



OPCW

Conference of the States Parties

Tenth Session
7 – 11 November 2005

C-10/DEC.5
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DECISION

PROGRAMME AND BUDGET OF THE OPCW FOR 2006

The Conference of the States Parties,

Recalling that Article VIII, subparagraph 21(a), of the Chemical Weapons Convention (hereinafter “the Convention”) provides that the Conference of the States Parties (hereinafter “the Conference”) shall consider and adopt at its regular sessions the Programme and Budget of the OPCW;

Recalling also the decision of the Conference at its Ninth Session that “future draft programmes and budgets of the OPCW should be presented in a results-based format in conformity with the provisions and objectives of the Convention and the Financial Regulations and Draft Financial Rules of the OPCW” (C-9/DEC.14, dated 2 December 2004);

Recognising that the continuing implementation of results-based budgeting is a process that will involve ongoing adjustment and refinement of the OPCW’s programme objectives and related indicators of achievement for each year’s Programme and Budget in the light of experience gained and the need to meet evolving operational priorities;

Noting that programme objectives and indicators of achievement articulated in the Programme and Budget of the OPCW for 2006, which provide a planning focus in order to direct the Programme and Budget for the year, should be reviewed each year in light of the programming and budget requirements of the OPCW;

Noting also that the descriptive part of the Programme and Budget of the OPCW for 2006 should not be interpreted in a way which is inconsistent with the provisions of the Convention; and

Considering the recommendations relating to the Programme and Budget of the OPCW for 2006, which the Executive Council (hereinafter “the Council”) submitted to it (EC-42/DEC.4, dated 30 September 2005);



Hereby:

1. **Adopts** the Programme and Budget of the OPCW for 2006, which is annexed hereto, and
 - (a) **appropriates** a total amount of EUR 75,614,241, of which EUR 37,063,822 is for the chapter relating to verification costs and EUR 38,550,419 is for the chapter relating to administrative and other costs, and **authorises** the Director-General to incur expenditures for 2006 not exceeding the total amounts respectively voted for for each chapter;
 - (b) **notes** that these appropriations assume that certain goods and services related to inspections carried out under Articles IV and V of the Convention will be provided in kind by the inspected States Parties;
 - (c) **agrees** to the core objectives and associated indicators of achievement for the OPCW set out in Table 2 of the Programme and Budget for 2006;
 - (d) **decides** that the appropriations specified in subparagraph (a) above shall be financed from contributions by all States Parties, payable in accordance with the scale of assessments approved by the Conference, in the total amount of EUR 69,791,241 and, in accordance with the provisions of Articles IV and V of the Convention relating to verification costs, from the payment of an estimated total of EUR 5,373,000, as well as from interest and other income in an estimated total amount of EUR 450,000;
 - (e) **decides also** to authorise and fund 521 fixed-term posts for 2006, as presented in Appendix 5 of the Annex hereto;
 - (f) **decides further** that consultants shall be engaged only for discrete, short-term projects in order to augment OPCW technical expertise;
 - (g) **requests** the Director-General to conduct comparable efforts at achieving efficiency savings in relation to each of the two chapters of the Budget;
 - (h) **strongly urges** States Parties to pay in full their assessed contributions to the OPCW Budget for 2006 within thirty days of receipt of the communication from the Director-General requesting the contribution, or by 1 January 2006, whichever is later, and States Parties in arrears with assessed contributions to pay those arrears immediately;
 - (i) **also strongly urges** States Parties that are in arrears in payment of costs of verification under Articles IV and V of the Convention to pay them in accordance with the Financial Regulations and Draft Financial Rules of the OPCW; and
 - (j) **requests** the Director-General to report, through the Council, to the Eleventh Session of the Conference on the details of any transfers from and replenishment of the Working Capital Fund by the OPCW during 2006; and

2. **Requests** the Council, in the context of the stress placed by the First Special Session of the Conference of the States Parties to Review the Operation of the Chemical Weapons Convention on the need to continue monitoring and improving the implementation of the OPCW's budgetary and financial mechanisms as they have evolved, to examine the possibilities of a long-term mechanism for the management of currency-exchange-rate risks, with a view to making a recommendation to the Conference at its Eleventh Session.

Annex:

Programme and Budget of the OPCW for 2006

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LIST OF ACRONYMS AND ABBREVIATIONS

ABAF	Advisory Body on Administrative and Financial Matters
ACW	abandoned chemical weapon(s)
ADM	Administration Division
APG	Aberdeen Proving Ground
BPF	Budget, Planning and Finance Branch (Administration Division)
CDF	chemical destruction facility
CMS	correspondence management system
CSP	Conference of the States Parties
CW	chemical weapon(s)
CWDF	chemical weapons destruction facility
CWPF	chemical weapons production facility
CWSF	chemical weapons storage facility
DG	Director-General
EC	Executive Council
ERD	External Relations Division
EUR	euro(s)
EUR'm	millions of euro
EUR'000	thousands of euro
GS(-grade)	General Service
GTA	general temporary assistance
HRB	Human Resources Branch (Administration Division)
ICA	International Cooperation and Assistance
ICAD	International Cooperation and Assistance Division
ILOAT	International Labour Organization Administrative Tribunal
IMF	International Monetary Fund
INS	Inspectorate
ISB	Information Services Branch (Administration Division)
IT	Information Technology
LAO	Office of the Legal Adviser
MTP	Medium-Term Plan
na	not applicable
OCPF	other chemical production facilities
OCS	Office of Confidentiality and Security
OCW	old chemical weapon(s)
ODG	Office of the Director-General
OIO	Office of Internal Oversight
OPCW	Organisation for the Prohibition of Chemical Weapons
P(-grade)	Professional
PMO	Policy-Making Organs
PSB	Procurement and Support Services Branch (Administration Division)
SCN	security-critical network
SNCN	security non-critical network
SSA	Special Service Agreement
TAC	temporary assistance contract
TDB	Training and Staff Development Branch (Administration Division)
TSB	Technical Support Branch (Verification Division)
UN	United Nations
USA	United States of America
USD	United States dollar
VIS	Verification Information System
WCF	Working Capital Fund

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Annex

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PART I

USER'S GUIDE

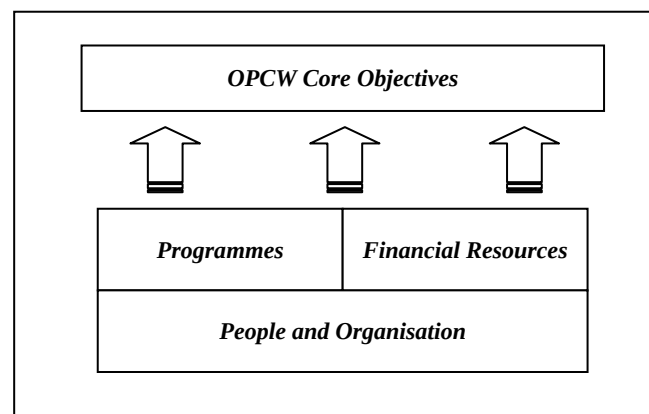
1. EXPLANATION OF THE PROGRAMME AND BUDGET FOR 2006

PURPOSE AND SCOPE OF THE PROGRAMME AND BUDGET FOR 2006

- 1.1 The annual Programme and Budget aims to provide support for decision-making by the OPCW's Member States and is a key driver of performance and resource allocation expected across the Technical Secretariat (hereinafter "the Secretariat"). As a peak annual planning document of the OPCW, it aims to align the organisational programmes, financial resources, and organisational elements required to achieve the desired objectives of the OPCW.
- 1.2 The Programme and Budget for 2006 reflects the "regular budget" activities of the OPCW and their resourcing. Programmes include services to be provided by the OPCW, through its Secretariat. The Director-General will be supported in providing these programmes to, and on behalf of, the OPCW by a number of Divisions and Offices that make up the Secretariat.
- 1.3 In pursuing a "results-based budgeting" approach, the Programme and Budget for 2006 aims to set out the core objectives mandated for the OPCW and the service programmes to be funded and delivered in pursuit of these core objectives during 2006 by the OPCW's Secretariat.

FORMAT OF THE PROGRAMME AND BUDGET

- 1.4 As a key annual planning process for the OPCW, the overall format of the Programme and Budget for 2006 reflects the organisational integration of each of the major perspectives of the OPCW's environment and performance.



- 1.5 These performance perspectives include:
- (a) core objectives: the key objectives mandated for the OPCW and the achievements and challenges emerging for 2006 in pursuing them;
 - (b) programmes: the objectives of key services and results of underlying activities to be delivered by the OPCW during 2006;

- (c) financial resources: the financial performance objectives to be achieved during 2006, including financial management and stewardship of resources to support programme delivery; and
- (d) people and organisation: the objectives and factors in relation to the OPCW's Secretariat and its staff in delivering the programmes expected of it.

1.6 In this regard, the Programme and Budget for 2006 incorporates three Parts:

- (a) Part I: User's Guide - guidance and explanation for readers of the Programme and Budget of the OPCW for 2006.
- (b) Part II: Overview – a substantive overview Programme and Budget of the OPCW for 2006 in the context of each of the aforementioned performance perspectives, including a summary, strategic overview, planned programme levels, budgeted financial performance, and people and organisation issues for 2006 for the OPCW; and
- (c) Part III: Divisional Budget Statements - detailed supporting explanation of planned activities and resourcing for 2006, in the context of each of the OPCW Secretariat's organisational Divisions and Offices.

BUDGET ESTIMATES

- 1.7 Budget estimates are included in the Programme and Budget for 2006, for both expenditure and income, to show the expected financial performance of the OPCW for the 2006 “budget year”, as well as the 2007 “forward year”.
- 1.8 Statements of budgeted income and expenditure show the expected expenditure and income of the OPCW for 2006 and have been prepared with regard to the requirements of the Financial Regulations of the OPCW, including the requirement for annual financial reporting to comply with the United Nations System Accounting Standards. This will ensure comparability between annual budget estimates and reported financial results.
- 1.9 Budget statements and other tables for 2006 also include budget estimates for 2005 and details of 2004 results for comparative purposes. Budget estimates for 2005 match those contained in the Programme and Budget for 2005. Results for 2004 reflect the OPCW's annual financial statements for 2004. Income results for 2004 shown in the Programme and Budget for 2006 are based on income in fact collected by the end of 2004 (income reflected in the 2004 financial statements is largely based on all income “earned” during the year).
- 1.10 To ensure this information remains comparative, amounts for both 2004 and 2005 have been re-cast (based on estimates in some cases) where necessary to materially reflect the responsibility or budget structure, or both, for 2006.
- 1.11 Estimates for the forward year, 2007, are intended to be for illustrative purposes only. These “forward estimates” are based on existing policies and programmes of the OPCW (including expected activity levels, and decisions taken, in preparing the

Programme and Budget for 2006). In addition, these forward estimates for 2007 are based on projected 2006 prices to retain comparability with 2006 budget estimates and because of the uncertainties surrounding projections of costs this far in advance.

PERFORMANCE MEASURES AND EXPECTED RESULTS

- 1.12 The Programme and Budget for 2006 provides information in relation to the focus of core objectives of the OPCW, as well as programmes to be delivered during 2006. In doing so, it builds upon objectives established for 2005.
- 1.13 *Core objectives* of the OPCW represent the highest-level mandates established by the Chemical Weapons Convention (hereinafter “the Convention”) and Member States.
- 1.14 *Programmes* are an alignment of services to be delivered by the OPCW through its Secretariat during the year. The Programme and Budget for 2006 explains each programme in terms of the OPCW’s major objectives and achievements expected for it during 2006.
- 1.15 Each programme is also described in terms of major underlying activities to be undertaken for the OPCW by its Secretariat during the year. A range of performance indicators are provided for each of these activities, generally outlining the results expected of the Secretariat during the year in terms of pertinent information across quantity, effectiveness or timeliness factors.
- 1.16 Additional detail in relation to individual activities and resourcing planned for the year by each of the Secretariat’s Divisions and Offices is provided in the form of Divisional Budget Statements (Part III of the Programme and Budget for 2006).
- 1.17 Planned performance levels for 2006 have been established with regard to programme results achieved in 2004 and projected for 2005. Measurable programme results for each of these years are or will be available in annual reports published by the OPCW for each of those years. In addition, the current approach to identifying and aligning objectives of the OPCW and activities expected of the Secretariat will be comprehensively reviewed at the end of 2005 when the results for the first full year of operations under this approach are available.

FURTHER INFORMATION

- 1.18 An electronic version of the Programme and Budget for 2006 may be found on the OPCW’s website at www.opcw.org.
- 1.19 Requests for further information can be directed to the OPCW’s Budget, Planning and Finance Branch by telephoning +31 (0)70 416 3511 or emailing budget@opcw.org.

PART II

OVERVIEW

2. INTRODUCTION

- 2.1 The Programme and Budget of the OPCW for 2006 has been prepared having regard to a number of identified budget development issues, including:
- (a) alignment of performance objectives and resourcing levels;
 - (b) methodologies for calculating financial estimates, including indexation for expected growth in price levels;
 - (c) examination of existing performance levels and possible efficiencies; and
 - (d) mechanisms to support management of the annual budget against emerging issues and priorities.
- 2.2 In this context, the Programme and Budget for 2006 document aims to provide:
- (a) a transparent focus on priority budget initiatives (that is, major programme adjustments affecting existing cost levels);
 - (b) robust financial estimates; and
 - (c) a continuing commitment to improve the OPCW's articulation and alignment of its planned results for the year.
- 2.3 Development of the Programme and Budget for 2006 has continued to be guided by a three-point approach of focusing on new programme priorities for the year, identifying the results to be achieved from existing programmes, and ensuring financial estimates are robust and affordable.
- 2.4 In practical terms, the Programme and Budget for 2006 has been prepared by re-costing 2005 programme levels based on current cost levels and then ensuring all estimates are adjusted fully for price growth reasonably projected for 2006. A number of identified savings measures have also been applied. All additional spending requirements, developed as justified enhancements to programmes to meet priorities emerging for 2006, have then been identified in the Programme and Budget for 2006 as "budget initiatives" for 2006.
- 2.5 This comprehensive and transparent budget development process has allowed the OPCW to accommodate emerging programme demands, whenever possible, from existing resourcing (that is, at budget levels agreed upon in 2005).
- 2.6 The Programme and Budget for 2006 is part of an ongoing commitment to improve the OPCW's budget development and management framework, to strive for efficient use of resources and best value for the OPCW's funding, and to align resourcing levels with programme requirements. This ongoing development will continue in coming years, reflecting, as necessary, experiences gained and lessons learned.

- 2.7 A fiscally-responsible Programme and Budget has been developed for 2006 that will require active monitoring and management during the year to respond to emerging performance and issues. In this context, the budget estimates and programme plans provide no contingency for any failure by Member States to pay amounts owing to the OPCW for the year, in full and on time, for annual contributions and reimbursement of inspection costs.

