



OPCW

**Advisory Body on Administrative and
Financial Matters**

Thirty-Fifth Session
2 – 4 September 2013

ABAF-35/1
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**REPORT OF THE THIRTY-FIFTH SESSION OF THE ADVISORY BODY
ON ADMINISTRATIVE AND FINANCIAL MATTERS**

1. Opening of the session

- 1.1 The Thirty-Fifth Session of the Advisory Body on Administrative and Financial Matters (ABAF), convened by its Chairperson, Ms Mary B. Rios, was held from 2 to 4 September 2013. The following experts participated: Ms Gönke Roscher, Ms Sakiko Hayakawa, Mr Milan Kerber, and Mr Jiang Bo; and Mr Hamid Ahmadi and Mr Denis Zhuykov (observers).
- 1.2 The list of documents presented to the ABAF for this session is included as an annex to the present report.
- 1.3 The Director of Administration of the Organisation for the Prohibition of Chemical Weapons (OPCW) welcomed the ABAF members and observers, including new member Ms Gönke Roscher. Referring to the agenda for this session, the Director of Administration noted that a number of important issues were to be addressed by the ABAF, in particular the Draft Programme and Budget for 2014 (EC-74/CRP.1, dated 12 July 2013).
- 1.4 With regard to the Draft Programme and Budget for 2014, the Director of Administration highlighted the fact that Chapter One, which provides for the direct costs of verification activities, is proposed at EUR 33,180,500, which reflects 47.5% of the total resources budgeted for 2014. Chapter Two, which provides for funding for all other programmes of activities, is proposed at EUR 36,622,000, which reflects 52.5% of the total resources budgeted. In addition, the proposed budget for operational programmes will increase by 3%, while that for non-operational (support) programmes will decrease by 3.79%.
- 1.5 The Director of Administration noted that the Third Special Session of the Conference of the States Parties to Review the Operation of the Chemical Weapons Convention (hereinafter “the Third Review Conference”) stressed that “the OPCW should remain the global repository of knowledge and expertise with regard to chemical weapons disarmament, the verification of their non-possession and non-use, and their destruction” (subparagraph 9.155(h) of RC-3/3*, dated 19 April 2013). As a result, a project team has been proposed as a subprogramme in the Verification Programme, and existing resources will be used from the Office of the Deputy Director-General and the proposed elimination of the Training, Development and Results-Based Management Branch to undertake the necessary preparatory work in order to establish a Knowledge Management Centre in 2015.



- 1.6 The Draft Programme and Budget for 2014 reflects a total of 487 posts, representing a decrease of four posts in total, with six non-operational fixed-term posts and two operational fixed-term posts (two P-5 inspectors) to be cut, and 2.5 posts frozen. In the meantime, four new posts will be added, including two operational posts (two P-3 posts in the International Cooperation and Assistance Division (ICA)). There is also a decrease in the number of the temporary-assistance positions (TACs) in the proposed budget for 2014. In addition, 14 posts are to be downgraded or reclassified. The Director of Administration noted that the Organisation had been asked to make a 10% cut in non-operational staffing. Between 2013 and 2015, the Organisation should be able to reach the target of 24 posts without affecting operational requirements.
- 1.7 The Draft Programme and Budget for 2014 is presented at a level of EUR 69.8 million; this does not reflect an increase of the total in comparison to the approved Programme and Budget for 2013 (C-17/DEC.4, dated 27 November 2012), but it does reflect a 0.28% increase in annual contributions.

2. Election of the Chairperson of the ABAF

Under Rule 4 of its Rules of Procedure (Annex 2 of ABAF-27/1, dated 3 September 2009 and Corr.1, dated 15 October 2009), the ABAF **re-elected** Ms Mary B. Rios as its Chairperson for a period of one year.

