Decision IG.21/15

Financial Regulations and Rules and Procedures for the Contracting Parties, its subsidiary bodies and the Secretariat of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean

The 18th Meeting of the Contracting Parties,

Recalling Decision IG.20/14 on MAP Programme of Work and Budget for the 2012-2013 biennium (Annex III, UNEP(DEPI)/MED IG 20/8), wherein the Contracting Parties to the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (“the Convention”) requested the Secretariat of the Convention, in consultation with the United Nations Office at Nairobi, to develop for consideration by the 18th meeting of the Contracting Parties, financial rules for the Barcelona Convention as foreseen in Article 24.2 and proposals of reforming the budget presentation, explanation and decision making process, taking into account best practice in budget preparation and adoption by other UNEP administered Multilateral Environment Agreements (“MEAs”),

Recognizing that in accordance with Article 17 of the Barcelona Convention, “the Contracting Parties designate the United Nations Environment Programme (UNEP) as responsible for carrying out (its) Secretariat functions”; and acknowledging that UNEP provides the Secretariat functions through a Convention Secretariat,

Further recognizing that as a United Nations (UN) entity, the managerial and administrative services UNEP provides are governed by the UN Financial Regulations adopted by the General Assembly and the Financial Rules promulgated by the UN Secretary General,

Recalling Article 24.2 of the Convention, and acknowledging that the only financial provisions adopted by the Contracting Parties to date are the Terms of Reference (TORs) of the Mediterranean Trust Fund (MTF) in 1984, these TORs define specificities of financial operations of the Barcelona Convention/UNEP-MAP and specific requirements by the Parties, and supplement the UN/UNEP Financial Regulations and Rules,

Recognizing the need to update and to expand the TORs of the MTF, to adopt UN/UNEP Financial Regulations and Rules and approve specific procedures for the other Trust Funds managed by the Secretariat for the Convention,

Recognizing also that other UNEP administered MEAs have adopted specific financial procedures which apply to their respective Conventions, subsidiary bodies and secretariat,

Taking into account that in order to meet the request of the Parties as stated above, UNEP, has conducted a comprehensive review of key documents and decisions as well as consultations with the United Nations Offices at Nairobi (UNON) and the Bureau of the Parties to the Barcelona Convention during their 76th and 77th Meetings in 2013. These consultations have resulted in the attached Annex 1.

Further recognizing that the Contracting Parties to the Barcelona Convention accept that the UN/UNEP Financial Regulations and Rules, supplemented by the procedures cited herein, constitute the MAP Financial Rules and Procedures, in so far as they have entrusted to UNEP the administration and management of the Barcelona Convention,

Recognizing that the Convention, its subsidiary bodies and the Convention Secretariat would benefit from having the UN/UNEP Financial Regulations and Rules supplemented with
additional procedures specific to the resources managed by UNEP for the Barcelona Convention, which would reflect the needs and criteria of the Contracting Parties to the Barcelona Convention, as long as they are consistent with UN/UNEP Financial Regulations and Rules,

_Bearing in mind_ that the provisions under these Financial Rules and Procedures have been constructed within a broader discussion regarding the relationship between UNEP and MEAs for which it provides the Secretariat or secretariat functions, and that the application of the Financial Rules and Procedures should evolve in line with the decisions on the matter by the United Nations Environmental Assembly (UNEA),

**Decides to:**

**Establish** the Financial Rules and Procedures to the Barcelona Convention, which will supplement the UN/UNEP Financial Regulations and Rules, in order to:

- a. provide clear, specific guidelines for handling all the funds entrusted to the Barcelona Convention Secretariat, update the TORs of the MTF and incorporate in a single document, financial provisions made previously, which currently appear in various documents and may be difficult to grasp in a comprehensive manner;
- b. help Contracting Parties easily understand the applicable UN/UNEP Financial Regulations and Rules;
- c. make additional provisions to reflect the uniqueness of the Barcelona Convention;
- d. clearly spell out the financial responsibilities and obligations of UNEP as the Secretariat to the Barcelona Convention as well as those of the Parties;

**Adopt,** pursuant to Article 24.2 of the Barcelona Convention and taking into account the Decision IG.20/14, Annex III, UNEP(DEPI)/MED IG 20/8, the UN/UNEP Financial Regulations and Rules and the specific procedures for the operation of the Convention, its Protocols and its subsidiary bodies as well as for the operation of the Convention Secretariat, which are appended to this Decision;

**Review** these Rules and Procedures at COP 19 in 2015, and, if necessary, amend the procedures in accordance with any decision of the UNEA on the relationship between UNEP and the MEAs for which it provides the Secretariat or secretariat functions.
Financial Rules and Procedures for the Funds of the Barcelona Convention

Scope


These Procedures shall govern the financial administration of the Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, its Protocols and its subsidiary bodies and the Convention Secretariat.

Financial period

Procedure 1

The financial period shall be for one calendar year from 1st January to 31st December. The biennial programme of work and budget of the Barcelona Convention shall consist of two consecutive calendar years, the first of which shall be an even year.

Budget

Procedure 2

1. The Coordinator of the Secretariat to the Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (hereinafter referred to as the Coordinator) shall prepare the budget estimates for the following biennium in Euro and US Dollars showing projected income and expenditures for each year of the biennium concerned. The budget should be presented in a programmatic format harmonized to the extent appropriate with those used by UNEP. The Coordinator, after consultation with, and clearance by the Executive Director of UNEP, shall dispatch the draft budget to all Parties one month before the last meeting of the National Focal Points before the COP for their consideration. Thereafter the Coordinator shall dispatch the revised estimates, as well as the actual income and expenditure for each year of the previous biennium, to all parties to the Convention at least 2 months before the opening of the meeting of the Contracting Parties at which the budget is to be adopted.

2. As per UN Financial Regulation 6.3, the base currency of the United Nations is the US dollar. Appropriations, allocations, revenue and expenses are managed, maintained and audited in UNEP’s accounts, and reflected in UNEP’s financial statements, in US dollars. Losses/gains on exchange may be charged/credited to the working capital reserve. Notwithstanding this provision, in accordance with decision UNEP(DEC)MED IG.13/8 adopted by the Eleventh Meeting of the Contracting Parties to the Barcelona Convention (Monaco) in 2001, the Conference of Parties shall decide on the budget in Euros.

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1 The financial period pertains to accounting and auditing, while the budget shall be available for expenditure during the whole biennium

2 ST/SGB/2003/7, as may be amended.
3. The Coordinator shall provide the Conference of the Parties with cost estimates for actions that have budgetary implications that are not foreseen in the draft programme of work but are included in proposed draft decisions prior to the adoption of those decisions by the Parties.

4. The Contracting Parties shall, prior to the commencement of the financial period that the budget covers, consider the budget estimates and adopt an operational budget by consensus entrusting UNEP to certify and authorize expenditures, other than those referred to in procedure 4, paragraphs 3 and 4 below.

5. Adoption of the operational budget by the Contracting Parties shall constitute the basis for UNEP to issue allotments and to incur commitments and make payments for the purposes for which the appropriations were approved, provided always that, unless specifically authorized by the Executive Director, commitments shall be covered by related income.

6. UNEP may upon proposal from the Coordinator make budget transfers within each of the main appropriation lines of the approved operational budget. The Co-ordinator may also approve transfers between such appropriation lines within criteria set by the CoPs.

Funds

Procedure 3

1. A Trust Fund for the Barcelona Convention has been established by the Executive Director of the United Nations Environment Programme and approved by the governing body of UNEP. The fund is to provide financial support for the work of the Convention Secretariat. Contributions made pursuant to procedure 4, paragraph 1 (a) below, shall be credited to this fund.

2. Within the above trust fund there shall be maintained a working capital reserve. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash as well as to provide for potential losses on exchange. Drawdowns from the working capital reserve may be authorized by the Executive Director and shall be replenished from contributions, or gains on exchange, as soon as possible. The level of the working capital reserve shall be determined by the Conference of the Parties by consensus, bearing in mind the desirability of bringing its level to the recommended UN rate of 15% of the average annual budget for the biennium, inclusive of programme support costs, as rapidly as possible.

3. An account to receive discretionary contribution to complement the support for the work of the Convention Secretariat has been established by UNEP in accordance with the respective UN Regulations and Rules. This account shall receive contributions pursuant to procedure 4, paragraphs 1 (b) below.

4. Contributions by the Government hosting the Convention Secretariat to offset operational budget expenditures of the Coordinating Unit and contributions made by the United Nations Environment Programme pursuant to Procedure 4.1 shall be credited to a dedicated fund.

5. A Trust Fund to receive voluntary contributions in support to activities as defined in the Programme of Work approved by the Contracting Parties has been established by the
Executing Director of UNEP and approved by the Governing Body of UNEP. This fund shall receive contributions pursuant to procedure 4, paragraph 1 (c).

6. The combination of the fund and account mentioned in paragraphs 1, 3 and 5 above is referred to as Mediterranean Trust Fund (MTF) within the context of the Mediterranean Action Plan.

7. All budget expenditures that are made pursuant to Procedure 2.5 shall be charged to the funds and accounts mentioned hereinabove.

8. In the event that the Contracting Parties wish to terminate a trust fund established pursuant to the present procedures, they shall so advise the Executive Director of the United Nations Environment Programme at least six months before the date of termination so decided. The Contracting Parties shall decide, in consultation with the Executive Director of the United Nations Environment Programme, on the distribution of any uncommitted balances after all liquidation expenses have been met. Any such termination of a trust fund shall be in accordance with UN/UNEP Regulations, Rules, Procedures and standard business practice.

