line with the UN General Assembly rule adopted in 2000 as well as consideration of the ability of the Least Developed Countries (LDC) to contribute. It was felt that this formed a system that was as fair and equitable as possible. The regular review of the UN scale also provides assurance of continuing consideration of changes in the status of members.

The estimated budget derived from the intended work programme requires funds amounting to US\$138,000. The amounts of the mandatory contributions from this estimated budget are also shown on Tables 1 and 2. These figures are indicative and not actual or agreed to. They are added to provide APPPC members with information on what contributions will be needed for a limited work programme.

Table 1 that shows 16 countries takes account of the situation that the United Kingdom withdraws from the Commission. Table 2 that shows 17 countries takes account of the situation that Thailand accepts the amendments.

Table 1 Annual mandatory contributions
(In case the United Kingdom submits the instrument of withdrawal)

UN Scale			UN Rate (incorporating 22% rule & LDC)	
UN Scale % Share	Country	% Share Based on UN Scale	Amount	% Share
2.053	China	30.90	30,360	22.00*
1.796	Republic of Korea	27.04	30,360	22.00*
1.592	Australia	23.97	30,360	22.00*
0.421	India	6.34	10,941	7.93
0.221	New Zealand	3.33	6,787	4.92
0.203	Malaysia	3.06	6,414	4.65
0.142	Indonesia	2.14	5,145	3.73
0.095	Philippines	1.43	4,165	3.02
0.055	Pakistan	0.83	3,337	2.42
0.021	Viet Nam	0.32	2,633	1.91
0.017	Sri Lanka	0.26	2,550	1.85
0.01	Bangladesh	0.15	207	0.15**
0.01	DPR Korea	0.15	2,398	1.74
0.004	Fiji	0.06	2,274	1.65
0.002	Cambodia	0.03	41	0.03**
0.001	Lao PDR	0.02	28	0.02**
6.643	Total	100.00	138,000	100.00

Notes:

* Maximum contribution at 22%, in line with the UN General Assembly's rule adopted in 2000.

** Three least developed countries (Bangladesh, Cambodia, and Lao PDR)

Table 2 Annual mandatory contributions

UN Scale			UN Rate (incorporating 22% rule & LDC)	
UN Scale % Share	Country	% Share Based on UN Scale	Amount	% share
2.053	China	29.96	30,360	22.00*
1.796	Republic of Korea	26.21	30,360	22.00*
1.592	Australia	23.23	30,360	22.00*
0.421	India	6.14	10,161	7.36
0.221	New Zealand	3.23	6,133	4.44
0.209	Thailand	3.05	5,891	4.27**
0.203	Malaysia	2.96	5,770	4.18
0.142	Indonesia	2.07	4,542	3.29
0.095	Philippines	1.39	3,595	2.61
0.055	Pakistan	0.80	2,790	2.02
0.021	Viet Nam	0.31	2,105	1.53
0.017	Sri Lanka	0.25	2,024	1.47
0.01	Bangladesh	0.15	201	0.15***
0.01	DPR Korea	0.15	1,883	1.36
0.004	Fiji	0.06	1,763	1.28
0.002	Cambodia	0.03	40	0.03***
0.001	Lao PDR	0.01	20	0.01***
6.852	Total	100.00	138,000	100.00

Notes:

* Maximum contribution at 22%, in line with the UN General Assembly's rule adopted in 2000.

** Thailand is under process of accepting the amendments on mandatory contributions.

*** Three least developed countries (Bangladesh, Cambodia, and Lao PDR)

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Timetable and Agenda

Monday	
08:00 – 08.20	Registration
08.30 – 09:00	Opening Ceremony -Welcome Address by He Changhui, ADG/RR, FAO/RAP - Information on Meeting Arrangement -Group Photo
09:00 – 10:00	Introduction of the Meeting and general discussion on agenda and requirements for setting up the new financial arrangements
10:00 – 10:20	Coffee break
10:20 – 11:00	Outline of legal matters arising from the entry into force of the Amendment (1983) with the new obligation by FAO Legal Officer
11:00 – 12:00	Clarification and discussions
12:00 – 13:30	Lunch
13:30 – 15:30	Discussion-1: Structure of the paper and title of the paper
15:30 – 15:50	Coffee break
15:50 – 17:30	Continue Discussion-1
Tuesday	
08.30 – 10.30	Discussion-2: Discussion of options for levels and amount of monetary contributions
10.30 – 10:50	Coffee break
10:50 – 12:00	Continuation of the discussion 2
12:00 – 13:30	Lunch
13:30 – 15:30	--Discussions 3: Currency and the year-basis of the contribution

15:30 – 15:50	Coffee break
15:50 – 17:30	--Discussions 4: Staffing, budgeting and work plan
Wednesday	
08:30 – 10:30	--Discussions 5: Arrears issue; voting right, funding principle for non-accepted countries
10.30 – 11:00	Coffee break
11:00 – 12:00	-Discussion-6: Consideration of special circumstances
12:00 – 13:30	Lunch
13:30 – 14:30	-Discussion-7: Development of timescale of activities
14:30-15:30	Preparation of report which will be circulated to member countries for consultation
15:30 – 16:00	Coffee break
16:00 – 17:00	Continuation of the preparation
17:00 – 18:00	Other business and closure of the meeting