

**Preparatory Commission for the Entry into Force of the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction and the Convening of the First Meeting of the Conference of the Parties to the Agreement**

**Second session**

New York, 18–29 August 2025

**Financial rules governing the funding of the Conference of the Parties to the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction and the funding of the secretariat and any subsidiary bodies**

**Revised aid to discussions and negotiations prepared by the Co-Chairs**

1. The Preparatory Commission for the Entry into Force of the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction and the Convening of the First Meeting of the Conference of the Parties to the Agreement (the “Preparatory Commission”), established pursuant to General Assembly resolution [78/272](#), considered, at its first session, held from 14 to 25 April 2025, financial rules governing the funding of the Conference of the Parties to the Agreement and the funding of the secretariat and any subsidiary bodies, on the basis of an aid to discussions and negotiations prepared by the Co-Chairs ([A/AC.296/2025/7](#)). Following the consideration by the Preparatory Commission, it was agreed that the Co-Chairs would prepare a revised version of the aid to discussions and negotiations concerning the draft financial rules, for consideration by the Preparatory Commission at its second session, which is being convened from 18 to 29 August 2025.

2. The annex to the present note contains the revised aid to discussions and negotiations prepared by the Co-Chairs concerning draft financial rules governing the funding of the Conference of the Parties to the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction and the funding of the secretariat and any subsidiary bodies. The revisions are based on the views expressed during the first session and also take into account additional written input provided by delegations within the indicated timeline following the conclusion of the first session. While the Co-Chairs have used their best judgment to provide text and streamline options seeking to consolidate input which seemed to be going in a similar direction, square brackets have been used to indicate alternative options within a paragraph where the input received did not lend themselves to such consolidation. The Co-Chairs have also made efforts to streamline options in the aid to discussions and negotiations where no preferences were expressed by delegations.

3. The aim of the revised aid to discussions and negotiations is to enable delegations to take stock and to facilitate further progress towards text-based negotiations at the second session. Delegations are invited to study it, with a view to

considering whether specific paragraphs could be finalized or whether further input might be suggested for the purpose of finalizing specific paragraphs. Once the Preparatory Commission has finalized the text of the draft financial rules, they will be presented to the Conference of the Parties at its first meeting, for consideration and possible adoption.

## Annex

# **Revised aid to discussions and negotiations prepared by the Co-Chairs concerning draft financial rules governing the funding of the Conference of the Parties to the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction and the funding of the secretariat and any subsidiary bodies**

## **1. Scope**

*Explanatory note:* Draft rule 1 sets out the scope of application of the financial rules.

1.1 The present rules shall govern the financial administration of the Conference of the Parties, the secretariat and any subsidiary bodies established under the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (“the Agreement”).

*Explanatory note:* In cases where the secretariat has linkages to the United Nations, provision is made for residual application of the Financial Regulations and Rules of the United Nations. All models except the International Seabed Authority model require such a provision.

1.2 **Option A** (*United Nations Framework Convention on Climate Change and Basel/Rotterdam/Stockholm/Minamata models*): In respect of matters not specifically provided for by the present rules, the Financial Regulations and Rules of the United Nations shall apply.

**Option B** (*Convention on Biological Diversity model*): The present rules shall apply in conjunction with the general procedures governing the operations of the Fund of [United Nations entity designated as Trustee] and the Financial Regulations and Rules of the United Nations.

## **2. Financial period**

*Explanatory note:* Draft rule 2 sets out the duration of the financial period. ~~The second sentence may be added if the one year option is chosen for the financial period. If delegations decided that ordinary meetings of the Conference of the Parties should be held on an annual basis for a certain number of years, before changing to a two-year cycle, the last sentence would require further revisions to clarify that the financial period is two years from the beginning.~~

The financial period shall be ~~a {calendar year}~~ [a biennium consisting of two consecutive calendar years] ~~[three calendar years]~~ [of which the first year shall be an even year]. ~~[The biennial programme of work and budget of the Agreement shall normally consist of two consecutive calendar years, the first of which shall be an even year.] [The first year of the financial period shall normally be the year when an ordinary meeting of the Conference of the Parties is being held.]~~

## **3. Budget**

*Explanatory note:* Draft rule 3.1 sets out general requirements for the preparation of the budget proposal.

