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DRAFT REVISED PROGRAMME AND BUDGET OF THE OPCW FOR 2023



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INTRODUCTION

The Draft Programme and Budget of the OPCW for 2022–2023 (EC-98/CRP.1/Rev.1, dated 4 October 2021) was submitted by the Executive Council (hereinafter “the Council”), together with its recommendation, to the Conference of the States Parties (hereinafter “the Conference”) (EC-98/DEC.5, dated 6 October 2021) and adopted by the Conference on 1 December 2021 (C-26/DEC.11, dated 1 December 2021). The document included budget estimates for 2022 and 2023. Consistent with biennial budgeting principles and Financial Regulation 3.3, during the first year of the biennium, the projected budget for the second year of the biennium—in this case, 2023—is reviewed for any adjustments that may be required in light of changes in programmatic or budgetary assumptions.

The primary considerations of the Technical Secretariat (hereinafter “the Secretariat”) in its review of the Programme and Budget for 2023 are the impacts of unforeseeable significant global inflation above central bank projections in 2021, and the evolving physical security requirements of OPCW facilities.

The financing for the 2023 draft budget revision includes proposals for timely and effective use of the 2020 cash surplus. These proposals for States Parties’ consideration address the 2019 cash deficit, avoid any changes to assessed contributions in 2023, and provide for the periodic and necessary replenishment of the special funds for OPCW equipment and infrastructure.

Against this backdrop, the revised budget estimates and related proposals for 2023 are contained in this document, the Draft Revised Programme and Budget of the OPCW for 2023. Following facilitations, the proposals will be presented for consideration by the Council at its 101st Session, to be held from 4 to 7 October 2022, with the ultimate goal of achieving a recommendation for approval by the Conference at its Twenty-Seventh Session, to be held from 28 November to 2 December 2022.