3. Adoption of the agenda

The ABAF **adopted** the following agenda:

1. Opening of the session
2. Election of the Chairperson of the ABAF
3. Adoption of the agenda
4. Review of the report of the previous session
5. Status of the 2013 financial performance (first half of 2013)
6. Report of the External Auditor for the year ending 31 December 2012
7. Draft Programme and Budget for 2014 (including the Medium-Term Plan and the programme-performance report for 2012)
8. Any other business
9. Next session and agenda
10. Adoption of the report

4. Review of the report of the previous session

- 4.1 With regard to paragraph 4.4 of the report of its Thirty-Third Session (ABAF-33/1, dated 30 August 2012) and paragraph 4.2 of the report of its Thirty-Fourth Session (ABAF-34/1, dated 29 May 2013), the ABAF had followed up on the

recommendation of the Office of Internal Oversight (OIO) on the need for a Chief Information Officer (CIO) in the Technical Secretariat (hereinafter “the Secretariat”). The ABAF had previously recommended that consideration be given to reforming the existing Information Services Steering Sub-Committee (ISSC). The ABAF was informed that a list of all proposed information-technology (IT) projects had been compiled by the CIO with assistance from a core group of Secretariat staff, and that all projects had been prioritised. To ensure optimum allocation of resources, the CIO and the core group keep the projects and priorities list updated as needed, present the list to the ISSC for consideration of the recommendations, and submit it for subsequent approval by the Director-General. The ABAF **questioned** the added value of the ISSC under the new arrangement, and recommended a review of the ISSC’s role and continued existence. Furthermore, the ABAF **recommended** that the core group of Secretariat staff be formalised and that terms of reference be developed in order to ensure an efficient and effective structure for decision-making that takes into consideration the needs of all OPCW units. The ABAF was informed that the terms of reference of the ISSC were being revised and that the role and responsibilities of the CIO were being defined in order to articulate their respective tasks. The ISSC is responsible for defining the IT strategy for the Organisation and recommending it to the Director-General for approval, whereas the CIO, who is a member of the ISSC, will be responsible for prioritisation of the initiatives and proposals and implementation of issues across the Organisation, in accordance with the approved IT strategy and with the support of the core group. The ABAF will be updated on the results of the new structure through future reports from the OIO.

- 4.2 Paragraph 5.7 of ABAF-33/1 and paragraphs 4.3 and 6.3 of ABAF-34/1 dealt with the issue of recovery of programme-support costs (PSC). The ABAF had been informed that the funds received in voluntary contributions did not include a component for the recovery of PSC. Considering the additional reporting and review requirements with regard to some voluntary contributions, the ABAF had recommended that the possibility be explored of formalising the recovery of support costs in line with practices in some organisations in the United Nations system. The ABAF was informed that PSC of 7% will be included in advance in the budgeted costs for programming activities funded through voluntary contributions. The ABAF had recommended formalising the guidelines for application of support-cost recovery, as well as the guidelines for the allocation and use of the amount collected. The Secretariat informed the ABAF that it is researching the practices of other organisations in the United Nations system. The United Nations Working Group on Cost Recovery Policy agreed on a 7% PSC rate for multi-donor trust funds and joint programme activities in 2007. The Secretariat will recover PSC of 7% on voluntary contributions, but will not recover PSC for contributions of EUR 10,000 or less. As for spending of PSC income, United Nations organisations have different approaches and have not established any harmonised policy in respect of PSC use. The Secretariat is studying the best method of distributing PSC income in a fair manner among the different administrative units that provide support for programme implementation. The ABAF **requested** that an update on the policy and proposed use of funds be provided at its Thirty-Sixth Session.
- 4.3 In paragraph 4.8 of ABAF-34/1, which dealt with the proposal for an Electronic Document Management System (EDMS), the ABAF had recommended possible deferral of this system to 2014 or a splitting of the resource requirement between 2013

and 2014, in light of the current austerity measures being faced. The ABAF was informed that in the framework of the 2013 mid-year review of the budget, the Information Services Branch (ISB) would request EUR 125,000 to fund this initiative, subject to the availability of funds and approval by the Budget Committee. The remaining funds would be included in the proposed ISB budget for 2014 as a priority for the following year. The ABAF was informed that the 2013 budget mid-year review did include the request from ISB for an additional budget of EUR 125,000 to fund the development of the Electronic Document Management System, which should be implemented beginning in 2013. The ISB also requested a supplementary funding of EUR 125,000 in the Draft Programme and Budget for 2014 to implement the business cases related to the EDMS. This request will be treated as the top priority during the mid-year review by the Budget Committee.

