



United Nations
Environment
Programme



Distr.
GENERAL

UNEP/WG.94/13
27 July 1984

ORIGINAL: ENGLISH



Ad Hoc Working Group of Legal and Technical
Experts for the Elaboration of a Global
Framework Convention for the Protection
of the Ozone Layer
Fourth session
Geneva, 22-26 September 1984

FINANCIAL IMPLICATIONS OF THE IMPLEMENTATION
OF THE CONVENTION FOR THE PROTECTION OF
THE OZONE LAYER: REVISED ESTIMATES

Paper prepared by the UNEP secretariat

1. Following an exchange of views at the second part of the third session of the Working Group (Vienna, 16-20 January 1984) regarding the financial implications of establishing and operating of the convention secretariat as outlined in document UNEP/WG.78/7, the UNEP secretariat was requested to prepare a revised document on financial implications in the light of the functions assigned to the convention secretariat under article 7 of the draft convention.^{1/} The Working Group further recommended that the views of the Executive Council of the World Meteorological Organization (WMO) be solicited on the possible execution of the permanent secretariat functions envisaged under the convention, as well as on the financial implications of such execution.

2. The WMO Executive Council at its thirty-sixth session (June 1984) considered the possibility of WMO hosting the Ozone Convention Secretariat. The following text was adopted by the Council for inclusion in the abridged report of the session:^{2/}

^{1/} Fourth Revised Draft Convention for the Protection of the Ozone Layer, UNEP/WG.94/11; Report of the Working Group on the second part of the third session, UNEP/WG.94/10, paragraphs 62-63.

^{2/} Executive Council of the World Meteorological Organization, Thirty-sixth Session (Geneva, June 1984), paragraphs 12.3.3 to 12.3.5.

"The Executive Council noted with considerable interest the efforts of UNEP in preparing the Draft Convention for the Protection of the Ozone Layer and the request of UNEP for the views of the EC on the possibility of WMO executing the permanent secretariat functions under the draft convention.

"The Executive Council would be prepared to look into the hosting of a permanent Ozone Convention Secretariat. In this connection the Secretary-General was requested to inform the Executive Director of UNEP that WMO could be a possible venue for the Ozone Convention Secretariat, with the proviso that, other than the resident WMO technical/managerial expertise in ozone matters, any other service would have to be provided at cost to the Contracting Parties to the Convention for the Protection of the Ozone Layer.

"The Executive Council further requested the Secretary-General to look into the practical and financial implications of hosting such a secretariat and to make a progress report to EC-XXXVII."

3. Pending such further information, and in accordance with the views expressed by the Working Group, the present revised estimates have been prepared by the UNEP secretariat, taking into account the experience of other United Nations bodies and agencies in cost-sharing arrangements. As recommended by the Working Group instructed, the revised version does not include the budgets for the Co-ordinating Committee on the Ozone Layer and the Global Ozone Monitoring Project, and excludes options 3 and 4 as originally presented in paragraph 9 of document UNEP/WG.78/7. It also does not deal with financial requirements during the interim period until the entry into force of the Convention.

4. Should part or all of the funding required be contributed by the Fund of UNEP, such contributions would be subject to the availability of resources in the Environment Fund, and would in any event have to be phased out after the initial 2 or 3 years of operation, after which a thorough review should be undertaken.

5. Revised and up-dated budget estimates covering the expenditures for the first two years of operation of a convention secretariat, and for the conferences and meetings of the Contracting Parties, are shown in tables 1 and 2 of Annex 1. The figures for the convention secretariat are tentative since the number and qualifications of the staff involved were only very briefly discussed during the second part of the third session of the Ad Hoc Working Group, and will have to reflect the expected requirements as defined by the Contracting Parties, taking into account the financial resources available. Table 1 estimates the cost of a secretariat based in Nairobi, Table 2 in Geneva.

6. Taking into account the experience of other organizations (such as ECE and OECD), it is submitted that the costs of expert working group meetings convened under the Convention could be covered by the countries hosting these meetings ("lead countries").

7. In addition to mandatory contributions by all Contracting Parties, however apportioned, provision should also be made for additional voluntary contributions by States, international organizations, corporations or individuals willing to support activities under the Convention. Mandatory contributions could be allocated to meeting the basic secretariat costs, while voluntary contributions could be used both to reduce mandatory contributions or to fund supplementary activities.

8. A Trust Fund could be established to receive all contributions and to finance the implementation of the Convention. If Article 7 of the present draft text were accepted, UNEP, as the organization initially responsible for carrying out the secretariat functions associated with the Convention, could be asked to administer such a trust fund. If the Secretary-General of the United Nations agreed to this request, the trust fund would necessarily have to be administered in accordance with the Financial Regulations and Rules of the United Nations, as well as the General Procedures Governing the Operations of the Fund of UNEP. Annex II to the present paper contains draft terms of reference for a fund to be established under this procedure. Similar trust fund arrangements and regulations exist in other organizations of the United Nations system.

