

**Meeting of the States Parties to the Convention  
on the Prohibition of the Development,  
Production and Stockpiling of Bacteriological  
(Biological) and Toxin Weapons and on Their  
Destruction**

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**2020 Meeting**

**Geneva, 22-25 November 2021**

Item 7 of the provisional agenda

**Management of the intersessional programme: Budgetary and financial matters**

**Report on the Overall Financial Situation of the  
Biological Weapons Convention**

**Submitted by the Chairperson**

*Summary*

The 2019 Meeting of States Parties to the Biological Weapons Convention requested the Chair of the 2020 Meeting of States Parties, in close consultation with the States Parties, the Implementation Support Unit, the United Nations Office for Disarmament Affairs and the United Nations Office at Geneva, to report on the overall financial situation of the Convention, the implementation of the measures adopted in 2018, and possible further measures, in a transparent way and taking into account outstanding credits for those States Parties who paid their contribution in full to bring about timely payment as required, for consideration by the 2020 Meeting of States Parties. This report is submitted in accordance with this request.



## I. Introduction

1. The 2018 Meeting of States Parties recognized that the Convention's financial difficulties stem from three principal sources: non-payment of contributions by some States Parties, delays in receipt of contributions from other States Parties and financial requirements of the United Nations with respect to activities not funded from the Regular Budget of the United Nations.<sup>1</sup> In order to address these, the Meeting of States Parties endorsed a package of measures to encourage timely payment, to ensure liquidity and to avoid deficit spending and the accumulation of liabilities. It also endorsed other measures dealing with regular reporting and the continued monitoring of the financial situation of the Convention. In this light, the Meeting of States Parties requested the Chairman of the 2019 Meeting of States Parties, in close consultation with the United Nations Office for Disarmament Affairs and the United Nations Office at Geneva, to report on the overall financial situation of the Convention, the implementation of the measures adopted in 2018, and possible further measures to bring about timely payment as required, for consideration by the 2019 Meeting of States Parties.

2. In fulfilment of this request, the Chairperson of the 2019 Meeting of States Parties submitted document BWC/MSP/2019/5. The Meeting noted the report and a briefing provided by the Implementation Support Unit. States Parties welcomed the improvement of the financial situation during 2019, following the measures endorsed by the Meeting of States Parties in 2018, including the establishment of the working capital fund. They stressed the need to continue monitoring the financial situation of the Convention and requested the Chair of the 2020 Meeting of States Parties, in close consultation with the States Parties, the Implementation Support Unit, the United Nations Office for Disarmament Affairs and the United Nations Office at Geneva, to report on the overall financial situation of the Convention, implementation of the measures endorsed in 2018, and possible further measures, in a transparent way and taking into account outstanding credits for those States Parties who paid their contribution in full to bring about timely payment as required, for consideration by the 2020 Meeting of States Parties.

## II. The overall financial situation of the Convention

3. The overall financial situation of the Convention is being monitored on a regular basis by the United Nations Office at Geneva and the United Nations Office for Disarmament Affairs. Reports on the status of contributions to the Convention are provided to States Parties on a monthly basis. These reports provide detailed information in the form of tables which *inter alia* show the cash available to the Convention as a result of the receipt of assessed contributions and the total unpaid contributions, a breakdown of the outstanding receivables by State Party, a breakdown of the outstanding receivables by State Party and by year and a monthly snapshot of the expenditures and legal commitments for expenditure. As requested by the 2018 Meeting of States Parties, the monthly reports also provide information on collections and use of the Working Capital Fund.

4. Alongside the monthly status of contributions reports, the United Nations Office at Geneva also provides a monthly cash-flow analysis for the Convention. These monthly analyses provide an assessment of the funds available compared against the obligations and therefore show whether sufficient funds are available to allow the implementation of the agreed programme of activities.

