
**Framework Convention
for the Protection of the Marine
Environment of the Caspian Sea**

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**CONFERENCE OF THE PARTIES
First Meeting
Baku, 23 – 25 May 2007**

Item 5 of the provisional agenda
Adoption of Financial Rules

Note of the interim Secretariat on the draft Financial Rules

Introduction

1. Article 22, paragraph 9 (c) of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea stipulates at the Conference of the Parties shall, at its first meeting, decide on the financial rules for itself and its subsidiary bodies.
 2. To facilitate the first Meeting of the Conference of the Parties to perform the above duties, the interim Secretariat prepared the draft Rules of Procedure presented below.
 3. The draft Financial Rules are based on prevailing international norms and practices relevant to the functioning of the bodies of international treaties, while taking into account the specific content of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea.
 4. The first Meeting of Government-designated experts on Rules of Procedure and Financial Rules for the Framework Convention on the Protection of the Marine Environment of the Caspian Sea, Moscow, Russian Federation, 9-12 March 2005, and Senior Preparatory Meeting for the 1st Meeting of the Conference of the Parties to the Tehran Convention (7-8 December 2006, Moscow, RF), did not have an opportunity to review the Draft Financial Rules. The latter meeting agreed that the Contracting Parties would present their comments and proposals to the interim Secretariat for their transmission to the other Parties with the view to discuss and agree on the changes. The interim Secretariat incorporated proposed amendments in the text which are underlined. Two countries: the Republic of Kazakhstan and Turkmenistan requested additional information on the rationale for establishing a Convention Trust Fund which was included into the secretariat note on Institutional Arrangements (TC/COP1/4).
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* The document is revised on the basis of written submissions of the State Parties to the Tehran Convention, received by the interim Secretariat.

Suggested action:

5. The Conference of the Parties may wish to consider and adopt the draft Financial Rules for the administration of the Trust Fund for the Framework Convention for the Protection of the Marine Environment of the Caspian Sea, as amended (Annex I).
6. Pending the decisions on the arrangements and location of the Convention permanent Secretariat the Conference of the Parties may decide to postpone its decisions on the designation of the organization, body or entity which shall establish and manage the Convention Trust Fund (Rule 1) and budget (Rule 9) to its second meeting.
7. Taking into account the minimum average budget for the permanent Secretariat and its activities, as presented in Annex II, and in accordance with Rule 5 of the draft Financial Rules, the Conference of the Parties is requested to endorse and adopt the proposal by the Senior Preparatory Meeting for the 1st Meeting of the Conference of the Parties to the Tehran Convention (7-8 December 2006, Moscow, RF), that the Contracting Parties collectively provide an amount of US\$ 360,000 (US\$ 72,000 per country) as their estimated annual contribution to the budget of the Tehran Convention for the first budget year.

Annex I

Draft Financial Rules for the Administration of the Trust Fund For the Framework Convention for the Protection of the Marine Environment of the Caspian Sea

Rule 1

The Conference of the Parties shall designate an organization, body or entity (hereinafter referred to as the Trustee) which shall establish and manage the Trust Fund for the Framework Convention for the Protection of the Marine Environment of the Caspian Sea (hereinafter referred to as the Caspian Trust Fund) in accordance with these rules.

Rule 2

For the purposes of these rules:

- (a) "Convention" means the Framework Convention for the Protection of the Marine Environment of the Caspian Sea adopted in Tehran on 4 November 2003;
- (b) "Parties" means Parties to the Convention;
- (c) "Conference of the Parties" means the Conference of the Parties established in accordance with Article 22 of the Convention;
- (d) "Trustee" means an organization, body or entity, which shall establish and manage the Trust Fund for the Framework Convention for the Protection of the Marine Environment of the Caspian Sea;
- (e) "Trust Fund" means the Trust Fund for the Framework Convention for the Protection of the Marine Environment of the Caspian Sea;
- (f) "Executive Secretary" means the head of the Secretariat of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea;
- (g) "Secretariat" means the Secretariat of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea.
- (h) "Financial period" means a biennium consisting of two consecutive calendar years.

