



OPCW

Conference of the States Parties

Eleventh Session
5 – 8 December 2006

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DECISION

PROGRAMME AND BUDGET OF THE OPCW FOR 2007

The Conference of the States Parties,

Recalling that Article VIII, subparagraph 21(a), of the Chemical Weapons Convention (hereinafter “the Convention”) requires, *inter alia*, that the Conference of the States Parties (hereinafter “the Conference”) to consider and adopt at its regular sessions the Programme and Budget of the OPCW;

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

Recalling further the decision of the Conference at its Ninth Session that “future draft programmes and budgets of the OPCW should be presented in a results-based format in conformity with the provisions and objectives of the Convention and the Financial Regulations and Draft Financial Rules of the OPCW” (C-9/DEC.14, dated 2 December 2004);

Bearing in mind that the Conference at its Tenth Session requested the Council, in the context of the stress placed by the First Special Session of the Conference of the States Parties to Review the Operation of the Convention on the need to continue monitoring and improving the implementation of the OPCW’s budgetary and financial mechanisms as they have evolved (paragraph 7.127 of RC-1/5, dated 9 May 2003), to examine the possibilities of a long-term mechanism for the management of the risks associated with currency-exchange-rate, with a view to making a recommendation to the Conference at its Eleventh Session (C-10/DEC.5, dated 8 November 2005);

Considering the recommendations relating to the Draft Programme and Budget of the OPCW for 2007 submitted to it by the Council (EC-M-26/DEC.4, dated 7 December 2006);



Considering that the core objectives of the OPCW set out in table 2 of the Draft Programme and Budget for 2007 submitted to it by the Council, along with the associated indicators of achievement for each core objective, provide direction for 2007 for the programmes of the OPCW and the Technical Secretariat (hereinafter “the Secretariat”);

Having reviewed the programme objectives, which should be reviewed each year, in the Draft Programme and Budget for 2007 submitted to it by the Council, along with the information it provides on the key results planned for each objective, as well as on the major activities the Secretariat should engage in to pursue those results; and

Recognising that nothing in the Programme and Budget for 2007 should be interpreted in a way which is inconsistent with the Convention;

Hereby:

1. **Adopts** the Programme and Budget of the OPCW for 2007, which is annexed hereto;
2. **Reaffirms** the core objectives of the OPCW and the indicators of achievement set out in table 2 of the Programme and Budget for 2007;
3. **Appropriates** total expenditure for 2007 of EUR 75,025,751, of which EUR 37,545,676 is for the chapter related to verification costs and EUR 37,480,075 for that related to administrative and other costs;
4. **Decides** that the expenditure appropriated for 2007 shall be financed from:
 - (a) assessed annual contributions by all States Parties in the amount of EUR 68,640,103, payable in accordance with a scale of assessment to be determined by the Conference in accordance with Article VIII, paragraph 7, of the Convention;
 - (b) contributions from States Parties, estimated to amount to EUR 5,635,648, to reimburse the costs of inspections carried out in 2007 in accordance with Articles IV and V of the Convention; and
 - (c) interest and other income earned in 2007 by the OPCW, and estimated to amount to EUR 750,000;
5. **Decides also** to request the Director-General to internally establish efficiencies and priorities within the aforementioned appropriations for 2007, but without varying the appropriations for each chapter, to provide for up to EUR 65,000 for no more than 5 additional laboratory internships to be funded in 2007 through the International Cooperation and Assistance Programme;
6. **Decides further** to authorise and fund 521 fixed-terms posts for 2007, as set out in Appendix 5 to the Programme and Budget for 2007;
7. **Notes** the key outcomes identified for 2007, which are set out in table 2 of the Programme and Budget for 2007, and which the Secretariat has established as targets for each core objective of the OPCW;

8. **Decides further** that consultants shall be engaged during 2007 by the Secretariat only for specific, short-term projects to augment the Secretariat's technical expertise;
9. **Reaffirms** the need for the Council to examine the possibilities of a long-term mechanism for the management of currency-exchange-rate risks, with a view to making a recommendation to the Conference at its Twelfth Session;
10. **Strongly urges** each State Party to pay in full its contribution to the OPCW for 2007 within 30 days of receiving the communication from the Director-General requesting such payment;
11. **Also strongly urges** States Parties that are in arrears in the payment of their contributions to the OPCW to immediately pay those arrears or submit a proposal for a multi-year payment plan to eliminate those arrears, in accordance with the framework approved by the Conference (C-11/DEC.5, dated 7 December 2006);
12. **Further strongly urges** States Parties that are in arrears in the reimbursement of the costs of inspections carried out under Articles IV and V of the Convention, to pay those arrears to the OPCW immediately; and
13. **Also requests** the Director-General to report, through the Council, to the Conference at its Twelfth Session on the details of transfers from and the replenishment of the Working Capital Fund in 2007.

Annex:

Programme and Budget of the OPCW for 2007

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LIST OF ACRONYMS AND ABBREVIATIONS

ABAF	Advisory Body on Administrative and Financial Matters
ACW	abandoned chemical weapon(s)
ADM	Administration Division
BPFb	Budget, Planning and Finance Branch (Administration Division)
CDF	chemical destruction facility
CMS	correspondence management system
CSP	Conference of the States Parties
CW	chemical weapon(s)
CWDF	chemical weapons destruction facility
CWPF	chemical weapons production facility
CWSF	chemical weapons storage facility
DG	Director-General
EC	Executive Council
ERD	External Relations Division
EUR	euro(s)
EUR'm	millions of euros
EUR'000	thousands of euros
GS-MS	gas chromatography-mass spectrometry
GS(-grade)	general service (grade)
HRB	Human Resources Branch (Administration Division)
ICA	international cooperation and assistance
ICAD	International Cooperation and Assistance Division
ILOAT	International Labour Organization Administrative Tribunal
IMF	International Monetary Fund
INS	Inspectorate
ISB	Information Services Branch (Administration Division)
IT	information technology
LAO	Office of the Legal Adviser
NGO	non-governmental organisation
na	not applicable
OCPF	other chemical production facility
OCS	Office of Confidentiality and Security
OCW	old chemical weapon(s)
ODG	Office of the Director-General
OIO	Office of Internal Oversight
OPCW	Organisation for the Prohibition of Chemical Weapons
P(-grade)	professional (grade)
PC	personal computer
PMO	Policy-Making Organs
PSB	Procurement and Support Services Branch (Administration Division)
QMS	quality management system
SCN	Security-Critical Network
SNCN	Security Non-Critical Network
SSA	special service agreement
TAC	temporary assistance contract
TDB	Training and Staff Development Branch (Administration Division)
TSB	Technical Support Branch (Verification Division)
UN	United Nations
USA	United States of America
USD	United States dollar
var	variance
VIS	Verification Information System
WCF	Working Capital Fund
ZNG	zero nominal growth

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PART I

EXECUTIVE SUMMARY

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1. SUMMARY OF THE PROGRAMME AND BUDGET FOR 2007

- 1.1 The OPCW's regular budget expenditure for 2007 is expected to be EUR 0.588m less than appropriation levels for 2006 (a reduction of 1.7 per cent in 'real terms'). Authorised fixed-term staff levels will not increase for the year.
- 1.2 Expenditure of EUR 75.0m budgeted for the year addresses a number of new programme priorities for 2007, and allows for forecast increases in statutory costs and other prices. In this context, it is savings and efficiencies compared to existing budget estimates that will allow this to occur in 2007 without exceeding expenditure levels appropriated for 2006.
- 1.3 2007 marks the Tenth Anniversary of the entry into force of the Chemical Weapons Convention (hereinafter "the Convention"). In providing an opportunity for the OPCW to measure and mark the achievements of Member States under the Convention, 2007 also represents a year for the OPCW to reaffirm its commitment and ensure that its efforts continue to focus on the ever-present challenges encountered in moving forward.
- 1.4 The Programme and Budget of the OPCW for 2007 has been developed with a focus on clear programme priorities to respond to growing demands of the OPCW and issues emerging within the Technical Secretariat (hereinafter "the Secretariat"). These priorities for 2007 are closely aligned with the established "core objectives" of the OPCW and its programmes.
- 1.5 Major points contained within the Programme and Budget for 2007 include the following:
 - (a) Specific budget initiatives totalling almost EUR 1m, to be implemented in 2007, target a number of programme priorities to:
 - (i) verify continuing levels of chemical weapons destruction (EUR 0.166m);
 - (ii) enhance assurance of non-proliferation of chemical weapons (EUR 0.478m);
 - (iii) implement national obligations under Article VII of the Convention (EUR 0.135m);
 - (iv) provide welfare and professional support for staff of the Secretariat (EUR 0.101m); and
 - (v) enhance professional training and development of staff (EUR 0.040m).
 - (b) Expenditure budgeted for 2007 (EUR 75.0m) is almost 1 per cent lower, in nominal terms, than the level agreed for the previous year; Chapter 1 expenditure is expected to be higher than Chapter 2 expenditure for the first time since 2002.
 - (c) The general cost to all Member States in annual contributions will be reduced by almost 1.7 per cent from 2006.

- (d) Significant operational efficiencies, including more-effective use of inspection resources, savings through turnover of staff on higher salary increments, and other specific reductions have been applied to budgeted expenditure levels.
- (e) Fixed-term staffing positions for the Secretariat will be kept at the same number (521) as authorised for 2006.

1.6 The following table summarises budgeted expenditure and income levels for the OPCW for 2007.

TABLE 1: REGULAR BUDGET FOR 2007 BY FUNDING PROGRAMME

2005 Result	2006 Budget		2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
8,279,868	8,297,270	<i>Chapter 1 expenditure:</i>				
25,356,841	28,766,552	Programme 1: Verification	8,423,527	8,496,857	0.9%	8,496,857
		Programme 2: Inspections	28,766,552	29,048,819	1.0%	29,048,819
33,636,709	37,063,822	Total Chapter 1	37,190,079	37,545,676	1.0%	37,545,676
		<i>Chapter 2 expenditure:</i>				
4,453,458	5,141,988	Programme 3: ICA	5,141,988	5,184,448	0.8%	5,209,733
4,215,223	4,592,851	Programme 4: Support for PMOs	4,592,851	4,510,172	-1.8%	4,510,172
1,642,157	1,835,681	Programme 5: External Relations	1,835,681	1,905,060	3.8%	1,905,060
		Programme 6: Executive Management	7,318,474	7,392,946	1.0%	7,392,946
6,801,691	7,534,692	Programme 7: Administration	19,400,433	18,487,448	-4.7%	18,487,448
18,005,951	19,445,207					
35,118,480	38,550,419	Total Chapter 2	38,289,427	37,480,075	-2.1%	37,505,360
68,755,189	75,614,241	Total expenditure	75,479,506	75,025,751	-0.6%	75,051,036
		<i>Less direct income:</i>				
3,635,658	5,373,000	Verification contributions	5,373,000	5,635,648	4.9%	5,635,648
927,537	450,000	Interest and other earnings	450,000	750,000	66.7%	750,000
4,563,195	5,823,000	Total direct income	5,823,000	6,385,648	9.7%	6,385,648
68,163,380	69,791,241	Annual contributions	69,656,506	68,640,103	-1.5%	68,665,388

1.7 Key estimation parameters applied in the Programme and Budget for 2007 include:

- (a) general validation of the assumptions of prices and statutory costs for 2006 incorporated in the 2006 Programme and Budget (with a flow-on impact for 2007 budget estimates);
- (b) an average currency exchange rate across 2007 of 79.7 Eurocents for USD 1;
- (c) increased salary-rates in 2007 for P-grade and GS-grade staff with a full-year effect of 1.0 per cent and 0.5 per cent respectively;
- (d) increased pensionable remuneration rates in 2007 for P-grade staff with a full-year impact of 1.25 per cent; and
- (e) inflationary price rises for international programmes and other non-staffing costs with an impact for 2007 of 4.75 per cent and 2.5 per cent respectively.

PART II

OVERVIEW

2. INTRODUCTION

- 2.1 The Programme and Budget of the OPCW for 2007 outlines in detail the objectives of the OPCW, the associated results targeted for the year, and the programmes of activity to be resourced for 2007 through the OPCW's Regular Budget.
- 2.2 In providing the basis for Member States to appropriate expenditure required for the year, the Programme and Budget includes detailed estimates of budgeted income and expenditure for the programmes of activity to be pursued during 2007.
- 2.3 As part of the OPCW's commitment to planning and budgeting for results, the Programme and Budget for 2007 focuses on:
 - (a) new programme priorities for the year and associated spending initiatives;
 - (b) identified results to be achieved during 2007 in relation to the core objectives of the organisation and existing programmes of activity; and
 - (c) financial resourcing levels that are sustainable to Member States and aligned with priority activities for the year.
- 2.4 The Programme and Budget for 2006 agreed at the Tenth Session of the Conference of the States Parties (hereinafter "the Conference") (C-10/DEC.5, dated 8 November 2005) provided indicative 'forward' estimates, at that time, of expenditure and income of the OPCW for 2007.
- 2.5 The Programme and Budget for 2007 has been prepared by way of an exhaustive process of re-costing previous forward estimates for 2007 with adjustments for price and statutory cost levels now expected for the year. Adjustments were then identified for both spending initiatives and savings measures to meet emerging programme priorities for 2007 and to maintain financial efficiency.
- 2.6 The Programme and Budget for 2007 continues the OPCW's commitment to improving programme formulation and funding development in key areas of:
 - (a) transparency of priority spending initiatives and other adjustments, including major programme changes affecting resourcing levels;
 - (b) ensuring financial estimates are robust and achievable; and
 - (c) fully articulating performance results and activities planned for the year.
- 2.7 The resulting Programme and Budget for 2007 continues the fiscal discipline of the previous year, while still ensuring that new programme priorities are addressed. Although this provides a sound base for the OPCW to move forward during 2007, active monitoring and management during the year will be essential if programme results are to be delivered with the agreed funding levels.
- 2.8 An electronic version of the Programme and Budget for 2007 may be found on the OPCW's website at www.opcw.org. Requests for further information can be directed to the OPCW's Budget, Planning and Finance Branch by telephoning +31 (0)70 416 3511 or emailing budget@opcw.org.

3. STRATEGIC OVERVIEW

- 3.1 The Programme and Budget for 2007 establishes the OPCW's key objectives for the year and provides for the associated activities of the Secretariat necessary to support mandated requirements and other priorities.
- 3.2 In this context, a budget strategy has been defined for the year to support critical programme delivery, while underlining the need for effective and efficient use of resources.

2007 BUDGET STRATEGY

- 3.3 The Programme and Budget for 2007 again aims to ensure that the OPCW meets mandated and critical programme delivery for the year, while providing Member States with assurances of cost-effectiveness in the Secretariat's operations.
- 3.4 Accordingly, the Programme and Budget for 2007 reaffirms a number of defined financial principles:
- (a) carefully targeted enhancements in programme levels to meet major emerging priorities;
 - (b) full provision for expected price growth for the year (including for staff entitlements); and
 - (c) budgeted expenditure maintained at overall appropriation levels for 2006 through efficiencies and prioritisation of existing resources.
- 3.5 Resourcing provided for 2007 in the Programme and Budget has also been consciously considered in the context of benefits delivered with potential funding through voluntary contributions from Member States and other parties.

OBJECTIVES OF THE OPCW

- 3.6 The activities undertaken by the OPCW reflect the agreed programmes to be delivered each year in pursuit of the key objectives mandated by Member States.

Core objectives

- 3.7 The OPCW's programmes and resourcing planned for 2007 are directed towards its "core objectives" (and specific outcomes targeted for the year).
- 3.8 These core objectives reflect the mandates for the OPCW established by the Convention and key enabling strategies adopted by Member States. The objectives of the OPCW's individual programmes, and the underlying activities of the Secretariat, have been developed in the context of their contribution (indirectly in some cases) to one or more of these core objectives. As key mandates of the OPCW, core objectives largely remain constant over a period of time.
- 3.9 The OPCW's core objectives, agreed indicators of their achievement, and key outcomes set for each for 2007, are summarised in the following table.

TABLE 2: CORE OBJECTIVES OF THE OPCW

Objective	Indicators of achievement	Key outcomes identified by the Secretariat for 2007
<i>Core objectives</i>		
1. Elimination of chemical weapons stockpiles and chemical weapons production facilities subject to the verification measures provided for in the Convention.	<p>(a) Results of all destruction activities related to elimination of chemical weapons and their production facilities as confirmed by systematic verification in accordance with the Convention.</p> <p>(b) Results of conversion of CW production facilities for purposes not prohibited under the Convention as confirmed by verification in accordance with the Convention.</p> <p>(c) Results of systematic verification of chemical weapons storage facilities to ensure no undetected removal of chemical weapons.</p>	<ul style="list-style-type: none"> • 100% of the destruction of approximately 4,585 metric tonnes of chemical-warfare agents verified during the year in six Member States; 24,251 metric tonnes (or 34% of total declared stockpiles) of chemical-warfare agents verified as destroyed by the end of 2007 since entry into force of the Convention. • Compliance with requirements verified during the year at each of three declared CWPfS remaining to be destroyed or converted; complete destruction or conversion of 61 CWPfS verified since entry into force of the Convention (19 converted CWPfS remain subject to systematic verification). • Storage of chemical-warfare agents verified during the year at 100% of the 27 remaining CWSFs.
2. Non-proliferation of chemical weapons, through the application of the verification and implementation measures provided for in the Convention which also serve to build confidence between States Parties.	<p>Assessment of the extent to which the relevant verification and implementation provisions of the Convention are met, and in particular:</p> <p>(a) assessment of the extent to which the inspection aims of systematic inspections of Schedule 1 facilities stipulated in the Convention were attained, taking into account the factors provided for in Part VI(E) of the Verification Annex;</p> <p>(b) assessment of the extent to which the inspection aims of inspections of Schedule 2 facilities stipulated in the Convention were attained, taking into account the factors provided for in Part VII(B) of the Verification Annex;</p> <p>(c) assessment of the extent to which the inspection aims of inspections of Schedule 3 facilities stipulated in the Convention were attained, taking into account the factors provided for in Part VIII(B) of the Verification Annex; and</p> <p>(d) assessment of the extent to which the inspection aims of inspections of other chemical production facilities (OCPF) stipulated in the Convention were attained, taking into account the factors provided for in Part IX(B) of the Verification Annex.</p>	<ul style="list-style-type: none"> • Correctness of declarations in relation to Schedule 1 chemicals verified during the year, in accordance with Part VI(E) of the Verification Annex, by inspections at 11 (41%) of 27 inspectable facilities. • Activities in relation to Schedule 2 chemicals verified during the year in accordance with Part VII(B) of the Verification Annex, for compliance with the Convention and consistency with declared information, by inspections at 42 (26%) of 162 inspectable facilities. • Consistency of activities in relation to Schedule 3 chemicals with declared information verified during the year, in accordance with Part VIII(B) of the Verification Annex, by inspections at 29 (7%) of 428 inspectable facilities. • Consistency of activities with the information declared in relation to production of non-schedule discrete organic chemicals verified during the year, in accordance with Part IX(B) of the Verification Annex, by inspections at 118 (2.3%) of 5,100 inspectable facilities.
3. Assistance and protection against chemical weapons, their use, or threat of use, in accordance with the provisions of Article X of the Convention.	<p>(a) Amount, nature and results of responses to requests for expert advice and/or assistance under Article X, paragraph 5.</p> <p>(b) Effective functioning of the data bank of protection-related information established pursuant to Article X, paragraph 5.</p> <p>(c) The OPCW's capacity to coordinate and deliver assistance against chemical weapons in response to a request.</p> <p>(d) The OPCW's capacity to conduct an immediate investigation and to take emergency measures of assistance against chemical weapons in response to a request.</p> <p>(e) Percentage of States Parties providing information annually pursuant to Article X, paragraph 4.</p>	<ul style="list-style-type: none"> • 75 Member States will have declared the assistance it could provide in response to a request by the OPCW for assistance for a Member State. • Funding currently held in the Voluntary Fund for Assistance will be increased by further contributions by year-end from Member States (EUR 1,050,042 was contributed to end 2005 by 39 Member States). • Provision of annual information during the year by 80 Member States (more than 40%) in relation to national programmes for protection. • Development and maintenance of a state of readiness to provide timely, adequate, and efficient assistance within 24 hours to a Member State requesting assistance. • Effective functioning and accessibility of a database of protection-related information in accordance with the Convention.

4. Economic and technological development through international cooperation in the field of chemical activities for purposes not prohibited under the Convention in accordance with the provisions of Article XI.	(a) Volume, quality and results of cooperation relating to peaceful uses of chemistry. (b) Rate and quality of response to requests in accordance with the approved programme for international cooperation relating to peaceful uses of chemistry.	<ul style="list-style-type: none"> At least 70 specialised personnel, from more than 40 Member States, will benefit during the year from OPCW programmes aimed at directly supporting skills and capabilities development. Support for research and skills development facilitated during the year through at least five internships and ten research projects. At least 50 Member States (almost 30%) will participate during the year in programmes for the exchange of scientific and technical information to support economic and technological development. At least four Member States will receive support for improvement of the technical competence of their laboratories during the year.
<i>Supporting objectives</i>		
5. Universal adherence to the Convention.	(a) The number of States who are Members. (b) The percentage of States not Party that have reached each of two stages of interest/participation; the first level indicated by requests for information and participation, the second by requests for assistance and/or active consideration of membership by national bodies.	<ul style="list-style-type: none"> Substantial progress will be realised in line with the Conference's decisions in relation to universality of the Convention, with a view to achieving universality 10 years after the entry into force of the Convention. All States not Party could reach level 1 participation in 2007; six States are expected to newly enter level 2 participation.
6. Full and effective implementation by States Parties of the provisions of Article VII of the Convention.	(a) The percentage of States Parties reaching each of three defined levels of implementation, based on an assessment of each State Party's compliance with a small number of key aspects of national implementation.	<ul style="list-style-type: none"> Efforts will be made to reach out to Member States that have yet to designate a National Authority, with a view to providing them with assistance with the early designation of their National Authority. All existing Member States will by year-end have provided at least an initial declaration in accordance with Article VI of the Convention. Efforts will be made to reach out to Member States that have yet to introduce comprehensive measures to control transfers of scheduled chemicals, and to Member States that have yet to confirm that their trade regulations comply with the Convention.
<i>Operational objective</i>		
7. Full, effective and non-discriminatory implementation of all provisions of the Convention by the OPCW.	(a) Efficient and effective operation of the policy-making organs and the Technical Secretariat in accordance with Article VIII, including through: <ul style="list-style-type: none"> delivery of programme outputs on time and within the agreed budget; and timely and efficient preparation and conduct of meetings. 	<ul style="list-style-type: none"> Any critical findings of the external auditor and OIO satisfactorily addressed during the year. Budgeted expenditure for 2007 has been contained, in nominal terms, within the appropriation levels agreed for the previous year. Funding for 2007 targets programme priorities for the year, and reflects efficient and effective operations throughout the Secretariat. 100% of income due for 2007 from Member States is received by the due date. Effective and efficient management of replacement of 45 (15%) of total internationally-recruited staff during the year (in accordance with the staff tenure policy). 85% of authorised fixed-term positions across the Secretariat are, on average across the year, staffed by fixed-term appointments. Four sessions of the Executive Council and one Conference of the States Parties are effectively attended and supported during the year. Positive verification during the year of the security/confidentiality of all designated systems.

Programmes funded by the OPCW from the Secretariat

- 3.10 Programme objectives established by the Programme and Budget for 2007 reflect an alignment of related activities and obligations to be achieved, administered, or both, by the OPCW and Member States collectively in pursuit of the established core objectives.
- 3.11 Programme objectives contained in the Programme and Budget for 2007, and associated results planned for the year, provide focus and direction to the activities of the Secretariat.
- 3.12 In this context, funds are provided by Member States to enable the OPCW's Secretariat to deliver a number of services (or "outputs") to the OPCW and other stakeholders. These include:
- (a) inspections to confirm destruction of chemical weapons and production facilities;
 - (b) assessments and inspections to ensure chemical facilities are used for purposes not prohibited under the Convention;
 - (c) workshops, seminars, and other projects to promote the peaceful uses of chemistry;
 - (d) support to Member States in implementing the requirements of the Convention;
 - (e) capability to coordinate and deliver a response to the use or threat of use of chemical weapons; and
 - (f) support to the OPCW's policy-making organs.
- 3.13 The Secretariat's delivery of these outputs to, or on behalf of, the OPCW is also supported by other key programmes of activity within its own governance and administrative support framework.

PROGRAMME OUTLOOK FOR 2007

- 3.14 2007 marks the Tenth Anniversary of the entry into force of the Convention. In providing an opportunity for the OPCW to measure and mark the achievements of Member States under the Convention, 2007 also represents a year for the OPCW to reaffirm its commitment and ensure that its efforts continue to focus on the ever-present challenges encountered in moving forward.
- 3.15 The Programme and Budget of the OPCW for 2007 has been developed with a focus on clear programme priorities to respond to growing demands of the OPCW and issues emerging within the Secretariat. These priorities for 2007 are closely aligned with the established "core objectives" of the OPCW and the programmes it funds from the Secretariat.

- 3.16 Inspections under Article VI of the Convention, to assure the non-proliferation of dangerous chemicals and weapons production across the world's industrial facilities, increased by more than one-third, from 132 in 2003 to 180 in 2006. 2007 will see this critical increase continue with a further 20 inspections, and an added focus particularly on declared facilities producing or holding non-scheduled chemicals (OCPF's).
- 3.17 Combined with this increase in inspections in accordance with Article VI of the Convention, 2007 will also see both implementation and development of additional capabilities to provide added assurances of non-proliferation. This will include implementation of onsite sampling and analysis at declared Schedule 2 chemical sites, and consideration and planning for the need for the OPCW to develop a biomedical laboratory facility. The industry elements of the Secretariat's new Verification Information System will also commence operation during 2007.
- 3.18 In relation to verification of chemical weapons destruction by Member States, 2007 will see a consolidation of recent activity. New facilities in the Russian Federation should commence destruction or reach full operation for the year, and a number of facilities in the United States of America experiencing maintenance or munitions changeover during 2006 will return to full operation for 2007.
- 3.19 The implementation by Member States of their national obligations under Article VII of the Convention also remains a priority for 2007. With a clear need for the OPCW to provide direct technical support to Member States, and to continue to facilitate cooperation and liaison in this area, this requirement is a priority for the international cooperation-related endeavours of the Secretariat.
- 3.20 Separately, the continuing capability of the Secretariat's workforce to provide the OPCW's important programmes of work is facilitated by underlying efforts in staff development and support. Following the significant new measures funded for 2006 by Member States to support better recruitment outcomes, an opportunity exists in 2007 to enhance the application of resources for staff training and some staff-support measures.

PROGRAMME SPENDING INITIATIVES FOR 2007

- 3.21 A number of key priorities have been identified for 2007 in order for the OPCW to ensure that its programmes continue to allow for the achievement of significant progress in meeting the challenges underlying its core objectives. These identified priorities for 2007 provide a clear strategy for the OPCW to respond, in the context of its existing programmes, to changing demands and challenges in pursuing its core objectives.
- 3.22 The following table summarises the spending initiatives to be implemented in 2007 to address the OPCW's priority areas for the year.

TABLE 3: 2007 PROGRAMME SPENDING INITIATIVES (EUR '000)

Spending initiative	2007	2008
<i>Verify the destruction of chemical weapons</i>		
Increased travel costs associated with inspections of weapons destruction	166	166
<i>Enhance assurance of non-proliferation of chemical weapons</i>		
Increased inspection of industry sites	241	241
Implementation of on-site sampling and analysis	112	112
Transfer of existing data to the Verification Information System	125	-
Planning to support increased industry inspections	-	-
<i>Implementation of national obligations (Article VII)</i>		
Provision of technical support for Member States' implementation of national obligations	135	-
<i>Support for turnover of staff and their welfare</i>		
Increased funds to meet childcare assistance entitlements	30	30
Transition support for departing staff members	30	30
Induction programme for new staff members	41	41
<i>Enhanced development of staff skills and competencies</i>		
Alignment of training funding with staffing levels	40	40
Devolution of training funding across the Secretariat	-	-
Total cost for 2007 spending initiatives	920	660

2007 spending initiatives

- 3.23 The following spending initiatives to be implemented for 2007 are aligned with each of the OPCW's identified priorities to meet growing demands in the coming year. These specific new measures reflect all of the programme enhancements being implemented for 2007 that have implications for existing expenditure levels.

Verify the destruction of chemical weapons

Initiative: Increased travel costs associated with inspections of weapons destruction (EUR 0.166m in 2007)

- 3.24 Based on consultations with Member States possessing chemical weapons, overall inspections to verify the destruction of chemical weapons are not expected to increase for 2007 from the level funded for 2006.
- 3.25 Nevertheless, a number of facilities are expected to either achieve full operation during the year or to return to operations after maintenance and/or munitions changeover. This will result in a minor change in the distribution of inspections across these Member States.
- 3.26 With this proportional change in distribution, costs of inspections (particularly costs related to travel) will vary according to the regions where inspections are conducted. In 2007, it is foreseen that the cost of the Inspectorate's travel for these inspections under Articles IV and V of the Convention will experience a minor increase

(EUR 0.166m). These additional costs are recoverable directly from the Member States concerned.

- 3.27 The accuracy and achievement of destruction plans developed by Member States is critical if the OPCW is to fulfil its expectation for verification activity during the year. The Inspectorate will carefully manage its workforce and other resourcing during the year against any adjustments made by relevant Member States to their chemical weapons destruction plans for 2007. This challenge will include ensuring that the capability of inspectors is maintained through skills training during the year.

Enhance assurance of non-proliferation of chemical weapons

Initiative: Increased inspection of industry sites (EUR 0.241m in 2007)

- 3.28 2007 will see a continued increase in inspections to be carried out under Article VI of the Convention (200 in 2007, compared to 180 in 2006).
- 3.29 This priority for the year will present a challenge for the Inspectorate. While the increase in these inspections will be conducted without a requirement for additional fixed-term inspectors employed in the Inspectorate, there will be a need for added funding for the Inspectorate's travel associated with the greater number of Article VI missions (EUR 0.241m).
- 3.30 This new challenge in 2007 will continue to require an increase in the number of these complex missions to be conducted by the Inspectorate, without an increase in staffing numbers. With the number of Article VI inspections increasing each year (from 85 in 2002), a number of methods have been used to improve the Inspectorate's efficiency in resourcing this area of work. These include a reduction in team sizes, and increased scheduling of sequential inspections by single inspection teams.

Initiative: Implementation of on-site sampling and analysis (EUR 0.112m in 2007)

- 3.31 The Verification Annex of the Convention requires that, in relation to Article VI inspections to verify activities associated with Schedule 2 chemical facilities, the OPCW shall perform sampling and analysis to confirm the absence of undeclared chemicals.
- 3.32 Following an initial introduction of such sampling tests during a very small number of Article VI inspections in 2006, in 2007 this approach will be implemented during at least eight to ten Schedule 2 inspection missions (about one-quarter of the inspections of this nature to be undertaken). This will continue efforts to enhance assurances of the non-proliferation of chemical weapons in accordance with the Convention.
- 3.33 Team sizes for missions will be increased by two or three inspectors for all inspections at sites chosen for sampling and analysis. Although the Inspectorate will provide for these increased inspectors from within its existing workforce of inspectors, it will experience additional costs (EUR 0.112m) for the increased travel of the additional inspectors and shipment of their equipment.

Initiative: Planning to support increased industry inspections (no new costs in 2007)

- 3.34 In 2007, 200 inspections will be carried out under Article VI of the Convention (compared to 180 in 2006). This increase will give particular emphasis to enhancing assurance of non-proliferation at declared 'other chemical production facilities'.
- 3.35 This will have a direct consequence for the planning required from the Verification Division to ensure that these important operations are carried out effectively and in compliance with the Convention.
- 3.36 The implementation during 2007 of the 'industry' elements of the Verification Information System will also be critical in improving the OPCW's work in this area. During this implementation period throughout 2007, experienced officers of the Inspectorate will assist the Verification Division in planning these additional Article VI inspections while the implications of the new system for existing resources are being reviewed.
- 3.37 The increase from 180 inspections in 2006 to 200 in 2007 continues the trend in recent years, but will, importantly, be complemented by continuing efforts to improve the methodology for the selection of sites that need to be inspected in order to maintain reasonable assurances to Member States under Article VI of the Convention.
- 3.38 During the full implementation of the industry elements of the VIS during 2007, the Secretariat will also review the implications of the new system for activities within the Verification Division to ensure that any changes required for programming and resourcing can be appropriately considered for 2008.