3.1 The head of the secretariat shall prepare a budget proposal for the following financial period, which shall be presented in United States dollars. The budget

proposal shall show the projected income and expenditures for each calendar year. ¶For ease of reference, it should also include the actual income and expenditures for each year of the previous financial period as well as estimates of actual expenditure in the current financial period.¶

*Explanatory note:* Draft rule 3.2 contains specific requirements regarding the format of the budget proposal.

3.2 The budget proposal shall be divided into parts and sections and address, when appropriate, administration and programmes [with the part on programmes further subdivided into subprogrammes, outputs, objectives and achievements expected]. The proposal shall be accompanied by such information, annexes and explanatory statements as may be necessary for the consideration of the budget, including a statement on the main changes in the content in comparison with the previous financial period, as well as its programmatic contents where applicable, and such further annexes or statements as the head of the secretariat may deem necessary and useful.

*Explanatory note:* Draft rule 3.3 contains the deadline for the submission of the budget proposal to the Parties.

3.3 The budget proposal shall be transmitted to all Parties at least 90 days prior to the opening of the meeting of the Conference of the Parties at which the budget is to be adopted.

*Explanatory note:* Draft rule 3.4 sets out details for the adoption of the budget by the Conference of the Parties in accordance with article 47, paragraph 6 (e), of the Agreement.

3.4 The Conference of the Parties shall, prior to the commencement of the financial period that the budget covers, consider the budget proposal and adopt it in accordance with article 47, paragraph 6 (e), of the Agreement.

*Explanatory note:* Draft rule 3.5 contains an obligation for the head of the secretariat to provide cost estimates for budgetary implications of draft decisions. An equivalent is found only in the Basel/Rotterdam/Stockholm/Minamata model.

¶3.5 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.¶

*Explanatory note:* An equivalent to draft rule 3.6 on supplementary budget proposals is found only in the International Seabed Authority model. Rule 102.4 of the Financial Regulations and Rules of the United Nations provides a list of instances when revised and supplementary programme budget proposals may be submitted, including when they include activities which the Secretary-General considers to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared. This may provide guidance on what could be considered “exceptional circumstances”.

[3.6 Supplementary budget proposals may be submitted by the head of the secretariat if exceptional circumstances make this necessary. Such proposals shall be prepared in a format consistent with the approved budget, and shall include a justification of the unavoidability of the expenditure. The present rules shall be applicable to the proposed supplementary budget to the extent possible. Any supplementary budget proposal shall be approved by the Conference of the Parties.]

*Explanatory note:* All models contain a provision authorizing the head of the secretariat to incur obligations as set out in draft rule 3.7 (a), but they vary in whether the Conference of the Parties may authorize, on an exceptional basis, commitments

*that go beyond the amounts approved (see bracketed text in draft rule 3.7 (a)). The International Seabed Authority and Convention on Biological Diversity models do not contain such an exception. However, the International Seabed Authority model and the Financial Regulations and Rules of the United Nations permit commitments for future financial periods under certain circumstances (see draft rule 3.7 (b)). The Convention on Biological Diversity model has an additional rule on budget shortfalls (see draft rule 3.7 (c)).*

3.7 (a) The adoption of the budget by the Conference of the Parties shall constitute an authorization to the head of the secretariat to incur obligations 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 are covered by related [income] [received funds]].

(b) The head of the secretariat may enter into commitments for future financial periods, provided that such commitments do not affect the current budget and:

- (i) Are for activities which have been approved by the Conference of the Parties and are expected to continue beyond the end of the current financial period; or
- (ii) Are authorized by specific decisions of the Conference of the Parties.

(c) In the event that the [Secretary-General of the United Nations] [*head of United Nations entity*] [Trustee] anticipates that there might be a shortfall in resources over the financial period as a whole, it shall notify the head of the secretariat, who shall adjust the budget so that commitments are at all times fully covered by the funds received.

*Explanatory note: Equivalents of draft rule 3.8 on periods of availability of appropriations are found only in the International Seabed Authority model and in the Financial Regulations and Rules of the United Nations. Due to the residual application of the Financial Regulations and Rules in the other models, such a rule is needed only if the International Seabed Authority model is chosen.*

[3.8 (a) Appropriations shall be available for obligations during the financial period to which they relate.

(b) Appropriations shall remain available for 12 months following the end of the financial period to which they relate, to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.