Rule 3

The Trust Fund shall be used for funding the administration of the Convention, including the functioning of the Secretariat.

Rule 4

The Trust Fund shall be financed from:

(a) Contributions made by Parties based on the scale set forth in the Appendix 1 to the budget and ;

(b) Additional contributions made by Parties as defined by Parties.

~~(c) Contributions from sources available through the Caspian Environment Programme and other similar programmes and undertakings in the area of environmental protection;~~

(d) Contributions from States not Parties, as well as governmental, intergovernmental and non-governmental organizations, and other sources.

Rule 5

The Conference of the Parties shall determine the scale of contributions referred to in paragraph (a) of Rule 4. Such contributions ~~shall be due~~ are expected on 1 January of each calendar year. **OR: Such contribution due to be paid in the first quarter of the year.**

Rule 6

All contributions shall be paid in United States dollars or its equivalent in a convertible currency and into a bank account to be specified by the Trustee. In conversion of currencies into United States dollars, ~~the United Nations operational rate of exchange shall be used.~~ current exchange rate according to the date of receipt of the currency.

Rule 7

~~Accounting~~ Bank records shall be kept in such currency or currencies as the Trustee deems necessary.

Rule 8

Budget proposals expressed in United States dollars covering the expenditure and income from contributions referred to in paragraph (a) of Rule 4 shall be prepared by the Executive Secretary for periods of two calendar years. At least 90 days before the date of the opening of each alternative ordinary meeting of the Conference of the Parties, these budget proposals shall be dispatched by the Executive Secretary to all Parties.

Rule 9

The budget shall, in accordance with Rule 16, be approved by the Conference of the Parties and, if necessary, be revised at an ordinary or extraordinary meeting of the Conference of the Parties.

Rule 10

Contributions referred to in paragraphs (b) and (c) of Rule 4 shall be used in accordance with ~~any~~ terms and conditions agreed between the Executive Secretary and the respective contributor. At each ordinary meeting of the Conference of the Parties, the Executive Secretary shall present a report on contributions received and expected as well as their sources, amounts, purposes, ~~and conditions and activities financed by these contributions.~~

Rule 10 bis

Voluntary contributions whether or not in cash, may be accepted by the Executive Secretary, provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Convention.

Rule 11

The Executive Secretary may commit resources against the Trust Fund only if such commitments are covered by contributions already received. In the event that the Trustee anticipates that there might be a shortfall in resources over the financial period as a whole, it shall notify the Executive Secretary, who shall adjust the budget so that expenditures are at all times fully covered by contributions received.

Rule 12

The Trustee, on the advice of the Executive Secretary, may make transfers from one budget line to another within the budget.

Rule 12 bis

The Executive secretary may make transfers between appropriation lines not exceeding three per cent of core budget approved for the financial period.

~~Rule 13~~

~~Contributions referred to in paragraph (a) of the Rule 4 above from States that become Parties 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.~~

Rule 14

Contributions not immediately required for the purposes of the Trust Fund shall be invested and any interest so earned shall be credited to the Trust Fund.

Rule 15

It is for the Conference of the Parties and the Trustee to agree on an administrative support charge to be paid to the Trustee.

Rule 16

At the end of each calendar year, the Trustee shall transfer any balance to the following calendar year and submit to the Conference of the Parties, through the Executive Secretary, the certified and audited accounts for that year as soon as practicable. The Trust Fund shall be subjected to the internal and external auditing procedure, as decided by the Conference of the Parties.

Rule 17

In the event that the Conference of the Parties decides to terminate the Trust Fund, a notification to that effect shall be presented to the Trustee at least six months before the date of termination selected by the Conference of the Parties. The Conference of the Parties shall decide, in consultation with the Trustee, on the distribution of any unspent balance after all liquidation expenses have been met.

