

TABLE OF CONTENTS

1. Financial situation and proposals for 2013
 - 1.1. Income as at 31 Dec 2012
 - 1.2. Expenditures as at 31 Dec 2012
 - 1.3. Proposal for 2013
2. Financial procedures for the Conference of the Parties, its subsidiary bodies and the Secretariat of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean
3. Extended Functional review of the United Nations Environment Programme/Mediterranean Action Plan (UNEP/MAP) System
4. Service Agreement between the Bureau of the Contracting Parties and UNEP concerning Secretariat Services to and support of the Convention for the protection of the marine environment and the coastal region of the Mediterranean
5. Programming 2014 – 2015: priorities, indicative planning figure and process

Annexes

- | | |
|-----------|---|
| Annex I | Trust Fund for the Protection of the Mediterranean Sea Against Pollution (ME)
- Status of contributions as at 31 December 2012 |
| Annex II | Overview of Income and Expenditures (as at 31 December 2012) |
| Annex III | Proposals for 2013 –Step 1 (collection rate of 38%) |
| Annex IV | Draft Financial procedures for the Conference of the Parties, its subsidiary bodies and the Secretariat of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean. |
| Annex V | Draft Service Agreement between the Bureau of the Contracting Parties and UNEP concerning Secretariat Services to and support of the Convention for the protection of the marine environment and the coastal region |

1. FINANCIAL SITUATION AND PROPOSALS FOR 2013

1. Thanks to a rigorous and conservative approach in fund management and spending adopted by the Secretariat and a higher contribution rate by Parties for 2012, the MTF regained its healthy position within the year. The MTF fund balance went from a deficit of US\$ 1.7 million in 2011 as presented at COP 17 to a positive US\$ 1.1 million as of 31 December 2012. The positive balance will allow covering MAP's operational expenses until June 2013 as agreed by the Bureau at its last meeting. Provided the contribution scenario does not deteriorate and the exchange rate does not fluctuate negatively, full deficit recovery seems achievable within the target of 2015 set by the Secretariat or even earlier.
2. The host country contribution account (CAL) deficit recovery is also progressing as planned. The estimated deficit of the CAL Fund as at 31 December 2012 is US\$ -465,000 and the recovery during 2012 has been US\$ 83,761, higher than the annual target set by the Secretariat.
3. Furthermore, the Secretariat has implemented Decision IG.20/14 on MAP Programme of Work and Budget for the biennium 2012-2013 related to the "Unpaid pledges" of the Host Country and with the endorsement of the Executive Director of UNEP, has reduced it in the table "Status of Contribution" to the levels of the 2011 deficit under CAL Fund. The figure will be further reduced to reflect the 2012 deficit as soon as the accounts for the fiscal year 2012 are closed by UNEP/UNON.

1.1. Income as at 31 Dec 2012

4. The Parties' commitment to UNEP/MAP – Barcelona Convention as well as the increased efforts and follow up by the Secretariat have resulted in an MTF collection rate during 2012 of 99.7% which is the highest collection rate in recent years. At the same time, the arrears have also been significantly reduced (Annex I). Only 2 countries (Lebanon and Syria) did not make payments in 2012 in spite of the Secretariat's continued effort to collect their contributions through correspondence and bilateral meetings at high levels. The Deputy Coordinator is following up with both countries and is undertaking a mission to Lebanon at the end of January in this regard.
5. The invoices for 2013 were issued by UNEP well before the start of 2013. One Party has already paid its 2013 contribution. The Secretariat will continue following up with the Parties for early payments in 2013. Timely payment of the contributions is essential in order to avoid a negative impact on the recovery process and allow for the implementation of priority activities.

1.2 Expenditures as at 31 Dec 2012

6. The Secretariat has implemented the decisions of the 75th Bureau held in Paris in July 2012 and has been managing funds on the basis of precautionary principle. Therefore, the disbursement of funds has been capped at 75% of the approved budget in 2012 as per Scenario 1 approved by the Bureau at its 75th Meeting. Salary costs for 6 months of 2013 have also been secured by re-assigning funds from budget lines mostly from those related to frozen posts managed by the Coordinating Unit and MedPol as well as from the

2012 EU Voluntary contribution. The interim expenditure report as of 31 December 2012 is in Annex II.

1.3. Proposal for 2013

7. The prevailing economic fragility of many countries around the region as well as the lack of an operational reserve, call for the continued application of the precautionary principle in 2013 as was requested by the Bureau in its 75th meeting. At the same time, available funds need to be released as early as possible in order to facilitate the implementation of core activities for the current biennium. In this context and while the collection rate reached in 2012 has been very high and the progress in the deficit recovery of the MTF is progressing as planned, the Secretariat would like to propose, for the consideration of the Bureau that the funds are allocated gradually as they are received while maintaining expenditures at 76% of the approved budget. The following 3 steps according to contribution levels received are proposed:

- Step 1 (collection rate of 38%)

As soon as this level is reached, the Secretariat proposes that approx. EUR 1,7 million is made available for priority activities and two additional months of salary and operating costs are secured (i.e. until August 2013). All priority activities to be covered were approved in Decision IG.20/14 on the MAP programme of work and budget for the current biennium and reflect priorities included in the Paris Declaration adopted at COP 17. They include:

- Support to the meetings of the Bureau, MAP Focal Points and Components Focal Points as well as the MSCD, the compliance mechanisms and Secretariat obligations from the Protocol (e.g. periodic evaluations of SPAMIs)
- Preparation of the new Programme of Work for 2014-2015
- Support the work on ecosystem management, the regional plans, offshore protocol, marine litter, SAP/Bio revision and the assessment of SAP/Med
- Support the implementation of ICZM protocol and the CAMP activities
- Support countries monitoring programmes and pollution assessments
- Support national projects on PCBs and other projects under the GEF related activities

Annex III illustrates the activities that would be implemented under step 1, as well as those that would have to be postponed until received contribution levels become higher.

- Step 2 (collection rate of 76%)

Once the collection rate reaches 76%, the Secretariat proposes that EUR 0.9 million is made available for additional priority activities as well as 4 additional months of staff salaries and operating costs (i.e. through December 2013).

- Step 3 (collection rate above 76%)

When the collection rate for 2013 exceeds 76%, the Secretariat proposes that the excess resources available are not spent during 2013 but they are set aside to cover the staff salaries as well as operating costs for the first months of 2014. If the collection rate reaches 2012 levels (i.e. 99%), it is estimated that the funds set aside would secure approximately 4 months of operations.

8. This proposal requires a reassignment of funds from the Coordinating Unit and MEDPOL budget lines to the RACs of about EUR 250,000, in order for them to be able to carry out activities and secure staff salaries and operating costs, as was the case in 2012. The funds would be made available from savings achieved due to COP approved posts that have become vacant in the two units.
9. In addition to the above proposal, the Secretariat is seeking the approval to unfreeze the following 3 posts originally budgeted under the MTF and approved by COP 17 and which were vacated due to the departure of ex-incumbents in 2012:
 - a. P3 MedPol Monitoring Officer – The post was originally P4 and became vacant as of Nov 2012. Monitoring responsibilities are part of MAP core tasks particularly more so now that the monitoring programme should be strengthened and enlarged to cover also biodiversity and coastal management aspects in light with the ecosystems approach. The Secretariat proposes to reclassify the post to P3 and to advertise it in INSPIRA the soonest.
 - b. G6 MedPartnership Admin Assistant – The post became vacant as of 1 July 2012. This post is an important part of the in-cash co-financing commitment to the MedPartnership project by UNEP/MAP which is a contractual obligation and a prerequisite for receiving GEF funding to the project.
 - c. G5 Programme Assistant – The post became vacant as of 1 September 2012. This post provides the necessary support to the Governance Unit. This post is particularly relevant in 2013 in support of Focal Points and COP meetings.

