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Tenth Intergovernmental Meeting on the Action
Plan for the Caribbean Environment Programme
and Seventh Meeting of the Contracting Parties
to the Convention for the Protection and
Development for the Marine Environment of the
Wider Caribbean Region

Montego Bay, Jamaica, 7-11 May 2002

**PROPOSED FINANCIAL RULES FOR THE CARTAGENA
CONVENTION, AND THE CARIBBEAN ENVIRONMENT
PROGRAMME, AND TERMS OF REFERENCE FOR
THE CARIBBEAN TRUST FUND**

Proposed Financial Rules of the Caribbean Environment Programme for the Meetings and Conferences convened within the framework of the Action Plan for the Caribbean Environment Programme

1. Background

At the Thirteenth Meeting of the Monitoring Committee on the Action Plan for the Caribbean Environment Programme and Special Meeting of the Bureau of the Contracting Parties to the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, the Financial Rules for the Caribbean Environment Programme were addressed in agenda item 7.

The secretariat presented document UNEP(DEC)/CAR IG.19/4, which had been prepared for the Meeting to explain the evolution of, and to simplify, the two different proposals related to the Financial Rules for the Cartagena Convention, the Meetings and Conferences of CEP and of the Caribbean Trust Fund. The document consisted of two parts: the first contained the most recent proposal presented at the Ninth Intergovernmental Meeting and Sixth Meeting of the Contracting Parties, (UNEP(DEC)/CAR IG.17/7); and the second contained the proposal originally submitted to the Seventh Intergovernmental Meeting and Fourth Meeting of the Contracting Parties (UNEP(OCA)/CAR IG.12/7, annex V, appendix II).

The secretariat pointed out that decisions on the various proposals had been repeatedly deferred to subsequent Intergovernmental Meetings since 1994, and ultimately to the current Meeting. In justifying the need to adopt financial rules, the secretariat specifically mentioned three points:

- a) The need for a legal justification for issuing invoices;
- b) The fact that some member countries lacked a legal base to pay their contributions;
- c) The fact that no disbursement from the Trust Fund could be authorized unless funds were received, as that could jeopardize contracts, projects and other commitments.

The secretariat explained that part I of UNEP(DEC)/CAR IG.19/4 was a simplification of previous versions combined into one single proposal of financial rules for the Caribbean Trust Fund. The simplification involved three elements that had been presented as either redundant or inefficient, namely that:

- a) The creation of a separate financial mechanism for the Cartagena Convention, is redundant and should be avoided, because the Convention was the legal mechanism of the Caribbean Environment Programme and its Action Plan, and, as such, did not constitute a separate entity;
- b) No financial mechanism for the Meetings and Conferences of CEP was needed because the potential coercive measure with regard to the withholding of voting rights that

could be used to ensure payment of contributions was rendered ineffective by the voluntary nature of the contributions to the Trust Fund;

- c) Remarks about the obligations of the Executive Director of UNEP should be deleted, because the United Nations financial rules for the management of the Trust Fund already defined responsibilities that were coherent with those proposed.

The Meeting agreed to revise the proposed financial rules accordingly and prepare a new draft, which would also be considered by the working group on the rules of procedure, to ensure the necessary harmonization and compatibility.

The Working Group held a session and finally prepared a new draft with the inputs of the delegates.

2. Recommendation

The Working Group recommended that a proposal be made to the next Intergovernmental Meeting that would allow for up to 25 per cent of the annual ordinary contribution of member Governments to be made in kind.

Terms of Reference for the Caribbean Trust Fund of the Caribbean Environment Programme

Purposes

1. The Caribbean Trust Fund (hereinafter referred to as the “Trust Fund”) was established in 1983 to provide financial support for the common costs and activities associated with the implementation of the Action Plan for the Caribbean Environment Programme (CEP). The Trust Fund further serves to provide support to the common costs and activities of the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region (Cartagena Convention). The common costs and activities of the Action Plan and Cartagena Convention are collectively defined through the workplan and budget for CEP adopted on a biennial basis at the Intergovernmental meeting of the Caribbean Environment Programme and Meeting of the Contracting Parties of the Cartagena Convention.
2. The Eighth Intergovernmental Meeting on the Action Plan for the Caribbean Environment Programme and Sixth Meeting of the Contracting Parties to the Cartagena Convention decided that the Trust Fund would serve as the "primary funding base" of CEP and that the overall coordination and common costs of CEP should be fully funded through the contributions to the trust fund. Therefore, the level of contributions should, at a minimum, guarantee the overall coordination and common costs of the secretariat.
3. In addition to the purposes noted in paragraphs 1 and 2 above, the present document serves as the Financial Rules for the Cartagena Convention, as described in Article 20, paragraph 2 of the Cartagena Convention.

Definitions

4. “Fiscal year” means the financial year of the United Nations Environment Programme (UNEP), beginning 1 January and ending 31 December.
5. “Secretariat” means the Caribbean Regional Coordinating Unit of the United Nations Environment Programme (UNEP-CAR/RCU)

Resources of the Caribbean Trust Fund

6. Governments in the Wider Caribbean Region participating in the Caribbean Environment Programme agree to pay voluntary contributions to support the Trust Fund. Voluntary contributions are to be paid on an annual basis at levels agreed to at the Intergovernmental Meetings of CEP and meeting of Contracting Parties to the Cartagena Convention.
7. Contributions made to the Trust Fund are either ordinary or extraordinary. Ordinary contributions shall consist of the amount set for each biennium and agreed to by each member Government for each fiscal year on a biennial basis. Extraordinary contributions are funds provided by member Governments beyond ordinary contributions and include those contributions made by non-member Governments or other donors. The amount of the

ordinary contribution indicates the ideal voluntary contribution of each CEP member Government.

