



100th Session
5 – 8 July 2022

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NOTE BY THE DIRECTOR-GENERAL

COMMENTS ON THE REPORT OF THE ADVISORY BODY ON ADMINISTRATIVE AND FINANCIAL MATTERS AT ITS FIFTY-SECOND SESSION

1. At its Thirty-Fourth Session, the Executive Council (hereinafter “the Council”) requested that the Director-General, when submitting reports of the Advisory Body on Administrative and Financial Matters (ABAF) to the Council for its consideration, indicate what actions the Technical Secretariat (hereinafter “the Secretariat”) has taken in response to the recommendations of the ABAF, and what decisions are required by the Council on the report being submitted (paragraph 21.4 of EC-34/5, dated 26 September 2003).
2. The Director-General welcomes the continuing advice and support provided by the ABAF, as reflected in the conclusions it reached during its Fifty-Second Session (ABAF-52/1, dated 9 June 2022).

Adoption of the agenda (paragraph 2 of ABAF-52/1)

3. The Secretariat notes that the following agenda item was deferred to the ABAF’s Fifty-Third Session, which is scheduled for 26 – 29 July 2022: the OPCW’s 2021 Financial Statements and briefing by the External Auditor on the 2021 External Audit Report.
4. The Secretariat reaffirms its readiness to support the work of the ABAF in the form of providing meeting documentation and making arrangements to help facilitate these discussions.

Review of the report of the previous session (paragraph 3 of ABAF-52/1)

5. The Secretariat notes that the ABAF had no comments on its previous report. Regarding the ABAF’s comments on the Director-General’s response to the report of the Fifty-First Session of the ABAF, the Secretariat acknowledges the ABAF’s encouragement to use all appropriate for a to explain its vision of the concept of zero real growth at the OPCW. It is envisioned that State Party consultations related to preparations for the Fifth Review Conference,¹ as well as the facilitations in 2023 on the future 2024–2025 draft biennium budget proposal, will provide important opportunities for the Secretariat to continue to emphasise the importance of zero real growth in an environment of continuing inflationary pressure.

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



Review of the status of previous ABAF recommendations (paragraphs 4.1 to 4.3 of ABAF-52/1)

6. The Secretariat acknowledges the ABAF's encouragement to provide summary reports of the status of State Party voting rights as conference room papers prior to formal meetings of the policy-making organs, and to update such reports as required at the sessions. This procedure will be put in place commencing with the 101st Session of the Council.
7. In 2023, within the context of the development of the biennial Draft Programme and Budget for 2024–2025, the Secretariat will further consider the ABAF's advice to examine whether a key performance indicator (KPI) could be developed and effectively applied to the linguistic services provided by the Secretariat. This could further help the Secretariat assess whether resources are adapted to the ever-increasing workload in this area.

Financial updates: cash position, status of collection of assessed contributions and reimbursements, Working Capital Fund (paragraphs 5.3 to 5.6 of ABAF-52/1)

8. The Secretariat notes the ABAF's reiteration of its serious concerns regarding the delays in the collection of assessed contributions and the operational risk that this situation poses to the Organisation. The Secretariat would emphasise in this regard that it continues to issue periodic formal reminders throughout the year to States Parties with outstanding balances owed to the Organisation and that, according to Financial Regulation 5.4, States Parties have the responsibility to pay their assessed contributions in full within 30 days of being notified by the Secretariat, or on the first day of the financial period to which the assessment relates, whichever is later.

Status of the 2022 financial performance (to date) (paragraph 6 of ABAF-52/1)

9. Recalling the ABAF's query as to whether the 2022 budget would be adequate to cover rising in-year costs, the Secretariat continues to monitor the situation closely and continues to anticipate that some intra- and inter-programme funds transfers will be necessary and appropriate to ensure full coverage of core operating platform costs. The necessity and extent of any such transfers will become clearer in the third quarter as and when the magnitude of the impact of the extraordinary global inflationary environment becomes more objectively evident in the programmatic implementation.

2021 programme performance (paragraph 7 of ABAF-52/1)

10. The Secretariat notes the ABAF's review of a presentation provided on the substance of the programme performance report for the year 2021 (S/2068/2022, dated 15 June 2022).

2021 budget transfers (paragraphs 8.1 to 8.2 of ABAF-52/1)

11. The Secretariat acknowledges that the ABAF was pleased to note that all transfers had been made without detriment to the activities approved under their respective programmes. In this regard, the Secretariat would also emphasise that all transfers were conducted in line with the Organisation's Financial Regulations and Rules.