3. SUMMARY OF THE PROGRAMME AND BUDGET FOR 2006

- 3.1 The Programme and Budget for 2006 has been developed with a need to resource significant increases in programme requirements and emerging organisational issues, whilst ensuring that spending funded by Member States is contained as much as possible.
- 3.2 2006 will be an important year for the OPCW and its continuing contribution to global disarmament. Principal chemical-weapons inspection activity will need to respond to increasing destruction operations planned by Member States possessing these weapons. 2006 is also a threshold period in the life of the OPCW's relatively young Secretariat as its structure and workforce transitions through a new stage of development and renewal.
- 3.3 Key to programme plans and resource needs in 2006 are the core objectives pursued by the OPCW and the emerging priorities that will focus and refine existing programmes delivered by the Secretariat in support of these core objectives. In addition, budget estimates have been examined closely to ensure they accurately reflect conditions and activities expected during 2006.
- 3.4 Major points contained within the Programme and Budget for 2006 include:
- (a) Specific budget initiatives totalling almost EUR 1.9m, to be implemented in 2006, target a number of programme priorities to:
 - (i) verify increased destruction of chemical weapons (EUR 0.271m);
 - (ii) enhance assurance of non-proliferation of chemical weapons (EUR 0.439m);
 - (iii) promote improved international cooperation and coordination for OPCW activities (EUR 0.316m);
 - (iv) support organisational renewal through staff turnover and recruitment of skilled individuals (EUR 0.669m); and
 - (v) secure personnel and operations against apparent threats (EUR 0.163m).
 - (b) Expenditure budgeted for 2006 (EUR 75.6m) is marginally lower, in nominal terms, than the level agreed for the previous year.
 - (c) The general cost to all Member States in annual contributions will be reduced by almost 1.3%, in part because of an increased focus on direct recovery of inspection costs.
 - (d) Significant operational efficiencies, including further optimisation of verification activities and more-effective use of inspection resources, savings through turnover of staff on higher salary increments, and other specific reductions have been applied to budgeted expenditure levels.
 - (e) Net growth in new fixed-term staffing positions to meet significant increases in required programme levels has been limited to ten positions.

- 3.5 The following table summarises budgeted expenditure and income levels for the OPCW for 2006.

TABLE 1: REGULAR BUDGET FOR 2006 BY FUNDING PROGRAMME

2004 Result	2005 Budget		2006 Budget	2007 Estimate
		<i>Chapter 1 expenditure:</i>		
7,335,111	8,550,869	Programme 1: Verification	8,297,270	8,423,527
24,277,281	29,546,131	Programme 2: Inspections	28,766,552	28,766,552
31,612,392	38,097,000	Total Chapter 1	37,063,822	37,190,079
		<i>Chapter 2 expenditure:</i>		
4,518,290	4,872,868	Programme 3: ICA	5,141,988	5,141,988
4,148,597	4,802,010	Programme 4: Support for PMOs	4,592,851	4,592,851
1,659,315	1,995,215	Programme 5: External Relations	1,835,681	1,835,681
6,480,615	7,034,354	Programme 6: Executive Management	7,534,692	7,318,474
16,420,444	18,893,553	Programme 7: Administration	19,445,207	19,400,433
33,227,261	37,598,000	Total Chapter 2	38,550,419	38,289,427
64,839,653	75,695,000	Total expenditure	75,614,241	75,479,506
		<i>Less direct income:</i>		
2,191,886	4,417,600	Verification contributions	5,373,000	5,373,000
422,224	600,000	Interest and other earnings	450,000	450,000
2,614,110	5,017,600	Total direct income	5,823,000	5,823,000
61,337,112	70,677,400	Annual contributions by Member States	69,791,241	69,656,506
-888,431	-	<i>Provisional financial result for year</i>	-	-

- 3.6 Key underlying assumptions reflected in the Programme and Budget for 2006 include:

- full provision for statutory and inflationary cost growth projected for 2006, including salary increases for P-grade (4.75%) and GS-grade (2.5%) staff and increases in other costs (1.75% to 4.25%);
- an average currency exchange rate across 2006 of 79.7 eurocents for USD 1, with any unmanageable pressure from adverse movements in the exchange rate to be met in the first instance from application of the Working Capital Fund;
- full implementation of identified savings and efficiencies, including the extension and enhancement of the Special Service Agreement (SSA) Inspector Scheme which has been conducted on a trial basis;
- individual examination of all requirements for use of consultants and temporary staffing during the year; and
- full application during the year of all amounts due for 2006 from Member States, with any unmanageable shortfall met from application of the WCF (within the constraints set by the OPCW's Financial Regulations and Rules) to ensure the OPCW's agreed programme objectives for the year are achieved.

4. STRATEGIC OVERVIEW

- 4.1 The Programme and Budget for 2006 has its basis in a comprehensive review of the OPCW's achievements against its mandated objectives, the Secretariat's performance in delivering the programmes expected of it, and requirements emerging from the changing environment in which the OPCW operates (further information can be found in the OPCW's Medium-Term Plan for 2006 – 2008, (EC-42/S/1, dated 14 June 2005)).
- 4.2 In this context, a clear set of programme priorities for 2006 have been identified to provide clear direction for the OPCW and its Secretariat in establishing programme and resourcing levels for moving forward.

OBJECTIVES OF THE OPCW

- 4.3 The OPCW's primary activities reflect a central core of key objectives and wider programmes to be delivered each year.

Core objectives

- 4.4 The OPCW's programmes and resourcing are directed towards its *core objectives* (or corresponding "outcomes") reflecting the mandates and required results established by the Chemical Weapons Convention.
- 4.5 Programme plans and their resourcing levels for the year outlined in the Programme and Budget for 2006 focus on these core objectives. The core objectives and indicators of their achievement are listed in the following table.

TABLE 2: CORE OBJECTIVES OF THE OPCW

Core objective	Indicators of achievement
1. Elimination of chemical weapons stockpiles and chemical weapons production facilities subject to the verification measures provided for in the Convention.	(a) Results of all destruction activities related to elimination of chemical weapons and their production facilities as confirmed by systematic verification in accordance with the Convention; (b) Results of conversion of CW production facilities for purposes not prohibited under the Convention as confirmed by verification in accordance with the Convention; (c) Results of systematic verification of chemical weapons storage facilities to ensure no undetected removal of chemical weapons.
2. Non-proliferation of chemical weapons, through the application of the verification and implementation measures provided for in the Convention which also serve to build confidence between States Parties.	Assessment of the extent to which the relevant verification and implementation provisions of the Convention are met, and in particular: (a) assessment of the extent to which the inspection aims of systematic inspections of Schedule 1 facilities stipulated in the Convention were attained, taking into account the factors provided for in Part VI(E) of the Verification Annex;

Core objective	Indicators of achievement
	(b) assessment of the extent to which the inspection aims of inspections of Schedule 2 facilities stipulated in the Convention were attained, taking into account the factors provided for in Part VII(B) of the Verification Annex; (c) assessment of the extent to which the inspection aims of inspections of Schedule 3 facilities stipulated in the Convention were attained, taking into account the factors provided for in Part VIII(B) of the Verification Annex; (d) assessment of the extent to which the inspection aims of inspections of other chemical production facilities (OCPF) stipulated in the Convention were attained, taking into account the factors provided for in Part IX(B) of the Verification Annex.
3. Assistance and protection against chemical weapons, their use, or threat of use, in accordance with the provisions of Article X of the Convention.	(a) Amount, nature and results of responses to requests for expert advice and/or assistance under Article X, paragraph 5; (b) Effective functioning of the data bank of protection-related information established pursuant to Article X, paragraph 5; (c) The OPCW's capacity to coordinate and deliver assistance against chemical weapons in response to a request; (d) The OPCW's capacity to conduct an immediate investigation and to take emergency measures of assistance against chemical weapons in response to a request; (e) Percentage of States Parties providing information annually pursuant to Article X, paragraph 4.
4. Economic and technological development through international cooperation in the field of chemical activities for purposes not prohibited under the Convention in accordance with the provisions of Article XI.	(a) Volume, quality and results of cooperation relating to peaceful uses of chemistry; (b) Rate and quality of response to requests in accordance with the approved programme for international cooperation relating to peaceful uses of chemistry.
Supporting objective	
5. Universal adherence to the Convention.	(a) The number of States who are Members; (b) The percentage of States not Party that have reached each of two stages of interest/participation; the first level indicated by requests for information and participation, the second by requests for assistance and/or active consideration of membership by national bodies.
6. Full and effective implementation by States Parties of the provisions of Article VII of the Convention.	(a) The percentage of States Parties reaching each of three defined levels of implementation, based on an assessment of each State Party's compliance with a small number of key aspects of national implementation.
Operational objective	
7. Full, effective and non-discriminatory implementation of all provisions of the Convention by the OPCW.	(a) Efficient and effective operation of the policy-making organs and the Technical Secretariat in accordance with Article VIII, including through: • delivery of programme outputs on time and within the agreed budget; • timely and efficient preparation and conduct of meetings.

Programmes funded from the Secretariat

- 4.6 To support the pursuit of the OPCW's core objectives, funds are provided by Member States to enable the OPCW's Secretariat to deliver a number of services (or "outputs"). These include:
- (a) inspections to confirm destruction of chemical weapons and production facilities;
 - (b) assessments and inspections to ensure chemical facilities are used for purposes not prohibited under the Convention;
 - (c) workshops, seminars, and other projects to promote the peaceful uses of chemistry;
 - (d) support to Member States in implementing the requirements of the Convention;
 - (e) capability to coordinate a response to a use, or threat of use, of chemical weapons; and
 - (f) support to the OPCW's policy-making organs.
- 4.7 The Secretariat's delivery of these outputs to, or on behalf of, the OPCW is supported by the key services within its own governance and organisational support framework.

OUTLOOK FOR 2006

- 4.8 The OPCW faces a number of key programme issues for 2006 if it is to respond to emerging expectations and issues arising in current programme performance.
- 4.9 With major new facilities commencing operations, weapons destruction during 2006 is expected to increase significantly from 2005. Current projections are that required inspection rotations at CWDFs may increase by 12% in 2006 above rotations funded for 2005.
- 4.10 "Universality" will also continue to be a key issue in 2006 and beyond. The current target is to bring membership of the OPCW to 180 States by the end of 2006. Nevertheless, the challenges remaining largely concern those nations where political and other barriers to joining the Convention remain.
- 4.11 Similarly, efforts to date by the OPCW to monitor and support Member States in their own implementation of requirements of the Convention (Article VII) have led to increasing calls for the OPCW's assistance. Although substantive work has been undertaken by the OPCW and individual Member States in pursuing the Article VII Action Plan, the OPCW expects that there will be a continuing need in 2006 and beyond to provide support to Member States to further improve national implementation.

- 4.12 Requests from Member States, under Article X of the Convention, for assistance in developing protective capacity against chemical weapons are also increasing. Efforts will continue to be made to establish an effective international response mechanism.
- 4.13 In addition, requests from Member States continue to build in relation to support from the OPCW for international cooperation, under Article XI of the Convention, in activities to facilitate peaceful uses of chemistry.
- 4.14 A significant priority also exists to specifically target a number of aspects of organisational development within the Secretariat. After eight years in operation, and as the OPCW's Secretariat moves through a new stage of recruitment and development of its workforce, adequate attention needs to be given now to the best approach to sustain the Secretariat's capabilities into the future.
- 4.15 Finally, in terms of high-level priorities for 2006, personnel security issues remain a concern given global security conditions of recent years.

2006 BUDGET STRATEGY

- 4.16 The 2006 Programme and Budget aims to balance enhanced programme delivery and the need for fiscal restraint. To this end, a number of defined financial principles guided the development and consideration of planned programme and resourcing levels for the year:
- (a) carefully targeted enhancements in programme levels to meet major priorities emerging for 2006 and the future;
 - (b) provision for expected price growth for 2006 (including for staff entitlements);
 - (c) budgeted expenditure maintained at 2005 levels through efficiencies and reprioritisation of existing resources; and
 - (d) annual contributions by Member States reduced through greater direct recovery of costs.
- 4.17 This strategy provides a framework for balancing competing programme priorities and financial prudence.

PROGRAMME PRIORITIES AND BUDGET INITIATIVES FOR 2006

- 4.18 A number of key priorities have been identified for 2006 in order for the OPCW to ensure that its programmes continue to make significant progress in meeting the challenges underlying its core objectives. These identified priorities for 2006 provide a clear strategy for the OPCW to respond, in the context of its existing programmes, to growing demands and challenges in pursuing its core objectives.
- 4.19 The OPCW will implement a number of specific budget initiatives (that is, new spending measures) to support each of its key priorities for 2006 by giving action, within existing programmes, to these critical areas. These new measures reflect a balance across the identified priorities and have been carefully targeted towards important requirements and critical weaknesses emerging for the OPCW.
- 4.20 The following table and commentary outlines and explains the budget initiatives to be implemented in 2006 to address the OPCW's priority areas for the year.

TABLE 3: 2006 PROGRAMME PRIORITIES AND BUDGET INITIATIVES (EUR '000)

Budget initiative	2006	2007
Priority - Verify increased destruction of chemical weapons		
Increased inspections of weapons destruction	271	271
Implementation and enhancement of the SSA Inspectors Scheme	-	-
Priority – Enhance assurance of non-proliferation of chemical weapons		
Increased inspection of “Industry” sites	-	-
Enhanced support for inspection operations	234	234
Development of a Verification Information System	206	-
Priority – Promote improved international cooperation and coordination for OPCW activities		
Enhanced support for international cooperation programmes	158	158
Enhanced support for national implementation activities	41	41
Enhanced support for assistance activities	117	117
Priority – Support organisational renewal through staff turnover and recruitment of skilled people		
Enhanced recruitment outcomes	357	234
Improved workforce policy and development	117	117
Increased clerical support for human resources programme delivery	45	45
Funding for access to the ILOAT	150	150
Priority – Secure personnel and operations against apparent threats		
Support for travel security	31	31
Enhanced building security	132	-
Total cost for 2006 budget initiatives	1,859	1,398

2006 Budget Initiatives

- 4.21 The following budget initiatives to be implemented for 2006 are aligned with each of the OPCW's identified priorities to meet growing demands in the coming year. These specific new measures reflect all of the programme enhancements being implemented for 2006 that have implications for existing expenditure levels.

Priority: Verify increased destruction of chemical weapons

Initiative: Increased inspection of weapons destruction (EUR 0.271m in 2006)

- 4.22 The Programme and Budget for 2006 provides for an increase of 12% in inspection rotations (from 152 in 2005 to 170) at chemical weapons destruction facilities. The basis of these plans for 2006 has been individually confirmed with those Member States possessing chemical weapons.
- 4.23 Optimisation of resourcing of individual inspection teams will provide significant offsets to the additional costs that would have been otherwise required for the OPCW to carry out these added inspections.
- 4.24 A rearrangement of existing inspection staff and two additional fixed-term GS-5 positions are included in the Programme and Budget for 2006 (at a net additional cost of EUR 0.059m) to ensure the increased inspections are properly supported. Other additional costs of this budget initiative include transportation of inspection equipment (EUR 0.143m), interpretation services (EUR 0.406m), training of new inspectors (EUR 0.050m) and other minor costs (EUR 0.005m), offset by reduced travel costs for inspectors (-EUR 0.392m).
- 4.25 This relatively modest cost for the increase in inspection activity is dependent on both the full implementation and enhancement of the SSA inspector scheme described as the next budget initiative. Without implementation of this parallel budget initiative, the cost to the OPCW of meeting the increased requirement to confirm chemical weapons destruction will be much higher.
- 4.26 Further information in support of this budget initiative is included in the Inspectorate's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Implementation and enhancement of the SSA Inspectors Scheme

- 4.27 The use of former OPCW inspectors on a contractual basis provides a flexible and cost-effective source of required skills to meet changing inspection levels. The Programme and Budget for 2006 has been prepared based upon both the extension of this approach to staffing inspections and the need to provide further flexibility in staffing inspections in the face of potential turnover of existing fixed-term staff. Without this initiative, the aforementioned budget initiative to increase CWDF inspections would have required significantly more additional resourcing.
- 4.28 This enhancement of the current SSA inspector scheme requires a second form of contractual arrangement to accommodate the situation of short-term peaks and temporary shortage of inspector resources due to staff turnover.

4.29 Without the initiative to both continue and enhance the SSA inspector scheme in 2006, the cost to the OPCW of meeting growing inspection demands would be significantly higher than reflected in the Programme and Budget for 2006. Although the enhancement to the current scheme to supplement short-term requirements will be met from existing funding levels for inspectors (as it is intended to provide temporary coverage for vacancies that will emerge in funded positions), it also avoids additional costs that might be necessary in instead employing extra fixed-term inspectors as a contingency.

