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**United Nations
Environment
Programme**

**Conference of the Parties to the
Minamata Convention on Mercury
First meeting**

Geneva, 24–29 September 2017

Item 5 (a) (viii) of the provisional agenda*

Matters for action by the Conference of the Parties at its first meeting: matters stipulated under the Convention: financial rules for the Conference of the Parties and any of its subsidiary bodies, as well as financial provisions governing the functioning of the secretariat, as referred to in paragraph 4 of article 23

Draft financial rules for the Conference of the Parties to the Minamata Convention on Mercury and any of its subsidiary bodies, as well as financial provisions governing the functioning of the secretariat of the Convention

Note by the secretariat

1. Paragraph 4 of article 23 of the Minamata Convention on Mercury provides that the Conference of the Parties to the Convention “shall by consensus agree upon and adopt at its first meeting rules of procedure and financial rules for itself and any of its subsidiary bodies, as well as financial provisions governing the functioning of the secretariat”.
2. At its sixth and seventh sessions, the intergovernmental negotiating committee to prepare a global legally binding instrument on mercury considered draft financial rules for the Conference of the Parties and its subsidiary bodies, and financial provisions governing the functioning of the secretariat. At its sixth session, the committee prepared a revised version of the draft financial rules and decided that it would further consider it at its seventh session. At its seventh session, following discussions, the committee produced a further revised version, but a number of issues remained unresolved, including with regard to the hosting arrangements for the secretariat and aspects of the host country contribution. The finalization of the draft financial rules was also deferred pending the outcome of discussions at the second session of the United Nations Environment Assembly, held in Nairobi in May 2016, on the relationship between the United Nations Environment Programme and the multilateral environmental agreements for which it provides the secretariat. A resolution on that subject adopted by the Environment Assembly, resolution 2/18, is reproduced in the annex to document UNEP/MC/COP.1/INF.9.
3. At its seventh session, the intergovernmental negotiating committee agreed that the draft financial rules, as annexed to document UNEP(DTIE)/Hg/INC.7/22/Rev.1, would be submitted for consideration and possible adoption by the Conference of the Parties at its first meeting. A draft decision providing for the adoption of the financial rules by the Conference at its first meeting is accordingly set out in annex I to the present note, while the draft financial rules as set out in the annex

* UNEP/MC/COP.1/1.

to document UNEP(DTIE)/Hg/INC.7/22/Rev.1 are reproduced in annex II to the present note, without formal editing.

Suggested action by the Conference of the Parties

4. The Conference may wish to consider adopting the draft financial rules, with any changes that it deems necessary.

Annex I

Draft decision MC-1/[XX]: Financial rules for the Conference of the Parties to the Minamata Convention on Mercury and any of its subsidiary bodies, as well as financial provisions governing the functioning of the secretariat

The Conference of the Parties,

Recalling paragraph 4 of Article 23 of the Minamata Convention on Mercury,

Decides to adopt the financial rules for the Conference of the Parties and its subsidiary bodies set out in the annex to the present decision.

Annex II

Draft financial rules for the Conference of the Parties to the Minamata Convention on Mercury, its subsidiary bodies and the secretariat of the Convention

Scope

Rule 1

The present rules shall govern the financial administration of the Conference of the Parties to the Minamata Convention on Mercury, its subsidiary bodies and the Convention secretariat. In respect of matters not specifically provided for by the present rules, the Financial Regulations and Rules of the United Nations shall apply.

Financial period

Rule 2

The financial period shall be a calendar year. The biennial programme of work and budget of the Minamata Convention shall normally consist of two consecutive calendar years, the first of which shall be an even year.

Budget

Rule 3

1. The head of the secretariat of the Minamata Convention on Mercury shall prepare budget estimates for the following biennium in United States dollars showing projected income and expenditures for each year. The budget should be presented in a programmatic format [harmonized with the format used by the secretariats of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Stockholm Convention on Persistent Organic Pollutants¹]. The head of the secretariat shall dispatch the estimates, as well as the actual income and expenditure for each year of the previous biennium and estimates of actual expenditure in the current biennium, to all Parties to the Convention at least 90 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 authorizing expenditures, other than those referred to in rule 4, paragraphs 3 and 4.
3. The head of the secretariat 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 Conference of the Parties.
4. Adoption of the operational budget by the Conference of the Parties shall constitute the authority of the head of the secretariat to incur commitments and make payments for the purposes for which the appropriations were approved and up to the amounts so approved, provided always that, unless specifically authorized by the Conference of the Parties, commitments shall be covered by related received funds.
5. The head of the secretariat may make transfers within each of the main appropriation lines of the approved operational budget. The head of the secretariat may also make transfers between such appropriation lines up to 20 per cent of the main appropriation line from which the transfer is made unless another limit is set by the Conference of the Parties.