Contributions

Procedure 4

1. The resources of the Contracting Parties shall comprise:

   (a) Contributions made each year by parties on the basis of an assessed scale adopted by consensus by the Contracting Parties and based on the applicable scale of assessments of the United Nations as may be adopted periodically by the General Assembly;

   (b) Discretionary Contributions made each year by parties in addition to those made pursuant to paragraph (a);

   (c) Voluntary Contributions from States parties to the Convention, as well as other governmental, intergovernmental and non-governmental organizations and other sources;

   (d) The Executive Director of UNEP may also allot funds to the Mediterranean Coordinating Unit.

   (e) Miscellaneous revenue.

2. In respect of contributions made pursuant to procedure 4, paragraph 1 (a) above:

   (a) The Executive Director of UNEP, through the Coordinator shall inform the Contracting Parties of their contributions in Euro under the agreed scale;

   (b) Contributions for each calendar year are expected within the first quarter of that year and should be paid promptly and in full. Parties should be notified of the amount of their contributions for a given year by 15 October of the first year of the biennium and immediately after the COP, in the second year in the biennium;
(c) Each Party shall, as far in advance as possible of the date due for the contribution, inform the Coordinator of the projected timing of its contribution;

(d) If contributions of any parties have not been received by the 1st July of the relevant year, the Coordinator shall write to those parties to impress upon them the importance of paying their respective contributions for the year as well as arrears for prior periods, if any, and to remind them of the loss of their voting rights at any meeting of the Contracting Parties pursuant to Rule 42 of the Rules of Procedure of the Barcelona Convention, and shall report to the Bureau and to the Contracting Parties at their next meetings on the consultations with such parties;

(e) The Coordinator shall propose to any Party whose contributions are in arrears for two or more years, a payment schedule to enable such a Party to clear all outstanding arrears within a maximum of six years, depending on the financial circumstances of the Party, and to pay future contributions by their due dates. The Coordinator shall report to the Bureau and to the Contracting Parties at their next meetings on progress under any such schedule;

(f) With regard to contributions due from 1 January 2014 onwards any party whose contributions are in arrears for two or more years shall not be eligible to become a member of the Bureau of the Contracting Parties or any of its subsidiary bodies. This provision shall not apply to Parties that have agreed on and are respecting a schedule of payments implemented in accordance with paragraph (e) above;

3. Discretionary and voluntary contributions made pursuant to procedure 4, paragraphs 1 (b) and (c), shall be used in accordance with such terms and conditions, consistent with the objectives of the Convention and the Financial Regulations, Rules, Policies and Procedures of the United Nations Environment Programme, as may be agreed between the Executive Director and the respective contributors.

4. All contributions shall be paid in Euro, or in another convertible currency and credited to an official UNEP bank account, the details of which are to be provided by the Executive Director. This bank account is to be managed in accordance with the Financial Regulations and Rules of the United Nations.

5. UNEP shall acknowledge promptly the receipt of all pledges and contributions and the Coordinator shall publish on the Convention website up to date information on the status of pledges and payments of contributions.

6. Contributions not immediately required shall be invested in accordance with procedures of the UN’s Office of Programme Planning, Budget and Accounts on behalf of the Executive Director of the United Nations Environment Programme. The resulting income or losses shall be applied to the relevant Trust Fund in accordance with the Financial Regulations and Rules of the United Nations.

**Accounts and audit**

**Procedure 5**

1. The accounts and financial management of all funds governed by the present procedures shall be subject exclusively to the internal and external audit process of the United Nations.
2. A statement of accounts for the financial period shall be provided to the Contracting Parties as soon as possible after the accounts for the financial period are closed and audited. This statement of accounts shall be an extract from the audited financial statements of UNEP.

3. The Contracting Parties shall be informed of any remarks in the reports of the United Nations Board of Auditors on financial statements of the United Nations Environment Programme that are relevant to the Barcelona Convention.

**Administrative support**

**Procedure 6**

The Contracting Parties shall reimburse UNEP for the support services provided to the Contracting Parties, its subsidiary bodies and the Convention Secretariat from the expenditures incurred based on the funds referred to in procedure 3 above. This practice is in accordance with the general policy and business practice of the United Nations and applicable agreements between UNEP and donors.

**Public Disclosure**

**Procedure 7**

All approved programme of work and budget documents, financial statements and audit reports concerning the Barcelona Convention/Mediterranean Plan of Action (MAP) shall be made publicly accessible and posted on the MAP website.

**Amendments**

**Procedure 8**

Any amendment to the present document shall be adopted by the Contracting Parties by consensus.

**Entry into Effect**

**Procedure 9**

These Financial Rules and Procedures, as agreed by the Executive Director of UNEP and adopted by the Contracting Parties, shall be effective from 1 January 2014.