Draft Recommendations:

- **The Bureau welcomes improvements in MAP's financial situation and the efforts made by the Contracting Parties and the Secretariat in this regard. Given the continued financial difficulties experienced by many countries in the region as well as the vulnerability of MAP finances in the absence of an operational reserve, the Bureau also encourages parties to pay as soon as possible their 2013 annual contribution as well as the remaining arrears to the MTF.**
- **The Bureau supports the precautionary approach proposed by the Secretariat while acknowledging the importance to implement priorities identified in the POW and endorses the steps proposed by the Secretariat.**
- **The Bureau authorizes the Secretariat to fill the 3 posts that became vacant in 2012 as proposed.**

2. FINANCIAL PROCEDURES FOR THE CONFERENCE OF THE PARTIES, ITS SUBSIDIARY BODIES AND THE SECRETARIAT OF THE CONVENTION FOR THE PROTECTION OF THE MARINE ENVIRONMENT AND THE COASTAL REGION OF THE MEDITERRANEAN

10. Decision IG.20/14 on MAP Programme of Work and Budget for the 2012-2013 biennium (Annex III, UNEP(DEPI)/MED IG 20/8) adopted during the 17th meeting of the COP of the Barcelona Convention “Requests the Coordinating Unit in consultation with UNEP and UNON to develop for consideration by COP 18, 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 MEAs”, as the Convention does not yet have a financial rule adopted by the COP which provides a clear guideline for handling its funds.
11. Following the 75th Bureau meeting, consultations were held with UNEP headquarters. It has been reaffirmed that since the COP decided that the Secretariat of the Barcelona Convention is established and administered by UNEP, UNEP financial rules and regulations would apply and serve as the basis of this Barcelona Convention financial procedures. Therefore the document is presented in Annex IV as financial “procedures” of the Barcelona Convention.
12. In order to develop the document, the Secretariat has conducted research and studied financial procedures of a number of Multilateral Environment Agreements such as the Basel Convention, the Ozone Secretariat, The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Cartagena Convention for the Protection of Marine Environment for the Wider Caribbean Region, etc, as well as conducting a comprehensive review of key documents and decisions of the Barcelona Convention including the Terms of References of the Mediterranean Trust Fund.
13. The introduction of the new financial procedures is expected to provide a clear single guideline with regards to managing the funds of the Barcelona Convention. It updates the Terms of References of the Mediterranean Trust Fund and incorporates in a single document, financial provisions made in the past which are currently scattered in various different documents and difficult to grasp in a comprehensive manner.
14. Also since the United Nations is in the process of moving to a new financial system of reporting on a yearly basis as of 2014 as explained in the note presented in the 75th Bureau, the biennium budget of the Barcelona Convention to be approved by the COP will consist of two one-year UN financial periods, and uncommitted appropriations shall be cancelled at the end of each year (Procedure 3. 5).
15. The Secretariat has conducted further consultations with UNEP headquarters regarding the following points for which clarifications were requested at the 75th Bureau meeting:
 - a. a target number of days prior to key inter-governmental meetings by which draft meeting documents are provided to the Parties: 30 days in advance to the

Meeting of Focal Points and 45 days before the meeting of the Conference of the Parties (Procedure 3.1);

- b. the scale of contributions to be adopted by the Conference of the Parties is linked to the scale of assessments of the United Nations regular budget which is updated/adopted by the General Assembly from time to time (Procedure 5.1 (a));
 - c. timing of contributions to be paid by the Parties each calendar year (Procedure 5.2)
16. Regarding point a. above, the 30 days advance distribution of documents to the Focal Points and the 45 days before the meetings of the Conference of the Parties are in line with what is the practice among the various Multilateral Environmental Agreements and the Inter-Governmental meetings. The Secretariat proposes to align itself to this practice.
17. With regards to point b. above, it has been confirmed that all the Multilateral Environmental Agreements administered by UNEP have the distribution of contributions aligned with the scale of assessments of the UN regular budget which are periodically updated by the UN General Assembly. For the regional conventions, the rates are adjusted to divide the total amount among their Parties to reflect the specificity of the region. This is also the case for the Barcelona Convention. Therefore, the draft Financial Procedures propose to continue aligning the distribution of contributions of the Barcelona Convention with that of the UN scale of assessments and to have it updated regularly as a new scale of assessments is approved by the UN General Assembly instead of devising a totally new system.
18. The distribution of contributions at the Barcelona Convention has always been basing itself on the United Nations scale of assessments since the establishment of the MTF Trust Fund. Following the political and institutional changes in the region (changes in ex-Yugoslavia) and the inclusion of new Contracting Parties to the Barcelona Convention, there were some further adjustments in 1996, when the relative assessment rates were fixed to the level they still remain today (percentagewise). Although, there have been annual increases in the total level of contributions until 2003 plus the conversion from USD to EUR in 2004, this did not have any impact on the relative assessment rates (percentages).
19. The methodology to align the MTF distribution of contributions to those of the United Nations regular budget can be briefly described as follows using the assessment rate approved by the 64th General Assembly of the United Nations, the total of which amounts to 16.782% of the regular United Nations budget. Each individual United Nations rate is divided by the total (16.782% currently) to derive the corresponding MTF relative assessment rate. The MTF assessment of EU, which does not contribute to the UN regular budget, has been set at 2.5%, so each individual MTF rate as calculated before is multiplied by 97.5% to give the final MTF assessment rate after including the assessed contribution of the EU. It must be noted that, since the exercise has not been done for many years, the impact of the alignment to the current United Nations rates may be substantial for some of the Contracting Parties.

20. The 22% ceiling to the percentage paid by a single country for the United Nations regular budget which has also been accepted by most of the global Multilateral Environmental Agreements applies exclusively to the United States of America. This agreement was reached after lengthy discussions with the United Nations due to the overall high amount, over US\$ 565 million per year; the situation of United States of America pays to the Organization and therefore does not seem applicable to the Barcelona Convention without questioning the UN assessment rate as basis for the MTF contributions.
21. For the point c. above, and following negotiations with UNEP Headquarters, the text has been modified to allow some flexibility for the Parties to pay within the first quarter of each year as established in these procedures. However, the Secretariat will continue to apply the precautionary approach and authorizes expenditures only up to the amount collected until the contributions are received in full as foreseen in the Financial Procedures herein attached for your consideration.

Draft Recommendation:

- **The Bureau is requested to review the draft Financial Procedures and to provide guidance to the Secretariat as regards to the way forward.**

3. EXTENDED FUNCTIONAL REVIEW OF THE UNITED NATIONS ENVIRONMENT PROGRAMME / MEDITERRANEAN ACTION PLAN (UNEP/MAP) SYSTEM

22. The Extended Functional Review of UNEP/MAP system was based on Operational Paragraph 10 of decision IG.20/13 on Governance adopted by the Contracting Parties to the Barcelona Convention at its 17th meeting in Paris, as well as the guidance received by the Bureau in their meeting held in July 2012 (Paris, France). In order to complete the Functional Review UNEP/MAP required the services of an expert mission, to work in close association with the entities under assessment and other UN co-operating agencies responsible for the administration of the Regional Activity Centers of MAP. The Division of Environment Policy Implementation (DEPI) of UNEP in cooperation with the Secretariat managed the process, while quality assurance was provided by the Evaluation Office of UNEP.
23. A Call for Expression of Interest (Eoi) based on the Terms of Reference that was Annex II to the decision IG.20/13 on Governance adopted by the Contracting Parties to the Barcelona Convention at its 17th meeting in Paris, was widely circulated in July 2012 through the UNEP website and evaluation networks, and shared with all Focal Points and Embassies from countries which are party to the Barcelona Convention, as well as through UNEP/MAP website.
24. The Evaluation Office of UNEP received a total of 23 Expression of Interest (Eoi). All the applicants (either companies or individuals) were screened and scored according to a number of criteria linked to the basic requirement for the job.

