



Permanent Mission of
the Republic of Latvia to
the United Nations Office in Geneva

Re: Food for thoughts on future of the CCW ISU arrangements

4 June 2018

Background information

In early 2000 substantive activities within the CCW framework picked up intensity. Several work streams were conducted in parallel – explosive remnants of war, MOTAPM, compliance, and small caliber ammunition. Secretarial support to the substantive work was provided by one UNODA regular staff member, who served as Secretary to the CCW meeting of High Contracting Parties (HCP), and one contracted consultant who was recruited on short term (3-month) and later on a one-year fixed term contract funded by extra budgetary funds.

Following the trend in other regimes (Ottawa and BTWC), during the 2008 HCP meeting, the establishment of a separate implementation support unit (ISU) consisting of three staff (P5, P4 and P3) was suggested and discussed. The Meeting “decided that the issue would be taken up for decision at the next Meeting of the High Contracting Parties (CCW/MSP/2008/4, para 33).

In 2009, the HCP agreed on creating a dedicated capacity to support the work of the CCW High Contracting Parties. It was decided that this dedicated capacity would take the form of an “Implementation Support Unit” to be embedded in UNODA. Moreover, it was decided that the ISU would be funded by States through the estimated costs of the CCW meetings and tied to the activities of the Convention. It was further decided that the ISU would consist of two full-time staff members within the Geneva Branch of UNODA, also to be funded through the same cost estimate applied for the CCW Meetings. The High Contracting Parties to the Convention (Geneva, 12 – 13 November 2009) in the Final report of the Meeting (CCW/MSP/2009/5) adopted the following:

34. Taking into account the importance of securing the continuity and stability of the support provided by the Secretariat to the CCW High Contracting Parties and observer States with regards to the effective and comprehensive implementation and universalization of the Convention and its annexed Protocols, including the exchange of information and cooperation among the High Contracting Parties, the Meeting decided that an “Implementation Support Unit” (ISU) shall be established, while noting that the increased work relating to the CCW and its Protocols could benefit from a strengthened UNODA, Geneva branch.

35. *The ISU will consist of two full-time staff members within the Geneva Branch of the United Nations Office for Disarmament Affairs and will be funded by the States through the estimated costs of the CCW meetings. It will work under the authority of the annual Meetings of the High Contracting Parties to the Convention.*

36. *The CCW ISU will operate in the most efficient way and will perform the following tasks:*

(a) Provide administrative support to and prepare documentation for meetings agreed by the meetings of the High Contracting Parties to the CCW, Amended Protocol II and Protocol V;

(b) Facilitate communications among High Contracting Parties and, upon request, with international organizations;

(c) Serve as a focal point for submission of information by and to the High Contracting Parties related to the Convention and its annexed Protocols; develop and maintain the CCW website and the CCW databases as directed by the annual Meetings of the High Contracting Parties;

(d) Support the High Contracting Parties, on request, in the implementation of the CCW and its Protocols and assist the Secretary-General of the United Nations in the discharge of his/her responsibilities pursuant to Article 11 (2) of Protocol V, Article 14 (4) of Amended Protocol II and the CCW Compliance mechanism;

(e) Contribute to the promotion of the universalization of the CCW and its annexed Protocols and support the High Contracting Parties in the implementation of the CCW Plan of Action for the Universalization of the CCW and its Protocols and the CCW Sponsorship Programme;

(f) Perform any other duty as mandated by the High Contracting Parties of the CCW or its Protocols.

37. *The Head of the ISU will report to the annual Meetings of the High Contracting Parties to the Convention on the operation of the ISU. The Unit's performance will be evaluated by the annual Meetings of the High Contracting Parties to the CCW. The number of staff employed and the functions of the ISU will be reviewed by the Fourth Review Conference.*

The UNODA, assisted by UNOG, recruited two staff members in 2010, to serve as UN staff members in CCW ISU, in accordance with existing UN rules and regulations. Both staff members were hired on a so-called temporary appointment, whose posts depended upon available financing and political mandate. The contract of the P4 UNODA staff member serving in the ISU was converted into a continuing appointment effective 30 September 2012 following a system - wide post alignment review exercise initiated by the UN Secretary General (ST/AI/2012/3).

Both positions were funded from extra budgetary funds financed through the assessed contributions of the CCW HCP and observer States participating in the CCW meetings¹, in accordance with its rules of procedure. The direct costs related to the staffing of the ISU were distributed across the cost estimates of the meetings of HCP, APII and Protocol V, approved annually by the meeting of the HCP. When the ISU was established in 2009, the HCP provided no additional terms of reference.