(c) At the end of the 12-month period provided for in rule 3.8 (b) above, the then remaining balance of any appropriations retained shall be surrendered. Any unliquidated obligations of the financial period in question shall, at that time, be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.]

*Explanatory note: All models contain a provision authorizing transfers within and/or between appropriation lines as set out in draft rule 3.9. The bracketed text reflects the different approaches of the models regarding transfers between appropriation lines.*

3.9 The head of the secretariat may make transfers within each of the main appropriation lines of the approved budget. The [head of the secretariat] [Trustee, on the advice of 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]] [up to such limits as the Conference of the Parties may set from time to time] [in accordance with the Financial Regulations and Rules of the United Nations].

*Explanatory note:* An equivalent to draft rule 3.10 on the prudent management of appropriations is found only in the International Seabed Authority model.

~~{3.10. The [head of the secretariat] [Trustee, in consultation with the head of the secretariat,] shall prudently manage appropriations, taking into account the availability of cash balances and the purpose of the budget lines from which the appropriations are being made.}~~ [All officials involved in the management of the Agreement's financial resources shall be guided by the principles of effective and efficient financial management and the exercise of economic prudence.]

#### 4. Funds

*Explanatory note:* All models foresee the establishment of some type of general trust fund, as outlined in draft rule 4.1, although the name varies slightly. The models also vary with regard to the official or institution responsible for setting up and managing the trust fund. Article 52 of the Agreement does not mention a general trust fund, but the institutional framework, which mandates Parties to pay assessed contributions, requires the establishment of such a fund to operationalize institutional funding.

**4.1 Option A** (United Nations Framework Convention on Climate Change, Basel/Rotterdam/Stockholm/Minamata and International Seabed Authority models): A general trust fund for the Agreement shall be established by the [Secretary-General of the United Nations] [head of United Nations entity] [and managed by the head of the secretariat] [for the purpose of funding the institutions established under the Agreement].

**Option B** (Convention on Biological Diversity model): The Conference of the Parties to the Agreement shall designate an organization (hereinafter referred to as the Trustee) which shall establish and manage the general trust fund for the Agreement in accordance with the present rules.

*Explanatory note:* Draft rule 4.2 would be needed to operationalize the institutional funding as foreseen in article 52, paragraph 2, of the Agreement. It clarifies which contributions are credited and which expenditures are charged to the general trust fund. The bracketed text in the second sentence is optional, since the complete list of financial resources is contained in draft rule 5.1, which is referenced here. A clarification regarding the designation of resources is suggested in light of the new draft rule 4.4bis.

**4.2** The general trust fund shall be used to fund the institutions established under the Agreement, namely the Conference of the Parties, the secretariat and any subsidiary bodies. The financial resources specified in rule 5.1 shall be credited to the general trust fund [, including the assessed contributions of the Parties made pursuant to article 52, paragraph 2, of the Agreement, additional voluntary contributions by Parties, and funding provided through the public and private sources listed in article 52, paragraph 8, of the Agreement] [, unless such resources have been earmarked to be credited to another fund established under the Agreement pursuant to rule 4.4bis]. All budget expenditures that are made pursuant to rule 3.7 (a) shall be charged to the general trust fund.

*Explanatory note:* All models except the Convention on Biological Diversity model contain a provision on a working capital reserve or fund, which draft rule 4.3 would aim to address.

**4.3** The following rules shall apply to the working capital reserve:

(a) Within the general trust fund [there shall be maintained] a working capital reserve [shall be authorized in specially justified cases where there are financial benefits for the Parties,] 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] [determined from time to time by the Conference of the Parties]. [The Conference of the Parties may develop further guidelines to ensure that the working capital reserve is used in a transparent and sustainable manner];

(b) The source of moneys of the working capital reserve shall be advances from Parties made in accordance with rule 5.1 (a). These advances shall be carried to the credit of members which have made such advances;

[(c) The available funds in the working capital reserve may not be used to cover outstanding contributions by Parties.]

(~~d~~e) Drawdowns from the working capital reserve shall be restored [from contributions] as soon as possible [and no later than the end of the following year];

(~~d~~e) Income derived from investments of the working capital reserve shall be credited to miscellaneous income~~;-~~

[(f) The working capital reserve shall be [automatically terminated [xx] calendar years after its establishment, unless the Conference of the Parties decides to renew it; the renewal period shall be limited to a maximum of [xx] calendar years] [subject to review by the Conference of the Parties every [xx] calendar years, including with regard to its level].]