25. Four applicants were then invited to submit a financial and technical proposal for the Functional Review, in accordance to UNEP's rules of procurement. Two of the short-listed applicants submitted a sealed copy of their financial and technical proposal.
26. Having compared the two proposals received, the Evaluation Office of UNEP recommended using the consulting services of Dalberg Global Development Advisors to undertake the Extended Functional Review of UNEP/MAP. According to the assessment of the Evaluation Office, the Dalberg team was better placed to undertake the assignment, based on: its significant knowledge and experience in programme evaluation and organizational change management; its substantive knowledge of environmental policy coupled with a strategic understanding of how to translate complex policy into concrete actions; its experience working with actors from the public and private sectors, as well as civil society, scientific community and the United Nations.
27. Dalberg assigned Ms. Johannah Bernstein and Mr. Wijnand deWit to undertake the Review. The team was supported by the Mediterranean Contact Group, following the Bureau deliberations in their meeting in July 2012 (Paris, France), which is composed of Mr. David Johnson (Then Executive Secretary to the OSPAR Commission based in London and Emeritus Professor of Coastal Management at Southampton Solent University) and Mr. Segbedzi Norgbey, Chief of Evaluation Office as the representative of UNEP Evaluation Unit.
28. The Dalberg team visited all the RACs and carried out face to face interviews. A questionnaire survey was carried out, which targeted all Bureau Members, all MAP Focal Points, MAP Partners and some relevant experts who are familiar with the work of UNEP/MAP and RACs. The team also held a meeting with the Mediterranean Contact Group.
29. The methodology, process and the outcomes of the Review is provided in the Report of the Functional Review as UNEP/BUR/76/Inf.4.

Draft Recommendation:

- **The Bureau is requested to review the conclusions and recommendations of the Functional Review and to provide guidance to the Secretariat as regards to the way forward.**

4. SERVICE AGREEMENT BETWEEN THE BUREAU OF THE CONTRACTING PARTIES AND UNEP CONCERNING SECRETARIAT SERVICES TO AND SUPPORT OF THE CONVENTION FOR THE PROTECTION OF THE MARINE ENVIRONMENT AND THE COASTAL REGION OF THE MEDITERRANEAN

30. In accordance with arrangements adopted by the Parties at their first COP, UNEP is charged with providing administrative services to the Barcelona Convention. Since then, the parties have realized a lack of clarity regarding the respective administrative roles and responsibilities between the Secretariat and UNEP Headquarters. They requested a greater accountability for ensuring efficient and effective delivery of services to the Barcelona Convention and an increased transparency in the mechanism used for funding the provision of administrative services. At the 17th meeting of the COP, the Parties requested the Secretariat to prepare a Memorandum of Understanding (MOU) between the Barcelona Convention and UNEP. The Secretariat has developed a first draft of the Memorandum of Understanding (MOU) based on the model that was used by CITES and CBD.

31. The Bureau, in their meeting in July 2012 (Paris, France) requested the UNEP Headquarters to present a draft Memorandum of Understanding between the Barcelona Convention and UNEP to the next Bureau meeting. A draft Service Agreement was prepared by UNEP, taking into reference similar documents developed by CITES and CBD Secretariats, and it is provided in Annex V for the comments and review of the Bureau

Draft Recommendation:

- **The Bureau is requested to review the draft Service Agreement and to provide guidance to the Secretariat as regards to the way forward.**

5. PROGRAMMING 2014-2015: PRIORITIES, INDICATIVE PLANNING FIGURE AND PROCESS

32. Article VIII of the Terms of Reference of the Bureau of the Contracting Parties to the Barcelona Convention establishes that the Bureau “shall give an indication on MAP budget and programme of work for the next biennium”. It has been MAP’s standard practice that the second meeting of the Bureau advises the Secretariat on the overall substantive basis for the forthcoming programming and planning process as well as on its indicative planning figure.

33. UNEP/MAP’s programming management cycle is guided by the principles and approaches for the preparation of MAP’s Programme of Work established under Decision IG 17/5 on Governance adopted by COP 15 (Almeria, Spain). Based on it the Contracting Parties to the Barcelona Convention have adopted two programming and planning instrument: a Five-year Strategic and Integrated Programme Work (2010-2014), adopted by Decision IG. 19/17 at COP 16 (Marrakesh, Morocco) and biennium Programmes of Work which are aligned with the themes, priorities and indicators in the Five-Year Strategic Programme of Work. Decision IG. 19/17 of COP 16 also adopted the

Programme of work and budget for the biennium 2010-2011 and decision IG. 20/14 adopted by COP 17 (Paris, France) approved the Programme of Work and Budget for the biennium 2012-2013.

34. While the thematic priorities in the Five-Year Strategic Programme of Work will continue to be valid through 2015 the current Strategic Programme expires at the end of 2014, which corresponds to the middle of 2014-2015 biennium. The Executive Coordination Panel (ECP) at its meeting of 9-11 December agreed to request the Bureau of the Contracting Parties an extension of the Strategic Programme of Work for one year enabling its alignment with the Biennium Programme of Work.
35. The extension will allow for completion of necessary steps to adopt a Mediterranean Action Plan III, 40 years after the system was created. It will enable the new Strategic Programme of Work to fully reflect the outcomes of the Extended Functional Review following the decisions of the Contracting at COP18 in Turkey in this regard, as well as to be aligned with the 6 year cycle (2010-2015) established by Decision IG.20/4 adopted at COP 17 on implementing MAP's ecosystem approach. Moreover, it would reflect the findings of the in-depth evaluation of activities undertaken under the current Strategic Programme of Work and include the programme of measures to reach the agreed targets of the Ecosystems Approach which will be developed next year as well as relevant basin wide actions to implement the post 2015 Sustainable Development Goals (SDG) in the Mediterranean.
36. The Biennium Programme of Work 2014-2015 will be used to complete implementation of priorities under the current Strategic Programme of Work, implement the recommendations of the Extended Functional Review as agreed by the Contracting Parties to the Barcelona Convention at COP 18 (Turkey) and develop the necessary updates of the Mediterranean Strategy for Sustainable Development based on the post 2015 SDG decisions by the General Assembly later this year. Necessary actions to launch basin wide cooperation to start implementation of the Protocol for the Protection of the Mediterranean Sea Against Pollution Resulting from the Exploration and Exploitation of the Continental Shelf and the Seabed and its Subsoil (Off-Shore Protocol) and which entered into force in 2011 will also be added following the recommendations of the Working Group specifically created for this purposes and which is meant to meet in June 2013. Given the prevailing economic situation in the region, it is proposed that the Indicative Planning Figure is the same as the one used for this Biennium.
37. With regard to the planning process, preambular paragraph 6 of Decision IG.20/13 on Governance adopted at COP 17 'appreciated...ideas and discussions on ways to improve the governance of the MAP-Barcelona Convention...also endorsing the suggestions made in the area of Planning'. The suggestion for a simpler programming and planning process as included in document "Measures already taken to improve fund management, address deficit and enhance delivery of the Programme of Work (UNEP(DEPI)/MED WG.363/Inf.22) endorsed at the 72nd Bureau of Contracting Parties held in Athens in 2011. In preparing the 2014-2015 Biennium Programme of Work and while a more in-depth discussion on the programming process takes place in the context of the Extended Functional Review of the UNEP/MAP system it is proposed to follow the process described below:

- i. Based on the guidance received at this Bureau meeting, the Coordinating Unit will work with MAP components on the main building blocks for the Programme of Work 2014-2015 for discussion at a first meeting of MAP focal points to be held late April 2013;
- ii. A complete revised final draft incorporating the input received by the first meeting of Focal Points and the Bureau meeting of July will be presented to the MAP Focal Points meeting to be held in April 2013; and,
- iii. Meetings of components focal points will discuss thematic decisions as well as technical documents proposed to be developed under the results framework for the biennium 2014-2015 endorsed by the MAP Focal Points. The Bureau may want to advice on the proposal by some components to provide flexibility in terms of the consultation with the component focal points. This includes carrying out written consultation instead of meeting and/or holding technical consultations at moments other than May/June, as need be.