- 4.4 With regard to the unliquidated obligations (ULOs) listed in Annex 10 of the report by the Director-General on OPCW income and expenditure for the financial year to 31 March 2013 (EC-72/DG.5, dated 12 April 2013), the ABAF had noted in paragraph 5.4 of ABAF-34/1 that, with a few and specific exceptions, ULOs should normally be cleared shortly after the end of the financial period. The ABAF had recommended that ULOs be tightly monitored and that the Financial Statements should provide explanations on the late clearance or cancellation reported at the end of the year. In this regard, the Secretariat is pleased to note that Tables 5.1 to 5.4 in Annex 1 of the annual Financial Statements (EC-74/DG.3 C-18/DG.5, dated 30 July 2013) already include information on the status of ULOs and savings on obligations that were not disbursed. The Secretariat will request certifying officers to analyse and explain why outstanding unliquidated obligations have not been fully utilised, and what savings have arisen as a result. These explanations will be incorporated into future Financial Statements. The ABAF was also informed that the Secretariat is providing more training to certifying officers, who are accountable for their ULO management. The Secretariat will also continue to closely monitor the status of ULOs for punctual clearance.
- 4.5 In paragraph 6.4 of ABAF-34/1, the External Auditor had noted that the net assets/equity of the Organisation showed a negative balance of EUR 3.5 million, mostly due to unfunded long-term employee liabilities. Although this is not problematic and does not represent a short-term problem for the Organisation, the External Auditor recommended that options to consider funding this liability be discussed. The ABAF had recommended that the Secretariat monitor the situation and report as applicable. The Secretariat will report the status of the negative equity to the ABAF at its Thirty-Sixth Session, after the Financial Statements for 2013 have been issued.
- 4.6 In paragraphs 6.5 and 8.10 of ABAF-34/1, on the recommendation of the External Auditor regarding the existing enterprise-resource planning (ERP) system, the ABAF had expressed its continued consideration that a new system be explored in order to mitigate potential risks to the Organisation.
- (a) Although the existing system meets the current requirements for the implementation of International Public Sector Accounting Standards (IPSAS), in order to fully meet IPSAS requirements, the Secretariat staff have to review and manually adjust over 16,000 transaction entries. The ABAF was informed

that the Secretariat would continue its efforts to produce IPSAS-compliant Financial Statements using the current system until the final decision on a new ERP system was made. The ISB and the Finance and Accounts Branch are in the process of automating the drafting of the IPSAS-compliant Financial Statements and other critical financial processes (obligations, accounts receivable) that will increase the efficiency of the current system and mitigate financial risks. In parallel, the Secretariat is considering the replacement of the current solution. The ABAF **requested** that it be provided with updates as available.

- (b) The ABAF **recommended** the creation of a task force to evaluate all the current processes, with a view to streamlining and optimising them. This exercise is necessary not only to improve the operation of current processes, but also for a possible move to a fully-integrated ERP system. Such a system is projected to cost the Organisation about EUR 6 million, spread over three years. The ABAF was informed that the Secretariat will seek to identify the resources to engage the services of a consultant to initiate the review and optimisation of all business processes. Additionally, the Secretariat noted that an ERP working group had already been established in April 2011, and would, amongst other tasks, address this recommendation. The ABAF **requested** that it be provided with updates as available.

4.7 In paragraph 6.6 of ABAF-34/1, the ABAF had discussed the level of the Working Capital Fund (WCF), and whether the current level of EUR 9.9 million was appropriate. The ABAF was informed that the Secretariat had studied the background of the WCF and believes that the level of EUR 9.9 million is appropriate, according to the funding requirements of the Organisation. The ABAF was informed that the WCF had never been used to cover cash-flow shortages. The ABAF **received** an excerpt of a United Nations General Assembly document listing the WCF levels of comparable United Nations organisations. The ABAF **noted** that, at almost 15%, the WCF level at the OPCW is higher than for similar United Nations organisations. The ABAF **recommended** that the Executive Council (hereinafter “the Council”) consider lowering the level of the WCF to 6% of the total budget. The resulting surplus should remain in the fund for future one-time, non-recurring projects, such as a new ERP system.

