



### NOTE BY THE DIRECTOR-GENERAL

#### REQUEST FOR THE ESTABLISHMENT OF A COVID-19 VARIABILITY IMPACT FUND

1. The Draft Programme and Budget of the OPCW for 2021 (EC-95/CRP.1, dated 3 July 2020) details specific activities that will be implemented over a one-year period in line with programme strategies that aim to achieve the core objectives of the Organisation in the long term. The activities included in the Draft Programme and Budget are in keeping with the Organisation's strategic vision, are foreseen in advance, and are formulated with a high degree of certainty that they will be implemented. The nature, scope, and duration of the activities are normally well defined, and the resources required to implement them can be estimated with a high level of accuracy.
2. In formulating the Draft Programme and Budget for 2021, the Technical Secretariat (hereinafter "the Secretariat") has been mindful of current budgetary constraints caused, in part, by inflationary pressures, the Organisation's cash situation, and by the economic realities stemming from the unfortunate impact of the COVID-19 pandemic, in particular its impact on worldwide travel. The COVID-19 pandemic has had a tangible impact on the Organisation, with non-essential travel worldwide suspended and postponed until circumstances allow. This impact is expected to continue for the foreseeable future.
3. Due to the uncertainty resulting from COVID-19 and the inherent variability of its potential impact on programmatic activities in 2021, the programmatic and financial experience gained from the COVID-19 pandemic in 2020, and with a view to holding States Parties' assessed contributions at zero nominal growth during this uniquely challenging fiscal period, the Draft Programme and Budget for 2021 proposes to move a portion of travel costs included in the regular budgets of the Inspections Programme and the International Cooperation and Assistance Programme, as well as certain costs related to the rental of equipment for conferences included in the Programme for the Support to the Policy-Making Organs, to extra-ordinary budgetary provisions.
4. For this purpose, taking into consideration the emphasis put by the States Parties during Programme and Budget consultations on the impact on States Parties' assessed contributions, the Secretariat proposes the establishment of a new special fund—the COVID-19 Variability Impact Fund—to be financed by a portion of the 2018 cash surplus in the amount of EUR 1.37 million.



5. The proposed allocation of EUR 1.37 million to the fund would be apportioned by earmarking resources as follows: EUR 1.087 million to the Inspections Programme and EUR 0.2 million to the International Cooperation and Assistance Programme (both allocations for travel-related expenditures); and EUR 85,000 to the Programme for the Support to the Policy-Making Organs for equipment-related costs.
6. Should the aforementioned activities resume at pre-COVID-19 levels in 2021, the resources contained in the fund would then be used exclusively for the activities of the above-mentioned programmes in the course of 2021.
7. The activities included in the fund are traditionally core activities that will be moved to the fund as a direct result of the temporary operational uncertainty surrounding the ongoing situation brought by COVID-19 and the intention of maintaining zero nominal growth of States Parties' assessments in 2021.
8. With the establishment of the proposed fund, the same normal level of programmatic activities and capabilities as performed in the pre-COVID-19 era would be ensured in 2021, without an impact on States Parties' assessed contributions, which are proposed in the Draft Programme and Budget of the OPCW for 2021 to remain at the same levels as for 2019 and 2020. Conversely, should circumstances necessitate that affected programme activities are not able to resume to pre-COVID-19 levels in 2021, States Parties will not be adversely affected through payment of assessed contributions for activities that were not able to take place due to the COVID-19 pandemic.
9. Funding allocated and held in the fund would be restricted to and earmarked for each of the programmes mentioned above. The allocation of funds to each of these specific programmes in the amounts specified above would be ineligible for transfer or use by any other programmes and would be restricted to the allocated resources only for the specified expenditure activities that are temporarily at risk due to the pandemic.
10. The fund is intended to be a temporary measure for 2021, to address uncertainty during the continuing pandemic. It is presumed that the affected expenditure areas would again be regularised in future programme and budgets after the pandemic.
11. Should the COVID-19 pandemic continue beyond 2021, a longer-term requirement for the special fund could be reassessed by States Parties as part of the consultations for the biennial Programme and Budget for 2022 and 2023.
12. The Executive Council (hereinafter "the Council") is requested to consider this proposal and recommend to the Conference of the States Parties (hereinafter "the Conference") at its Twenty-Fifth Session that it approve, as part of the Draft Programme and Budget for 2021, the transfer of a portion of the 2018 cash surplus in the amount of EUR 1.37 million to the proposed fund, to be allocated for restricted use.
13. The Director-General shall report to the Council and the Conference on the status and expenditures of the fund through the quarterly income and expenditure reports provided to the States Parties, and through the annual audited Financial Statements of the OPCW.