Rule 18

~~The Parties shall reach agreement on all matters by consensus~~

Rule 19

Any amendments to these rules shall be adopted by the Conference of the Parties by consensus.

Annex II

**PROPOSED ESTIMATED BUDGET FOR THE FIRST FINANCIAL YEAR FOR THE
FRAMEWORK CONVENTION FOR THE PROTECTION OF THE MARINE
ENVIRONMENT OF THE CASPIAN SEA**

(THOUSANDS OF US DOLLARS)

Convention Secretariat

Financial Aspects

Staff	AZ	IRI	RF	average
Executive Secretary	24000	35000	30000	29667
Admin/Financial Officer	13100	23000	17000	17700
Biodiversity Coordinator	18000	30000	24000	24000
Pollution Coordinator	18000	30000	24000	24000
Bioresources Coordinator	18000	30000	24000	24000
CZM Coordinator	18000	30000	24000	24000
Communications Officer	13100	23000	18000	18033
Database Operator/IT	12600	18000	18000	16200
Interpreter/Translator (Russian)	12600	18000	17000	15867
Interpreter/Translator (Eng)	12600	18000	17000	15867
Secretariat Services	18000	22000	20000	20000
Non resident grants	100000	100000	100000	100000
Subtotal Staff	<u>278000</u>	<u>377000</u>	<u>333000</u>	<u>329333</u>
Premises				
rent	48000	60000	47250	51750
security services	4200	4200	inc	4200
utilities/maintenance	6000	6000	inc	6000
communications	14400	8400	6000	9600
local transport	5400	5400	5400	5400
insurance	2000	2000	2000	2000
subtotal premises	<u>80000</u>	<u>86000</u>	<u>60650</u>	<u>75550</u>
Meetings				
travel (\$1000 x 4 staff x 3.3 missions)	13200	13200	13200	13200
DSA (4 staff x 4 nights x 3.3 missions)	9600	9600	9600	9600
meeting room hire (5 days)	2500	2500	2500	2500
translation	2000	2000	2000	2000
document	1000	1000	1000	1000
printing/dissemination				
subtotal meetings/travel	<u>28300</u>	<u>28300</u>	<u>28300</u>	<u>28300</u>
Misc.				
office supplies	2000	2000	2000	2000
temporary assistants	1500	1800	1800	1560

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temporary consultants	***	9000	15000	12000	9828
hospitality		3000	3000	3000	3000
subtotal misc.		<u>15500</u>	<u>21800</u>	<u>18800</u>	<u>18700</u>
Equipment					
IT (PCs, LAN, servers, printers)		20000	20000	20000	20000
Copiers		4000	4000	4000	4000
Office furniture for 10 staff		15000	15000	15000	15000
conference room furniture/equip		10000	10000	10000	10000
Subtotal equipment		<u>49000</u>	<u>49000</u>	<u>49000</u>	<u>49000</u>
Summary					
Staff		300000	363000	325000	329333
Premises		80000	86000	60650	75550
Meet/Travel		28300	28300	28300	28300
equipment		10000	10000	10000	10000
Misc.		15500	21800	18800	18700
Sub-Total		<u>433800</u>	<u>509100</u>	<u>442750</u>	<u>461883</u>
Contingencies @ 8%		34704	40728	35420	36951
TOTAL		<u>468504</u>	<u>549828</u>	<u>478170</u>	<u>498834</u>

Appendix 1

**SCALE OF CONTRIBUTIONS BY STATE PARTIES TO THE TRUST FUND FOR THE
BIANNIUM 200... - 200... FOR
THE FRAMEWORK CONVENTION FOR THE PROTECTION OF THE MARINE
ENVIRONMENT OF THE CASPIAN SEA**

(THOUSANDS OF US DOLLARS)

State Party	Year 200...	Year 200...
Republic of Azerbaijan	(72,000)	
Islamic Republic of Iran	(72,000)	
Republic of Kazakhstan	(72,000)	
Russian Federation	(72,000)	
Turkmenistan	(72,000)	
Total	(360.000)	