12. More generally, the Secretariat would note that the incorporation of a zero real growth approach in the 2022–2023 Programme and Budget—particularly for staff costs—represents an important shift in the budgeting policy that should reduce the historic reliance on intra-chapter budgetary transfers. Against this backdrop, it is indeed regrettable that the extraordinary global inflationary circumstances that have arisen markedly in 2022 are likely to require fund transfers at a higher level than would have been the case under normal circumstances. However, had the current biennium budget not incorporated a zero real growth approach, we would expect that the fund transfers required would be considerably larger, impacting programmatic implementation and substantially complicating effective budgetary management within the transfer restrictions of the Financial Regulations and Rules.

Report of the Office of Internal Oversight for the year ending 31 December 2021 (paragraphs 9.1 to 9.5 of ABAF-52/1)

13. The Secretariat is pleased to acknowledge the ABAF’s congratulations to the Office of Internal Oversight (OIO) for its comprehensive report. The report reflects the sustained efforts of the OIO to provide advice and substantially enhanced support in adding value to the Secretariat in the crucial areas of risk management, internal control, quality management, governance processes, and internal investigations. The Secretariat looks forward to continuing these fruitful and timely efforts, ever mindful of the unique and independent role of the OIO.

Update on long-standing trust fund and reserve balances (paragraphs 11.1 to 11.2 of ABAF-52/1)

14. The Secretariat acknowledges that this matter has been pending for a number of years and is eager to advance its efforts, including by seeking to reduce the total number of funds with a view to eliminating areas of redundancy and shifting resources to potentially higher-priority areas. At the same time, resource constraints—above all staffing in the Budget and Finance Branch—ultimately limit what can be accomplished amidst ongoing daily operational demands.

Progress in results-based management (paragraphs 12.1 to 12.2 of ABAF-52/1)

15. The Secretariat acknowledges that the ABAF has noted its presentation on results-based management (RBM), and welcomes the ABAF’s encouragement to continue efforts to further develop and enhance RBM tools and processes as appropriate for the OPCW’s circumstances. In this context, the Secretariat expects that the OPCW programme and budget processes will continue to be the primary focal point for RBM efforts, drawing on enhanced business analytics made possible via the ongoing modernisation of the Secretariat’s information technology systems.

Update on the OPCW Centre for Chemistry and Technology project (paragraphs 13.1 to 13.2 of ABAF-52/1)

16. The Secretariat notes that the ABAF welcomed its presentation on the status of the project to upgrade the OPCW Laboratory and Equipment Store to the Centre for Chemistry and Technology (ChemTech Centre), as well as the ABAF’s intention to visit the ChemTech Centre during its Fifty-Fifth session in July 2023. The Secretariat looks forward to supporting the ABAF’s future visit to the ChemTech Centre.

Update on the Working Group on the Manner of Appointment of the External Auditor (paragraphs 14.1 to 14.2 of ABAF-52/1)

17. The Secretariat notes the ABAF's view that it would not be appropriate to task the Secretariat with applying scores to External Auditor candidate proposals, and that the Secretariat's role in the selection process should be to provide support to the selection panel whenever possible. The Secretariat fully concurs with this view and had also shared this perspective in the context of providing technical support to the Working Group meetings, where it was received with understanding by the Working Group members.

The Office of Internal Oversight's proposed changes to the Financial Regulations and Rules (paragraph 15 of ABAF-52/1)

18. The Secretariat greatly appreciates the ABAF's timely endorsement of the proposed changes and acknowledges the importance of providing more appropriate lead time for review of such matters as they arise in the future.

Any other business (paragraph 16 of ABAF-52/1)

19. The Secretariat appreciated the ABAF's query regarding planning for the draft 2023 mid-biennium Programme and Budget update. Planning for the update has been proceeding on track within the Secretariat, and a succinct draft proposal limited to addressing only unforeseen or changed circumstances and resource requirements is projected to be circulated during the week after the 100th Session of the Council.
20. The Secretariat was pleased to support the work of the ABAF at its Fifty-Second Session, and looks forward to supporting the ABAF's upcoming Fifty-Third Session.

Next session and agenda (paragraph 17 of ABAF-52/1)

21. The Secretariat notes the ABAF's agreement of the dates of 26 to 29 July 2022 for its Fifty-Third Session, as well as the provisional agenda for said session.