[(g) If the working capital reserve is terminated, the funds remaining in the reserve at the time of termination shall be credited to miscellaneous income.]

*Explanatory note: Although the voluntary trust fund and the special fund will be operationalized in separate documents, and arrangements with the Global Environment Facility will be made in a memorandum of understanding, optional draft rule 4.4 establishes a residual rule that makes the present rules applicable to these funds, subject to any specific rules on which the Parties agree with respect to these funds, and subject to any applicable rules of the Facility.*

~~[4.4. The present rules are applicable, mutatis mutandis, to the voluntary trust fund, [and the special fund] and the Global Environment Facility trust fund established pursuant to article 52, paragraph 4, of the Agreement, subject to any specific rules on which the Parties agree with respect to [these funds] [that fund]., and, in the case of the Global Environment Facility trust fund, subject to any applicable instruments, standards and rules of the Global Environment Facility.]~~

*Explanatory note: The inclusion of the last sentence of draft rule 4.4bis would require a clarification in draft rule 4.2, which previously stated that the financial resources specified in rule 5.1 shall be credited to the general trust fund.*

4.4bis The voluntary trust fund shall be managed by the head of the secretariat. The fund shall facilitate the participation of representatives of developing States Parties, in particular least developed countries, landlocked developing countries and small island developing States in the ordinary, extraordinary, and intersessional meetings of the bodies established under the Agreement. The financial resources specified in rule 5.1 (b) and (c) that are earmarked to this fund shall be credited to this fund.

4.4ter The procedures for facilitating the participation of representatives of developing States Parties in the meetings of the bodies established under the Agreement shall ensure full eligibility and give priority to least developed countries, landlocked developing countries and small island developing States, and be guided by established United Nations practice.

*Explanatory note: Draft rule 4.5 addresses the authority to create additional funds. Article 52, paragraph 5, of the Agreement foresees the possibility of establishing*



*additional funds as part of the financial mechanism of the Agreement and specifies the purposes of such funds. All models except the Convention on Biological Diversity model also allow for the possibility of establishing other trust funds, but without limiting their purpose to specific cases.*

4.5 The Conference of the Parties may establish additional administrative funds ~~in accordance with article 52, paragraph 5, of the Agreement~~. The purpose and limits of each fund shall be clearly defined by the Conference of the Parties. Unless provided otherwise by the Conference of the Parties, such funds shall be administered in accordance with the present rules. Should a fund so established result in additional liability to the general trust fund, that liability must be quantified and approved in advance by the Conference of the Parties.

[4.5bis The present rules shall not apply to any additional funds established in accordance with article 52, paragraph 5, of the Agreement, unless otherwise provided by the Conference of the Parties.]

*Explanatory note: All models except the International Seabed Authority model contain a rule on the termination of a fund, which draft rule 4.6 addresses. The specifics depend on the financial governance model, as reflected in the options presented in brackets.*

4.6 In the event that the Conference of the Parties decides to terminate [a fund established pursuant to the present rules] [the general trust fund], it shall so advise the [Secretary-General of the United Nations] [head of United Nations entity] [Trustee] at least six months before the date of termination so decided. The Conference of the Parties shall decide, in consultation with the [Secretary-General of the United Nations] [head of United Nations entity] [Trustee], on the distribution of any uncommitted balance after all liquidation expenses have been met.

## **5. Contributions**

*Explanatory note: Draft rule 5.1 lists the financial resources available to fund the institutions established under the Agreement. These resources are credited to the general trust fund pursuant to draft rule 4.2 above. All models and the Financial Regulations and Rules of the United Nations rely on the scale of assessments of the United Nations to determine the assessed contributions of the Parties, but the details vary, as reflected in the brackets in draft rule 5.1 (a) below. The list of funding sources in draft rule 5.1 (c) reflects the language of article 52, paragraph 8, of the Agreement.*

5.1 The following financial resources are available to fund the institutions established under the Agreement:

(a) The assessed contributions of the Parties that are to be paid according to article 52, paragraph 2, of the Agreement shall be determined 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 [20] [22] [25] per cent of the total and that no contribution from a least developed country Party or a small island developing State Party exceeds 0.01 per cent of the total];

(b) Voluntary contributions made by Parties in addition to those under subparagraph (a) above [including those made by the Government hosting the secretariat];

(c) Funding provided through public and private sources, both national and international, including, but not limited to, contributions from States, international financial institutions, existing funding mechanisms under global and regional



instruments, donor agencies, intergovernmental organizations, non-governmental organizations and natural and juridical persons, and through public-private partnerships;

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

(e) Miscellaneous income [, including income from the investment of contributions not immediately required as set out in rule 5.7].