Draft Recommendations:

The Bureau is invited to provide its views and considerations regarding the basis and scope for the forthcoming MAP Programme of Work and Budget. In particular:

- a) **The Bureau is invited to endorse the proposal of extending the current Strategic Programme of Work until the end of 2015 thus aligning the two year and Strategic Planning Frameworks;**
- b) **The Bureau is invited to support the Secretariat proposal to develop a Programme of Work and budget for the years 2014-2015 following the thematic priorities established in the Strategic Programme of Work adopted at COP 16 and a budget based on the same level of contributions as received during this biennium; and,**
- c) **The Bureau is also invited to endorse the modified and simplified planning calendar for the preparation of the next biannual Programme of Work and Budget (2014-2015).**

ANNEX I

TRUST FUND FOR THE PROTECTION OF THE MEDITERRANEAN SEA
AGAINST POLLUTION (ME)

Status of contributions as at 31 December 2012
(Expressed in Euro)

Country	Unpaid Pledges as of 1/1/2012	Pledges for 2012	Collections in 2012	Unpaid Pledges as of 31/12/2012
	EUR	EUR	EUR	EUR
Albania	0	3,877	3,877	0
Algeria	0	58,163	58,163	0
Bosnia & Herzegovina	0	16,619	16,619	0
Croatia	0	53,730	53,730	0
Cyprus	0	7,755	7,755	0
Egypt	0	27,143	27,143	0
European Union	0	138,483	138,483	0
France	0	2,103,262	2,103,262	0
Greece	155,653	155,653	155,653	155,653
Israel	0	81,427	81,427	0
Italy	804,501	1,737,670	2,542,171	0
Lebanon	7,946	3,877	0	11,823
Libyan Arab Jamahiriya	577,255	109,124	109,124	577,255
Malta	0	3,877	3,877	0
Monaco	0	3,877	3,877	0
Montenegro	18	1,294	1,294	18
Morocco	242	15,511	15,749	4
Slovenia	0	37,113	37,113	0
Spain	830,337	830,337	1,660,674	0
Syrian Arab Republic	14,913	15,511	0	30,424
Tunisia	0	11,632	11,632	0
Turkey	0	124,634	124,634	0
T O T A L	2,390,864	5,540,569	7,156,257	775,176
Additional Contributions				
European Commission	0	598,569	598,569	0
Host Country (1)	411,350	309,023	309,023	411,350
Grand Total	2,802,214	6,448,161	8,063,849	1,186,526

(1): 2011 deficit of USD 548,467 translated in EUR using Dec 2011 exchange rate.
It will be further reduced to reflect 2012 deficit after the closure of fiscal year 2012.

ANNEX II

1. Overview of Income and Expenditures (as at 31 December 2012)

All amounts in €

A. Income*	<i>Approved 2012</i>	<i>Approved 2013</i>	<i>Total 2012-2013</i>	<i>Actual 2012</i>	<i>Actual 2013</i>	<i>Total 2012-2013</i>
Expected Ordinary Income						
MTF Ordinary Contributions	5,540,571	5,540,571	11,081,142	5,256,383	0	5,256,383
EU Voluntary Contribution	598,569	598,569	1,197,138	598,569	0	598,569
Greek Host Government Contribution	280,800	280,800	561,600	309,023	0	309,023
TOTAL of Expected Ordinary Income	6,419,940	6,419,940	12,839,880	6,163,975	0	6,163,975
B. Commitments	<i>Approved 2012</i>	<i>Approved 2013</i>	<i>Total 2012-2013</i>	<i>Actual 2012</i>	<i>Actual 2013</i>	<i>Total 2012-2013</i>
Activities	1,552,138	1,841,596	3,393,734	202,135	0	202,135
Post	3,034,960	3,136,409	6,171,369	2,550,800	0	2,550,800
Other Administrative Costs	679,771	707,057	1,386,828	484,598	0	484,598
Programme Support Costs	606,346	660,711	1,267,057	392,793	0	392,793
TOTAL Regular Commitments	5,873,215	6,345,773	12,218,988	3,630,326	0	3,630,326
Difference between Income and Expenditures	546,725	74,167	620,892	2,533,649	0	2,533,649

ANNEX II
2. Summary of Activities and Administrative Costs by Component (Regular Commitments - MTF/EU vol./CAL)

(in €)	Approved Budget			Actual Expenditures (as at 31 December 2012)		
	2012	2013	Total 2012-2013	2012	2013	Total 2012- 2013
COORDINATING UNIT						
TOTAL ACTIVITIES	340,685	572,472	913,157	14,214	0	14,214
POST	779,092	784,708	1,563,800	608,777	0	608,777
OTHER ADMINISTRATIVE COSTS*	309,107	305,838	614,945	274,461	0	274,461
TOTAL	1,428,884	1,663,018	3,091,902	897,452	0	897,452
MEDPOL AND COOPERATING AGENCIES						
TOTAL ACTIVITIES	546,000	575,000	1,121,000	117,278	0	117,278
POST	578,183	680,866	1,259,049	338,846	0	338,846
OTHER ADMINISTRATIVE COSTS	30,000	35,000	65,000	21,628	0	21,628
TOTAL	1,154,183	1,290,866	2,445,049	477,753	0	477,753
REGIONAL MARINE POLLUTION EMERGENCY RESPONSE CENTRE (REMPEC)						
TOTAL ACTIVITIES	71,225	80,000	151,225	0	0	0
POST	568,181	561,331	1,129,512	551,834	0	551,834
OTHER ADMINISTRATIVE COSTS	75,012	97,500	172,512	36,299	0	36,299
TOTAL	714,418	738,831	1,453,249	588,133	0	588,133
BLUE PLAN REGIONAL ACTIVITY CENTRE (BP/RAC)						
TOTAL ACTIVITIES	115,875	161,955	277,830	3,894	0	3,894
POST	399,348	399,348	798,696	357,677	0	357,677
OTHER ADMINISTRATIVE COSTS	105,078	105,078	210,156	77,759	0	77,759
TOTAL	620,301	666,381	1,286,682	439,330	0	439,330

PRIORITY ACTIONS PROGRAMME REGIONAL ACTIVITY CENTRE (PAP/RAC)						
TOTAL ACTIVITIES	167,000	156,000	323,000	25,473	0	25,473
POST	411,812	411,812	823,624	406,582	0	406,582
OTHER ADMINISTRATIVE COSTS	70,745	76,498	147,243	37,598	0	37,598
TOTAL	649,557	644,310	1,293,867	469,653	0	469,653
SPECIALLY PROTECTED AREAS REGIONAL ACTIVITY CENTRE (SPA/RAC)						
TOTAL ACTIVITIES	230,795	271,167	501,962	41,275	0	41,275
POST	298,344	298,344	596,688	287,084	0	287,084
OTHER ADMINISTRATIVE COSTS	89,829	87,143	176,972	36,853	0	36,853
TOTAL	618,968	656,654	1,275,622	365,211	0	365,211
INFO/RAC						
TOTAL ACTIVITIES	80,558	25,000	105,558	0	0	0
POST	0	0	0	0	0	0
OTHER ADMINISTRATIVE COSTS	0	0	0	0	0	0
TOTAL	80,558	25,000	105,558	0	0	0
CLEANER PRODUCTION REGIONAL ACTIVITY CENTRE (CP/RAC)						
TOTAL ACTIVITIES	0	2	2	0	0	0
POST	0	0	0	0	0	0
OTHER ADMINISTRATIVE COSTS	0	0	0	0	0	0
TOTAL	0	2	2	0	0	0
PROGRAMME SUPPORT COSTS	606,346	660,711	1,267,057	392,793		392,793
GRAND TOTAL	5,873,215	6,345,773	12,218,988	3,630,326	0	3,630,326

* of which 207,569 EUR relate to CAL Fund for the Host Country Contribution

ANNEX II

**3. STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVE AND FUND BALANCE (MTF)
FOR THE YEARS 2009-2012 (IN USD)**

	2009	2010	2011	2012 interim
INCOME				
Counterpart contributions	7,085,127	7,065,190	7,610,153	7,387,247
Miscellaneous income		1,347	26,448	
TOTAL INCOME	7,085,127	7,066,537	7,636,601	7,387,247
EXPENDITURE				
Direct Expenditures	11,116,028	5,290,188	7,631,990	4,277,864
Programme Support Costs	1,478,336	672,880	236,228	417,006
TOTAL EXPENDITURE	12,594,364	5,963,068	7,868,218	4,694,870
Prior period adjustment	0	0	945,806	53,589
EXCESS OF INCOME OVER EXPENDITURE	(5,509,237)	1,103,469	714,189	2,745,966
Transfers from Other Funds	0	1,013,191	0	0
FUND BALANCE AT THE BEGINNING OF PERIOD	1,001,425	(4,507,812)	(2,391,152)	(1,676,963)
FUND BALANCE AT THE END OF PERIOD	(4,507,812)	(2,391,152)	(1,676,963)	1,069,003