¹ Linked to the decision on hosting arrangements for the Secretariat.

Funds

Rule 4²

1. A General Trust Fund for the Convention shall be established by the Executive Director of the United Nations Environment Programme and managed by the head of the secretariat. The fund is to provide financial support for the work of the Convention secretariat. [Contributions made pursuant to rule 5, paragraph 1 (a) [and 1 (b)], shall be credited to this fund.] Contributions made pursuant to rule 5, paragraph 1 (f), by the United Nations Environment Programme shall [also] be credited to this fund. All budget expenditures that are made pursuant to rule 3, paragraph 4, shall be charged to the General Trust Fund.

2. Within the General Trust Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Conference of the Parties by consensus. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Following any drawdown of the working capital reserve, it shall be restored to its established level as soon as possible and no later than the end of the following year.

3. A Special Trust Fund shall be established by the Executive Director of the United Nations Environment Programme and managed by the head of the Secretariat. This fund shall receive contributions pursuant to rule 5, paragraphs 1 (c) to 1 (f), to support, in particular:

[(a) Facilitation and promotion of technical assistance, training [and] capacity-building [including institutional strengthening][and technology transfer] in accordance with Article 14;]

[(a) Alt Facilitation and promotion of technical assistance, capacity-building and technology transfer in accordance with Article 14;]

[(a) Bis Facilitation and promotion of technical assistance, capacity-building [including institutional strengthening] and technology transfer in accordance with Article 14;]³

(b) Participation of representatives of developing-country Parties, in particular least-developed-country Parties and small island developing States among them, and of Parties with economies in transition in the meetings of the Conference of the Parties and its subsidiary bodies pursuant to the procedure set out in the annex to the financial rules,

(c) Other appropriate purposes consistent with the objectives of the Convention.

4. Subject to the approval of the Conference of the Parties, the Executive Director of the United Nations Environment Programme may establish other trust funds, provided that they are consistent with the objectives of the Convention.

5. In the event that the Conference of the Parties decides to terminate a trust fund established pursuant to the present rules, 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.

Contributions

Rule 5

1. The resources of the Conference of the Parties shall comprise:

(a) Contributions made each year by Parties on the basis of an indicative 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, adjusted so as to ensure that no Party contributes less than 0.01 per cent of the total, that no one contribution exceeds 22 per cent of the total and that no contribution from a least developed country Party exceeds 0.01 per cent of the total;

[(b) The [75] [60] per cent of the unarmarked contributions made each year by the Government hosting the Convention secretariat;

² This rule will need adjustment if rule 5 (1) alt is chosen.

³ Linked to the decision on the specific international programme.

(c) The remaining [25] [40] per cent of the unearmarked contributions made each year by the Government hosting the Convention secretariat, which will be prioritized for the purposes set out in rule 4, paragraph 3 (b);

(d) The earmarked contributions made each year by the Government hosting the Convention secretariat.]

[Alt b to d Additional contributions made by the Government hosting the Convention secretariat] [including earmarked contributions made by the Government hosting the Convention secretariat];]

(e) Contributions made each year by Parties in addition to those made pursuant to paragraphs (a)–(d);

(f) Contributions from States not Parties to the Convention, as well as governmental, intergovernmental and non-governmental organizations and other sources;

(g) The uncommitted balance of income received from previous financial periods;

(h) Miscellaneous income.

2. The Conference of the Parties shall, in adopting the indicative scale of contributions referred to in rule 5, paragraph 1 (a), make adjustments to take account of contributions of Parties that are not members of the United Nations, as well as those of regional economic integration organizations that are Parties.