4.30 Further information in support of this budget initiative is included in the Inspectorate's Budget Statement in Part III of the Programme and Budget for 2006.

Priority: Enhance assurance of non-proliferation of chemical weapons

Initiative: Increased inspection of "industry" sites

4.31 The increase from 162 inspections in 2005 to 180 included in the Programme and Budget for 2006 continues the increase in recent years of these inspections conducted under Article VI of the Convention. The OPCW will also continue to pursue a careful balance between increased inspections and improvements to the methodology to select sites that need to be inspected to maintain reasonable assurances to Member States.

4.32 The additional costs associated specifically with this budget initiative are included in the aforementioned initiative to increase inspections of weapons destruction (the costs being balanced across the overall inspection workforce and mission costs).

4.33 Further information in support of this budget initiative is included in the Inspectorate's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Enhanced support for inspection operations (EUR 0.234m in 2006)

4.34 2006 will see a significant increase in inspection operations required of the OPCW to confirm the destruction of chemical weapons and enhance assurances of non-proliferation.

4.35 This budget initiative provides for two critical areas in maintaining effective planning and technical support for this increased inspection activity. Firstly, the Programme and Budget for 2006 provides for a new fixed-term Inspection Planning Officer at the P-4 level (EUR 0.117m) to support planning and preparations for increased Article VI inspections.

4.36 In addition, continuity of knowledge and skills is an issue that has emerged for continued accreditation of the OPCW's specialised laboratory. This budget initiative provides for appointment of an additional P-4 Analytical Chemist (EUR 0.117m) to provide the necessary continuity.

4.37 Further information in support of this budget initiative is included in the Verification Division's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Development of the Verification Information System (EUR 0.206m in 2006)

- 4.38 The development and implementation of the Verification Information System within the Secretariat is an ongoing project designed to support all verification-related activities carried out by the Secretariat. As such, the development of the required software and associated business processes is a complex undertaking requiring the involvement of several areas of the Secretariat.
- 4.39 In 2005, the first part of the Verification Information System was successfully developed, tested, implemented, and audited. This part became operational in 2005.
- 4.40 For 2006, a number of key outcomes are expected to be achieved, including full operation of all industry-related aspects of the Verification Information System. This budget initiative provides for the temporary appointment of three GS-4 staff for the year to load legacy declaration data into the system (EUR 0.123m). In addition, funding is provided to acquire contractual services for part of the year for expert assistance in the area of information technology security (EUR 0.083m).
- 4.41 Further information in support of this budget initiative is included in the Verification Division's and the Office of Confidentiality and Security's Budget Statement in Part III of the Programme and Budget for 2006.

Priority: Promote improved international cooperation and coordination for OPCW activities

Initiative: Enhanced support for international cooperation programmes (EUR 0.158m in 2006)

- 4.42 Although the number of related events and other programmes that the Secretariat has coordinated or otherwise supported with respect to Article XI of the Convention has increased significantly in recent years, the number of individuals dedicated to these roles has remained relatively static.
- 4.43 This budget initiative provides for a new fixed-term role to be created for a Senior International Cooperation Officer (at the P-4 level) in the International Cooperation Branch (EUR 0.117m). In addition, the Programme and Budget for 2006 provides for a project assistance role to be flexibly staffed by temporary appointments (EUR 0.041m).
- 4.44 Further information in support of this budget initiative is included in the International Cooperation and Assistance Division's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Enhanced support for national implementation activities (EUR 0.041m in 2006)

- 4.45 The increased focus on implementation by Member States of their national obligations, including the OPCW's adoption of the Article VII Action Plan, has seen a tremendous increase in the OPCW's activities in this area.

4.46 This budget initiative provides for a project assistance role to be flexibly staffed by temporary appointments (EUR 0.041m).

4.47 Further information in support of this budget initiative is included in the International Cooperation and Assistance Division's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Enhanced support for assistance activities (EUR 0.117m in 2006)

4.48 Building the capacity of both the OPCW and Member States to provide assistance or protection, or both, in the event of the use or threat of use of chemical weapons is a key concern for the OPCW reaffirmed in 2005 with the conduct of the Joint Assistance 2005 exercise. The Secretariat is continuing its efforts to develop a central database required by the Convention to inform Member States of means of improving protection from chemical weapons.

4.49 This budget initiative provides for the appointment of a fixed-term Protection Officer at the P-4 level to enhance the expertise of the OPCW in these areas.

4.50 Further information in support of this budget initiative is included in the International Cooperation and Assistance Division's Budget Statement in Part III of the Programme and Budget for 2006.

Priority: Support organisational renewal through staff turnover and recruitment of skilled individuals

Initiative: Enhanced recruitment outcomes (EUR 0.356m in 2006)

4.51 Continuing implementation of the OPCW's policy limiting staff tenure has resulted in a 400% increase in the level of required recruitment activity associated with replacing staff affected by the policy. This budget initiative provides funding for three recruitment teams each consisting of a P-3 Human Resources Officer and GS-4 Human Resources Clerk to enable continued implementation of the tenure policy. The two positions for one of these teams will be filled on a temporary basis.

4.52 The initiative also provides funding for advertising (EUR 0.061m) to attract quality candidates.

4.53 Further information in support of this budget initiative is included in the Administration Division's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Improved workforce policy and development (EUR 0.117m in 2006)

4.54 The continuing evolution of the Secretariat and the implementation of the policy limiting staff tenure have impacted on a wide range of human resources management requirements. The Secretariat's related systems and practices need to be reviewed and adapted to resolve the associated challenges.

4.55 This budget initiative provides for the recruitment of a fixed-term Head of Human Resources Services at the P-4 level to meet the associated demand from across the Secretariat for additional services, as well as to proactively manage the impact of the tenure policy.

4.56 Further information in support of this budget initiative is included in the Administration Division's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Increased clerical support for human resources programme delivery (EUR 0.045m in 2006)

4.57 A fixed-term role (at the GS-4 level) has been included in the Programme and Budget for 2006 to assist the Secretariat's Human Resources Branch with all correspondence entering the Branch. The associated volume of work has increased following implementation of tenure due to increased levels of human resources transactions associated with staff entitlements, internal appeal cases, and job applications.

4.58 Further information in support of this budget initiative is included in the Administration Division's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Funding for access to the International Labour Organization Administrative Tribunal (EUR 0.150m in 2006)

4.59 The ILOAT is funded by a direct charge to recover its costs from those international organisations using its services. Despite the increase in costs to the OPCW in recent years (EUR 0.125m in 2004), a specific budget provision has not previously been established. This budget initiative for 2006 will ensure that resources are properly and transparently allotted for this purpose.

4.60 Further information in support of this budget initiative is included in the Office of the Legal Adviser's Budget Statement in Part III of the Programme and Budget for 2006.

Priority: Secure personnel and operations against apparent threats

Initiative: Support for travel security (EUR 0.031m in 2006)

4.61 This budget initiative will ensure funding is provided to support the Secretariat with timely and pertinent security-related information and assistance in the planning and conduct of travel on OPCW business.

4.62 This includes training, information on latest assessments, and "in-country" assistance (including evacuation if required).

4.63 Further information in support of this budget initiative is included in the Office of the Confidentiality and Security's Budget Statement in Part III of the Programme and Budget for 2006.

Initiative: Enhanced building security (EUR 0.132m in 2006)

- 4.64 Global security conditions continue to be volatile and an increase is planned in the number of host-nation and international organisations located in the proximity of the OPCW Headquarters.
- 4.65 This budget initiative for 2006 will provide an initial response to these emerging issues by assessing and enhancing the security of the OPCW Headquarters building. In particular, additional works will target areas where the building does not meet minimum standards adopted by the United Nations for its physical security.
- 4.66 Further information in support of this budget initiative is included in the Office of the Confidentiality and Security's Budget Statement in Part III of the Programme and Budget for 2006.

5. PLANNED PROGRAMME LEVELS FOR 2006

MAJOR PROGRAMME OBJECTIVES

- 5.1 *Programmes* reflect the alignment of services that the OPCW plans to deliver to pursue its core objectives. The 2006 Programme and Budget builds upon a number of established programme objectives that will be supported within underlying activities of its Secretariat during the year. Associated key results targeted for 2006 are summarised in (but not limited to) the following table.

TABLE 4: MAJOR PROGRAMME OBJECTIVES OF THE OPCW

Objective	Key result areas for 2006
Support of VERIFICATION inspections through planning and other services	Enhanced planning and other support for increased inspections, including improved selection of sites to be checked for compliance with the Convention
Conduct of INSPECTIONS to verify compliance with the Convention	237 rotations (19,524 “inspector-days”) inspecting destruction and other weapons sites 180 rotations inspecting “industry” sites
Support to Member States through INTERNATIONAL COOPERATION AND ASSISTANCE	Support to Member States in implementing national requirements of the Convention Improved capability to provide protection and assistance in the event of use or threat of use of chemical weapons Building of skills and capabilities for the peaceful use of chemistry
Support for the POLICY-MAKING ORGANS	Support for one meeting of the Conference and four sessions and four meetings of the Council
Promotion of EXTERNAL RELATIONS with States and other international bodies	New membership to the Convention Involvement by Member States in OPCW activities
EXECUTIVE MANAGEMENT through governance and other services to support the Secretariat’s activities	Achievement by the Secretariat of the OPCW’s priorities for 2006 Security of delegates, staff, assets, and information Health and safety of the Secretariat’s workforce
Provision of ADMINISTRATION services in support of the Secretariat’s activities	Support for recruitment (approximately 65 to support staff turnover) Improved budget and programme planning and financial efficiency in support of effective operations across the Secretariat Implementation of a targeted training and development strategy for the Secretariat Implementation of new technologies to improve information management and sharing across the OPCW

- 5.2 The OPCW will continue to provide effective programmes in pursuit of established mandates recognised in the Convention. In this context, the Programme and Budget for 2006 provides an achievable balance of the programme enhancements required for the OPCW to continue to respond to its operating environment and realise efficiencies in service delivery.

- 5.3 The Programme and Budget for 2006 also represents a further step in the OPCW's pursuit of an improved planning model focusing on the "results" targeted by it. The primary features for development of programme and resourcing levels for 2006 include a clearer focus on priorities and programme-activity levels (including results to be achieved), robust financial estimates, and appropriate recognition within the Secretariat of responsibility and accountability for service delivery and efficiency.
- 5.4 Part III of this document presents the more detailed objectives and activities planned by each established organisational unit of the Secretariat in pursuing the wider service programmes expected for 2006.

PROGRAMME 1: VERIFICATION

- 5.5 The Verification Programme provides for activities relating to disarmament and non-proliferation through the application of the verification and implementation measures provided for in the Convention.

TABLE 5: VERIFICATION - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

Objectives of the OPCW	
<i>Programme objective:</i>	<i>Indicators of achievement:</i>
Processing and evaluation of declarations required under the Convention	Declarations by Member States are processed and evaluated in a timely manner Sites correctly identified as inspectable
Planning and support of inspections including provision of technical expertise and equipment	Timely planning and support for conduct of operations Technical briefings of inspection teams Appropriate technical support to inspections Maintain accreditation of OPCW Laboratory
Provision of verification-related information to increase the capacity of Member States to decide on compliance issues	Timely provision of accurate and pertinent information to PMOs and Member States
<i>Primary alignment to core objectives:</i> Objective Number 1 Objective Number 2 Objective Number 6	

Major activities of the Secretariat for 2006
Processing, archiving, monitoring, and evaluation of declarations and related information: Declarations are processed in a timely fashion Complete and timely updating of the relevant databases is ensured All sites selected for inspection are inspectable
Preparation of inspection plans: Timely planning to support 237 weapons-related inspection rotations (including 170 destruction verification inspections) and 180 "industry" inspections Provision of technical briefings and support to inspection teams
Provision of support to verification activity: Completion of two proficiency tests and maintenance of accreditation of the OPCW laboratory Provision of equipment and technical support to inspections Regular testing, maintenance, and replacement of equipment to support inspections
Preparation of information to policy-making organs and Member States: Timely and accurate preparation of reports, such as the Verification Implementation Report Other information and analysis to support Member States' assessment of verification issues

Major activities of the Secretariat for 2006	
Provision of technical support to Member States and within the OPCW Secretariat: Responses to the requests of Member States Support to ICA and ERD activities (approximately 600 staffing-days)	
Budget initiatives to be implemented during 2006:	
Enhanced support for inspection operations (EUR 0.234m) Development of a Verification Information System (EUR 0.206m)	
Estimated cost of programme activities in 2006:	EUR 8,297,270

- 5.6 Activities in relation to this programme are led by the Verification Division. The Verification Division's Budget Statement, providing more detail of its planned activities for 2006, is included in Part III of the Programme and Budget for 2006.

PROGRAMME 2: INSPECTIONS

- 5.7 The Inspections Programme primarily provides for inspections to verify the destruction and storage of chemical weapons by Member States (in accordance with Articles IV and V of the Convention), and non-proliferation of chemical weapons, in compliance with the Convention (Article VI).

TABLE 6: INSPECTIONS - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

Objectives of the OPCW	
Programme objective:	Indicators of achievement:
Inspections to verify the destruction and storage of chemical weapons stockpiles and production facilities (Articles IV and V of the Convention)	Verification of all destruction of chemical weapons and production and storage facilities Verifications conducted in accordance with the Convention and agreed procedures
Inspections to assure the non-proliferation of chemical weapons (Article VI of the Convention)	Inspection of selected declared sites Inspections conducted in accordance with the Convention and agreed procedures
Capability to conduct a "challenge inspection" or an "investigation of alleged use" in accordance with the Convention	Preparedness in accordance with agreed procedure and timeliness
Primary alignment to core objectives: Objective Number 1 Objective Number 2 Objective Number 6	

Major activities of the Secretariat for 2006
Inspection of destruction activity and weapons storage and production facilities: 170 inspection rotations across weapons destruction facilities in the USA (94), Russian Federation (30), Libyan Arab Jamahiriya (17), India (13), Albania (4), and other Member States (12) 19 inspection rotations across weapons production facilities; 35 inspection rotations across weapons storage facilities; 10 inspection rotations across old chemical weapons and abandoned chemical weapons sites; and 3 initial visits/final engineering reviews Provision of a total of 19,524 "inspector-days" on-site for destruction of military stockpiles Further detail of planned chemical weapons inspection activity is provided at Appendix 1
Inspection of industry and other sites for non-proliferation of chemical weapons: 180 inspections of sites in relation to Schedule 1 chemicals (16), Schedule 2 chemicals (46), Schedule 3 chemicals (28), and other chemical facilities (90)
Readiness to conduct challenge inspections or investigations of alleged use Conduct of training and exercises Review and update of operating procedures

Major activities of the Secretariat for 2006	
Provision of technical support to Member States and within the OPCW Secretariat: Technical assistance to Member States in their compliance with the Convention Support to VER, ICA, and ERD activities (approximately 4,500 staffing-days)	
Budget initiatives to be implemented during 2006:	
Increased inspection of weapons destruction (EUR 0. 271m) Increased inspection of “industry” sites (costs included in first initiative) Implementation and enhancement of the SSA Inspectors Scheme (savings absorbed in first initiative)	
Estimated cost of programme activities in 2006:	EUR 28,766,552

- 5.8 The Secretariat’s activities in relation to this programme are led by the Inspectorate. The Inspectorate’s Budget Statement, providing more detail of its planned activities for 2006, is included in Part III of the Programme and Budget for 2006.

PROGRAMME 3: INTERNATIONAL COOPERATION AND ASSISTANCE

- 5.9 The International Cooperation and Assistance Programme primarily provides for activities to pursue the peaceful use of chemistry and implementation by Member States of their national obligations under the Convention, and the capability to assist a Member State in the event of use or threat of use of chemical weapons.

