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INTERGOVERNMENTAL NEGOTIATING COMMITTEE FOR AN
INTERNATIONAL LEGALLY BINDING INSTRUMENT
FOR IMPLEMENTING INTERNATIONAL ACTION ON
CERTAIN PERSISTENT ORGANIC POLLUTANTS

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Item 5 of the provisional agenda*

PREPARATION FOR THE CONFERENCE OF THE PARTIES

Draft financial rules for the Conference of the Parties, its subsidiary bodies
and the Convention Secretariat **

Note by the Secretariat

1. Paragraph 4 of Article 19 of the Stockholm Convention on Persistent Organic Pollutants states that “the Conference of the Parties shall agree by consensus upon and adopt at its first meeting rules of procedure and financial rules for itself and any subsidiary bodies, as well as financial provisions governing the functioning of the Secretariat.”
2. The Conference of Plenipotentiaries of the Stockholm Convention on Persistent Organic Pollutants, held in Stockholm on 22 and 23 May 2001, in paragraph 4 of its resolution 1 invited the Intergovernmental Negotiating Committee “to focus its efforts during the interim period on those activities required or encouraged by the Convention that will facilitate the rapid entry into force and effective implementation of the Convention upon its entry into force, including, for consideration by the Conference of the Parties, the development of financial rules ...”(UNEP/POPS/CONF/4, Appendix I).
3. The secretariat has developed the draft financial rules for the Conference of the Parties of the Stockholm Convention and its subsidiary bodies, including financial provisions for its secretariat. The draft is attached in the appendix to the present document.

* UNEP/POPS/INC.6/1.

** Stockholm Convention, Article 19, paragraph 4; Conference of Plenipotentiaries to the Stockholm Convention, resolution 1, paragraph 4.

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4. The draft is based on the financial rules and regulations developed under the following multilateral environmental agreements: Convention to Combat Desertification, Convention on Climate Change, Convention on Biological Diversity, Vienna Convention for the Protection of the Ozone Layer and the Montreal protocol, and the latest draft of the financial rules developed under the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade as agreed upon by the latest, eighth, session of its Intergovernmental Negotiating Committee (UNEP/FAO/PIC/INC.8/19, Annex IV). The draft also takes into consideration provisions of other relevant international instruments.

5. The proposed draft financial rules are to be applied in conjunction with the Financial Rules and Regulations of the United Nations and the General Procedures Governing the Operation of the Environment Fund of UNEP.

6. The draft suggests the establishment of three main categories of trust funds: a General Trust Fund to support operation of the Conference of the Parties, its subsidiary bodies and the Secretariat; a Special Trust Fund to support participation of representatives of developing countries and countries with economies in transition in meetings of the Conference of the Parties and its subsidiary bodies; and any additional trust funds to be established if so decided by the Conference of the Parties.

7. According to the draft, the General Trust Fund would be funded by indicative contributions from all Parties, based on the United Nations scale of assessments, which is used as a base methodology of assessments of contributions in financial rules of other multilateral environmental agreements. The United Nations scale of assessments, as adopted by the General Assembly every three years on the basis of its members' GNP, establishes at present the minimum contribution by a Member State at 0.001 per cent and the maximum contribution at 22 per cent. The scale of assessments for 2001-2003 for the United Nations regular budget is found in United Nations General Assembly resolutions 55/5 A, of 26 October 2000, and 55/5 B-F, of 23 December 2000.¹

8. The draft rules suggest that the Conference of the Parties to the Stockholm Convention would establish an indicative scale of contributions on the basis of the United Nations scale of assessments, as changed by the United Nations General Assembly from time to time. The indicative scale of contributions would be adjusted by the Conference of the Parties in a way to ensure that the assessed contributions equal the amount of the budget of the General Trust Fund and would take into account contributions of new Parties joining the Convention, which would be made *pro rata temporis*. The scale would ensure that no Party contributes more than the maximum assessed percentage or less than the minimum assessed percentage. A draft indicative scale of contributions would be annexed to the draft financial rules to be submitted to the first meeting of the Conference of the Parties.

9. It is suggested that a draft budget for the first biennium be developed at a later stage, after the interim secretariat has gained experience in operating the interim procedure of the Convention.

Possible action by the Committee

10. The Committee may wish to review the draft financial rules as found in the Appendix to the present note and consider forwarding them with any amendments to the first meeting of the Conference of the Parties.

11. In reviewing the draft, the Committee may wish to provide guidance on the question of the authority that shall establish the trust funds and exercise authority over the funds. The draft suggests the option of the Executive Director of the United Nations Environment Programme. However, the option of the Secretary-General of the United Nations may also be envisaged. Both authorities have the mandate to establish, operate and terminate respective trust funds.

¹ Official Records of the General Assembly, Fifty-fifth session, Supplement No.49 (A/55/49).

12. The Committee may also wish to provide guidance to the secretariat on the draft budget for the first biennium and request the secretariat to initiate drafting the budget accordingly.

Appendix

DRAFT FINANCIAL RULES FOR THE CONFERENCE OF THE PARTIES TO THE
STOCKHOLM CONVENTION ON PERSISTENT ORGANIC POLLUTANTS,
ITS SUBSIDIARY BODIES AND THE CONVENTION SECRETARIAT

Scope

1. The present rules shall govern the financial administration of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants, its subsidiary bodies and the Convention secretariat. In respect of matters not specifically provided for by the present rules, the Financial Regulations and Rules of the United Nations shall apply.