3. In respect of contributions made pursuant to rule 5, paragraph 1 (a):

(a) Contributions for each calendar year are expected by 1 January 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;

(b) Each Party shall, as far in advance as possible of the date due for the contribution, inform the head of the secretariat of the contribution it intends to make and of the projected timing of that contribution;

(c) If contributions of any Parties have not been received by 31 December of the relevant year, the head of the secretariat shall write to those Parties to impress upon them the importance of paying their respective outstanding contributions for prior periods and shall report to the Conference of the Parties at its next meeting on the consultations with such Parties;

(d) If contributions of any Party have not been received after two or more years, the head of the secretariat shall jointly decide with any Party who has outstanding contributions to develop a payment schedule to permit such Party to pay all outstanding contributions within six years, depending on the financial circumstances of the Party, and to pay future contributions promptly. The head of the secretariat shall report to the Bureau and to the Conference of the Parties at their next meetings on progress under any such schedule;

(e) If a payment schedule is not jointly decided or respected, the Conference of the Parties will decide on appropriate measures, taking into account the [specific needs and the] special circumstances of [developing countries, particularly] least developed countries or small island developing States;

(f) Given the importance of the full and effective participation of developing-country Parties, in particular least developed countries and small island developing States, and Parties with economies in transition, the head of the secretariat shall remind Parties of the need for contributions to the Special Trust Fund at least six months prior to each ordinary meeting of the Conference of the Parties, reflecting on the financial need, and urge Parties in a position to do so to ensure that any contributions are paid at least three months before the meeting.

4. Contributions made pursuant to rule 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 Regulations and Rules of the United Nations, as may be agreed between the head of the secretariat and the contributors.

5. Contributions made pursuant to rule 5, paragraph 1 (a), from States and regional economic integration organizations that become Parties to the Convention after the beginning of a financial period shall be made pro rata temporis for the balance of that financial period. Consequent adjustments shall be made at the end of each financial period for other Parties.

6. All contributions shall be paid in United States dollars or the equivalent in a convertible currency. They shall be paid into a bank account to be designated by the Executive Director of the United Nations Environment Programme in consultation with the head of the secretariat. In conversion into United States dollars, the United Nations operational rate of exchange shall be used.

7. The head of the secretariat shall acknowledge promptly the receipt of all pledges and contributions and shall inform the Parties by publishing on the Convention website up-to-date information on the status of pledges and payments of contributions.

8. Contributions not immediately required shall be invested in accordance with applicable United Nations rules at the discretion of the Executive Director of the United Nations Environment Programme, in consultation with the head of the secretariat. In case both are not in agreement the Executive Director shall decide the further course of action. The resulting income shall be credited to the relevant Convention trust fund.

Accounts and audit

Rule 6

1. The accounts and financial management of all funds governed by the present rules shall be subject to the internal and external audit process of the United Nations.
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 relevant remarks in the reports of the United Nations Board of Auditors on financial statements of the United Nations Environment Programme and remarks in reports resulting from external audits.

Administrative support costs

Rule 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 rule 4, paragraphs 1, 3 and 4, 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

Rule 8

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

[Annex to the financial rules

Procedure for the allocation of funding from the voluntary Special Trust Fund (SV) for facilitating the participation of Parties in meetings of the Conference of the Parties

1. The procedure for facilitating the participation of eligible delegates in meetings under the Convention should aim at the full and active participation of developing-country Parties, in particular least developed countries and small island developing States, and Parties with economies in transition in the activities of the Convention to broaden the scope of experiences and information available to Convention Parties and encourage the implementation of the Convention at the local, national, regional and international levels.
2. The procedure should give [priority][special attention] to least developed countries and small island developing States and thereafter aim at ensuring adequate representation of all eligible Parties. It should continue to be guided by established United Nations practice.
3. The Secretariat should notify Parties as soon as possible, and preferably six months in advance, of the dates and venues of meetings of the Conference of the Parties.

4. Following the dispatch of a notification that a meeting will take place, eligible Parties should be invited to inform the Secretariat, through official channels of communication, as soon as possible and no later than three months before the meeting, whether funding is requested.
 5. Based on the availability of financial resources and the number of requests received, the head of the Secretariat shall prepare a list of sponsored delegates. The list shall be established in accordance with paragraphs 1 and 2 above with a view to ensuring adequate geographical representation of eligible regions, with [priority][special attention] given to least developed countries and small island developing States.
 6. The Secretariat should, four weeks in advance of the meeting, notify eligible countries that will not be sponsored, inviting them to seek other alternative sources of funding.
 7. The head of the Secretariat is invited to liaise with the Executive Director of the United Nations Environment Programme with a view to ensuring a waiver of the programme support costs on contributions to the technical cooperation trust fund for the participation of representatives from developing countries and countries with economies in transition, with the understanding that the additional money secured will be used to enhance the representation of eligible Parties.]
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