TABLE 7: INTERNATIONAL COOPERATION AND ASSISTANCE - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

Objectives of the OPCW	
Programme objective:	Indicators of achievement:
Assistance and protection against chemical weapons, their use, or threat of use in accordance with Article X of the Convention	Provision of information to all Member States in relation to protection against chemical weapons Funding or agreements for the provision of assistance Preparedness to assist in the event of use of weapons
Support to Member States in implementing the Convention	Fulfilment by Member States of national implementation measures under Article VII of the Convention Completion by Member States of declarations under Article VI of the Convention
Building of skills and capabilities for the peaceful use of chemicals	Provision of support to targeted Member States in response to requests under international cooperation programmes Facilitating exchange of scientific and technical information and skills development in relevant areas
Primary alignment to core objectives: Objective Number 3 Objective Number 4 Objective Number 6 Objective Number 7	
Major activities of the Secretariat for 2006	
Capability to coordinate assistance to a Member State in event of use or threat of use of chemical weapons: Review and update of operating procedures and required equipment, including review of outcome of the Joint Assistance 2005 exercise Negotiation of bilateral agreements on the provision of potential assistance Programmes, training packages, and information for development of protection capability	
Provision of international cooperation programmes to directly develop skills of participants: Provision of an Associate Programme for 24 participants for over 10 weeks Support for up to 5 internships at specialised institutions Provision of at least two analytical skills development programmes for more than 24 representatives from laboratories	

Major activities of the Secretariat for 2006	
Programmes to support the exchange of scientific and technical information and the peaceful application of chemistry: Provision of support to at least 6 conferences, workshops and seminars internationally Provision of an Information Service accessible by Member States Support for at least 10 pertinent research projects	
Provision of technical expertise and equipment: Support for at least one technical seminar/workshop and provision of support under a Laboratory Assistance Programme to support at least 2 laboratories Support for up to 5 equipment transfers	
Provision of support for the implementation of national measures under Article VII of the Convention: 25 responses to requests for bilateral support in implementing Article VII of the Convention Provision of workshops in relation to the declaration of transfers Provision of workshops for National Authorities implementing national measures under Article VII of the Convention	
Budget initiatives to be implemented during 2006:	
Enhanced support for international cooperation programmes (EUR 0.158m) Enhanced support for national implementation activities (EUR 0.041m) Enhanced support for assistance activities (EUR 0.117m)	
Estimated cost of programme activities in 2006:	EUR 5,141,988

- 5.10 The Secretariat's activities in relation to this programme are led by the International Cooperation and Assistance Division. The International Cooperation and Assistance Division's Budget Statement, providing more detail of its planned activities for 2006, is included in Part III of the Programme and Budget for 2006.

PROGRAMME 4: SUPPORT FOR POLICY-MAKING ORGANS

- 5.11 The programme to Support the OPCW's Policy-Making Organs facilitates meetings and wider consultations between Member States and with the OPCW's Secretariat, including translation and coordination of the preparation of formal documents and interpretation of meetings.

TABLE 8: SUPPORT FOR POLICY-MAKING ORGANS - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

Objectives of the OPCW	
Programme objective:	Indicators of achievement:
Facilitation of effective meetings of policy-making organs	Preparation of agendas and schedules that support the requirements of Member States Provision of venues, equipment and interpretations to support meetings Timely and accurate provision of information to support meetings and record decisions of Member States
Cooperation between representatives to the OPCW	Satisfaction of representatives with provided facilities and opportunities
Primary alignment to core objectives: Objective Number 7	
Major activities of the Secretariat for 2006	
Secretariat-support to meetings of the OPCW's policy-making organs: Support for the conduct of one session of the Conference Support to four sessions and four meetings of the Council	
Support to meetings of the OPCW's advisory boards: One meeting of the Scientific Advisory Board; one meeting of the Confidentiality Commission; and two meetings of the Advisory Body on Administrative and Financial Matters	

Major activities of the Secretariat for 2006	
Provision of reprographic services: Targeted provision of photocopiers for general use Provision of advanced reprographic services and binding	
Estimated cost of programme activities in 2006:	EUR 4,592,851

- 5.12 The Secretariat's activities in relation to this programme are led by the Secretariat for the Policy-Making Organs. The Secretariat for the Policy-Making Organ's Budget Statement, providing more detail of its planned activities for 2006, is included in Part III of the Programme and Budget for 2006.

PROGRAMME 5: EXTERNAL RELATIONS

- 5.13 The External Relations Programme aims to enhance support for, and cooperation with, the OPCW and between Member States in implementing the Convention and to increase the international level of involvement in OPCW activities and events.

TABLE 9: EXTERNAL RELATIONS - SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

Objectives of the OPCW	
Programme objective:	Indicators of achievement:
Support for the OPCW and cooperation within the Organisation and between Member States	Increased commitment to the Convention by States not Party Involvement of Member States in OPCW activities Productive relationships with other international organisations
A positive international profile and image for the OPCW and the Convention	Responsive provision of public information Media recognition of the OPCW and the Convention Representation at pertinent international events
Primary alignment to core objectives: Objective Number 5 Objective Number 7	

Major activities of the Secretariat for 2006	
Organisation of meetings, seminars, and workshops: Four regional seminars/meetings targeting new membership to the Convention Continued implementation of the action plan on universality Eight bilateral assistance missions	
Management of relationships with other international organisations: Maintain and further develop cooperation with the European Union and the African Union, as well as with other international and regional organisations	
Production of public information: Management and development of the OPCW's website Preparation of quarterly newsletters, issue-/region-specific publications, and educational videos Preparation of media releases	
Provision of protocol and visa services for the OPCW: Organisation of protocol events, including visits by delegates and dignitaries Provision of visa and other travel documents for staff members and delegates Provision of advice on privileges and immunities to staff and delegates	
Estimated cost of programme activities in 2006:	EUR 1,835,681

- 5.14 The Secretariat's activities in relation to this programme are led by the External Relations Division. The External Relations Division's Budget Statement, providing more detail of its planned activities for 2006, is included in Part III of the Programme and Budget for 2006.

PROGRAMME 6: EXECUTIVE MANAGEMENT

- 5.15 The Executive Management Programme provides for strategic guidance and direction, effective governance and accountability, and organisational management and leadership within the OPCW's Secretariat, as well as a number of specialised services to support the Secretariat's wider activities.

TABLE 10: EXECUTIVE MANAGEMENT – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

Objectives of the OPCW	
<i>Programme objective:</i>	<i>Indicators of achievement:</i>
Effective governance and leadership of the Secretariat in support of the OPCW	Achievement by the Secretariat of programme levels and budget targets established each year Effective stewardship of resources and relationships. Transparent and accountable reporting
Oversight of the internal, financial, confidentiality, and security systems and processes of the Secretariat	Satisfactory independent external audit reports Identified areas of concern are addressed with corrective action
Analysis of legal requirements and management of legal action involving the Secretariat	Successful response to legal actions Implementation of regulatory requirements that recognise the statutory framework of the Convention and the OPCW
Development of projects to support the OPCW's global role, including efforts to fight terrorism	Establishment of cooperative policies with other organisations Exchange of information and expertise
Security of OPCW delegates and staff, assets and information	Confidentiality of information from Member States Provision of physical security for OPCW facilities and staff
Health and safety of the Secretariat's workforce and operations	Safe accomplishment of inspection activities Healthy Secretariat staff, physically and mentally capable of performing assigned duties
<i>Primary alignment to core objectives:</i> All objectives	

Major activities of the Secretariat for 2006
Internal oversight of OPCW systems and processes: Targeted review of internal financial, confidentiality, information, procurement and security control systems and processes to ensure probity in Secretariat activities Targeted evaluation of programme and budget management to promote value-for-money and operational efficiency in Secretariat activities Monitoring of corrective action in response to reported issues and other areas of concern
Provision of legal advice in relation to identified issues: Consideration of legal aspects of Secretariat activities Defence of the OPCW in actions taken in the ILOAT
Provision of a framework for confidentiality of information: Secure receipt, handling, storage and processing of confidential and sensitive information. Training and support to Secretariat staff
Provision of physical security: 24-hour security guard force and control centre 365 days per year at OPCW premises Procedures and instruction for emergency evacuation
Safety input into inspection operations: Briefing for all inspection teams Support services during inspections
Assurances as to the health of the Secretariat's workforce: Pre-employment, periodic, and special medical examinations of individual staff members Promotion of the health and fitness of staff members Occupational health and safety audits and investigations

Budget initiatives to be implemented during 2006:	
Funding for access to the International Labour Organisation Administrative Tribunal (EUR 0.150m)	
Support for travel security (EUR 0.031m)	
Enhanced building security (EUR 0.132m)	
Estimated cost of programme activities in 2006:	EUR 7,534,692

- 5.16 The Secretariat's activities associated with this programme are led by a range of separate Offices and Branches. The separate Budget Statements of the Office of the Director-General, the Office of the Deputy Director-General, the Office of Internal Oversight, the Office of the Legal Adviser, the Office of Special Projects, the Office of Confidentiality and Security, and the Health and Safety Branch (providing more detail of planned activities for 2006 for each) are included in Part III of the Programme and Budget for 2006. A consolidated statement of budgeted expenditure for the Executive Management Programme is at Appendix 6.

PROGRAMME 7: ADMINISTRATION

- 5.17 The Administration Programme provides a diverse range of specialised services to support the Secretariat's wider governance and operational activities. Important areas of responsibility across the Secretariat supported by the Administration Division include financial management and programme formulation, human resources requirements, procurement, staff development, information services, and other essential support services.

TABLE 11: ADMINISTRATION – SUMMARY OF PROGRAMME OBJECTIVES AND ACTIVITIES

Objectives of the OPCW	
Programme objective:	Indicators of achievement:
Financial management and operations to effectively and efficiently support the Secretariat's wider activities	Efficient financial performance, including budget and programme formulation, in effective support of OPCW operations Sustainable stewardship of financial resources Transparent and timely external accountability, including continued introduction of results-focused budgeting
Human resources services to effectively and efficiently support the Secretariat's wider activities	Support for the continued implementation of the staffing tenure policy Recruitment of skilled staff to support organisation turnover and programme priorities Development and review of workforce policies and entitlements to ensure a competitive and productive working environment for skilled staff Development and implementation of improved workforce management policies and practices to encourage staff performance
Procurement and support services to effectively and efficiently support the Secretariat's wider activities	Value-for-money acquisition of equipment and supplies required across the Secretariat Maintenance of OPCW premises, facilities and equipment adequately to support OPCW activities
Training and staff development to effectively and efficiently support the Secretariat's wider activities	Development and implementation of an Organisational Development and Training Strategy to support continuing improvement within the Secretariat's workforce and targeted development priorities Training to maintain mandatory and technical proficiencies

Objectives of the OPCW	
<i>Programme objective:</i>	<i>Indicators of achievement:</i>
Information services to effectively and efficiently support the Secretariat's wider activities	Sharing of knowledge and information within the Secretariat and with Member States Development and implementation of new technology to support OPCW operations and other activities Data and information protected to appropriate levels
<i>Primary alignment to core objectives:</i> Objective Number 7	

Major activities of the Secretariat for 2006	
Provision of budget, planning and finance support to Member States and across the Secretariat: Financial reporting to Member States, including preparation of annual budget information in accordance with results-based budgeting principles Support for management of financial resources by Programme Managers Financial operations, including disbursements, collection of income, and banking	
Provision of human resources services across the Secretariat: Support for workforce planning and recruitment of personnel (approximately 65) to meet requirements Provision of integrated human resources services to managers and staff members in relation to performance management, conflict and dispute resolution, grievances, and disciplinary cases Administration of entitlements and benefits payable to the Secretariat's workforce	
Provision of procurement and other support services across the Secretariat: Effective administration of procurement requirements, including for insurance and travel Building maintenance and support for utilities Provision of infrastructure services, equipment and supplies across the Secretariat Provision of mail and courier services	
Provision of training and development services across the Secretariat: Operation of a library to provide reference and media resources to Member States and staff Provision of training and development services to develop skills of Secretariat staff in accordance with an Organisational Training and Development Strategy	
Provision of information services across the Secretariat: Provision of information networks (core networks operating 99% of the time) Development and management of projects to implement new technology and enhance information support across the Secretariat Support to specialised management information systems, including SMARTStream and continued implementation of a Verification Information System	
<i>Budget initiatives to be implemented during 2006:</i>	
Enhanced recruitment outcomes (EUR 0.357m) Improved workforce policy and development (EUR 0.117m) Increased clerical support for human resources programme delivery (EUR 0.045m)	
<i>Estimated cost of programme activities in 2006:</i>	EUR 19,445,207

- 5.18 The Secretariat's activities in relation to this programme are led by the Administration Division. The Administration Division's Budget Statement, providing more detail of its planned activities for 2006, is included in Part III of the Programme and Budget for 2006.

6. BUDGETED FINANCIAL PERFORMANCE FOR 2006

MAJOR FINANCIAL OBJECTIVES

- 6.1 The Programme and Budget for 2006 has been shaped around a number of identified financial objectives of the OPCW.

TABLE 12: MAJOR FINANCIAL OBJECTIVES OF THE OPCW

Objective	Key result areas for 2006
Efficient financial performance in effective support of OPCW operations	Expenditure at levels marginally lower than 2005 budget General costs to Member States reduced by 1.3% from annual contributions assessed for 2005
Robust and sustainable stewardship of financial resources	Increased payment of obligations by Member States in the year in which they are due Use of cash-management mechanisms to ensure temporary income shortfalls do not unnecessarily impact on programme delivery
Transparent and timely external accountability	Continued implementation of results-focused budget development and programme formulation Transparent, timely and comprehensive periodical reporting of financial results to the Executive Council Completion of annual financial statements endorsed by the independent external auditor

SUMMARY OF BUDGET ESTIMATE FOR 2006

- 6.2 Expenditure for 2006 against the OPCW's regular budget is expected to be EUR 75.6m, marginally lower than 2005 levels. In parallel with an increase in direct income levels, general costs to Member States assessed as annual contributions to fund the Programme and Budget for 2006 will decrease (compared to 2005 levels) by almost EUR 0.900m, to EUR 69.8m.
- 6.3 The following table summarises budgeted expenditure and income levels for the OPCW for 2006.

TABLE 13: FINANCIAL RESOURCING FOR 2006

2004 Result	2005 Budget		2006 Budget	2007 Estimate
		<i>Appropriated expenditure:</i>		
31,612,392	38,097,000	Chapter 1 programmes	37,063,822	37,190,079
33,227,261	37,598,000	Chapter 2 programmes	38,550,419	38,289,427
64,839,653	75,695,000	Total expenditure	75,614,241	75,479,506
		<i>Less direct income:</i>		
2,191,886	4,417,600	Verification contributions	5,373,000	5,373,000
422,224	600,000	Interest and other earnings	450,000	450,000
2,614,110	5,017,600	Total direct income	5,823,000	5,823,000
61,337,112	70,677,400	Annual contributions by Member States	69,791,241	69,656,506
-888,431	-	<i>Provisional financial result for year</i>	-	-

- 6.4 Although budgeted expenditure from the regular budget in 2006 has been maintained in nominal terms at a level marginally lower than agreed for 2005, the Programme and Budget for 2006 allows fully for expected price growth during the year and incorporates specific budget initiatives amounting to EUR 1.9m (about 2.5% of all spending) to respond to identified programme priorities for the year. The resourcing of these individual programme priorities through specific budget initiatives includes:
- (a) verification of increased destruction of chemical weapons (EUR 0.271m);
 - (b) enhanced assurance of non-proliferation of chemical weapons (EUR 0.439m);
 - (c) improved support for programmes to foster international cooperation in the peaceful use of chemistry (EUR 0.316m);
 - (d) support to organisational renewal through staff turnover and recruitment of skilled individuals (EUR 0.669m); and
 - (e) security of personnel and operations against apparent threats (EUR 0.163m).
- 6.5 The specific budget initiatives contained within the Programme and Budget for 2006 in response to identified programme priorities, as well as expected growth in the price of base costs, will be funded by improving operational efficiency and reprioritising existing resources within the overall expenditure level agreed for 2005.
- 6.6 The detailed budget statement for 2006 for the OPCW is at Appendix 2, outlining budget estimates by detailed funding object.