4.8 In paragraph 7.6 of ABAF-34/1, the ABAF had noted that some of the OIO observations were the result of outdated and impractical administrative directives that necessitate frequent exception requests, and had recommended that special effort be made to evaluate and identify those administrative directives that are problematic, with a view to changing them. The ABAF was informed that when making its annual risk assessment, the OIO has always assessed the status of compliance with existing policies and procedures. Bearing in mind the changes in the Secretariat, the exercise will also take into account the continued relevance of such policies and procedures.

4.9 In paragraph 7.7 of ABAF-34/1, the ABAF had recommended that the OIO should endeavour to introduce more benchmarking where appropriate by comparing current OPCW practices against what is done at other international organisations. The ABAF was informed that the OIO would endeavour to introduce benchmarking where applicable to support the way forward in the decision-making process. Benchmarking

will be highlighted to serve as input on the formulation of recommendations. The Secretariat will provide an update to the ABAF at its Thirty-Sixth Session.

- 4.10 At its Thirty-Fourth Session (paragraph 8.6 of ABAF-34/1), the ABAF highlighted the importance of the annual programme-performance report in the results-based management (RBM) context and of how its results and findings are validated, and recommended the possible involvement of the External Auditor. The ABAF was informed that the Office of Strategy and Policy (OSP) would design an appropriate approach. The Secretariat will provide the ABAF with an update on this and other RBM-related matters at its Thirty-Sixth Session.
- 4.11 In paragraph 8.7 of ABAF-34/1, the ABAF had reiterated that potential changes to the Financial Regulations and Rules of the Organisation should be presented as a package and not as part of a piecemeal approach. The ABAF was informed that each year, the OIO assesses compliance with the Financial Regulations and Rules of the Organisation in order to prepare its annual work programme for the following year. Concerning the assessment that a change in the budget presentation is necessary, such a change is a management responsibility and, as such, its assumption by the OIO would contradict the principle of objectivity and independence in the execution of its oversight mandate. Therefore, the OIO should remain in an observer role in such an exercise. The ABAF **noted** that the Director-General supports and welcomes the recommendation on the need to review the Financial Regulations and Rules of the Organisation as a consequence of the change in the budget presentation. The Secretariat will perform a full analysis to determine whether any rules or regulations pose obstacles to the full implementation of RBM. The ABAF **requested** updates as appropriate.

5. Status of the 2013 financial performance (first half of 2013)

- 5.1 The ABAF **reviewed** the report by the Director-General entitled “OPCW Income and Expenditure for the Financial Year to 30 June 2013” (EC-74/DG.2 C-18/DG.4, dated 30 July 2013 and Corr.1, dated 9 August 2013). The ABAF **noted** that 74.41% of assessed annual contributions had been received, compared to 81.26% for the same period in 2012. The ABAF **received** a further update on the status of assessed contributions as at 30 August 2013, reflecting an increase to 78.6%. The ABAF was informed that, despite the increase in the number of Member States that have paid, some major contributors that have usually paid their contributions by this time of the year had not yet done so.
- 5.2 The ABAF **expressed concern** that, as at 30 June 2013, 32 Member States were in arrears in respect of annual contributions assessed for previous years in an amount equal to or exceeding the amount of contributions due from them for 2011 and 2012.¹

¹

Paragraph 8 of Article VIII of the Chemical Weapons Convention (hereinafter “the Convention”) states the following: “A member of the Organization which is in arrears in the payment of its financial contribution to the Organization shall have no vote in the Organization if the amount of its arrears equals or exceeds the amount of the contribution due from it for the preceding two full years.” In assessing Member States’ voting rights in any given year, the Secretariat, following past practice, does not factor into its calculation of arrears any amounts still outstanding for the current year, and takes into account only amounts outstanding from annual assessments for previous years. Member States that joined the Convention during the preceding two years are not included in this assessment.