9. Alternatively, the Contracting Parties may wish to finance the implementation of the Convention under autonomous financial regulations to be established by them. In this case, since no United Nations body would be permitted under UN regulations to manage any form of fund other than one established under those procedures, they would need to designate another entity to provide secretariat services. If this course of action were to be decided upon, the management of the resources for the implementation of the Convention could be entrusted by the Contracting Parties:

(a) to an autonomous organization designated or established for this purpose;

(b) to any Contracting State; or

(c) to an independent financial institution.

10. The apportionment of the costs to be contributed for the implementation of the Convention remains a political decision to be taken by the contributors themselves. In order to facilitate discussion, and in the light of the outcome of the second part of the third session of the Ad Hoc Working Group, the secretariat presents the following options for consideration by the Group:

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Option 1

The United Nations scale of assessment adopted by the General Assembly^{3/} may be used as a basis for calculating the contributions of each participating state, with the contributions of the regional economic integration organizations that are Contracting Parties to the Convention to be agreed upon by the Contracting Parties.

It might also be envisaged that each country contribute a minimum amount (0.01 per cent in the case of the United Nations scale of assessment) based on equitable considerations, and additional amounts pre-determined according to an estimate of the country's ability to contribute.

Option 2

A fixed percentage of the Trust Fund (such as 60 or 80 per cent) could be covered collectively by some of the Contracting Parties - particularly by industrialized countries, as well as by regional integration organizations - in equal shares, with the remaining percentage being contributed by the other Parties according to the UN scale of assessment. As a variation of Option 2, the possibility of differentiating between contributions of CFC-producing and non-CFC-producing countries might be considered.

10. The method of apportionment and other relevant financial rules would have to be adopted by the Conference of the Contracting Parties on the basis of consensus, as stated in Article 6, paragraph 3, of the Draft Convention (UNEP/WG.94/11).

^{3/} The scale of assessment for the apportionment of the expenses of the United Nations is re-negotiated every third year.

Table 1
Secretariat of the convention for the Protection of the Ozone Layer
budget estimate^{a/}

(in thousands of US \$)

		<u>Nairobi</u>		
		<u>1st Year</u>	<u>2nd Year</u>	<u>Total</u>
1000	PROJECT PERSONNEL COMPONENT			
1100	<u>Project personnel</u>			
	1101 Convention Secretary (1 P-4)	12w/m 53.9	58.7	112.6
1200	<u>Consultants</u> (fee travel, DSA)	4w/m 32.0	32.0	64.0
1300	<u>Administrative support</u>			
	1301 Administrative Assistant (1 G-9)	12w/m 12.0	13.0	25.0
	1302 Secretaries (2 G-7)	24w/m 24.0	26.0	50.0
1600	Travel on official business	15.0	20.0	35.0
1999	Component Total	<u>136.9</u>	<u>149.7</u>	<u>286.6</u>
30	MEETING COMPONENT			
	3201 Conference of the Parties ^{b/}	-	78.0	78.0
	3299 Component total	-	78.0	78.0
40	EQUIPMENT COMPONENT			
	4100 Expendable Equipment (supplies, material, including leasing of equipment etc.)	2.0	2.5	4.5
	4200 Non-expendable equipment (Furniture and equipment)	6.0	4.0	10.0
	4300 Premises (rent)	-	-	-
	4999 Component total	<u>8.0</u>	<u>6.5</u>	<u>14.5</u>
50	MISCELLANEOUS COMPONENT			
	5100 Operation and maintenance of equipment	1.0	1.5	2.5
	5200 Reporting costs	8.0	10.0	18.0
	5300 Sundry	3.0	3.0	6.0
	5999 Component total	<u>12.0</u>	<u>14.5</u>	<u>26.5</u>
99	GRAND TOTAL	156.9	248.7	405.6

^{a/} The estimates were based on 1984 and 1985; figures were taken from the UN Budget Information System for the year 1984, 1985.

^{b/} In preparing the cost estimates, it was assumed that meetings of the Conference of the Contracting Parties will be held every two years and will have interpretation and documentation in five working languages.

