



# United Nations Environment Programme

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## MEDITERRANEAN ACTION PLAN

Meeting of the MAP Focal Points

Athens, Greece, 10-12 September 2013

### **Draft Decision on the Financial Regulations, Rules and Procedures applicable to the Barcelona Convention**



## **Draft decision**

### **Financial Regulations and Rules and Procedures applicable to the Barcelona Convention**

*The 18<sup>th</sup> 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 18<sup>th</sup> 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 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 proposal,

*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 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 UN/UNEP Financial Regulations and Rules applicable;
- c. make additional provisions to reflect the uniqueness of the Barcelona Convention;
- d. clearly spell out the 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 its operation and for the operation of its subsidiary bodies and the Convention Secretariat, which are appended to this Decision;

***Review*** these 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.

## **Annex**

### **Financial Regulations and Rules and procedures for the funds of the Convention administered by the Secretariat of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean**

#### **Scope**

The Financial Rules and Procedures of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention) are the Financial Regulations and Rules of the UN and the Financial Rules of UNEP as supplemented by the additional procedures established below.

These Procedures shall govern the financial administration of the Contracting 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.

#### **Financial period**

##### **Procedure 1**

The financial period shall be for one calendar year from 1<sup>st</sup> January to 31<sup>st</sup> 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<sup>1</sup>.

#### **Budget**

##### **Procedure 2**

1. The Co-ordinator 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 Co-ordinator) 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 Co-ordinator, 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 Co-ordinator 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<sup>2</sup>, 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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<sup>1</sup> The financial period pertains to accounting and auditing, while the budget shall be available for expenditure during the whole biennium

<sup>2</sup> ST/SGB/2003/7, as may be amended.

3. The Co-ordinator 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. The Coordinator may make transfers within each of the main appropriation lines of the approved operational budget. The Co-ordinator may also approve transfers between such appropriation lines up to the limit is set by the CoPs.

### **Funds**

#### **Procedure 3**

1. A General 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. Contributions made to offset operational budget expenditures of the Coordinating Unit by the Government hosting the Convention Secretariat, and contributions made by the United Nations Environment Programme pursuant to Procedure 4.1.e shall also be credited to this fund.
2. A Discretionary Trust Fund for earmarked contributions has been established by the Executive Director of UNEP and approved by the governing body of UNEP. This fund is to provide additional support for the work otherwise covered by the General Trust Fund and discretionary contributions made by the European Union [and others] shall be credited to this fund.
3. All budget expenditures that are made pursuant to Procedure 2.5 shall be charged to the trust fund to which they relate.
4. Within the General 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.

5. A discretionary Trust Fund in support of the Mediterranean Action Plan has been established by the Executive Director of the United Nations Environment Programme in accordance with UN/UNEP Regulations and Rules. This fund shall receive contributions pursuant to procedure 4, discretionary paragraphs 1 (b) and (c) below, to support the priority activities defined and approved by the Contracting Parties.
6. Subject to the request of the Contracting Parties, the Executive Director of the United Nations Environment Programme may establish other trust funds and will seek the approval of the Environment Assembly of UNEP.
7. 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 such a scale of assessments of the United Nations as may be adopted from time to time by the General Assembly;
  - (b) Discretionary 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) UNEP contributions (allotments and sub-allotments);
  - (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 Co-ordinator 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 previous year;
  - (c) Each Party shall, as far in advance as possible of the date due for the contribution, inform the Co-ordinator of the projected timing of its contribution;
  - (d) If contributions of any parties have not been received by the first quarter of the relevant year, the Co-ordinator 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 Co-ordinator 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 Co-ordinator 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 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, United States Dollars, 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 Co-ordinator 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 Mediterranean Coordinating Unit from the funds referred to in procedure 3 above, in accordance with the general policy and business practice of the United Nations and applicable agreements between UNEP and donors.

## **Amendments**

### **Procedure 7**

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

## **Entry into Effect**

### **Procedure 8**

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