



NOTE BY THE DIRECTOR-GENERAL

COMMENTS ON THE REPORT OF THE ADVISORY BODY ON ADMINISTRATIVE AND FINANCIAL MATTERS AT ITS FORTY-FIRST SESSION

1. At its Thirty-Fourth Session, the Executive Council (hereinafter “the Council”) requested that the Director-General, when submitting reports of the Advisory Body on Administrative and Financial Matters (ABAF) to the Council for its consideration, indicate what actions the Technical Secretariat (hereinafter “the Secretariat”) has taken in response to the recommendations of the ABAF, and what decisions are required by the Council on the report being submitted (paragraph 21.4 of EC-34/5, dated 26 September 2003).
2. The Director-General welcomes the continuing advice and support provided by the ABAF, as reflected in the conclusions it reached during its Forty-First Session (ABAF-41/1, dated 1 September 2016), which was held from 30 August to 1 September 2016.

Review of the report of the previous session of the ABAF (paragraph 3 of ABAF-41/1)

3. The Secretariat notes the ABAF’s concerns that the creation of an audit committee could produce a new and unnecessary layer of governance for the Organisation. It also notes the request for the Secretariat to review the ABAF’s terms of reference, structure, and membership criteria in order to provide an assessment of the steps that would need to be taken in order for the Body to take on the responsibilities of an audit committee. The Secretariat will conduct such an assessment and will informally submit its findings to the ABAF members in March 2017 (paragraph 3.4).
4. The Secretariat notes the ABAF’s comments regarding a strategic capability investment fund (SCIF) and its concern that the increased use of extrabudgetary funding to finance what may be considered as central and essential needs could ultimately undermine the integrity of the budget process and a necessary shared sense of corporate responsibility among the States Parties. The Secretariat will take these important points into consideration when further developing the SCIF concept (paragraph 3.6).



Status of the 2016 financial performance (first half of 2016) (paragraph 4 of ABAF-41/1)

5. The Secretariat notes the comments of the ABAF concerning the number of States Parties that are in arrears in respect of annual assessed contributions. It will continue to remind States Parties to fulfil their obligations in this regard (paragraph 4.1).
6. The Secretariat notes the concerns of the ABAF regarding the negative impact of the cumulative outstanding balance for the reimbursement of inspections under Articles IV and V and will continue to report monthly to the Council on the Organisation's financial position (paragraph 4.4).

Draft Programme and Budget for 2017 (including the Programme Performance Report for 2015) (paragraph 5 of ABAF-41/1)

7. The Secretariat notes the concern of the ABAF regarding the gradual trend of increased support programme budgets and staffing compared to the core operational programmes, and will continue to seek efficiencies within the support programmes to counter this trend, mindful that the balance of resources has been impacted by the transfer of a number of posts from operational to support programmes in an effort to consolidate support activities, as part of a process of seeking longer-term savings. The Secretariat also notes the ABAF's recommendation that budget increases caused by exigencies should not become structural. The Secretariat will continue to build its budgets using a zero-based approach to ensure that resources are requested only to meet organisational priorities (paragraph 5.2).
8. The Secretariat notes the ABAF's request that more information be provided at its Forty-Second Session on the methodology used to calculate inspector staff numbers and budgets. The Secretariat will draft a non-paper to meet this request and looks forward to welcoming suggestions from the ABAF on how to potentially strengthen the methodology (paragraph 5.4).
9. The Secretariat notes the ABAF's comments on ways to improve the Programme Performance Report and will continue to develop the document so that it may better highlight the achievements made during the year and provide a more detailed assessment of the outcomes and impact of activities (paragraph 5.7).

Any other business (paragraph 6 of ABAF-41/1)

Update on the Enterprise Resource Planning Project

10. The Secretariat notes the comments by the ABAF on the Enterprise Resource Planning (ERP) Project, and notably its view that data migration represents a significant risk. The Secretariat notes the ABAF's request that further updates be provided on the ERP Project's progress, including projected cost savings, at its future sessions (paragraph 6.2).