Initiative: Transfer of existing data to the Verification Information System (EUR 0.125m in 2007)

- 3.39 The development and staged implementation of the Verification Information System within the Secretariat is an ongoing project designed to support all verification-related activities carried out by the Secretariat. In 2007, the industry component of the VIS will become fully operational, and the component on chemical weapons will be under development.
- 3.40 Funding was previously provided in 2006 for the temporary appointment of three GS staff for the year to transfer existing declarations data to the new system. This role did not progress as far as expected during 2006, but the transfer of existing data in 2007 remains critical for development and implementation of the VIS.
- 3.41 A scheme of payments has been established so that this additional funding for 2007 for the Verification Division (EUR 0.125m) will be diverted from existing funding estimates for the year without added costs for Member States. An equivalent amount will instead be used in 2006 to offset the impact of this savings measure in 2007 to divert existing funding to meet the cost of these temporary staff.

Implementation of national obligations (Article VII)

Initiative: Provision of technical support to Member States' implementation of national obligations (EUR 0.135m in 2007)

- 3.42 Implementation of national obligations under Article VII of the Convention (by those Member States which have yet to do so) will continue to be a priority for 2007. Challenges for the OPCW will continue during the year in meeting requests from Member States for technical assistance from the Secretariat in this regard.
- 3.43 The OPCW will continue to assist Member States, as a matter of priority, in implementing their Article VII obligations. Following the adoption of implementing legislation, emphasis will shift from the initial requirements to the more complex challenges for Member States. These include improvements in legislative and administrative measures to fully meet the requirements of the Convention, effective enforcement of these measures, and development of best practices in national implementing legislation. The development of necessary subsidiary regulations associated with these requirements is often a more difficult task for Member States than the primary legislation that many Member States will have completed.
- 3.44 Implementation of Article VII obligations will therefore be a specific priority for the OPCW's spending during the year on international cooperation and assistance activities. Additional funding will be provided during 2007 (EUR 0.135m) for temporary staffing for the International Cooperation and Assistance Division to provide legal and other technical assistance directly to Member States (these staff members will operate under the general guidance of the Legal Adviser in support of Article VII activities which are provided by the ICA Division).
- 3.45 As this is an immediate priority, this spending initiative is for 2007 only and will provide for two temporary professional officers (P-2) with legal and technical expertise in this field.

Support for turnover of staff and their welfare

Initiative: Increased funds to meet childcare assistance entitlements (EUR 0.030m in 2007)

- 3.46 Following the approval of funding for the provision of childcare assistance to staff members, the scale of payments for staff members was frozen for several years to limit costs and did not keep pace with the increased charges of childcare facilities in The Hague.
- 3.47 The scale has subsequently been adjusted to reflect these increasing costs, and cannot be met within the existing resources. Additional funding (EUR 0.030m) will be provided to the Human Resources Branch of the Administration Division to meet these costs across the Secretariat (now totaling approximately EUR 0.150m each year).

Initiative: Transition support for departing staff members (EUR 0.030m in 2007)

- 3.48 Transition support for those staff members whose contract is not renewed due to the implementation of the tenure policy will involve the services of an external provider that has the ability to provide these services world-wide.
- 3.49 This programme will benefit staff by providing career assistance customised to individual circumstances, and supporting positive career shifts through the provision of essential career skills training. The OPCW will benefit by minimising levels of staff discomfort and contributing positively to morale and productivity.
- 3.50 As a non-career organisation, the OPCW can encounter difficulties in attracting the calibre of candidates it is seeking, given the future uncertainties. The provision of this transition support partially offsets this uncertainty and enhances the attractiveness of the OPCW as a potential employer.
- 3.51 Additional funding (EUR 0.030m) will be provided to the Human Resources Branch of the Administration Division to manage this activity on behalf of the Secretariat.

Initiative: Induction programme for new staff members (EUR 0.041m in 2007)

- 3.52 The timely delivery of services to assist staff members and their families to quickly assimilate into The Hague will allow for a more rapid integration of staff members into the Secretariat. These services will be provided by an external provider with knowledge and expertise in the local community.
- 3.53 The provision of such assistance would allow staff members to more rapidly perform job assignments at an optimal level, as they will be less distracted by the need to find accommodation and schooling, or to resolve other stressful installation issues without assistance.
- 3.54 Additional funding (EUR 0.041m) will be provided to the Human Resources Branch of the Administration Division to manage this activity on behalf of the Secretariat.

Enhanced development of staff skills and competencies

Initiative: Alignment of training funding with staffing levels (EUR 0.040m in 2007)

- 3.55 With the OPCW and its Secretariat approaching the Tenth Anniversary of the start of operations, maintenance of the skills and competencies of its workforce remains an increasing challenge for 2007 and beyond.
- 3.56 Recruitment of new staff within the Secretariat is an important and effective source of new skills and innovation for the wider OPCW. Nevertheless, this provides a challenge in initiating new people within the organisation so that their skills can be best harnessed. Similarly, skills of existing staff, critical to the OPCW in their accumulated knowledge and experience, also routinely need to be enhanced and updated.

- 3.57 The OPCW's regular budget previously provided EUR 0.569m for the direct costs of training for the Secretariat's staff. This has increased from EUR 0.395m incurred for training in 2004 against the regular budget.
- 3.58 From 2007, the funding of the OPCW's annual Programme and Budget provides for a more structured relationship between funding for staff training and the size of the Secretariat's workforce.
- 3.59 In this context, training funding has been provided in 2007 at an amount of 1.5 per cent of salaries budgeted for the year for all fixed-term staff of the Secretariat. Training funding in relation to the Inspectorate, however, with its consistent requirement each year to initiate new inspectors, has been calculated at 2.0 per cent of budgeted salaries.
- 3.60 This approach uses budgeted "salaries" as a simple and relevant measure of the size of the OPCW's workforce of fixed-term staff. Training funding will automatically vary each year with changes in the size or profile of the authorised workforce.
- 3.61 Under the new formula, overall funding for training of staff in the Secretariat will increase by EUR 0.040m in 2007 (to EUR 0.609m).
- 3.62 It should be noted that it is not intended that each individual staff member receive training opportunities each year in an amount corresponding to this formula. The new approach will provide each Division and Office of the Secretariat with a funding allocation that should be best applied in meeting training priorities from year to year amongst all staff.

Initiative: Devolution of training funding across the Secretariat (no new costs)

- 3.63 The OPCW's regular budget previously provided funding to the Administration Division, the Inspectorate, and the Health and Safety Branch for training of the Secretariat's staff. It was the funding allocated to the Administration Division that was intended to support effective training for staff across the Secretariat.
- 3.64 From 2007, training responsibility and funding will be devolved directly to programme managers across the Secretariat. This approach will better ensure that available funding is applied cost-effectively to critical training requirements and that training opportunities are equitably distributed across the Secretariat.
- 3.65 In this context, funding for training allocated for each Division and Office of the Secretariat has been directly aligned to staffing levels (as described in the separate spending initiative for 2007).
- 3.66 Measures will be put in place within the Secretariat to ensure that all funding used for training purposes continues to be based on the identified higher-level training objectives of the Organisation.

- 3.67 The Administration Division will also continue to provide advice and administrative support for the majority of training requirements on behalf of the individual programme managers responsible for both managing and funding the training of staff. This will ensure that a source of expert advice is available to programme managers and that the administration of training requirements is undertaken efficiently.
- 3.68 In addition, the Administration Division will continue to coordinate some shared training courses where there is demand for staff from across the Secretariat.
- 3.69 The importance of funding for training purposes will also continue to be recognised. Internal measures will be enacted to avoid funding allotted for training from being used for alternative purposes (the devolved funding would remain applicable to both training fees and the directly associated costs of each Division/Office).
- 3.70 The Secretariat will also, through its Training Committee, monitor the implementation of this initiative (and the initiative aligning training funding with staffing levels) to assess its impact on differing training requirements across the Secretariat.
- 3.71 This spending initiative for 2007 will not by itself result in an increase in training costs for the year. The better alignment between funding and existing workplace responsibility should, however, lead to an increased value being placed by programme managers on funding available for training.

4. PLANNED PROGRAMME LEVELS FOR 2007

MAJOR PROGRAMME OBJECTIVES

- 4.1 “Programmes” reflect the alignment of similar objectives to be achieved, and obligations to be met, by the OPCW in pursuing its core objectives.
- 4.2 The OPCW’s “programme objectives” outline the purpose and direction of its obligations and efforts to be undertaken during the year. Programmes of “activity” are those actions and endeavours to be undertaken by the Secretariat during the year to support the OPCW in achieving its programme objectives.
- 4.3 The Programme and Budget for 2007 builds upon a number of established programme objectives that will be supported by underlying activities of the OPCW’s Secretariat during the year. The associated key results targeted for 2007 are summarised in the following table.

TABLE 4: MAJOR PROGRAMME OBJECTIVES OF THE OPCW

Objective	Key result areas for 2007
Support of VERIFICATION inspections through planning and other services.	<ul style="list-style-type: none"> 85% of declarations during the year will be processed and evaluated within 30 days of receipt. Planning and support during the year for 100% of weapons-related inspections and 100% of industry-related inspections undertaken in a timely and effective manner.
Conduct of INSPECTIONS to verify compliance with the Convention.	<ul style="list-style-type: none"> 198 rotations (18,733 inspector days) inspecting destruction and other weapons sites. 200 rotations inspecting industry sites, with an increased focus on ‘other chemical production facilities’.
Support to Member States through INTERNATIONAL COOPERATION AND ASSISTANCE.	<ul style="list-style-type: none"> Support to Member States in implementing national requirements of the Convention. Improved capability to provide protection and assistance in the event of use or threat of use of chemical weapons. Building of skills and capabilities for the peaceful use of chemistry.
Support for the POLICY-MAKING ORGANS.	<ul style="list-style-type: none"> Support for one session of the Conference and four sessions and four meetings of the Executive Council (hereinafter “the Council”).
Promotion of EXTERNAL RELATIONS with States and other international bodies.	<ul style="list-style-type: none"> Increased membership in the Convention. Involvement by Member States in OPCW activities.
EXECUTIVE MANAGEMENT through governance and other services to support the Secretariat’s activities.	<ul style="list-style-type: none"> Achievement by the Secretariat of the OPCW’s priorities for 2007. Security of delegates, staff, assets, and information. Health and safety of the Secretariat’s workforce.
Provision of ADMINISTRATION services in support of the Secretariat’s activities.	<ul style="list-style-type: none"> Support for recruitment (approximately 65 recruitment actions to offset staff turnover). Improved budget and programme planning and financial efficiency in support of effective operations across the Secretariat. Implementation of a targeted training and development strategy for the Secretariat. Implementation of new technologies to improve information management and sharing across the OPCW.

- 4.4 The OPCW will continue to provide effective programmes of activity in pursuit of established mandates recognised in the Convention. In this context, the Programme and Budget for 2007 provides an achievable balance of the programme enhancements required for the OPCW to continue to respond to its operating environment and realise efficiencies in service delivery.

PROGRAMME 1: VERIFICATION

- 4.5 The Verification Programme primarily provides for activities relating to disarmament and non-proliferation through the application of the verification and implementation measures provided for in the Convention.
- 4.6 The key priorities in 2007 for the OPCW in relation to the verification programme of activity will be the continued planning and support for chemical weapons inspections carried out under Articles IV and V of the Convention, as well as for inspections under Article VI to verify that other sites are not being used for purposes prohibited under the Convention.
- 4.7 These activities to support inspections are reinforced by continued efforts to ensure timely and accurate provision of relevant information to be submitted by Member States in compliance with the Convention.
- 4.8 The number of chemical weapons inspection missions to be supported during 2007 will consolidate recent activity levels.
- 4.9 2007 will, however, see a continuation of the increasing number of inspections under Article VI of the Convention experienced in recent years (from 180 in 2006 to 200 in 2007). The total number of these inspections each year has increased significantly since 2002, and the increase in 2007 will also see a realignment of the spread of these inspections across differing types of declared facilities. In particular, inspections during the year at 'other chemical production facilities' will increase by almost one-third of 2006 levels.
- 4.10 To ensure the Secretariat's existing staff resources are best utilised, experienced officers from the Inspectorate will assist the Verification Division where necessary in the planning of additional industry inspections anticipated during 2007.
- 4.11 Implementation of the 'industry' elements of the Verification Information System during 2007 will also be both critical and challenging in improving the OPCW's efforts to provide assurances of non-proliferation of activities for purposes prohibited under the Convention. As it continues to be integrated within the Verification Division's processes, the Secretariat will consider the implications and improvements needed to best utilise the new system.
- 4.12 The accreditation of the OPCW Laboratory is expected to be maintained again in 2007. The addition of a senior analytical chemist provided in the 2006 Programme and Budget was an essential step in ensuring continuity of knowledge and skills at the laboratory.

- 4.13 Separately, the OPCW will continue efforts during 2007 to determine an appropriate capability for bio-medical analysis. The Secretariat will work to develop a possible approach to establishing a bio-medical laboratory capability, identify the necessary logistical requirements, and address the inevitable risks inherent in possibly implementing this new activity. Any detailed plan required by Member States will be available in time for consideration in developing the Programme and Budget for 2008.
- 4.14 The following table outlines the principal activities (including objectives and key results) planned for 2007 in relation to the OPCW's programme of activity supporting verification.

TABLE 5: VERIFICATION - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Processing and evaluation of declarations required under the Convention.	<ul style="list-style-type: none"> 85% of declarations during the year will be processed and evaluated within 30 days of receipt. All sites identified during the year as inspectable shall prove to be so. Implementation of industry elements of the new Verification Information System by the Secretariat and Member States.
Planning and support of inspections, including provision of technical expertise and equipment.	<ul style="list-style-type: none"> Planning and support during the year for 100% of weapons-related inspections/rotations and 100% of industry-related inspections undertaken in a timely and effective manner. OPCW Laboratory accredited throughout the year by Dutch Accreditation Authority. 21st and 22nd proficiency tests to be successfully conducted during the year by the OPCW Laboratory. 100% of requests for inspection and training equipment provided successfully during the year.
Ensuring excellent technical basis for inspections, allowing execution of inspections in accordance with the Convention.	<ul style="list-style-type: none"> 100% of requests from up to 35 Member States for declarations-related information to be met during the year. 8 facility agreements to be concluded during the year (123 in total to be in effect by year-end).
Primary alignment to core objectives: Objective Number 1 Objective Number 2	

<i>Major activities of the Secretariat for 2007</i>
Processing, archiving, monitoring, and evaluation of declarations and related information: <ul style="list-style-type: none"> Approximately 900 verification-related documents to be received (in six official languages), processed, evaluated and archived. Approximately 1,400 verification-related documents to be transmitted to Member States. 95% of declarations to be made available to users within 3 days of receipt; 85% of declarations input into databases within 2 weeks of receipt (and validated within 3 weeks of receipt). 7 work instructions and 3 standard operating procedures to be revised and updated. Evaluation of all amendments to initial declarations and amendments to general or detailed destruction plans (CW, OCW, ACW, CWPF) to be processed within one week of receipt.
Preparation of inspection plans: <ul style="list-style-type: none"> The annual inspection plan and quarterly inspection plans will be prepared on time, updated if so required, and fully implemented. Selection of Schedule 3 and OCPF sites for inspection to be undertaken in accordance with designated and auditable control procedures.

Major activities of the Secretariat for 2007	
Provision of support to verification activity: <ul style="list-style-type: none"> • 198 Article IV and V inspections/rotations and 200 Article VI inspections will be supported by analysis of Member States' declarations, previous inspection reports, instruction of the inspection teams, and evaluation of inspection results. • Optimisation of the CWDF verification regime will provide for allocation of personnel resources to other verification activities. • Continuous maintenance and upgrade of inspection and laboratory equipment, including approval of (and familiarisation with) new equipment by Member States. • Extension of the scope of quality control to control sample preparation. • Full implementation of VIS-Industry and development of the VIS-CW. • Analysis and development of requirements for establishment of a bio-medical laboratory capability. 	
Preparation of information for policy-making organs and Member States: <ul style="list-style-type: none"> • Timely and accurate provision of key documents, including the 2006 verification implementation report and reports on submission of declarations, progress of destruction and conversion of CWPFs, progress in optimising the resourcing of the CWDF verification regimes, and preparedness to conduct a challenge inspection. • Update on verification activities during the informal consultations preceding each of four scheduled sessions of the Council. • Approximately 150,000 items of declarations-related information disseminated to Member States. 	
Provision of technical support to Member States and within the OPCW Secretariat: <ul style="list-style-type: none"> • Consultations and assistance for a new State Party in implementation of CW-related requirements of the Convention and for a State not Party in preparing an initial declaration. • Support for ICA and ERD activities (approximately 600 staffing days), including Member States' implementation of national obligations. 	
Spending initiatives to be implemented during 2007	
Transfer of existing data to the Verification Information System (EUR 0.125m)	
Planning to support increased industry inspections (no new costs)	
Estimated cost of programme activities in 2007:	EUR 8,496,857

- 4.15 Activities in relation to this programme are led by the Verification Division. The Verification Division's Budget Statement, providing detailed financial estimates, is included in Part III of the Programme and Budget for 2007.

PROGRAMME 2: INSPECTIONS

- 4.16 The Inspections Programme primarily provides for inspections to verify the destruction and storage of chemical weapons by Member States (in accordance with Articles IV and V of the Convention), and non-proliferation of chemical weapons in compliance with the Convention (Article VI).
- 4.17 The OPCW's top priority in relation to the programme of inspection activity continues to be the conduct of inspections in accordance with the Convention to verify the destruction of chemical weapons and production facilities and non-proliferation of prohibited activities at other declared sites.
- 4.18 The OPCW's inspections at chemical weapons destruction facilities (CWDFs) are conducted according to a destruction plan prepared and implemented by Member States possessing chemical weapons. In 2007, the number of inspector days to be deployed for inspections at CWDFs is expected to be at similar levels as for 2006. The distribution of missions, and associated inspector days, for inspections with regard to Member States possessing these weapons will, however, change for 2007. This will result in a slight increase in costs related to travel (allowances and transport).

- 4.19 Inspections to be carried out by the Secretariat under Article VI of the Convention are expected to increase to 200 in 2007 (up from 180 in 2006). As an additional enhancement of these inspections, the Secretariat will continue with the implementation in 2007 of onsite sampling and analysis during inspections of declared Schedule 2 chemical sites.
- 4.20 The increase for 2007 in Article VI inspections will also include an added focus on 'other chemical production facilities'. The distribution of Article VI inspections is shown in the following table.

TABLE 6: INSPECTIONS OF INDUSTRY FACILITIES PLANNED FOR 2007

Facilities	2003 Result	2004 Result	2005 Result	2006 Planned	2007 Planned
Schedule 1 chemical facilities	16	16	16	16	11
Schedule 2 chemical facilities	35	42	42	46	42
Schedule 3 chemical facilities	15	22	24	28	29
Other chemical production facilities	66	70	80	90	118
TOTAL INSPECTIONS	132	150	162	180	200

- 4.21 The following table details the estimated resourcing included in the Programme and Budget for 2007 for Article VI inspections, by type of facility.

TABLE 7: ESTIMATED ARTICLE VI INSPECTION COSTS BY TYPE OF FACILITY

	Schedule 1	Schedule 2	Schedule 3	OCPF	Total
<i>Inspectors:</i>					
Inspections	11	42	29	118	200
Inspector days	146	763	487	1,756	3,153
<i>Variable costs (EUR):</i>					
Travel/allowances	98,280	374,293	274,654	1,176,395	1,923,621
Equipment shipment	5,500	83,160	11,600	29,500	129,760
Interpretation services	19,800	197,400	43,500	177,000	437,700
Other amenities	1,650	6,300	4,350	17,700	30,000
TOTAL (EUR)	125,230	661,153	334,104	1,400,595	2,521,081

- 4.22 Analysis has shown that the average number of days per Article VI inspection, as well as the average number of inspectors per inspection, has been reduced in recent years. This is due to initiatives undertaken by the Secretariat to optimise the resourcing of these types of inspections. The number of sequential inspections has been increased, and the team sizes reduced for subsequent inspections at a particular site. These efforts to optimise resourcing for these inspections will continue during 2007.
- 4.23 The following table outlines the principal activities (including objectives and key results) planned for 2007 in relation to the OPCW's programme of activity supporting inspections.

TABLE 8: INSPECTIONS - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Inspections to verify the destruction and storage of chemical weapons stockpiles and the status of production facilities (Articles IV and V of the Convention).	<ul style="list-style-type: none"> • All destruction of chemical-warfare agents during the year (4,585 metric tonnes) verified by inspections in six Member States. • Compliance with requirements verified during the year by inspections at each of three declared CWFs remaining to be destroyed or converted. • Storage of chemical-warfare agents verified during the year by inspections at each of the 27 remaining CWSFs.
Inspections to assure the non-proliferation of chemical weapons (Article VI of the Convention).	<ul style="list-style-type: none"> • 28% of inspectable Schedule 1 and 2 chemical facilities inspected during the year to verify that activities are limited to those not prohibited by the Convention. • Declarations for 3% of inspectable Schedule 3 and other chemical facilities verified by inspections during the year.
Capability and readiness to conduct a “challenge inspection” or an “investigation of alleged use” in accordance with the Convention.	<ul style="list-style-type: none"> • Preparedness maintained in accordance with designated procedures and timelines.
Primary alignment to core objectives: Objective Number 1 Objective Number 2	

<i>Major activities of the Secretariat for 2007</i>	
Inspection of weapons destruction activity and weapons storage and production facilities: <ul style="list-style-type: none">• 144 inspection rotations/missions across weapons destruction facilities in the USA (87 missions/rotations), Russian Federation (28),, India (13), Albania (4), and other Member States (12).• 17 inspection missions across weapons production facilities; 26 inspection missions across weapons storage facilities; and 11 inspection missions across old and abandoned chemical weapons sites.• Provision of a total of 17,114 inspector days on-site for destruction of military stockpiles and 1,619 inspector days for other CW-related inspections.• 100% of inspections of chemical weapons facilities carried out in comparison with the total number planned by the Secretariat in accordance with the Convention.• Further detail of chemical weapons inspection activity is provided at Appendix 1 of the Programme and Budget for 2007.	
Inspection of industry and other sites for non-proliferation of chemical weapons: <ul style="list-style-type: none">• 200 inspections of sites in relation to Schedule 1 chemicals (11), Schedule 2 chemicals (42), Schedule 3 chemicals (29), and other chemical facilities (118).• On-site analysis and sampling conducted at eight to ten selected Schedule 2 chemical sites.	
Training to achieve and maintain the capability and readiness to support each of the OPCW programme objectives for inspections: <ul style="list-style-type: none">• 5,000 inspector days of training.	
Provision of technical support to Member States and within the OPCW Secretariat: <ul style="list-style-type: none">• Support to VER, ICAD, and ERD activities (approximately 3,000 staffing days).	
<i>Spending initiatives to be implemented during 2007</i>	
Increased travel costs associated with inspection of weapons destruction (EUR 0.166m)	
Increased inspection of “industry” sites (EUR 0.241m)	
Implementation of on-site sampling and analysis (EUR 0.112m)	
<i>Estimated cost of programme activities in 2007:</i>	EUR 29,048,819

- 4.24 The Secretariat's activities in relation to this programme are led by the Inspectorate. The Inspectorate's Budget Statement, providing detailed financial estimates, is included in Part III of the Programme and Budget for 2007.

PROGRAMME 3: INTERNATIONAL COOPERATION AND ASSISTANCE

- 4.25 The International Cooperation and Assistance Programme primarily provides for activities to pursue the peaceful use of chemistry and implementation by Member States of their national obligations under the Convention, and the capability to assist a Member State in the event of use or threat of use of chemical weapons.
- 4.26 During 2007, the OPCW will continue to implement a number of programmes and activities to pursue its objectives related to assistance and protection, economic and technological development, and national implementation.
- 4.27 The OPCW's Secretariat will continue to support activities to improve assistance and protection for Member States in relation to the use, or threat of use, of chemical weapons. This will include completion during 2007 of training modules for emergency responses and the implementation of a number of outcomes from Joint Assistance 2005 to improve the Secretariat's capacity to coordinate an international response.
- 4.28 Efforts will also continue in 2007 to encourage and assess submissions from Member States on national protection programmes. A number of workshops, other exercises, and training courses, as well as assessment visits, will also be conducted during the year to assist Member States in establishing protection and assistance regimes.
- 4.29 Activities to support economic and technological development through international cooperation will also continue to be important activities for the OPCW during the year. A number of programmes will continue to be conducted during 2007 for the Secretariat to provide both direct and indirect support for skills development and exchange of relevant scientific knowledge. Programmes during the year will also support research projects, internships, laboratory assistance, and exchange of equipment in Member States.
- 4.30 Full and effective implementation by Member States of the national obligations set out in Article VII of the Convention will be a priority for the OPCW in 2007. In this regard, 2007 will see activities to support specific implementation issues, including training, legislation, declarations, identification of declarable activities, export-import control, and inspection escort.
- 4.31 The Secretariat's activities will continue to focus on technical assistance for individual Member States, training for National Authority personnel, and facilitating interaction amongst National Authorities. Regional and sub-regional workshops, training courses, and specialised exercises will be conducted with National Authorities, as well as relevant industry and professional associations.

- 4.32 An underlying focus for the Secretariat's international cooperation and assistance efforts during 2007 will be to ensure an appropriate alignment of its activities and funding with voluntary contributions from Member States. The Secretariat will actively manage funding available in 2007 across its international cooperation and assistance activities to ensure that the regular budget and voluntary contributions are optimally applied without an adverse impact on important programme delivery.
- 4.33 The following table outlines the principal activities (including objectives and key results) planned for 2007 in relation to the OPCW's programme of activity supporting international cooperation and assistance.

TABLE 9: INTERNATIONAL COOPERATION AND ASSISTANCE - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Assistance and protection against chemical weapons, or their use or threat of use.	<ul style="list-style-type: none"> • Responses provided to 100% of requests received from Member States during the year for information and/or assistance for strengthening national protective capability. • Readiness to provide assistance to a Member State within 24 hours will be maintained throughout the year, and the capability will be improved based on lessons learned from Joint Assistance 2005. • Bilateral agreements for assistance completed with, or commitment of assistance received from, one to two Member States. • Additional contributions received for the Voluntary Fund for Assistance.
Support to Member States in implementing the Convention.	<ul style="list-style-type: none"> • Active engagement during the year between the OPCW and 75% of Member States that have yet to designate or establish a National Authority. • Active engagement during the year between the OPCW and 75% of Member States that have yet to establish legislation in order to implement the Convention. • Active engagement during the year between the OPCW and 75% of Member States that have yet to provide the Secretariat with full text of their national implementing legislation or provide specific measures they have taken to implement the Convention.
Building of skills and capabilities for the peaceful use of chemicals.	<ul style="list-style-type: none"> • At least ten courses, workshops and seminars will be facilitated during the year to foster international cooperation in peaceful chemistry activities. • More than 70 persons are expected to directly participate and benefit during the year from various skills development programmes conducted and/or supported by the OPCW. • More than ten relevant research projects, five internships, and four laboratories are to be supported during the year.
Primary alignment to core objectives: Objective Number 3 Objective Number 4 Objective Number 6	

Major activities of the Secretariat for 2007

Capability to coordinate and deliver assistance to a Member State in the event of use, or threat of use, of chemical weapons:

- Finalisation of standard operating procedures (SOPs) and working instructions (WIs) to build the Secretariat's capacity to manage an international response (the current SOPs and WIs will be revised based on lessons learned during the Joint Assistance 2005 exercise).
- One workshop in cooperation with other international organisations will be supported in order to finalise a common approach to delivery of assistance operations (for example, standardised templates, working plans).
- Support will be provided to one regional exercise for Member States (Central Asian countries), and there will be participation at two to three further exercises carried out by relevant international organisations related to delivery of assistance.
- Several table top exercises on delivery of assistance activities will be supported in 2007.
- Based on assessment visits relating to equipment offered under Article X of the Convention, negotiations will continue to conclude bilateral agreements for assistance.
- Review and update of other procedures and required equipment, including review of outcomes of the Joint Assistance 2005 exercise.

Provision of information and training to Member States improving their capability to respond in the event of use, or threat of use, of chemical weapons:

- Development and finalisation of training modules (in different official OPCW languages) for emergency response in case of use, or threat of use, of chemical weapons.
- Analysis and study of submissions on national protection programmes submitted to the Secretariat based on the format agreed in 2004 by the Conference at its Ninth Session.
- Three assessment visits will be conducted upon requests from the Member States to provide expert advice on establishment or improvement of national response capabilities.
- Ten to fifteen emergency response training courses of differing levels will be supported for first responders.
- Other programmes, training packages, and information for development of protection capacity of Member States.

Provision of international cooperation programmes to directly develop skills and capabilities in areas relating to the peaceful use of chemistry:

- Provision of an Associate Programme for 24 participants over ten weeks, aimed at building capacity in industry-related aspects of the Convention, including chemical manufacturing and safety.
- Organisation of two Analytical Skills Development Courses for 20 participants, each aimed at enhancing laboratory skills and practices and analysis of chemicals.
- At least one course on enhancement of laboratory skills (more advanced than the Analytical Skills Development Course) will be conducted for four participants during the year.
- The Internship Support Programme to be supported during the year will provide directly for laboratory and scientific skills development and learning for up to 10 interns.
- The Laboratory Assistance Programme will strengthen the technical capability of laboratories in four Member States engaged in the analysis of chemicals for various peaceful purposes.

Provision of programmes to support the exchange of scientific and technical information and the peaceful application of chemistry:

- A Conference Support Programme will be implemented during the year to facilitate the exchange of scientific and technical information (at least six events are to be supported).
- The Programme for Support of Research Projects will support at least ten projects in areas relating to the development and application of chemistry for purposes not prohibited under the Convention.
- Two institutions in Member States will be supported under the Equipment Exchange Programme.
- At least one joint technical seminar/workshop will be conducted during the year in cooperation with other organisations on topics relevant to the Convention.

<i>Major activities of the Secretariat for 2007</i>	
Provision of support for the implementation by Member States of national responsibilities: <ul style="list-style-type: none"> • Bilateral assistance to individual National Authorities, including up to approximately 20 technical assistance visits or national courses requested by Member States, on specific implementation issues (including training, legislation, declarations, identification of declarable activities, export-import control, and inspection escort). • Promotion of interaction amongst National Authorities, including support for one annual meeting of National Authorities and five regional meetings of National Authorities. • Support for workshops, training courses, specialised exercises for National Authority personnel; the provision of support to the process of implementation will include at least one basic course for National Authorities and three thematic regional/sub-regional workshops. • A number of workshops supported during the year will involve National Authorities and industry and professional associations to raise awareness and support in relation to the effective implementation of the Convention. • Electronic tools will be developed during the year to provide technical assistance for National Authorities, and the National Implementation Profile System will continue to be refined and updated to support ongoing coordination and assessment of national implementation. 	
<i>Spending initiatives to be implemented during 2007</i>	
Provision of technical support to Member States' implementation of national obligations (EUR 0.135m)	
<i>Estimated cost of programme activities in 2007:</i>	EUR 5,184,448

- 4.34 The Secretariat's activities in relation to this programme are led by the International Cooperation and Assistance Division. The International Cooperation and Assistance Division's Budget Statement, providing detailed financial estimates, is included in Part III of the Programme and Budget for 2007.

PROGRAMME 4: SUPPORT FOR POLICY-MAKING ORGANS

- 4.35 The programme for the support of the OPCW's policy-making organs facilitates meetings and wider consultations between Member States and with the OPCW's Secretariat, including translation and coordination of the preparation of formal documents and interpretation of meetings.
- 4.36 The programme of activity of the OPCW to support its policy-making organs is determined by the requirements for substantive and formal support. In addition, the Secretariat provides ad-hoc and resource-dependant language, document reproduction, and meeting room support to the OPCW as a whole.
- 4.37 The Secretariat will continue to facilitate effective meetings of the policy-making organs to be held during 2007, including one session of the Conference, four sessions of the Council, four Council meetings, one session of the Scientific Advisory Board, and one session of the Confidentiality Commission.
- 4.38 The Secretariat will also continue in 2007 to provide internal guidance on dealings with the policy-making organs, including language and document processing support. This support is critical in the circulation of documentation in accordance with established timelines and standards.
- 4.39 The following table outlines the principal activities (including objectives and key results) planned for 2007 in relation to the programme of activity supporting the OPCW's policy-making organs.