8. Member Governments will be requested to accept the ordinary contribution level at the time they are set. In the event that this is not possible, the contribution levels will be accepted on an interim basis for a period of 60 days beginning from the last day of the Intergovernmental Meeting and meeting of the Contracting Parties to the Cartagena Convention. Within the 60-day interim period, member Governments shall seek to confirm their contribution level to the secretariat or to indicate any relevant change.
9. All ordinary contributions are due to be paid in the year for which they were pledged.
10. All contributions shall be allocated in United States dollars, in accordance with the relevant provision of the United Nations for the administration of trust funds.
11. All contributions shall be paid in to the following address and account:

UNEP Trust Fund Account No. 485-000-326

JP Morgan Chase

1166 Avenue of the Americas 17th Floor

New York, NY 10036-2708

United States of America

Wire transfers should use **ABA No. 021000021**, **SWIFT No. BIC-CHASUS33** or **CHIPS participant No. 0002**

Administration

12. The administration of the Trust Fund is entrusted through the secretariat to the Executive Director of UNEP. The Trust Fund is administered in accordance with the Financial Regulations, Rules and relevant administrative instructions of the United Nations, including the Financial Rules of the Environment Fund. This includes, inter alia, the following:
 - a) Reminding Member States of their obligations to the Trust Fund;
 - b) Commitment against the resources of the Trust Fund may be made only if they are covered by the necessary funds. No commitments shall be made in advance of the receipt of contributions covering those commitments. Therefore, the Executive Director is requested to inform the Parties of a risk situation in the level of funds received and has the authority to interrupt personnel contracts and other contracts or commitments if the level of contributions received is not adequate;
 - c) All expenditures shall be made based on supporting documentation, which ensures that payment is due, and where goods and services are involved that they have been received; and
 - d) the end of the fiscal year, the secretariat shall request the Executive Director, to transfer any uncommitted balances to the following year.

13. At the beginning of each fiscal year, the Executive Director, through the secretariat, is authorized to send an invoice or a balance to member Governments of CEP in the amounts agreed, as described in paragraphs 7 and 8 above. In the event that a member Government has not confirmed the amount of its contribution 30 days before the start of the fiscal year the Executive Director is authorized to send an invoice or a balance to that Government in the amount indicated by the Intergovernmental Meeting. Notwithstanding the other provisions of this paragraph, invoices do not represent a legal obligation to pay the indicated amount, nor any other amount, as all contributions to the Trust Fund are voluntary.
14. Annual contributions not received by the end of the respective year shall be accumulated as “unpaid contributions” for each respective member Government and will be described as such in the financial reports stipulated in paragraphs 18-19 below. Unpaid contributions shall be included in the amount invoiced to each member Government on an annual basis. In accordance with UNEP financial practices, contributions paid in any given fiscal year will first be applied toward unpaid contributions. Contributions that exceed the amount of unpaid contributions will be recorded as a contribution toward the fiscal year in which the payment is received.
15. Unpaid contributions not made can be paid in cash or in-kind as agreed between a member Government and the secretariat on a case-by-case basis. In-kind contributions may include the hosting of in-country workshops and meetings of CEP. In-kind contributions will not be allowed in lieu of current year payments. The secretariat, through the authority given in the present paragraph shall ensure that the use of in-kind contributions does not undermine the Trust Fund as the core cash resource of CEP and shall report to the Intergovernmental Meeting on the use of this mechanism.
16. Following a request by the Intergovernmental Meeting, the Governing Council of UNEP is authorized to extend the Trust Fund every two years for a two-year period. In the event that the member Governments wish to extend the term of the Trust Fund beyond its present approved term, the Executive Director of UNEP shall be so advised by the Intergovernmental Meeting, through the secretariat in writing at least six months before that date. Extensions of the Trust Fund requested by member Governments shall be effective subject to the approval of the Governing Council of UNEP.

Budget

17. The budget for a biennium reflecting the workplan for the same period shall be approved by the Intergovernmental Meeting, and will constitute the authorization to the Executive Director of UNEP, through the secretariat, to incur commitments and make payments within the allocations approved by the Intergovernmental Meeting.

Financial reporting

18. The Executive Director shall submit annual reports on the administration of the Trust Fund to the Intergovernmental Meeting.
19. The report on the administration of the Trust Fund shall show:

- a) funds received and expenditures incurred during each fiscal year;
- b) detailed report on the paid and contributions not made of the member Governments;
and
- b) assets and liabilities of the Caribbean Trust Fund.

Audit

20. The Trust Fund accounts shall be subject exclusively to audit by the United Nations internal and external auditors.

Support costs

21. In accordance with United Nations administrative instruction ST/SGB/188 on the establishment and management of trust funds, and UNEP Governing Council decision GC.20/35, UNEP shall deduct from the income of the Trust Fund an administrative support charge equal to 13 per cent of the expenditures charged to the Trust Fund.