The ABAF **recommended** that the Council encourage these Member States to regularise the payment of their outstanding annual contributions, if necessary by making use of the multi-year payment plans developed to that end, which had been approved by the Conference of the States Parties (hereinafter “the Conference”) at its Eleventh Session (C-11/DEC.5, dated 7 December 2006).

5.3 The ABAF **reviewed** the status of appropriations by funding programme as per Annex 7 of EC-74/DG.2 C-18/DG.4 and Corr.1, and **encouraged** the Secretariat to make every attempt to utilise available allotments efficiently and to the maximum extent possible, in line with the Programme and Budget for 2013 (C-17/DEC.4). The ABAF **highlighted** the significant balances in the Inspections and International Cooperation and Assistance Programmes. The ABAF was informed that the balances were mostly due to special-services agreements (SSAs); as their use has not yet been approved by the Russian Federation, the funds cannot be obligated. The appropriation is expected to be partially utilised by the end of the year. The balance in the International Cooperation and Assistance Programme is due to the timing of its activities; the ICA is projected to utilise the entire appropriation by the end of the year.

5.4 The ABAF **noted** that Annex 10 of EC-74/DG.2 C-18/DG.4 and Corr.1 shows the status of trust funds and the expenditures made during the reporting period. The ABAF **reiterated** its recommendation to include the estimated resources to be used from trust funds and/or voluntary contributions, insofar as they are known, in future budget presentations, in a similar way to budget presentations in some organisations in the United Nations system. An integrated budget proposal, even with estimated voluntary contributions, would provide a clearer picture of all the resources available to the Organisation.

6. Financial Statements of the OPCW and the report of the External Auditor for the year ending 31 December 2012

6.1 At the Thirty-Fourth Session of the ABAF, the External Auditor presented the report for the year ending 31 December 2012, addressing the second year of Financial Statements to be prepared under IPSAS (EC-74/DG.3 C-18/DG.5). Since the report had not been finalised prior to the session, the External Auditor was only able to present an oral presentation of the findings.

6.2 The audit examination revealed no weaknesses or errors material to the accuracy, completeness, and validity of the Financial Statements as a whole; the External Auditor placed an unqualified audit opinion on the Financial Statements of the OPCW for 2012.

6.3 The ABAF would like to highlight that most offices had significantly underspent when comparing the budget against the actual expenditure for the year (page 10 of Annex 1 of EC-74/DG.3 C-18/DG.5). The ABAF was informed that human resources variances accounted for a significant part of the discrepancy.

6.4 Further review of the report did not result in any additional recommendations by the ABAF. The previous recommendations and the responses from the Secretariat are included in section 4 of this report.

7. Draft Programme and Budget for 2014 (including the Medium-Term Plan and the programme-performance report for 2012)

- 7.1 The ABAF **noted** that the proposed Draft Programme and Budget for 2014 was EUR 69.8 million, the same level as the 2013 approved budget. It would require annual assessed contributions of EUR 66.7 million, an increase of 0.28%, in comparison with the 2013 assessed contributions.
- 7.2 The ABAF **noted** that the budget baseline for 2014 should equate to the 2013 level, minus the cost of the Third Review Conference, which was funded with recurrent savings that should be subtracted from the baseline. These include EUR 250,000 from the EDMS (now funded from savings in 2013 and 2014), EUR 115,000 from the recosting regarding the general-services staff from 2% to 1%, the use of special accounts (EUR 445,000, but EUR 168,000 in the 2014 proposal), and approximately EUR 250,000 from the change in the business-class travel policy. Therefore, the baseline total expenditure for 2014 should be EUR 68,996,000.
- 7.3 The Secretariat informed the ABAF of the major aspects of the Draft Programme and Budget for 2014, which are as follows:
- (a) The number of authorised fixed-term posts is proposed at 487, a decrease of four posts when compared to the approved budget for 2013. In addition, 14 posts have been downgraded and/or reclassified.
 - (b) The verification of destruction activities will continue in the Russian Federation. In addition, the verification of destruction activities in China is expected to increase. The total number of Article IV and V inspections is expected to be around 146, a decrease of 10% compared to the previous year.
 - (c) The number of Article VI inspections will increase by 12 for a total of 241 inspections. Although the number of Schedule 1 and 2 inspections will remain the same, the number of Schedule 3 inspections will decrease by 10, giving a total of 19, while other chemical production facility inspections will increase by 22 to 169.
 - (d) A new unit will be created, responsible for the preparatory work with a view to establishing a Knowledge Management Centre in 2015.
- 7.4 The ABAF **noted** the significant change in “interest and other earnings” which decreased from EUR 207,000 to EUR 10,000. The ABAF was informed that the amount for other income had been inadvertently omitted. The figure for “interest and other earnings” should be EUR 60,000, and therefore the annual assessed contribution from Member States will be EUR 66,525,500, representing a 0.13% increase over the 2013 assessment.
- 7.5 The ABAF **noted** that in subparagraph 3(t) of the decision on the Programme and Budget for 2013 (C-17/DEC.4), the Secretariat was requested to develop a mid- to long-term plan for staffing. The ABAF **requested** that the plan be submitted to it for review at its Thirty-Sixth Session.