ANNEX II
4. Revised Annex III of Budget Decision (IG. 20/6)
MTF fund balance projection 2010-2013

<i>in millions EUR</i>	<i>2010-2011 Original</i>	<i>Actual 2010-2011</i>	<i>2012-2013 Original</i>	<i>2012-2013 estimate</i>
MTF fund balance brought forward	-3.0	-3.0	-1.3	-1.3
Income				
Ordinary contributions excluding PSC	9.8	9.8	9.8	9.8
PSC	1.3	1.3	1.3	1.3
Total Income	11.1	11.1	11.1	11.1
Expenditures				
Expenditures	11.8	10.9	10.6	9.2
Savings/delivery rates	-1.0			
Total Expenditures	10.8	10.9	10.6	9.2
Difference between Income and Expenditures	0.3	0.2	0.5	1.9
Other items				
UNEP Secretariat Contribution	0.7	0.7		
Reallocation of charges to QML	0.7	0.7		
Interagency transfers		0.5	0.4	
Retranslation of opening deficit at Dec 2011 rate (1)		-0.4		
Additional savings			0.2	
MTF fund balance carried forward	-1.3	-1.3	-0.1	0.6

Footnotes

(1): Deficit amount of 4,5m USD as at 31/12/2009 is:

a) 3.0 m EUR when Dec 2009 rate is applied (0.664)

b) 3.4 m EUR when Dec 2011 rate is applied (0.750)

Note: The official currency of the UN is the USD. The MTF fund balance projection in EUR is an estimation based on various assumptions. The final figures may be different subject to exchange rate fluctuations.

ANNEX III

Activities to be implemented under Step 1 (Euro '000)				
No	Main Activities	Lead component	Approved Budget 2013	Step 1
1.1.1	Political bodies of MAP/Barcelona Convention and its Protocols fully operational and effective	CU	35	30
1.1.2	MAP and Components focal point system fully aligned	BP	25	0
		CU	120	80
		INFO	25	25
		MEDPOL	60	60
		PAP	5	0
		REMPEC	50	50
	SPA	65	65	
1.1.3	MAP advisory bodies for sustainable development fully operational and effective	CU	55	60
1.1.5	Integrated and streamline approaches in implementing horizontal and emerging issues	CU	5	0
		PAP	5	0
1.1.6	Improved capacity for integrated strategic planning using result based management	CU	30	26
1.1.7	Results oriented partnerships established with international and civil society organisations MAP partners	CU	57	0
1.1.8	Effective coordination of the MedPartnership Project	CU	28	0
1.2.1	Regional policies, guidelines and plans necessary for the effective implementation of the Convention , protocols and startegies adopted, updated and implemented	BP	36	41
		MEDPOL	20	0
		PAP	0	0
		SPA	45	55
1.2.2	Assistance to countries to implement regional policies and guidelines	CU	25	0
		MEDPOL	33	10

1.2.3	Effective reporting and implementation	CU	10	0
		INFO	0	20
		SPA	10	5
1.2.4	Compliance mechanisms and procedures fully operational	CU	75	97
1.3.1	Further development of INFO MAP including the integration of information systems of MAP components	BP	22	8
		MEDPOL	5	5
		SPA	10	0
1.3.2	Upgrade and maintain MAP and its components websites and on line libraries	CU	20	0
		MEDPOL	5	0
		REMPEC	0	0
1.3.3	Knowledge sharing and exchange	BP	34	0
		CU	10	20
		PAP	5	6
		REMPEC	0	20
		SPA	3	0
1.3.4	One voice campaign for UNEP MAP	CU	40	0
		MEDPOL	10	0
		SPA	0	0
	Governance	Theme I	982	683
2.1.1	Implementing ICZM Protocol Action Plan Assist countries in preparing ICZM Strategies and Plans	PAP	6	0
2.1.2	Updating and preparing ICZM methodologies	BP	10	19
		PAP	10	0
2.1.3	Implementing ICZM protocol through specific local and policy initiatives	PAP	120	170
		SPA	0	0
	Integrated Coastal Zone Management	Theme II	146	189

3.1.1	Ecosystem based management Assessing the economic impact	BP	23	28
3.1.2	Assist countries implementing case studies on pilot sites regarding services provided by marine and coastal ecosystems	SPA	20	20
3.2.1	Assistance to countries to carry out field survey, monitoring and mapping of biodiversity	SPA	10	10
3.2.2	Assistance to countries to implement the regional action plans on endangered species	SPA	94	92
3.3.2	Strengthening the marine protected areas network	SPA	4	5
	Biodiversity	Theme III	151	155
4.1.1	Undertaking pollution related assessments and support to countries in implementing monitoring programme	MEDPOL	160	275
4.1.2	Technical assistance to countries in the field of liability and compensation for marine pollution from ships	REMPEC	0	0
4.1.3	Support to countries in the field of preparedness and response to marine pollution incidents	REMPEC	18	24
4.2.1	Pollution reduction demonstration projects, including the sound management of POPs	MEDPOL	155	285
4.2.3	Management and maintenance of Waste water treatment plants, including the addressing of environmental and health aspects with regard to bathing waters and tourism establishments	MEDPOL	75	0
4.2.4	Capacity building and assistance to countries for the identification and use of opportunities for pollution reduction related loans and grants	MEDPOL	37	20
	Pollution Prevention and Control	Theme IV	445	604
6.1.1	Analysis of climate change impact	BP	13	22
		SPA	0	0
6.1.2	Development of methodology and tools for mainstreaming climate variability and change	PAP	5	8
6.2.1	Adoption and Follow-up activities to the Regional Adaptation to climate change framework	CU	63	0
6.3.1	Assistance to countries for the proper management of desalination activities and on water re-use	MEDPOL	15	0
	Climate Change	Theme VI	95	30
	GRAND TOTAL		1,820	1,661
	Situations where the amount is higher than the approved 2013 budget refers to activities that could not be carried out in 2012 due to lack of resources			

ANNEX IV

Draft Financial procedures for the Conference of the Parties, its subsidiary bodies and the Secretariat of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean

Draft Financial procedures¹ for the Conference of the Parties, its subsidiary bodies and the Secretariat of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean

Reaffirming that the COP 17 of the Barcelona Convention in its **Decision IG.20/14 on MAP Programme of Work and Budget for the 2012-2013 biennium** (Annex III, UNEP(DEPI)/MED IG 20/8 *requested* the Coordinating Unit in consultation with UNEP and UNON to develop for consideration by COP 18, 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 MEAs”.

Reaffirming further that the COP has decided the Secretariat of the Barcelona Convention is established and administered by UNEP, UNEP financial rules and regulations would apply and serve as the basis of this Barcelona Convention financial procedure.

Considering that the Terms of References (TORs) of the Mediterranean Trust Fund (MTF) adopted by the COP of the Barcelona Convention in 1984 was the only document which defines specificities of financial operations of the UNEP/MAP and specific requirements by the Parties, in addition to the UN Financial Rules and Regulations which are generally applied to UNEP and the MEAs, if administered by UNEP.

Considering further that the COP had indicated a need to update and to expand the TORs of the MTF.

Further considering that other UNEP administered MEAs have adopted specific financial procedures for their subsidiary bodies and secretariat;

Taking into account that in order to meet the request of the Parties as stated above, the UNEP/MAP Secretariat has conducted research and studied financial procedures of a number of MEAs such as, Basel Convention, Ozone Secretariat, CITIES, Cartagena Convention for the Protection of Marine Environment for the Wider Caribbean Region, etc., as well as conducting a comprehensive review of key documents and decisions of the Barcelona Convention including TORs of the MTF.

Appreciating that the starting point of such financial procedures, however, are the needs and criteria specifically expressed by the Barcelona Convention COP, as long as they are consistent with UN financial rules applicable to UNEP.

