

# Meeting of the High Contracting Parties to the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects

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**Geneva, 21–23 November 2018**

Items 14 and 15 of the provisional agenda

**Issues related to the Implementation Support Unit****Financial issues related to the Convention and its annexed Protocols**

## **Report on further measures that could be considered to improve the stability of the Secretariat's support to the Convention and on financial issues related to the Convention and its annexed Protocols**

### **Submitted by the Chairperson-elect**

1. Following the adoption of the financial measures, the 2017 Meeting of the High Contracting Parties (HCP) to the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (CCW) requested the Chairperson-elect, in consultation with the United Nations Office at Geneva (UNOG), United Nations Office for Disarmament Affairs (UNODA) and High Contracting Parties, to identify and report to the High Contracting Parties in 2018 any further measures that could be considered to improve the stability of the Secretariat's support to the Convention, recognizing the role of the Implementation Support Unit (ISU) in performing this function according to the decision in this regard of the 2009 Meeting of the High Contracting Parties, and to keep the measures under review in order to ensure the financial sustainability of the Convention.<sup>1</sup>

2. The chairperson-elect drafted one paper entitled "Food for thoughts on future of the CCW ISU arrangements", dated 4 June 2018, as well as one non-paper on future CCW ISU arrangements and one non-paper on CCW financial issues, both dated 1 August 2018.<sup>2</sup> Informal consultations open to all High Contracting Parties of the Convention and of its Protocols took place on 28 June, 28, 29, 31 August and 1 October 2018. UNODA participated in the informal consultations and questions/answer sessions. UNODA and UNOG provided written comments to the papers prepared by the Chairperson-elect.

### **I. Issues related to the Implementation Support Unit**

3. During the informal consultations, the following four ISU models were discussed in detail:

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<sup>1</sup> CCW/MSP/2017/8, paragraph 39.

<sup>2</sup> Information also available at [https://www.unog.ch/80256EE600585943/\(httpPages\)/3CFCEEEF52D553D5C1257B0300473B77?OpenDocument](https://www.unog.ch/80256EE600585943/(httpPages)/3CFCEEEF52D553D5C1257B0300473B77?OpenDocument).



(a) ISU outside United Nations system hosted by a relevant independent organization, with funding by HCP through assessed contributions;

(b) ISU dismantled and Secretarial service of the CCW regime entrusted to UNODA, funded by the United Nations regular budget;

(c) ISU dismantled and UNODA re-assumes the institutional role of supporting CCW, funded by contributions by the HCPs, under an agreed set of rules that define the roles and responsibilities of the HCP and UNODA in ensuring the continued viability of the CCW (ST/SGB/2013/4 – Rule 105.11 a);

(d) Status Quo, clarified by an agreed set of principles which defines roles and responsibilities of HCP and UNODA in relation to ISU, provided that the cash flow issues are solved.

4. None of these options garnered consensus support during the consultations. HCP views converged only on the list of functions as defined by CCW/MSP/2009/5 in paragraph 36 and rule 15 of the Rules of Procedure that the ISU should perform.

5. By letter dated 2 October 2018 addressed to the Chairperson-designate, the High Representative for Disarmament Affairs, Ms. Izumi Nakamitsu, clarified that should the High Contracting Parties (HCP) decide to dismantle the Implementation Support Unit (ISU) and request UNODA to reassume the institutional role of supporting the CCW, this arrangement would follow a staffing model where dedicated P-level staffing are funded by the United Nations regular budget (like the support provided to NPT States parties).

6. As a first step, this would entail, in the context of an internal review of UNODA's internal structure and allocation of existing resources, a request from the High Representative to the Controller to temporarily reassign two existing P-level positions (a P-5 and a P-2) from New York to Geneva. In her letter, she further specified that this arrangement could only be undertaken if the intention is to regularize these posts in the ODA Geneva Branch in the proposed budget for 2020. This would imply that the High Contracting Parties commit in a Conference decision to work in good faith towards that end through the relevant United Nations budgetary bodies, notably the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee. This option was discussed during the informal consultations. A few delegations expressed their reservations on the possibility to fund CCW activities from the United Nations regular budget. Some others argued strongly in favor of such an arrangement to bring necessary predictability in dedicated support for the CCW and expenditures (any staff and contractual liabilities would be assumed by the United Nations system).