- 7.6 The Draft Programme and Budget document for 2014 uses improved key performance indicators (KPIs), which have been honed, refined, and reduced in number compared to previous programme and budget years. The quality of KPIs has increased, with KPIs now being more objectively verifiable and relevant to the programme objectives, and with the addition of baselines and targets. In addition, the Draft Programme and Budget for 2014 includes indicators for the target year of 2016 in order to provide a medium-term perspective. The ABAF **welcomed** the continuing efforts to improve the formulation and **encouraged** the Secretariat to continue its endeavours, especially when formulating the medium-term targets.
- 7.7 The Verification Programme shows a significant increase, mostly due to the proposed creation of the Knowledge Management Centre. The ABAF **noted** that, although the amount budgeted for “inspections and laboratory supplies” had remained level, the amount for “inspection and laboratory equipment” had increased dramatically. The ABAF **noted** that in Annex 9 of EC-74/DG.2 C-18/DG.4 and Corr.1, the balance of the special account for the OPCW Equipment Store as at June 2013 stood at almost EUR 228,000 and the special account for designated laboratories at almost EUR 1 million. The ABAF **reiterated** its previous recommendation to include the estimated resources to be used from trust funds and special accounts, insofar as they are known, in future budget presentations, and **encouraged** reconsideration of the budgeted requests, while **recommending** the drawing down of the required resources from the special accounts in light of their current balances. The ABAF was informed that the 2014 Budget will use EUR 150,000 from the special account for laboratory equipment. The ABAF **encouraged** the Verification Programme to use the special account to fund the EUR 168,500 currently requested in the 2014 budget.
- 7.8 The budget for the Verification Programme includes a proposal for the creation of the Knowledge Management Centre project team. The ABAF **noted** the following:
- (a) The total budget for the Verification Programme for 2014 is EUR 589,000, composed of the EUR 539,000 for the project team and two components for the OPCW Laboratory, namely, EUR 30,000 for training travel and EUR 20,000 for training fees.
 - (b) The ABAF **expressed concern** that, although the proposal reflects a recommendation by the Third Review Conference, the proposal was still lacking many specifics. The ABAF **recommended** that the Secretariat conduct a SWOT² analysis (including risks) of the proposed project compared to existing work in order to provide Member States with a better tool for decision-making.
 - (c) In general, the ABAF **expressed** a number of concerns over the proposal as presented, which included the following: the absence of a decision by Member States to establish a centre, the significant cost of the proposed project team, the lack of alternative approaches to the matter (such as the project remaining under the OSP), and the lack of clarity on the future financing needs of the unit.

² SWOT = Strengths, weaknesses, opportunities, and threats.