Taking note that the introduction of new financial procedures are expected to:

- a. provide a clear single guideline with regards to handling of funds of Barcelona Convention which updates the TORs of the MTF and incorporates in a single document, financial provisions made in the past which are currently scattered in various different documents and difficult to grasp in a comprehensive manner;

¹ Although the Barcelona Convention at article 24.2 requested the development of Financial Rules, the Convention being administered and managed by UNEP in accordance with article xx and thus governed by the UN/UNEP Financial Rules and Regulations, provided herein are financial procedures on how those UN/UNEP Financial Rules and Regulations apply to the Convention, its subsidiary bodies and its Secretariat

- b. streamline financial management of the Barcelona Convention to help Parties easily understand financial rules of UN/UNEP applied to all while reflecting the uniqueness of the Barcelona Convention as an additional feature;
- c. clearly spell out the responsibilities and obligations of the UNEP/MAP Secretariat as well as those of the Parties with regards to funds, budget, contribution, accounting and audits.

Further taking note that the following provisions are included in the proposed financial procedures with a view to further consolidate the understanding by the Parties and ensure sustainability of UNEP/MAP operations:

- A target number of days prior to key inter-governmental meetings by which meeting documents are provided to the Parties: 30 days in advance to the meeting of Focal Points and 45 days before the meeting of the Conference of the Parties;
- Commitments the Executive Secretary is authorized to make based on the approved budget shall be covered by related income;
- The scale of assessed contributions to be adopted by the Conference of the Parties is linked to the scale of assessments of the United Nations which is updated/adopted by the General Assembly from time to time;
- Contributions for each calendar year are to be paid within the first quarter of that year and the Parties should be notified of the amount of their contributions by 15 October of the previous year;
- Implication of accumulated arrears on the right of the concerned Parties is clearly defined (no membership to the Bureau and no voting rights at the COPs unless otherwise agreed).

The Conference of the Parties hereby agrees as follows:

Decides to adopt the financial procedures for its operation and for the operation of its subsidiary bodies and the Convention Secretariat, 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 to read as follows:

Financial procedures

Scope

Procedure 1

The present procedures shall govern the financial administration of the Conference of the Parties to the Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, its subsidiary bodies and the Convention Secretariat. In respect of matters not specifically provided for by the present procedures, the Financial Regulations, Rules and Procedures of the United Nations Environment Programme shall apply.

Financial period

Procedure 2

The financial period shall be for one calendar year. The biennium programme of work of the Barcelona Convention shall consist of two financial years.

Budget

Procedure 3

1. The Executive Secretary of the Secretariat of the Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (hereinafter referred to as the Executive Secretary) 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 programmatic formats harmonized with those used by UNEP. The Executive Secretary after consultation with, and clearance by the Executive Director of the United Nations Environment Programme, shall dispatch the estimates, as well as the actual income and expenditure for each year of the previous biennium, 30 days in advance to the Meeting of Focal Points to the Barcelona Convention, which prepares the Conference of the Parties and amended as per the suggestions of the Focal Points, to all parties to the Convention at least 45 days before the opening of the meeting of the Conference of the Parties at which the budget is to be adopted.
2. The Conference of the 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 authorize expenditures, other than those referred to in procedure 4, paragraphs 3 and 4 below.
3. Adoption of the operational budget by the Conference of the Parties shall constitute the basis for UNEP to issue allotments to the Executive Secretary to incur obligations 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.
4. The Executive Secretary may approve transfers within each of the main activity of an approved operational budget. The Executive Secretary may also approve transfers between main activities within a given Trust Fund for up to 20 per cent.
5. At the close of the financial period to which they relate, the uncommitted appropriations shall be cancelled, except those committed to programme activities of which the execution shall continue during the next financial period.

Funds

Procedure 4

1. A General Trust Fund for the Convention shall be established by the Executive Director of the United Nations Environment Programme who will delegate a significant part of its management to the Executive Secretary. The fund is to provide financial support for the work of the Convention Secretariat. Contributions made pursuant to procedure 5, paragraph 1 (a) below, shall be credited to this fund.
2. Within the General Trust Fund there shall be maintained a working capital reserve at 15 per cent of the annual budget. 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 authorized by the Executive Director and restored from contributions as soon as possible.
3. A Trust Fund in support of the Mediterranean Action Plan shall be established by the Executive Director of the United Nations Environment Programme who will delegate a significant part of its management to the Executive Secretary. This fund shall receive contributions pursuant to procedure 5, paragraphs 1 (b) and (c) below, to support the priority activities defined and approved by the Conference of Parties.
4. Subject to the request of the Conference of the Parties, the Executive Director of the United Nations Environment Programme may establish other trust funds.
5. In the event that the Conference of the Parties wishes to terminate a trust fund established pursuant to the present procedures, it shall so advise the Executive Director of the United Nations Environment Programme 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 the United Nations Environment Programme, on the distribution of any uncommitted balances after all liquidation expenses have been met.
6. The Executive Director of UNEP may also allot funds to the Secretariat of the Barcelona Convention, provided their purpose is consistent with the objectives of the Convention and COP decisions.

Contributions

Procedure 5

1. The resources of the Conference of the Parties shall comprise:
 - (a) Contributions made each year by parties on the basis of an assessed 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;
 - (b) Contributions made each year by parties in addition to those made pursuant to paragraph (a);

- (c) Contributions from States not parties to the Convention, as well as governmental, intergovernmental and non-governmental organizations and other sources;
 - (d) Miscellaneous income.
2. In respect of contributions made pursuant to procedure 5, paragraph 1 (a) above:
- (a) The Executive Director of UNEP shall inform the Contracting Parties of their expected contributions 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 previous year;
 - (c) Each Party shall, as far in advance as possible of the date due for the contribution, inform the Executive Secretary of the contribution it intends to make and of the projected timing of that contribution;
 - (d) If contributions of any parties have not been received by the first quarter of the relevant year, the Executive Secretary 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 shall report to the Bureau and to the Conference of the Parties at their next meetings on the consultations with such parties;
 - (e) The Executive Secretary shall propose to any Party whose contributions are in arrears for two or more years a payment schedule to enable such 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 Executive Secretary shall report to the Bureau and to the Conference of the Parties at their next meetings on progress under any such schedule;
 - (f) With regard to contributions due from 1 January 2014 onwards:
 - (i) 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 Conference of the Parties or any of its subsidiary bodies;
 - (ii) Pursuant to Rule 42 of Rules of Procedure of the Barcelona Convention, any party whose contributions are in arrears for two or more years shall not be entitled to vote at any meeting of the Conference of the Parties unless the Conference decides otherwise;
 - (iii) Subparagraphs (i) and (ii) above shall not apply to parties that have agreed on and are respecting a schedule of payments implemented in accordance with paragraph (e) above;
3. Contributions made pursuant to procedure 5, 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 Rules, Regulations and Procedures of the United Nations Environment Programme, as may be agreed between the Executive Secretary and the respective contributors.
4. All contributions shall be paid in a convertible currency into a bank account to be designated by the Executive Director of the United Nations Environment Programme in consultation with the Executive Secretary. The official currency of the UN is United

States Dollars and currencies will be converted to and from US Dollars in accordance with the United Nations operational rate of exchange.

5. UNEP shall acknowledge promptly the receipt of all pledges and contributions and the Executive Secretary 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 Treasury on behalf of the Executive Director of the United Nations Environment Programme. The resulting income shall be credited to the relevant Convention Trust Fund.

Accounts and audit

Procedure 6

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 applicable to UNEP.
2. An interim statement of accounts for the financial period shall be provided to the Conference of the Parties, 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.
3. The Conference of the 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 costs

Procedure 7

The Conference of the Parties shall reimburse the United Nations Environment Programme for the services provided to the Conference of the Parties, its subsidiary bodies and the Convention Secretariat from the funds referred to in procedure 4, paragraphs 1 and 3 above, on such terms as may from time to time be agreed upon between the Conference of the Parties and the United Nations Environment Programme or, in the absence of such agreement, in accordance with the general policy of the United Nations.