5. Both of these reports are sent to all Permanent Missions and National Contact Points on a monthly basis by the Implementation Support Unit and are posted on the Biological Weapons Convention (BWC) website. During 2020, the United Nations Office at Geneva and the United Nations Office for Disarmament Affairs launched an interactive online tool that will make it easier for States Parties to access information on the status of their contributions, with filters allowing users to quickly drill down to pertinent information, and charts showing snapshots of the current financial status of the Convention. A link to this

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<sup>1</sup> See Section V of document BWC/MSP/2018/6.

'Dashboard' is provided on the BWC website and is included in the monthly messages to States Parties.

6. The table below shows the current financial situation of the Convention, as of 31 August 2021. Due to the COVID-19 pandemic, and the consequent postponement of all BWC meetings from 2020 to 2021, States Parties agreed in 2021 by written silence procedure to extend the financial period for the 2020 meetings into 2021 in order to have funds available in 2021 for the postponed meetings. States Parties furthermore agreed by written silence procedure to extend the financial period for the 2021 meetings into 2022 to cover the costs of the second session of the Preparatory Committee and the Ninth Review Conference.

7. With regard to the 2020 budget, a total of USD 1,396,164.49 has been received from States Parties. The amount billed to States Parties was USD 1,519,800 meaning that USD 123,635.51 remains to be collected. The collection rate for 2020 was therefore 91.9 per cent as of 31 December 2020.

8. With regard to the 2021 budget, a total of USD 1,646,536.97 has been received from States Parties. The amount billed to States Parties was USD 1,864,700, meaning that USD 218,163.03 remains to be collected. The collection rate for 2021 is therefore 88.3 per cent.

9. Regarding the 2019 budget, the accounts have been closed with a collection rate of 94.8%.

*Table 1: Overall financial situation*

*BWC*

2021 cost estimates

Assessed contributions billed to States	\$1,864,700.00
Assessed contributions paid by States	\$1,646,536.97
<b>Subtotal: Outstanding assessments for 2021 projects</b>	<b>-\$218,163.03</b>

2020 cost estimates

Assessed contributions billed to States	\$1,519,800.00
Assessed contributions paid by States	\$1,410,934.33
<b>Subtotal: Outstanding assessments for 2020 projects</b>	<b>-\$108,865.67</b>

Closed projects (2019 and earlier)

<b>Subtotal: Outstanding contributions for closed projects</b>	<b>-\$131,825.00</b>
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<b>Total outstanding contributions</b>	<b>-\$458,853.70</b>
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### III. Implementation of the measures endorsed by the 2018 Meeting of States Parties

10. Paragraph 21 of the report of the 2018 Meeting of States Parties contained measures to encourage timely payment of invoices by States Parties. In this regard, as reported above, the collection rate for 2019 was 92.3 per cent as of 31 December 2019 as compared with an average collection rate in the years 2017-2019 of 93.7 per cent. In addition, several States Parties in arrears have paid their outstanding amounts. In order to facilitate the payment of small outstanding contributions, on 14 August 2019 the United Nations Office at Geneva informed all Member States that such outstanding receivables can be settled by cash payment at the UBS bank branch in the Palais des Nations.

11. As requested in sub-paragraph 21 (c), the Chairperson has contacted States Parties in arrears. On 9 February 2021, the Chairperson wrote to his counterparts in 22 States Parties with significant arrears to the Convention encouraging them to pay their outstanding assessed contributions at the earliest possible date. On 16 September 2021, the Chairperson wrote again to those States Parties with outstanding contributions for 2020 and 2021 to encourage them to pay as soon as possible to ensure the availability of sufficient funds for the full implementation of the work programme. Throughout 2020 and 2021, the Chairperson has

continued to raise the issue of financial arrears in his letters to States Parties and also in interactions with regional groups and individual States Parties.

12. In accordance with sub-paragraph 21(e) of the report of the 2018 Meeting of States Parties, the United Nations Office at Geneva sent invoices for the 2021 budget in early September 2020. Since then a total amount of USD 1,646,536.97 or 88.3% is collected. Because the 2021 financial period has been extended into 2022, the costs of the relevant meetings have already been covered. However, the costs of the Implementation Support Unit in 2022 will need to be covered through an additional cost estimate to be agreed by the Meeting of States Parties in November 2021. In this case, the United Nations Office at Geneva is unable to send the invoices until the cost estimates have been approved.