Funding of the Programme and Budget for 2006 by Member States

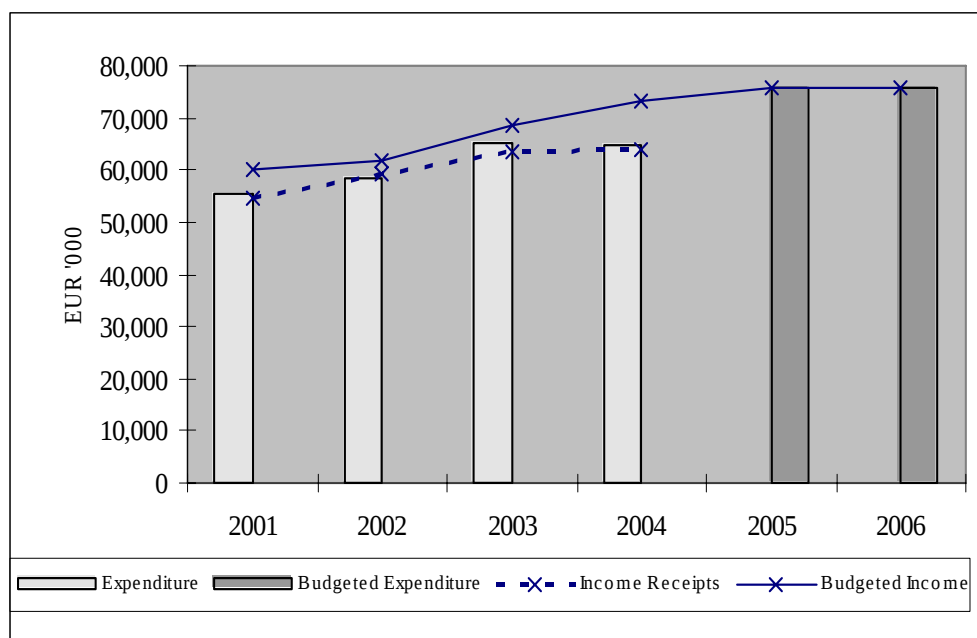
- 6.7 Overall expenditure levels appropriated in the OPCW's annual Programme and Budget are funded through annual contributions assessed against each Member State after allowing for income that the OPCW expects to earn during the year from direct sources (including recovery of chemical weapons verification-related costs).
- 6.8 For 2006, annual contributions totalling EUR 69,791,241 will be assessed across all Member States (a 1.3% reduction from 2005). The assessment scale applied for 2006 will be consistent with the UN scale of assessment, adjusted to take into account differences in membership between the UN and the OPCW.
- 6.9 Annual contributions charged to most Member States for 2006 will also be effectively offset by the OPCW's final cash surplus of EUR 6.0m recorded for 2003. It is important to note that this one-off distribution of the 2003 cash surplus, equivalent to 8.7% of annual contributions assessed for 2006 against Member States, is not a reduction itself in assessed contributions. It will, however, be applied as an offset against assessed contributions due from most Member States for 2006 and thereby reduce the new funds required from these Member States to meet its assessment for 2006.

- 6.10 Budgeted expenditure levels included in the Programme and Budget for 2006 are based on timely receipt by the OPCW of all amounts payable to it by Member States. Mechanisms are in place to allow the OPCW to utilise its Working Capital Fund in lieu of a limited amount of income earned in the relevant “budget year” that may not be collected until the following year. Significant delays in payment of substantial amounts by Member States, however, will need to be matched in 2006 with reductions in planned programme activity (and associated costs) outlined in the Programme and Budget for 2006.
- 6.11 The 2003 cash surplus, which was finalised at the end of 2004, arose largely due to the receipt in 2004 by the OPCW of income from Member States payable in previous years.

BUDGETED EXPENDITURE FOR 2006

- 6.12 The OPCW’s expenditure budgeted for 2006 amounts to EUR 75.6m. Despite the inclusion of significant increases in programme activity and growth in prices expected over 2006, budgeted expenditure for 2006 has been contained at a level marginally lower than agreed for 2005.
- 6.13 The following chart illustrates the historical impact on final expenditure levels of annual funding actually provided for the OPCW’s regular budget (that is, income received for and during the year).

CHART 1: REGULAR BUDGET EXPENDITURE LEVELS – 2001 TO 2006



- 6.14 The Secretariat’s income levels for (and collected before the end of) 2005 may again curtail expenditure for the year in line with the result experienced for 2004. In this context, steps have been taken to contain expenditure for 2005 within possible income levels (and available short-term contingency resources) and to ensure any real gains

from any lower than expected cost-levels that might emerge for the OPCW in 2005 are available to be returned to Member States when the result for the year is finalised.

- 6.15 The OPCW's financial objectives, matched by the specific budget strategy it has adopted for 2006, seek to ensure that spending is appropriated at levels that allow reasonable sustainability and predictability in annual contribution burdens for its Member States.
- 6.16 The following table shows the OPCW's budgeted expenditure for 2006, by major funding object.

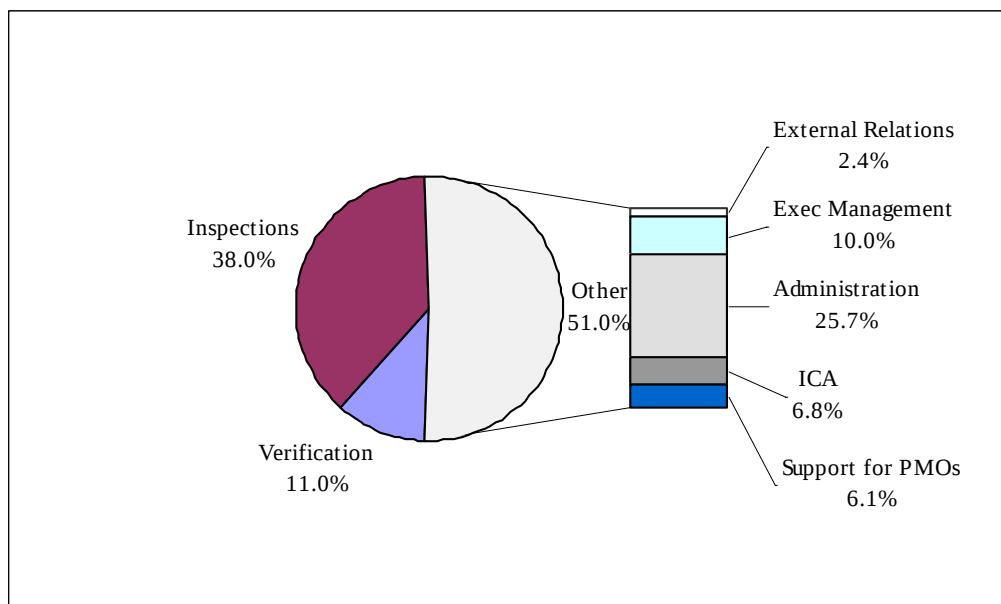
TABLE 14: REGULAR BUDGET EXPENDITURE FOR 2006 BY MAJOR FUNDING OBJECT

2004 Result	2005 Budget		2006 Budget	2007 Estimate
47,662,335	55,829,877	Staffing costs	55,067,504	54,822,056
3,282,194	4,681,182	Travel costs	4,378,718	4,378,718
3,557,165	3,668,051	Contractual services costs	4,382,652	4,298,709
2,949,963	2,811,500	Workshops, seminars and meetings costs	2,918,558	2,918,558
659,470	671,100	Supplies and equipment operating costs	616,606	616,606
6,021,335	7,055,790	General operating costs	7,247,058	7,247,058
707,191	977,500	Capital costs	1,003,146	1,197,801
64,839,653	75,695,000	Total expenditure	75,614,241	75,479,506

- 6.17 All variations in 2006 budget estimates from 2005 are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings), updates to base estimates, and normal price growth projected for 2006.
- 6.18 In line with the nature of the OPCW Secretariat's programme responsibilities, staffing costs for 2006 are estimated to account for 73% of budgeted expenditure. Although 10 (net) new fixed-term staff positions are reflected in the Programme and Budget for 2006 (after allowing for required reorganisations and not taking into account the regularisation of existing temporarily-staffed roles), ordinary staff costs for fixed-term staff are expected to be EUR 0.548m (1.1%) lower over the year than the level of expenditure agreed for 2005.
- 6.19 Non-staffing operating costs for 2006 are expected to increase by 3.4% (from the previous year).

Appropriation structure

- 6.20 Expenditure across the OPCW's Secretariat is currently divided amongst seven broad funding lines of expected service programmes. The following chart illustrates the division of expenditure for 2006 across each of the Secretariat's main funding programmes.

CHART 2: REGULAR BUDGET EXPENDITURE FOR 2006 BY FUNDING PROGRAMME (PROPORTION OF TOTAL)

- 6.21 Regular budget appropriations each year by the OPCW for its expenditure are divided into two “chapters” in accordance with the Convention. The Chapter 1 appropriation provides for the direct costs of verification activities undertaken by the Secretariat, including inspection operations.
- 6.22 Chapter 2 provides funding for all other important service programmes delivered each year by the Secretariat for the OPCW, including international activities, support to Member States’ decision-making forums, and administration and governance activities in support of all of the Secretariat’s activities.
- 6.23 The following table details the OPCW’s budgeted expenditure for 2006, by funding programme.

TABLE 15: REGULAR BUDGET EXPENDITURE FOR 2006 BY FUNDING PROGRAMME

2004 Result	2005 Budget		2006 Budget	2007 Estimate
		<i>Chapter 1 expenditure:</i>		
7,335,111	8,550,869	Programme 1: Verification	8,297,270	8,423,527
24,277,281	29,546,131	Programme 2: Inspections	28,766,552	28,766,552
31,612,392	38,097,000	Total Chapter 1	37,063,822	37,190,079
		<i>Chapter 2 expenditure:</i>		
4,518,290	4,872,868	Programme 3: ICA	5,141,988	5,141,988
4,148,597	4,802,010	Programme 4: Support for PMOs	4,592,851	4,592,851
1,659,315	1,995,215	Programme 5: External Relations	1,835,681	1,835,681
6,480,615	7,034,354	Programme 6: Executive Management	7,534,692	7,318,474
16,420,444	18,893,553	Programme 7: Administration	19,445,207	19,400,433
33,227,261	37,598,000	Total Chapter 2	38,550,419	38,289,427
64,839,653	75,695,000	Total expenditure	75,614,241	75,479,506

Savings and efficiencies

- 6.24 Proven efficiency in delivering programme objectives, as well as options to divert existing resources to essential priorities, is a key focus for the OPCW and its Secretariat. The Programme and Budget for 2006 has been prepared to reflect a number of significant savings measures.

Optimisation of inspection operations

- 6.25 Following extensive trials and evaluation, the Programme and Budget for 2006 has been prepared based on full implementation of inspection “optimisation” methods across all CWDFs operational in the United States of America for the year, as well as planned Article VI inspections.
- 6.26 The standard inspection team for verification activities at CWDFs in the United States of America will be reduced from eight to five inspectors. These measures are being achieved in parallel with the installation of enhanced recording and monitoring equipment.
- 6.27 It is estimated that this practice alone reduces the number of inspectors which would have otherwise been required over a full year by the Secretariat by approximately 40.
- 6.28 Separately, a number of methods have been used to lessen the call of Article VI inspections on the Secretariat’s resourcing by reducing team sizes and increased scheduling of “sequential” inspections by single inspection teams.
- 6.29 These optimisation techniques have enabled the OPCW to plan an inspection programme for 2006 utilising the same number of fixed-term inspector positions as for 2005. The OPCW effectively has utilised the cost savings from this measure to offset the significant new costs that would have otherwise been incurred in meeting the increased inspections required of the OPCW in 2006 (almost 12% more CWDF and 11% more Article VI inspections than projected for 2005).

Use of SSA inspectors

- 6.30 As part of its wider efforts to ensure cost-effective use of available inspectors, the OPCW in 2004 implemented a trial of an SSA CWDF Inspector Scheme to utilise former OPCW inspectors on a contractual basis. The use of these contracted inspectors based in their home countries allowed the OPCW to harness significant savings in salaries and other entitlements associated with fixed-term staff based in The Hague.
- 6.31 It is estimated that use of 15 SSA inspectors over a full year (instead of the equivalent number of fixed-term inspectors) realises savings of approximately EUR 0.6m. The Programme and Budget for 2006 has been prepared based upon both the full implementation of this approach to staffing inspections and the ability for the scheme to provide further flexibility in staffing inspections in the face of potential turnover of existing fixed-term staff.

- 6.32 In this regard, this savings measure again provides a reduction in costs to be offset against the significantly higher costs that could otherwise be associated with increased inspection activity expected during 2006. In addition, it provides a mechanism to engage additional “temporary” inspectors to offset any risk emerging to the inspection programme resulting from turnover during the year of experienced existing inspectors (thus avoiding the need to employ extra fixed-term inspectors as a contingency).

Non-replenishment of the special account for equipment acquisitions

- 6.33 The Special Account for the OPCW Equipment Store was established by Member States to provide for the significant lead-time required by the OPCW to acquire specialised inspection and other verification equipment. Funding of EUR 0.250m has been provided through the regular budget each year to add to this account.
- 6.34 Having regard to the balance of the Special Account at the end of 2004 (spending for 2005 is not projected to be beyond the amount to be transferred to it for replenishment during the year), a savings measure has been included in the Programme and Budget for 2006 for the non-replenishment of this account during the year (for 2006 only).

Implementation of staff tenure

- 6.35 Turnover of staff comes at some disruption to productivity and requires adequate human resources services and planning in response. There are, however, some financial gains to the OPCW in that staff separating from the Secretariat are on average at the sixth step-increment of applicable remuneration scales.
- 6.36 Some 50 staff affected by the staff tenure policy depart the Secretariat each year, and newly appointed staff are paid lower entitlements levels (at the lowest salary step) than the staff they replace.
- 6.37 In addition, this staff turnover inevitably results in some reduced costs to the OPCW for staffing vacancies. These are all staffing positions which are critical for the OPCW’s Secretariat to achieve the performance across the full year outlined in the Programme and Budget for 2006. In this context, the Secretariat will pursue a number of measures during 2006 to minimise this “lag” in recruitment of necessary personnel, and will often fill vacancies with temporary support where this is unavoidable.
- 6.38 The Programme and Budget for 2006 reflects savings totalling more than EUR 0.9m for the reduced cost of newly appointed staff and in recognition of residual vacancies that may in fact occur for a period of time during the year.

Reduced costs for rental of equipment

- 6.39 Past experience and expectations for 2006 have been examined and it is estimated that costs for renting equipment required for supporting meetings of the policy-making organs can be reduced by EUR 0.100m from previous budget provisions.

Reduced use of consultants

- 6.40 Estimated expenditure for both temporary staffing and professional service providers (consultants) in 2006 has been “zero-based” in developing the Programme and Budget for 2006. This approach has supported the identification of tightly controlled costs for both categories of spending.
- 6.41 The costs of consultants for 2006 has been estimated at EUR 0.335m (a reduction of EUR 0.210m against the budget agreed for 2005). In implementing this saving, a general provision has been made in the Programme and Budget for 2006 for those areas of the Secretariat most likely to require expert assistance for discrete projects from time-to-time during the year.