TABLE 10: SUPPORT FOR POLICY-MAKING ORGANS – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Facilitation of effective meetings of policy-making organs.	<ul style="list-style-type: none"> World-class interpretation, editorial and translation services provided within the Secretariat and for Member States. All meetings go to business on time. No significant lack of action in support of meetings of the policy-making organs. Agendas completed on time in accordance with established requirements. Satisfaction with services, including convenience to delegates of venues that are fit for the purpose, timely distribution of relevant quality documentation, and effective language and conference support services.
Cooperation between representatives to the OPCW.	<ul style="list-style-type: none"> Maintenance of good feedback from delegates on the proceedings of meetings. Timely and accurate provision of information to support meetings and record decisions of Member States.
Effective reprographic support for OPCW activities.	<ul style="list-style-type: none"> Average downtime of photocopiers located across the Secretariat of four hours across the year. High level of satisfaction from users.
Primary alignment to core objectives:	
Objective Number 7	
Major activities of the Secretariat for 2007	
<p>Secretariat support to four sessions and four meetings of the Council and, one regular session of the Conference, and language support to one session each of the Scientific Advisory Board and the Confidentiality Commission:</p> <ul style="list-style-type: none"> Facilitate and support the setting of agendas for meetings of the policy-making organs. Coordination and preparation of venues for all scheduled and unscheduled meetings of the policy-making organs and their subsidiary bodies, ensuring all equipment and related services are fit for the purpose. Distribution of all documents related to core objectives of the OPCW at least six weeks prior to the meetings, while ensuring up-to-date reporting on the implementation of the policy-making organs' decisions. Interpretation and translation support for formal meetings. Provision of guidance to delegates on the formal procedures of meetings. 	
<p>Provision of advice and services across the Secretariat in relation to dealings with Member States:</p> <ul style="list-style-type: none"> Editorial, translation and interpretation services in the processing of documentation for the policy-making organs. Translation of other relevant documents across the Secretariat. 	
<p>Provision of prompt and effective reprographic services to the Secretariat and within the OPCW:</p> <ul style="list-style-type: none"> Full range of reprographic services in black and white, as well as in colour, in standard document format. An adequate number of well-located and -maintained black and white photocopiers available at all times throughout the OPCW premises. 	
Estimated cost of programme activities in 2007:	EUR 4,510,172

- 4.40 The OPCW Secretariat's activities in relation to this programme are led by the Secretariat for the Policy-Making Organs. The Secretariat for the Policy-Making Organs' Budget Statement, providing detailed financial estimates, is included in Part III of the Programme and Budget for 2007.

PROGRAMME 5: EXTERNAL RELATIONS

- 4.41 The External Relations Programme provides for enhanced support for, and cooperation with, the OPCW and between Member States in implementing the Convention and to increase the international level of involvement in OPCW activities and events.
- 4.42 In 2007, the Secretariat will continue to intensify efforts to identify more innovative approaches to implementation of the Convention and to enhance the level of involvement of States in the implementation of the Universality Action Plan.
- 4.43 This includes encouragement of financial contributions from Member States (including voluntary contributions), diplomatic and bilateral activities with States not Party to the Convention, and further exploration of areas for strengthening cooperation between the Secretariat, Member States and other international and regional organisations.
- 4.44 The OPCW's focus on external relations during 2007 will be influenced by preparation for the Second Review Conference and the Tenth Anniversary of the entry into force of the Convention.
- 4.45 The Tenth Anniversary of the Convention's entry into force is an opportunity to elicit greater public awareness of the Convention, and the mission of the OPCW, as well as a means of focusing interest in achieving universality of the Convention.
- 4.46 The total number of States Parties to the Convention now stands at 181 with a further 14 States not yet members of the OPCW. The expectation for 2007 is to increase the number of Member States to 184. This would be a realistic number, although every effort will be made to realise the goal set out in 2003, in the action plan for universality, to achieve universality of the Convention 10 years after its entry into force (April 2007).
- 4.47 Significant results have been seen in recent years in pursuing universality of the Convention. It will become increasingly more difficult to bring the last remaining countries into the OPCW's membership. As a result, further intensification of efforts in selected regions will be required in 2007.
- 4.48 With the exception of two countries, the Secretariat has reached out to all States not Party to involve them in the OPCW's activities and encourage them to join the Convention. Approximately 90 per cent of the States not Party have reached participation at 'level 1' (requests for information and participation in the OPCW's events). Eight States not Party have reached 'level 2' participation (requests for assistance and/or active consideration of membership).
- 4.49 The target sought by the end of 2007 is for 100 per cent of all States not Party to attain at least level 1 of participation, and for at least six additional States yet to do so to progress to level 2.

- 4.50 In addition to bilateral discussions during the year with States not Party, and to activities carried out jointly with regional organisations, the OPCW also aims to conduct at least two regional universality-related workshops during 2007 targeting States not Party. Bilateral efforts, including assistance visits to States not Party, will also be intensified.
- 4.51 The Secretariat will also carry out activities to maintain a positive international profile and image of the OPCW, including adequate representation of the OPCW at pertinent events organised by others and at events organised by the OPCW. In addition, the OPCW's internet website will be overhauled.
- 4.52 One special priority for 2007 will be to maintain and improve relations with the Host Country to ensure smooth administration of the Headquarters Agreement.
- 4.53 The following table outlines the principal activities (including objectives and key results) planned for 2007 in relation to the OPCW's programme of activity supporting external relations.

TABLE 11: EXTERNAL RELATIONS - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objective:</i>	<i>Key results planned for 2007</i>
Involvement and cooperation of States in the Convention and activities of the OPCW.	<ul style="list-style-type: none"> Increased number of States Party to the Convention. 100% involvement by year-end of States not Party to the Convention in requests for information and/or participation in OPCW events (Level 1 participation in the Convention). Involvement by year-end of an additional six States not Party to the Convention in requests for assistance or consideration of claims for membership (Level 2 participation in the Convention).
Support for the OPCW and cooperation within the Organisation and between Member States	<ul style="list-style-type: none"> Enhanced implementation of the Memorandums of Understanding signed between the OPCW and the UN, the European Union, and the African Union.
A positive international profile and image for the OPCW and the Convention	<ul style="list-style-type: none"> The number and the geographical spread of the requests for information, website visitors; media/NGO positive references to the OPCW/CWC will continue to rise.
Primary alignment to core objectives: Objective Number 5 Objective Number 7	
Major activities of the Secretariat for 2007	
Organisation of meetings, seminars, and workshops: <ul style="list-style-type: none"> Support for two regional (or sub-regional) seminars/meetings during the year targeting new membership to the Convention (universality). Continued implementation of the action plan on universality. Conduct of eight bilateral assistance missions during the year... 	
Management of relationships with other international organisations: <ul style="list-style-type: none"> Maintain and further develop cooperation with the European Union and the African Union, as well as with other international and regional organisations. 	

<i>Major activities of the Secretariat for 2007</i>	
Production and distribution of public information: <ul style="list-style-type: none"> • Management and development of the OPCW's website. • Preparation of quarterly newsletters, issue-/region-specific publications, and educational videos. • Preparation of media releases. 	
Provision of protocol and visa services for the OPCW: <ul style="list-style-type: none"> • Organisation of protocol events, including visits by delegates and dignitaries. • Provision of visa and other travel documents for staff members and delegates, including for inspection missions. • Provision of advice on privileges and immunities to staff and delegates 	
<i>Estimated cost of programme activities in 2007:</i>	EUR 1,905,060

- 4.54 The Secretariat's activities in relation to this programme are led by the External Relations Division. The External Relations Division's Budget Statement, providing detailed financial estimates, is included in Part III of the Programme and Budget for 2007.

PROGRAMME 6: EXECUTIVE MANAGEMENT

- 4.55 The Executive Management Programme provides for strategic guidance and direction, effective governance and accountability, and organisational management and leadership within the OPCW's Secretariat, as well as a number of specialised services to support the Secretariat's wider activities.

Internal oversight

- 4.56 The Office of Internal Oversight will continue, as it has in the past, to provide high standards of audit recommendations in order to support management in identifying opportunities to improve the functioning and 'value-for-money' of programmes and operations.
- 4.57 Major priorities for OIO in 2007 include maintenance of the quality management system (QMS) and the accreditation for specific activities, both in the OPCW Laboratory and the OIO. Accreditation was granted for the first time in 2001, and has had positive results in enhancing the confidence of Member States in the OPCW's analytical database, the proficiency testing scheme, and the handling of GC-MS inspection equipment.
- 4.58 Continued training for staff members will also be a major priority for OIO during the year. This training, combined with an improved approach to application of risk assessment in preparing the annual audit programme, should lead to continued enhancement of OIO's contribution to the OPCW's results.

Legal advice

- 4.59 The OPCW's continuing efforts to support Member States in implementing national obligations under Article VII of the Convention, as well as strategies to establish bilateral agreements in accordance with Article X of the Convention, will place an additional burden during the year on the Secretariat.

- 4.60 The Secretariat expects to be called upon during 2007 to provide legal assistance to numerous Member States, but expectations are that there will also be an increased demand related to more-complex implementation issues. The Secretariat will also continue to negotiate agreements related to the delivery of assistance under Article X of the Convention. It is expected that in 2007 there will be an increase in the number and scope of these agreements.
- 4.61 The Secretariat will also continue on a daily basis to identify the legal position on individual issues and policy and procedural matters. Legal issues associated with staff remuneration and other entitlements also are not expected to abate for the year.

Special projects

- 4.62 The OPCW's planned programme of activity in relation to special projects has significantly expanded from its former activities.
- 4.63 The Secretariat will continue with its aim to develop policies relating to the OPCW's involvement in global efforts aimed at fighting terrorism and to maintain contacts and exchanges with relevant international, regional and sub-regional organisations. These activities will be conducted in accordance with the objectives defined by the Convention and relevant decisions of the policy-making organs, as well as in compliance with the OPCW's confidentiality policy.
- 4.64 The Secretariat will also provide coordinated activities related to the preparation and conduct of events to mark the Tenth Anniversary of the entry into force of the Convention. Activities will also continue towards providing support to increase the OPCW's involvement in global efforts aimed at ensuring non-proliferation of chemical weapons.
- 4.65 The Secretariat also continues to support Member States in their implementation of the Conference's decision in relation to the establishment of an Office in Africa.

Confidentiality and security

- 4.66 The OPCW has in recent years undertaken a significant programme to replace and enhance aging equipment with modern, non-proprietary equipment to bolster physical security capabilities at OPCW facilities. The Secretariat will follow this up in 2007 by ensuring that all security staff receive sufficient training in the new technology and that a robust equipment maintenance and replacement plan is implemented to protect the viability of the security infrastructure.
- 4.67 With regard to information security, the Secretariat continues to work toward implementation of an ISO 17799-based information security management system. This new ISO 17799-based regime will also include initiatives tied to business continuity planning and new security auditing/logging capabilities, and will have progressed sufficiently by 2007 to allow direct vulnerability-testing of implemented information security control measures. Efforts in this area will allow the Secretariat to ensure that the OPCW's information technology systems are well protected from unauthorised access and ready for a full-systems audit to be conducted by the Security Audit Team (scheduled for March 2007).

Health and safety

- 4.68 For 2007, the Secretariat will continue to maintain existing levels and quality of health and safety support in an environment of increasing demand.
- 4.69 Workloads in this area during the year will continue to be driven by activities related to staff turnover, increases in training demands, and increased inspection activity. Nevertheless, the Secretariat continues to implement efficiency measures without impacting on programme outcomes and with no increase in non-staff related costs.
- 4.70 The following table outlines the principal activities (including objectives and key results) planned for 2007 in relation to the OPCW's programme of activity supporting executive management.

TABLE 12: EXECUTIVE MANAGEMENT – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objective</i>	<i>Key results planned for 2007</i>
Effective governance and leadership of the Secretariat in support of the OPCW.	<ul style="list-style-type: none"> • Achievement by the Secretariat of established programme levels and budget targets. • Effective stewardship of resources and relationships. • Transparent and accountable reporting to Member States.
Ensure soundness of administrative, confidentiality, and security-control systems and processes.	<ul style="list-style-type: none"> • A satisfactory external audit report on the internal control environment and on the work of the OIO. • Analysis and preparation of 12 internal reports during the year on the Secretariat's policies and programmes. • 90% acceptance or approval during the year by the Secretariat's management of the recommendations made by the OIO in its reports.
Analysis of legal requirements and management of legal action involving the Secretariat.	<ul style="list-style-type: none"> • 100% of successful responses to legal questions during the year. • Implementation of regulatory requirements that recognise the statutory framework of the Convention and the OPCW.
Development of projects to support the OPCW's global role, including efforts to fight terrorism, and other special projects.	<ul style="list-style-type: none"> • Establishment of cooperative policies with other organisations. • Coordination of activities marking the Convention's Tenth Anniversary.
Security of OPCW delegates and staff, assets, and information.	<ul style="list-style-type: none"> • No breaches of physical or information security-related procedures resulting in a breach of confidentiality. • No security incidents involving physical harm to staff members, delegates or visitors during the year.
Health and safety of the Secretariat's workforce and operations.	<ul style="list-style-type: none"> • No incidents with health and safety implications that could reasonably have been prevented during inspections. • No incidents of staff not meeting job requirements for medical reasons that could reasonably have been prevented.
Primary alignment to core objectives: All objectives	
Major activities of the Secretariat for 2007	
Internal oversight of OPCW systems and processes: <ul style="list-style-type: none"> • Targeted review of internal financial, confidentiality, information, procurement and security control systems and processes to ensure probity in the Secretariat's activities. • Monitoring of corrective action in response to reported issues and other areas of concern. • Maintenance and development of the implementation of the quality management system in accordance with ISO standards. 	

Major activities of the Secretariat for 2007	
Provision of legal advice in relation to identified issues: <ul style="list-style-type: none"> • Consideration of legal aspects of Secretariat activities. • Defence of the OPCW in actions taken in the ILOAT. 	
Provision of a framework for confidentiality of information: <ul style="list-style-type: none"> • Secure receipt, handling, storage and processing of confidential and sensitive information. • Training of and support to Secretariat staff. 	
Provision of physical security: <ul style="list-style-type: none"> • 24-hour security guard force and control centre 365 days per year at OPCW premises. • Procedures and instruction for emergency evacuation. 	
Safety input into inspection operations: <ul style="list-style-type: none"> • Briefing for all inspection teams. • Support services during inspections. 	
Assurances as to the health of the Secretariat's workforce: <ul style="list-style-type: none"> • Pre-employment, periodic, and special medical examinations of individual staff members. • Promotion of the health and fitness of staff members. • Occupational health and safety audits and investigations. 	
Estimated cost of programme activities in 2007:	EUR 7,392,946

- 4.71 The Secretariat's activities associated with this programme are led by a range of separate Offices and Branches. The separate Budget Statements (providing detailed financial estimates) of the Office of the Director-General, the Office of the Deputy Director-General, the Office of Internal Oversight, the Office of the Legal Adviser, the Office of Special Projects, the Office of Confidentiality and Security, and the Health and Safety Branch are included in Part III of the Programme and Budget for 2007. A consolidated statement of budgeted expenditure for the Executive Management Programme is located at Appendix 6.
- 4.72 Individual tables summarising programme objectives and activities in relation to each of these Offices and Branches are located at Appendix 7.

PROGRAMME 7: ADMINISTRATION

- 4.73 The Administration Programme provides for a diverse range of specialised services to support the Secretariat's wider governance and operational activities. Important areas of responsibility across the Secretariat supported by the Administration Division include financial management and programme formulation, human resources requirements, procurement, staff development, information services, and other essential support services.
- 4.74 The OPCW's programme of administration activity aims to facilitate efficiency and effectiveness across the Secretariat in management of financial, human and information resources, to provide support services to various divisions and offices, and to provide services to maintain the OPCW's premises and equipment.
- 4.75 The various components of this programme of activity will focus on a number of important areas during 2007.

Budget, planning and finance

- 4.76 For 2007, the Secretariat intends to continue the progress that has been made towards improving support to development and management of the OPCW's budget and financial reporting framework. In this context, the OPCW's commitment to

results-based budgeting has seen an increased focus on alignment of financial management with programme formulation, and on enhanced specialised accounting information to support decision-making across the Organisation. Efforts to date provide a foundation to meet the challenges in moving forward.

- 4.77 The Secretariat will also focus considerable attention on a number of financial management challenges facing the OPCW with regard to annual financial resources, as well as wider improvements to the OPCW's financial-management and accounting framework.

Human resources

- 4.78 The Secretariat continues to face significant challenges as an outcome of the continuing implementation of the limited tenure policy, including the need for a revision of existing policies and procedures, an increased volume of recruitment, a higher level of transactions related to staff entitlements and benefits, a greater number of appeals and grievance cases, and the need to ensure more effective induction and integration of new staff members and their families, as well as to assist staff members in their transition to outside employment.
- 4.79 The Secretariat has developed a human-resources planning system to assist line managers to identify ways in which to ensure continued programme delivery in the face of high turnover of staff throughout the Secretariat. Similarly, the Secretariat has designed a comprehensive human resources management strategy to maintain an effective management system. In 2007, the Secretariat will place priority on improved recruitment and take further steps to improve human resource processes, including recruitment, performance management, and post management.

Procurement and support services

- 4.80 Work has begun in the form of a change management plan for the OPCW with regards to developing a more streamlined and transparent procurement process using contemporary practices. The implementation of this plan will address concerns of both internal and external auditors.
- 4.81 The reorganisation of the travel function will continue in 2007. Much of the Secretariat's travel management function was centralised in 2005 and the Travel Section is now responsible for all travel related to home leave, recruitment, and entitlements. Efforts are currently underway to develop an automated travel system to provide greater efficiency, control, and accountability in travel at the OPCW.

Training and staff development

- 4.82 A training and staff development strategy for the Secretariat was completed in August of 2005 and its implementation is currently underway. Along with the new strategy, the Director-General has formed a committee on training to help analyse training and development needs as well as to monitor and evaluate the effective implementation of training programmes.
- 4.83 The introduction of the OPCW's tenure policy for staff and results-focused management require that the Secretariat fill performance gaps through training and education.

- 4.84 During 2007, the Secretariat will focus on core organisational development requirements, as well as individual skills training. Key areas that the Secretariat will focus on in 2007 include maintenance and improvement of technical competence and proficiency, enhancement of management capacity, and assistance with personal growth and re-employability.
- 4.85 With the devolution of responsibility and funding for staff training to managers across the Secretariat, the Training and Development Branch will continue to provide administrative support for the Secretariat's internal and external training requirements, advise managers and staff on training opportunities, coordinate cross-Secretariat training solutions, and monitor the application and effectiveness of the Secretariat's training strategies.

Information services

- 4.86 The information systems strategy for 2007 focuses on initiatives that fit directly with the OPCW's core objectives and on the support of the IT systems of the Organisation.
- 4.87 A variety of projects will be undertaken by the Secretariat to improve its business efficiency, knowledge management, and institutional efficiency. These projects range from further development of *SmartStream* (including the payroll and procurement modules), through to an improved correspondence management system and more effective electronic record-keeping and databases.
- 4.88 The following table outlines the principal activities (including objectives and key results) planned for 2007 in relation to the OPCW's programme of activity supporting administration.

TABLE 13: ADMINISTRATION – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objective</i>	<i>Key results planned for 2007</i>
Financial management and operations to effectively and efficiently support the Secretariat's wider activities.	<ul style="list-style-type: none"> • Efficient financial performance, including preparation of the 2008 programme and budget in effective support of OPCW operations. • Sustainable stewardship of financial resources. • Transparent and timely external accountability, including continued introduction of results-focused budgeting.
Human resources services to effectively and efficiently support the Secretariat's wider activities.	<ul style="list-style-type: none"> • Support for the continued implementation of the staffing tenure policy. • Recruitment of skilled staff to support the Secretariat's turnover and programme priorities. • Development and review of workforce policies and entitlements to ensure a competitive and productive working environment for skilled staff. • Development and implementation of improved workforce management policies and practices to encourage staff performance.
Procurement and support services to effectively and efficiently support the Secretariat's wider activities.	<ul style="list-style-type: none"> • Value-for-money acquisition of equipment and supplies required across the Secretariat, including travel arrangements. • Maintenance of OPCW premises, facilities and equipment adequately to support OPCW activities.

<i>OPCW programme objective</i>	<i>Key results planned for 2007</i>
Training and staff development to effectively and efficiently support the Secretariat's wider activities.	<ul style="list-style-type: none"> • Preparation and implementation of an Organisational Training and Development Strategy to support continuing improvement within the Secretariat's workforce and targeted development priorities. • Provision of administrative support and advice to managers across the Secretariat in developing staff.
Information services to effectively and efficiently support the Secretariat's wider activities.	<ul style="list-style-type: none"> • Sharing of knowledge and information within the Secretariat and with Member States. • Development and implementation of new technology to support OPCW operations and other activities. • Data and information protected to appropriate levels.
Primary alignment to core objectives: Objective Number 7	

<i>Major activities of the Secretariat for 2007</i>	
Provision of budget, planning and finance support to Member States and across the Secretariat: <ul style="list-style-type: none"> • Financial reporting to Member States, including preparation of 2008 Programme and Budget in accordance with results-based budgeting principles. • Support to the Director-General and programme managers for management of financial resources (provision of four detailed quarterly reports and 12 monthly budget status reports). • Financial operations, including disbursements (approximately 19,000 transactions), collection of income (EUR 75m in payments), and banking (cash management of average balance of EUR 30m). 	
Provision of human resources services across the Secretariat: <ul style="list-style-type: none"> • Support for workforce planning and recruitment of personnel (approximately 65) to meet requirements. • Provision of integrated human resources services to managers and staff members in relation to performance management, conflict and dispute resolution, grievances, and disciplinary cases. • Administration of entitlements and benefits payable to the Secretariat's workforce. 	
Provision of procurement and other support services across the Secretariat: <ul style="list-style-type: none"> • Effective administration of procurement requirements (including provision of support to the Committee on Contracts). • Building maintenance and support for utilities. • Provision of infrastructure services, equipment, and supplies across the Secretariat. • Provision of mail (approximately 120,000 items) and courier services. 	
Provision of training and development services across the Secretariat: <ul style="list-style-type: none"> • Support to VER/INS to maintain and increase the number of certified personnel to conduct inspection related activities. • Operation of the OPCW library to provide reference and media resources to Member States and staff. • Provision of services to develop skills of the Secretariat staff in accordance with the Organisation's Training and Development Strategy. 	
Provision of information services across the Secretariat: <ul style="list-style-type: none"> • Provision of information networks (core networks operating 99% of the time). • Development and management of projects to implement new technology and enhance information support across the Secretariat (75 per cent of projects completed successfully and on time). • Support to specialised management information systems, including SMARTStream and continued implementation of a Verification Information System. 	
<i>Spending initiatives to be implemented during 2007</i>	
Transition support for departing staff members (EUR 0.030m) Increased funds to meet childcare assistance entitlement (EUR 0.030m) Induction programme for new staff members (EUR 0.041m) Alignment of training funding with staffing levels (EUR 0.040m) Devolution of training funding across the Secretariat (EUR 0.0m)	
Estimated cost of programme activities in 2007:	EUR 18,487,448

- 4.89 The Secretariat's activities in relation to this programme are led by the Administration Division. The Administration Division's Budget Statements, providing detailed financial estimates, are included in Part III of the Programme and Budget for 2007.
- 4.90 Tables summarising programme objectives and activities in relation to each of the Branches in the Administration Division are located at Appendix 8.

5. BUDGETED FINANCIAL PERFORMANCE FOR 2007

MAJOR FINANCIAL OBJECTIVES

- 5.1 The Programme and Budget for 2007 has been shaped around a number of identified financial objectives of the OPCW.

TABLE 14: MAJOR FINANCIAL OBJECTIVES OF THE OPCW

<i>Objective</i>	<i>Key result areas for 2007</i>
Efficient financial performance in effective support of OPCW operations.	<ul style="list-style-type: none"> Budgeted expenditure for 2007 almost 1% lower in nominal terms than 2006 appropriations. General costs to Member States reduced by 1.7% (EUR 1.2m) from annual contributions assessed for 2006.
Robust and sustainable stewardship of financial resources.	<ul style="list-style-type: none"> Increased payment of financial obligations by Member States in the year in which they are due. Use of cash-management mechanisms to ensure temporary income shortfalls do not unnecessarily impact on programme delivery.
Transparent and timely external accountability.	<ul style="list-style-type: none"> Continued implementation of results-focused budget development and programme formulation. Transparent, timely, and comprehensive periodical reporting of financial results to the Council and the Conference. Completion of annual financial statements endorsed by the independent external auditor.

SUMMARY OF BUDGET ESTIMATES FOR 2007

- 5.2 The OPCW's regular budget expenditure for 2007 is expected to be EUR 75.0m. This is a reduction of EUR 0.588m compared to expenditure appropriated for 2006.
- 5.3 Budgeted expenditure for 2007 in fact reflects a reduction of approximately 1.7 per cent if expenditure budgeted for 2006 had been updated in 'real-terms' for growth expected in 2007 for statutory costs and other prices (with currency exchange rates maintained at the same level that was agreed for 2006).
- 5.4 The following table summarises budgeted expenditure and income levels for the OPCW for 2007.

TABLE 15: FINANCIAL RESOURCING FOR 2007

2005 Result	2006 Budget		2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
33,636,709	37,063,822	<i>Appropriated expenditure:</i>	37,190,079	37,545,676	1.0%	37,545,676
35,118,480	38,550,419	Chapter 1 programmes	38,289,427	37,480,075	-2.1%	37,505,360
68,755,189	75,614,241	Chapter 2 programmes	75,479,506	75,025,751	-0.6%	75,051,036
		Total expenditure				
		<i>Less direct income:</i>				
3,635,658	5,373,000	Verification contributions	5,373,000	5,635,648	4.9%	5,635,648
927,537	450,000	Interest and other earnings	450,000	750,000	66.7%	750,000
4,563,195	5,823,000	Total direct income	5,823,000	6,385,648	9.7%	6,385,648
68,163,380	69,791,241	Annual contributions	69,656,506	68,640,103	-1.5%	68,665,388

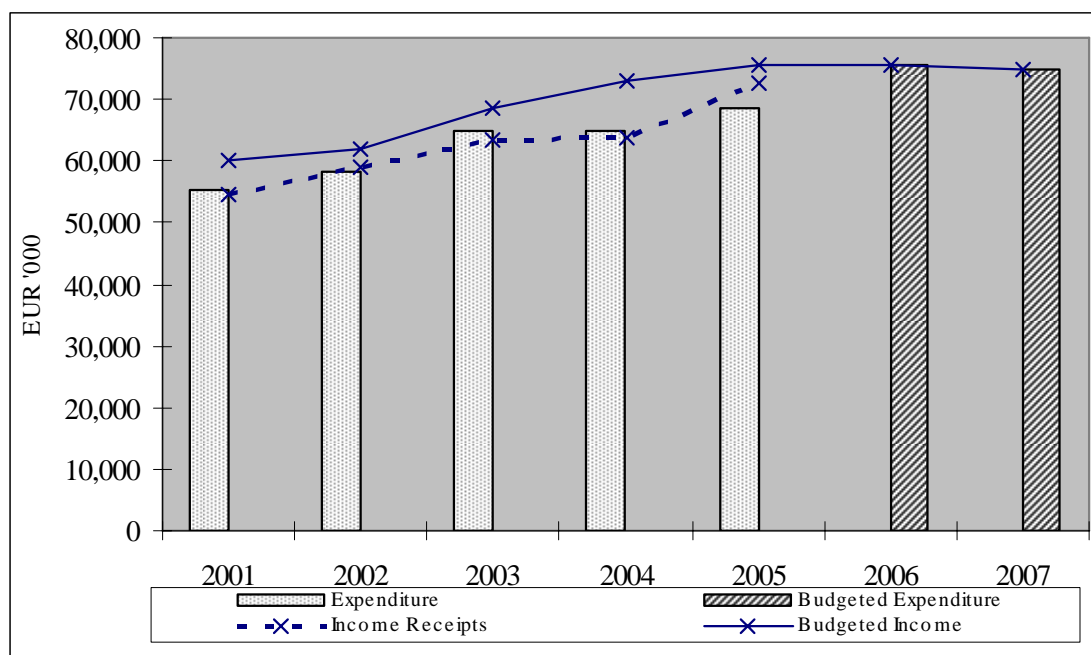
- 5.5 The reduction in budgeted expenditure, combined with increased income levels in 2007 from direct sources, results in a 1.7 per cent (EUR 1.2m) reduction from 2006 in general costs to Member States assessed as annual contributions to fund the annual programme and budget of the OPCW.
- 5.6 Continuing the financial discipline applied in recent years to developing the OPCW's annual programme and budget, annual contributions assessed for 2007 will in fact be 2.9 per cent (EUR 2.0m) lower than the amount assessed to fund the 2005 Programme and Budget. This reduction underlines improved financial strategies over that period to address significant new programme priorities and price growth.
- 5.7 Although expenditure expected in 2007 against the regular budget is lower in nominal terms than the amount appropriated for 2006, the Programme and Budget for 2007 provides fully for growth in prices expected for the year. In addition, existing funding has been carefully prioritised to meet emerging programme initiatives and to ensure savings measures can be implemented with minimal impact on existing activities of the OPCW. Expenditure for 2007 has been initially estimated using the same currency exchange rate applied in 2006, of 79.7 eurocents per 1 USD, to ensure direct comparability between the two years.
- 5.8 Resourcing of specific spending initiatives for 2007 to meet individual programme priorities includes:
- (a) verification of continuing levels of chemical weapons destruction (EUR 0.166m);
 - (b) enhanced assurance of non-proliferation of chemical weapons (EUR 0.478m);
 - (c) implementation of national obligations under Article VII of the Convention (EUR 0.135m);
 - (d) welfare and professional support for staff of the Secretariat (EUR 0.101m); and
 - (e) professional training and development of staff (EUR 0.040m).
- 5.9 The specific spending initiatives contained within the Programme and Budget for 2007 in response to identified new programme priorities, as well as expected growth in the price of base costs, will be funded by improving operational efficiency and reprioritising existing resources.
- 5.10 As a result of this reprioritisation of existing resources, the direct cost of verification activities to be funded in 2007 from Chapter 1 appropriations is expected to exceed other costs of the OPCW for the year (that is, Chapter 2) for the first time since 2002.
- 5.11 The detailed statement of the OPCW's budgeted expenditure and income for 2007 is at Appendix 2, outlining budget estimates by detailed funding object.

Funding of the Programme and Budget for 2007 by Member States

- 5.12 Overall expenditure levels appropriated in the OPCW's annual Programme and Budget are funded through annual contributions assessed against each Member State, after allowing for income that the OPCW expects to earn during the year from direct sources (including direct recovery of chemical weapons verification-related costs).
- 5.13 Annual contributions totalling EUR 68,640,103 will be assessed for 2007 against existing Member States (1.7 per cent lower than contributions assessed for 2006). The assessment scale applied for 2007 will be consistent with the UN scale of assessment for the year, adjusted to take into account differences in membership between the UN and the OPCW.
- 5.14 Annual contributions payable for 2007 by most Member States will also largely be offset by the one-off application of the OPCW's final cash surplus of EUR 11.6m from 2004. The 2004 cash surplus was finalised at the end of 2005, and is largely made up of the OPCW's receipt of income in 2005 payable in previous years by Member States. In fact, approximately EUR 2.7m of this 2004 surplus arose from receipt of amounts owed from earlier than 2004.
- 5.15 It is important to note that this one-off distribution of the 2004 cash surplus, equivalent to 17 per cent of annual contributions assessed for 2007, is not itself a reduction in annual contributions. It will be largely applied, however, as an offset against annual contributions due for 2007 from most Member States, and thereby reduce the new funds required from these Member States to pay their contributions for 2007.
- 5.16 Budgeted expenditure levels included in the Programme and Budget for 2007 assume timely receipt by the OPCW of all amounts payable to it by Member States.