Table 2

Secretariat of the Convention for the Protection of the Ozone Layer
budget estimate^{a/}

(in thousands of US \$)

1000 PROJECT PERSONNEL COMPONENT			Geneva ^{b/}		
	<u>Project Personnel</u>		<u>1st Year</u>	<u>2nd Year</u>	<u>Total</u>
	1101 Convention Secretary (1 P-4)	6w/m	32.75	33.8	66.55
	1200 Consultants (fee travel, DSA)	4w/m	32.0	32.0	64.0
	1300 <u>Administrative Support</u>				
	1301 Administrative Assistant (1 G-9)	12w/m	46.5	48.4	94.7
	1302 Secretaries (2 G-7)	24w/m	67.6	70.6	138.2
	1600 Travel on official business		15.0	20.0	35.0
	1999 Component total		<u>193.65</u>	<u>204.8</u>	<u>398.45</u>
30 MEETING COMPONENT					
	3202 Conference of the Parties ^{c/}		-	78.0	78.0
	3299 Component total		<u>-</u>	<u>78.0</u>	<u>78.0</u>
40 EQUIPMENT COMPONENT					
	4100 Expendable Equipment (supplies, material, including leasing of equipment etc.)		2.0	2.5	4.5
	4200 Non-Expendable Equipment (Furniture and equipment)		8.0	5.0	13.0
	4300 Premises (rent)		-	-	-
	4999 Component total		<u>10.0</u>	<u>7.5</u>	<u>17.5</u>
50 MISCELLANEOUS COMPONENT					
	5100 Operation and maintenance of equipment		1.0	1.5	2.5
	5200 Reporting costs		8.0	10.0	18.0
	5300 Sundry		3.0	3.0	6.0
	5999 Component total		<u>12.0</u>	<u>14.5</u>	<u>26.5</u>
99	GRAND TOTAL		215.65	304.8	520.45

^{a/} The estimates were based on 1984 and 1985; figures were taken from the UN Budget Information System for the year 1984, 1985.

^{b/} Subject to confirmation and further information by WMO. WMO indicated its intention to make half a professional post available free of charge.

^{c/} In preparing the cost estimates, it was assumed that meetings of the Conference of the Contracting Parties will be held every two years and will have interpretation and documentation in five working languages.

TERMS OF REFERENCE FOR THE ADMINISTRATION OF THE TRUST FUND FOR
THE CONVENTION FOR THE PROTECTION OF THE OZONE LAYER

1. The Trust Fund for the Convention for the Protection of the Ozone Layer (hereinafter referred to as the Trust Fund) shall be established and continued for a period of two years from ... to provide financial support for the aims of the Convention as determined by the Contracting Parties thereto.
2. The Trust Fund shall be established subject to the consent of the Secretary-General of the United Nations in accordance with Financial Regulation 6.6 of the United Nations and article V of the General Procedures Governing the Operations of the Fund of the United Nations Environment Programme.
3. The Executive Director of the United Nations Environment Programme shall, subject to the consent of the Governing Council and the Secretary-General of the United Nations, be responsible for the administration of the Trust Fund.
4. The Trust Fund shall be administered by the Executive Director in accordance with the financial rules and regulations of the United Nations relating to trust funds, as laid down by the Secretary-General from time to time, and with the General Procedures Governing the Operations of the Fund of UNEP.
5. The administration of the Trust Fund shall involve no financial implications for the regular budget of the United Nations, and a deduction for reimbursement of United Nations programme support costs shall be made from the Trust Fund each year at the standard percentage, to be charged against the level of expenditure incurred in connection with the financial support to the aims of the Convention.
6. The expenditures of the Trust Fund shall be financed from agreed contributions made by the Contracting Parties to the Convention and in accordance with the decisions on financial arrangements adopted by the Conference of the Contracting Parties. Contributions from States that become Parties after the beginning of the financial period shall be made on a pro-rata basis for the balance of the financial period. No commitments from the Trust Fund shall be made in advance of the receipt of contributions, and none shall be made before a minimum of US\$100,000 has been contributed to the Trust Fund.
7. All contributions shall be paid in fully convertible United States dollars. Contributions shall be paid in annual instalments due on the first day of January of the year to which such contributions refer. Contributions shall be paid into the following account:

Account No. 015-002756 UNEP General Trust Funds Account
Chemical Bank, United Nations Branch
New York, N.Y. 10017

indicating the purpose of payment Ozone Trust Fund.

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8. Contributions received into the Trust Fund and not immediately required to finance activities shall be invested at the discretion of the United Nations, and any income shall be credited to the Trust Fund.

9. The budget estimates covering the income and expenditure for each of the two calendar years constituting the financial period to which they relate, prepared in United States dollars, as well as the work plan for the same period, shall be submitted to the regular intergovernmental meetings of the Contracting Parties to the Convention.

10. Periodic reports on the administration of the Trust Fund shall be submitted by the Executive Director to the regular intergovernmental meetings of the Contracting Parties to the Convention.

11. These terms of reference shall be effective for the financial period 1 January 198 to 31 December 198 .