Amendments

Procedure 8

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

Entry into Effect

Procedure 9

These Financial Procedures shall be effective from the date of their approval by the Conference of the Parties of the Barcelona Convention or 1 January 2014 whichever comes last.

ANNEX V

**Draft Service Agreement between the Bureau of the Contracting Parties and
UNEP concerning Secretariat Services to and support of the Convention for the
protection of the marine environment and the coastal region**

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE BUREAU OF THE CONTRACTING PARTIES TO THE CONVENTION FOR THE PROTECTION OF THE MARINE ENVIRONMENT AND THE COASTAL REGION OF THE MEDITERRANEAN.

AND

THE UNITED NATIONS ENVIRONMENT PROGRAMME

CONCERNING SECRETARIAT SERVICES TO AND SUPPORT OF THE CONVENTION FOR THE PROTECTION OF THE MARINE ENVIRONMENT AND THE COASTAL REGION OF THE MEDITERRANEAN.

The Bureau of the Contracting Parties (the "Bureau") to the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, also known as the Barcelona Convention ("the Convention") and the Executive Director of the United Nations Environment Programme (the "Executive Director"):

Recalling Article 13 of the Convention, which provides that "The Contracting Parties designate the United Nations Environment Programme as responsible for carrying out the following secretariat functions";

Recalling also that the Governing Council of the United Nations Environment Programme (UNEP) in the Report of the Intergovernmental Meeting on the Protection of the Mediterranean Sea, Barcelona, 28 January – 4 February 1975 [UNEP WG.2/5] decides to approve "the Action Plan contained in the Annex to this report" and [UNEP/CONF. 1]Conference of Plenipotentiaries of the Coastal States of the Mediterranean Sea adopted the Convention for the Protection of the Mediterranean Sea against Pollution and in the Article 17, "the Contracting Parties designate the UNEP as responsible for carrying out the secretariat functions."

Noting that the Contracting Parties to the Convention, in the Article 19 of the Convention, resolved to establish the Bureau with the terms of reference, *inter alia*, to provide, within the policy agreed to by the Conference of the Parties, general policy and general operational direction to the Secretariat concerning the implementation of the Convention and the Mediterranean Action Plan (MAP);

Conscious of the need to maintain flexibility and adaptability in the management of the Secretariat of the Convention and in the provision of services to the Parties to the Convention, taking fully into account the United Nations and UNEP rules, regulations and procedures;

Recognizing that the decisions of the Contracting Parties alone guide the implementation of the Convention and its programme of work and direct the management of its Secretariat on all substantive issues;

Aware that the responsibilities and functions of the Contracting Parties, and the Executive Director with regard to the implementation of Articles 13 and 14 of the Convention would benefit from being further clarified;

Further recognizing that the primary objective of the Secretariat to the Convention is to implement the Mediterranean Action Plan but also acknowledging that the Convention contributes to broader environmental objectives and aims to meet the challenges of environmental degradation in the sea, coastal areas and inland, and to link sustainable resource management with development, in order to protect the Mediterranean region and contribute to an improved Mediterranean quality of life.

Desiring to further improve the relationship between the Convention and UNEP in the provision of secretariat services and to also recognise and further promote the mutual benefits of appropriate programmatic support; and

Recognizing that the Bureau at its 72nd meeting requested a service agreement between the Bureau and the Executive Director for the provision of financial and administrative services;

Recalling that the Governing Council of UNEP at its 26th Session, in paragraph 18 of its decision 26/9 requested the Executive Director, in consultation with the relevant multilateral environmental agreement secretariats, the United Nations Board of Auditors, the Office of Legal Affairs and all relevant bodies, to prepare for presentation to the Governing Council at its twelfth special session a progress report that includes input and commentary from the multilateral environmental agreements and addresses the issues of accountability and the financial and administrative arrangements, including their legal bases, between UNEP and the multilateral environmental agreements that it administers;

HAVE DECIDED THE FOLLOWING:

Basic principles

1. The Executive Director will provide the [Secretariat for the Convention] as provided for in Article 17 of the Convention.
2. The Bureau acknowledges that, in requesting the Executive Director to provide a secretariat, the relevant rules, regulations, policies and procedures of the United Nations and UNEP apply to the operation of that secretariat.
3. The Executive Director acknowledges that Article 13 of the Convention establishes a Secretariat which will carry out certain listed functions for the Contracting Parties, including any functions entrusted to it by the Parties, and that all action undertaken pursuant to this Memorandum of Understanding (MoU) may not be contrary to applicable international law, including the Convention.
4. The Executive Director, through the Director, Division of Environmental Policy Implementation, will work with the Coordinator to determine the administrative service

requirements and to identify the most efficient means by which to ensure that the Convention receives the administrative support that it needs.

5. The Bureau, and the Executive Director will take full account of each other's views on any significant action they intend within their respective mandates that may affect the interests of the Parties, or the efficient and effective administration of the Convention or of the rules and regulations of the United Nations and UNEP.
6. The Executive Director recognises the legal autonomy of the Convention as an Intergovernmental Treaty Body in relation to UNEP as a subsidiary body of the UN General Assembly and the role and function of the Secretariat to serve the Convention and its Parties.
7. The Bureau acknowledges that its President is expected to keep the members of the Bureau, and through them, as appropriate, all the Parties to the Convention, apprised of his or her interaction with the Executive Director on behalf of the Bureau.

The Coordinator and staff of the Secretariat

8. The Executive Director will arrange for the recruitment of the Coordinator of the Secretariat, who will be selected and appointed as a UNEP staff member by the Secretary-General of the United Nations in accordance with the United Nations staff rules and regulations.
9. The Executive Director will consult with the Bureau through its President on the recruitment, selection, and appointment of the Coordinator and will make every effort to recommend a Coordinator who is acceptable to the Bureau, while recognizing that the United Nations personnel rules applicable to UNEP will govern the recruitment, selection, and appointment of all Secretariat staff, including the Coordinator.
10. The Executive Director will extend or discontinue the contract of the Coordinator in accordance with the United Nations rules and regulations. To the extent possible within his powers, the Executive Director will consult with the Bureau through its President as appropriate at all stages of this process.
11. The Executive Director will provide the necessary administrative support to ensure that any vacancies occurring among the senior professional staff of the Secretariat should be filled, in accordance with the United Nations rules and regulations as soon as possible, noting the competencies, knowledge, experience and expertise required for such posts..
12. The Executive Director will ensure that requests by the Secretariat for Junior Professional Officers (JPO's) are fully included, in the list that UNEP annually shares with donor governments supporting JPOs.

Delegation of authority

13. The Executive Director will delegate the necessary authority to the Coordinator, through the Director, Division of Environmental Policy Implementation on administrative and financial matters to enable the Coordinator to manage and represent the Secretariat with the appropriate level of autonomy while maintaining the efficient and effective operation of the Secretariat. Such a delegation should cover, *inter alia*: programme management; financial and physical resources management, procurement and any other related matters. The Executive Director is responsible for ensuring that the Coordinator exercises

any delegated authority in accordance with the rules and regulations of the United Nations and UNEP and the Executive Director's commitments in this MOU.

14. The Bureau through its President will be informed by the Executive Director of this delegation, recognising the flexibilities under and applicability of the United Nations and UNEP rules and regulations.

Administrative support and programme support costs

15. The Executive Director will allocate a share of 67% of the annual Programme Support Costs (PSC) income attributable to all of the trust funds of the Convention to the Secretariat upon receipt of an annual cost plan that demonstrates that these funds will be used efficiently and effectively in support of Convention activities. Those include the salaries of the Administrative and Financial Management Officer (P4), a Budget Assistant (G6), an Administrative Assistant (G6), a Conference and Procurement Assistant (G6), an Information Assistant (G5), a Payment and travel Assistant (G5) and an Administrative Clerk (G4). The Executive Director will allocate an appropriate share of the PSC income attributable to all of the trust funds of the Convention to finance central administrative functions, including those performed by UNON, the UN's Office of Internal Oversight Services (OIOS) and the Board of Auditors. These central administrative functions include the following:

- a. Recruitment, classification and selection process
- b. Payroll and administration of staff entitlements including education grants, medical insurance (including Appendix d), home leave and repatriation.
- c. The UN's financial disclosure programme (billed by UN Headquarters in New York)
- d. Accounting and finance functions, including statement preparation, the issuance of allotments and allocations, payable/receivables, cash-flow management, treasury and contributions receipt and recording.
- e. Administration of end-of-service and post-retirement benefits including the administration of pension fund deductions and ASHI.
- f. Non-expendable property asset management.
- g. Internal audit, investigation, inspection and external audit.
- h. Participation in the UN's administration of justice system.
- i. Shipping, pouch, visa and UN LPs.
- j. Access to the corporate UN/UNEP intranet/internet and mail systems.