BUDGETED EXPENDITURE FOR 2007

- 5.17 Total expenditure for the OPCW of EUR 75.026m budgeted for 2007 is EUR 0.588m lower in nominal terms compared to the budget agreed for 2006.
- 5.18 This level of expenditure for 2007 is 0.8 per cent lower than appropriations for 2006 and 0.6 per cent lower than the previous forward estimate for 2007.
- 5.19 These budget estimates for 2007 reflect efforts for both 2006 and 2007 to ensure that expenditure levels are contained within previous appropriations, despite the inclusion of significant increases in programme activity and growth in prices.
- 5.20 The following chart shows the OPCW's historical expenditure levels, including the impact in recent years on expenditure levels of funding actually provided for the regular budget (that is, income received by the end of the year for which it was due). Estimates for 2006 and 2007 are based on the agreed budget appropriated for each year respectively.

CHART 1: REGULAR BUDGET EXPENDITURE LEVELS – 2001 TO 2007

5.21 The level of income actually received for 2006 by the OPCW again restricted expenditure for the year (similar to the result experienced in recent years). In this context, steps were taken to contain expenditure for 2006 within projected income levels (and available short-term contingency resources), and to ensure that real gains from any lower-than-expected cost levels that emerged for the OPCW in 2006 were available to be returned to Member States when the financial result for the year is finalised.

5.22 Key estimation parameters applied in the Programme and Budget for 2007 provide for:

- (a) general validation of the assumptions of prices and statutory costs for 2006 incorporated in the 2006 Programme and Budget (with a flow-on impact for 2007 budget estimates);
- (b) an average currency exchange rate across 2007 of 79.7 Eurocents for USD 1;
- (c) increased salary-rates in 2007 for P-grade and GS-grade staff with a full-year effect of 1.0 per cent and 0.5 per cent respectively;
- (d) increased pensionable remuneration rates in 2007 for P-grade staff with a full-year impact of 1.25 per cent; and
- (e) inflationary price rises for international programmes and other non-staffing costs with an impact for 2007 of 4.75 per cent and 2.5 per cent respectively.

5.23 The following table shows the OPCW's budgeted expenditure for 2007 by major funding object.

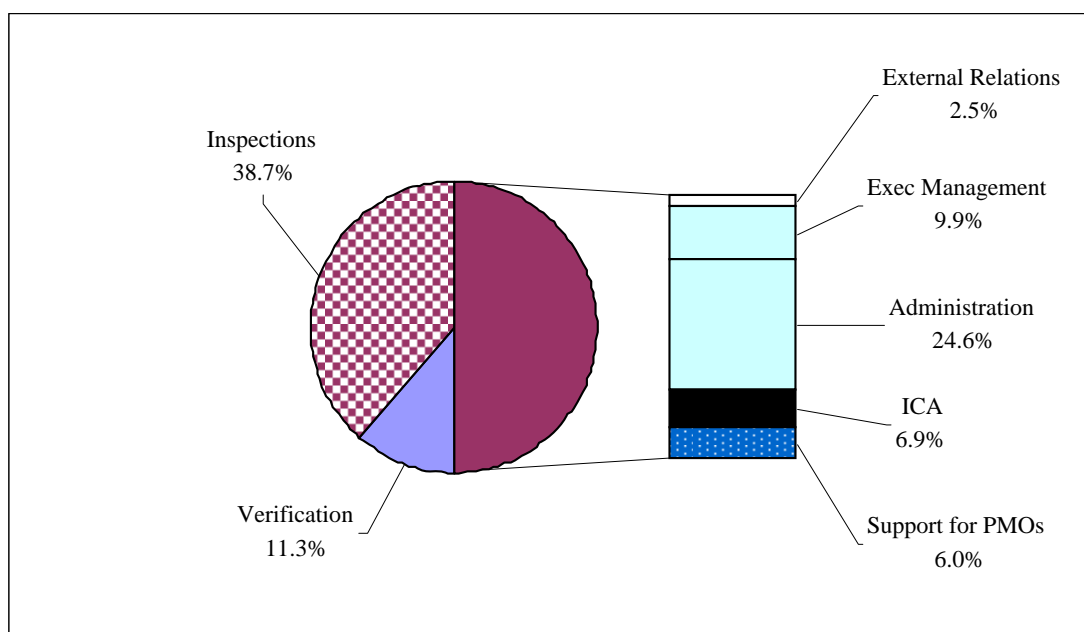
**TABLE 16: REGULAR BUDGET EXPENDITURE FOR 2007
BY MAJOR FUNDING OBJECT**

2005 Result	2006 Budget		2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
49,187,874	55,067,504	Staffing costs	54,822,056	54,712,725	-0.2%	54,453,175
3,941,623	4,378,718	Travel costs	4,378,718	4,836,991	10.5%	4,836,991
3,887,885	4,382,652	Contractual services costs	4,298,709	4,244,892	-1.3%	4,346,642
2,945,119	2,918,558	Workshops, seminars and meetings costs	2,918,558	3,046,887	4.4%	3,046,887
661,263	616,606	Furniture and equipment operating costs	616,606	562,173	-8.8%	562,173
6,267,707	7,247,058	General operating costs	7,247,058	6,745,754	-6.9%	6,745,754
1,863,718	1,003,146	Capital costs	1,197,801	876,327	-26.8%	1,059,412
68,755,189	75,614,241	Total expenditure	75,479,506	75,025,751	-0.6%	75,051,036

- 5.24 All variations in the OPCW's overall expenditure estimates for 2007, compared to the previous forward estimates for the year, are outlined in the Programme and Budget for 2007 as spending initiatives, savings measures, or price growth expected for 2007.
- 5.25 Staffing costs for 2007 are estimated to account for almost three-quarters of the OPCW's budgeted expenditure. No new fixed-term staffing positions have been authorised for 2007.
- 5.26 Non-staffing operating costs for 2007 are expected to decrease by 1.1 per cent from the budget for the previous year.

Appropriation structure

- 5.27 Expenditure across the OPCW's Secretariat is divided amongst seven broad funding-lines of programmes of activity. The following chart illustrates the division of expenditure for 2007 based on budget estimates for each funding programme.

CHART 2: REGULAR BUDGET EXPENDITURE FOR 2007 BY FUNDING PROGRAMME (PROPORTION OF TOTAL)

- 5.28 Annual appropriations for expenditure from the OPCW's regular budget are divided into two "chapters" in accordance with the Chemical Weapons Convention.
- 5.29 The Chapter 1 appropriation provides for the direct costs of verification activities undertaken by the Secretariat, including inspection operations. Chapter 2 provides funding for all other important programmes of activities delivered each year by the Secretariat for the OPCW, including international programmes, support to Member States' decision-making forums, and administration and governance activities in support of all of the Secretariat's activities.
- 5.30 The following table details the budget estimates for the OPCW's regular budget expenditure for 2007 by funding programme.

TABLE 17: REGULAR BUDGET EXPENDITURE FOR 2007 BY FUNDING PROGRAMME

2005 Result	2006 Budget		2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
8,279,868	8,297,270	<i>Chapter 1 expenditure:</i>				
25,356,841	28,766,552	Programme 1: Verification	8,423,527	8,496,857	0.9%	8,496,857
		Programme 2: Inspections	28,766,552	29,048,819	1.0%	29,048,819
33,636,709	37,063,822	Total Chapter 1	37,190,079	37,545,676	1.0%	37,545,676
		<i>Chapter 2 expenditure:</i>				
4,453,458	5,141,988	Programme 3: ICA	5,141,988	5,184,448	0.8%	5,209,733
4,215,223	4,592,851	Programme 4: Support for PMOs	4,592,851	4,510,172	-1.8%	4,510,172
1,642,157	1,835,681	Programme 5: External Relations	1,835,681	1,905,060	3.8%	1,905,060
6,801,691	7,534,692	Programme 6: Executive Management	7,318,474	7,392,946	1.0%	7,392,946
18,005,951	19,445,207	Programme 7: Administration	19,400,433	18,487,448	-4.7%	18,487,448
35,118,480	38,550,419	Total Chapter 2	38,289,427	37,480,075	-2.1%	37,505,360
68,755,189	75,614,241	Total expenditure	75,479,506	75,025,751	-0.6%	75,051,036

Savings and efficiencies

- 5.31 The OPCW's Programme and Budget for 2007 focuses significantly on savings and efficiencies in costs across the Secretariat in order to ensure both that operations are cost-effective and existing funding is allocated to priority activities for the year.
- 5.32 In this context, the underlying budget strategy incorporated in the Programme and Budget for 2007 provides for funding to ensure that new programme priorities are addressed, and to fully meet growth expected in prices and statutory costs. It is savings and efficiencies compared to existing budget estimates that will allow this to occur in 2007 without exceeding expenditure levels appropriated for 2006.
- 5.33 The Programme and Budget for 2007 has therefore been prepared to reflect a number of significant savings measures compared to the previous forward estimates established for 2007 in the 2006 Programme and Budget.

Optimisation of inspection operations (savings of EUR 0.112m in 2007)

- 5.34 Steps have been taken in recent years to significantly reduce the resourcing required for inspections. This has allowed the Inspectorate to absorb increases to the calls upon it for both Articles IV and V and Article VI inspection programmes.
- 5.35 As an example, the standard inspection team for verification activities at CWDFs in the United States of America was reduced from eight to five inspectors during 2005 and 2006. These measures have been achieved in parallel with the installation of enhanced recording and monitoring equipment.
- 5.36 Separately, a number of methods have been used to lessen the call of Article VI inspections on the Secretariat's resourcing by reducing team sizes and increasing the scheduling of sequential inspections by single inspection teams.
- 5.37 The continuation of these measures from past years is recognised in savings already incorporated in the previous forward estimates for 2007. The Inspectorate also expects to be able to realise additional savings in 2007 from these measures (EUR 0.112m).
- 5.38 In addition, the Inspectorate will ensure that during 2007 it will have sufficient flexibility to provide assistance where necessary to support the Verification Division in planning support for the additional industry inspections programmed for the year under Article VI of the Convention. This support will be in the form of experienced inspectors, and will provide an important development opportunity in the sharing of skills between these two Divisions of the Secretariat.

Replenishment of the special account for equipment acquisitions (savings of EUR 0.125m in 2007)

- 5.39 The Special Account for the OPCW Equipment Store was established by Member States to provide for the significant lead-time required by the OPCW to acquire specialised inspection and other verification equipment. Funding of EUR 0.250m has been provided through the regular budget in each of past years to replenish spending from this account.
- 5.40 The previous forward estimates for 2007 include EUR 0.250m to be paid by the Verification Division from the regular budget to this special account to maintain funding for purchases of specialised verification equipment. No funding was provided for this purpose in 2006 (as a savings measure) because accumulated balances of the special account were sufficient.
- 5.41 Savings in 2007 (EUR 0.125m) compared to the previous estimate for the year will provide an offset to the cost in 2007 of temporarily appointing three GS staff to transfer existing data to the new VIS. This arrangement was established to ensure that this spending initiative for 2007 could be implemented without calling upon new funding from Member States.

- 5.42 An amount equivalent to the funding previously provided in 2006 by Member States (EUR 0.125m) for the same purpose of transferring existing data to the new VIS will instead be paid in 2006 to the special account for equipment acquisitions to offset the impact of this savings measure for 2007.

Reduced estimate of contributions to the ILOAT (savings of EUR 0.070m in 2007)

- 5.43 From 2006, a budget initiative was implemented to provide specific funding each year (EUR 0.150m) for the OPCW to meet contributions required for the Secretariat to access the International Labour Organisation Administrative Tribunal (ILOAT).

Reduced remuneration costs related to turnover of staff

- 5.44 Turnover of staff comes at some disruption to productivity and requires adequate human resources services and planning in response, as well as appropriate development training. There are, however, some cost reductions to the OPCW in that staff separating from the Secretariat are on average at the sixth step-increment of applicable remuneration scales.
- 5.45 Up to 50 staff affected by the staff tenure policy depart the Secretariat each year, and newly appointed staff are paid lower entitlements levels (usually at the lowest salary step) than the staff they replace.
- 5.46 In addition, this staff turnover inevitably results in some reduced costs to the OPCW from vacancies in authorised positions (in other words, the OPCW does not incur the cost of remuneration entitlements if no officer is undertaking the role). The Secretariat has achieved an average rate of approximately 90 per cent of authorised fixed-term positions, at any one time, being occupied by a fixed-term staff member. Nevertheless, these are all staffing positions which are critical for the OPCW's Secretariat to achieve the performance across the full year outlined in the Programme and Budget for 2007.
- 5.47 In this context, the Secretariat has adopted a number of measures to minimise this 'lag' in recruitment of necessary personnel, and will often fill vacancies with temporary support where this is necessary. This 'backfilling' of vacant fixed-term positions with temporary staff largely offsets any reductions in cost to the OPCW from vacant positions. A number of non-salary remuneration entitlements payable to fixed-term staff, however, are not payable to the temporary staff that may replace them in this manner.
- 5.48 The Programme and Budget for 2007 reflects cost reductions totalling more than EUR 1.500m in relation to the turnover of staff. This includes:
- (a) lower remuneration levels of newly appointed staff compared to previous budget estimates (additional savings of approximately EUR 0.200m);
 - (b) lower remuneration levels of new staff expected during 2007 (savings of approximately EUR 0.500m);

- (c) reduced remuneration costs associated with residual vacancies that may in fact occur for a period of time during the year (savings of approximately EUR 0.200m generally across the Secretariat and a further EUR 0.200m within the Inspectorate); and
 - (d) costs for entitlements not payable to staff who may be employed temporarily to replace fixed-term staff (savings of approximately EUR 0.400m).
- 5.49 These reductions for 2007 have been recognised for estimated remuneration costs associated with P-grade staff, but have not been applied against staffing costs associated with GS-grades (for which annual turnover rates are much lower than for professional grades).

Prioritisation of existing resources

- 5.50 Development of the Programme and Budget for 2007 included measures to ensure that existing funding levels for the OPCW are focused on priority areas of activity for the year. This includes reductions in some areas across the Secretariat to the previous forward estimates for 2007.
- 5.51 Proven efficiency in delivering programme objectives, as well as options to divert existing resources to essential priorities, has been a key focus in recent years for the OPCW and its Secretariat. In this context, the Programme and Budget for 2006 provided for significant new programme priorities without requiring any growth in expenditure (in nominal terms).
- 5.52 The continuing efforts in the Secretariat to identify and realise genuine efficiency savings and lower-priority areas of spending provide additional opportunities for the OPCW to divert existing funding to priority spending areas. In this regard, the Secretariat's spending performance for 2005 (while maintaining expected programme delivery) provided a sound base to identify a number of areas for which reductions in previous funding levels have for 2007 been diverted to priority areas.
- 5.53 In addition, careful attention has been given to areas of the OPCW's spending which typically have been supported in recent years by voluntary contributions, rather than funding also provided through the regular budget. Funding for 2007 for consultancy costs has also been reduced to meet general spending requirements (savings of EUR 0.055m).
- 5.54 This overall approach to savings against the previous forward estimates for 2007 has been essential in ensuring that the OPCW's underlying budget strategy incorporated in the Programme and Budget for 2007 can be achieved. These savings have provided funding for spending initiatives to meet new programme priorities for 2007, as well as growth in existing prices and statutory costs, without increasing overall costs compared to the expenditure appropriations for 2006.
- 5.55 Funding objects for a number of essential core activities of the Secretariat have, however, been exempted from reductions to align budget estimates for 2007 with actual levels of spending (that is, spending performance for 2005). This includes funding for all authorised fixed-term positions, CW-related and industry inspections,

international workshops and assistance (capacity building, support for National Authorities, and protective capacity), staff turnover costs, and amounts provided in 2006 for specific spending initiatives.

- 5.56 All funding amounts that have been aligned with actual spending levels have also been adjusted to provide fully for price growth forecast through to the end of 2007.

Ongoing savings

- 5.57 The OPCW continues to benefit from real savings measures implemented in recent years within the Secretariat.
- 5.58 The Programme and Budget for 2006 provided for significant spending initiatives (EUR 1.9m) to meet new programme priorities, as well as increased expenditure due to routine growth in existing prices and statutory costs, without exceeding previous expenditure appropriation levels in nominal terms.
- 5.59 This was possible due in part to a number of savings measures implemented for 2006. The reductions of recent years in the size of inspection teams visiting CWDFs in the USA have alone reduced the number of inspectors which would have otherwise been required over a full year by the Secretariat by approximately 40. In addition, the use of 'home-based' inspectors employed on special services agreements (compared to normal fixed-term employment arrangements within the Secretariat) saves the OPCW approximately EUR 0.6m for 15 inspectors.
- 5.60 Savings measures in 2007 to divert existing funding to priority spending areas, particularly in the Administration Division, will also continue efforts in recent years to recognise actual spending requirements across the Secretariat.

EXPECTED INCOME FOR 2007

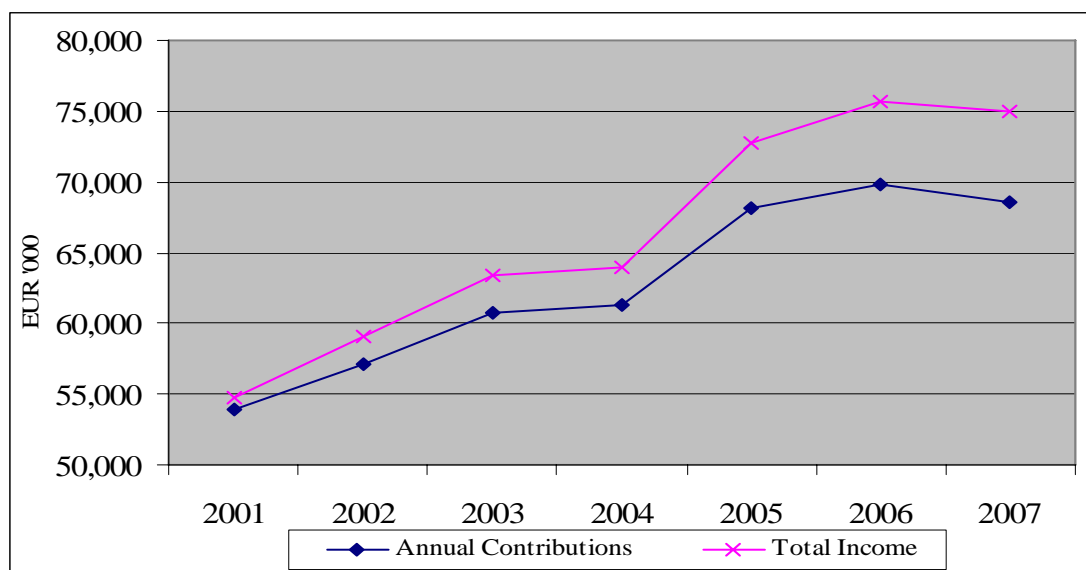
- 5.61 Total income of EUR 75.0m is required in 2007 for the OPCW to fund its expenditure budgeted for the year. This includes receipts across the OPCW's three primary sources of annual funding – annual contributions (91.5 per cent of total income), direct reimbursement of the cost of verifying the destruction and maintenance by Member States of weapons and CW facilities (7.5 per cent), and interest earned on holdings in bank accounts (1.0 per cent).
- 5.62 The following table details income expected to be earned by the OPCW for 2007 by each major source.

TABLE 18: REGULAR BUDGET INCOME FOR 2007

2005 Result	2006 Budget		2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
68,163,380	69,791,241	Annual contributions	69,656,506	68,640,103	-1.5%	68,665,388
3,635,658	5,373,000	Verification contributions	5,373,000	5,635,648	4.9%	5,635,648
927,537	450,000	Interest and other earnings	450,000	750,000	66.7%	750,000
72,726,575	75,614,241	Total income	75,479,506	75,025,751	-0.6%	75,051,036

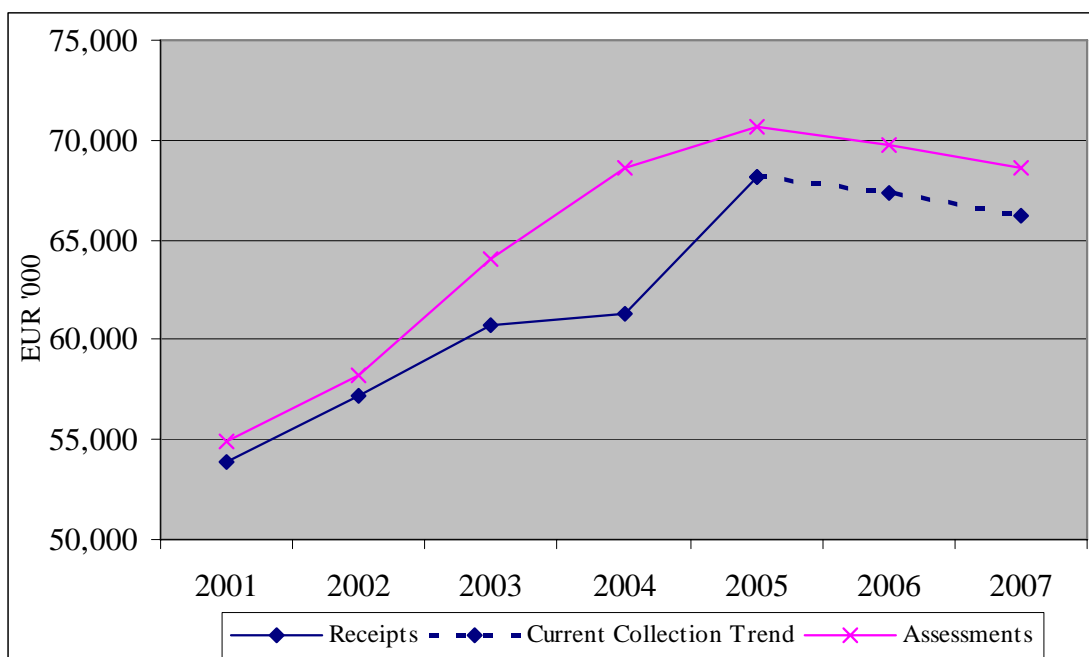
- 5.63 The income estimates for 2007 do not provide for any funding contingency to offset substantial delays in receipt of income payable to the OPCW during the year from Member States.
- 5.64 Although the annual expenditure appropriation approved each year by the Conference provides a maximum limit to expenditure that may be incurred by the OPCW during the year, spending levels are in practice capped by the amount of funding that is in fact received for the budget year from Member States (within a timeframe in which the funding can be utilised by the OPCW).
- 5.65 For 2005, the OPCW collected income of approximately EUR 72.7m (96 per cent) by the end of the year against its approved budget of EUR 75.7m (this compares to 87 per cent during 2004).
- 5.66 The following chart illustrates the OPCW's historical level of income actually received by the end of the year for which it was due, including the proportional relationship between annual contributions and income from direct sources that makes up the OPCW's total income for the year. Projections for 2006 and 2007 are based on agreed budget levels.

CHART 3: REGULAR BUDGET RECEIPTS – 2001 TO 2007



Annual contributions by Member States

- 5.67 Budget estimates for the OPCW for 2007 require annual contributions of EUR 68,640,103 assessed by the OPCW against Member States to fund estimated expenditure for the year. This is a reduction of EUR 1.151m (1.7 per cent) from 2006.
- 5.68 The following chart illustrates historical levels of annual contributions assessed each year by the OPCW, as well as income actually collected by the end of the year in which it was due. An indication of collection levels is provided for 2006 and 2007 if the proportional performance achieved during 2005 is continued.

CHART 4: ANNUAL CONTRIBUTIONS LEVELS – 2001 TO 2007

- 5.69 The OPCW assesses contributions in euros and adopts its assessment scale for annual contributions from that applied by the UN (adjusted marginally for the differences in membership between the UN and the OPCW).
- 5.70 The UN's triennial update of its scale of assessment will be implemented by the UN (and therefore by the OPCW) for 2007 annual contributions. Changes for the year to the scale of assessment will not directly impact the overall level of annual contributions to be assessed by the OPCW, but may have implications for the distribution of contributions assessed against individual Member States.
- 5.71 On a similar basis, increased membership in the OPCW since implementation of the scale of assessment for 2006 will result in a marginal reduction in annual contributions assessed for 2007 against individual Member States.

Direct income

- 5.72 Income from direct sources for the regular budget is important annual funding for the OPCW. Each year, this revenue consists largely of interest earned on cash holdings, as well as verification contributions charged to relevant Member States to directly recover costs of the OPCW associated with verifying the destruction and maintenance of Member States' chemical weapons stockpiles and facilities.
- 5.73 The OPCW expects to earn EUR 5.636m in 2007 from verification contributions. These contributions are based on recovery of costs by the OPCW, and have accordingly been increased by 4.9 per cent for 2007 to provide for estimated costs in 2007 (including for price increases in associated salary and travel costs).

- 5.74 The baseline estimate for interest earnings for 2007 has also been significantly increased from 2006 to EUR 0.750m. This allows for higher average cash balances expected to be held by the OPCW across 2007 (including cash surpluses held from previous years) and increased interest rates.

Collection of arrears

- 5.75 At the end of 2005, 69 of the then 175 States Parties to the Convention had arrears in annual contributions to the OPCW for at least that year. EUR 5.6m was payable in total to the OPCW by Member States in arrears for annual contributions, approximately half of the amount owed a year earlier.
- 5.76 The OPCW's annual cash surpluses for recent years have been funded largely through late receipt of amounts from Member States as income for previous years (annual contributions and recovery of inspection costs). All receipts from a Member State must first be applied to meet the oldest of any debts of that type of income from a previous year.
- 5.77 One effect of arrears levels is that EUR 8.2m of payments received by the OPCW during 2005 for contributions was in fact attributable to past arrears, and was therefore allocated to the 2004 cash surplus rather than used directly to fund budgeted expenditure during 2005. (Approximately EUR 2.7m of the full amount of income received in arrears during 2005, and allotted to the 2004 cash surplus, was owed to the OPCW from years before 2004.)
- 5.78 For 2006, more than EUR 2.0m in annual contributions assessed for the year relates to 50 Member States currently with arrears to an amount and of an age that payment by them of annual levels of contributions may not be useable by the OPCW for that year's operations (but would be returned to other Member States as part of a cash surplus).
- 5.79 At its Tenth Session, the Conference requested "the Council to study, as soon as possible, a mechanism that would offer States Parties the flexibility to regularise the payment of their dues to the OPCW, and to make a recommendation on this matter to the Conference at its Eleventh Session" (C-10/5, dated 11 November 2005).
- 5.80 Regardless of the rate of collection by the end of the year in which payments were due, the lateness of payment of annual contributions within the relevant year can also impact the Secretariat's planned resourcing of important programmes during the year.
- 5.81 During 2005, approximately one-third of the value of annual contributions collected by the OPCW for the year was not received until the last calendar quarter. For 2006, approximately two-thirds of the value of annual contributions due for the year was received by the OPCW by the end of the first half of the year (this included approximately EUR 4.5m 'distributed' to Member States from the final cash surplus for 2003).

BUDGET ESTIMATION PARAMETERS FOR 2007

- 5.82 Assumptions for budget estimation parameters are applied to ensure that the programme and budget accurately reflects ‘prices’ likely to be incurred by the OPCW in the budget year. The OPCW would face a reduction in the ‘purchasing power’ of its funded expenditure levels, or a savings target in ‘real terms’, if its annual expenditure estimates did not provide fully for expected changes in existing price levels (including in salaries and other employee entitlements).
- 5.83 The forward estimates for 2007 incorporated in the 2006 Programme and Budget were based on 2006 price assumptions to retain comparability with agreed 2006 budget estimates. In developing the Programme and Budget for 2007, a comprehensive review was undertaken to assess the basis for, and impact of, budget estimation parameters for 2007 (“Update of Financial Assumptions for 2007”).
- 5.84 General price indexation parameters have been applied broadly to the previous forward estimate for 2007 for each funding object in developing the budget estimates contained in the Programme and Budget for 2007. The OPCW manages reasonable, individual price rises which may occur during the year within these broad, indexed amounts.
- 5.85 Appendix 3 to this document lists the basis for calculating each of the OPCW’s major financial estimates and expected growth in underlying prices for 2007. Each of these cost indexation parameters have been cast to the nearest one-quarter of one per cent.

Expected growth in prices for 2007

- 5.86 Consumer prices in the Netherlands are currently expected to increase by 1.5 per cent across 2007. With a cost of living increase provided in 2006 to salary-levels for P-grade staff based on prices in The Hague in April 2006, and a subsequent salary increase expected half way through 2007, the full-year impact on these salary rates for 2007 (compared to the levels used in calculating 2006 estimates) is projected to be a 1.0 per cent increase above the rates presently assumed to be in place by the end of 2006.
- 5.87 On a similar basis (with an increase from September 2007), salary levels for GS-grades can reasonably expect to increase with a full-year impact of 0.5 per cent above the levels currently assumed in the existing budget estimates to be achieved by the end of 2006.
- 5.88 ‘Real’ salary increases awarded by the UN (that is, increases above these more-routine cost of living increases) also could impact on the OPCW’s salaries levels in 2007 for P-grade staff. The OPCW’s Programme and Budget for 2007 currently assumes no real increase in these salary rates for 2007.
- 5.89 The OPCW’s budget estimates for 2007 apply the aforementioned assumptions for individual salary rates to individual positions in the OPCW for 2007 (using authorised fixed-term staffing levels). This approach incorporates the individual profile of each existing staff member and its effect on entitlements that are specifically payable to that staff member.

- 5.90 In relation to the salary rates of P-grade staff, a comprehensive price survey was conducted in The Hague during April 2006 by the UN. The results of this price survey (conducted every four years) provide added certainty for the OPCW's staff cost estimates.
- 5.91 In relation to the OPCW's estimated non-staffing costs, the IMF's forecast for average price increases across 2007 in the Euro-zone is 2.2 per cent. This use of Euro-zone inflation approximates the effect of the OPCW's commitment to international tendering for acquisition of goods and services (that is, the OPCW's experience of price growth at levels outside that experienced in the Netherlands only). A further 0.35 per cent increase is required for 2007, however, if these estimates are to be maintained in real-terms for the flow-on impact of rises in these prices for 2006 (compared to the 2006 budget assumptions).
- 5.92 The IMF's recent projection of inflation for 2007 in "emerging markets and developing countries", 5 per cent, has been recognised in updating expenditure estimates for the year for international programmes. As was the case for the 2006 Programme and Budget, this approach recognises that in this regard the OPCW largely incurs costs related to developing nations when it conducts these targeted workshops, conferences, and other meetings.

Currency exchange rates for 2007

- 5.93 Although salary levels for all Secretariat staff are largely standardised each month for application in The Hague, including for exchange rate differences between the euro and the USD, social security entitlements (paid in euros into the Provident Fund) and death and disability benefits earned by P-grade staff in the OPCW's Secretariat are calculated by direct reference to the UN's pensionable remuneration rates set in USD (no adjustment to these entitlement rates is applied for currency exchange differences).
- 5.94 In this context, the OPCW is directly exposed to currency exchange rate movements for the equivalent of approximately USD 8.5m of staffing entitlements paid each year (approximately EUR 6.7m, or approximately 9 per cent of the overall budget at the currency exchange rates assumed in the 2007 Programme and Budget).
- 5.95 The most recent official currency exchange rates issued by the UN provide an indicator of average exchange rates likely for the coming budget year. (The UN's official currency exchange rate for November 2006 was 0.786 Euros for USD 1.)
- 5.96 Financial estimates in the Programme and Budget for 2007 were prepared using the same currency exchange rate, 0.797 Euros for USD 1, reflected in the OPCW's Programme and Budget for 2006. This ensures direct comparability between budget estimates for the two years, and is materially equivalent (in its impact) to the UN's currency rate for November 2006 (being the latest possible official currency exchange rate issued before a Programme and Budget for 2007 is agreed by Member States).

- 5.97 For 2006, the Secretariat closely monitored and managed its exposure to movements in cost levels due to currency exchange rates (compared to the rate applied to estimated costs in the 2006 Programme and Budget). Steps were taken to ensure that fluctuations in currency exchange rates experienced in 2006 by the OPCW did not impact substantively on the OPCW's programme delivery for the year (the average for the first eleven months of the year was 80.4 eurocents, compared to 79.7 applied in the 2006 budget estimates).
- 5.98 Also in this context, the Conference at its Tenth Session requested "the Council, in the context of the stress placed by the First Special Session of the Conference of the States Parties to Review the Operation of the Chemical Weapons Convention on the need to continue monitoring and improving the implementation of the OPCW's budgetary and financial mechanisms as they have evolved, to examine the possibilities of a long-term mechanism for the management of currency-exchange-rate risks, with a view to making a recommendation to the Conference at its Eleventh Session" (C-10/DEC.5, dated 8 November 2005).

STATEMENT OF FINANCIAL RISK

- 5.99 As with any budget planning framework, risk remains within the Programme and Budget for 2007 that may emerge during the financial year and which may impact on the resourcing of the OPCW's programme delivery.
- 5.100 The following table outlines the principal financial risks to be monitored closely during 2007.

TABLE 19: STATEMENT OF FINANCIAL RISK FOR 2007

Risk	Issue
Higher than expected growth in prices, including statutory costs.	<ul style="list-style-type: none"> • A full-year increase for 2007 1.0 percentage point higher than the 1.0% growth provided for P-grade salaries would increase costs by approximately EUR 0.3m. • A full-year increase 1.0 percentage point higher than the 2.2% price growth expected across 2007 in most cases for non-staffing costs would increase costs by approximately EUR 0.2m.
Currency exchange rate.	<ul style="list-style-type: none"> • Equivalent of USD 8.5m of staff entitlements provided for at a rate of 79.7 eurocents per USD 1. • A 10% increase in the rate for the USD for the full year (to 87.7 eurocents) would cost the OPCW approximately EUR 0.7m.
Delayed receipt of payments from Member States.	<ul style="list-style-type: none"> • Member States owed the OPCW EUR 8.0m at the end of 2005, including EUR 5.6m in annual contributions and EUR 2.4m in verification contributions. • Contributions received in arrears for a year more than one completed calendar year preceding the year in which they are received (Member States representing EUR 2.2m in annual contributions were in this position at the commencement of 2006) must be distributed to Member States when received and cannot be used to fund OPCW operations. • Amounts received from Member States in the year after the year for which they were assessed can be applied to fund OPCW operations only to the extent that limited cash-management mechanisms were confidently applied to address a temporary shortfall during the year for which the arrears were assessed.

Risk	Issue
2005 cash surplus.	<ul style="list-style-type: none">• A cash surplus for 2005 of more than EUR 5m is expected to accumulate over 2006, including late receipt from Member States of amounts payable before 2006.
Verification contributions.	<ul style="list-style-type: none">• Levels of verification contributions are dependent upon planned inspection activity occurring for the year.• A number of 'fixed' costs may still be borne by the OPCW based on originally-projected inspection levels.
Unfunded liabilities.	<ul style="list-style-type: none">• Staff entitlements of EUR 15.3m payable to existing staff members had accumulated by the end of 2005.• Annual funding levels and accumulated financial reserves of the OPCW have not provided for all staff entitlement expenses accruing each year.

6. PEOPLE AND ORGANISATION

MAJOR ORGANISATIONAL OBJECTIVES

- 6.1 The OPCW's Programme and Budget for 2007 has been shaped around a number of identified organisational objectives.

TABLE 20: MAJOR ORGANISATIONAL OBJECTIVES OF THE OPCW

Objective	Key result areas for 2007
Development of human resources planning.	<ul style="list-style-type: none"> Implementation of a human resources planning framework across the Secretariat.
Improvement of recruitment, deployment, and performance management processes.	<ul style="list-style-type: none"> Support for organisational renewal and programme initiatives through workforce development and recruitment of skilled individuals (more than 65 to support staff turnover). Implementation of an improved performance management and appraisal scheme.
Review and update staff regulations, rules, and directives for personnel administration.	<ul style="list-style-type: none"> Comparability of terms and conditions of employment with the UN Common System.
Effective implementation of staffing tenure policy.	<ul style="list-style-type: none"> Turnover of one-seventh of the Secretariat's internationally-recruited staff members. Increased human resources services to address organisational concerns.

- 6.2 The OPCW recognises the importance of its staff members in achieving its core objectives. This has never been more important than in the OPCW's Tenth Anniversary year in 2007.
- 6.3 The Secretariat has put in place a number of measures in recent years to ensure that staff resources are focused effectively and efficiently on the OPCW's programme priorities. Improvements in efficiency in this area have included measures to optimise the resourcing of inspection activity, including reduced inspection team sizes where possible.
- 6.4 The continued implementation of the limited tenure policy for staff members of the Secretariat also provides both opportunities and challenges for the OPCW. Although this initiative provides for the balanced renewal of the Secretariat's workforce, efforts must continue during 2007 to ensure that the implementation of this policy allows for an optimal balance between benefits and the impact on maintaining existing capability.
- 6.5 In the context of these requirements and the mandated turnover of staff, the OPCW must have the ability to attract and retain a highly qualified workforce if its Secretariat is to succeed in carrying out the mandates entrusted to it. A number of significant measures were put in place within the Secretariat in 2006 to enhance recruitment outcomes and to improve workforce policy and development. These will continue in 2007 and be complemented by other initiatives where possible.

ORGANISATION OF THE OPCW'S SECRETARIAT

- 6.6 The responsibilities of the OPCW's Secretariat are divided organisationally into six Divisions and a number of key Offices. The current organisational structure is illustrated in the chart at Appendix 4. There has been no significant change in structure during 2006.

2007 STAFFING LEVELS

- 6.7 The Secretariat's workforce of staff is employed under a number of arrangements appropriate to the role to be staffed and the relevant regulatory framework.
- 6.8 'Fixed-term' staff are employed in accordance with authorised positions for the Secretariat. In addition, the Secretariat employs temporary staff according to a number of differing arrangements, including 'temporary assistance' contracts, 'short-term' contracts, and 'special service agreements'.

Fixed-term staffing

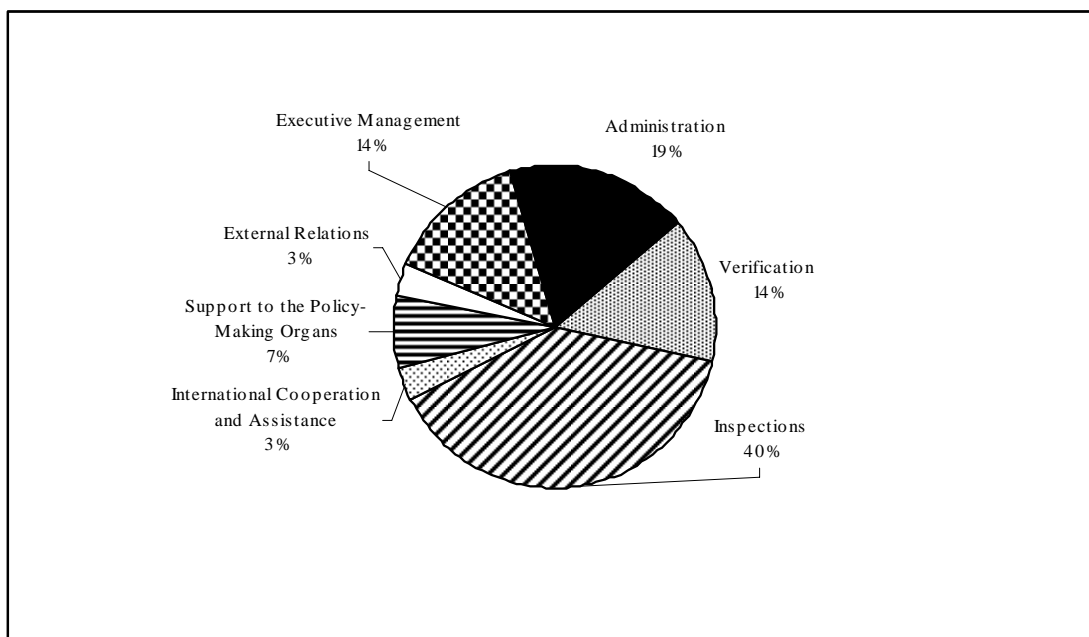
- 6.9 Fixed-term staffing levels for the Secretariat are not expected to change for 2007 compared to positions authorised for 2006.
- 6.10 A detailed outline of the authorised fixed-term staffing positions for the OPCW's Secretariat is at Appendix 5. This appendix outlines authorised fixed-term staffing positions for each Division and key Office of the Secretariat summarised in the following table.

TABLE 21: SUMMARY OF FIXED-TERM STAFFING LEVELS OF THE SECRETARIAT

Position grade	2006 level	2007 level	Percentage of total
D-2 and above	11	11	2%
D-1	15	14	3%
P-5	46	47	9%
P-4	146	146	28%
P-3	105	105	20%
P-2	21	21	4%
GS-7	9	9	2%
GS-6	29	29	6%
GS-5	83	83	16%
GS-4	24	24	5%
GS-3	32	32	6%
Total staffing	521	521	100%

- 6.11 One position previously classified at the D-1 grade will be staffed at the P-5 level during 2007. This is in accordance with a decision of the Council (EC-37/DEC.14, dated 2 July 2004).
- 6.12 As shown in the following chart, approximately 54 per cent (279) of overall fixed-term staff are funded through the OPCW's Chapter 1 appropriations, including 173 fixed-term positions for inspectors.

CHART 5: FIXED-TERM STAFFING FOR 2007 BY FUNDING PROGRAMME (PROPORTION OF TOTAL)



- 6.13 These authorised positions are reflected in expenditure levels contained in the Programme and Budget for 2007 (noting that a small number of fixed-term staff are paid at higher salary levels than the associated authorised position).

Temporary staffing

- 6.14 A number of roles within the Secretariat are undertaken by staff consciously employed on temporary contracts.
- 6.15 Following a comprehensive review, a number of roles previously undertaken by temporary staff were 'regularised' in 2006 by establishing authorised 'fixed-term' positions and transferring existing funding to estimates for the cost of fixed-term staff. The Programme and Budget for 2007 does not include the regularisation of any further temporary roles performed within the Secretariat.
- 6.16 The Programme and Budget for 2007 provides EUR 1,109,339 for temporary staffing, an increase of 4.6 per cent from funding provided for 2006 for this purpose.
- 6.17 Estimates of the cost of temporary staffing shown in the Programme and Budget for 2007 were prepared through an exhaustive process of examining specific allocations provided in 2006, as well as temporary staffing requirements associated with specific spending initiatives (that is, new funding measures) to meet new programme priorities for 2007.

**TABLE 22: SUMMARY OF TEMPORARY STAFFING REQUIREMENTS
OF THE SECRETARIAT - 2007**

Role	Position Grade	Division/Office
Data entry clerks (VIS)	GS-4 (x3)	Verification Division
Project assistants	GS-4 (x3)	ICA Division
Legal officers	P-2 (x2)	ICA Division
Reprographic operators	GS-3 (x2)	Secretariat for the PMO
Conference support (general allocation)	n.a.	Secretariat for the PMO
Administrative assistant	GS-5	Office of the DG
Special projects officer	P-3	Office of Special Projects
Recruitment officer	P-3	Administration Division
Recruitment clerk	GS-4	Administration Division
Associate budget officer	P-2	Administration Division
Business analyst	P-3	Administration Division
Inventory clerk	GS-4	Administration Division
Correspondence clerk	GS-4	Administration Division
Support services clerks	GS-4 (x2)	Administration Division

- 6.18 These allocations of funding for 2007 across the Secretariat are based as far as possible on specific structured and identifiable roles to be temporarily staffed during the year, rather than general provisions for contingency purposes. Some of these roles are staffed on a temporary basis not because of a short-term nature of the role, but because of a potential for a change over time in skills or projects related to the role.
- 6.19 In calculating funding required for this temporary staffing, the salaries of temporary staff appointed in the Secretariat under a “temporary assistance contract” are based on salary scales similar to those used for fixed-term staff. These temporary staff also receive similar non-salary remuneration entitlements, except dependency allowances, rental subsidies, education grants, and travel for home leave (fixed-term general services staff are also not entitled to the three latter benefits).
- 6.20 The Secretariat separately incurs costs in ‘back-filling’, where necessary, fixed-term positions with temporary staff between the separation and recruitment of new fixed-term staff. This cost of temporarily back-filling fixed-term positions has historically been met in the Secretariat with existing funding for the fixed-term positions for which temporary staff are used to back-fill.
- 6.21 The OPCW has also implemented an arrangement to staff CWDF inspections with ‘home-based’ inspectors. The use of these inspectors employed temporarily under a “special services agreement” allows the OPCW to harness significant savings in salaries and other entitlements associated with fixed-term staff based in The Hague.
- 6.22 EUR 0.900m has been provided in 2007 for the Inspectorate to employ approximately 15 of these contracted inspectors on average across the year.

Staff remuneration entitlements

- 6.23 The OPCW adopts its staff entitlements regime, including applicable rates, from the framework applied (in The Hague) by the UN. In this context, ‘ordinary’ remuneration entitlements for fixed-term staff of the Secretariat consist of a number of core elements.
- 6.24 Estimated staffing costs are based on the total number of fixed-term positions planned for the year. The level of each position is taken into account, having regard to the actual grade of the occupant of each authorised position.
- 6.25 The following table shows the expected costs of different elements of ordinary remuneration for fixed-term staff that have been included in the Programme and Budget for 2007.

TABLE 23: COST TO THE OPCW OF FIXED-TERM STAFF REMUNERATION ENTITLEMENTS (EUR '000)

Entitlement	2006 Budget	2007 Budget
Salaries	35,364	35,447
Social security benefits (paid into the Provident Fund)	7,257	7,466
Medical care benefits	1,140	1,066
Death and disability benefits	944	964
Dependency allowance	1,269	1,144
Rental subsidy	269	235
Education grant	2,480	2,278
Home leave	621	637
Total staff remuneration entitlements	49,344	49,237
Number of nominal fixed-term positions	521	521
Average per fixed-term staff member	94.7	94.5

- 6.26 These costs are shown as “salaries” and “common staff costs” in detailed statements of budgeted expenditure for 2007 included in the Programme and Budget for 2007.

C-11/DEC.11

Annex

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PART III

DIVISIONAL BUDGET STATEMENTS

7. INTRODUCTION

- 7.1 Part III of the Programme and Budget for 2007 presents the detailed statements of budgeted expenditure for each established organisational unit of the Secretariat (that is, each Division or Office).
- 7.2 Each of these organisational units contributes to the programmes of activities expected of the wider Secretariat during 2007. Details of the OPCW's relevant programme objectives and results planned for 2007, as well as the associated activities planned by the Secretariat, are provided in Part II of this document.

VERIFICATION DIVISION

Key points:

- Planning and support for 198 chemical-weapons inspections under Articles IV and V of the Convention.
- Site selection and planning will be carried out during 2007 to support 200 inspections under Article VI of the Convention (compared to 180 in 2006).
- The industry elements of the Verification Information System will become operational during 2007, while efforts will continue to develop its CW capability.
- The OPCW Laboratory will maintain its accreditation throughout the year and conduct two proficiency tests.
- Analysis and planning will be conducted during 2007 for the possible establishment of a new bio-medical laboratory facility.
- Division Budget for 2007: EUR 8,496,857 (compared to EUR 8,297,270 budgeted in 2006 and EUR 8,279,868 spent in 2005).
- Staff: authorised fixed-term staffing for the Division will remain constant at 75 positions.

Objective

- 7.3 The Verification Division has primary responsibility within the Secretariat for providing activities in support of the verification of disarmament and non-proliferation through the application of the measures provided for in the Convention.

Planned levels of activity for 2007

- 7.4 The Verification Division leads the Secretariat's activities in relation to the OPCW's Verification Programme. Explanation and details of objectives and activities for this programme are provided in Part II of the Programme and Budget for 2007.
- 7.5 The Verification Division will also continue to support the activities of the International Cooperation and Assistance Division and the External Relations Division during 2007 at the same rate as in recent years (600 person days).

2007 financial resourcing

- 7.6 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.7 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 24: VERIFICATION DIVISION - BUDGETED EXPENDITURE
FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
4,577,268	5,093,437	Salaries	5,093,437	5,164,743	1.4%	5,164,743
1,544,794	1,855,118	Common staff costs	1,855,118	1,854,887	0.0%	1,854,887
-	8,260	Overtime	8,260	8,343	1.0%	8,343
82,622	85,000	Consultants	85,000	80,800	-4.9%	80,800
76,660	123,744	Temporary staffing	-	125,000		-
6,281,344	7,165,559	Total staff costs	7,041,815	7,233,773	2.7%	7,108,773
		<u>Travel costs:</u>				
133,095	100,971	Travel - official meetings	100,971	103,495	2.5%	103,495
133,095	100,971	Total travel costs	100,971	103,495	2.5%	103,495
		<u>Contractual services costs:</u>				
-	-	Training	-	77,471		77,471
360,993	482,817	Other contractual services	482,817	392,570	-18.7%	392,570
360,993	482,817	Total contractual services costs	482,817	470,041	-2.6%	470,041
		<u>General operating expenses:</u>				
1,308	1,526	Hospitality and other functions	1,526	1,364	-10.6%	1,364
1,308	1,526	Total general operating expenses	1,526	1,364	-10.6%	1,364
		<u>Inspection equipment, maintenance and supplies – operating costs:</u>				
489,310	342,898	Inspection equipment maintenance	342,898	351,470	2.5%	351,470
489,310	342,898	Total inspection equipment, maintenance and supplies - operating costs	342,898	351,470	2.5%	351,470
7,266,050	8,093,770	TOTAL RUNNING COSTS	7,970,026	8,160,144	2.4%	8,035,144
		<u>Inspection equipment, maintenance and supplies – capital costs:</u>				
1,013,818	203,500	Inspection equipment acquisition	453,500	336,713	-25.8%	461,713
1,013,818	203,500	Total inspection equipment, maintenance and supplies - capital costs	453,500	336,713	-25.8%	461,713
1,013,818	203,500	TOTAL CAPITAL COSTS	453,500	336,713	-25.8%	461,713
8,279,868	8,297,270	TOTAL COSTS	8,423,526	8,496,857	0.9%	8,496,857

INSPECTORATE

Key points:

- The Inspectorate will carry out an additional 20 inspections during the year under Article VI of the Convention, with a particular focus on increased inspections of OCPFs.
- 2007 will see the implementation of sampling and analysis techniques at eight to ten Schedule 2 chemical sites.
- The 2007 chemical weapons destruction programme is likely to see a consolidation of recent activity levels, with inspections for the year expected to be maintained at similar levels to 2006 (in terms of deployed inspector days).
- Continued efforts to optimise the resourcing of individual inspection missions will minimise the financial impact of spending initiatives to meet programme priorities for 2007.
- Division Budget for 2007: EUR 29,048,819 (compared to EUR 28,766,552 budgeted in 2006 and EUR 25,356,841 spent in 2005).
- Staff: authorised fixed-term staffing for the Inspectorate will remain constant at 204 positions.

Objective

- 7.8 The Inspectorate primarily provides for inspections to verify disarmament by Member States (of chemical weapons and associated facilities) and to ensure that other chemical sites are not being used for purposes prohibited by the Convention.

Planned levels of activity for 2007

- 7.9 The Inspectorate leads the Secretariat's activities in relation to the OPCW's Inspections Programme. Explanation and details of objectives and activities for this programme are provided in Part II of the Programme and Budget for 2007.

2007 financial resourcing

- 7.10 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.11 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 25: INSPECTORATE - BUDGETED EXPENDITURE FOR 2007
BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
14,296,161	15,740,109	<u>Staffing costs:</u>				
5,760,528	6,597,842	Salaries	15,740,109	15,507,234	-1.5%	15,507,234
89,536	59,885	Common staff costs	6,597,842	6,436,940	-2.4%	6,436,940
25,178	-	Overtime	59,885	60,484	1.0%	60,484
		Temporary staffing	-	-		-
20,171,403	22,397,835	Total staffing costs	22,397,835	22,004,659	-1.8%	22,004,659
		<u>Travel costs:</u>				
3,323,541	3,815,362	Travel - inspections	3,815,362	4,274,621	12.0%	4,274,621
10,910	14,848	Travel - official meetings	14,848	10,540	-29.0%	10,540
3,334,451	3,830,211	Total travel costs	3,830,211	4,285,161	11.9%	4,285,161
		<u>Contractual service costs:</u>				
135,989	176,845	Training	176,845	310,145	75.4%	310,145
735,777	1,020,744	Translation/interpretation	1,020,744	1,046,263	2.5%	1,046,263
697,489	891,214	Inspectors	891,214	900,126	1.0%	900,126
1,569,255	2,088,802	Total contractual services costs	2,088,802	2,256,533	8.0%	2,256,533
		<u>General operating expenses:</u>				
690	2,035	Hospitality and other functions	2,035	2,086	2.5%	2,086
231,569	410,021	Cargo and shipment	410,021	466,397	13.7%	466,397
43,751	27,473	Other general operating expenses	27,473	28,160	2.5%	28,160
276,010	439,528	Total general operating expenses	439,528	496,642	13.0%	496,642
		<u>Inspection equipment, maintenance and supplies - operating costs:</u>				
5,722	10,175	Supplies and materials	10,175	5,824	-42.8%	5,824
5,722	10,175	Total inspection equipment, maintenance and supplies – operating costs	10,175	5,824	-42.8%	5,824
25,356,841	28,766,552	TOTAL RUNNING COSTS	28,766,552	29,048,819	1.0%	29,048,819
25,356,841	28,766,552	TOTAL COSTS	28,766,552	29,048,819	1.0%	29,048,819

INTERNATIONAL COOPERATION AND ASSISTANCE DIVISION

Key points:

- Assistance to Member States yet to implement their national obligations under Article VII of the Convention is a major, and immediate, priority for international cooperation in 2007.
- A diverse range of programmes will be conducted during the year to provide support for capacity building, exchange of scientific and technical information, and application of chemistry in areas which are not prohibited under the Convention.
- 2007 will see the completion and implementation of a number of measures to improve assistance and protection for Member States faced with the use, or threat of use, of chemical weapons, including action to implement the outcomes from Joint Assistance 2005.
- Division Budget for 2007: EUR 5,184,448 (compared to EUR 5,141,988 budgeted in 2006 and EUR 4,453,458 spent in 2005).
- Staff: authorised fixed-term staffing for the Division will remain constant at 17 positions.

Objective

- 7.12 The International Cooperation and Assistance Division provides for activities to promote the peaceful use of chemistry and national implementation measures by Member States, and capacity to coordinate and deliver assistance to a Member State in the event of use or threat of use of chemical weapons.

Planned levels of activity for 2007

- 7.13 The International Cooperation and Assistance Division leads the Secretariat's activities in relation to the OPCW's International Cooperation and Assistance Programme. Explanation and details of objectives and activities for this programme are provided in Part II of the Programme and Budget for 2007.

2007 financial resourcing

- 7.14 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.15 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 26: INTERNATIONAL COOPERATION AND ASSISTANCE
DIVISION - BUDGETED EXPENDITURE FOR 2007
BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
1,074,715	1,323,686	<u>Staffing costs:</u>				
346,118	554,891	Salaries	1,323,686	1,317,256	-0.5%	1,317,256
-	6,195	Common staff costs	554,891	545,674	-1.7%	545,674
113,072	123,744	Overtime	6,195	6,257	1.0%	6,257
		Temporary staffing	123,744	259,550	>100%	125,000
1,540,114	2,008,515	Total staffing costs	2,008,515	2,128,737	6.0%	1,994,187
		<u>Travel costs:</u>				
17,764	35,637	Travel - official meetings	35,637	36,528	2.5%	36,528
17,764	35,637	Total travel costs	35,637	36,528	2.5%	36,528
		<u>Contractual services costs:</u>				
19,047	101,750	Training	101,750	19,759	-80.6%	121,509
9,306	32,560	Translation/interpretation	32,560	33,374	2.5%	33,374
28,353	134,310	Total contractual services	134,310	53,133	-60.4%	154,883
		<u>Workshops, seminars and meeting costs:</u>				
862,962	868,507	Support for National Authorities	868,507	909,761	4.8%	909,761
941,554	834,642	Capacity-building*	834,642	874,287	4.8%	874,287
693,140	679,384	Protective capacity	679,384	711,655	4.8%	711,655
361,609	457,875	Associate Programme	457,875	469,322	2.5%	469,322
2,859,265	2,840,408	Total workshops, seminars and meeting costs	2,840,408	2,965,025	4.4%	2,965,025
		<u>General operating expenses:</u>				
442	1,018	Hospitality and other functions	1,018	1,025	0.7%	1,025
442	1,018	Total general operating expenses	1,018	1,025	0.7%	1,025
4,445,938	5,019,888	TOTAL RUNNING COSTS	5,019,888	5,184,448	3.3%	5,151,648
		<u>Furniture and equipment - capital costs:</u>				
-	33,578	Computer hardware and software	33,578	-	-100%	-
7,520	88,523	Other furniture and equipment	88,523	-	-100%	58,085
7,520	122,100	Total furniture and equipment - capital costs	122,100	-	-100%	58,085
7,520	122,100	TOTAL CAPITAL COSTS	122,100	-	-100%	58,085
4,453,458	5,141,988	TOTAL COSTS	5,141,988	5,184,448	0.8%	5,209,733

*

Additional funding of EUR 65,000 will be provided during 2007 for this funding object based on efficiencies and priorities established internally by the Director-General within funding appropriated for Chapter 2.

SECRETARIAT FOR THE POLICY-MAKING ORGANS

Key points:

- Support will be provided during 2007 to four sessions and four meetings of the Council, and one regular session of the Conference (language support will also be provided during 2007 to one meeting of the Confidentiality Commission and one meeting of the Scientific Advisory Board).
- Support for policy-making organs will include preparation of agendas, reports and venues for meetings, and editing, translation, reproduction, and distribution of formal documents.
- Division Budget for 2007: EUR 4,510,172 (compared to EUR 4,592,851 budgeted in 2006 and EUR 4,215,223 spent in 2005).
- Staff: authorised fixed-term staffing for the Division will remain constant at 38 positions.

Objective

- 7.16 The Secretariat for the Policy-Making Organs facilitates meetings and wider consultations between Member States and with the OPCW's Secretariat, including coordination of the preparation of formal documents and their translation, and interpretation of formal meetings.

Planned levels of activity for 2007

- 7.17 The Secretariat for the Policy-Making Organs leads the Secretariat's activities in relation to the OPCW's Programme to provide Support for Policy-Making Organs. Explanation and details of objectives and activities for this programme are provided in Part II of the Programme and Budget for 2007.

2007 financial resourcing

- 7.18 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.19 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 27: SECRETARIAT FOR THE POLICY-MAKING ORGANS -
BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
2,335,607	2,475,569	Salaries	2,475,569	2,467,738	-0.3%	2,467,738
747,281	872,614	Common staff costs	872,614	863,523	-1.0%	863,523
17,684	28,910	Overtime	28,910	29,199	1.0%	29,199
131,539	148,977	Temporary staffing	148,977	149,000	0.0%	149,000
3,232,111	3,526,069	Total staffing costs	3,526,069	3,509,460	-0.5%	3,509,460
		<u>Travel costs:</u>				
76,620	7,830	Travel - official meetings	7,830	8,026	2.5%	8,026
76,620	7,830	Total travel costs	7,830	8,026	2.5%	8,026
		<u>Contractual services costs:</u>				
-	-	Training	-	37,016		37,016
344,577	363,248	Translation/interpretation	363,248	356,177	-1.9%	356,177
344,577	363,248	Total contractual services	363,248	393,193	8.2%	393,193
		<u>General operating expenses:</u>				
213,015	226,637	Rental of premises	226,637	234,517	3.5%	234,517
348,823	468,050	Rental of equipment	468,050	363,952	-22.2%	363,952
77	1,018	Hospitality and other functions	1,018	1,025	0.7%	1,025
561,915	695,705	Total general operating expenses	695,705	599,494	-13.8%	599,494
4,215,223	4,592,851	TOTAL RUNNING COSTS	4,592,851	4,510,172	-1.8%	4,510,172
4,215,223	4,592,851	TOTAL COSTS	4,592,851	4,510,172	-1.8%	4,510,172

EXTERNAL RELATIONS DIVISION

Key points:

- 29 April 2007 will mark the Tenth Anniversary of entry into force of the Chemical Weapons Convention.
- Efforts will continue during the year to pursue universal membership of the OPCW, with activities becoming increasingly targeted towards States less willing to join the Convention.
- The OPCW internet website will undergo a major review to update technology and ensure accessibility by interested parties.
- Division Budget for 2007: EUR 1,905,060 (compared to EUR 1,835,681 budgeted in 2006 and EUR 1,642,157 spent in 2005).
- Staff: authorised fixed-term staffing for the Division will remain constant at 18 positions.

Objective

- 7.20 The External Relations Division aims to enhance support for, and cooperation with, the OPCW in implementing the Convention and to increase the international level of involvement in the OPCW's activities and events.

Planned levels of activity for 2007

- 7.21 The External Relations Division leads the Secretariat's activities in relation to the OPCW's External Relations Programme. Explanation and details of objectives and activities for this programme are provided in Part II of the Programme and Budget for 2007.

2007 financial resourcing

- 7.22 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.23 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 28: EXTERNAL RELATIONS DIVISION - BUDGETED
EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
969,687	1,132,788	Salaries	1,132,788	1,177,919	4.0%	1,177,919
293,143	427,403	Common staff costs	427,403	430,188	0.7%	430,188
11,858	5,163	Overtime	5,163	5,215	1.0%	5,215
23,013	-	Consultants	-	-		-
49,894	-	Temporary staffing	-	-		-
1,347,595	1,565,353	Total staffing costs	1,565,353	1,613,322	3.1%	1,613,322
		<u>Travel costs:</u>				
69,339	59,395	Travel - official meetings	59,395	60,880	2.5%	60,880
1,104	2,544	Other travel costs	2,544	1,502	-41.0%	1,502
70,443	61,938	Total travel costs	61,938	62,382	0.7%	62,382
		<u>Contractual services costs:</u>				
-	-	Training	-	17,669		17,669
72,622	74,278	Other contractual services	74,278	72,463	-2.4%	72,463
72,622	74,278	Total contractual services costs	74,278	90,132	21.3%	90,132
		<u>Workshops, seminars and meeting costs:</u>				
85,854	78,150	Other workshops, seminars and meetings	78,150	81,862	4.8%	81,862
85,854	78,150	Total workshops, seminars and meeting costs	78,150	81,862	4.8%	81,862
		<u>General operating expenses:</u>				
65,643	55,963	Hospitality and other functions	55,963	57,362	2.5%	57,362
65,643	55,963	Total general operating expenses	55,963	57,362	2.5%	57,362
1,642,157	1,835,681	TOTAL RUNNING COSTS	1,835,681	1,905,060	3.8%	1,905,060
1,642,157	1,835,681	TOTAL COSTS	1,835,681	1,905,060	3.8%	1,905,060

OFFICE OF THE DIRECTOR-GENERAL

Objective

- 7.24 The Director-General is responsible for the overall performance of the Secretariat, including its delivery of objectives expected of the Secretariat by the OPCW (results for programme and underlying activities of the Secretariat outlined throughout the Programme and Budget for 2007).

2007 financial resourcing

- 7.25 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.26 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 29: OFFICE OF THE DIRECTOR-GENERAL - BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
365,516	388,135	<u>Staffing costs:</u>				
		Salaries	388,135	387,339	-0.2%	387,339
228,032	167,088	Common staff costs	167,088	164,929	-1.3%	164,929
11,370	30,975	Overtime	30,975	31,285	1.0%	31,285
237,769	100,000	Consultants	100,000	101,000	1.0%	101,000
86,453	50,823	Temporary staffing	50,823	48,000	-5.6%	48,000
25,001	25,813	Other staff costs	25,813	26,071	1.0%	26,071
954,141	762,834	Total staffing costs	762,834	758,624	-0.6%	758,624
		<u>Travel costs:</u>				
210,220	153,436	Travel - official meetings	153,436	157,272	2.5%	157,272
210,220	153,436	Total travel costs	153,436	157,272	2.5%	157,272
		<u>Contractual services costs:</u>				
-	-	Training	-	5,810		5,810
53,675	53,687	Other contractual services	53,687	55,029	2.5%	55,029
53,675	53,687	Total contractual services costs	53,687	60,839	2.5%	60,839
		<u>General operating expenses:</u>				
6,766	16,789	Hospitality and other functions	16,789	17,209	2.5%	17,209
6,766	16,789	Total general operating expenses	16,789	17,209	2.5%	17,209
1,224,802	986,746	TOTAL RUNNING COSTS	986,746	993,944	0.1%	993,944
1,224,802	986,746	TOTAL COSTS	986,746	993,944	0.1%	993,944

OFFICE OF THE DEPUTY DIRECTOR-GENERAL**Objective**

- 7.27 The Office of the Deputy Director-General supports the Director-General in providing leadership and exercising responsibility for the overall performance of the Secretariat, including its delivery of objectives expected of the Secretariat by the OPCW (results for programmes and underlying activities of the Secretariat outlined throughout the Programme and Budget for 2007).