7. The High Representative for Disarmament Affairs further specified that, upon the Controller's agreement, the P-level staff could be temporarily reassigned and ready to start their new functions from early 2019 through to 31 December 2019. The two staff members would be deployed to support work in the ODA Geneva Branch, and would also be providing dedicated support for the CCW amongst other tasks, as needed.

8. However, until such time that a decision is made to fully embed the CCW support structure inside UNODA and discontinue the ISU, the 2009 decision to establish two full-time staff posts within the Geneva Branch of UNODA, funded through the same cost estimate applied for the CCW Meetings still stands. The two staff positions (P4) and (P3) are therefore duly reflected, and in a way demonstrating the financial measures adopted by the MHCP in 2017, in the cost estimates (CCW/MSP/2018/8, CCW/MSP/2018/9, CCW/MSP/2018/10) for 2019 and 2020.<sup>3</sup>

9. With reference to the alternate option of funding P-level staffing from extra-budgetary resources, as was the case in the past, Ms. Nakamitsu clarified that this arrangement will not differ from the current ISU staff funding requirements and that such

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<sup>3</sup> Available at [https://www.unog.ch/80256EE600585943/\(httpPages\)/A0A0A3470E40345CC12580CD003D7927?OpenDocument](https://www.unog.ch/80256EE600585943/(httpPages)/A0A0A3470E40345CC12580CD003D7927?OpenDocument).

model is only sustainable if the High Contracting Parties pay their assessed dues in time to enable the Secretariat to enter into financial commitments.

10. It should be recalled, in this regard, that all activities related to international conventions or treaties that, under their respective legal arrangements, ought to be financed by the States may be undertaken by the Secretariat only when sufficient funding is received in advance.

11. In light of the above, the following **elements of the decision** on ISU could be discussed:

(a) The High Contracting Parties under auspices of the Chairperson-elect, in consultation with UNODA and UNOG, should continue exploring the most rational solution on the Secretarial support that would provide the most effective and sustainable service to the HCP in accordance with scope defined by CCW/MSP/2009/5 in paragraph 36 and Rule 15 of the Rules of Procedure. Results of this reflection should be examined by the 2019 meeting of the HCP;

(b) Options for further considerations should remain: ISU outside the United Nations system; ISU status quo clarified; ISU dismantled, and Secretarial support provided by the UNODA with staff supported by the United Nations regular budget;

(c) In 2019 request the UNODA to provide secretarial support to the CCW.

## **II. Financial issues related to the Convention and its annexed Protocols**

12. Three rounds of informal consultations on CCW financial issues were conducted by the Chairperson-elect on the basis of background papers referred in paragraph 2 of this report. Two clusters of issues have been addressed: (a) payment of assessed contributions by the HCP and (b) issues related to cash flow, since the incoming payment schedule not always corresponds to the financial needs of the United Nations.

### **A. Payment of assessed contributions by the HCP**

13. On the financial obligations of the HCP, the unanimous understanding was reached that the payment of annual assessed contributions by the HCP in a timely manner and in full is the only guarantee of the sustainability of the CCW processes. No measures addressing cash flow issues will remedy non-payment of assessed contributions by some HCP.

### **B. Cash flow related issues**

14. Although time since the adoption of the financial measures was judged being too short to make a definite assessment, the prevailing opinion among the HCP was that some clarifications to the financial measures adopted by the 2017 CCW HCP meeting would be useful.<sup>4</sup> In particular, it should be understood that:

(a) unused funds residing on the CCW accounts at the end of the calendar year can be used to fund mandated activities of CCW at the beginning of the next calendar year when there is a reasonable assurance that funds will be paid by the HCP to cover those expenses before the previous year financial accounts are closed and remaining funds transferred back to the HCP, if requested by them;

(b) no HCP can claim any credits back before the closure of the financial accounts of the year in question.