13. In accordance with sub-paragraph 22(a) of the report of the 2018 Meeting of States Parties, the United Nations Office at Geneva established a Working Capital Fund as an interim measure, to be reviewed at the Ninth Review Conference for its effectiveness and the possibility explored to be financed by assessed contributions, pending other possible steps to assure liquidity. The Fund is financed by voluntary contributions and used solely as a source of short-term financing pending receipt of reasonably anticipated contributions, taking into account the average collection rate and pattern of payments over the preceding three years.

14. The terms of reference of the Working Capital Fund were outlined in the letter on budgetary and financial matters dated 31 January 2019 from the Chairman of the 2018 Meeting of States Parties which was prepared in consultation with States Parties.<sup>2</sup> The formal establishment of the Fund was announced in a letter to all States Parties from Ms. Anja Kaspersen, then Director of the Geneva Branch of the United Nations Office for Disarmament Affairs, on 7 May 2019. The United Nations Office at Geneva and the United Nations Office for Disarmament Affairs have also prepared model templates for exchange of letters and bilateral agreements for those States Parties wishing to contribute to the Fund. Since its establishment the Fund, has received the following voluntary contributions:

*Table 2: Total value of the WCF as of 31 August 2021*

Canada	\$70,286.27
China	\$39,345.28
France	\$69,817.46
Germany	210,021.21
India	\$10,000.00
Ireland	\$16,682.92
Kazakhstan	\$10,000.00
NTI	\$50,000.00
Russian Federation	\$50,000.00
Spain	\$28,436.02
United Kingdom of Great Britain and Northern Ireland	\$69,534.87
<i>Interest income</i>	\$4,677.74
<b>Total</b>	<b>\$628,801.77</b>

15. The total amount received in the Working Capital Fund as of 31 August 2021 of USD 628,801.77 is 82.7 per cent of the target level that was set in the 31 January 2019 letter from the Chairman of the 2018 Meeting of States Parties. The availability of cash in the Working Capital Fund at the time that the contracts of the staff members of the Implementation Support Unit were due for renewal has facilitated the extension of contracts for a period longer than would have otherwise been possible. The Fund acted as a guarantee covering the

<sup>2</sup> See [https://www.unog.ch/80256EDD006B8954/\(httpAssets\)/1FE92995054B8108C1258394004233AD/\\$file/2019-0131+2018+MSP+Chair+letter+on+financial+measures.pdf](https://www.unog.ch/80256EDD006B8954/(httpAssets)/1FE92995054B8108C1258394004233AD/$file/2019-0131+2018+MSP+Chair+letter+on+financial+measures.pdf)

contract extensions, but in the end the funds were not utilized because additional contributions were received in time to cover the payroll charges.

16. In accordance with sub-paragraph 22(b) of the report of the 2018 Meeting of States Parties, the accounts for 2019 were kept open until August 2020. At this time, a final balance was determined and any surplus funds were allocated back to States Parties as a credit against their next assessment.<sup>3</sup> The United Nations Office at Geneva issued 2021 invoices reflecting 2019 credits for those State Parties which paid their assessed contributions before the 2019 closing. For those State Parties which did not pay their assessed contributions before the 2019 closing, the arrears remained the initial assessment invoiced to the relevant State Parties for the year in question.

17. Paragraph 23 of the report of the 2018 Meeting of States Parties contained measures to avoid deficit spending and the accumulation of liabilities by the United Nations. In accordance with sub-paragraph 23(a), the United Nations Office at Geneva determined that the average collection rate for the preceding three years was 93.7 per cent. Expenditure during 2020 should be kept to the level of USD 1,527,579 and has been monitored on a monthly basis through the abovementioned cash-flow analysis reports sent to all States Parties. As 2020 budgeted activities are still on-going with the 2020 BWC Meeting of States Parties taking place in November 2021, the final 2020 costs are not known at this stage.