The ISU was embedded in the UNODA, and not set up as an autonomous unit. Staff members tasked to service the ISU were United Nations International Civil servants, administratively and substantively managed by the UNODA Geneva branch, including for annual staff performance appraisal. The staff members and the HCP of CCW also benefited from significant substantive, administrative and managerial support of the UNODA and UNOG, especially during the meetings.

At each meeting, since 2010, an annual overview of activities of the ISU has been presented to the High Contracting Parties. Despite the agreement in 2009 (para 37), the CCW HCP never attempted to evaluate the performance of the ISU staff. The 4th Review Conference of CCW in 2011 decided to postpone the planned review of the ISU until the 2012 Meeting (CCW/CONF.IV/4/Add.1, Decision 5,3): *“The Conference decides that a review of the CCW Implementation Support Unit’s performance, staff employed and functioning should be undertaken by the High Contracting Parties to the Convention at their annual meeting in 2012, and in this regard requests the Implementation Support Unit to provide a comprehensive report in time for consideration by the High Contracting Parties”*. In 2012, the CCW HCP expressed *“Their satisfaction at the establishment of the CCW Implementation Support Unit within the United Nations Office of Disarmament Affairs, while noting that the CCW and its Protocols could benefit from a strengthened UNODA, Geneva Branch, in general”* without performing in-depth evaluation of the ISU performance.

Approved by the annual meeting of the HCP, the cost estimates of the substantive activities of the CCW serve as the basis to bill the HCP for their share of the costs. A cost estimate is not a budget. The UN financial rules and regulations require that funds should be received from the HCP before the UN Secretariat has the ability to enter into financial commitments or to make payments for goods or services (including staff resources) delivered. Deployment of the financial accountability initiatives such as the International Public Sector Accounting Standards (IPSAS) and the new Enterprise Resource Planning (ERP) system (UMOJA) have brought the United Nations Secretariat greater transparency, stricter enforcement of financial rules and regulations but also revealed a number of structural problems. In particular, the introduction of UMOJA has enhanced existing financial rules in aligning implementation of planned activities with cash availability in the bank.

¹ *The cost estimate were “based on an the costs are shared among the States Parties participating in the conferences, based upon the United Nations scale of assessment prorated to take into account the number of States Parties participating in the meetings. States that are not States Parties but that have accepted the invitation to take part in the meetings share in the costs to the extent of their respective rates of assessment under the United Nations scale of assessments. “*

In December 2014, UNOG FRMS informed the CCW HCP of the looming financial crisis, due to the structural insufficiencies of the financial model of the CCW and the ISU, which threatened the operational continuity of the HCP unless measures were adopted. Among identified structural deficiencies of the CCW regime were the spread of the payment of assessed contributions by the HCP over the calendar year and the arrears in payment of the assessed contributions. Previous experience suggests that on average approximately 45% of the annual budget usually is paid by March, 70% - by June, 80% - by September and the rest in the fourth quarter of the year. On average 10% of the assessed budget is not paid during the financial year. In order to address the identified systemic deficiencies and to ensure sustainability in operations of the CCW, it would be advisable to have an amount equivalent to an annual budget in the bank at the beginning of each financial year as well as develop further measures that would lead towards the HCP settling their current arrears and avoiding them in the future.

Following the full application of new financial accountability initiatives (UMOJA), it became clear that the current practices would not suffice, including entering into staff extensions against insufficient or volatile funding arrangements. The CCW 5th Review Conference in 2016 had limited conference services. In March 2017 HCP were consulted and informed that staff contracts would be extended. Shortly after, HCP was informed that meetings had to be cancelled in 2017, due to lack of funding, including accumulated arrears and late payments.

Moreover, the CCW has no contingency provision that would provide the necessary backdrop to enter into any contractual obligations, to hold meetings or retain staff, short of liquidity, at least 3 months ahead of time.

In addition, the legislation of some States requires that any unspent funds must be returned to the States once the liquidation of all open liabilities for the budget period is completed. Also, United Nations rules require that any unspent funds be returned to the States once the liquidation of all open liabilities for the budget period is complete.

Furthermore, lack of payments or delayed payments raises questions vis à vis resource prioritization. The existing rules of procedure for the Conventions do not specify the priority of the use of existing funds in terms of

- 1) liabilities to States Parties for overpayments/credits for previous periods,
- 2) entering into commitments for costs, or
- 3) entering into commitments for dedicated staff support.