- (d) The ABAF **cautioned against** the potential overlap with other offices, such as the OSP, ICA, the Human Resources Branch, and ISB, and **encouraged** the Secretariat to place emphasis on the careful delineation of tasks and responsibilities.
- (e) The ABAF was informed that, if the current proposal were not approved, the functions and associated staff would revert to the existing structure.
- (f) The ABAF **agreed** in principle with the concept of the OPCW as a global repository of knowledge. However, based on the multiple issues raised, the lack of a SWOT analysis and of a clear explanation as to the tasks and future budgetary implications, the ABAF could not recommend the proposal as presented. The ABAF **recommended** that the Secretariat prepare clearer justifications, an action plan, and trend analysis of future costs for consideration by the Member States.

7.9 The Inspections Programme shows a slight increase of 1.2%, mostly due to an increase in Article VI inspections. The budget for the programme does not include a request for “inspection and laboratory equipment” funding. The programme is expected to fund all its regular inspection equipment needs from the special account for the OPCW Equipment Store (between EUR 120,000 and EUR 150,000 approximately). The budget for the Inspections Programme includes funding for eight SSAs (a reduction of two) reflecting the expectation of approval of the use of SSAs in the Russian Federation. In addition, this budget includes, for the first time, the cost of missions to Iraq.

7.10 The International Cooperation and Assistance Programme budget reflects an increase of 2.3%, mostly due to the addition of two posts. These posts are needed to respond to the increase in requests by States Parties for support under Article X and a request by States Parties for more evaluation and analysis of ICA activities. In addition to the funding from the regular budget, the ICA receives funding from voluntary contributions for specific projects. Although difficult to project, as voluntary contributions vary from year to year, the ICA estimates that voluntary contributions could be in the range of EUR 300,000 to EUR 400,000. The ABAF **encouraged** the Secretariat to improve its efforts to better project and integrate into the budget the funding and activities from voluntary contributions in line with the best practices of other international organisations. The ABAF was informed that the ASSISTEX 4 activities listed in the budget document will not be performed as before, but will be restructured into regional and subregional exercises to improve efficiency.

7.11 The OSP is proposing a significant increase of 20.7%, primarily due to an increase in official travel (non-staff). The bulk of the funds is EUR 280,000, to implement a “set of actions on education and outreach” in science and technology in response to a recommendation from the Third Review Conference (in accordance with paragraph 9 of the Concept Note by the Technical Secretariat; see the Annex to this report) and will serve to launch the Director-General’s “Year of Awareness-Raising”.

- (a) The ABAF **expressed concern** about a possible overlap with the ICA and encouraged clear delineation between the two units.

- (b) The ABAF **noted** that the increase in activities and associated funding was ambitious in the austerity climate faced by many Member States.
 - (c) The ABAF **stressed** the need to define the proposed activities in terms of the results to be achieved, how to measure them, and how to ensure that these results are sustainable.
 - (d) The ABAF **queried** the inconsistency between the proposed programme activities and KPIs. The ABAF **recommended** that the KPIs be revised, to better measure the results to be achieved.
 - (e) The ABAF **recommended** that programme resources be allocated to the offices that will actually perform the planned activities, in order to present a better picture of the resources of each office.
 - (f) The ABAF **noted** that the Note by the Secretariat entitled “Review of the Office of Strategy and Policy” (S/1110/2013, dated 4 July 2013) was in response to subparagraph 3(m) of the decision on the Programme and Budget for 2013 (C-17/DEC.4) and as such should be submitted to the Council at its Seventy-Fourth Session. The ABAF **expressed concern** that the paper did not capture the mandate of the decision and encouraged the OSP to revise it before submission.
- 7.12 The ABAF **received** the revised Medium-Term Plan for the period from 2013 to 2015 (EC-70/S/1/Rev.1 C-17/S/1/Rev.1, dated 12 July 2013), which included a risk-analysis section, in accordance with a previous suggestion by the ABAF.
- 7.13 The ABAF **received** the programme-performance report for the year 2012 (S/1098/2013, dated 31 May 2013). The ABAF **noted** the importance of this document and **encouraged** the Member States to review the document thoroughly.
- 8. Any other business**
- Recommendation for write-offs of irrecoverable accounts receivable and of losses of assets**
- 8.1 Financial Regulation 10.5 of the OPCW stipulates that the write-off of losses exceeding EUR 500 per item and exceeding a total amount of EUR 10,000 in a given financial period are subject to the recommendation of the Council and the approval of the Conference. A total amount of EUR 125,467.94, including losses of assets and irrecoverable accounts receivable, will be presented to the Council for consideration at its Seventy-Fourth Session.
- 8.2 The ABAF was informed that only the write-off of the irrecoverable foreign VAT and other accounts receivable totalling EUR 20,246.02 (EUR 18,665.72 plus EUR 1,580.30) will entail expenditure in 2013. The write-off of losses of assets of EUR 105,221.92 does not require any budgetary resources, as the items had already been charged to expenditure when they were purchased.
- 8.3 The ABAF **considered** that the Secretariat had pursued all available avenues to recover the debt and **recommended** that the Council approve the writing-off of these

