

40 EAL

# FINANCIAL MANAGEMENT OF NAIROBI CONVENTION

MARTIN OKUN

FINANCE & BUDGET OFFICER  
UNEP/ECOSYSTEMS DIVISION



# FINANCIAL MANAGEMENT OF NAIROBI CONVENTION

- 1) Trust Funds for Nairobi Convention***
- 2) Internal Controls, Financial Rules and Regulations***
- 3) Audit Recommendations relevant to Nairobi Convention***
- 4) Status of Contributions from Contracting Parties***
- 5) Remarks and recommendations on finance and budget***



# TRUST FUNDS

## Trust Funds for Nairobi Convention

- Trust Fund – used as mechanism for receipt, control and accounting for donor fund;
    - Holds assets and liabilities on behalf of contracting parties/donors;
  - UNEP hosts 2 Trust Funds for Nairobi Convention (UNEP total trust funds – 143)
- 1) The **Assessed Voluntary Contributions** Trust Fund (EAL)– for contributions from the contracting parties to finance the core activities of the Secretariat of the Nairobi Convention.
  - 2) The **Voluntary Contributions** Trust Fund (QAW) - for additional voluntary contributions from partners to support the activities of the Nairobi Convention.
    - Financial resources are accepted by the organization under the terms of its financial regulations and the conditions stipulated by the donors



# INTERNAL CONTROLS & UN FINANCIAL REGULATIONS AND RULES

## Internal control system:

- Budgets and other resources allocated in accordance with the Decision of the COP or donation agreement signed with specific donors
- Checks and Balances (Regulation 5.9, Rules 105.4, 105.5 and 105.6): all commitments, disbursements and expenses require at least two authorizing signatures, by a certifying officer and by an approving officer (segregation of roles and responsibilities)
- Internal Audit (Regulation 5.15) - Office of Internal Oversight Services (OIOS)
- Procurement general principles: (a) best value for money, (b) fairness, integrity and transparency, (c) effective international competition, (d) interest of the United Nations (Regulation 5.12).
- Annual financial statements accord with UNFRR, decisions of appropriate legislative bodies and the International Public Sector Accounting Standards (Regulation 6.1).
- Maintenance of separate accounts for all trust funds (Regulation 6.3).
- Financial statements audited by the Board of Auditors (Regulation 6.2). {Chile completed the assignment in 2019 FS and China took over from 2020. Unqualified Audit reports under IPSAS}



# AUDIT RECOMMENDATIONS

Audit recommendations relevant to activities of Nairobi Convention

## 1) Unpaid Contributions

- ❖ Establish a mechanism to be used to identify receivables from voluntary contributions on regular basis and analyze them according to their due dates; and
- ❖ Institute a mechanism to ensure regular communication and follow-up of all overdue pledges

## 2) Delays in project implementation and closure

- ❖ The Board noted the need to have adequate management actions and mechanisms to address challenges in project implementation. The challenges include legal issues, delays in human resources recruitment and procurement, delays by implementing partners who lacked technical capacity
- ❖ Concern over refunds to donors due to delayed implementation of the project activities (challenges of pooled funds)
- ❖ Need to establish effective partnerships and commitments from Governments for timely implementation of projects .

- Full audit report available on the website of United Nations Board of Auditors (UNBOA)  
(<http://www.un.org/en/auditors/board/auditors-reports.shtml>)

### Comment

- Relationship between the rate of project implementation and the level of direct financial flows to beneficiaries/countries
- Delays in project closure affect the level of new funding from major donors

# STATUS OF CONTRACTING PARTIES' CONTRIBUTIONS AS AT 31 JULY 2021

Country	Assessed Annual Contribution	Amounts collected in 2018 (USD)	Amounts collected in 2019 (USD)	Amounts collected in 2020 (USD)	Amounts collected in 2021 (USD)	Unpaid pledges for 2021 and prior years (USD)
Comoros	15,100					483,300
France	78,000	78,000	78,000	78,000		-
Kenya	45,302		271,812			135,906
Madagascar	22,651	248,887		45,302	22,495.84	96,861.47
Mauritius	30,201	30,201	30,201	30,201	30,201	31,005
Mozambique	45,302	181,208				1,013,288.52
South Africa	37,500	37,500	37,500		75,000	-
Seychelles	15,100		15,100			45,300
Somalia	15,100					456,100
Tanzania	45,302					586,629
<b>TOTAL</b>	<b>349,558</b>	<b>575,796</b>	<b>432,613</b>	<b>153,503</b>	<b>127,696.84</b>	<b>2,848,389.99</b>

# REMARKS AND RECOMMENDATIONS

## Remarks

- The proposed annual budget for the Secretariat of the Nairobi Convention for the years 2018 to 2022 ranges from \$326,931 to \$409,214, inclusive of programme support costs. The budget provides for staff costs of the Coordinator and the Administrative Assistant, as well as operational costs and travel costs.
- The budget does not include the in-kind contributions from UNEP, contracting parties and other partners i.e. cost of hosting meetings by members states and other partners
- The planned annual Assessed Voluntary contributions by Contracting Parties amounts to \$349,558 with expanded programme of work. Parties to review the levels of annual contributions from the next COP.
- The current cash balance of the Assessed Voluntary Contributions Trust Fund (EAL) as of 27 August 2018 amounts to \$1,859,388.
- The current balance of the Voluntary Contributions Trust Fund (QAW) as of 27 August 2018 amounts to \$171,984.
- UNEP notes with appreciation that some contracting parties have been making regular annual contributions and others have cleared part of their arrears.

## Recommendations

- Management of Liquidity of the Secretariat - Low number of contracting parties impact on long-term financial liquidity. It is recommended to maintain a cash balance of \$2 million in the Assessed Voluntary Contributions Trust Fund to ensure long-term financial sustainability of the Convention. This can be achieved in the next 4 years by following up on un-paid pledges and ensuring that the annual contributions are paid on time.
- Enhance efforts to speed up the start-up and implementation of the project activities. Encourage decision on reprogramming/re-allocating unspent balances on time avoid losses at the end of the project.

# UN ENVIRONMENT

## *Strategic position of UNEP in hosting the secretariat of Nairobi Convention*

- UNEP provides a high-level environment policy forum within the United Nations system and participates in numerous inter-agency boards, partnerships and other mechanisms;
- UNEP has extensive experience in working with scientific and technical communities and at the science-policy interface, including providing integrated environmental assessments to facilitate priority setting and decision-making;
- UNEP has longstanding linkages and networks to Governments and their environment ministries, United Nations entities, regional environmental bodies, key international environmental institutions, the broad scientific community, civil society and private sector through hosting several multilateral environmental agreement (MEA) secretariats, and as an implementing agency for the GEF; and GCF;
- Existing linkages, networks and partnerships provides unique convening power for addressing the resource mobilization efforts and fund raising for extra-budgetary cash and in-kind resources.





• *Thank you!*