



Ninety-Fifth Session
6 – 9 October 2020

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DRAFT DECISION

DRAFT PROGRAMME AND BUDGET OF THE OPCW FOR 2021

The Executive Council,

Recalling that subparagraph 32(a) of Article VIII of the Chemical Weapons Convention (hereinafter “the Convention”) requires the Executive Council (hereinafter “the Council”) to consider and submit to the Conference of the States Parties (hereinafter “the Conference”) the Draft Programme and Budget of the OPCW;

Recalling also that, according to Financial Regulation 3.1 of the OPCW Financial Regulations and Rules, the Director-General shall prepare a Draft Programme and Budget for each financial period, which is defined by Financial Regulation 2.1 as a calendar year;

Recalling further that the Third Review Conference¹ welcomed the improvements made to the budgetary process of the OPCW since the Second Review Conference, and commended the Technical Secretariat (hereinafter “the Secretariat”) for the ongoing implementation of results-based management (paragraph 9.149 of RC-3/3*, dated 19 April 2013);

Considering the Draft Programme and Budget of the OPCW for 2021 (EC-95/CRP.1, dated 3 July 2020 and Corr.1, dated 2 October 2020);

Considering also that the core objectives of the OPCW, which are set out in the table on pages 38 to 41 of the Draft Programme and Budget for 2021, along with the associated indicators of achievement for each core objective, provide direction for 2021 for the programmes of the OPCW and the Secretariat;

Taking note of the fact that the Programme and Budget has been guided by the Organisation’s core objectives and the preservation of required capacity and capabilities, and has also considered the need for the Organisation to adapt in light of its mandate and the evolving challenges posed by the new security environment;

Having examined the programme objectives, which are reviewed each year, in the Draft Programme and Budget for 2021 along with the information this document provides on the key performance indicators for each objective, as well as on the detailed activities the Secretariat should engage in to achieve these objectives;

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



Affirming that nothing in the Draft Programme and Budget for 2021 should be interpreted in a way that is inconsistent with the Convention;

Recognising the negative consequences of the late payments by some States Parties of assessed contributions for the operational activities of the Organisation;

Stressing that all States Parties should fulfil their financial obligations as set out in the Financial Regulations and Rules of the Organisation in full, and without conditions;

Mindful that a cash surplus of EUR 2,340,718 has arisen for the financial year ending 31 December 2018, as reported by the Director-General in the “Financial Statements of the Organisation for the Prohibition of Chemical Weapons and Report of the External Auditor for the Year Ending 31 December 2019” (EC-95/DG.3 C-25/DG.4, dated 17 August 2020);

Recalling further the decision by the Conference at its Twenty-Third Session to establish, in accordance with Financial Regulation 6.9, a special fund for cybersecurity, business continuity, and physical infrastructure security, for an initial period of 12 months from the date of approval by the Conference (C-23/DEC.12, dated 20 November 2018);

Noting that the balance of EUR 440,027 in the special fund for cybersecurity, business continuity, and physical infrastructure security is committed or in the process of commitment to fulfil the requirements supported by the fund;²

Mindful also that costs have continued to be incurred in 2020 for activities related to cybersecurity, business continuity, and physical infrastructure security and that further costs will be incurred in the future;

Recalling further the decision by the Conference at its Twenty-Third Session to establish, in accordance with Financial Regulation 6.9, a special fund for IT infrastructure to support the implementation of decision C-SS-4/DEC.3 (dated 27 June 2018), for an initial period of 12 months from the date of approval by the Conference (C-23/DEC.13, dated 20 November 2018);

Noting also the balance of EUR 342,363 in the special fund for IT infrastructure to support the implementation of decision C-SS-4/DEC.3;³

Further mindful that costs have continued to be incurred in 2020 for activities related to this fund and that further costs will be incurred in the future;

Recalling further the Note by the Director-General entitled “Request for the Establishment of a COVID-19 Variability Impact Fund” (EC-95/DG.14, dated 21 September 2020), which sets out the purpose of the proposed special fund;

² As stated in the Note by the Director-General entitled “Financial Status of the Special Fund for Cybersecurity, Business Continuity, and Physical Infrastructure Security” (EC-95/DG.13, dated 16 September 2020).