losses. The ABAF **encouraged** the Secretariat to apply any lessons learned to their procedures, with a view to reducing these amounts in the future.

9. Next session and agenda

The ABAF **adopted** the following provisional agenda for its Thirty-Sixth Session, which will be held from 2 to 6 June 2014.

1. Opening of the session
2. Adoption of the agenda
3. Election of the Vice-Chairperson
4. Review of the report of the previous session
5. Status of the 2014 financial performance (first quarter of 2014)
6. Financial Statements of the Organisation for the Prohibition of Chemical Weapons and the report of the External Auditor for the year ending 31 December 2013
7. Report of the Office of Internal Oversight for the year ending 31 December 2013
8. Any other business
9. Next session and agenda
10. Adoption of the report

10. Adoption of the report

The ABAF **adopted** the report of its Thirty-Fifth Session on 4 September 2013.

Annex: List of Information Papers and Other Documents Presented to the Advisory Body on Administrative and Financial Matters at its Thirty-Fifth Session

Annex**LIST OF INFORMATION PAPERS AND OTHER DOCUMENTS PRESENTED TO
THE ADVISORY BODY ON ADMINISTRATIVE AND FINANCIAL MATTERS
AT ITS THIRTY-FIFTH SESSION**

Title	
1	Agenda for the Thirty-Fifth Session of the Advisory Body on Administrative and Financial Matters
2	Report of the Thirty-Fourth Session of the Advisory Body on Administrative and Financial Matters (ABAF-34/1)
3	Note by the Director-General: Comments on the Report of the Advisory Body on Administrative and Financial Matters at its Thirty-Fourth Session (EC-73/DG.10, dated 10 July 2013)
4	Informal paper: Responses to Questions Raised in Regard to the ABAF's Report of its Thirty-Fourth Session
5	Report by the Director-General: OPCW Income and Expenditure for the Financial Year to 30 June 2013 (EC-74/DG.2 C-18/DG.4 and Corr.1)
6	Financial Statements of the Organisation for the Prohibition of Chemical Weapons and Report of the External Auditor for the Year Ended 31 December 2012 (EC-74/DG.3 C-18/DG.5)
7	Note by the Director-General: Draft Programme and Budget of the OPCW for 2014 (EC-74/CRP.1)
8	Medium-Term Plan for the Period from 2013 to 2015 (EC-70/S/1/Rev.1 C-17/S/1/Rev.1)
9	Note by the Technical Secretariat: Programme Performance for the Year 2012 (S/1098/2013)
10	Concept Note by the Technical Secretariat: Concept for 2014 as the year of awareness raising on the Chemical Weapons Convention (27 August 2013)
11	Non-paper by the Technical Secretariat: Awareness-Raising, Education and Outreach (12 July 2013)
12	Note by the Director-General: Recommendation for Write-Offs of Irrecoverable Accounts Receivable and of Losses of Assets (EC-74/DG.4 C-18/DG.6, dated 31 July 2013)
13	Note by the Technical Secretariat: Review of the Office of Strategy and Policy (S/1110/2013)
14	United Nations General Assembly: Note by the Secretary-General – Budgetary and Financial Situation of the Organisations of the United Nations System (A/65/187)