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10 – 13 October 2023

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DECISION

DRAFT PROGRAMME AND BUDGET OF THE OPCW FOR 2024–2025

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 the programme biennium, which is defined by Financial Regulation 2.1 as two consecutive calendar years, starting with an even-numbered 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 2024–2025 (EC-104/CRP.1/Rev.1, dated 9 October 2023);

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 2024–2025, along with the associated indicators of achievement for each core objective, provide direction for 2024–2025 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 in the Draft Programme and Budget for 2024–2025, 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 2024–2025 should be interpreted in a way that is inconsistent with the Convention;

Recognising the negative consequences of the late payments of assessed contributions for the operational activities of the Organisation;

Recognising also the severe impact of extraordinary inflation on the global economy in general, and developing countries in particular, as well as on the income of the States Parties;

Recognising further international cooperation and assistance as a core operational activity of the OPCW, and **noting** that in some past years there have been transfers of not fully utilised funds out of the International Cooperation and Assistance Programme, in accordance with the Financial Regulations and Rules;

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 5,884,123 has arisen for the financial year ending 31 December 2021, 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 2022” (EC-104/DG.3 C-28/DG.5, dated 9 August 2023 and Corr.1, dated 30 August 2023);

Considering that a substantial cash surplus is projected for the financial year ending 31 December 2022, for which the exact figure will be known after the audited Financial Statements of the Organisation for the year ending 31 December 2023 are available;

Recalling 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 (C-23/DEC.12, dated 20 November 2018);

Noting that the balance of EUR 815,779 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 that costs have continued to be incurred in 2023 for activities related to cybersecurity, business continuity, and physical infrastructure security, and that further costs will be incurred in the future;

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

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-104/DG.12, dated 13 September 2023).

Noting that the balance of EUR 3,211 in the special fund for IT infrastructure to support the implementation of decision C-SS-4/DEC.3 is in the process of commitment to fulfil the requirements supported by the fund;³

Mindful that further costs are not expected to continue to be incurred in 2024 for activities related to this fund; and

Recalling that there are recurring important capital equipment and infrastructure replacement requirements which are intended to be funded from the Major Capital Investment Fund, as well as from the special fund for the OPCW Equipment Store and the special fund for designated laboratories and laboratory equipment, necessitating periodic and timely replenishment of these funds;

Hereby:

I. General

1. **Emphasises** that the biennial Programme and Budget should continue to be formulated to achieve 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, 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 **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. **Calls upon** the Secretariat and States Parties to work collectively to ensure the full and effective implementation of the international cooperation and assistance programmes by ensuring that the relevant OPCW budgetary requirements are effectively met and programme delivery is promptly executed, in order to avoid or to reduce the need for transfers between major programmes and the retention of unspent funds for international cooperation and assistance in a special fund;
6. **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;
7. **Stresses** the importance of linking resource requests to results and **endorses** the increased use of standard costing;
8. **Welcomes** the Secretariat's work to improve its performance reporting and **requests** the Secretariat to include programme challenges and lessons learned in the biennium budgeting assessment and lessons-learned report, and in subsequent annual programme performance reports;

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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-104/DG.28, dated 9 October 2023).

9. **Recommends** that the Conference at its Twenty-Eighth Session:
- (a) adopt the Draft Programme and Budget of the OPCW for 2024–2025 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 2024–2025;
 - (c) appropriate for 2024 a total expenditure of EUR 80,490,221 of which EUR 32,823,952 is for Chapter 1 related to verification costs and EUR 46,865,491 is for Chapter 2 related to international cooperation, administrative, and other costs; and appropriate for 2025 a total expenditure of EUR 82,170,171 of which EUR 33,890,644 is for Chapter 1 related to verification costs and EUR 48,241,473 is for Chapter 2 related to international cooperation, administrative, and other costs; EUR 625,000 is for the special fund for cybersecurity, business continuity, and physical infrastructure security, EUR 175,778 for the special fund for the OPCW Equipment Store, and EUR 38,054 for the special fund for OPCW designated laboratories and laboratory equipment;
 - (d) decide that the expenditure appropriated for 2024–2025 shall be financed from:
 - (i) assessed annual contributions by all States Parties in the amount of EUR 74,783,427 in 2024 and EUR 81,509,499⁴ in 2025, payable in accordance with a scale of assessments⁵ 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 111,893 in 2024 and EUR 71,449 in 2025, to reimburse the costs of verification activities carried out in 2024–2025 in accordance with Articles IV and V of the Convention;
 - (iii) interest and other income earned in 2024–2025 by the OPCW, estimated to amount to EUR 150,000 in 2024 and EUR 150,000 in 2025;
 - (iv) cash surplus for 2021 in the amount of EUR 175,778 to be transferred to the special fund for the OPCW Equipment Store;
 - (v) cash surplus for 2021 in the amount of EUR 38,054 to be transferred to the special fund for OPCW designated laboratories and laboratory equipment;

⁴ Without prejudice to the possible adjustments of the budget and scale of assessments that may be decided by the Conference in accordance with the Convention and the Financial Regulations and Rules.

⁵ Pursuant to paragraph 7 of Article VIII of the Convention “[t]he costs of the Organization’s activities shall be paid by States Parties in accordance with the United Nations scale of assessment adjusted to take into account differences in membership between the United Nations and this Organization, and subject to the provisions of Articles IV and V.” It is anticipated that the United Nations General Assembly will determine the United Nations scale of assessments for 2025–2027 by the end of 2024.

- (vi) cash surplus for 2021 in the amount of EUR 625,000 to the special fund for cybersecurity, business continuity, and physical infrastructure security;
 - (vii) cash surplus for 2021 in the amount of EUR 4,644,123 to be transferred to the OPCW General Fund in 2024; and
 - (viii) cash surplus for 2021 in the amount of EUR 401,168 to be transferred to the OPCW General Fund in 2025;
- (e) note that the preparation of the Programme and Budget of the OPCW for 2024–2025 has taken place in line with the Organisation’s practice of zero-based budgeting;
 - (f) note that the number of Article VI inspections temporarily (during the biennium) approved for 2024 is 200 and for 2025 is 200; and affirm its expectation that the annual number of Article VI inspections will return to 241 in 2026;
 - (g) affirm its expectation that an adequate number of inspectors will be put in place in 2024–2025 to ensure that no negative impact on performing Article IV, V, and VI inspections will occur;
 - (h) affirm its expectation to reduce the level of assessed contributions in 2025 to a level which is in line with 2024, assuming a cash surplus for 2022 will be determined during the external audit of the Organisation’s Financial Statements for the year ending 31 December 2023 and following approval of the States Parties;
 - (i) affirm its expectation to finance the Major Capital Investment Fund to a target level of between EUR 1,200,000 and EUR 2,100,000 over the next two years, by considering, inter alia, the transfer of future cash surpluses, if available, following a decision by the Conference;
 - (j) 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);
 - (k) decide to authorise fixed-term posts for 2024 and 2025 for the approved programme of work as documented in Appendix 6 to the Draft Programme and Budget for 2024–2025;
 - (l) 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;

- (m) note the key outcomes identified for 2024–2025, 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 contributions to the OPCW for 2024 and 2025 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 32 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-Ninth and Thirtieth Sessions on the details of transfers from and the replenishment of the Working Capital Fund in 2024 and 2025, respectively; and
- (s) referring to Financial Regulation 6.4, affirm that the Working Capital Fund shall be maintained at a target level of EUR 8 million to EUR 9 million over the next two years, including by proposing additional steps when necessary to maintain the target level;

II. Extension of Funds

10. **Recommends** that the Conference at its Twenty-Eighth Session:

- (a) approve the extension of the special fund for cybersecurity, business continuity, and physical infrastructure security for a further period of 24 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 1 December 2023 until the date of the approval referred to in subparagraph 9(a) above, and decide to remain seized of the matter;

III. Closure of Funds

11. **Recommends also** that the Conference at its Twenty-Eighth Session approve the closure of the special fund for IT infrastructure to support the implementation of decision C-SS-4/DEC.3 from the date of approval; and

IV. Use of 2021 Cash Surplus

12. **Recommends further** that, with regard to the 2021 cash surplus, the Conference at its Twenty-Eighth Session exceptionally:
- (a) approve, in accordance with Financial Regulation 6.9, the transfer of a portion of the 2021 cash surplus in the amount of EUR 175,778 to the special fund for the OPCW Equipment Store;
 - (b) approve, in accordance with Financial Regulation 6.9, the transfer of a portion of the 2021 cash surplus in the amount of EUR 38,054 to the special fund for OPCW designated laboratories and laboratory equipment;
 - (c) approve, in accordance with Financial Regulation 6.9, the transfer of a portion of the 2021 cash surplus in the amount of EUR 625,000 to the special fund for cybersecurity, business continuity, and physical infrastructure security;
 - (d) approve the transfer of a portion of the 2021 cash surplus in the amount of EUR 4,644,123 to the OPCW General Fund for 2024; and
 - (e) approve the transfer of a portion of the 2021 cash surplus in the amount of EUR 401,168 to the OPCW General Fund for 2025.

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