*Explanatory note:* An equivalent to draft rule 5.2 is found only in the Basel/Rotterdam/Stockholm/Minamata model. It requires adjustments to the scale of assessments to account for contributions of States not members of the United Nations and regional economic integration organizations.

[5.2 The Conference of the Parties shall, in adopting the indicative scale referred to in rule 5.1 (a), make adjustments to take account of assessed contributions of Parties that are not members of the United Nations, as well as those of regional economic integration organizations that are Parties.]

*Explanatory note:* Draft rule 5.3 is specific to assessed contributions. It includes payment modalities and rules for arrears.

5.3 In respect of assessed contributions of the Parties made pursuant to rule 5.1 (a) [and advances to the working capital reserve], the following rules apply:

(a) **Option A** (*Basel/Rotterdam/Stockholm/Minamata model*): Assessed contributions shall be paid annually. [They are due on 1 January of each calendar 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. [Contributions shall be paid in a timely manner.];

**Option B** (*International Seabed Authority model*): Annual contributions and advances to the working capital reserve shall be considered as due and payable in full within 30 days of the receipt of a communication by the head of the secretariat informing Parties of their contributions, including annual contributions and advances to the working capital reserve, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears;

(b) Each Party shall, as far in advance as possible of the date due for the assessed contribution, inform the head of the secretariat of the contribution it intends to make and of the projected timing of that contribution [, which may be aligned with the Parties' financial cycle at the national level];

(c) If assessed contributions of any Parties have not been received by 31 December of the relevant calendar year, the head of the secretariat shall write to those Parties to impress upon them the importance of paying their respective arrears for prior periods and remind them about the measures that may be taken in accordance with rule 5.3(f) below, and shall report to the Conference of the Parties at its next meeting on the consultations with such Parties;

(d) The head of the secretariat shall extend the payment deadline [by up to two years,] as appropriate, for least developed countries or small island developing States that have been affected by force majeure, including natural disasters and public health emergencies. [An appropriate payment schedule may be agreed between the head of the secretariat and the Party so affected];

~~(e)~~ The head of the secretariat shall agree with any Party whose contributions are in arrears for two or more years on a payment schedule to permit such Party to clear all outstanding arrears within ~~[six]~~ [two] years, depending on the financial circumstances of the Party, and to pay future contributions by their due dates. 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;

(fe) If a payment schedule is not jointly decided or respected, [the Conference of the Parties shall decide on appropriate measures, taking into account the specific needs and special requirements of developing States Parties, in particular the least developed countries, landlocked developing countries and small island developing States] [the following rules shall apply:

(i) No representative of any Party whose contributions are in arrears for two or more years shall be eligible to become a member of the Bureau of the Conference of the Parties or a member of any subsidiary body of the Conference of the Parties, provided, however, that this shall not apply to Parties that are least developed countries or small island developing States or to Parties that have agreed on and are respecting a schedule of payments in accordance with rule 5.3(e);

(ii) No representative of any Party whose contributions are in arrears for four or more years and that has not agreed on or is not respecting a schedule of payments implemented in accordance with rule 5.3(e), and whose payment deadline has not been extended according to rule 5.3(d), shall be entitled to vote at any meeting of the Conference of the Parties unless the Conference decides otherwise];

(gf) **Option A** (*Basel/Rotterdam/Stockholm/Minamata and Convention on Biological Diversity models*): Assessed contributions from States and regional economic integration organizations that become Parties to the Agreement 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.

**Option B** (*International Seabed Authority model*): New Parties shall be required to make a contribution for the year in which they become Parties and to provide their proportion of the total advances to the working capital reserve at rates to be determined by the Conference of the Parties.

*Explanatory note:* Draft rules 5.4 to 5.8<sup>7</sup> apply to all types of contributions, including assessed and voluntary contributions.

