



Eighty-First Session
15 – 18 March 2016

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NOTE BY THE DIRECTOR-GENERAL**REQUEST FOR TRANSFERS OF FUNDS
BETWEEN CHAPTERS AND TRANSFERS OF FUNDS DURING 2015****Introduction**

1. In paragraph 94 of his opening statement to the Executive Council (hereinafter “the Council”) at its Eightieth Session (EC-80/DG.24, dated 6 October 2015), the Director-General stated that “together with our regular Note on the transfer of funds in 2015, I may be requesting that the Executive Council retrospectively approve an inter-chapter transfer of funds at its next regular session” to meet an Inspections Programme budget shortfall.
2. The purpose of this Note is to request the Council’s retrospective approval of transfers totalling EUR 705,000 from Chapter Two programmes to Chapter One,¹ and to provide the details of funds transfers between programmes and subprogrammes that were actioned in 2015 in accordance with the OPCW Financial Regulations and Rules.

Request for the Transfer of Funds Between Chapters

3. The Programme and Budget for 2015 was negatively affected by the unbudgeted cost of the OPCW Fact-Finding Mission in Syria, and by a significant increase in common staff costs that largely resulted from the appreciation of the United States dollar against the euro. These factors led to a significant increase in inspection costs and a shortfall in the Inspections Programme budget. While the Technical Secretariat (hereinafter “the Secretariat”) was able to project back in July 2015 that the Inspections Programme would likely face a budget shortfall, it was not possible to determine the exact size of any potential deficit at that time, given the uncertainty regarding future exchange rates and the level of Fact-Finding Mission expenditures that would need to be absorbed by the regular budget.
4. During the second half of 2015, the Secretariat implemented a number of mitigating measures to protect against a budget deficit, which included the use of trust funds to finance ongoing activities, the use of the Trust Fund for Programme Support Costs to

¹ In its decision on the 1999 Programme and Budget (C-III/DEC.16, dated 20 November 1998), the Conference of the States Parties (hereinafter “the Conference”) decided “with respect to transfers within the budget, pending amendment to the Financial Regulations, that no inter-chapter transfers shall be carried out without the prior approval of the Executive Council”.



offset salary costs and, in December 2015, following Conference approval, the creation of a Special Fund for OPCW Special Missions to partly finance Fact-Finding Mission expenditures. Despite these measures, transfers were needed at year-end from a number of programmes, including Chapter Two programmes, to meet the Inspections Programme's final funding shortfall. In light of the above, the Director-General recommends that the Council retrospectively authorise transfers totalling EUR 705,000 from Chapter Two programmes to the Inspections Programme within Chapter One, as summarised below:

Transferred From	Transferred To	Amount (In EUR)
International Cooperation and Assistance Programme	Inspections Programme	355,000
Administration Programme	Inspections Programme	350,000
Total		705,000

Transfers of Funds in 2015

5. Financial Regulation 4.5 states that the Director-General may transfer appropriated funds between programmes within a chapter up to an amount not exceeding 10% of the original appropriation for the programme to which the transfer is made. The Regulation further states that the Director-General shall notify the Council of any such transfer(s) and that any transfers in excess of the 10% limit shall be made only with the prior concurrence of the Council. In pursuance of this Regulation, the Director-General informs the Council that during the period from 1 January to 31 December 2015, none of the transfers made between programmes exceeded 10% of the original appropriation for the programme to which the transfers were made. A summary of such transfers is presented in Annex 1 to this Note.
6. Financial Regulation 4.6 states that the Director-General may transfer appropriated funds between subprogrammes within a budget programme up to an amount not exceeding 15% of the original appropriation for the subprogramme to which the transfer is made. The Regulation further states that the Director-General shall notify the Council of any such transfer(s) and that any transfers in excess of the 15% limit shall be made only with the prior concurrence of the Council. During the period from 1 January to 31 December 2015, none of the transfers made between subprogrammes within a budget programme exceeded 15% of the original appropriation for the subprogramme to which the transfers were made. A summary of such transfers is presented in Annex 2 to this Note.
7. The Secretariat will review the use of resources as part of the 2015 programme performance review and any lessons learned will be considered when formulating the 2017 Programme and Budget. The 2015 programme performance report will be submitted to the Council at its Eighty-Second Session.

Annexes:

- Annex 1: Transfers of Appropriated Funds Between Programmes, 1 January to 31 December 2015
- Annex 2: Transfers of Appropriated Funds Between Subprogrammes Within a Budget Programme, 1 January to 31 December 2015

Annex 1**TRANSFERS OF APPROPRIATED FUNDS BETWEEN PROGRAMMES
1 JANUARY TO 31 DECEMBER 2015**

Transferred From	Transferred To	Amount (In Euros)	Note
Verification Programme	Inspections Programme	380,000	1
External Relations Programme and Administration Programme	Programme for the Support to the Policy-Making Organs	270,000	2
Administration Programme	Executive Management Programme	17,000	3

Explanation of notes:Note 1

The transfer of funds from the Verification Programme to the Inspections Programme (EUR 380,000) covered higher-than-budgeted common staff costs and unbudgeted special mission costs.

Note 2

The transfer of funds from the External Relations Programme and the Administration Programme to the Programme for the Support to the Policy-Making Organs (EUR 270,000) covered a staff cost budget shortfall.

Note 3

The transfer of funds from the Administration Programme to the Executive Management Programme (EUR 17,000) covered a staff cost budget shortfall.

Annex 2

**TRANSFERS OF APPROPRIATED FUNDS BETWEEN
SUBPROGRAMMES WITHIN A BUDGET PROGRAMME
1 JANUARY TO 31 DECEMBER 2015**

Transferred From	Transferred To	Amount (In Euros)	Note
<i>Verification Programme</i>			
Office of the Director	Industry Verification Branch	24,300	1
<i>Inspections Programme</i>			
Office of the Director, Inspectorate Management Branch, and Operations and Planning Branch	Inspection Team Leaders and Personnel	636,000	2
<i>International Cooperation and Assistance Programme</i>			
Implementation Support Branch	Office of the Director	8,000	3
<i>Programme for the Support to the Policy-Making Organs</i>			
Office of the Director	Language Services Branch	98,000	4
<i>Executive Management Programme</i>			
Office of the Deputy Director-General	Office of Internal Oversight	70,000	5
Office of the Director-General and the Office of Strategy and Policy	Office of the Legal Adviser	38,000	6
<i>Administration Programme</i>			
Information Services Branch	Budget, Planning and Control Branch	50,000	7
Information Services Branch	Procurement and Support Services Branch	17,000	8

Explanation of notes:Note 1

The transfer of funds within the Verification Programme from the Office of the Director to the Industry Verification Branch (EUR 24,300) covered a staff cost budget shortfall.

Note 2

The transfer of funds within the Inspections Programme from the Office of the Director, the Inspectorate Management Branch, and the Operations and Planning Branch to the Inspection Team Leaders and Personnel subprogramme (EUR 636,000) covered higher-than-budgeted common staff costs and unbudgeted special mission costs.

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Note 3

The transfer of funds within the International Cooperation and Assistance Programme from the Implementation Support Branch to the Office of the Director (EUR 8,000) covered a minor staff cost budget shortfall.

Note 4

The transfer of funds within the Programme for the Support to the Policy-Making Organs from the Office of the Director to the Language Services Branch (EUR 98,000) covered a staff cost budget shortfall.

Note 5

The transfer of funds within the Executive Management Programme from the Office of the Deputy Director-General to the Office of Internal Oversight (EUR 70,000) covered a staff cost budget shortfall.

Note 6

The transfer of funds within the Executive Management Programme from the Office of the Director-General and the Office of Strategy and Policy to the Office of the Legal Adviser (EUR 38,000) covered a staff cost budget shortfall.

Note 7

The transfer of funds within the Administration Programme from the Information Services Branch to the Budget, Planning and Control Branch (EUR 50,000) covered a staff cost budget shortfall.

Note 8

The transfer of funds within the Administration Programme from the Information Services Branch to the Procurement and Support Services Branch (EUR 17,000) covered a staff cost budget shortfall.