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OVERVIEW

FIGURE 1: OVERVIEW OF THE DRAFT REVISED PROGRAMME AND BUDGET OF THE OPCW FOR 2023

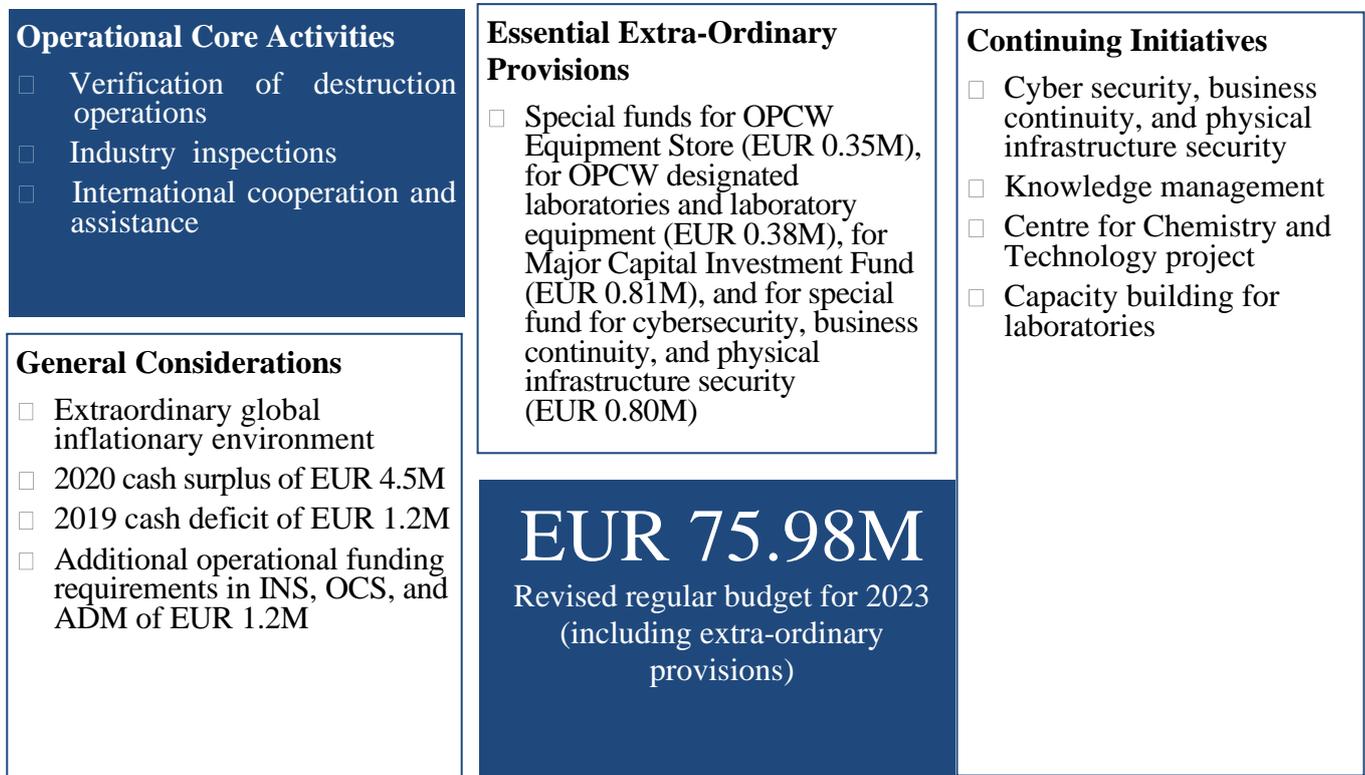
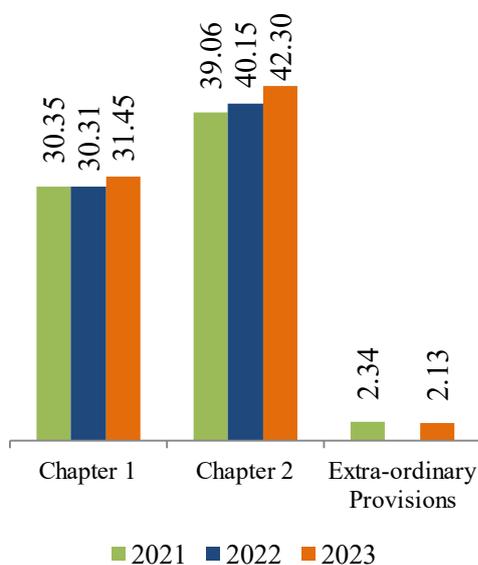
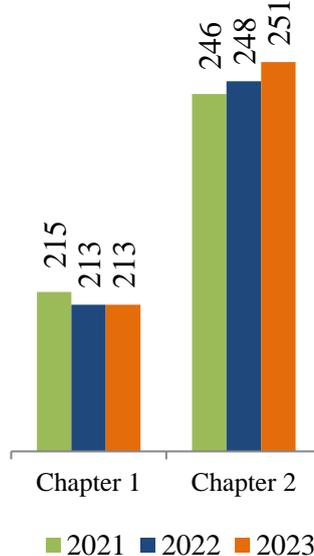


FIGURE 2: OVERVIEW OF THE REGULAR BUDGET AND FIXED-TERM POSTS FOR 2021-2023

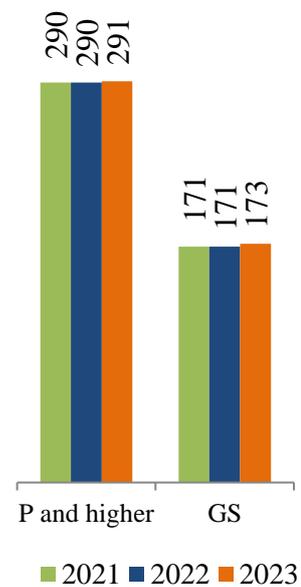
Regular Budget by Chapter (EUR million)



Fixed-Term Posts by Chapter



Fixed-Term Posts by Category



1. DRAFT REVISED PROGRAMME AND BUDGET FOR 2023

- 1.1 In the preparation of the Draft Revised OPCW Programme and Budget for 2023, the Director-General has carefully considered the proposals of the Secretariat's Budget Steering Committee, noting the significant and extraordinary global inflationary pressures that the Organisation and other institutions are facing in 2022 and which the Organisation must be prepared to manage effectively in 2023.
- 1.2 The Draft Revised OPCW Programme and Budget for 2023 includes an additional regular budget amount of EUR 1,178,974 to cover operating expenses, compared to the figures for 2023 in the originally approved biennial budget (C-26/DEC.11). These costs include:
- (a) EUR 150,000 in additional funding for the Industry Inspection Cell for inspection travel to mitigate inflation pressures in Article VI missions.
 - (b) EUR 218,850 in additional funding for the Office of Confidentiality and Security, primarily to address changes in the OPCW security environment, as evidenced by the 3 December 2021 incursion into the OPCW Headquarters by violent demonstrators. This is to cover additional overtime for security guards, increased contract security service at the Centre for Chemistry and Technology, and security requirements of the Fifth Review Conference.¹
 - (c) EUR 810,124 in additional funding for the Administration Division to cover unforeseeable inflation pressures on utilities, rent, and cleaning services; to address an emergent need to repair Headquarters cafeteria equipment; and to ensure funding for some consultancy requirements that it is necessary to prolong as a result of long-term staffing gaps.
- 1.3 For 2023, the Director-General proposes a total of EUR 73,744,624, which represents an increment of EUR 3,289,061, or 4.7% compared to 2022.
- 1.4 The budget for Chapter 1 increases by EUR 1,138,342, or 3.8% compared to 2022.
- 1.5 The budget for Chapter 2 increases by EUR 2,150,719, or 5.4% compared to 2022.

2. FINANCIAL RESOURCES ANALYSIS

For 2023, the draft revised budget amounts to EUR 73,744,624, representing an increase of 4.7% (EUR 3,289,061) compared to 2022. Assuming the utilisation of the 2020 cash surplus for the additional amount of EUR 1,178,974, as proposed in the Draft Revised Programme and Budget, the assessed contributions in 2023 would not change compared to the originally approved Programme and Budget of the OPCW for the 2022–2023 biennium (C-26/DEC.11).

¹ Review Conference = Special Session of the Conference of the States Parties to Review the Operation of the Chemical Weapons Convention.

**TABLE 1: REGULAR BUDGET BY CHAPTER PROGRAMMES IN EUR
(INCLUDING EXTRA-ORDINARY PROVISIONS)**

	2022 Budget	2023 Budget	Revised 2023 Budget	Change vs. 2022	Change %	Change vs. 2023	Change %
Programme 1: Verification	9,837,560	9,948,339	9,948,339	110,779	1.1%	-	-
Programme 2: Inspections	20,471,957	21,349,520	21,499,520	1,027,563	5.0%	150,000	0.7%
Total Chapter 1 Programmes	30,309,517	31,297,859	31,447,859	1,138,342	3.8%	150,000	0.5%
Programme 3: ICA	7,582,275	7,658,495	7,658,495	76,220	1.0%	-	-
Programme 4: Support to the PMOs	5,268,617	5,800,217	5,800,217	531,600	10.1%	-	-
Programme 5: External Relations	2,175,352	2,176,602	2,176,602	1,250	0.1%	-	-
Programme 6: Executive Management	10,043,750	10,252,800	10,471,650	427,900	4.3%	218,850	2.1%
Programme 7: Administration	15,076,052	15,379,677	16,189,801	1,113,749	7.4%	810,124	5.3%
Total Chapter 2 Programmes	40,146,046	41,267,791	42,296,765	2,150,719	5.4%	1,028,974	2.5%
Total Chapter 1 and 2 Programmes	70,455,563	72,565,650	73,744,624	3,289,061	4.7%	1,178,974	1.6%
Cybersecurity, business continuity, and physical infrastructure security	-	-	800,020	800,020	>100%	800,020	>100%
Major Capital Investment Fund	-	-	-	714,214	>100%	714,214	>100%
Special fund for the OPCW Equipment Store	-	-	350,000	350,000	>100%	350,000	>100%
Special fund for activities related to designated laboratories and laboratory equipment	-	-	380,000	380,000	>100%	380,000	>100%
Total Extra-Ordinary Provisions	-	-	2,244,234	2,244,234	>100%	2,244,234	>100%
Total Budget	70,455,563	72,565,650	75,988,858	5,533,295	7.9%	3,423,208	4.7%

TABLE 2: REGULAR BUDGET BY OPERATIONAL AND SUPPORT PROGRAMMES IN EUR (INCLUDING EXTRA-ORDINARY PROVISIONS)

	2022 Budget	2023 Budget	Revised 2023 Budget	Change vs. 2022	Change %	Change vs. 2023	Change %
Programme 1: Verification	9,837,560	9,948,339	9,948,339	110,779	1.1%	-	-
Programme 2: Inspections	20,471,957	21,349,520	21,499,520	1,027,563	5.0%	150,000	0.7%
Programme 3: ICA	7,582,275	7,658,495	7,658,495	76,220	1.0%	-	-
Total Operational Programmes	37,891,792	38,956,354	39,106,354	1,214,562	3.2%	150,000	0.4%
Programme 4: Support to the PMOs	5,268,617	5,800,217	5,800,217	531,600	10.1%	-	-
Programme 5: External Relations	2,175,352	2,176,602	2,176,602	1,250	0.1%	-	-
Programme 6: Executive Management	10,043,750	10,252,800	10,471,650	427,900	4.3%	218,850	2.1%
Programme 7: Administration	15,076,052	15,379,677	16,189,801	1,113,749	7.4%	810,124	5.3%
Total Support Programmes	32,563,771	33,609,296	34,638,270	2,074,499	6.4%	1,028,974	3.1%
Total Operational and Support Programmes	70,455,563	72,565,650	73,744,624	3,289,061	4.7%	1,178,974	1.6%
Cybersecurity, business continuity, and physical infrastructure security	-	-	800,020	800,020	>100%	800,020	>100%
Major Capital Investment Fund	-	-	714,214	714,214	>100%	714,214	>100%
Special fund for the OPCW Equipment Store	-	-	350,000	350,000	>100%	350,000	>100%
Special fund for activities related to designated laboratories and laboratory equipment	-	-	380,000	380,000	>100%	380,000	>100%
Total Extra-Ordinary Provisions	-	-	2,244,234	2,244,234	>100%	2,244,234	>100%
Total Budget	70,455,563	72,565,650	75,988,858	5,533,295	7.9%	3,423,208	4.7%

3. PROGRAMME AND BUDGET FUNDING

3.1 Total income of EUR 75,988,858 is required in 2023 for the OPCW to finance its planned activities. In this revised budget proposal, the required financing is to be received from the following sources: assessed annual contributions (no change); the 2020 cash surplus (to be used to supplement the Programme and Budget for 2023, the Major Capital Investment Fund, the special fund for the OPCW Equipment Store, the special fund for OPCW designated laboratories and laboratory equipment, and the special fund for cybersecurity, business continuity, and physical infrastructure security); savings from the COVID-19 Variability Impact Fund; reimbursements of verification costs (Articles IV and V of the Chemical Weapons Convention); and interest earned on holdings in bank accounts and other earnings.

TABLE 3: REGULAR BUDGET INCOME FOR 2022–2023

	2022 Budget	2023 Budget	Revised 2023 Budget	Change vs. 2022	Change %	Change vs. 2023	Change %
Assessed contributions	68,422,163	69,886,664	69,886,664	1,464,501	2.1%	-	-
Cash surplus for 2023 revised Programme and Budget	-	-	1,178,974	1,178,974	>100%	1,178,974	>100%
Cash surplus for Major Capital Investment Fund; special fund for the OPCW Equipment Store; special fund for activities related to designated laboratories and laboratory equipment; and special fund for cybersecurity, business continuity, and physical infrastructure security	-	-	2,130,020	2,130,020	>100%	2,130,020	>100%
Remaining balance from the COVID-19 Variability Impact Fund	-	1,171,886	1,286,100	1,286,100	>100%	114,214	9.7%
Article IV and V reimbursements	2,008,400	1,482,100	1,482,100	(526,300)	(26.2%)	-	-
Interest and other earnings	25,000	25,000	25,000	-	-	-	-
Total Budget	70,455,563	72,565,650	75,988,858	5,533,295	7.9%	3,423,208	4.7%

Assessed annual contributions by States Parties

- 3.2 Annual contributions totalling EUR 69,886,664 (92.1% of total income) for 2023 are assessed for the States Parties. The assessed contributions in 2023 do not change compared to the originally approved Programme and Budget of the OPCW for 2022–2023 (C-26/DEC.11).

Other income

- 3.3 In 2023, the OPCW expects to receive EUR 1,482,100 (2.0%) of total income from the reimbursement of verification costs, which represents a further decrease of 0.8% from the amount projected for 2022. This figure is calculated based on the forecast cost of Article IV- and V-related missions.
- 3.4 The total estimate of other income for 2023 is EUR 25,000 (0.03% of total income). This represents the same level compared to 2022, primarily due to projected low interest rates.

4. MAJOR CAPITAL INVESTMENT PLAN

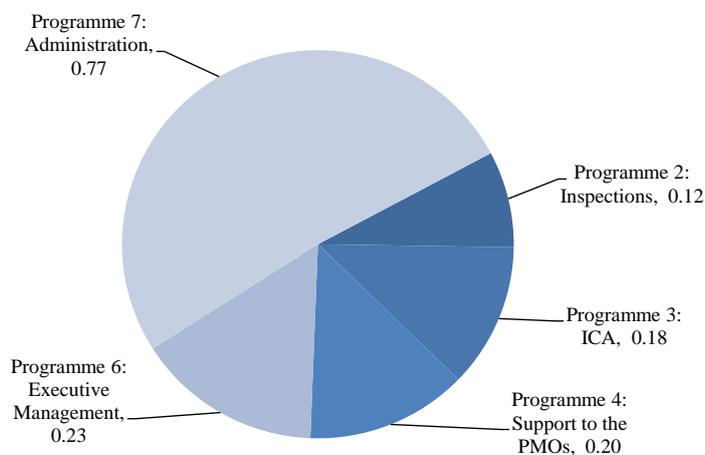
4.1 The Major Capital Investment Fund (MCIF) is to be financed to a target level of between EUR 0.6 and EUR 2.5 million over the course of the 2022–2023 biennium, in accordance with Conference decision C-24/DEC.12 (dated 28 November 2019), by considering, inter alia, the transfer of future cash surpluses—if available and when decided by the Conference—and their replenishment in the future—if decided by the Conference—from resources determined by the Conference. Upon its establishment, the MCIF was capitalised with an initial EUR 0.6 million in 2020 from a portion of the 2017 cash surplus, and a further EUR 0.2 million in 2021 from a portion of the 2018 cash surplus.

4.2 The following two figures provide an overview of the major capital investment requirements included in the Major Capital Investment Plan (MCIP) for the period from 2023 to 2026, with the notion that the current requirements are higher than the available funding for them.

FIGURE 3: MAJOR CAPITAL INVESTMENT PLAN (IN EUR MILLION) BY YEAR FOR THE PERIOD 2023–2026



FIGURE 4: MAJOR CAPITAL INVESTMENT PLAN (IN EUR MILLION) BY PROGRAMME FOR THE PERIOD 2023–2026



- 4.3 For the period from 2023 to 2026, the projected requirements to be financed via the MCIP have been reduced as compared to the 2021–2025 plan, for two main reasons: firstly, savings from the implementation of the Programme and Budget for 2020 and 2021 (primarily due to savings in travel costs) were utilised to cover some MCIP projects; and secondly, some requirements related to cybersecurity, business continuity, and physical infrastructure security have been funded through trust fund contributions and the special fund for cybersecurity, business continuity, and physical infrastructure security. In this regard, taking into account that, for 2020, the OPCW has a confirmed cash surplus balance (after cancelling the 2019 cash deficit) of EUR 3.3 million due to savings generated in travel costs due to COVID-19-related restrictions, EUR 0.6 million is proposed to replenish the MCIF. Additionally, EUR 0.1 million of the remaining balance from the COVID-19 Variability Impact Fund is proposed to further replenish the MCIF.

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