5.4 Contributions made pursuant to rule 5.1 (b) and (c) shall [be used in accordance with such terms and conditions, consistent with the objective of the Agreement [and the Financial Regulations and Rules of the United Nations], as may be agreed between the head of the secretariat and the contributors] [be accepted only if the purposes for which such contributions are made are consistent with the objectives and general principles and approaches of the Agreement]. [At each ordinary meeting of the Conference of the Parties, the head of the secretariat shall present a report on such contributions received and expected as well as their sources, amounts, purposes and conditions.] [If the acceptance of such contributions involves further financial liability, directly or indirectly, for the institutions established under the Agreement, it shall require the prior approval of the Conference of the Parties.]

5.5 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 [Secretary-General of the United Nations] [*head of United Nations entity*] [Trustee] [, in consultation with the head of the secretariat]. In conversion of currencies into United States dollars, the United Nations operational rate of exchange shall be used.

5.6 The head of the secretariat shall acknowledge promptly the receipt of all pledges and contributions and shall inform the Parties[, twice a year,] by publishing on the Agreement's website up-to-date information on the status of pledges and payments of [assessed and host country] contributions.

*Explanatory note:* All models contain a provision on the investment of contributions not immediately required as set out in draft rule 5.7. Regardless of the option chosen, a decision will have to be taken with regard to the fund to which the income from such investments shall be credited.

**5.7 Option A** (*United Nations Framework Convention on Climate Change and Basel/Rotterdam/Stockholm/Minamata models*): Contributions not immediately required shall be invested [in accordance with applicable United Nations rules] at the discretion of the [Secretary-General of the United Nations] [head of United Nations entity] [Trustee] [, in consultation with the head of the secretariat]. [In case of disagreement, the [Secretary-General of the United Nations] [head of United Nations entity] [Trustee] shall decide the further course of action.] The resulting income shall be credited to the [relevant fund established under the Agreement] [general trust fund].

**Option B** (*Convention on Biological Diversity model*): Contributions not immediately required for the purposes of the general trust fund shall be invested and any interest so earned shall be credited to the [relevant fund established under the Agreement] [general trust fund].

**Option C** (*International Seabed Authority model*): The following rules shall apply to the investment of contributions not immediately required:

(a) The head of the secretariat may make short-term investments of a non-speculative nature of moneys not needed for immediate requirements and shall inform the finance committee on financial resources periodically of such investments;

(b) The head of the secretariat may, after consultations with an investment counsellor appointed on the recommendation of the finance committee on financial resources, make long-term investments of moneys standing to the credit of one of the funds established under the Agreement, except as may be otherwise provided by the [Conference of the Parties] [finance committee on financial resources] in respect of each such fund and having regard to the particular requirements as to the liquidity of funds in each case;

(c) Income derived from investments shall be credited to the [relevant fund established under the Agreement] [general trust fund].

**Option D:** Contributions not immediately required for the purposes of the general trust fund shall be used to restore any drawdown from the working capital reserve and to fulfil payment obligations to the budget, starting with the oldest obligation. Any remaining contributions that are not immediately required shall be invested in such a way as to place primary emphasis on minimizing the risk to the general trust fund while ensuring the liquidity necessary to meet the cash-flow requirements of the institutions established under the Agreement. In addition, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations. The Conference of the Parties may develop additional guidelines for investments. Income derived from investments shall be credited to the [relevant fund established under the Agreement] [general trust fund].

[5.8 Any expected miscellaneous revenues shall be estimated conservatively and lower than expected revenues should be offset by reduced expenditures during the applicable budget cycle.]

*Explanatory note:* An equivalent to draft rule 5.9<sup>8</sup> can be found only in the Basel/Rotterdam/Stockholm/Minamata model. It ensures that Parties are reminded to contribute to the voluntary trust fund before each session of the Conference of the Parties. The voluntary trust fund is part of the financial mechanism of the Agreement, pursuant to article 52, paragraph 4 (a), of the Agreement.

~~¶5.98~~ Given the importance of the full and effective participation of developing States Parties, in particular the least developed countries, landlocked developing countries and small island developing States, the head of the secretariat shall remind Parties of the need for contributions to the voluntary trust fund at least six months prior to each ordinary meeting of the Conference of the Parties, providing information 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.†

## **6. Auditing and accounts**

### **Option I for draft rules 6.1 to 6.3**

*Explanatory note: Option I combines the United Nations Framework Convention on Climate Change, Basel/Rotterdam/Stockholm/Minamata and Convention on Biological Diversity models, which rely on the United Nations audit process for the auditing of accounts and financial management. For the statements of accounts (see draft rule 6.2), the Convention on Biological Diversity model differs from the other two, as illustrated through the sub-options.*

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 [as laid down in the Financial Regulations and Rules of the United Nations].