2007 financial resourcing

- 7.28 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.29 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 30: OFFICE OF THE DEPUTY DIRECTOR-GENERAL -
BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
409,294	431,519	<u>Staffing costs:</u> Salaries	431,519	424,403	-1.6%	424,403
118,860	130,787	Common staff costs	130,787	130,573	-0.2%	130,573
841	5,163	Overtime	5,163	5,215	1.0%	5,215
528,995	567,468	Total staffing costs	567,468	560,191	-1.3%	560,191
		<u>Travel costs:</u>				
21,080	54,503	Travel - official meetings	54,503	55,866	2.5%	55,866
21,080	54,503	Total travel costs	54,503	55,866	2.5%	55,866
		<u>Contractual services costs:</u>				
-	-	Training	-	6,366		6,366
-	-	Total contractual services costs	-	6,366		6,366
550,075	621,972	TOTAL RUNNING COSTS	621,972	622,423	0.1%	622,423
550,075	621,972	TOTAL COSTS	621,972	622,423	0.1%	622,423

OFFICE OF INTERNAL OVERSIGHT

Key points:

- The OIO plans to issue 12 internal management reports during the year.
- Formal accreditation of relevant activities of the OPCW is expected to be maintained during the year.
- Office Budget for 2007: EUR 857,249 (compared to EUR 888,234 budgeted in 2006 and EUR 724,795 spent in 2005).
- Staff: authorised fixed-term staffing for the Office will remain constant at 8 positions.

Objective

- 7.30 The Office of Internal Oversight is responsible for providing Member States and the Director-General with reasonable assurance that financial, confidentiality and security controls within the Secretariat are sound, effective, and observed.

Planned levels of activity for 2007

- 7.31 The Office of Internal Oversight supports the Director-General and the OPCW's policy-making organs in contributing to the OPCW's Executive Management Programme. Explanation and details of objectives and activities for this programme are provided in Part II and Appendix 7 of the Programme and Budget for 2007.

2007 financial resourcing

- 7.32 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.33 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 31: OFFICE OF INTERNAL OVERSIGHT - BUDGETED
EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
493,204	598,407	Salaries	598,407	579,804	-3.1%	579,804
178,759	253,982	Common staff costs	253,982	239,119	-5.9%	239,119
34,416	-	Temporary staffing	-	-		-
706,379	852,389	Total staffing costs	852,389	818,923	-3.9%	818,923
		<u>Travel costs:</u>				
3,536	20,074	Travel - official meetings	20,074	14,006	-30.2%	14,006
3,536	20,074	Total travel costs	20,074	14,006	-30.2%	14,006
		<u>Contractual services costs:</u>				
-	-	Training	-	8,697		8,697
14,880	15,771	Other contractual services	15,771	15,623	-0.9%	15,623
14,880	15,771	Total contractual services costs	15,771	24,320	54.2%	24,320
724,795	888,234	TOTAL RUNNING COSTS	888,234	857,249	-3.5%	857,249
724,795	888,234	TOTAL COSTS	888,234	857,249	-3.5%	857,249

OFFICE OF THE LEGAL ADVISER

Key points:

- The Office of the Legal Adviser will continue to play a key role during the year in assisting Member States in the implementation of national obligations under Article VII of the Convention.
- The increased realisation during 2007 of bilateral agreements prepared under Article X of the Convention will require support from the Legal Adviser in the development of agreements.
- The new OPCW Procurement Strategy will require support from the Legal Adviser in the area of amendment/revision of regulations and rules.
- Office Budget for 2007: EUR 1,147,308 (compared to EUR 1,194,609 budgeted in 2006 and EUR 1,006,342 spent in 2005).
- Staff: authorised fixed-term staffing for the Office will remain constant at 9 positions.

Objective

- 7.34 The Office of the Legal Adviser is responsible for providing the OPCW and the Director-General with timely, relevant, and reliable support on legal matters.

Planned levels of activity for 2007

- 7.35 The Office of the Legal Adviser contributes to the Secretariat's activities in relation to the OPCW's Executive Management Programme. Explanation and details of objectives and activities for this programme are provided in Part II and Appendix 7 of the Programme and Budget for 2007.

2007 financial resourcing

- 7.36 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.37 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 32: OFFICE OF THE LEGAL ADVISER - BUDGETED
EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
669,042	705,808	<u>Staffing costs:</u>				
285,330	319,002	Salaries	705,808	718,587	1.8%	718,587
33,128	-	Common staff costs	319,002	317,930	-0.3%	317,930
		Consultants	-	-		-
987,500	1,024,811	Total staffing costs	1,024,811	1,036,517	1.1%	1,036,517
		<u>Travel costs:</u>				
18,842	19,799	Travel – official meetings	19,799	18,012	-9.0%	18,012
18,842	19,799	Total travel costs	19,799	18,012	-9.0%	18,012
		<u>Contractual services costs:</u>				
-	-	Training	-	10,779		10,779
-	150,000	Other contractual services	150,000	82,000	-45.3%	82,000
-	150,000	Total contractual services	150,000	92,779	-38.1%	92,779
1,006,342	1,194,609	TOTAL RUNNING COSTS	1,194,609	1,147,308	-4.0%	1,147,308
1,006,342	1,194,609	TOTAL COSTS	1,194,609	1,147,308	-4.0%	1,147,308

OFFICE OF SPECIAL PROJECTS

Key points:

- During 2007, the Office of Special Projects will continue to coordinate the Secretariat's support for the OPCW's contribution to the fight against terrorism.
- The Office of Special Projects will play a role in the OPCW's involvement in global efforts in the sphere of non-proliferation of weapons of mass destruction.
- The Office of Special Projects will coordinate the Secretariat's activities to mark the Tenth Anniversary of the entry into force of the Convention.
- The Office of Special Projects will also support Member States' consideration of an OPCW Office in Africa.
- Office Budget for 2007: EUR 325,375 (compared to EUR 323,340 budgeted in 2006 and EUR 161,177 spent in 2005).
- Staff: authorised fixed-term staffing for the Office will remain constant at 2 positions.

Objective

- 7.38 The Office of Special Projects is responsible for coordinating with all relevant units of the Secretariat to enhance the contribution of the OPCW to global anti-terrorism efforts and global efforts aimed at ensuring non-proliferation of weapons of mass destruction.

Planned levels of activity for 2007

- 7.39 The Office of Special Projects contributes to the Secretariat's activities in relation to the OPCW's Executive Management Programme. Explanation and details of objectives and activities for this programme are provided in Part II and Appendix 7 of the Programme and Budget for 2007.
- 7.40 Following under-staffing of this Office in 2005, and the resulting under-spend against its budget, the Office of Special Projects expects to fully apply its available resources in 2007 in contributing to the objectives of the OPCW.

2007 financial resourcing

- 7.41 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.42 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 33: OFFICE OF SPECIAL PROJECTS - BUDGETED
EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
111,596	165,381	Salaries	165,381	164,965	-0.3%	164,965
30,798	51,959	Common staff costs	51,959	50,491	-2.8%	50,491
750	1,549	Overtime	1,549	1,564	1.0%	1,564
-	81,683	Temporary staffing	81,683	82,543	1.1%	82,543
143,144	300,572	Total staffing costs	300,572	299,564	-0.3%	299,564
		<u>Travel costs:</u>				
18,033	22,768	Travel – official meetings	22,768	23,337	2.5%	23,337
18,033	22,768	Total travel costs	22,768	23,337	2.5%	23,337
		<u>Contractual services costs:</u>				
-	-	Training	-	2,474		2,474
-	-	Total contractual services costs	-	2,474		2,474
161,177	323,340	TOTAL RUNNING COSTS	323,340	325,375	0.6%	325,375
161,177	323,340	TOTAL COSTS	323,340	325,375	0.6%	325,375

OFFICE OF CONFIDENTIALITY AND SECURITY

Key points:

- Following implementation of the industry elements of the new VIS and the introduction of new security monitoring software on the Secretariat's Security Critical Network, a full systems audit will be conducted during 2007 by the Security Audit Team.
- Initiatives in recent years to replace and upgrade the OPCW's physical security environment will be followed in 2007 with an added focus on training and proficiency, as well as implementation of a robust equipment maintenance and replacement programme.
- Office Budget for 2007: EUR 2,523,614 (compared to EUR 2,582,934 budgeted in 2006 and EUR 2,308,439 spent in 2005).
- Staff: authorised fixed-term staffing for the Office of Confidentiality and Security will remain constant at 37 positions.

Objective

- 7.43 The Office of Confidentiality and Security is responsible for safeguarding the confidentiality of the information handled by the Secretariat and ensuring security at OPCW premises, as well as for properly preparing staff members on official travel for potential security threats.

Planned levels of activity for 2007

- 7.44 The Office of Confidentiality and Security contributes to the Secretariat's activities in relation to the OPCW's Executive Management Programme. Explanation and details of objectives and activities for this programme are provided in Part II and Appendix 7 of the Programme and Budget for 2007.

2007 financial resourcing

- 7.45 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.46 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 34: OFFICE OF CONFIDENTIALITY AND SECURITY -
BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
1,375,899	1,507,449	<u>Staffing costs:</u>				
409,040	572,886	Salaries	1,507,449	1,648,314	9.3%	1,648,314
70,070	41,300	Common staff costs	572,886	587,772	2.6%	587,772
		Overtime	41,300	41,713	1.0%	41,713
1,855,009	2,121,636	Total staffing costs	2,121,636	2,277,799	7.4%	2,277,799
		<u>Travel costs:</u>				
4,572	42,597	Travel - official meetings	42,597	43,662	2.5%	43,662
4,572	42,597	Total travel costs	42,597	43,662	2.5%	43,662
		<u>Contractual services costs:</u>				
-	-	Training	-	24,725		24,725
402,368	157,713	Security	73,770	76,581	3.8%	76,581
402,368	157,713	Total contractual services costs	73,770	101,306	37.3%	101,306
		<u>General operating expenses:</u>				
4,929	10,175	Rental of equipment	10,175	5,141	-49.5%	5,141
26,273	55,963	Maintenance of equipment	55,963	32,781	-41.4%	32,781
15,288	16,280	Supplies and materials	16,280	15,191	-6.7%	15,191
46,490	82,418	Total general operating expenses	82,418	53,113	-35.6%	53,113
2,308,439	2,404,362	TOTAL RUNNING COSTS	2,320,419	2,475,879	6.7%	2,475,879
		<u>Furniture and equipment - capital costs:</u>				
-	178,571	Other furniture and equipment	46,296	47,735	3.1%	47,735
-	178,571	Total furniture and equipment - capital costs	46,296	47,735	3.1%	47,735
-	178,571	TOTAL CAPITAL COSTS	46,296	47,735	3.1%	47,735
2,308,439	2,582,934	TOTAL COSTS	2,366,716	2,523,614	6.6%	2,523,614

HEALTH AND SAFETY BRANCH

Key points:

- 2007 will see a continued high tempo of support for health and safety requirements in the Secretariat, including training and induction of new staff as a result of staff turnover and increasing inspection support requirements.
- Increased costs related to turnover and workload has been compensated by efficiencies in the use of external medical and pharmaceutical services, resulting in a zero growth budget for non-staff expenses.
- Branch Budget for 2007: EUR 923,034 (compared to EUR 936,857 budgeted in 2006 and EUR 826,061 spent in 2005).
- Staff: authorised fixed-term staffing for the Branch will remain constant at 9 positions.

Objective

- 7.47 The Health and Safety Branch is responsible for ensuring that health and safety standards relating to the OPCW's activities are set and met.

Planned levels of activity for 2007

- 7.48 The Health and Safety Branch contributes to the Secretariat's activities in relation to the OPCW's Executive Management Programme. Explanation and details of objectives and activities for this programme are provided in Part II and Appendix 7 of the Programme and Budget for 2007.

2007 financial resourcing

- 7.49 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.50 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget-neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 35: HEALTH AND SAFETY BRANCH - BUDGETED
EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
539,380	615,735	Salaries	615,735	616,082	0.1%	616,082
178,461	212,046	Common staff costs	212,046	212,169	0.1%	212,169
717,841	827,781	Total staffing costs	827,781	828,251	0.1%	828,251
		<u>Travel costs:</u>				
6,783	9,158	Travel - official meetings	9,158	8,952	-2.2%	8,952
6,783	9,158	Total travel costs	9,158	8,952	-2.2%	8,952
		<u>Contractual services costs:</u>				
20,709	26,659	Training	26,659	9,241	-65.3%	9,241
34,590	42,735	Other contractual services	42,735	45,062	5.4%	45,062
55,299	69,394	Total contractual services costs	69,394	54,304	-21.7%	54,304
		<u>General operating expenses:</u>				
5,710	6,614	Maintenance of equipment	6,614	7,359	11.3%	7,359
39,811	19,841	Supplies and materials	19,841	21,400	7.9%	21,400
474	-	Other general operating expenses	-	-		-
45,995	26,455	Total general operating expenses	26,455	28,759	8.7%	28,759
		<u>Furniture and equipment operating costs:</u>				
143	-	Other furniture and equipment	-	-		-
143	-	Total furniture and equipment operating costs	-	-		-
826,061	932,787	TOTAL RUNNING COSTS	932,787	920,266	-1.3%	920,266
		<u>Furniture and equipment - capital costs:</u>				
-	4,070	Other furniture and equipment	4,070	2,768	-32.0%	2,768
-	4,070	Total furniture and equipment - capital costs	4,070	2,768	-32.0%	2,768
-	4,070	TOTAL CAPITAL COSTS	4,070	2,768	-32.0%	2,768
826,061	936,857	TOTAL COSTS	936,857	923,034	-1.5%	923,034

ADMINISTRATION DIVISION

Key points:

- The Administration Division will continue to support the implementation of the limited tenure policy for the Secretariat's staff.
- Responsibility and funding for training will from 2007 be devolved to managers across the Secretariat, with administrative support and expert advice from the Administration Division.
- Efforts will continue to improve the Secretariat's focus on planning and managing for 'results'.
- Measures will be introduced during 2007 to better support procurement in the Secretariat, including for travel requirements.
- Division Budget for 2007: EUR 18,487,448 (compared to EUR 19,445,207 budgeted in 2006 and EUR 18,005,951 spent in 2005).
- Staff: authorised fixed-term staffing for the Division will remain constant at 95 positions.

Objective

- 7.51 The Administration Division comprises a number of diverse units involved in the provision of support services important to governance and ongoing activities across the Secretariat.

Planned levels of activity for 2007

- 7.52 The Administration Division contributes to the Secretariat's operations and governance through activities in relation to the OPCW's Administration Programme. Explanation and details of objectives and activities for this programme, including for each of its various components, are provided in Part II and Appendix 8 of the Programme and Budget for 2007.

2007 financial resourcing

- 7.53 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.
- 7.54 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.
- 7.55 In particular, the 2007 budget estimates for the Administration Division (including the Training and Staff Development Branch) reflect a reduction for the devolution of funding for training to all areas of the Secretariat with staff responsibilities (EUR 0.365m was included for the Administration Division in 2006).

**TABLE 36: ADMINISTRATION DIVISION - BUDGETED EXPENDITURE
FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
4,452,315	5,185,970	Salaries	5,185,970	5,272,492	1.7%	5,272,492
1,383,033	1,964,544	Common staff costs	1,964,544	1,954,890	-0.5%	1,954,890
3,907,973	3,762,224	Staff turnover	3,762,224	3,483,374	-7.4%	3,483,374
44,826	104,283	Overtime	104,283	105,326	1.0%	105,326
59,771	150,000	Consultants	150,000	101,000	-32.7%	101,000
622,578	531,861	Temporary staffing	410,157	445,246	8.6%	445,246
251,802	247,800	Other staffing costs	247,800	280,578	13.2%	280,578
10,722,298	11,946,681	Total staffing costs	11,824,977	11,642,906	-1.5%	11,642,906
		<u>Travel costs:</u>				
26,184	19,799	Travel - official meetings	19,799	20,294	2.5%	20,294
26,184	19,799	Total travel costs	19,799	20,294	2.5%	20,294
		<u>Contractual services costs:</u>				
404,445	365,283	Training	365,283	79,087	-78.3%	79,087
581,418	366,300	Data processing services	366,300	347,788	-5.1%	347,788
-	61,050	Other contractual services	61,050	212,596	>100%	212,596
985,863	792,633	Total contractual services	792,633	639,472	-19.3%	639,472
		<u>General operating expenses:</u>				
3,085,907	3,277,399	Rental of premises	3,277,399	3,187,009	-2.8%	3,187,009
1,056,336	1,173,052	Maintenance and utilities	1,173,052	1,156,215	-1.4%	1,156,215
91,451	85,714	Rental of equipment	85,714	2,607	-97.0%	2,607
61,968	73,260	Maintenance of equipment	73,260	50,579	-31.0%	50,579
519,084	599,409	Communications	599,409	566,990	-5.4%	566,990
4,525	5,698	Hospitality and other functions	5,698	4,589	-19.5%	4,589
122,639	168,254	Insurance	168,254	127,774	-24.1%	127,774
295,739	427,859	Supplies and materials	427,859	347,064	-18.9%	347,064
25,489	117,013	Other general operating expenses	117,013	47,958	-59.0%	47,958
5,263,138	5,927,658	Total general operating expenses	5,927,658	5,490,786	-7.4%	5,490,786
		<u>Furniture and equipment operating costs:</u>				
6,285	17,298	Office furniture and equipment	17,298	5,004	-71.1%	5,004
159,803	246,235	Computer hardware and software	246,235	199,875	-18.8%	199,875
166,088	263,533	Total furniture and equipment operating costs	263,533	204,879	-22.3%	204,879
17,163,571	18,950,302	TOTAL RUNNING COSTS	18,828,598	17,998,337	-4.4%	17,998,337
		<u>Furniture and equipment – capital costs:</u>				
231,204	162,182	Office furniture and equipment	239,113	166,237	-30.5%	166,237
611,176	332,723	Computer hardware and software	332,723	322,875	-3.0%	322,875
842,380	494,904	Total furniture and equipment - capital costs	571,835	489,112	-14.5%	489,112
842,380	494,904	TOTAL CAPITAL COSTS	571,835	489,112	-14.5%	489,112
18,005,951	19,445,207	TOTAL COSTS	19,400,433	18,487,448	-4.7%	18,487,448

TABLE 37: OFFICE OF THE DIRECTOR OF ADMINISTRATION - BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
251,303	264,650	Salaries	264,650	283,124	7.0%	283,124
92,140	115,744	Common staff costs	115,744	117,858	1.8%	117,858
522	1,033	Overtime	1,033	1,043	1.0%	1,043
39,564	150,000	Consultants	150,000	101,000	-32.7%	101,000
383,529	531,426	Total staffing costs	531,426	503,025	-5.3%	503,025
		<u>Travel costs:</u>				
26,184	19,799	Travel - official meetings	19,799	20,294	2.5%	20,294
26,184	19,799	Total travel costs	19,799	20,294	2.5%	20,294
		<u>Contractual services costs:</u>				
-	-	Training	-	4,247		4,247
-	-	Total contractual services costs	-	4,247		4,247
		<u>General operating expenses:</u>				
4,525	5,698	Hospitality and other functions	5,698	4,589	-19.5%	4,589
4,525	5,698	Total general operating expenses	5,698	4,589	-19.5%	4,589
414,238	556,923	TOTAL RUNNING COSTS	556,923	532,155	-4.4%	532,155
414,238	556,923	TOTAL COSTS	556,923	532,155	-4.4%	532,155

TABLE 38: BUDGET, PLANNING AND FINANCE BRANCH - BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
966,883	1,047,239	Salaries	1,047,239	1,068,460	2.0%	1,068,460
267,472	368,102	Common staff costs	368,102	369,541	0.4%	369,541
3,549	6,195	Overtime	6,195	6,257	1.0%	6,257
13,387	101,496	Temporary staffing	101,496	67,280	-33.7%	67,280
1,251,291	1,523,031	Total staffing costs	1,523,031	1,511,538	-0.8%	1,511,538
		<u>Contractual services costs:</u>				
-	-	Training	-	16,027		16,027
-	-	Total contractual services costs	-	16,027		16,027
		<u>General operating expenses:</u>				
13,186	45,788	General operating expenses	45,788	46,933	2.5%	46,933
13,186	45,788	Total general operating expenses	45,788	46,933	2.5%	46,933
1,264,477	1,568,819	TOTAL RUNNING COSTS	1,568,819	1,574,497	0.4%	1,574,497
1,264,477	1,568,819	TOTAL COSTS	1,568,819	1,574,497	0.4%	1,574,497

TABLE 39: HUMAN RESOURCES BRANCH - BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
649,175	923,606	Salaries	923,606	948,637	2.7%	948,637
205,609	380,165	Common staff costs	380,165	374,212	-1.6%	374,212
3,907,973	3,762,224	Staff turnover	3,762,224	3,483,374	-7.4%	3,483,374
16,530	4,130	Overtime	4,130	4,171	1.0%	4,171
243,880	224,938	Temporary staffing	103,234	124,483	20.6%	124,483
251,802	247,800	Other staff costs	247,800	280,578	13.2%	280,578
5,274,969	5,542,862	Total staffing costs	5,421,158	5,215,454	-3.8%	5,215,454
		<u>Contractual services costs:</u>				
-	-	Training	-	14,230		14,230
-	61,050	Other contractual services	61,050	134,326	>100%	134,326
-	61,050	Total contractual services costs	61,050	148,556	>100%	148,556
5,274,969	5,603,912	TOTAL RUNNING COSTS	5,482,208	5,364,010	-2.2%	5,364,010
5,274,969	5,603,912	TOTAL COSTS	5,482,208	5,364,010	-2.2%	5,364,010

TABLE 40: PROCUREMENT AND SUPPORT SERVICES BRANCH - BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
965,274	1,103,227	Salaries	1,103,227	1,138,805	3.2%	1,138,805
272,582	417,991	Common staff costs	417,991	423,143	1.2%	423,143
20,404	82,600	Overtime	82,600	83,426	1.0%	83,426
231,373	82,496	Temporary staffing	82,496	129,000	56.4%	129,000
1,489,633	1,686,314	Total staffing costs	1,686,314	1,774,374	5.2%	1,774,374
		<u>Contractual services costs:</u>				
-	-	Training	-	17,082		17,082
-	-	Total contractual services costs	-	17,082		17,082
		<u>General operating expenses:</u>				
3,085,907	3,277,399	Rental of premises	3,277,399	3,187,009	-2.8%	3,187,009
1,056,336	1,173,052	Maintenance and utilities	1,173,052	1,156,215	-1.4%	1,156,215
24,325	85,714	Rental of equipment	85,714	2,607	-97.0%	2,607
85,765	121,693	Communications	121,693	91,941	-24.4%	91,941
122,639	168,254	Insurance	168,254	127,774	-24.1%	127,774
160,160	221,306	Supplies and materials	221,306	155,654	-29.7%	155,654
12,303	71,225	Other general operating expenses	71,225	1,025	-98.6%	1,025
4,547,435	5,118,643	Total general operating expenses	5,118,643	4,722,226	-7.7%	4,722,226

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Furniture and equipment operating costs:</u>				
6,285	17,298	Office furniture and equipment	17,298	5,004	-71.1%	5,004
6,285	17,298	Total furniture and equipment -operating costs	17,298	5,004	-71.1%	5,004
6,043,353	6,822,255	TOTAL RUNNING COSTS	6,822,255	6,518,686	-4.4%	6,518,686
		<u>Furniture and equipment - capital costs:</u>				
231,204	162,182	Office furniture and equipment	239,113	166,237	-30.5%	166,237
231,204	162,182	Total furniture and equipment - capital costs	239,113	166,237	-30.5%	166,237
231,204	162,182	TOTAL CAPITAL COSTS	239,113	166,237	-30.5%	166,237
6,274,557	6,984,437	TOTAL COSTS	7,061,367	6,684,923	-5.3%	6,684,923

**TABLE 41: TRAINING AND STAFF DEVELOPMENT BRANCH -
BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
310,728	382,663	Salaries	382,663	393,041	2.7%	393,041
84,251	144,903	Common staff costs	144,903	142,359	-1.8%	142,359
394,979	527,566	Total staffing costs	527,566	535,400	1.5%	535,400
		<u>Contractual services costs:</u>				
404,445	365,283	Training	365,283	5,896	-98.4%	5,896
404,445	365,283	Total contractual services costs	365,283	5,896	-98.4%	5,896
		<u>General operating expenses:</u>				
135,579	138,380	Supplies and materials	138,380	134,728	-2.6%	134,728
135,579	138,380	Total general operating expenses	138,380	134,728	-2.6%	134,728
935,003	1,031,229	TOTAL RUNNING COSTS	1,031,229	676,024	-34.4%	676,024
935,003	1,031,229	TOTAL COSTS	1,031,229	676,024	-34.4%	676,024

TABLE 42: INFORMATION SERVICES BRANCH - BUDGETED EXPENDITURE FOR 2007 BY FUNDING OBJECT

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		<u>Staffing costs:</u>				
1,308,952	1,464,585	Salaries	1,464,585	1,440,424	-1.6%	1,440,424
460,979	537,640	Common staff costs	537,640	527,778	-1.8%	527,778
3,821	10,325	Overtime	10,325	10,428	1.0%	10,428
20,207	-	Consultants	-	-		-
133,938	122,931	Temporary staffing	122,931	124,483	1.3%	124,483
1,927,897	2,135,482	Total staffing costs	2,135,481	2,103,114	-1.5%	2,103,114
		<u>Contractual services costs:</u>				
-	-	Training	-	21,606		21,606
581,418	366,300	Data processing services	366,300	347,788	-5.1%	347,788
-	-	Other contractual services	-	78,270		78,270
581,418	366,300	Total contractual services costs	366,300	447,665	22.2%	447,665
		<u>General operating expenses:</u>				
67,126	-	Rental of equipment	-	-		-
61,968	73,260	Maintenance of equipment	73,260	50,579	-31.0%	50,579
433,319	477,716	Communications	477,716	475,049	-0.6%	475,049
-	68,173	Supplies and materials	68,173	56,683	-16.9%	56,683
562,413	619,149	Total general operating expenses	619,149	582,310	-5.9%	582,310
		<u>Furniture and equipment - operating costs:</u>				
159,803	246,235	Computer hardware and software	246,235	199,875	-18.8%	199,875
159,803	246,235	Total furniture and equipment - operating costs	246,235	199,875	-18.8%	199,875
3,231,531	3,367,165	TOTAL RUNNING COSTS	3,367,165	3,332,964	-1.0%	3,332,964
		<u>Furniture and equipment - capital costs:</u>				
611,176	332,723	Computer hardware and software	332,723	322,875	-3.0%	322,875
611,176	332,723	Total furniture and equipment - capital costs	332,723	322,875	-3.0%	322,875
611,176	332,723	TOTAL CAPITAL COSTS	332,723	322,875	-3.0%	322,875
3,842,707	3,699,888	TOTAL COSTS	3,699,887	3,655,839	-1.2%	3,655,839

PART IV

EXPLANATORY GUIDE

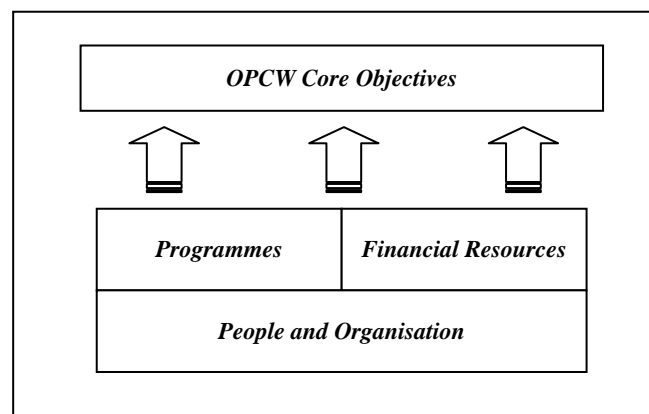
8. EXPLANATORY NOTES

PURPOSE AND SCOPE OF THE PROGRAMME AND BUDGET FOR 2007

- 8.1 The annual Programme and Budget aims to provide support for decision-making by the OPCW's Member States and is a key driver of performance and resource allocation expected across the Secretariat. As a peak annual planning document of the OPCW, it aims to align the programmes of activity, financial resources, and organisational elements required for the year to achieve the OPCW's desired objectives.
- 8.2 The Programme and Budget for 2007 reflects the 'regular budget' activities of the OPCW and their resourcing. Programmes include activity to be undertaken by the OPCW, through its Secretariat. The Director-General will be supported in providing these programmes of activity for, and on behalf of, the OPCW by a number of Divisions and Offices that make up the Secretariat.
- 8.3 In pursuing a 'results-based budgeting' approach, the Programme and Budget for 2007 aims to set out the core objectives mandated for the OPCW and the programmes of activity to be funded and undertaken in pursuit of these core objectives during 2007 by the OPCW's Secretariat.

FORMAT OF THE ANNUAL PROGRAMME AND BUDGET

- 8.4 As a key annual planning process for the OPCW, the overall format of the Programme and Budget for 2007 reflects the organisational integration of each of the major perspectives of the OPCW's environment and performance.



- 8.5 These performance perspectives include:
- (a) Core Objectives - the key objectives mandated for the OPCW and the outcomes and challenges emerging for 2007 in pursuing them;
 - (b) Programmes - the objectives of major activity-groups and associated results planned for 2007 by the OPCW;

- (c) Financial Resources - the financial performance objectives to be achieved during 2007, including management and stewardship of resources to support programme delivery; and
- (d) People and Organisation - the objectives and factors in relation to the OPCW's Secretariat and its staff in delivering the programmes of activity expected of them.

8.6 In this regard, the Programme and Budget for 2007 incorporates four Parts:

- (a) Part I: Executive Summary – a succinct summary of the key points and issues contained in the Programme and Budget for 2007;
- (b) Part II: Overview – the substance of the OPCW's Programme and Budget for 2007 in the context of each of the aforementioned performance perspectives, including a strategic overview and descriptions of planned programme levels, budgeted financial performance, and people and organisation issues;
- (c) Part III: Divisional Budget Statements - detailed budget estimates and a summary of key points for each of the Secretariat's organisational Divisions and Offices; and
- (d) Part IV: Explanatory Guide – guidance and explanation for readers of the OPCW's Programme and Budget for 2007.

BUDGET ESTIMATES

- 8.7 Budget estimates are included in the Programme and Budget for 2007, for both expenditure and income, to show the expected financial performance of the OPCW for the 2007 budget year, as well as the 2008 'forward year'.
- 8.8 All budget estimates contained in the Programme and Budget for 2007 are in euros unless otherwise stated.
- 8.9 Statements of budgeted income and expenditure show the budget estimates of the OPCW for 2007. These estimates have been prepared with regard to the financial measurement requirements of the Financial Regulations of the OPCW, including the requirement for annual financial reporting to comply with the United Nations System Accounting Standards. This ensures comparability between annual budget estimates and reported financial results.
- 8.10 For comparative purposes, the Programme and Budget for 2007 shows "previous estimates" for 2007 based on the indicative 'forward estimates' for 2007 contained in the agreed Programme and Budget for 2006 (C-10/DEC.5, dated 8 November 2005). These forward estimates for 2007 were previously provided in 2006 'prices' (for comparative purposes) and assume the same programme levels as 2006 except the 2007 impact of specific decisions taken for 2006.

