

Meeting of the States Parties to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction

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English only

2019 Meeting**Geneva, 3–6 December 2019**

Item 7 of the provisional agenda

Management of the intersessional programme: Budgetary and financial matters

Report on the Overall Financial Situation of the Biological Weapons Convention

Submitted by the Chairman

Summary

The 2018 Meeting of States Parties to the Biological Weapons Convention requested the Chair of the 2019 Meeting of States Parties, in close consultation with the United Nations Office for Disarmament Affairs and the United Nations Office at Geneva, to report on the overall financial situation of the Convention, the implementation of the measures adopted in 2018, and possible further measures to bring about timely payment as required, for consideration by the 2019 Meeting of States Parties. This report is submitted in accordance with this request.

I. Introduction

1. The 2018 Meeting of States Parties recognized that the Convention's financial difficulties stem from three principal sources: non-payment of contributions by some States Parties, delays in receipt of contributions from other States Parties and financial requirements of the United Nations with respect to activities not funded from the Regular Budget of the United Nations.¹ In order to address these, the Meeting of States Parties endorsed a package of measures to encourage timely payment, to ensure liquidity and to avoid deficit spending and the accumulation of liabilities. It also endorsed other measures dealing with regular reporting and the continued monitoring of the financial situation of the Convention. In this light, the Meeting of States Parties requested the Chairman of the 2019 Meeting of States Parties, in close consultation with the United Nations Office for Disarmament Affairs and the United Nations Office at Geneva, to report on the overall financial situation of the Convention, the implementation of the measures adopted in 2018, and possible further measures to bring about timely payment as required, for consideration by the 2019 Meeting of States Parties.

¹ See Section V of document BWC/MSP/2018/6.



II. The overall financial situation of the Convention

2. The overall financial situation of the Convention is being monitored on a regular basis by the United Nations Office at Geneva and the United Nations Office for Disarmament Affairs. The Chairman of the 2019 Meeting of States Parties convened informal consultations on the financial situation of the Convention on 7 August 2019 and the United Nations Office at Geneva provided a briefing to States Parties on this occasion. Reports on the status of contributions to the Convention are provided to States Parties on a monthly basis. These reports provide detailed information in the form of tables which *inter alia* show the cash available to the Convention as a result of the receipt of assessed contributions and the total unpaid contributions, a breakdown of the outstanding receivables by State Party, a breakdown of the outstanding receivables by State Party and by year and a monthly snapshot of the expenditures and legal commitments for expenditure. As requested by the 2018 Meeting of States Parties, the monthly reports also provide information on expenditure, collections, and use of the Working Capital Fund.

3. Alongside the monthly status of contributions reports, the United Nations Office at Geneva also provides States Parties with a monthly cash-flow analysis for the Convention. These monthly analyses provide an assessment of the funds available compared against the obligations and therefore show whether sufficient funds are available to allow the implementation of the agreed programme of activities.

4. Both of these reports are sent to all Permanent Missions and National Contact Points on a monthly basis. The United Nations Office at Geneva and the United Nations Office for Disarmament Affairs are currently working on an interactive online tool that will make it easier for States Parties to access information on the status of their contributions, with filters allowing users to quickly drill down to pertinent information, and charts showing snapshots of the current financial status of the Convention. This ‘Dashboard’ is currently in testing and is expected to be released in the coming months.

5. The table below shows the current financial situation of the Convention, as of 31 October 2019. With regard to the 2019 budget, a total of USD 1,402,226.48 has been received from States Parties. The amount billed to States Parties was USD 1,519,800 meaning that USD 117,573.52 remains to be collected. The collection rate for 2019 is therefore 92.3 per cent. Regarding the 2018 budget, the accounts have been closed with a collection rate of 98.6 per cent.

<i>Table 1: Overall financial situation</i>	<i>BWC</i>
<u>2019 cost estimates</u>	
Assessed contributions billed to States	-\$1,519,800.00
Assessed contributions paid by States	\$1,402,226.48
Subtotal: Outstanding assessments for 2019 projects	-\$117,573.52
Collection rate %	92.3%
<u>2018 cost estimates</u>	
Assessed contributions billed to States	closed
Assessed contributions paid by States	closed
Subtotal: Outstanding assessments for 2018 projects	closed
Collection rate %	
<u>Closed projects (2018 and earlier)</u>	
Subtotal: Outstanding contributions for closed projects	-\$75,761.83
Total outstanding contributions	-\$193,335.35
Prepayments received for 2020 cost estimates	\$35,492.94
Total prepayments	\$35,492.94

III. Implementation of the measures endorsed by the 2018 Meeting of States Parties

6. Paragraph 21 of the report of the 2018 Meeting of States Parties contained measures to encourage timely payment of invoices by States Parties. In this regard, as reported above, the collection rate for 2018 was 98.6 per cent as compared with an average collection rate in previous years of 95.7 per cent. In addition, several States Parties in arrears have paid their outstanding amounts. In order to facilitate the payment of small outstanding contributions, on 14 August 2019 the United Nations Office at Geneva informed all Member States that such outstanding receivables can be settled by cash payment at the USB bank branch in the Palais des Nations.

7. As requested in sub-paragraph 21 (c), the Chairman has contacted States Parties in arrears. On 19 February 2019, the Minister for Europe and Foreign Affairs of France, Mr. Jean-Yves Le Drian, wrote to his counterparts in States Parties to the Convention encouraging them to pay their assessed contributions at the earliest possible date. On 26 July 2019, the Chairman wrote to the coordinators of the three regional groups seeking their assistance to encourage those members of their groups which have not yet paid their assessed contributions for 2019, or which have arrears from previous years, to pay them as soon as possible. On 8 August 2019, the Chairman wrote to those States Parties with outstanding contributions for 2019 to encourage them to pay as soon as possible to ensure the availability of sufficient funds for the full implementation of the 2019 work programme.

8. In accordance with sub-paragraph 21(e) of the report of the 2018 Meeting of States Parties, the United Nations Office at Geneva sent invoices for the 2020 budget in early October 2019. Since then, several States Parties have already paid their 2020 assessed contributions with USD 215,709 having been paid for 2020 as of 22 November 2019.

9. In accordance with sub-paragraph 22(a) of the report of the 2018 Meeting of States Parties, the United Nations Office at Geneva established a Working Capital Fund as an interim measure, to be reviewed at the Ninth Review Conference for its effectiveness and the possibility explored to be financed by assessed contributions, pending other possible steps to assure liquidity. The Fund is financed by voluntary contributions and used solely as a source of short-term financing pending receipt of reasonably anticipated contributions, taking into account the average collection rate and pattern of payments over the preceding three years.

10. The terms of reference of the Working Capital Fund were outlined in the letter on budgetary and financial matters dated 31 January 2019 from the Chairman of the 2018 Meeting of States Parties which was prepared in consultation with States Parties.² The formal establishment of the Fund was announced in a letter to all States Parties from Ms. Anja Kaspersen, Director of the Geneva Branch of the United Nations Office for Disarmament Affairs, on 7 May 2019. The United Nations Office at Geneva and the United Nations Office for Disarmament Affairs have also prepared model templates for exchange of letters and bilateral agreements for those States Parties wishing to contribute to the Fund. Since its establishment the Fund, has received the following voluntary contributions:

Table 2: Total value of the WCF as of 27 November 2019

China	\$39,345.28
France	\$63,270.29
Germany	\$54,704.60
Russian Federation	\$50,000.00
United Kingdom of Great Britain and Northern Ireland	\$69,534.87
Total	\$276,855.04

11. The total amount received as of 27 November 2019 of USD 276,855.04 is 36.4 per cent of the target level that was set in the 31 January 2019 letter from the Chairman of the 2018 Meeting of States Parties. To date, no withdrawals have been made from the Fund, however the fact that funds were available on the Fund at the time that the contracts of the staff members of the Implementation Support Unit were due for renewal has facilitated the extension of contracts for a period longer than would have otherwise been possible. The Fund acted as a guarantee covering the contract extensions, but in the end the funds were not utilized because additional contributions were received in time to cover the payroll charges.

12. In accordance with sub-paragraph 22(b) of the report of the 2018 Meeting of States Parties, the accounts for 2018 were kept open until August 2019. At this time, a final balance was determined and any surplus funds were allocated back to States Parties as a credit against their next assessment.³ The United Nations Office at Geneva issued 2020 invoices reflecting the 2018 credits, and States Parties that had paid their 2018 assessed contributions received 89 per cent of the credits that would have been due if the United Nations Office at Geneva had followed the model used previously.

13. Paragraph 23 of the report of the 2018 Meeting of States Parties contained measures to avoid deficit spending and the accumulation of liabilities by the United Nations. In accordance with sub-paragraph 23(a), the United Nations Office at Geneva determined that the average collection rate for the preceding three years was 93.5 per cent. Expenditure during 2019 has therefore been kept to the level of USD 1,421,380 and has been monitored on a

² See [https://www.unog.ch/80256EDD006B8954/\(httpAssets\)/1FE92995054B8108C1258394004233AD/\\$file/2019-0131+2018+MSP+Chair+letter+on+financial+measures.pdf](https://www.unog.ch/80256EDD006B8954/(httpAssets)/1FE92995054B8108C1258394004233AD/$file/2019-0131+2018+MSP+Chair+letter+on+financial+measures.pdf)

³ See [https://www.unog.ch/80256EDD006B8954/\(httpAssets\)/21BF007367052CCFC12584BF0057E937/\\$file/BWC+2018+CLOSING-rev3+values.pdf](https://www.unog.ch/80256EDD006B8954/(httpAssets)/21BF007367052CCFC12584BF0057E937/$file/BWC+2018+CLOSING-rev3+values.pdf)

monthly basis through the abovementioned cash-flow analysis reports sent to all States Parties. Due to underspending on certain activities, this ceiling has not been reached in 2019 so there have been no impacts on the approved programme of work.

14. The United Nations Office at Geneva has provided a detailed breakdown of the closing of the 2018 accounts to States Parties.⁴ This breakdown shows that arrears for unpaid contributions remain the amount of the initial assessment invoiced to the relevant State Party for the year in question, in accordance with sub-paragraph 23(b) of the report of the 2018 Meeting of States Parties. The breakdown also shows that, in accordance with sub-paragraph 23(c) of the same report, credits due to States Parties that paid for a given financial year were calculated on the basis of the final cash balance following the closure of the accounts for that financial year. From the meetings in 2019 and onwards, Signatory States and Non-Signatory States that attend meetings of the Convention will be invoiced for the costs of the meetings in which they participate on the basis of their shares in the scale of assessments of the United Nations, in accordance with sub-paragraph 23(d) of the report of the 2018 Meeting of States Parties.

15. The further measures contained in paragraph 24 of the report of the 2018 Meeting of States Parties primarily concern reporting and the mandate for the current report. Regular reporting on expenditure, collections and use of the Working Capital Fund is provided in the monthly reports produced by the United Nations Office at Geneva.

16. While the measures adopted by the 2018 Meeting of States Parties effectively addressed liquidity issues and structural problems going forward, there is still a problem related to outstanding contributions from activities prior to 2018, which amounted to \$75,761.83 at 31 October 2019. The Chairman of the 2019 Meeting of States Parties has continued to raise this issue with the delegations concerned and recommends that the Chair of the 2020 Meeting of States Parties continues this practice. The Implementation Support Unit will continue to raise the issue of outstanding contributions from activities prior to 2018 with the States Parties concerned during the course of its activities. This approach has had some success during 2019 and States Parties with outstanding contributions are encouraged to pay them at the earliest possible date.

IV. Conclusion

17. The Chairman of the 2019 Meeting of States Parties has given strong emphasis to the importance of timely payment of assessed contributions. After less than one year of implementation, it is too early to fully assess the impact of the measures from the 2018 Meeting of States Parties. The Ninth Review Conference in 2021 will provide a suitable time to do so. From the information provided above however, it is clear that so far the measures have had a positive impact on the financial situation of the Convention, providing much-needed predictability and stability for the intersessional programme and also preventing the continued accumulation of financial liabilities by the United Nations. The paramount measure remains for States Parties to pay their assessed contributions in full and on time.

⁴ *ibid.*