18. The United Nations Office at Geneva has provided a detailed breakdown of the closing of the 2019 accounts to States Parties.<sup>4</sup> This breakdown shows that arrears for unpaid contributions remain the amount of the initial assessment invoiced to the relevant State Party for the year in question, in accordance with sub-paragraph 23(b) of the report of the 2018 Meeting of States Parties. The breakdown also shows that, in accordance with sub-paragraph 23(c) of the same report, credits due to States Parties that paid for a given financial year were calculated on the basis of the final cash balance following the closure of the accounts for that financial year. From the meetings in 2019 and onwards, Signatory States and Non-Signatory States that attend meetings of the Convention have been invoiced for the costs of the meetings in which they participate on the basis of their shares in the scale of assessments of the United Nations, in accordance with sub-paragraph 23(d) of the report of the 2018 Meeting of States Parties.

19. The further measures contained in paragraph 24 of the report of the 2018 Meeting of States Parties primarily concern reporting and the mandate for this current report. Regular reporting on expenditure, collections and use of the Working Capital Fund is provided in the monthly reports produced by the United Nations Office at Geneva.

20. While the measures adopted by the 2018 Meeting of States Parties effectively addressed liquidity issues and structural problems going forward, there is still a problem related to addressing outstanding contributions from activities prior to 2018, which amounted to USD 131,825.00 at 31 August 2021. The Chairman of the 2020 Meeting of States Parties has continued to raise this issue with the delegations concerned and recommends that the future Chairpersons continue this practice. The Implementation Support Unit will continue to raise the issue of outstanding contributions from activities prior to 2018 with the States Parties concerned during the course of its activities. This approach has had some success during 2020 and 2021 and States Parties with outstanding contributions are encouraged to pay them at the earliest possible date.

#### **IV. Possible further measures**

21. The United Nations Office at Geneva has noted that amounts received from States Parties in arrears (i.e. after the accounts have been closed) remain on the BWC account and provide additional liquidity for the execution of the programme of work. Should States Parties wish to have these amounts returned to those who paid the contributions before the closing, States Parties should adopt a financial measure to direct the United Nations Office

<sup>3</sup> See <https://front.un-arm.org/wp-content/uploads/2020/12/BWC2019CLOSINGRev.1AnnexIforwebsitevalues-v4.pdf>

<sup>4</sup> *ibid.*

at Geneva accordingly. The following language could therefore be included in the report of the upcoming 2020 Meeting of States Parties:

“Amounts received from States Parties in arrears (i.e. after the accounts are closed) will become available for distribution to the States Parties having paid their initial assessment on time. Every five years, for all the closed budget years, the total available cash will be distributed back to those States Parties which paid on time.”

22. The United Nations Office at Geneva has also recommended introducing the following financial measures to overcome some complications that have arisen since the implementation of the financial measures endorsed by the 2018 Meeting of States Parties:

- “To request the United Nations to issue invoices based on the cost estimates at least 90 days before the start of the financial period or 60 days after the States Parties have adopted the budget for the next financial period, whichever is later, to encourage early payment by those in a position to do so and improve liquidity.”
- “The credit calculation is based on the same UN assessment rates used at the time of the preparation of the preliminary assessment.”

## V. Conclusion

23. The Chairman of the 2020 Meeting of States Parties has given strong emphasis to the importance of timely payment of assessed contributions. The upcoming Ninth Review Conference in 2022 will provide a suitable time to fully assess the impact of the measures from the 2018 Meeting of States Parties. From the information provided above however, it is clear that the measures continue to have a positive impact on the financial situation of the Convention, providing much-needed predictability and stability for the intersessional programme and also preventing the continued accumulation of financial liabilities by the United Nations. The paramount measure remains for States Parties to pay their assessed contributions in full and on time.

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