



Opening Remarks by the OPCW Deputy Director-General at the 47th Session of the Advisory Body on Administrative and Financial Matters

As delivered on 30 July 2019, The Hague, Netherlands

Dear Mr. Chairperson,
Distinguished Members of the ABAF,

I would like to extend to all of you a warm welcome to the Forty-Seventh Session of the ABAF.

A number of important issues are before you this week, including the 2020 draft Programme and Budget, as well as a continuation of key strategic financing ideas brought forward previously, notably the introduction of a major capital investment fund and biennial budgeting. You will also be briefed on the status of the upgrading of the OPCW Chemical Laboratory to a Centre for Chemistry and Technology and the Enterprise Resource Planning projects.

As in past years preparation of the draft Programme and Budget for 2020 has been guided by the Organisation's seven core objectives and following the principles of results based management.

For 2020 draft programme and budget, including special provisions, amounts to EUR 70.96 million. It represents a 1.8% or EUR 1.27 million increase over the 2019 programme and budget and, without the special provisions, a 1.4% increase from 2019. Important to note is that the draft programme and budget remains at zero nominal growth with regard to the assessed contributions of States Parties, which is EUR 67.12 million, the same level as in 2019.

Approximately 1.4% of the total budgetary increase relates to costs in the Inspectorate and Administration programmes, taking into account reductions in some other programmes most notably Verification and Executive Management. For the Inspectorate, the increase is due primarily to the increase in the number of inspector days related to verification activities for anticipated chemical weapons destruction operations in the United States of America. For the Administration programme the increase is primarily linked to information technology-related costs. The remaining 0.4% increase in the overall draft programme and budget is due to extraordinary provisions in the amount of EUR 1.75 million proposed to be funded from the 2017 cash surplus. These provisions include the introduction of a Major Capital Investment Fund in the amount of EUR 0.6 million to help ease pressures from the ageing asset base of the Organisation, a provision in the amount of EUR 0.77 million for the re-capitalisation of the ERP fund to allow for project completion and funding in the amount of EUR 0.38 million for capacity building related to laboratories in developing countries or in countries with economies in transition. Such priorities areas could not otherwise be accommodated within a zero nominal growth framework.

You may recall that the programme and budget for 2019 included special provisions totalling EUR 1.45 million for cyber security, business continuity, and physical infrastructure security, and IT for the IIT. In this draft programme and budget for 2020 these onetime provisions have been removed. In addition, although not reflected in the draft 2020 programme and budget is the proposal to strengthen the Working Capital Fund by EUR 0.75 million from a portion of the 2017 cash surplus to bring the fund to a level exceeding EUR 8 million.

Dear Mr. Chairperson,
Distinguished Members of the ABAF,

The draft 2020 Programme and Budget was formulated to ensure adequate resources are allocated to the operational programmes. In doing so, the resource split between operational and support programmes remains similar to 2019, with a slight increase of 0.1% to 55.4% for the operational programmes.

Overall the number of fixed-term positions for the Organisation remains the same as in 2019 with 462 fixed-term positions, with the same distribution of positions between the operational and support programmes as in 2019.

As you may be aware, the budget facilitation process to consider the draft 2020 Programme and Budget commenced earlier this month with its introduction to States Parties. Work will continue during the budget facilitation sessions in September. During these sessions the Secretariat will make thematic presentations on issues requested by States Parties during the intersessional period. I hope that an agreement will be reached on the outcome of this process, so that the Executive Council, in its upcoming Session in October, will be able to recommend to the Conference of States Parties to adopt the draft 2020 Programme and Budget at its 24th Session in November.

As you are aware, the Technical Secretariat has introduced a number of key strategic financing ideas for consideration by States Parties. These ideas have been introduced and reviewed through a number of mechanisms including Open-ended working groups, the ABAF itself, the External Auditor and the Fourth Review conference. These strategic financing ideas for the programmatic and financial strength of the Organisation include formulating future programme and budgets at zero real growth. Such an approach would appropriately reflect the challenges placed on the Organisation due to year over year price increases.

The introduction of the aforementioned major capital investment fund will help plan and fund long-term capital replacements that require attention. Work is underway to provide States Parties more information on this concept for the September budget facilitation process.

With regards to the possible introduction of biennial budgeting for the 2022-2023 programme and budget cycle as a means for longer term programmatic planning and Organisational efficiency, a proposal for a decision will be made during the September budget consultations,

with a view for CSP approval in November. This would allow the Secretariat time to move forward with preparations for its introduction in 2021. With this in mind, draft changes to the OPCW financial regulations and rules to accommodate biennial budgeting are being presented at this meeting for the early consideration of the ABAF.

Dear Mr. Chairperson,
Distinguished Members of the ABAF,

Upgrading the OPCW Chemical Laboratory to a Centre for Chemistry and Technology is a large scale and high priority initiative. It will allow the Organisation to keep pace with current threats as well as scientific and technological developments. Furthermore, the Centre will enhance the delivery of training and support to capacity building for States Parties. The ABAF will be briefed on the current status of the project including the momentum that is building towards its financing through extra-budgetary funding.

Furthermore, at this meeting, the ABAF will also be updated on the status of the phased implementation of the ERP system which remains a priority initiative of the Organisation that will realise tangible benefits once implemented and stabilised. The briefing will include a demonstration on components and features of the new system.

To conclude, we look forward to another productive week on a range of important topics for the Organisation. Allow me again to extend my welcome and reiterate my appreciation for the valuable contributions you make to the work of the OPCW.

Thank you for your attention.