<sup>4</sup> CCW/MSP/2017/8, paragraph 38.I to XIV.

15. Additional possible safeguards to ensure sustainability of the cash flow were discussed. Amongst them a contingency (unexpected expenditure) provision and the creation of a CCW Voluntary Reserve. Both suggested provisions would ensure that at any point in time there is sufficient amount of funds available to conduct the mandated activities of the CCW. If no substantive objection was raised against proposed provisions in principle, then disagreement remained on the level of contingency. The Chairperson's-elect proposal of 50% level of the contingency provision was considered too high by the HCP. The majority of the HCP were inclined to accept 15 percent level of contingency, since it already exists in some other disarmament regimes. It was also stressed that contingency should not be used to fund arrears in payments of assessed contributions by some HCP and should be used in accordance with clearly defined and approved Terms of Reference (see annex I).

16. The CCW Voluntary Reserve idea was not opposed by the HCP as long as it remains strictly voluntary and funds are not used to fund arrears in payments of assessed contributions by some HCP. It was also stressed that the reserve should be used in accordance with clearly defined and approved Terms of Reference (see annex II).

17. In light of the above, the following **elements of the decision** on financial issues could be discussed:

(a) Affirmation of the centrality of the payment of assessed contributions by the HCP to the sustainability of the CCW processes;

(b) Clarifications to the financial measures adopted by the 2017 meeting of HCP as outlined in paragraph 14 of this report;

(c) Creation of the contingency provision in the annual budget at the level of 15 percent with the Terms of Reference (annex I);

(d) Creation of the CCW Voluntary Reserve with the Terms of Reference (annex II);

(e) Invitation to the HCP to continue monitoring the financial situation of the CCW and consider the effect of the 2017 measures adopted, alongside the suggested above elements during the 2019 meeting of the HCP.

## **Annex I**

Terms of Reference for contingency provision:

- (a) Contingency provision will be approved by the meeting of HCP and incorporated in the invoices;
- (b) The contingency funds cannot be used to cover arrears of assessed contributions in any circumstance;
- (c) The purpose of the contingency provision is to provide liquidity to the CCW over the course of the calendar year. Funds may only be used to pay expenses for mandated activities of CCW when there is reasonable assurance that assessed contributions will be paid by the HCP to cover those expenses before the end of the calendar year. Used contingency funds will be replaced by deposits from paid assessed contributions as soon as the assessed contributions are paid;
- (d) Contingency funds will be returned to the HCP at the end of each financial year;
- (e) UNODA is fully responsible for handling contingency funds according to these Terms of Reference and shall provide a financial report prior each meeting of HCPs.

## **Annex II**

Terms of Reference for CCW Voluntary Reserve:

- (a) Contributions to the CCW Voluntary Reserve is strictly voluntary;
  - (b) The Voluntary Reserve cannot be used to cover arrears of assessed contributions in any circumstance;
  - (c) Only CCW HCPs may contribute funds to the voluntary reserve;
  - (d) The purpose of the voluntary reserve is to provide liquidity to the CCW over the course of the calendar year. Funds may only be withdrawn from the Voluntary Reserve to pay expenses for mandated activities of CCW when there is reasonable assurance that assessed contributions will be paid by the HCP to cover those expenses before the end of the calendar year. Withdrawals from the Voluntary Reserve will be replaced by deposits from paid assessed contributions as soon as the assessed contributions are paid;
  - (e) UNODA is fully responsible for use of the voluntary reserve according to these Terms of Reference and shall provide a financial report on use of funds prior each meeting of HCPs;
  - (f) If and when the HCP will decide to dismantle the Voluntary Reserve, funds will be returned to the respective contributing HCP or used otherwise in accordance with their instructions.
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