Ongoing savings

- 6.42 The cost reductions included in the Programme and Budget for 2006 also come on top of a number of other substantive savings measures implemented in recent years and which continue to be harnessed each year.
- 6.43 In 2004, a savings of almost EUR 0.600m was realised in staff compensation for medical care and death and disability. Also in 2004, more than EUR 0.400m was saved in undertaking initial training of new inspectors ‘in-house’.

Estimation parameters

- 6.44 The OPCW’s major financial estimates have been reviewed in the context of existing cost levels, as well as movement in prices that can reasonably be expected in 2006.
- 6.45 Appendix 3 to this document lists the basis for calculating each of the OPCW’s major financial estimates and expected growth in underlying prices. Cost indexation parameters have been cast to the nearest quarter per cent.

Existing cost-base

- 6.46 The OPCW’s staffing costs estimated for 2005 took into account a number of assumptions for employee entitlements levels expected to emerge for that year. As these costs account for almost three-quarters of the OPCW’s expenditure, ordinary staffing costs have been again closely examined in preparing the Programme and Budget for 2006 to ensure that budget estimates reflect current entitlements rates.
- 6.47 In this context, estimated salary and pensionable remuneration rates are the primary drivers of ordinary staffing costs for the OPCW. Costs included in the budget agreed for 2005 assumed full-year salary increases that are now not expected to arise.
- 6.48 Estimated costs for 2006 for fixed-term staffing have been prepared from a starting point of known entitlements levels (as at the commencement of June 2005) for each approved fixed-term staffing position in the Secretariat. This approach has incorporated the known profile of each current fixed-term staff member, expected changes for 2006, and reasonable assumptions in relation to employees expected to be newly engaged over the coming year. The UN’s initial operational currency exchange rate for June 2005 has also been applied (but this may rise or fall between any months).

- 6.49 Separately, estimated costs for both temporary staffing and professional service providers (consultants) expected to be used in 2006 have been “zero-based” in developing the Programme and Budget for 2006.
- 6.50 Funding associated with all other costs within the OPCW’s overall expenditure levels have initially been retained at levels agreed for 2005 (before examining normal growth expected in prices).

Expected growth in prices

- 6.51 The OPCW would face a reduction in the “purchasing power” of its funded expenditure levels, or a savings target in “real terms”, if its annual expenditure budget did not provide for expected increases in “price” levels (including in salaries and other employee entitlements).
- 6.52 General price indexation parameters have been applied broadly to each funding object in developing the Programme and Budget for 2006. The OPCW will manage specific, reasonable price rises which may occur in 2006 within these more broadly indexed amounts.
- 6.53 Overall price growth in the Netherlands (and the wider European Union) is expected to remain relatively low in 2006. No “real” increase in professional-grade salary levels is currently expected for 2006, but “cost-of-living” increases are largely linked to local inflation and a full price survey is due in 2006 for the UN to update professional-grade salary levels in The Hague. Locally-based GS-grade salaries are also expected to continue to rise annually, as are USD-based pensionable remuneration rates for professional grades.
- 6.54 Price levels in the Netherlands are expected to increase by up to 4.75% from the last cost-of-living increase in P-grade salaries (in February 2003) across 2006 (although it should be noted that the last salary increase in the Netherlands from a full price survey, in 2002, was 7.5% despite coming after routine annual salary “updates” for inflation). GS-grade salaries are expected to increase on a similar basis by up to 2.5% from the last adjustment in September 2004.
- 6.55 The OPCW’s commitment to international tendering for acquisition of goods and services means that it experiences a degree of price-growth at levels beyond that experienced in the Netherlands. As an approximation of this affect, the majority of the OPCW’s estimated non-staffing costs expected for 2006 have been indexed by the 1.75% difference between average price levels in the “Euro-zone” economies expected in 2005 and 2006 by the IMF.
- 6.56 One exception to this approach for non-staffing outlays is the cost to the OPCW of international-cooperation programmes. Growth in prices for these programmes was absorbed within previous resourcing levels during 2005 as agreed funding was kept at the previous year’s levels (in nominal terms). For 2006, estimated costs relating to workshops and conferences generally targeted towards developing nations have been indexed by 4.25% in line with median inflation projected across 2006 in “emerging economies” generally.

- 6.57 Forward estimates contained in the Programme and Budget for 2006 for 2007 are based on projected 2006 prices to retain comparability with 2006 budget estimates and because of the uncertainties surrounding projections of costs that far in advance.

Currency exchange rates

- 6.58 Estimates used in preparing the Programme and Budget for 2006 have been prepared using the UN's official operational exchange rate initially issued for June 2005 of 0.797 Euros for USD 1 (a rate of 0.828 was used for the 2005 Programme and Budget).
- 6.59 Although the OPCW carefully manages its exposure to movements in currency exchange rates across a number of normal business costs, risk related to the cost to the OPCW of a number of staffing entitlements set by the UN in USD is of most concern.
- 6.60 The OPCW adopts its staff entitlements rates from those set by the UN, often in USD. Although ordinary salary levels for all Secretariat staff are largely standardised for application in The Hague, including for exchange rate movement between the Euro and the USD, the OPCW is directly exposed to these currency exchange rate movements for the equivalent of approximately USD 9m of other staffing entitlements paid each year (more than EUR 7m, or almost 10% of the overall budget, at budgeted currency exchange rates).
- 6.61 Although paid in Euros, standard social security (paid into the Provident Fund) and death and disability benefits earned by P-grade staff in the OPCW's Secretariat are calculated by direct reference to the UN's pensionable remuneration rates set in USD (no adjustment to these entitlement rates is applied for currency exchange differences).
- 6.62 The Secretariat will carefully manage its exposure to movements in cost-levels due to this currency exchange rate and manage social security and death and disability benefits paid to staff during 2006 on a "no gain, no loss" basis to the OPCW (compared to the currency exchange rate applied to these estimated costs in the Programme and Budget for 2006). Any unmanageable pressure from an adverse movement in relevant currency exchange rates will be initially managed within available resources and then will be brought to the attention of Member States.
- 6.63 Forward estimates contained in the Programme and Budget for 2006 for 2007 are based on the same rate used for preparing 2006 budget estimates to retain comparability and because of the uncertainties surrounding these variables.

EXPECTED INCOME FOR 2006

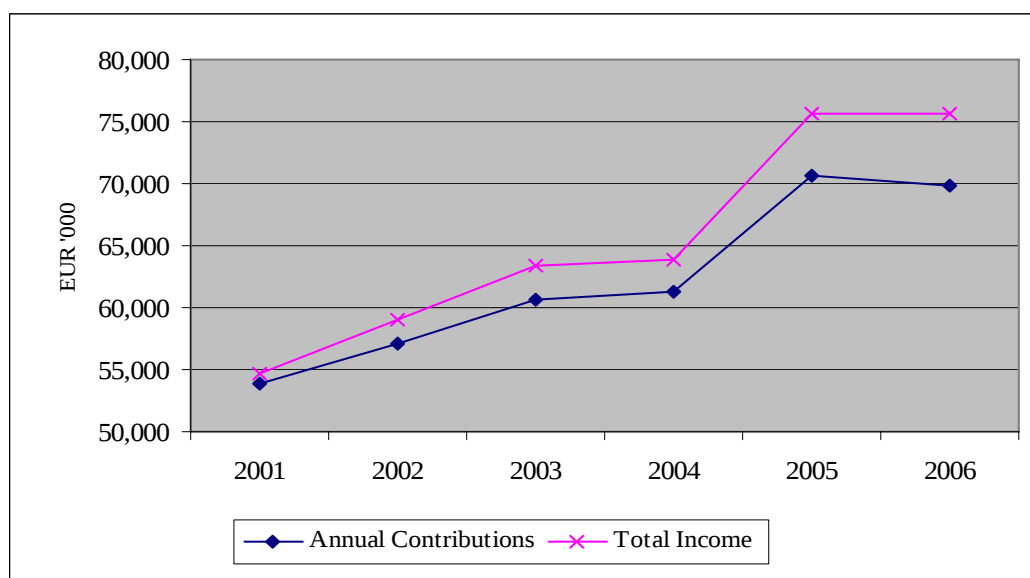
- 6.64 Total income of EUR 75.6m has been budgeted for 2006 to fund expenditure. This includes receipts across the OPCW's three primary sources of annual funding – annual contributions (92.3% of total income), reimbursements of the cost of verifying the destruction and maintenance by Member States of weapons and facilities (7.1%), and interest earned on bank accounts holdings (0.6%).

- 6.65 The following table details income expected to be earned by the OPCW for 2006 by each major source.

TABLE 16: REGULAR BUDGET INCOME FOR 2006

2004 Result	2005 Budget		2006 Budget	2007 Estimate
61,337,112	70,677,400	Annual contributions	69,791,241	69,656,506
2,191,886	4,417,600	Verification contributions	5,373,000	5,373,000
422,224	600,000	Interest and other earnings	450,000	450,000
63,951,222	75,695,000	Total income	75,614,241	75,479,506

- 6.66 Despite these budgeted levels of income earned by the OPCW, shortfalls in income actually paid by Member States have proven to be a significant issue for the OPCW in recent years, contributing to a reduction in actual spending levels against appropriated expenditure. Although the annual Programme and Budget provides a maximum limit to expenditure that may be incurred by the OPCW during the year, spending levels are in practice capped by the amount of funding that is in fact received for the budget year from Member States (within a timeframe in which the funding can be utilised by the OPCW).
- 6.67 For 2004, the OPCW collected income of approximately EUR 64.0m (87%) by the end of the year against its budget prediction of EUR 73.2m.
- 6.68 The following chart illustrates the OPCW's historical level of income actually received for and by the end of the year in question, including the proportional relationship between annual contributions and income from direct sources (projections for 2005 and 2006 are based on agreed budget levels).

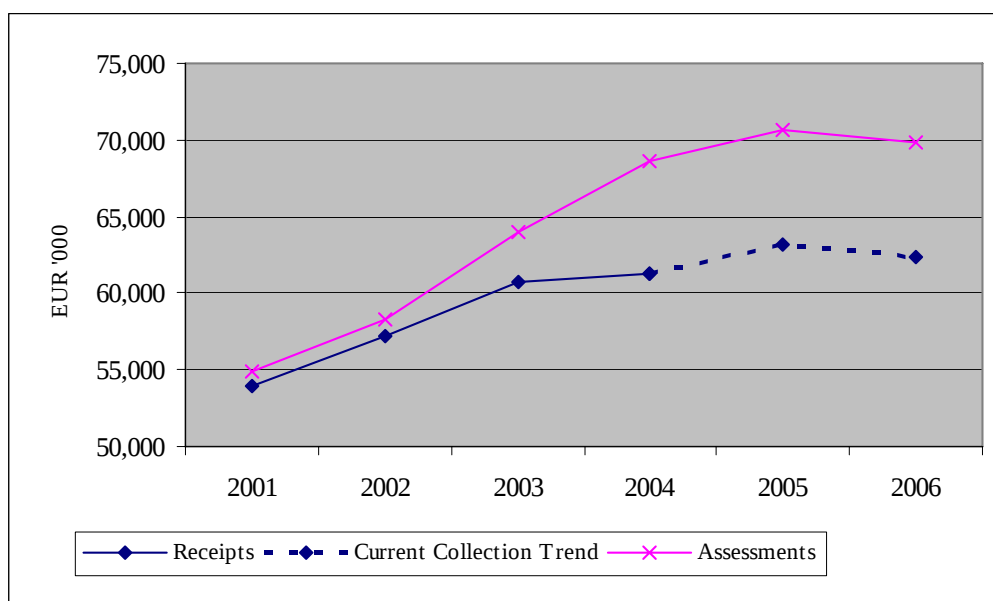
CHART 3: REGULAR BUDGET RECEIPTS – 2001 TO 2006

- 6.69 The Programme and Budget for 2006 does not provide for any expenditure contingency to offset substantial delays in receipt of income due to the OPCW during the year from Member States. A significant reduction in income below the levels included in the annual budget estimates and required in full to provide for planned programmes, will need to be met through reductions in activities across the OPCW to pursue core objectives.

Annual contributions by Member States

- 6.70 The OPCW assesses annual contributions in Euros and adapts its assessment scale for annual contributions from that applied by the UN (adjusted for membership differences).
- 6.71 Annual contributions for 2006 assessed against Member States by the OPCW will total EUR 69,791,241 to fund the Programme and Budget for 2006. This is a nominal reduction of EUR 0.886m (1.3%) from the amount assessed for 2005.
- 6.72 Although assessed annual contribution levels for the OPCW rose 25% from the year 2001 to 2004, receipts during the relevant year against those assessments increased by just 14% over the same period. This trend illustrates the increasing risk to programme delivery from the failure of Member States to provide the income needed to match the cost of programmes agreed by the OPCW.
- 6.73 The following chart illustrates the growing gap for the OPCW between annual contributions assessed each year and actually collected by the end of the year in which they were due. An indication is provided for 2005 and 2006 if the proportional performance achieved during 2004 is continued.

CHART 4: ANNUAL CONTRIBUTIONS LEVELS – 2001 TO 2006



Direct income

- 6.74 Income from direct sources for the regular budget is an important source of annual funding for the OPCW. Each year, this revenue consists largely of interest earned on cash holdings, as well as fees charged to relevant Member States for costs of the OPCW associated with verifying the destruction and maintenance of Member States' chemical weapons stockpiles and facilities.
- 6.75 The OPCW expects to earn EUR 5.373m in 2006 from verification contributions. This will increase the OPCW's reliance on this source of funding in 2006 (7.1% of total income) compared to the Programme and Budget for 2005 (5.8%). As is the case for annual contributions, this increased reliance underlines the importance for the OPCW of receiving timely payment of all amounts due from Member States
- 6.76 Increased efficiency by the OPCW in resourcing inspection operations will ensure that there is little increase in expenditure resulting from the increased inspection of destruction activity expected for 2006 (above levels included in the Programme and Budget for 2005). Consequently, income for the OPCW in recovering the similar cost levels associated with these inspections will also not rise significantly above levels collectable during 2005.
- 6.77 Nevertheless, the methodology for estimating income for 2006 that can be expected from this source has been revised. Income for 2006 has been estimated with reference to the number of "inspector-days" planned for chemical weapons inspections and the average recoverable costs based on past experience.
- 6.78 Estimated interest earnings for 2006 (EUR 0.450m) have been calculated based on prevailing interest rates and expected average cash holdings for the year.

Collection of arrears

- 6.79 At the end of 2004, 77 of the then 167 States Party to the Convention had arrears in annual contributions to the OPCW for at least that year. More than EUR 11.2m was payable in total to the OPCW by Member States in arrears for annual contributions, double the amount at the end of the year before. A continuation of this trend will necessarily lead to a reduction by the OPCW to its planned programme deliverables to cut costs.
- 6.80 The OPCW's annual cash surpluses arise primarily because of late receipt of amounts from Member States as income for previous years (annual contributions and recovery of inspection costs). All receipts from a Member State must first be applied to meet the oldest of any debts of that type from a previous year.
- 6.81 One effect of these growing debt levels is that EUR 1.2m of payments received during 2004 for annual contributions was in fact allocated to past arrears and could therefore not be used to fund budgeted expenditure during 2004.
- 6.82 "Cash-management" mechanisms are in place to allow the OPCW to utilise a limited amount of income earned in the relevant "budget year" that may not be collected until the following year. Although the OPCW in 2005 commenced applying these methods

to allow for some income projected to be received in arrears in 2006, some EUR 2.1m in annual contributions assessed for 2005 relates to 36 Member States currently with arrears of an amount and age that any payment by them of annual levels of contributions could still not be used by the OPCW for its operations (but would be returned to other Member States as part of a cash surplus).