16. The Executive Director will provide full transparency in respect of the allocation of PSC between the Secretariat and central administrative functions.

Financial matters and budgets

17. The financial operations of the Convention shall be recorded in trust funds established in accordance with Article V of the General Procedures Governing the Operations of the Fund of UNEP.
18. The biennial Report of the Board of Auditors of the United Nations on the UNEP Environment Fund and its associated trust funds, including the trust funds of the Convention, will be provided to the Bureau, for transmission to all Parties to the Convention. Any matters identified by the Board of Auditors of specific relevance to the trust funds of the Convention will be brought to the attention of the Bureau.

19. The Parties to the Convention, including through the Bureau, will oversee the development and execution of the Secretariat budget as derived from the trust funds of the Convention and other sources.
20. The Executive Director will comply with, and ensure that the Coordinator complies with, the specific Resolutions established at each meeting of the Conference of the Parties, including with respect to matters related to the financing and budgeting of the Secretariat, taking into account the availability of resources and provided that they are in accordance with the Financial Regulations and Rules of the United Nations and UNEP.
21. The draft Secretariat budget will be shared with the Executive Director for review and comments before the proposed budget is submitted for consideration by the Conference of the Parties.
22. The Executive Director, in accordance with Decision UNEP/GC.19/L.46 of the Governing Council of the UNEP, will provide to the Parties detailed information on administration services provided to the Convention through the Annual Report referred to in paragraph 34, with the understanding that the level of detail will be consistent with the needs of the Parties and within the procedures applicable to UNEP.

Performance evaluation and management review

23. Evaluation of the performance of the staff and other relevant personnel of the Secretariat will be conducted in accordance with the relevant rules and regulations of the United Nations as applied to the UNEP.
24. The performance of all staff of the Secretariat will be managed by the Coordinator, and the Executive Director through the Director of the Division of Environmental Policy Implementation will appraise the performance of the Coordinator, in both cases through the United Nations electronic performance appraisal system (e-PAS).
25. The Executive Director will ensure the Bureau has access to information regarding the applicable criteria for performance appraisal under the United Nations e-PAS system.
26. In case of appraising the programmatic performance of the Coordinator, and his/her subordinate staff, the Executive Director acknowledges that the substantive work programme of the Secretariat is determined by the Contracting Parties and the Bureau alone. The Executive Director will invite the Bureau, through its President, to provide comments regarding the performance of the Coordinator prior to commencing the Coordinator's performance appraisal.
27. The Executive Director will ensure that the Coordinator acts in conformity with the provisions of the Convention and in particular with its Articles XI and XII and the rules and regulations of the United Nations on these and other substantive functions as may be entrusted to the Secretariat by the Parties.
28. The Executive Director will ensure that the Coordinator implements the policy guidance of the Contracting Parties and, between the meetings of the Conference of the Parties, the policy guidance of the Bureau in exercising the functions of the Secretariat in accordance with the Convention, including any such functions as may be entrusted to the Secretariat by the Parties.
29. The Executive Director is expected to consult with the Bureau on the performance of the Coordinator, and the Bureau may, through its President, submit to the Executive Director

its comments on the performance of the Coordinator on an annual basis or as the Bureau deems necessary.

30. The Executive Director, by his own initiative, may, in consultation with the Bureau or at its request, commission an independent management review of the Secretariat and its functions, with a view to promoting cost efficiency, transparency and furthering the goals and implementation of the Convention. Such reviews are not audits or investigations and will not therefore impinge upon the prerogatives of the Board of Auditors, OIOS and the UN's information disclosure policies. The Coordinator will keep the Bureau and the Executive Director fully informed of any such reviews that are undertaken.

Annual report

31. The Executive Director will submit to each regular meeting of the Conference of the Parties, and to one meeting of the Bureau each year, a report concerning the provision of and support to the Secretariat, including as appropriate the implementation of this Memorandum of Understanding.

Programmatic relationship

32. The Bureau understands that the Convention may provide a context for implementation of certain aspects of the UNEP Medium-term Strategy, through its Costed Programme of Work, subject to the approval of the Contracting Parties and to the extent consistent with the Convention.
33. The Executive Director understands that UNEP can provide a tool for implementation of certain aspects of the Convention and its Parties' resolutions and decisions subject to the approval of the Governing Council and to the extent consistent with UNEP's mandate.
34. The Executive Director will consult with the Coordinator, who will consult with the Bureau, through its President, on activities which UNEP could undertake in providing programmatic support to the Convention, and the Coordinator will consult with the Executive Director and Bureau, through its President, on activities which could be undertaken within the framework and mandate of the Convention for implementation of certain aspects of the UNEP Medium-term Strategy.
35. The Executive Director will consult with, and fully involve the Coordinator in, any projects and programmes that relate to the implementation of the Convention and in any joint funding arrangements that include implementing the Convention which are, or are proposed to be, arranged with donors. The Executive Director, directly or through the Coordinator, is expected to consult with the Bureau, through its President, regarding projects or programmes that would affect the implementation or relate to the financing of the Convention.
36. The Executive Director may call meetings of Secretariats of multilateral environmental agreements, as well as joint meetings of all senior staff employed through UNEP, and invite the Coordinator to participate in those meetings. The Executive Director will meet the costs of travel and other expenses related to the Coordinator's participation in any such meetings that are not expected to primarily benefit the work of the Convention or the management and administration of the Secretariat. The Executive Director, through the Coordinator, will ensure that the Bureau, through its President, is regularly informed about the outcomes of such meetings.

37. The Bureau, through its President, will be fully consulted by the Coordinator regarding all proposals relating to programmatic support referred to in paragraph 35 and about the outcome of meetings referred to in paragraph 36.

On-going consultations in implementation

38. The Bureau and the Executive Director will hold consultations on a regular basis, and as needed, on all issues related to the implementation of the present Memorandum of Understanding. These consultations will be conducted through the President of the Bureau, who will seek the views of the Parties and reflect these during the consultation, or may be conducted as otherwise mutually determined by the Bureau and the Executive Director.

39. On specific issues, the President may designate the Vice-President or Alternate Vice-Chairman of the Bureau to conduct such consultations, and the Executive Director, in his/her absence, may be represented by a designated senior representative, or consultations may take place as otherwise mutually determined by the Bureau and the Executive Director.

40. Any difference of opinion regarding the implementation of the Convention is to be resolved to the satisfaction of the Parties, including through the Bureau, as they deem appropriate; for differences of opinion regarding implementation or interpretation of this Memorandum of Understanding, the Executive Director will consult with the Bureau and make every effort to reach a mutually acceptable outcome.

Final provisions

41. This Memorandum of Understanding does not impose, nor is it intended to impose, any legally binding commitments.

42. This Memorandum of Understanding is entered into without prejudice to the negotiations on administrative arrangements between UNEP and UNEP administered conventions, including any future negotiations between the Bureau and UNEP.

43. This Memorandum of Understanding becomes operative on the date on which both the Bureau, represented by its President, and the Executive Director have signed.

44. This Memorandum of Understanding may, at the request of either party, be reviewed at any time. Such a request will be made at least four months in advance, and will then be addressed at the next meeting of the Bureau. In any event, this Memorandum of Understanding will be reviewed after each meeting of the Contracting Parties to determine whether any modifications are needed. Any modifications to the Memorandum of Understanding will be mutually determined in writing.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties affix their signatures below:

For United Nations Environment Programme

For the Bureau of the Contracting Parties to the Convention

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Achim Steiner [Name]
Executive Director [Title]
UNEP

Date: Date: