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**Rotterdam Convention on the Prior Informed  
Consent Procedure for Certain Hazardous  
Chemicals and Pesticides in International Trade  
Conference of the Parties  
First meeting  
Geneva, 20–24 September 2004  
Item 6 (c) of the provisional agenda\***

**Matters stipulated by the Convention for action  
by the Conference of the Parties at its first meeting:  
adoption of financial rules for the Conference of the Parties  
and any subsidiary bodies and financial provisions governing  
the functioning of the secretariat**

## **Adoption of financial rules for the Conference of the Parties and any subsidiary bodies and financial provisions governing the functioning of the secretariat**

### **Note by the secretariat**

1. Article 18, paragraph 4, of the Rotterdam Convention states:

“The Conference of the Parties shall by consensus agree upon and adopt at its first meeting rules of procedure and financial rules for itself and any subsidiary

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\* UNEP/FAO/RC/COP.1/1.

bodies, as well as financial provisions governing the functioning of the Secretariat.”

2. The Intergovernmental Negotiating Committee, at its sixth session, invited the secretariat to prepare for consideration by the Committee at its seventh session a paper outlining possible options for financial rules and a draft budget for the first biennium after the Convention enters into force and integrating therein secretariat arrangements and financial provisions for the secretariat.<sup>1</sup>

3. At its seventh session, the Intergovernmental Negotiating Committee considered the note by the secretariat and agreed that the secretariat should prepare draft financial rules and provisions for consideration by the Committee at its eighth session.<sup>2</sup>

4. At its eighth and ninth sessions, the Intergovernmental Negotiating Committee considered the draft financial rules and provisions and noted that there were issues still to be resolved.

5. At its tenth session, the Intergovernmental Negotiating Committee decided to convene an open-ended legal working group on draft financial rules. This group considered the draft financial rules prepared by the secretariat, as well as two proposals which had been received during plenary discussions, and created a single draft text for possible consideration by the Conference of the Parties. There were still outstanding issues, however, as indicated by brackets and alternative paragraphs in the single draft text.

6. The Committee decided to forward the draft financial rules prepared by the working group (UNEP/FAO/PIC/INC.10/24, annex V), which are annexed to the present note, to the Conference of the Parties for consideration at its first meeting.

*Suggested action by the Conference of the Parties.*

7. The Conference of the Parties may wish to consider the annexed draft financial rules.

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<sup>1</sup> UNEP/FAO/PIC/INC.6/7, paras. 49 and 50.

<sup>2</sup> UNEP/FAO/PIC/INC.7/15, para. 72.

## **Annex**

### **Draft financial rules**

#### **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 consisting of two consecutive calendar years.

#### **C. Budget**

3. The head(s) of the Convention secretariat shall prepare the budget proposal for the following biennium in US dollars and showing projected income and expenditures for each year of the biennium concerned as well as show the actual income and expenditures for each year of the previous biennia. This information shall be dispatched 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 an operational budget by consensus authorizing expenditures, other than those referred to in paragraphs 9, [9 bis] and 10, prior to the commencement of the financial period that it covers.

5. Adoption of the operational 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 operational 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. The fund is to provide financial support to the work of the Convention secretariat. Contributions made pursuant to paragraph 12 (a) shall be credited to this fund. Contributions made to offset operational budget expenditures that are made, pursuant to paragraph 12 (b) [by the Government hosting the Convention secretariat] or pursuant to paragraph 12 (c) [by non-Parties and] by the United Nations and FAO, shall also 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.

**[Alternative 1:**

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, in particular:

- (a) [Facilitation of] technical assistance, training and capacity-building in accordance with Article 16;
- (b) Appropriate participation of representatives of developing country Parties and of Parties with economies in transition in the meetings of the Conference of the Parties and its subsidiary bodies;
- (c) Other appropriate purposes consistent with the objectives of the Convention.]

**[Alternative 2:**

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. The Special Trust Fund shall receive contributions pursuant to paragraphs 12 (b) and (c) that have been earmarked to support appropriate participation of representatives of developing country Parties and of Parties with economies in transition in the meetings of the Conference of the Parties and its subsidiary bodies.

9 bis. A supplementary 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. The Supplementary Trust Fund shall receive contributions pursuant to paragraphs 12 (b) and (c), other than those specified in paragraphs 7, 9 and 10 that have been earmarked to support:

- (a) [Facilitation of] technical assistance, training and capacity building in accordance with Article 16;
- (b) Other appropriate purposes consistent with the objectives of the Convention.]

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, that have been earmarked in accordance with paragraph 15 for purposes other than those referred to in paragraph[s] 9 [and 9 bis], 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 expected on 1 January of that year;
- (b) Each party shall, as far in advance as possible of the date expected 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 relevant fund or funds referred to in paragraphs 7, 9 [9 bis] and 10.

**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.

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