Financial period

2. The financial period shall be a biennium, of which the first calendar year shall be an even-numbered year.

Budget

3. The head of the Convention secretariat shall prepare the budget estimates for the following biennium [in United States dollars] showing projected income and expenditures for each year of the biennium concerned. The head of the Convention secretariat shall dispatch the estimates to all Parties to the Convention at least ninety days before the opening of the session of the Conference of the Parties at which the budget is to be adopted.

4. The Conference of the Parties shall, prior to the commencement of the financial period that the budget covers, consider the budget estimates and adopt a budget by consensus authorizing expenditures, other than those referred to in paragraphs 9 and 10.

5. Adoption of the budget by the Conference of the Parties shall constitute authority to the head of the Convention secretariat to incur obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved, provided always that, unless specifically authorized by the Conference of the Parties, commitments shall be covered by related income.

6. The head of the Convention secretariat may make transfers within each of the main appropriation lines of the approved budget. The head of the Convention secretariat may also make transfers between such appropriation lines up to limits, which the Conference of the Parties may set as appropriate.

Funds

7. A General Trust Fund for the Convention shall be established by the Executive Director of the United Nations Environment Programme and managed by the head of the Convention secretariat. Contributions made pursuant to paragraph 12 (a), (b) and (c), with the exception of the earmarked funds referred to in paragraph 9, shall be credited to this fund. All budget expenditures that are made pursuant to paragraph 5 shall be charged to the General Trust Fund.

8. Within the General Trust Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Conference of the Parties by consensus. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions as soon as possible.

9. A Special Trust Fund shall be established by the Executive Director of the United Nations Environment Programme and managed by the head of the Convention secretariat. This fund shall receive contributions pursuant to paragraphs 12 (b) and (c) that have been earmarked, in accordance with paragraph 15, for support to the participation of representatives of developing countries and countries with economies in transition in sessions of the Conference of the Parties and its subsidiary bodies.

10. Subject to the approval of the Conference of the Parties, the Executive Director of the United Nations Environment Programme may establish other trust funds for funds that have been earmarked in accordance with paragraph 15 for purposes other than those referred to in paragraph 9.

11. In the event that the Conference of the Parties decides to terminate a fund established pursuant to the present rules, it shall so advise the Executive Director of the United Nations Environment Programme at least six months before the date of termination so decided. The Conference of the Parties shall decide, in consultation with the Executive Director of the United Nations Environment Programme, on the distribution of any uncommitted balances after all liquidation expenses have been met.

Contributions

12. The resources of the Conference of the Parties shall comprise:

(a) Contributions made each year by Parties on the basis of an indicative scale adopted by consensus by the Conference of the Parties, and based on such a scale of assessments of the United Nations as may be adopted from time to time by the General Assembly, adjusted so as to ensure that no Party contributes less than [0.001] per cent of the total, that no one contribution exceeds [22] per cent of the total and that no contribution from a least developed country Party exceeds [0.01] per cent of the total;

(b) Contributions made by Parties in addition to those made pursuant to paragraph (a), including those made by the Government hosting the Convention Secretariat;

(c) Contributions from States not Parties to the Convention, as well as governmental, intergovernmental and non-governmental organizations, and other sources;

(d) The uncommitted balance of appropriations from previous financial periods;

(e) Miscellaneous income.

13. The Conference of the Parties shall, in adopting the indicative scale of contributions referred to in paragraph 12 (a), make adjustments to take account of contributions of Parties that are not members of the United Nations, as well as those of regional economic integration organizations that are Parties.

14. In respect of contributions made pursuant to paragraph 12 (a):

(a) Contributions for each calendar year are expected on or before 1 January of that year;

(b) Each Party shall, as far in advance as possible of the date due for the contribution, inform the head of the Convention secretariat of the contribution it intends to make and of the projected timing of that contribution.

15. Contributions made pursuant to paragraphs 12 (b) and (c) shall be used in accordance with such terms and conditions, consistent with the objectives of the Convention and the Financial Regulations and Rules of the United Nations, as may be agreed between the head of the Convention Secretariat and the contributor.

16. Contributions made pursuant to paragraph 12 (a) from States and regional economic integration organizations that become Parties to the Convention after the beginning of a financial period shall be made pro rata temporis for the balance of that financial period. Consequent adjustments shall be made at the end of each financial period for other Parties.

17. All contributions shall be paid in United States dollars or its equivalent in a convertible currency into a bank account to be designated by the Executive Director of the United Nations Environment Programme, in consultation with the head of the Convention secretariat.

18. The head of the Convention secretariat shall acknowledge promptly all pledges and contributions and shall inform the Parties, [once] [twice] a year, of the status of pledges and payments of contributions.

19. Contributions not immediately required shall be invested at the discretion of the Executive Director of the United Nations Environment Programme, in consultation with the head of the Convention Secretariat. The resulting income shall be credited to the appropriate fund or funds referred to in paragraphs 7, 9 and 10.

Accounts and audit

20. The accounts and financial management of all funds governed by the present rules shall be subject to the internal audit process of the United Nations.

21. An interim statement for the first year of the financial period shall be provided to the Conference of the Parties during the second year of the period, and a final audited statement of accounts for the full financial period shall be provided to the Conference of the Parties as soon as possible after the accounts for the financial period are closed.

Administrative support costs

22. The Conference of the Parties shall reimburse the United Nations Environment Programme for the services provided to the Conference of the Parties [and][,] its subsidiary bodies [and the Convention secretariat] from the funds referred to in paragraphs 7, 9 and 10 under such terms as may from time to time be agreed upon between the Conference of the Parties and the United Nations Environment Programme or, in the absence of such agreement, in accordance with the general policy of the United Nations.

Amendments

23. Any amendment to the present rules shall be adopted by the Conference of the Parties by consensus.