³ As stated in the Note by the Director-General entitled “Financial Status of the Special Fund for IT Infrastructure to Support Implementation of Decision C-SS-4/DEC.3” (EC-95/DG.16, dated 22 September 2020).

Understanding that, in order to achieve zero nominal growth for assessed contributions, some travel costs previously included in the regular budget of the Inspections and International Cooperation and Assistance Programmes, as well as certain costs related to the rental of equipment included in the Programme for the Support to the Policy-Making Organs, have been moved to the newly proposed COVID-19 Variability Impact Fund. Should these activities resume at pre-COVID-19 levels, the resources contained in this special fund could then be used exclusively for those activities in the course of 2021 in specifically earmarked amounts; and

Noting further the proposal contained in the Draft Programme and Budget of the OPCW for 2021 (EC-95/CRP.1 and Corr.1) on the funding of extraordinary provisions for 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 COVID-19 Variability Impact Fund, from the 2018 cash surplus;

Hereby:

I. General

1. **Emphasises** that the annual Programme and Budget should continue to be formulated with the aim of achieving the core objectives of the Organisation;
2. **Emphasises also** that the focus of the Organisation's resources should be on the operational programmes;
3. **Encourages** the Secretariat to continue and enhance its efforts to implement results-based management in the Organisation and to improve the presentation of the Programme and Budget according to the principles of results-based management, with a view to showing a clear link between objectives, strategies, activities, and resources;
4. **Notes** the reliance on the Working Capital Fund to address cash flow shortfalls, and **also encourages** the Secretariat and States Parties to work collectively to minimise the necessity of drawing upon this fund to this extent in the future;
5. **Further encourages** the Secretariat and States Parties to work collectively to gradually integrate all core programmes and activities of the OPCW into the regular budget, in so far as practicable;
6. **Stresses** the importance of linking resource requests to results and **recommends** the increased use of standard costing;
7. **Welcomes** the Secretariat's work to improve its performance reporting and **requests** the Secretariat to accelerate its work to develop a systematic approach to monitoring and evaluating its activities which should, inter alia, see the inclusion of programme impact assessments and lessons learned in the next and subsequent annual programme performance reports; and
8. **Recommends** that the Conference at its Twenty-Fifth Session:
 - (a) adopt the Draft Programme and Budget of the OPCW for 2021 at the programme and subprogramme level;

- (b) reaffirm the core objectives of the OPCW and approve the indicators of achievement set out in the table on pages 38 to 41 of the Draft Programme and Budget for 2021;
- (c) appropriate a total expenditure for 2021 of EUR 71,742,008 of which EUR 30,346,135 is for Chapter I related to verification costs; EUR 39,055,154 is for Chapter II related to administrative and other costs; EUR 204,732 is for the Major Capital Investment Fund; EUR 315,000 is for the special fund for the OPCW Equipment Store; EUR 450,000 is for the special fund for OPCW designated laboratories and laboratory equipment; and EUR 1,370,986 is for the COVID-19 Variability Impact Fund (the latter is to be established in accordance with the Council's recommendations in Section III below);
- (d) reaffirm that the level of future budgets should not exceed the approved 2018 budget of EUR 66,814,922 for "Total Operational and Support Programmes", while allowing for temporary additional funding for the implementation of decision C-SS-4/DEC.3 as considered necessary by the Conference in 2019, 2020, and 2021;
- (e) decide that the expenditure appropriated for 2021 shall be financed from:
 - (i) assessed annual contributions by all States Parties in the amount of EUR 67,119,590, payable in accordance with a scale of assessments to be determined by the Conference in accordance with paragraph 7 of Article VIII of the Convention;
 - (ii) contributions from States Parties, estimated to amount to EUR 2,086,700 to reimburse the costs of verification activities carried out in 2021 in accordance with Articles IV and V of the Convention;
 - (iii) reimbursement by the Host Country of an amount of EUR 170,000 for the rental of the World Forum for the Twenty-Sixth Session of the Conference;
 - (iv) interest and other income earned in 2021 by the OPCW, estimated to amount to EUR 25,000;
 - (v) cash surplus for 2018 in the amount of EUR 204,732 to be transferred to the Major Capital Investment Fund;
 - (vi) cash surplus for 2018 in the amount of EUR 315,000 to be transferred to the special fund for the OPCW Equipment Store;
 - (vii) cash surplus for 2018 in the amount of EUR 450,000 to be transferred to the special fund for OPCW designated laboratories and laboratory equipment; and
 - (viii) cash surplus for 2018 in the amount of EUR 1,370,986 to be transferred to the COVID-19 Variability Impact Fund;
- (f) note that the preparation of the Programme and Budget of the OPCW for 2021 has taken place in line with the Organisation's practice of zero-based budgeting;

