



United Nations
Environment Programme

Food and Agriculture Organization
of the United Nations

Distr.
GENERAL

UNEP/FAO/PIC/INC.10/18
23 July 2003

ORIGINAL: ENGLISH

INTERGOVERNMENTAL NEGOTIATING COMMITTEE FOR AN
INTERNATIONAL LEGALLY BINDING INSTRUMENT FOR
THE APPLICATION OF THE PRIOR INFORMED CONSENT
PROCEDURE FOR CERTAIN HAZARDOUS CHEMICALS AND
PESTICIDES IN INTERNATIONAL TRADE

Tenth session

Geneva, 17-21 November 2003

Item 5 (b) of the provisional agenda*

Preparations for the Conference of the Parties

DRAFT FINANCIAL RULES

Note by the secretariat

1. Following its consideration of the draft financial rules at its eighth session, the Intergovernmental Negotiating Committee noted that there were three main issues still to be resolved: whether the various trust funds would be established by the Executive Director of the United Nations Environment Programme (UNEP) or by the Director-General of the Food and Agriculture Organization of the United Nations (FAO); whether assistance from the Special Trust Fund should be made available also to parties with economies in transition, or only to developing country parties; and the maximum assessment rate for contributions.
2. At its ninth session, the Committee continued its consideration of the draft financial rules with focus on the three outstanding issues. On the question of eligibility for assistance from the Special Trust Fund, the Committee agreed that, in addition to developing country parties, parties with economies in transition would be eligible for assistance, particularly if the assistance contributed to enabling them to ratify the Convention, but agreed to continue its consideration of the other issues at its next session.
3. Regarding the location of the trust funds, the Committee may wish to consider that this issue could be regarded as an integral part of the arrangements for the secretariat functions, that, pursuant to article 19, paragraph 3 of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, shall be agreed between the Executive Director of UNEP and the Director-General of FAO and approved by the Conference of the Parties. This approach would allow for UNEP and FAO to cooperate in finding the best administrative solution for the location and

* UNEP/FAO/PIC/INC.10/1.

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administration of the trust funds, while the overall authority remained with the Conference of the Parties. If the Committee agrees with this approach, the draft financial rules could be changed accordingly.

4. The Committee also took note of a proposal submitted by Canada for amendment of the draft financial rules and provisions and agreed that it would consider the matter further at its tenth session. The proposal from Canada was circulated at the Committee's ninth session as a conference room paper and will be available at the tenth session in information document INC.10/INF/5.

5. The secretariat has the honour to forward to the Committee, in the annex to the present note, the draft financial rules for its further consideration. The rules were published earlier in annex 1 to document UNEP/FAO/PIC/INC.9/13.

Annex

DRAFT FINANCIAL RULES FOR THE CONFERENCE OF THE PARTIES TO THE ROTTERDAM CONVENTION ON THE PRIOR INFORMED CONSENT PROCEDURE FOR CERTAIN HAZARDOUS CHEMICALS AND PESTICIDES IN INTERNATIONAL TRADE, ITS SUBSIDIARY BODIES AND THE CONVENTION SECRETARIAT*

A. Scope

1. The present rules shall govern the financial administration of the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, 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.

B. Financial period

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

C. Budget

3. The head(s) of the Convention secretariat shall prepare the budget proposal for the following biennium and shall dispatch it to all Parties to the Convention at least 90 days before the opening of the meeting of the Conference of the Parties at which the budget is to be adopted.

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

5. Adoption of the budget by the Conference of the Parties shall constitute authority to the head(s) 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 are covered by related income.

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

D. Funds

7. A general trust fund for the Convention shall be established by the [Executive Director of the United Nations Environment Programme (UNEP)] [Director-General of the Food and Agriculture Organization of the United Nations (FAO)] and managed by the head(s) of the Convention secretariat. Contributions made pursuant to paragraphs 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 above 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 UNEP] [Director-General of FAO] and managed by the head(s) of the Convention secretariat. This fund shall receive contributions pursuant to paragraphs 12 (b) and (c) that have been earmarked to support the participation of representatives of developing country Parties and Parties with economies in transition in the meetings 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 UNEP] [Director-General of FAO] may establish other trust funds, provided that they are consistent with the objectives of the Convention.

11. In the event that the Conference of the Parties decides to terminate a Trust Fund established pursuant to the present rules, it shall so advise the [Executive Director of UNEP] [Director-General of FAO] 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 UNEP] [Director-General of FAO], on the distribution of any uncommitted balances after all liquidation expenses have been met.

E. 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 0.01 per cent of the total, that no one contribution exceeds [] 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(s) 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 which are not members of the United Nations, as well as those 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 due on 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(s) of the Convention secretariat of the contribution it intends to make and of the projected timing of that contribution.

15. Contributions made pursuant to paragraph 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(s) 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. Consequential 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 the equivalent in a convertible currency into a bank account to be designated by the [Executive Director of UNEP] [Director-General of FAO], in consultation with the head(s) of the Convention secretariat.
18. The head(s) of the Convention secretariat shall acknowledge promptly the receipt of all pledges and contributions and shall inform the Parties, 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 UNEP] [Director-General of FAO], in consultation with the head(s) of the Convention secretariat. The resulting income shall be credited to the appropriate fund.

F. Accounts and audit

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

G. Administrative support costs

22. The Conference of the Parties shall reimburse [UNEP] [FAO] for the services provided to the Conference of the Parties, 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 [UNEP] [FAO] or, in the absence of such agreement, in accordance with the general policy of the United Nations.

H. Amendments

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