STATEMENT OF FINANCIAL RISK

- 6.83 Preparation of the Programme and Budget for 2006 addresses a number of financial issues. As with any budget planning framework, however, risks remain that may emerge during the financial year and which may impact on the financial resourcing of the OPCW.
- 6.84 The following table outlines the principal financial risks to be monitored closely during 2006 against the Programme and Budget for 2006.

TABLE 17: STATEMENT OF FINANCIAL RISKS FOR 2006

Risk	Issue
Higher than expected growth in prices, including statutory costs	Full price survey due by the UN for The Hague in 2006 to support calculation of P-grade salaries. A full-year increase 1.0 percentage point higher than the 4.75% price growth provided for P-grade salaries would increase costs by approximately EUR 0.3m A full-year increase 1.0 percentage point higher than the 1.75% price growth provided in most cases for non-staffing costs would increase costs by approximately EUR 0.2m
Currency exchange rate	Equivalent of USD 10m of staff entitlements provided for at a rate of 79.7 eurocents per USD 1 A 10% increase in the rate for the USD (to 87.7 eurocents) for the full year would cost the OPCW approximately EUR 0.7m
Delayed receipt of payments from Member States	Member States owed the OPCW EUR 14.1m at the end of 2004, including EUR 11.2m in annual contributions and EUR 2.9m in verification contributions Arrears owing from before the year previous to that in which they might be paid (Member States representing EUR 2.1m in annual contributions at the commencement of 2005) must be distributed to Member States when received and cannot be used to fund OPCW operations Amounts received from Member States in the year after that in which they were due can be applied to fund OPCW operations only to the extent that limited cash-management mechanisms were confidently applied during the year the arrears were due to address a temporary shortfall
2004 cash surplus	A cash surplus for 2004 of more than EUR 7m is expected to accumulate over 2005 due to late receipt from Member States of amounts payable before 2005
Verification contributions	Levels of verification contributions are dependent upon planned inspection activity occurring for the year A number of 'fixed' costs may still be borne by the OPCW based on anticipated inspection levels
Unfunded liabilities	Staff entitlements of EUR 14.4m payable to existing staff members had accumulated by the end of 2004 Annual funding levels and accumulated financial reserves of the OPCW have not provided for all staff entitlement expenses accruing each year

7. PEOPLE AND ORGANISATION

MAJOR ORGANISATIONAL OBJECTIVES

- 7.1 The OPCW's 2006 Programme and Budget has been shaped around a number of identified organisational objectives.

TABLE 18: MAJOR ORGANISATIONAL OBJECTIVES OF THE OPCW

Objective	Key result areas for 2006
Development of human resources planning	Implementation of a human resources planning framework across the Secretariat
Improvement of recruitment, deployment, and performance management processes	Support for organisational renewal and programme initiatives through workforce development and recruitment of skilled individuals (more than 65 to support staff turnover) Implementation of an improved performance management and appraisal scheme
Review and update staff regulations, rules and directives for personnel administration	Comparability of terms and conditions of employment with the UN Common System
Effective implementation of staffing tenure policy	Turnover of one-seventh of the Secretariat's internationally-recruited staff members Increased human resources services to address organisational concerns

- 7.2 Given the nature of its programmes, people are the most important element of the Secretariat in pursuing its identified objectives. The OPCW's Secretariat is undergoing change as it transitions through a significant new phase of the development and renewal of its workforce after eight years in operation. With OPCW programmes also maturing in their impact, pressure on staff is growing through increasing programme demands and the required change management during this period.
- 7.3 In meeting financial constraints and staffing tenure, the OPCW must identify and implement practical measures to foster an organisational culture in which staff are motivated and empowered to perform to the extent of their potential. The OPCW's Secretariat is pursuing a human resources strategy of key priorities emerging for the Organisation. At its foundation will be the OPCW's internal vision that "we value, respect and care for one another and recognise that the OPCW's success depends on people, each and every one of us".

ORGANISATION OF THE OPCW'S SECRETARIAT

- 7.4 The responsibilities of the OPCW's Secretariat are divided organisationally into six Divisions and a number of key Offices. The current organisational structure is illustrated in the chart at Appendix 4. There have been no significant changes in structure during 2005.

2006 STAFFING LEVELS

Regularisation of long-term temporary staffing roles

- 7.5 A number of existing roles within the Secretariat have been undertaken by staff employed on temporary contracts. Each such role has been reviewed against its importance in programme delivery and whether the need is likely to remain for at least the next three years.
- 7.6 In reflecting their emerging nature, funding for a number of these long-standing roles has been “regularised” in the Programme and Budget for 2006 by recognising them as authorised fixed-term positions. This outcome builds upon efforts commenced by the OPCW in 2005 to ensure the role of such staff is appropriately recognised.

TABLE 19: REGULARISED STAFFING REQUIREMENTS

Role	Position Classification	Division/Office
Audit Clerk	GS-3	Office of Internal Oversight
Mail Clerk	GS-3	Administration Division
Telecommunications Clerk	GS-3	Administration Division
2 x Secure Archive Officers	GS-4	Verification Division
Branch Secretary	GS-4	ICA Division
Visa Assistant	GS-5	External Relations Division
Research Clerk	GS-5	External Relations Division
Travel Clerk	GS-5	Administration Division

- 7.7 Financial implications of regularising these “temporary” positions (that is, by employing fixed-term staff rather than temporary staff) are negligible in the first year, but will involve salary increment steps (averaging 3.5% per annum for the general services-grade positions in question) in each subsequent year for a continuing staff member.
- 7.8 Nevertheless, these incremental salary steps are offset by improvements in workforce outcomes, including productivity and commitment of secure and experienced staff and the reduced need for training of new personnel.
- 7.9 Staffing for these newly regularised (that is, fixed-term) positions will be recruited in accordance with the usual recruitment practices of the OPCW and contracted for an initial period of three years.

Fixed-term staffing

- 7.10 The budget initiatives contained in the Programme and Budget for 2006 entail a number of implications for fixed-term staffing levels. The net impact of these programme enhancements is an increase of 10 fixed-term positions above previously authorised fixed-term staffing levels (previously 502, including 30 staff supporting physical security). This is separate from the aforementioned regularisation of long-standing temporary staffing roles by appropriately converting them to fixed-term positions.

TABLE 20: SUMMARY OF FIXED-TERM STAFFING LEVELS OF THE SECRETARIAT

Position classification	2005 Level			2006 Level	
	Fixed-term staff	Long-term temporary staffing	Total	Changes in fixed-term staffing	Total
D-2 and above	11	-	11	-	11
D-1	15	-	15	-	15
P-5	43	-	43	3	46
P-4	145	-	145	1	146
P-3	108	-	108	-3	105
P-2	15	-	15	6	21
GS-7	10	-	10	-1	9
GS-6	30	-	30	-1	29
GS-5	78	3	81	2	83
GS-4	18	3	21	3	24
GS-3	29	3	32	-	32
Total staffing	502	9	511	10	521

- 7.11 In providing for the overall level and profile of fixed-term positions to which the Secretariat can recruit during the year, the annual Programme and Budget effectively also establishes, for funding purposes, the designation of new fixed-term positions for the year.
- 7.12 This endorsement does not, however, supplant existing processes separately in place for the formal approval and classification of all new fixed-term positions within the Secretariat. Before seeking the Executive Council's agreement to any new fixed-term positions, the Secretariat seeks the independent advice of a recognised expert in classifying positions in terms of duties and responsibilities. This classification process for the OPCW is done in accordance with the standards and requirements in place within the UN Secretariat.
- 7.13 When Member States authorise the funding of a new fixed-term position for the Secretariat, the position is formally classified. In the case of new positions identical (or virtually identical) to positions which already exist in the Secretariat, this formal classification is already known.
- 7.14 A detailed outline of the authorised fixed-term staffing positions for the OPCW's Secretariat, that are reflected in the Programme and Budget for 2006 expenditure levels (noting that a small number of fixed-term staff are paid at higher salary levels than the associated authorised position), is at Appendix 5. This table outlines authorised fixed-term staffing positions across each Division and key Offices of the Secretariat.

Staff entitlements

- 7.15 The OPCW adopts its staff entitlements framework, including applicable rates, from the one that is applied (in The Hague) by the UN. In this context, "ordinary" remuneration entitlements for fixed-term staff of the Secretariat consist of a number of core elements.

TABLE 21: COST TO THE OPCW OF FIXED-TERM STAFF REMUNERATION ENTITLEMENTS (EUR '000)

Entitlement	2005 Budget	2006 Budget
Salaries	35,650	35,364
Social security benefits (paid into the Provident Fund)	7,160	7,257
Medical care benefits	1,431	1,140
Death and disability benefits	931	944
Dependency allowance	1,165	1,269
Rental subsidy	264	269
Education grant	2,317	2,480
Home leave	973	621
Total staff remuneration entitlements	49,892	49,344
Number of nominal fixed-term positions	502	521
Average per fixed-term staff member	99.4	94.7

- 7.16 These costs are shown as *salaries* and *common staff costs* in detailed statements of budgeted expenditure for 2006 included in the Programme and Budget for 2006.

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Annex

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PART III

DIVISIONAL BUDGET STATEMENTS

8. INTRODUCTION

- 8.1 Part III of the Programme and Budget for 2006 presents the more detailed activities (and associated objectives) planned by each established organisational unit of the Secretariat (that is, each Division or Office) as it pursues the service programmes more widely expected of the Secretariat during 2006.
- 8.2 Although these objectives and activities reflect a close alignment with the higher level programmes of services more widely expected of the Secretariat by the OPCW, they are not intended to form a simple duplication of higher-level information provided for service programmes in Part II of this document.
- 8.3 Also included are detailed statements of budgeted expenditure for 2006 for each Division or Office.

VERIFICATION DIVISION

Objective

- 8.4 The Verification Division is responsible, together with Inspectorate, for activities to support the verification of disarmament and non-proliferation through the application of the verification and implementation measures provided for in the Convention.

Planned programme levels

- 8.5 The planning of chemical weapons inspections (under Articles IV and V of the Convention) is the highest priority of the Verification Division, followed by planning for inspections (under Article VI) to verify that other sites are not being used for purposes prohibited under the Convention.
- 8.6 The 170 rotations expected for 2006 at CWDFs represent a 12% increase on levels budgeted for 2005. In spite of this projected increase in inspection activity, the introduction of optimisation measures will ensure that no additional personnel or other resources are required for the planning of Articles IV and V inspections.
- 8.7 Optimisation of verification activities is an ongoing effort of the Verification Division in close cooperation with the Inspectorate. Specific measures being pursued include reduction of team sizes and sequential Article VI inspections. The consequential savings in personnel resources are reflected in the budget of Inspectorate.
- 8.8 With respect to Article VI inspections, 180 inspections are projected for 2006 (an 11% increase since 2005). This increased activity requires the recruitment of an Inspection Planning Officer at the P-4 level in the Industry Verification Branch.
- 8.9 Continued accreditation of the OPCW's laboratory facilities is essential and remains a key concern for 2006. Discussions with the regulatory authorities have identified continuity of knowledge and skills at the laboratory and the consequential maintenance of the requisite quality and standards in support of Verification activities, as a critical risk area. The Programme and Budget for 2006 therefore aims to address this by increasing the spectrum and depth of skills of specialised staff at the laboratory.
- 8.10 Support to activities of the International Cooperation and Assistance and External Relations Divisions will continue to be provided in 2006 at a range of approximately 600 person days. It should be noted, however, that changes in planned activities under Articles IV and V might affect the Division's ability to provide support to ICA and ERD or to Article VI inspections.
- 8.11 The following table outlines the principal activities (including objectives and key deliverables) planned for 2006 by the Verification Division.

**TABLE 22: VERIFICATION DIVISION - PRINCIPAL ACTIVITIES
PLANNED FOR 2006**

Objective	Indicator of achievement	Major 2006 deliverables
To ensure accurate, timely and complete processing and evaluation of declarations	Percentage of States whose information is up-to-date in the database Percentage of States whose information is complete in the database Percentage of sites expected to be able to be inspected that prove not able to be inspected	All data submitted into the databases in the required timeliness Decreased number of requests for clarification Declaration-related information processed and evaluated in time Maintain at nil
To provide feasible, flexible inspection plans	Timeliness of plans Satisfactory technical briefings and other Verification inputs to inspection plans	All inspections to be developed and provided in time: all budgeted inspections should be planned and conducted (plans will be adjusted if changes in campaigns occur) 180 Article VI inspections and 237 Articles IV and V inspections Successfully completed in all cases
To ensure an excellent technical basis for inspections, allowing execution of inspections in accordance to the Convention	Accreditation of OPCW Laboratory Quality of inspection equipment	Maintain accreditation and successful conduct of proficiency tests Fully tested and operational equipment, provided in time to the inspection teams
To cooperate with States Parties and provide verification-related information to increase States Parties' capacity to decide on compliance issues	Annual Verification Implementation Report and other reports All important issues are addressed in the corresponding reports and documents	Produce all relevant reports in time Verification-related matters that require consideration of decision by the policy-making organs will be brought to their attention
To improve States Parties' compliance with the Convention through technical assistance to States Parties and support to ICAD/ERD activities	Number of requests met as a percentage of the number made that were in accordance with the plan	Verification will support ICA and ERD with 600 person days
Effective, efficient operation of the Division	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 budget initiatives

Initiative: Enhanced support for inspection operations (EUR 0.234m in 2006)

- 8.12 2006 will see a significant increase in inspection operations required of the OPCW to verify the destruction of chemical weapons and enhance assurances of non-proliferation of production.
- 8.13 This will have a direct consequence for the planning and technical support required in the OPCW to ensure these operations continue at a high standard. As an indication, a new planning officer is normally required for each additional 20 Article VI inspections that the OPCW performs each year.
- 8.14 This budget initiative provides for two critical areas in maintaining effective planning of inspections and technical support for inspection activity. Firstly, the Programme and Budget for 2006 provides for a new fixed-term Inspection Planning Officer at the P-4 level (EUR 0.117m) to support planning and preparations for increased Article VI inspections.
- 8.15 In addition, continued accreditation of the OPCW Laboratory is essential for the OPCW's ongoing role in chemical weapons disarmament. Continuity of knowledge and skills is an issue that has emerged for the OPCW in maintaining the quality and standards achieved at the laboratory in supporting verification activities. This budget initiative provides for the appointment of an additional P-4 Analytical Chemist (EUR 0.117m) to provide essential continuity in this area.

Initiative: Development of a Verification Information System (EUR 0.123m in 2006)

- 8.16 The continued development and implementation of a Verification Information System within the Secretariat is led by the Verification Division, with support from the Office of Confidentiality and Security and the Information Services Branch of the Administration Division.
- 8.17 For 2006, a number of key outcomes are expected to be achieved in the development and implementation of this system. This budget initiative provides for the temporary appointment of three GS staff for the year to transfer existing declarations data to the new system.
- 8.18 Funds for technical expertise required in the area of information technology security have been included and described in the budget statement for the Office of Confidentiality and Security.

Savings measure: Non-replenishment of the special account for equipment acquisitions (savings of EUR 0.250m in 2006)

- 8.19 Funding of EUR 0.250m has been provided through the regular budget each year to add to this account. Having regard to the balance of the special account at the end of 2004 (spending for 2005 is not projected to be beyond the amount to be transferred to it for replenishment during the year), a savings measure has been included in the Programme and Budget for 2006 for the non-replenishment of this account during the year (for 2006 only).