- (g) note that the number of Article VI inspections approved for the year 2021 is 241;
- (h) affirm its expectation that an adequate number of inspectors will be put in place in 2021 to ensure that no negative impact on performing Article IV, V, and VI inspections will occur;
- (i) note that, in addition to the requirement under paragraph 7 of Article VIII of the Convention, the “Overview of the OPCW Programme and Budget” document will also have a table reflecting the Organisation’s budget in terms of operational programmes (Verification, Inspections, and International Cooperation and Assistance) and support programmes (Support to the Policy-Making Organs, External Relations, Executive Management, and Administration) as approved by the Conference at its Seventeenth Session (C-17/DEC.4, dated 27 November 2012);
- (j) decide to authorise fixed-term posts for 2021 for the approved programme of work as documented in Appendix 6 to the Draft Programme and Budget for 2021;
- (k) urge the Director-General to continue to pay due consideration to geographical and gender balance, in accordance with the request made by the Council at its Seventy-Third Session (paragraph 12.9 of EC-73/6, dated 19 July 2013), and to act in accordance with paragraph 44 of Article VIII of the Convention when appointing staff; and encourage the Secretariat to exercise due diligence with respect to its structure and to keep States Parties informed;
- (l) affirm that the adoption of the Draft Programme and Budget for 2021 should be without prejudice to any outcome arising from discussions on the future of the Organisation;
- (m) note the key outcomes identified for 2021, which are set out in the table on pages 38 to 41 of the Draft Programme and Budget, and which the Secretariat has established as targets for each core objective of the OPCW;
- (n) request the Secretariat to continue to reflect its strategy, action, and activities in relation to knowledge management at the programme level in the Draft Programme and Budget;
- (o) strongly urge each State Party to pay in full its assessed contribution to the OPCW for 2021 within 30 days of receiving the communication from the Director-General requesting such payment, as any delays in payment affect the implementation of the Programme and Budget;
- (p) call upon the 21 States Parties that are in arrears in the payment of their assessed contributions to the OPCW to immediately pay those arrears or submit a proposal for a payment plan to eliminate them, in accordance with the framework approved by the Conference at its Eleventh Session (C-11/DEC.5, dated 7 December 2006);
- (q) strongly urge States Parties that are in arrears in the reimbursement of the costs of verification activities carried out under Articles IV and V of the Convention to pay those arrears to the OPCW immediately;

- (r) request the Director-General to report, through the Council, to the Conference at its Twenty-Sixth Session on the details of transfers from and the replenishment of the Working Capital Fund in 2021;
- (s) referring to Financial Regulation 6.4, affirm that the Working Capital Fund shall be maintained at a target level of EUR 8,000,000 to 9,000,000 over the next two years, including by proposing additional steps when necessary to maintain the target level; and
- (t) request the Director-General to identify other measures for increasing the Working Capital Fund balance to the target level for consideration by the Conference;