- 8.11 Statements of budgeted income and expenditure for 2007, and other financial tables, also include budget estimates agreed for 2006 and details of 2005 financial results for comparative purposes. Budget estimates for 2006 match those contained in the Programme and Budget for 2006 (C-10/DEC.5, dated 8 November 2005). Financial results for 2005 reflect the OPCW's audited annual financial statements for the year (C-11/DG.3, dated 10 May 2006). 2005 results shown in the Programme and Budget for 2007 for income from Member States are based on income received by the end of 2005 (income reflected in the 2005 financial statements is largely based on all income 'earned' during the year, regardless of whether it was received by the OPCW).
- 8.12 Estimates provided for the forward year, 2008, are intended to be for illustrative purposes. These "forward estimates" are based on existing policies and programmes of the OPCW, including expected activity levels and decisions taken in preparing the Programme and Budget for 2007 (the forward estimates reflect any differing impact for 2008 of decisions taken for 2007). In addition, these forward estimates for 2008 are based on projected 2007 prices to retain comparability with 2007 budget estimates and because of the uncertainties surrounding projections of costs this far in advance.
- 8.13 Percentage variances shown in financial tables in the Programme and Budget for 2007 represent, unless otherwise stated, the difference between the budget estimate for 2007 and the previous forward estimate for the year.

Appropriation structure

- 8.14 Regular budget appropriations of the OPCW are divided into two "chapters" in accordance with the Convention. Chapter 1 provides for most of the direct costs of verification activities undertaken by the Secretariat (including inspection operations) and Chapter 2 provides for all other important service programmes delivered by the Secretariat on behalf of the OPCW.
- 8.15 The annual budget of the OPCW has historically been prepared on a functional basis. Resources are assigned to the programmes responsible for carrying out required functions, regardless of which chapter (and its associated programme objectives) may benefit from the service or costs provided. For instance, Chapter 2 appropriations provide for many costs and services in direct support of Chapter 1 (including accommodation expenses and staff-turnover costs as a result of the OPCW's limited tenure policy).
- 8.16 In other words, although Chapter 1 is tasked with carrying out the direct verification activities of the OPCW, the largest elements of Chapter 2 provide necessary support to Chapter 1 to allow those programmes of activity to, in turn, meet their objectives. The costs of these services and entitlements provided to Chapter 1 reside in the budget estimates of Chapter 2.

PERFORMANCE MEASURES AND EXPECTED RESULTS

- 8.17 The Programme and Budget for 2007 provides information in relation to the focus of core objectives of the OPCW, as well as programmes of activity to be carried out during 2007.

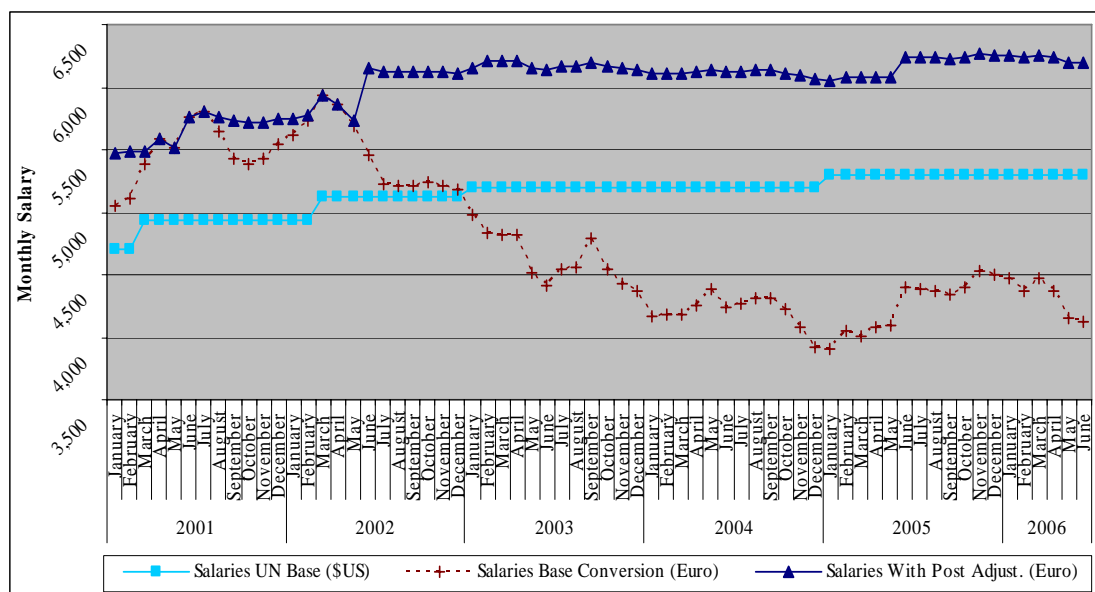
- 8.18 'Core objectives' of the OPCW reflect its mandates established by the Convention and key enabling strategies adopted by Member States. As the OPCW's peak objectives, core objectives largely remain constant over a period of time.
- 8.19 'Programmes' are an alignment of related objectives, obligations and activities to be achieved, and/or administered, by the wider OPCW and Member States collectively in pursuit of the established core objectives. The Programme and Budget for 2007 outlines each programme in terms of the OPCW's major objectives and results expected for the year.
- 8.20 Each programme is also described in terms of major underlying activities to be undertaken for the OPCW by its Secretariat during the year. A range of performance achievements planned for the year are provided for each of these activities, generally outlining the results expected in terms of pertinent information across quantity, effectiveness, or timeliness factors.
- 8.21 The presentation in the Programme and Budget of these measures of performance is intended to demonstrate the hierarchical relationship between different levels of expected results.
- 8.22 Planned performance levels for 2007 have been established with regard to programme results achieved in 2005 and also projected for 2006. Measured programme results for each of these years are, or will be, available in annual reports published by the OPCW for each of those years.

ESTIMATION PARAMETERS

Salary costs for fixed-term staff

- 8.23 In the OPCW's Secretariat, individual salaries are divided into two categories - 'professional' grades (P-1 to P-5 and D-1 to D-2) and 'general services' grades (GS-1 to GS-7). Although set by the OPCW's Director-General, salary rates in practice reflect those applied in the UN and are all calculated and paid in euros.
- 8.24 'Actual salaries' for each P-grade are calculated by reference to two sub-elements set by the UN - 'base' salary rates (set in USD) and a monthly post adjustment (set as a uniform percentage 'multiplier') to standardise salaries across varying cities/countries of employment in the UN system. A post adjustment is set specific to The Hague, and allows for both cost-of-living differences and the prevailing rate for converting most of the applicable base salary rate from USD to euros.
- 8.25 The UN establishes its 'base' salary scale for P-grades by reference to the USA Federal Civil Service. Post adjustments are revised each month for changes in the relevant monthly currency exchange rate applied by the UN (against the USD base salary rates), but are updated less frequently for cost of living movements (usually routinely each year, with a major price review at least every four years). Because a small component of the UN base salaries (in USD) is not adjusted each month for movements in euro exchange rates (or prices in The Hague), actual monthly salary levels for P-grade staff in the OPCW tend to move up or down by a small proportion each month in line with movements in the relative value of the USD.

- 8.26 Salaries in the OPCW for P-grades are paid based on the UN's relevant 'net' base salary rate because a 'staff assessment' scheme applied in the UN (that is, an income tax-equivalent scheme) is not imposed on income for the OPCW's staff.
- 8.27 The following chart illustrates the calculation of the elements that make up actual monthly salary levels in the OPCW, for P-grades, by showing a comparison of the UN base salary rate (in USD), its conversion to euros, and the addition of the post adjustment, from January 2001 to April 2006, at the P-4 level. The changes shown in salary rates are indicative of other P-grades.

CHART 6: OPCW SALARY CALCULATION – P-4 (STEP 1)

- 8.28 Salaries for GS-grade staff in the OPCW are paid according to a single 'net' salary scale set, in euros, by the UN. As the recruitment and employment of GS-grade staff is usually directly comparable with local employment, the GS-grade salary scale applied by the OPCW (and UN agencies located here) is particular to The Hague and is intended to be standardised to provide for both employment conditions and the cost of living typical to this locality.
- 8.29 Within each salary grade, for both P-grade and GS-grade staff, there exist up to 15 separate salary increments (or steps). These annual step increases for staff usually amount to a salary increase of between 1.5 and 2.0 per cent each year for P-grade staff and between 3.0 and 4.0 per cent for GS-grade staff, based on satisfactory performance. These step increases effectively apply to most ordinary remuneration entitlements of fixed-term staff.
- 8.30 Estimated costs included in the Programme and Budget for fixed-term staff salaries are initially based on each authorised position (including the individual profile of existing staff members) and current salary rates. Estimated growth in specific salary rates is then applied to this starting-point.

- 8.31 In the case of authorised positions which are presently vacant, estimates are made using a typical entitlements profile, and salaries are calculated at the lowest step level. The budget estimates for 2007 also assume that annual increment salary increases will be awarded to all existing staff members at the anniversary of their appointment.

Currency exchange rates assumed for 2007

- 8.32 The OPCW's official working currency is the euro. This is reflected as the basis of the OPCW's budgeting and ex-post reporting.
- 8.33 Although the OPCW incurs some costs in many currencies, its exposure to United States dollars (USD) in relation to certain staffing costs for P-grade staff is particularly significant and needs to be carefully managed.
- 8.34 Estimates in the Programme and Budget for 2007 were prepared using the same currency exchange rate of 0.797 euros for USD 1 used for the preparation of estimates for both 2006 and 2007 agreed in the Programme and Budget for 2006 (C-10/DEC.5, dated 8 November 2005). This approach for the Programme and Budget for 2007 provides comparability between budget estimates for 2007 and those for 2006.
- 8.35 Future currency exchange rates are largely unpredictable. The OPCW therefore applies the most recently available currency exchange rate for the euro and USD in finalising its Programme and Budget for 2007. The UN's official accounting currency exchange rate for November 2006 (0.786 Euros for USD 1) materially supports the rate adopted in the Programme and Budget for 2007.
- 8.36 This approach to developing the 2007 budget estimates ensures transparency in identifying appropriate estimates, but the risk of future movements in the currency exchange rate remains. In this context, the staff costs shown in the following table are presently estimated with regard to the currency exchange rates for converting USD costs to Euros (based on an exchange rate of 0.797 Euros per USD 1).

TABLE 43: CURRENCY EXCHANGE RATE EXPOSURE FOR STAFFING COSTS

Staff entitlement (paid to P-grade staff)	EUR	USD-equivalent
Social security benefits (paid to the Provident Fund)	5,972,753	7,494,044
Death and disability insurance	771,437	967,926
Total	6,744,190	8,461,970

- 8.37 In relation to these staffing costs, the OPCW applies the currency exchange rate established by the UN for accounting purposes each month in converting USD-costs to payments in euros. The only mechanism applied by the OPCW in managing currency exchange rate fluctuations is the assumption applied each year in establishing its annual programme and budget.
- 8.38 As an example of the potential impact of this approach, the OPCW benefited by approximately EUR 1.6m in each of 2003 and 2004 from exchange rates more favourable than the rates reflected in the amount appropriated for the respective year by the Conference. The impact can as easily be reversed in the future.

- 8.39 Given the difficulties in forecasting future movements in currency exchange rates, most agencies within the UN Common System have mechanisms in place to assist in reducing the budgetary impact of exchange rate movements. The aim is to provide budget stability, avoiding potential losses (and giving up potential gains) by neutralising the effect of exchange rate fluctuations compared to the basis for agreed budget estimates and associated funding.

2004 CASH SURPLUS

- 8.40 In applying the OPCW's Financial Regulation 6.3, the annual budget of the OPCW effectively remains 'open' for one full year after the relevant budget year before a final cash result for the budget year is declared. During this time, the provisional financial result identified at the end of the budget year is added to by late receipt of income, as well as savings against spending obligations legitimately carried forward from that budget year to fund disbursements during the following year.
- 8.41 Final cash surpluses of the OPCW are applied also in accordance with Financial Regulation 6.3. Unless the Conference makes a decision to allocate a final cash surplus to an alternative purpose, the final cash surplus is 'distributed' to Member States through application to amounts that are payable to the OPCW by Member States.
- 8.42 In this context, the final cash surplus for 2004 will largely be applied to offset new amounts payable to the OPCW by Member States for their annual contributions assessed for 2007.
- 8.43 The OPCW's final cash surpluses for recent years are primarily made up of late receipt of amounts from Member States as income for previous years (annual contributions and recovery of inspection costs).
- 8.44 At the end of 2004, the OPCW's provisional financial result was in fact a deficit for the year (that is, insufficient funding had been received by the end of 2004 to meet all expenditure incurred for the year). The following table illustrates how the OPCW's final cash surplus for 2004 arose following the end of the year.

TABLE 44: 2004 CASH SURPLUS

	2003	2004
Provisional surplus/(deficit) at the end of the budget year	882,451	(749,868)
<i>Adjusted during the following year for:</i>		
Annual contributions owed from the budget (or previous) years	2,081,481	8,150,848
Other income owed from the budget (or previous) years	1,923,097	2,544,705
Savings on liquidation of carried-forward budget obligations	1,142,962	1,619,740
Final cash surplus/(deficit) for the original budget year	6,029,991	11,565,425

- 8.45 More than EUR 2.7m of income received by the OPCW during 2005, and added to the 2004 cash surplus, was in fact related to amounts payable by Member States for periods before 2004.

- 8.46 In addition, the 2004 cash surplus to be returned to Member States includes approximately EUR 1.6m in savings to the OPCW from favourable movement in the exchange value of the euro compared to the rate adopted in the budget estimates agreed for the year.

UNFUNDED LIABILITIES

- 8.47 The statement of financial risk contained in the Programme and Budget for 2007 recognises that staff entitlements of EUR 15.3m payable to existing staff members had accumulated by the end of 2005 as ‘unfunded’ liabilities of the OPCW.
- 8.48 Staff members of the OPCW’s Secretariat are eligible for annual leave and repatriation benefits which accrue during the period of a staff member’s service. These benefits are payable (in cash or as services paid for by the OPCW) after the staff member’s separation from the OPCW (including allowable levels of accumulated annual leave if it is not utilised beforehand).
- 8.49 The following table provides a summary of outstanding liabilities of this nature that have accrued for the OPCW (but are not yet payable).

TABLE 45: UNFUNDED LIABILITIES OF THE OPCW (END OF YEAR)

Staff entitlement	2004	2005
Repatriation grants	4,528,478	5,262,937
Travel and removal of household effects	6,384,514	6,210,744
Accrued annual leave	3,459,137	3,806,414
Total liability	14,372,129	15,280,095

- 8.50 No standing provision of cash reserves has been set aside to provide for these costs as they become due. This issue is separate from accruing ‘social security’ benefits of staff which are fully funded each year by Member States and paid to a separate entity (the Provident Fund) until staff separate.

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Annex

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APPENDICES

APPENDIX 1: CHEMICAL WEAPONS INSPECTIONS PLANNED FOR 2007

Type of Inspection	Inspections		Required Inspectors		
	Months facility operating	Missions/ rotations	Number of inspectors	Days duration of rotation	Inspector days
<i>CWDFs – USA:</i>					
Anniston CDF	10	14.5	2.5	46	1,668
Anniston CDF – change over	2	2.9	1.5	46	200
Tooele CDF	12	17.3	2.5	46	1,990
Umatilla CDF – full operations	9	13.0	2.5	46	1,495
Umatilla CDF – change over	3	4.3	1.5	46	297
Pine Bluff CDF – full operations	12	17.3	3.5	46	2,785
Newport CDF	12	17.3	2.5	46	1,990
Total CWDFs - USA	na	86.6	na	na	10,425
<i>CWDFs – RUSSIA:</i>					
Kambarka CWDF	12	13	5	30	1,950
Maradykovski CWDF	12	13	5	30	1,950
CWDF/30 – final engineering review	na	2	8	7.5	120
Total CWDFs - Russia	na	28	na	na	4,020
<i>CWDFs – OTHER MEMBER STATES:</i>					
India	9	13.0	2.5	44	1,430
A State Party	8	11.6	1.5	44	766
Albania	3	4.3	2.5	44	473
Total CWDFs – Other Member States	na	28.9	na	na	2,669
TOTAL CWDFs	na	143.5	na	na	17,114
Storage facilities	na	26	na	na	873
Production facilities*	na	17	na	na	376
Old chemical weapons	na	6	4	5	120
Abandoned chemical weapons	na	5	4	12.5	250
TOTAL ARTICLE IV AND V INSPECTIONS	na	197.5	na	na	18,733

* Inspection plans for 2007 include 17 visits to former production facilities, including four missions to destroyed facilities, six missions to converted facilities, and seven missions to facilities to be converted.

APPENDIX 2: STATEMENT OF BUDGETED EXPENDITURE AND INCOME FOR 2007

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
		EXPENDITURE:				
		<u>Staffing costs:</u>				
31,669,684	35,363,993	Salaries	35,363,993	35,446,877	0.2%	35,446,877
11,504,177	13,980,162	Common staff costs	13,980,162	13,789,087	-1.4%	13,789,087
3,914,182	3,762,224	Staff turnover	3,762,224	3,483,374	-7.4%	3,483,374
246,935	291,681	Overtime	291,681	294,600	1.0%	294,600
436,303	335,000	Consultants	335,000	282,800	-15.6%	282,800
1,139,790	1,060,832	Temporary staffing	815,384	1,109,339	36.1%	849,789
276,803	273,613	Other staff costs	273,613	306,649	12.1%	306,649
49,187,874	55,067,504	Total staffing costs	54,822,056	54,712,725	-0.2%	54,453,175
		<u>Travel costs:</u>				
3,392,880	3,815,362	Travel - inspections	3,815,362	4,274,621	12.0%	4,274,621
548,743	560,812	Travel - official meetings	560,812	560,869	0.0%	560,869
-	2,544	Other	2,544	1,502	-41.0%	1,502
3,941,623	4,378,718	Total travel costs	4,378,718	4,836,991	10.5%	4,836,991
		<u>Contractual services costs:</u>				
580,190	670,536	Training	670,536	609,239	-9.1%	710,989
1,089,660	1,416,552	Translation/interpretation	1,416,552	1,435,813	1.4%	1,435,813
581,418	366,300	Data processing services	366,300	347,788	-5.1%	347,788
402,368	157,713	Security	73,770	76,581	3.8%	76,581
697,489	891,214	Inspectors	891,214	900,126	1.0%	900,126
536,760	880,338	Other contractual services	880,338	875,344	-0.6%	875,344
3,887,885	4,382,652	Total contractual services costs	4,298,709	4,244,892	-1.3%	4,346,642
		<u>Workshops, seminars and meeting costs:</u>				
862,962	868,507	Support for National Authorities	868,507	909,761	4.8%	909,761
941,554	834,642	Capacity building	834,642	874,287	4.8%	874,287
693,140	679,384	Protective capacity	679,384	711,655	4.8%	711,655
361,609	457,875	Associate programme	457,875	469,322	2.5%	469,322
85,854	78,150	Other workshops, seminars and meetings	78,150	81,862	4.8%	81,862
2,945,119	2,918,558	Total workshops, seminars and meetings costs	2,918,558	3,046,887	4.4%	3,046,887
		<u>General operating expenses:</u>				
3,303,851	3,504,036	Rental of premises	3,504,036	3,421,526	-2.4%	3,421,526
1,056,336	1,173,052	Maintenance and utilities	1,173,052	1,156,215	-1.4%	1,156,215
440,274	563,939	Rental of equipment	563,939	371,700	-34.1%	371,700
93,951	135,836	Maintenance of equipment	135,836	90,719	-33.2%	90,719
519,084	599,409	Communications	599,409	566,990	-5.4%	566,990
79,451	84,046	Hospitality and other functions	84,046	84,660	0.7%	84,660
122,639	168,254	Insurance	168,254	127,774	-24.1%	127,774
350,838	463,980	Supplies and materials	463,980	383,656	-17.3%	383,656
231,569	410,021	Cargo and shipment	410,021	466,397	13.7%	466,397
69,714	144,485	Other general operating expenses	144,485	76,118	-47.3%	76,118
6,267,707	7,247,058	Total general operating expenses	7,247,058	6,745,754	-6.9%	6,745,754

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
6,285	17,298	<u>Furniture and equipment - operating costs:</u>				
		Office furniture and equipment	17,298	5,004	-71.1%	5,004
159,803	246,235	Computer hardware and software	246,235	199,875	-18.8%	199,875
143	-	Other furniture and equipment	-	-		-
166,231	263,533	Total furniture and equipment - operating costs	263,533	204,879	-22.3%	204,879
		<u>Inspection equipment, maintenance and supplies - operating costs</u>				
489,310	342,898	Inspection equipment	342,898	351,470	2.5%	351,470
5,722	10,175	maintenance	10,175	5,824	-42.8%	5,824
		Supplies and materials				
495,032	353,073	Total inspection equipment, maintenance and supplies – operating costs	353,073	357,294	1.2%	357,294
66,891,471	74,611,095	TOTAL RUNNING COSTS	74,281,704	74,149,424	-0.2%	73,991,624
		<u>Furniture and equipment - capital costs:</u>				
231,204	162,182	Office furniture and equipment	239,113	166,237	-30.5%	166,237
		Computer hardware and software	366,300	322,875	-11.9%	322,875
611,176	366,300	Other furniture and equipment	138,889	50,503	-63.6%	108,588
7,520	271,164					
849,900	799,646	Total furniture and equipment - capital costs	744,301	539,614	-27.5%	597,699
		<u>Inspection equipment, maintenance and supplies - capital costs:</u>				
1,013,818	203,500	Inspection equipment acquisition	453,500	336,713	-25.8%	461,713
		Total inspection equipment, maintenance and supplies - capital costs	453,500	336,713	-25.8%	461,713
1,863,718	1,003,146	TOTAL CAPITAL COSTS	1,197,801	876,327	-26.8%	1,059,412
68,755,189	75,614,241	TOTAL COSTS	75,479,506	75,025,751	-0.6%	75,051,036
		INCOME:				
68,163,380	69,791,241	Annual contributions	69,656,506	68,640,103	-1.5%	68,665,388
3,635,658	5,373,000	Verification contributions	5,373,000	5,635,648	4.9%	5,635,648
927,537	450,000	Interest and other earnings	450,000	750,000	66.7%	750,000
72,726,575	75,614,241	TOTAL INCOME	75,479,506	75,025,751	-0.6%	75,051,036

8.51 All real variations in budgeted 2007 expenditure for the OPCW, compared to previous forward estimates, are outlined in the Programme and Budget for 2007 as spending initiatives or identified savings measures.

8.52 Other variations indicated in the above table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2007 (outlined in Part II of the Programme and Budget for 2007), and/or budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

APPENDIX 3: ESTIMATION PARAMETERS – GROWTH ASSUMED FOR 2007

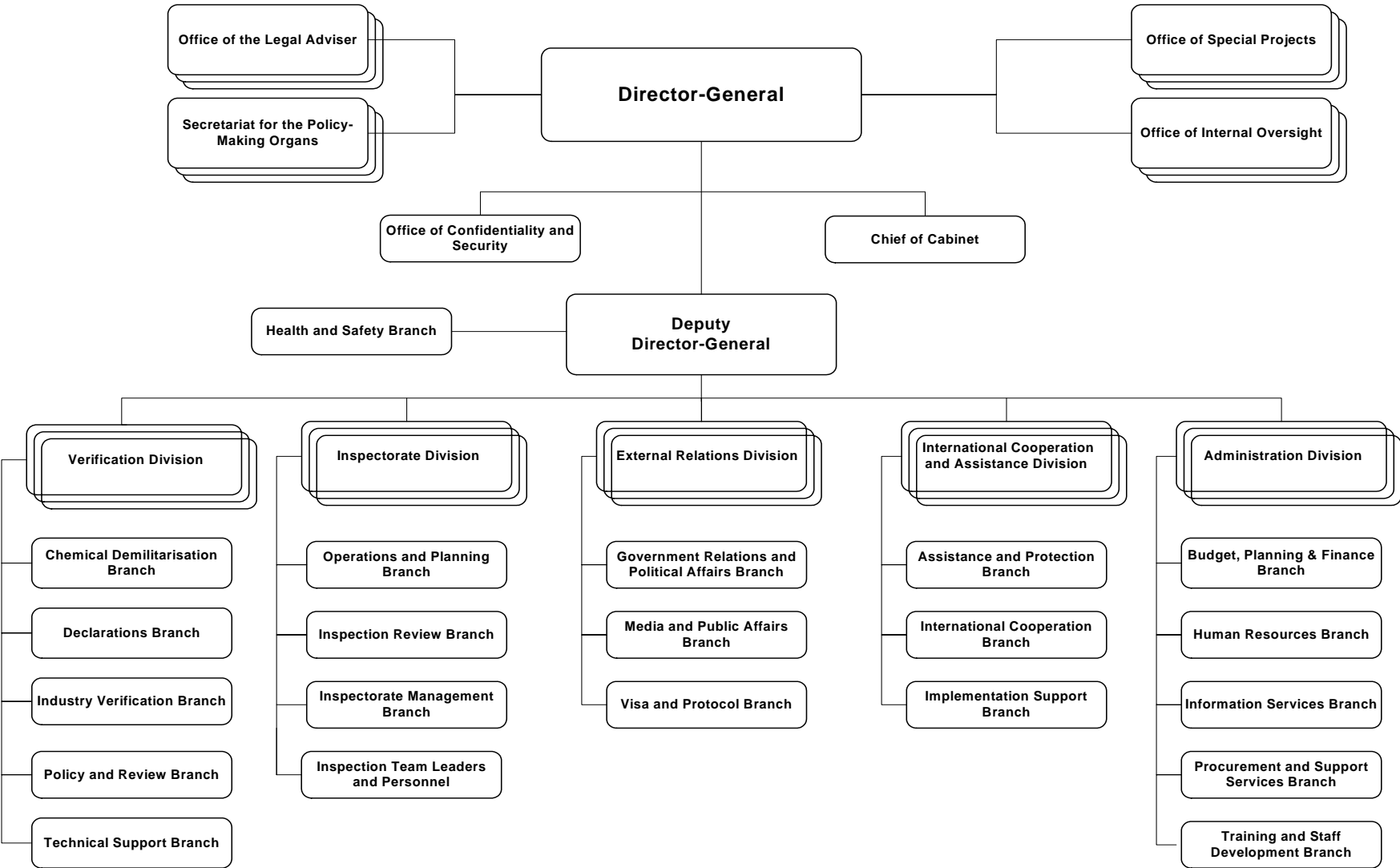
Funding object	Cost variable	Cost base	Growth (full-year impact)	Explanation
<u>Ordinary staffing costs</u>				
General parameters	Step-increments	Staff profiles identified in June 2006	Between 1.5% and 4.0%	Awarded on known anniversaries (or mid-year for positions currently vacant).
	Turnover savings	Annualised levels calculated in June 2006	-2.0%	Average increment savings and recruitment lag apportioned across all increment-based entitlements.
Salaries	P salaries	Annualised levels associated with rates expected by end-2006	1.0%	2% increase in mid-2007 based on inflation projected in the Netherlands since cost-of-living increase from October 2006.
	GS salaries	Annualised levels associated with rates expected by end-2006	0.5%	1.5% increase in September 2007 based on inflation projected in the Netherlands since increase from September 2006.
<i>Common staff costs:</i>				
Social security benefits	P pensionable remuneration	Annualised levels associated with rates expected by end-2006	1.25%	3.8% increase in September 2007 similar to increase in 2005 (and expected for 2006); currency exchange rate assumed constant EUR 0.797/USD 1.
	GS pensionable remuneration	Annualised levels associated with rates expected by end-2006	0.5%	1.5% increase in September 2007 based on inflation projected in the Netherlands since increase from September 2006.
Medical care benefits	Salaries rates	Annualised levels associated with rates expected by end-2006	0.5% to 1.0%	Reflects projected increases in salaries rates for P-(1.0%) and GS- (0.5%) grade staff.
Death & disability benefits	Pensionable remuneration rates	Annualised levels associated with rates expected by end-2006	0.5% to 1.25%	Reflects projected increases in pensionable remuneration rates for P-(1.25%) and GS-(0.5%) grade staff.
Dependency allowance	General costs	Annualised levels calculated in June 2006	1.0%	Average full-year increase expected in ordinary staffing costs.
Rental subsidy	Local housing market	Annualised levels calculated in June 2006	1.25%	Average annual inflation projected for 2007 in the Netherlands.
Education grant	International schooling costs	Annualised levels calculated in June 2006	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).
Home leave	Travel costs	Projected requirements for 2007	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).

Funding Object	Cost Variable	Cost Base	Growth (full-year impact)	Explanation
<u>Other staffing costs</u>				
Overtime	Salaries rates	Agreed 2006 estimate	1.0%	Average full-year increase expected in salary costs.
Temporary staffing costs	Salaries and CSC rates	Zero-based for 2007	various	Increase based on estimated entitlements applicable to each identified role.
Staff turnover costs	Salaries rates and travel costs	Agreed 2006 estimate	1.5%	Average of full-year impact of expected increase in P-grade salaries and travel costs.
Other staffing costs	Salaries and CSC rates	Agreed 2006 estimate	1.0%	Average full-year increase expected in ordinary staffing costs.
<u>Non-staffing costs</u>				
Travel costs	Consumer prices	Agreed 2006 estimate	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).
Consultants	Consumer prices	Agreed 2006 estimate	1.0%	Average full-year increase expected in ordinary staffing costs.
Other contractual services	Consumer prices	Agreed 2006 estimate	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).
Associate Programme	Consumer prices	Agreed 2006 estimate	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).
International programmes (capacity building, protective capacity, support for National Authorities)	Consumer prices	Agreed 2006 estimate	4.75%	Mean annual inflation projected for 2007 in Emerging Markets and Developing Economies.
Rental of premises	Consumer prices	Agreed 2006 estimate	1.5%	Increased in accordance with contractual terms.
General operating expenses	Consumer prices	Agreed 2006 estimate	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).
All other operating costs	Consumer prices	Agreed 2006 estimate	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).
Asset acquisitions	Consumer prices	Agreed 2006 estimate	2.5%	Average annual inflation projected for 2007 in the Euro-zone (and an additional 0.35% correcting 2006).

Notes:

- The rate of growth has been apportioned for its full-year impact and is based on the underlying prices already provided for in 2006 (and flowed-on to previous 2007 forward estimates).
- General indexation parameters have been rounded to the nearest one-quarter of one per cent for application.
- Budget estimates assume that average currency exchange rates will remain constant for the full year, including a rate of 79.7 eurocents per 1 USD.
- Forward estimates for 2008 contained in the Programme and Budget for 2007 are based on projected 2007 prices to retain comparability with 2007 budget estimates.

APPENDIX 4: ORGANISATION OF THE OPCW'S SECRETARIAT



APPENDIX 5: FIXED-TERM STAFFING LEVELS OF THE OPCW'S SECRETARIAT

Organisational unit	Professional grades							General services grades			Total staff
	D-2 and above	D-1	P-5	P-4	P-3	P-2	Total	GS-6 and GS-7	GS-5 and below	Total	
VERIFICATION DIVISION:											
Office of the Director	1	-	1	-	-	-	2	1	-	1	3
Declarations Branch	-	1	-	4	6	-	11	4	10	14	25
Chemical Demilitarisation Branch	-	1	-	7	1	-	9	-	2	2	11
Industry Verification Branch	-	1	-	6	-	-	7	-	1	1	8
Policy and Review Branch	-	1	-	6	1	-	8	-	1	1	9
Technical Support Branch	-	-	1	6	1	1	9	3	7	10	19
Division Total	1	4	2	29	9	1	46	8	21	29	75
INSPECTORATE:											
Office of the Director	1	-	-	-	-	-	1	1	-	1	2
Inspectorate Management Branch	-	-	1	-	1	-	2	-	4	4	6
Inspection Review Branch	-	-	1	-	1	-	2	-	-	-	2
Operations and Planning Branch	-	-	1	5	3	1	10	-	11	11	21
Inspectors	-	-	28	80	53	12	173	-	-	-	173
Division Total	1	0	31	85	58	13	188	1	15	16	204
INTERNATIONAL COOPERATION AND ASSISTANCE DIVISION:											
Office of the Director	1	-	-	-	-	-	1	-	1	1	2
Assistance and Protection Branch	-	1	-	3	-	-	4	-	1	1	5
Implementation Support Branch	-	1	-	2	-	-	3	-	1	1	4
International Cooperation Branch	-	1	-	2	2	-	5	-	1	1	6
Division Total	1	3	-	7	2	-	13	-	4	4	17
SECRETARIAT FOR THE POLICY-MAKING ORGANS:											
Office of the Director	1	-	-	-	-	1	2	1	5	6	8
Language Services Branch	-	-	1	7	13	-	21	2	7	9	30
Division Total	1	-	1	7	13	1	23	3	12	15	38
EXTERNAL RELATIONS DIVISION:											
Office of the Director	1	1	-	-	-	-	2	-	1	1	3
Government Relations and Political Affairs Branch	-	-	1	-	2	-	3	-	2	2	5
Media and Public Affairs Branch	-	-	1	-	1	-	2	-	2	2	4
Protocol Branch	-	-	1	1	-	-	2	1	3	4	6
Division Total	1	1	3	1	3	-	9	1	8	9	18
OFFICE OF THE DG	1	1	-	-	-	-	2	1	1	2	4
OFFICE OF THE DDG	1	1	1	-	-	-	3	1	1	2	5
OFFICE OF INTERNAL OVERSIGHT	1	-	1	3	-	-	5	1	2	3	8
OFFICE OF THE LEGAL ADVISER	1	-	2	1	2	1	7	1	1	2	9
OFFICE OF SPECIAL PROJECTS	1	-	-	-	-	-	1	-	1	1	2
OFFICE OF CONFIDENTIALITY AND SECURITY	-	-	1	3	2	-	6	1	30	31	37
HEALTH AND SAFETY BRANCH	-	1	2	-	2	-	5	2	2	4	9

Organisational unit	Professional grades							General services grades			Total staff
	D-2 and above	D-1	P-5	P-4	P-3	P-2	Total	GS-6 and GS-7	GS-5 and below	Total	
ADMINISTRATION DIVISION:											
Office of the Director	1	1*	-	-	-	-	2	1	-	1	3
Budget, Planning and Finance Branch	-	-	1	1	3	1	6	5	9	14	20
Human Resources Branch	-	1		2	3	1	7	2	9	11	18
Procurement and Support Services Branch	-	-	1	3	1	-	5	4	14	18	23
Training and Development Branch	-	-	1	1	-	-	2	1	4	5	7
Information Services Branch	-	1	-	3	7	3	14	6	4	10	24
Division Total	1	3	3	10	14	5	36	19	40	59	95
TOTAL SECRETARIAT	11	14	47	146	105	21	344	38	139	177	521

* The Executive Council approved the reclassification of this position from P-5 to D-1 until the current incumbent separates from the OPCW (EC-37/DEC.14, dated 2 July 2004).