Significant arrears were recovered in the year 2017. Nevertheless, due to the lack of sufficient funds on the CCW account for 2018 planned activities, in the fall of 2017 UNODA was not in a position to extend contracts for the UN contracted staff members servicing in the CCW Implementation Support Unit beyond 31 December 2017.

In 2017 the meeting of HCP adopted financial measures that aimed at addressing the cash liquidity crisis of the CCW. These measures include introduction of two consecutive year budget estimates, closure of accounts within 12 months after financial year, return of any credits to member states subsequent year after the closure of accounts, regular update on CCW financial situation amongst others.

Adopted measures, however, do not address the specific financial problems associated with the functioning of the CCW ISU. And no measures can replace HCP obligation to pay their dues in full and in a timely manner.

ISU status and options for the future

At present the CCW ISU exists and is funded through assessed contributions but ISU staff positions are temporarily vacant. UNODA is therefore currently providing to the elected officers and HCP meetings essential services outlined in para 36 above through internal allocation of tasks to non-regular budget funded staff. In a longer term such situation is unsustainable.

The current crisis situation, however, provides an opportunity to re-assess and re-think the needs of the CCW HCP, the relationship between CCW HCP, UNOG and UNODA in relations to CCW ISU and decide on the necessary adjustments and measures that would ensure the necessary service to the HCP, well-being of the staff and operational continuity of the CCW from one side, and adherence to existing UN system's financial rules and regulations from the other.

In order to discuss possible change or improvement of existing institutional arrangements, it would be useful to discuss the following questions:

1. What administrative and other support functions do the CCW HCPs want to carry out in order to facilitate the work of the CCW? Should the list of tasks adopted in 2009 be amended?
2. How should the costs of these functions be reflected in the cost estimates?
3. What are the most efficient models of supporting the activities of CCW? How should these support functions be measured and reviewed?
4. What are the advantages/disadvantages of seeking to retain an ISU model of support?
5. What are the advantages/disadvantages of seeking to revert to the earlier model of direct UNODA support?
6. Are there other models of support that could be considered?
7. How should the relationship between HCP and UNODA be managed? Should there be any Terms of Reference or Memorandum of Understanding?
8. What safeguards should be put in place to ensure continuity from the current interim arrangements and ensure institutional memory for the provision of substantive support?

This debate will inform the consideration of possible change or improvement of the ISU arrangement. One can anticipate the need to consider four different types of arrangements:

1. ISU outside UN system hosted by a relevant independent organization, with funding by HCP through assessed contributions;
2. ISU dismantled and Secretarial service of the CCW regime entrusted to UNODA, funded by the UN regular budget;
3. 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);
4. Status Quo, clarified by an agreed set of principles which defines roles and responsibilities of HCP and UNODA in relation to ISU, with understanding that the issue of the cash flow is resolved.

Funding proposal

The first experience of implementation of the adopted Financial measures suggest that some clarification need to be provided and some additional steps adopted in order to ensure financial sustainability of the process.

In this respect it would be useful to clarify that 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 as there is a reasonable assurance that funds will be paid by HCP to cover those expenses before the previous year financial accounts are closed and remaining funds transferred back to HCP. This was underlying understanding during the adoption of the Financial measures of 2017 which seems to be challenged during the implementation.

A contingency provision to cover unexpected expenditures should be introduced in the estimated financial expenditures of CCW and it should be established at the level of 50% of the initially assessed budget. It is understood that unexpected expenditures will not be used without explicit consensual agreement of HCP and will be returned to HCP at the end of the annual financial cycle. Such a measure would allow to accumulate funds needed for substantive activities of CCW at the beginning of any financial year. Contingency is well-known and widely used budgetary provision and has been accepted as a principle during the formation of the budget of Ottawa convention implementation activities.

Aim of the proposals above is to address the cash flow challenge in CCW. The simpler solution would be an agreement of the HCP to create a CCW Financial Reserve at the level of an average annual budget. Engagement on such a possibility would be advisable.

If outlined measures will be acceptable for the HCP in principle informally, concrete proposal will be drafted for the next round of informal consultations scheduled for September 2018.

Alternatively, credits of 2017 and 2018 could be retained for three years after the closing of books in 2018 and 2019, and returned to CCW HCP at the end of the 2020 annual financial cycle, alongside an impact assessment of financial measures. A separate TOR for how to utilize the funds, while restoring the financial resilience of the CCW, during this period to be drafted and agreed upon during the MSP in 2018.



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