6.2 **Option A** (*United Nations Framework Convention on Climate Change and Basel/Rotterdam/Stockholm/Minamata models*): An interim statement of accounts for the [first year of the] financial period shall be provided to the Conference of the Parties [during the second year of the period], 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.

**Option B** (*Convention on Biological Diversity model*): 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 head of the secretariat, the certified and audited accounts for that year as soon as practicable.

*Explanatory note: An equivalent to draft rule 6.3 can be found only in the Basel/Rotterdam/Stockholm/Minamata model. It requires that the Conference of the Parties be informed of relevant audit remarks on financial statements of the United Nations entity to which the secretariat is linked.*

[6.3 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 entity* [and remarks in reports resulting from external audits]. The Conference of the Parties shall consider such remarks, monitor their implementation by the secretariat and take further action if required.]

### **Option II for rules 6.1 to 6.6 (*International Seabed Authority model*)**

*Explanatory note: Due to its nature as an independent entity that is related to, but not part of, the United Nations, the International Seabed Authority does not rely on the United Nations Secretariat audit process but creates its own audit rules, which are partially reflected in draft rules 6.5 and 6.6 below. Since the International Seabed Authority model does not include a residual application of the Financial Regulations and Rules of the United Nations, it also has more elaborate rules on accounts.*

*Accounts*

6.1 The head of the secretariat shall submit accounts [for the financial period] [for every calendar year]. In addition, the head of the secretariat shall maintain, for management purposes, such accounting records as are necessary[, including interim accounts for the first calendar year of the financial period].

6.2 The accounts of the funds established under the Agreement shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the head of the secretariat may deem necessary.

6.3 Appropriate separate accounts shall be maintained for all funds, reserve and special accounts.

6.4 The accounts for the financial period shall be submitted by the head of the secretariat to the auditor not later than 31 March [following the end of the financial period] [of each calendar year].

#### *Audits*

6.5 The Conference of the Parties shall appoint an internationally recognized independent auditor with experience in the audit of international organizations. The independent auditor shall be appointed for a period of four years and may be reappointed for one term. The auditor shall be completely independent and solely responsible for the conduct of the audit.

6.6 The audit shall [take place on an annual basis and] be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Conference of the Parties, in accordance with additional terms of reference as may be developed by the Conference of the Parties.

### **7. Administrative support costs**

*Explanatory note:* A provision addressing the reimbursement of the United Nations, the relevant United Nations entity or the Trustee for administrative support provided, as set out in draft rule 7, is found in all models except the International Seabed Authority model.

**7.1 Option A** (*United Nations Framework Convention on Climate Change and Basel/Rotterdam/Stockholm/Minamata models*): The Conference of the Parties shall reimburse the [United Nations] [United Nations entity] [Trustee] for the services provided to the Conference of the Parties, its subsidiary bodies and the secretariat from the [relevant fund established under the Agreement] [general trust fund], on such terms as may from time to time be agreed upon between the Conference of the Parties and the [United Nations] [United Nations entity] [Trustee] or, in the absence of such agreement, in accordance with the general policy of the United Nations.

**Option B** (*Convention on Biological Diversity model*): It is for the Conference of the Parties and the Trustee to agree on an administrative support charge to be paid to the Trustee.

[7.2 States not party to the Agreement shall contribute to the expenses of the meetings of the Conference of the Parties and of its subsidiary bodies that they participate in as observers, at rates to be determined by the Conference of the Parties, unless the Conference of the Parties decides with respect to any such State to exempt it from this requirement. Such contributions shall be treated as funding provided in accordance with rule 5.1(c).]

### **8. General provisions**

*Explanatory note:* The rule on amendments, as set out in draft rule 8.1, would be consistent with article 47, paragraph 4, of the Agreement, which requires that rules

*of procedure and financial rules be adopted by the Conference of the Parties by consensus.*

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

*Explanatory note:* *An equivalent to draft rule 8.2 on entry into force can be found only in the International Seabed Authority model.*

[8.2 The present rules shall become effective on the date they are approved by the Conference of the Parties and shall apply to the financial period [*to be specified*] and to subsequent financial periods.]

---