II. Extension of Funds

9. Recommends that the Conference at its Twenty-Fifth Session:

- (a) approve the extension of the special fund for cybersecurity, business continuity, and physical infrastructure security for a further period of 12 months effective from the date of approval, on the following basis:
 - (i) OPCW Financial Regulations 4.2, 4.3, and 4.4 shall not apply to the fund, and balances remaining in the fund at the end of a financial period shall be carried forward to subsequent financial periods; and
 - (ii) the Director-General shall continue to report to the Conference on the status 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; and
- (b) approve retroactively the extension of the fund for the period starting from 20 November 2020 until the date of the approval referred to in subparagraph 9(a) above, and decide to remain seized of the matter;

10. Recommends further that the Conference at its Twenty-Fifth Session:

- (a) approve the extension of the special fund for IT infrastructure to support the implementation of decision C-SS-4/DEC.3 for a further period of 12 months from the date of approval, on the following basis:
 - (i) OPCW Financial Regulations 4.2, 4.3, and 4.4 shall not apply to the fund, and balances remaining in the fund at the end of a financial period shall be carried forward to subsequent financial periods; and
 - (ii) the Director-General shall continue to report to the Conference on the status 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; and

- (b) approve retroactively the extension of the fund for the period starting from 20 November 2020 until the date of the approval referred to in subparagraph 10(a) above, and decide to remain seized of the matter;

III. Establishment of Funds

11. Recommends further that the Conference at its Twenty-Fifth Session:

- (a) approve the establishment, in accordance with Financial Regulation 6.9, of a COVID-19 Variability Impact Fund; and
- (b) decide that the COVID-19 Variability Impact Fund shall be operated on the following basis:
 - (i) The fund shall be used exclusively for:
 - i. Inspections Programme travel costs in the amount of up to EUR 1,087,000;
 - ii. International Cooperation and Assistance Programme travel costs in the amount of up to EUR 199,100; and
 - iii. Programme for the Support to the Policy-Making Organs costs related to rental of equipment in the amount of up to EUR 84,886;
 - (ii) the fund shall be earmarked for the specific activities as mentioned above in subparagraph 11(b)(i) and cannot be transferred or spent for other programmes of the OPCW, unless explicitly approved by the Conference, upon a recommendation of the Council on the transfer of funds;
 - (iii) the fund shall start operating from the date of approval by the Conference and exist for a period of 12 months from the same date, unless the Conference agrees with a recommendation of the Council to extend it beyond this time period, taking due consideration of operational requirements. A review of the operational and financial requirements of the fund shall be conducted in the second half of the financial year. Any unused balances remaining in the fund at the time it is closed shall be returned to States Parties, applying the relevant financial regulations for the return of surplus funds, unless the Conference agrees with a recommendation from the Council to dispose of these balances differently. Replenishment of the fund is contingent upon a decision of the Conference;
 - (iv) Financial Regulations 4.2, 4.3, and 4.4 shall not apply to the COVID-19 Variability Impact Fund, and balances remaining in the fund at the end of a financial period shall be carried forward to subsequent financial periods; and

- (v) The Director-General shall report to the Council and the Conference on the status and expenditures of the COVID-19 Variability Impact Fund through the quarterly income and expenditure reports provided to the States Parties and through the annual audited Financial Statements of the OPCW;

IV. Use of 2018 Cash Surplus

12. **Recommends further** that, with regard to the use of the 2018 cash surplus, the Conference at its Twenty-Fifth Session:
- (a) approve the suspension, on an exceptional basis, of the application of Financial Regulation 6.3 with regard to the allocation of the cash surplus for 2018 among States Parties;
 - (b) approve, in accordance with Financial Regulation 6.9, the transfer of a portion of the 2018 cash surplus in the amount of EUR 204,732 to the Major Capital Investment Fund;
 - (c) approve, in accordance with Financial Regulation 6.9, the transfer of a portion of the 2018 cash surplus in the amount of EUR 315,000 to the special fund for the OPCW Equipment Store;
 - (d) approve, in accordance with Financial Regulation 6.9, the transfer of a portion of the 2018 cash surplus in the amount of EUR 450,000 to the special fund for OPCW designated laboratories and laboratory equipment; and
 - (e) approve, in accordance with Financial Regulation 6.9, the transfer of a portion of the 2018 cash surplus in the amount of EUR 1,370,986 to the COVID-19 Variability Impact Fund.

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