**APPENDIX 6: EXECUTIVE MANAGEMENT PROGRAMME -
CONSOLIDATED BUDGETED EXPENDITURE FOR 2007 BY
FUNDING OBJECT**

2005 Result	2006 Budget	Funding object	2007			2008 Forward Estimate
			Previous Estimate	Budget	% Var	
3,963,931	4,412,435	<u>Staffing costs:</u>				
		Salaries	4,412,435	4,539,495	2.9%	4,539,495
1,429,280	1,707,751	Common staff costs	1,707,751	1,702,983	-0.3%	1,702,983
83,031	78,986	Overtime	78,986	79,777	1.0%	79,777
270,897	100,000	Consultants	100,000	101,000	1.0%	101,000
120,869	132,507	Temporary staffing	132,507	130,543	-1.5%	130,543
25,001	25,813	Other staff costs	25,813	26,071	1.0%	26,071
5,893,009	6,457,491	Total staffing costs	6,457,491	6,579,869	1.9%	6,579,869
		<u>Travel costs:</u>				
283,066	322,334	Travel - official meetings	322,334	321,106	-0.4%	321,106
283,066	322,334	Total travel costs	322,334	321,106	-0.4%	321,106
		<u>Contractual services costs:</u>				
20,709	26,659	Training	26,659	68,092	155.4%	68,092
402,368	157,713	Security	73,770	76,581	3.8%	76,581
103,145	262,194	Other contractual services	262,194	197,715	-24.6%	197,715
526,222	446,565	Total contractual services costs	362,622	342,388	-5.6%	342,388
		<u>General operating expenses:</u>				
4,929	10,175	Rental of equipment	10,175	5,141	-49.5%	5,141
31,983	62,576	Maintenance of equipment	62,576	40,140	-35.9%	40,140
6,766	16,789	Hospitality and other functions	16,789	17,209	2.5%	17,209
55,099	36,121	Supplies and materials	36,121	36,591	1.3%	36,591
474	-	Other general operating expenses	-	-		-
99,251	125,661	Total general operating expenses	125,661	99,081	-21.2%	99,081
		<u>Total furniture and equipment operating costs:</u>				
143	-	Other furniture and equipment	-	-		-
143	-	Total furniture and equipment operating costs	-	-		-
6,801,691	7,352,051	TOTAL RUNNING COSTS	7,268,108	7,342,444	1.0%	7,342,444
		<u>Furniture and equipment – capital costs</u>				
-	182,641	Other furniture and equipment	50,366	50,503	0.3%	50,503
-	182,641	Total furniture and equipment - capital costs	50,366	50,503	0.3%	50,503
-	182,641	TOTAL CAPITAL COSTS	50,366	50,503	0.3%	50,503
6,801,691	7,534,692	TOTAL COSTS	7,318,474	7,392,946	1.0%	7,392,946

APPENDIX 7: PROGRAMME 6 - EXECUTIVE MANAGEMENT

- 8.53 The following tables outline the principal activities (including objectives and key results) planned for 2007 in relation to the various components of the OPCW's programme of activity supporting executive management.
- 8.54 The Secretariat's activities associated with this programme are led by a range of separate Offices and Branches. The separate Budget Statements (providing detailed financial estimates) of the Office of the Director-General, the Office of the Deputy Director-General, the Office of Internal Oversight, the Office of the Legal Adviser, the Office of Special Projects, the Office of Confidentiality and Security, and the Health and Safety Branch are included in Part III of the Programme and Budget for 2007.

TABLE 46: INTERNAL OVERSIGHT – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Ensure soundness of administrative, confidentiality, and security control systems and processes.	<ul style="list-style-type: none"> • A satisfactory external audit report on the internal control environment and on the work of the OIO. • Analysis and preparation of 12 internal reports during the year on the Secretariat's policies and programmes. • 90% acceptance or approval during the year by the Secretariat's management of the recommendations made by the OIO in its reports.
Ensure policies and programmes are managed efficiently and effectively across the Secretariat, are relevant, and deliver value-for-money.	<ul style="list-style-type: none"> • Targeted evaluation of programme and resource management to promote value-for-money and operational efficiency in Secretariat activities according to the programme of work. • Achievement during the year of an 84% rate of implementation of the total accumulated recommendations of the OIO (similar to existing levels). • Quarterly reviews throughout the year of the follow-up of the implementation of the OIO's recommendations.
Support for the development and maintenance of the Secretariat's quality management system.	<ul style="list-style-type: none"> • Accreditation of the OPCW Laboratory and OIO is maintained. • Assistance is provided within the Secretariat in ensuring compliance with ISO 17799 and ISO 15489.
Member States are informed of any matters of particular significance to the operations and effectiveness of the OPCW.	<ul style="list-style-type: none"> • Provide sound advice on time, including submission of the OIO's annual report to Member States. • OIO advice is taken into consideration.
Primary alignment to core objectives: Objective Number 7	

Major activities of the Secretariat for 2007	
<p>Targeted review of internal financial, confidentiality, information, staffing, procurement and security control systems and processes to ensure probity in the Secretariat's activities:</p> <ul style="list-style-type: none"> • Major reviews will be targeted towards six administrative areas and four areas of security and/or confidentiality control. • Peer review of the adherence to accepted International Internal Audit standards will be considered in 2007. 	
<p>Monitoring of corrective action in response to reported issues and other areas of concern on a regular basis:</p> <ul style="list-style-type: none"> • Quarterly follow-up of the status of implementation of OIO recommendations and a status report on a quarterly basis. 	
<p>Maintenance and development of the implementation of the QMS in accordance with ISO standards:</p> <ul style="list-style-type: none"> • Organisation of training in quality assurance for selected staff members. • Certification of the analytical database in compliance with the CSP decision and of GC-MS inspection equipment. 	
Estimated cost of programme activities in 2007:	EUR 857,249

TABLE 47: LEGAL ADVICE – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

OPCW programme objectives	Key results planned for 2007
Provision of legal advice that is timely, effective, and reliable.	<ul style="list-style-type: none"> • 100% of legal opinions provided to Divisions/ Offices during the year without delays to programme activity. • 10 to 15 legal opinions provided on draft privileges and immunities agreements and more than 50 legal opinions provided on contractual matters. • Timely advice in relation to internal legal decisions challenged by staff members of the OPCW, including defence of the OPCW in questions that are heard by the ILOAT.
Analysis of legal requirements and management of legal action involving the Secretariat.	<ul style="list-style-type: none"> • 100% of successful responses to legal questions during the year
Primary alignment to core objectives: Objective Number 7	

Major activities of the Secretariat for 2007	
<p>Support for Member States' implementation of national obligations under Article VII of the Convention:</p> <ul style="list-style-type: none"> • Timely advice provided on draft legislation submitted to the Office. • Following the adoption of legislation, other assistance will be provided to Member States with regards to Article VII. 	
<p>Support for development of bilateral agreements relating to the provision of assistance under Article X of the Convention:</p> <ul style="list-style-type: none"> • Increase in the number and scope of Article X agreements. • It is foreseen that two or three Article X agreements will be negotiated during the year. 	
<p>Support for development and implementation of a new procurement strategy for the OPCW:</p> <ul style="list-style-type: none"> • Legal advice provided in regards to the change management plan for the implementation of the procurement strategy. • Provision of advice on the revision and amendment of the regulations and rules required for the successful implementation of the procurement strategy. 	
<p>Provision of legal advice in relation to identified issues:</p> <ul style="list-style-type: none"> • Consideration of legal aspects of the Secretariat's activities. • Defence of the OPCW in actions taken before the ILOAT. 	
Estimated cost of programme activities in 2007:	EUR 1,147,308

TABLE 48: SPECIAL PROJECTS – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Enhance the contribution of the OPCW to global antiterrorism efforts.	<ul style="list-style-type: none"> Establishment of cooperative policies and relations with other organisations. Coordinate activities in the OPCW's contribution to global anti-terrorism efforts, including in the sphere of Article X of the Convention.
Increase the OPCW's involvement in global efforts aimed at ensuring non-proliferation of weapons of mass destruction.	<ul style="list-style-type: none"> Establishment of clear channels to support Member States in implementing crucial provisions of the Convention. Inform the Director-General of the potential risks and challenges for the Convention and the OPCW. Support development of cooperative policies with international partners.
Primary alignment to core objectives: Objective Number 7	
Major activities of the Secretariat for 2007	
Support to the OPCW in its contribution to anti-terrorism efforts: <ul style="list-style-type: none"> Overall coordination in the Secretariat of the OPCW's involvement in the fight against terrorism. Maintain contacts with relevant international organisations. Provide information on potential issues in the sphere of counter-terrorism. 	
Increase the OPCW's involvement in global efforts aimed at ensuring non-proliferation of weapons of mass destruction: <ul style="list-style-type: none"> Increased involvement and interaction in this field and maintenance of close contacts with relevant partners. Development of cooperative policies with international partners. 	
To continue to provide advice to the Director-General on a range of issues relating to the Convention and to the OPCW, particularly in relation to universality and implementation matters, as well as assistance and protection: <ul style="list-style-type: none"> Issue pertinent information. 	
Support to the OPCW in coordinating integrated efforts of the Secretariat towards special projects: <ul style="list-style-type: none"> Coordination of all activities related to the preparation and conduct of events to mark the Tenth Anniversary of the entry into force of the Convention. Coordinate the Secretariat's support for Member States' implementation of the Conference's decision in relation to the establishment of an OPCW office in Africa. Participation in the Secretariat's preparations for the Second Review Conference. 	
Estimated cost of programme activities in 2007:	
EUR 325,375	

TABLE 49: CONFIDENTIALITY AND SECURITY – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Ensure that all confidential information entrusted to the Secretariat by Member States remains secure.	<ul style="list-style-type: none"> • Full systems audit by the Security Audit Team IV successfully completed during the year with no major unsatisfactory findings. • No breaches of physical or information security-related procedures resulting in a breach of confidentiality. • No significant administrative delays caused by adherence to the strict policies/procedures of the Secretariat's confidentiality regime.
Ensure that all staff, delegates and visitors to the OPCW are safe from harm on OPCW premises.	<ul style="list-style-type: none"> • No security incidents involving physical harm to staff members, delegates, or visitors during the year. • Two evacuation drills held during the year with favourable results; headquarters building evacuated within timeframe required by host nation regulation.
Prepare all OPCW staff members for potential security threats during official travel and ensure means of assistance are available to them should travel security problems arise.	<ul style="list-style-type: none"> • All staff members on official travel provided with required travel security and assistance information before departing the Secretariat. • No security incidents involving physical harm to Secretariat staff members during periods of official travel. • Number of security incidents involving the theft of Secretariat property from staff members on official travel is minimised to greatest extent possible.
Ensure that all staff are aware of and fulfil their personal responsibilities in handling information.	<ul style="list-style-type: none"> • No breaches of information security policy/procedure leading to an actual breach of confidentiality. • All new staff members receive required security and confidentiality training within 30 days of arrival; all other staff members receive required annual security and confidentiality refresher training.
Primary alignment to core objectives: Objective Number 7	

<i>Major activities of the Secretariat for 2007</i>
Secure receipt, handling, storage, and processing of confidential and sensitive information: <ul style="list-style-type: none"> • Successful completion of the first ISO 17799-based full systems audit in March 2007 (post-VIS Industry implementation and introduction of new security monitoring software). • Continued development of the Secretariat's business continuity plans and other ISO-17799 based requirements of the Secretariat's information security management system.
Provision of a security guard force and control centre for the physical security of the OPCW's personnel and premises: <ul style="list-style-type: none"> • Provide security guard force for provision of 24-hour/7 days per week security coverage of OPCW premises, and operate the OPCW's Security Control Centre to provide headquarters staff and those travelling on mission with 24 hour/7 day per week point of contact for all security-related matters. • Additional focus on training, consolidation of policy and procedural guidance, and professionalism of physical security force. • Acquisition of spare parts necessary to maintain the Secretariat's newly enhanced physical security systems and ensure that the foundations of a comprehensive equipment maintenance and replacement plan are well established.

<i>Major activities of the Secretariat for 2007</i>	
Provision of advice related to the security of OPCW events and staff members travelling away from the OPCW: <ul style="list-style-type: none"> • Further develop the Secretariat's official-travel authorisation and tracking processes to ensure adequate security reviews prior to all official travel and, that once approved, all travel can be tracked and monitored as it occurs to avoid adverse implications caused by changing security situations. • Combine the benefits of travel tracking system with the availability of desktop external e-mail to provide all staff members with relevant and timely travel security information for all official travel supported by the Secretariat. 	
Training and support to the Secretariat's staff and Member States: <ul style="list-style-type: none"> • Continue efforts at automating annual refresher training courses through the use of an 'on-line' training tool for all Secretariat staff. • Keep all physical and information security/confidentiality training courses as up-to-date as possible through the inclusion of examples based on typical problem areas. • As recommended by the Confidentiality Commission and in informal consultations on confidentiality issues in 2006, participate with ICA Division in regional training seminars for National Authority members. • Enhance information security training further with the introduction of a publication for disseminating best practices in information security to all Secretariat staff members. 	
<i>Estimated cost of programme activities in 2007:</i>	EUR 2,523,614

TABLE 50: HEALTH AND SAFETY – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Healthy staff, physically and mentally capable of performing their duties.	<ul style="list-style-type: none"> • No incidents of staff not meeting job requirements for reasons that could reasonably have been prevented; • Sick leave statistics are within acceptable norms for comparable organisations.
Staff who have the knowledge, skills, and equipment needed to work with minimised risk to themselves or their colleagues.	<ul style="list-style-type: none"> • No incidents with health and safety implications at OPCW workplaces that could reasonably have been prevented.
Inspection activities accomplished with minimal health and safety risk.	<ul style="list-style-type: none"> • No incidents with health and safety implications during inspections that could reasonably have been prevented; • No inspections hindered by lack of compliance with health and safety requirements; • All inspectors meet minimum standards in health and safety proficiency testing.
Availability of a defined health, safety, and medical component in the OPCW's international cooperation and assistance activities and other outreach programmes.	<ul style="list-style-type: none"> • Agreed support to ICA and other outreach programs delivered effectively and on time.
A work environment in which health and safety risks are actively managed, and in which there is prompt and effective response to incidents, accidents, or illness.	<ul style="list-style-type: none"> • Satisfactory ratings in annual health and safety inspections of OPCW controlled workplaces.
<i>Primary alignment to core objectives:</i>	
Objective Number 7	

<i>Major activities of the Secretariat for 2007</i>	
<p>Healthy staff, physically and mentally capable of performing their duties:</p> <ul style="list-style-type: none"> • Conduct pre-employment, periodic, special, and discharge medical examinations. • Provide specific health promotion programs, including physical fitness promotion. • Provide consultation and advice (and, where required, treatment, remediation, or referral) for staff regarding health and safety issues related to their work. 	
<p>Staff who have the knowledge, skills, and equipment needed to work with minimised risk to themselves or their colleagues:</p> <ul style="list-style-type: none"> • Contribute to induction and refresher training for all OPCW staff, ensuring the achievement of minimum health and safety proficiency standards relevant to their work. • Provide advice and assistance to Inspectorate, TSB and PSB regarding health and safety aspects of equipment. • Incorporate the principles of risk management into all applicable OPCW activities. 	
<p>Inspection activities accomplished with minimal health and safety risk:</p> <ul style="list-style-type: none"> • Implement a risk assessment and management program for OPCW inspections, incorporating pre-deployment written health and safety planning and briefings, availability for consultation during inspections, and post-inspection debriefings. • Prepare medical documentation packages for all inspection teams, including certification of fitness for duty, individual confidential medical summaries, and medical administrative forms. • Ensure adequate treatment of injury and illness occurring during inspections. 	
<p>Availability of a defined health, safety, and medical component in the OPCW's international co-operation and assistance activities and other outreach programmes:</p> <ul style="list-style-type: none"> • Contribute to the health and safety elements of training courses for Member States arranged and coordinated by the ICA Division. • Support the External Relations Division, Office of Special Projects, or other functional units in health and safety aspects of their outreach activities. • Collate and provide health and safety information on request in response to external requests. 	
<p>A working environment in which health and safety risks are actively managed, and in which there is prompt and effective response to incidents, accidents, or illness:</p> <ul style="list-style-type: none"> • Conduct regular inspections of OPCW working premises, and health and safety equipment / procedures, reporting results to management through the Health and Safety Committee. • Provide a travel medical service for staff on official travel, incorporating destination-specific health advice, immunisations, prophylactic medications and travel medical kits. • Ensure the availability of a first aid service for response to accidents and illness in OPCW premises, including ready availability of first aid kits in public areas. • Investigate accidents occurring in OPCW work areas, and implement recommendations to prevent recurrence. 	
<i>Estimated cost of programme activities in 2007:</i>	EUR 923,034

APPENDIX 8: PROGRAMME 7 - ADMINISTRATION

- 8.55 The following tables outline the principal activities (including objectives and key results) planned for 2007 in relation to the various components of the OPCW's programme of activity supporting administration.
- 8.56 The Secretariat's activities in relation to this programme are led by the Administration Division. The Administration Division's Budget Statements, providing detailed financial estimates, are included in Part III of the Programme and Budget for 2007

TABLE 51: BUDGET, PLANNING AND FINANCE – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Efficient financial performance in effective support of OPCW operations.	<ul style="list-style-type: none"> Budgeted expenditure for 2007 almost 1% lower in nominal terms than 2006 appropriations. General costs to Member States reduced by 1.7% (EUR 1.2m) from annual contributions for 2006.
Robust and sustainable stewardship of financial resources.	<ul style="list-style-type: none"> Increased payment of financial obligations by Member States in the year in which they are due. Use of cash-management mechanisms to ensure temporary income shortfalls do not unnecessarily impact on programme delivery.
Transparent and timely external accountability.	<ul style="list-style-type: none"> Continued implementation of results-focused budget development and programme formulation. Transparent, timely, and comprehensive periodical reporting of financial results to the Council and Conference. Completion of annual financial statements endorsed by the independent external auditor.
Primary alignment to core objectives: Objective Number 7	

<i>Major activities of the Secretariat for 2007</i>
<p>Financial reporting to Member States, including preparation of annual budget information:</p> <ul style="list-style-type: none"> Formulation of 2008 Programme/Budget involving preparation of an initial update of financial assumptions, formal papers to EC and CSP, and detailed information papers to support Member States' consideration, as well as advisory-support for facilitated consultations of Member States. Implementation of an agreed mechanism for managing the impact of currency exchange rates. Preparation of 2006 financial statements and four quarterly Income & Expenditure Reports to EC. Preparation of up to 15 other formal papers for EC/CSP on matters such as scale of assessments, budget transfers, and responses to recommendations of the external auditor. Secretariat and advisory support for two meetings of ABAF, including preparation of detailed information papers, ABAF's reports to EC, and the DG's response to ABAF's recommendations.
<p>Support to the Director-General and programme managers for managing financial resources:</p> <ul style="list-style-type: none"> Timely and accurate accounting for financial transactions and balances across the Secretariat to support the OPCW's financial objectives. Four detailed quarterly financial reports for the Director-General, supplemented by eight monthly financial monitoring summaries. Quarterly review of 2007 budget allotment, taking into account emerging performance and issues. 12 detailed monthly budget status reports issued to Directors, including enhanced online reporting. Implementation of a comprehensive programme formulation and budget development process across the Secretariat for the 2008 budget. Detailed analysis of income/expenditure projections to support DG's allotment of the 2008 budget. Assistance to Directors in the quarterly review of outstanding budget obligations.

<i>Major activities of the Secretariat for 2007</i>	
Financial operations, including disbursements, collection of income, and banking: <ul style="list-style-type: none"> • Accounts payable – approximately 19,000 transactions to be processed (7,000 salary payments, 7,500 other payments to staff, and 4,500 payments to vendors). • Preparation and distribution of up to 550 annual statements of earnings for staff members. • Collection of receipts – collection of up to EUR 75m in payments from Member States, involving approximately 150 payments from 100 States, preparation of 185 assessment letters and 450 invoices, and at least 170 reminder letters. • Implementation of an agreed mechanism for Member States to regularise arrears of contributions. • Cash management - average balance of EUR 30m (including trust funds and special accounts) expected to be administered across 250 term deposits and 20 bank accounts. • Secretariat support and advisory reports to four quarterly meetings of the Investment Committee. 	
Support to the OPCW's Provident Fund (PF): <ul style="list-style-type: none"> • Secretariat support to at least eight meetings of the PFMB and preparation of papers for an AGM. • Implementation of new arrangements for the investment and administration of PF holdings. 	
<i>Estimated cost of programme activities in 2007:</i>	EUR 1,574,497

TABLE 52: HUMAN RESOURCES – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
To provide integrated human-resources advice and services to the OPCW in respect of terms and conditions of service.	<ul style="list-style-type: none"> • 95% of pertinent enquiries receive a satisfactory response. • 95% of monthly payroll transactions concluded and passed to BFB within agreed deadlines. • Errors in calculated entitlements are subsequently discovered in less than 5% of payments.
To provide integrated human-resources advice and services to the Secretariat in respect of performance management, human-resources planning, recruitment, and separation processes, and transition support for affected staff members and their supervising managers.	<ul style="list-style-type: none"> • 90% of performance appraisal reports completed within the scheduled time. • 90% of required HR plans submitted. • 90% of recruitment completed within standard timescales. • 90% of those recruited accepted after probation period. • 90% take-up of offer of transition support.
To provide integrated human-resources advice and services to the Secretariat and to individual staff members in respect of conflict resolution, management of disputes and grievances, disciplinary cases and appeals.	<ul style="list-style-type: none"> • Fewer than 15% of cases decided by the International Labour Organisation's Administrative Tribunal subsequently require amendment to OPCW human-resources policies.
Primary alignment to core objectives: Objective Number 7	
Major activities of the Secretariat for 2007	
Support for workforce planning and recruitment of personnel across the Secretariat: <ul style="list-style-type: none"> • Provision of advice and assistance to staff and line managers for recently launched performance management and appraisal system. • Full trial launch of the HR planning system completed during 2007. • Continued recruitment to replace voluntary and managed staff turnover. • Management of separation processes and transition support. 	
Provision of integrated human resources services to managers and staff members: <ul style="list-style-type: none"> • Resolution of internal grievances, appeals, rebuttals, and disciplinary cases. • Continued finalisation of new and revised HR policies and procedures. • Ongoing resolution of internal and external audit findings. • Contribution to revision of Staff Rules. 	
Administration of entitlements and benefits payable to the Secretariat's workforce: <ul style="list-style-type: none"> • Timely and accurate determination of eligibility of staff members to salaries and allowances. • Provision of advice and assistance to staff on their terms and conditions of service. 	
Spending initiatives to be implemented during 2007	
Increased funds to meet childcare assistance entitlements (EUR 0.030m)	
Transition support for departing staff members (EUR 0.030m)	
Induction programme for new staff members (EUR 0.041m)	
Estimated cost of programme activities in 2007:	
EUR 5,364,010	

TABLE 53: PROCUREMENT AND SUPPORT SERVICES – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
To procure equipment, materials and services to meet the requirement of users in a timely manner and to obtain the best possible prices.	<ul style="list-style-type: none"> • 95% of planned procurements executed and recorded during the year within the stated timeframe. • 95% of goods and/or services delivered during the year within the required timeframe. • 100% of cases obtain best prices available in the market for goods and services procured, with no requestor expressing dissatisfaction with procured goods or services. • Satisfactory findings by external and internal audits.
To maintain OPCW premises, facilities and equipment to a high standard with cost-effectiveness.	<ul style="list-style-type: none"> • 100% of complaints received during the year successfully addressed within two hours of notification. • 100% of emergency repair requests received responded to within two hours.
To provide timely mail and courier services.	<ul style="list-style-type: none"> • Internal mail collected four times per working day with a total volume of 120,000 items for the year. • 100% of the requests arranged within two hours of request.
To provide cost-effective travel arrangements while also reducing the associated administrative tasks of other staff within the Secretariat.	<ul style="list-style-type: none"> • Savings in OPCW travel budget through lower travel service provider costs and broader negotiated airline arrangements. • Automation of travel processing including integration of the travel request, travel authorisation and travel claim within an automated system resulting in a streamlined process with an electronic approval system and automatic entitlement calculation. • Centralisation of all OPCW travel processing in the travel unit resulting in greater efficiency, control and accountability.
To contribute to the improvement of service conditions for staff by providing appropriate medical and other insurance coverage.	<ul style="list-style-type: none"> • 11 insurance policies in place, providing the required insurance coverage for the organisation and its staff. • High level of satisfaction by management and staff with the cost as well as the coverage of the policies, with no official complaint received.
Primary alignment to core objectives: Objective Number 7	

<i>Major activities of the Secretariat for 2007</i>
<p>Effective administration of procurement requirements:</p> <ul style="list-style-type: none"> • Effective administration of procurement requirements, including support to the Committee on Contracts. • In 2007 the number of tenders, major purchases and major contract renewals is expected be similar to 2006.
<p>Provision of cost-effective travel and support services arrangements:</p> <ul style="list-style-type: none"> • Implementation of the new travel agency contract with increased services. • Implementation of a new automated travel system. • Centralisation of the travel processing functions across the Secretariat. • Implementation of a new removal contract for the shipment of personal goods. • Finalise the new and revised Administrative Directives on travel. • Continue to optimise the cost-effective procurement of office supplies.

Major activities of the Secretariat for 2007	
Provision of infrastructure services, equipment and supplies across the Secretariat: <ul style="list-style-type: none"> Contract management and supervision of performance of external contractors will continue in 2007, assuring coverage for emergency repairs are included into maintenance contracts. Projects for modernisation/replacement of old fitted equipment and furniture will continue in 2007. 	
Provision of mail and courier services: <ul style="list-style-type: none"> Frequency of distribution of internal mail to be kept at a satisfactory level, with distribution rounds carried out 4 times a day, courier services arranged within two hours of requests, and urgent faxes sent within 15 minutes of registration. The ability to arrange courier services on short notice is to be maintained in 2007 with courier services to be arranged within two hours of requests. 	
Estimated cost of programme activities in 2007:	EUR 6,684,923

TABLE 54: TRAINING AND STAFF DEVELOPMENT – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

OPCW programme objectives	Key results planned for 2007
Provision of a comprehensive training and development strategy addressing requisite technical and professional competence of Secretariat staff.	<ul style="list-style-type: none"> Advice and administrative support for INS/VER training to maintain, and increase, the number of certified personnel to conduct inspection-related activities. External validations presented during the year to staff upon completion of training activities and subsequent evaluations of results.
To improve management competence within the Secretariat at all levels.	<ul style="list-style-type: none"> Issue-oriented training (such as risk management, project management, knowledge transfer) is planned and conducted to enhance management capacity. A minimum of 65 percent of staff with supervisory and managerial responsibility undergo such management training.
To develop individual competences.	<ul style="list-style-type: none"> In-house training courses, including language courses, provided to 200 – 250 staff members for the year. Advice regarding employment and future career paths provided to interested staff during the year.
Primary alignment to core objectives: Objective Number 7	

Major activities of the Secretariat for 2007	
Provision of training and development services across the Secretariat: <ul style="list-style-type: none"> Assist INS/VER to maintain and increase the certified experts in the inspection/verification related occupations. Build and enhance managers' capacity Secretariat-wide. Increase communication and team-work skills among the staff at all levels Assist, through training, offices pursuing new strategy i.e. ISB, OCS. 	
Operation of a library to provide reference and media resources: <ul style="list-style-type: none"> Streamline the library service, through more automation. Add more service to external users, through internet. Increase and manage the collection of Convention-related material and information. 	
Spending initiatives to be implemented during 2007	
Alignment of training costs with staffing levels (EUR 0.040m)	
Devolution of training funding across the Secretariat (no new costs)	
Estimated cost of programme activities in 2007:	EUR 676,024

TABLE 55: INFORMATION SERVICES – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

<i>OPCW programme objectives</i>	<i>Key results planned for 2007</i>
Expansion of access to official information within the Organisation and to Member States.	<ul style="list-style-type: none"> A number new information services approved during the year and provided to Member States.
Provision of a reliable information services infrastructure.	<ul style="list-style-type: none"> All three networks successfully operating at 99 per cent uptime. 90% of personal technology units (computers, phones, faxes, etc) delivered to staff within one week of request or three days of an incident report. No hours of business continuity lost as result of network failures.
Effective delivery of IT development projects.	<ul style="list-style-type: none"> 75% of development projects completed successfully and on schedule. 100% of projects completed within the assigned resources.
Satisfaction of user requests for new software development.	<ul style="list-style-type: none"> 100% of actions initiated within three months of formally approved requests. Medium-size projects completed within eight months. Small-size projects completed within three months.
Ensuring appropriate security in IT systems.	<ul style="list-style-type: none"> No security incidents related to information systems. 100% of incidents solved at no loss of confidentiality.
Primary alignment to core objectives: Objective Number 7	

<i>Major activities of the Secretariat for 2007</i>	
Provision of information networks: <ul style="list-style-type: none"> Replacement and installation of 10 new servers. Deployment of 200 new desktop PCs. Migration to WindowsXP Professional for all installed SCN PCs. Implementation of web-based Service Requests Tracking system for End User Support and Operations Support units. Support of OPCW's Business Continuity Plan. Support of ICA's Associate Training Programme. Support of Inspection laptops and their related equipment. Support of the Twelfth Session of the Conference. 	
Development and management of projects to implement new technology and enhance information support: <ul style="list-style-type: none"> Start of the VIS Chemical Weapons project. Upgrade of Lotus Notes to version 7.0. Travel Management System. Visa Tracking System. Replacement of the hand-made OPCW web site by a site powered by a Content Management System (continuation from 2006). Web-based interface for LTS (Leave Tracking System). Introduction of dynamic content into the OPCW web site: web-based forms to support business processes of Recruitment and Procurement. Port@1 expanded to cover <u>all</u> the organisational units. Enhancement of the Port@1 in support of Knowledge Management policies. 	
Support to specialised management information systems: <ul style="list-style-type: none"> Participation in the annual OCAD audit. Provide the Associate Training Programme with support and laptops. Support of the Twelfth Session of the Conference. Support of all application systems running on the SCN, SNCN and Internet networks. 	
Estimate cost of programme activities in 2007:	EUR 3,655,839

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