2006 financial resourcing

- 8.20 All real variations in budgeted 2006 expenditure, compared to 2005 estimates, are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings measures).
- 8.21 Other variations indicated in the following table are a result of revised estimates for costs of existing staff (including regularisation of temporarily staffed roles outlined in Part II of the Programme and Budget for 2006), indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 23: VERIFICATION DIVISION - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
4,426,495	Salaries	5,018,498	5,093,437	1.49%	5,093,437
1,544,280	Common staff costs	1,997,124	1,855,118	-7.11%	1,855,118
-	Overtime	8,000	8,260	3.25%	8,260
100,799	Consultants	85,000	85,000	0.00%	85,000
71,486	Temporary staffing	80,000	123,744	54.68%	0
6,143,060	Total staff costs	7,188,622	7,165,559	-0.32%	7,041,815
	<u>Travel costs:</u>				
47,286	Travel - Official Meetings	99,234	100,971	1.75%	100,971
47,286	Total travel costs	99,234	100,971	1.75%	100,971
	<u>Contractual services costs:</u>				
252,216	Other contractual services	611,513	482,817	-21.05%	482,817
252,216	Total contractual services costs	611,513	482,817	-21.05%	482,817
	<u>General operating expenses:</u>				
1,097	Hospitality and other functions	1,500	1,526	1.75%	1,526
1,097	Total general operating expenses	1,500	1,526	1.75%	1,526
	<u>Inspection equipment, maintenance and supplies</u>				
641,452	Inspection equipment maintenance	400,000	342,898	-14.28%	342,898
641,452	Total inspection equipment, maintenance and supplies - operating costs	400,000	342,898	-14.28%	342,898
7,085,111	TOTAL RUNNING COSTS	8,300,869	8,093,770	-2.49%	7,970,027

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Inspection equipment, maintenance and supplies - capital costs:</u>				
250,000	Inspection equipment acquisition	250,000	203,500	-18.60%	453,500
250,000	Total inspection equipment, maintenance and supplies - capital costs	250,000	203,500	-18.60%	453,500
250,000	TOTAL CAPITAL COSTS	250,000	203,500	-18.60%	453,500
7,335,111	TOTAL COSTS	8,550,869	8,297,270	-2.97%	8,423,527

INSPECTORATE

Objective

- 8.22 The Inspectorate primarily provides for inspections to verify disarmament by Member States (of chemical weapons and associated facilities) and to ensure that other chemical sites are not being used for purposes prohibited by the Convention.

Planned programme levels

- 8.23 The optimisation project being conducted jointly by the Inspectorate and Verification Division for chemical weapons destruction facilities is being implemented and its results are already evident. Consequently, reduced inspection team sizes (compared to 2005) are expected to be used at all CWDFs in the United States of America during 2006. This will allow the total inspections planned for 2006 to be undertaken with the same number of inspectors funded for 2005, despite the significant increase expected for the number of inspections to be carried out.
- 8.24 A detailed outline of chemical weapons inspections planned for 2006 is in Appendix 1.
- 8.25 The Secretariat will also realise further efficiencies in Article VI inspections during 2006. Member States have indicated their views that the OPCW should increase the number of Article VI inspections to the extent possible in order to enhance the Secretariat's capability to verify non-proliferation of prohibited purposes. In practice, this has seen an increase in the number of Article VI inspections from 132 in 2003 to 162 in 2005.
- 8.26 For 2006, it is planned to increase further the number of Article VI inspections to 180, but again with the same number of inspectors approved for 2005. The following table details inspections to be carried out at industry and other facilities during 2006 under Article VI of the Convention.

TABLE 24: INSPECTIONS OF INDUSTRY AND OTHER FACILITIES PLANNED FOR 2006

Facilities	2002 Result	2003 Result	2004 Result	2005 Planned	2006 Planned
Schedule 1 facilities	9	16	16	16	16
Schedule 2 facilities	21	35	42	42	46
Schedule 3 facilities	23	15	22	24	28
Other chemical production facilities	32	66	70	80	90
TOTAL INSPECTIONS	85	132	150	162	180

- 8.27 The increase from 162 inspections in 2005 to 180 in 2006 continues the increase in recent years, but will, importantly, be complemented by continuing efforts to improve the methodology to select sites that need to be inspected in order to maintain reasonable assurances to Member States under Article VI of the Convention.

- 8.28 The following table details the estimated resourcing included in the Programme and Budget for 2006 for Article VI inspections, by type of facility.

TABLE 25: ESTIMATED ARTICLE VI INSPECTION COSTS BY TYPE OF FACILITY

	Schedule 1	Schedule 2	Schedule 3	OCPF	Total
<i>Inspectors:</i>					
Inspections	16	46	28	90	180
Inspector days	269	685	492	1,267	2,713
<i>Variable costs (EUR):</i>					
Travel/allowances	131,420	423,931	297,677	920,337	1,773,365
Equipment shipment	8,000	20,160	12,800	32,922	73,882
Translation services	16,000	138,600	64,000	186,761	405,361
Other amenities	2,400	6,300	4,800	13,973	27,473
TOTAL (EUR)	157,820	588,991	379,277	1,153,993	2,280,081

- 8.29 Analysis has shown that the average number of days per inspection, as well as the average number of inspectors per Article VI inspection, has been reduced in recent years. This is due to initiatives undertaken by the Secretariat to optimise the resourcing of these types of inspections, without compromising standards and effectiveness, by increasing the number of sequential inspections and reducing the team sizes for subsequent inspections.

TABLE 26: INSPECTORATE - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objective	Indicator of achievement	2006 major deliverables
To deliver on time a sufficient number of properly equipped and skilled inspection teams in order to implement the evolving inspection programme for Articles IV, V, and VI inspections	Timelines – Inspection Teams deployed at the time required for Articles IV and V inspections	All Articles IV and V inspections required by the Convention, and in accordance with the destruction plan provided by the possessor States Parties and agreed with the Secretariat (which includes an increase of 12% in the number of CWDF rotations) will be carried out in 2006
	Volume of Article VI inspections: Completion of number specified as required Quality of inspection: Measured by compliance with some key specified elements of a good inspection, including compliance with agreed procedures, availability and proper functioning of all necessary equipment, timely reporting, and others	All planned Article VI inspections (which includes an 11% increase) will be carried out in 2006 All inspections expected to be carried out in accordance with existing procedures and without any incident

Objective	Indicator of achievement	2006 major deliverables
To be prepared to deliver on time a sufficient number of properly equipped and skilled inspection teams to implement the challenge inspection and investigation of alleged use requirements of the Convention	Readiness: Trained inspection teams ready to be deployed at the time required. Realistic procedures and work instructions developed and in place Quality of inspection: Measured by compliance with all the required specified elements of a complete investigation, availability and proper functioning of necessary equipment, timely completion of the final report, and others	1000 inspector-days of training (related to challenge inspection and/or investigation of alleged use) provided to inspectors during the year 2006
To provide assistance in response to requests necessitating inspector expertise, in accordance with an agreed half-yearly plan, to support the programmes of the VER, ICA, and ERD	Number of requests met as a percentage of the number made, in accordance with the agreed plan	Support to other Divisions/Branches equivalent to 4,500 inspector-days for 2006
Efficient and effective operation of the Inspectorate Division, including improvement in the cost effectiveness of inspections	Number of inspection days, per inspector, either deployed on inspection or on assignment to the ICA and ERD	With the same number of inspectors as in 2005, the number of rotations at CWDFs will increase by 12% (from 152 to 170 rotations) and the number of industrial inspections will increase from 162 to 180 in 2006

2006 budget initiatives

Initiative: Increased inspection of weapons destruction (EUR 0.271m in 2006)

- 8.30 In 2006, the OPCW will be required to respond to an increase in the destruction of chemical weapons by Member States possessing them. In this context, the Programme and Budget for 2006 provides for an increase of 12% in inspection rotations (from 152 in 2005 to 170) at CWDFs.
- 8.31 The basis of these plans for 2006 has been individually confirmed with those Member States possessing chemical weapons. This increase for 2006 is largely due to the commencement of operations at facilities in the United States of America and in the Russian Federation.
- 8.32 Despite this increase, measures are being implemented within the Secretariat's Inspectorate to conduct these additional inspections, as well as additional inspections of other chemical sites to ensure non-proliferation, with the same number of inspectors as in 2005. This is possible only if all CWDF sites in the United States of America are inspected employing reduced team sizes as a result of the optimisation project implemented during 2005.

- 8.33 A detailed outline of chemical weapons inspections planned for 2006 is in Appendix 1.
- 8.34 Optimisation of resourcing of individual inspection teams will provide significant offsets to the additional costs that would have been otherwise required for the OPCW to carry out these added inspections. Nevertheless, net additional costs will arise and some adjustments to current staffing arrangements will be required to ensure that the Inspectorate meets these added demands.
- 8.35 In addition to the reorganisation of a number of existing professional positions to ensure an appropriate balance between inspection leadership, health and safety expertise, and planning support for inspection operations, two additional fixed-term GS-5 positions are included in the Programme and Budget for 2006 to provide administrative support for the significant increase in inspections. The impact of these staffing changes, including the two new positions, amounts to EUR 0.059m.
- 8.36 The additional costs of this budget initiative will largely result from non-staffing items driven by the number of inspections, regardless of the number of inspectors involved in each team. These new costs include transportation of inspection equipment (EUR 0.143m), translation services (EUR 0.406m), training of new inspectors (EUR 0.050m) and some other minor costs (EUR 0.005m), offset by reduced travel costs for inspectors (-EUR 0.392m).
- 8.37 This relatively modest cost for the significant increase in inspection activity is also dependent on both the full implementation and the full enhancement of the SSA inspector scheme described as the next budget initiative. Without implementation of this parallel budget initiative, the cost to the OPCW of meeting the increased requirement to verify chemical weapons destruction will be significantly increased.

Initiative: Implementation and enhancement of the SSA Inspectors Scheme

- 8.38 The use of former OPCW inspectors on a contractual basis provides a flexible and cost-effective source of required skills to meet changing inspection levels. An inspector employed under this scheme costs, for the same level of output, approximately 60% of the full costs of a fixed-term inspector. Use of 15 SSA inspectors over a full year (instead of the equivalent number of fixed-term inspectors) realises savings of approximately EUR 0.6m.
- 8.39 The Programme and Budget for 2006 has been prepared based upon both the extension of this approach to staffing inspections and the need to provide further flexibility in staffing inspections in the face of potential turnover of existing fixed-term staff. Without this initiative, the aforementioned budget initiative to increase CWDF inspections by 12% would require a higher level of additional resourcing
- 8.40 The enhancement of the current SSA inspector scheme requires a second form of contractual arrangement to accommodate the situation of short-term peaks and temporary shortage of inspector resources due to staff turnover. This second application of the SSA inspector scheme will see a number of suitably trained and experienced former inspectors identified on a stand-by basis and called upon in the case of a shortage of inspector resources (whether it be fixed-term inspectors or established SSA inspectors).

- 8.41 If available when needed, this “on-call” SSA inspector will report to the Secretariat for deployment on a single CWDF mission, within the context of a one-off contract for the duration of the mission.
- 8.42 Without the initiative to both continue and enhance the SSA inspector scheme in 2006, the cost to the OPCW of meeting growing inspection demands would be significantly higher than what is reflected in the Programme and Budget for 2006. Although the enhancement to the current scheme to supplement short-term requirements will be met from existing funding levels for inspectors (as this is intended largely to provide temporary coverage for vacancies that will emerge in funded positions), it also avoids additional costs that might be necessary in instead employing extra fixed-term inspectors as a contingency.

Initiative: Increased inspection of “industry” sites

- 8.43 Assurances under the Convention of non-proliferation of chemical weapons production at “industrial” and other chemical sites is an increasing priority for the OPCW, with more than 4,500 such sites currently declared by Member States.
- 8.44 The increase from 162 inspections in 2005 to 180 included in the Programme and Budget for 2006 continues the increase in recent years of these inspections conducted under Article VI of the Convention. Equally important in pursuing the primary goal of assurance of non-proliferation, the OPCW will also continue to pursue a careful balance between increased inspections and improvements to the methodology to select sites that need to be inspected to maintain reasonable assurances to Member States.
- 8.45 The additional costs associated with this budget initiative are reflected in the aforementioned budget initiative to increase inspections of weapons destruction (the costs being balanced across the overall inspection workforce).

Savings measure: Optimisation of inspection operations

- 8.46 The standard inspection team for verification activities at CWDFs in the United States of America will be reduced from eight to five inspectors during 2006. These measures have been achieved in parallel with the installation of enhanced recording and monitoring equipment.
- 8.47 It is estimated that this practice alone reduces the number of inspectors which would have otherwise been required over a full year by the Secretariat by approximately 40.
- 8.48 Separately, a number of methods have been used to lessen the call of Article VI inspections on the Secretariat’s resourcing by reducing team sizes and increased scheduling of “sequential” inspections by single inspection teams.

2006 financial resourcing

- 8.49 All real variations in budgeted 2006 expenditure, compared to 2005 estimates, are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings measures).

- 8.50 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget-neutral re-allocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 27: INSPECTORATE - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
14,651,295	Salaries	16,409,002	15,740,109	-4.08%	15,740,109
5,807,409	Common staff costs	7,010,164	6,597,842	-5.88%	6,597,842
63,802	Overtime	58,000	59,885	3.25%	59,885
20,194	Temporary staffing	40,000	-	-100.00%	-
20,542,700	Total staffing costs	23,517,166	22,397,835	-4.76%	22,397,835
	<u>Travel costs:</u>				
2,823,125	Travel - inspections	4,137,515	3,815,362	-7.79%	3,815,362
12,535	Travel - official meetings	14,593	14,848	1.75%	14,848
2,835,660	Total travel costs	4,152,108	3,830,211	-7.75%	3,830,211
	<u>Contractual service costs:</u>				
56,794	Training	124,663	176,845	41.86%	176,845
592,620	Translation/interpretation	595,950	1,020,744	71.28%	1,020,744
-	Inspectors	863,161	891,214	3.25%	891,214
649,414	Total contractual services costs	1,583,774	2,088,802	31.89%	2,088,802
	<u>General operating expenses:</u>				
924	Hospitality and other functions	1,000	2,035	>100%	2,035
217,407	Cargo and shipment	259,583	410,021	57.95%	410,021
20,515	Other general operating expenses	22,500	27,473	22.10%	27,473
238,846	Total general operating expenses	283,083	439,528	55.26%	439,528
	<u>Inspection equipment, maintenance and supplies - operating costs:</u>				
10,661	Supplies and materials	10,000	10,175	1.75%	10,175
10,661	Total inspection equipment, maintenance and supplies	10,000	10,175	1.75%	10,175
24,277,281	TOTAL RUNNING COSTS	29,546,131	28,766,552	-2.64%	28,766,552
-	TOTAL CAPITAL COSTS	-	-		-
24,277,281	TOTAL COSTS	29,546,131	28,766,552	-2.64%	28,766,552

INTERNATIONAL COOPERATION AND ASSISTANCE DIVISION

Objective

- 8.51 The International Cooperation and Assistance Division primarily provides for activities to promote the peaceful use of chemistry and national implementation measures by Member States, and capacity to coordinate and deliver assistance to a Member State in the event of use or threat of use of chemical weapons.

Planned programme levels

- 8.52 During 2006, the Division will continue to implement a number of programmes and activities to pursue its objectives related to assistance and protection, economic and technological development, and national implementation.
- 8.53 In the area of assistance and protection, it is expected that the work towards building a data bank on protection (pursuant to Article X of the Convention) will be half complete by the beginning of 2006; the databank will be further populated during the year with information received from Member States. Submissions received from Member States outlining national protection programmes will also be analysed and studied.
- 8.54 Standard Operating Procedures and Working Instructions will be developed in order to build the Secretariat's capacity to manage an international response, with two table-top exercises to be held in the headquarters of the OPCW to test the validity of these procedures.
- 8.55 With regard to economic and technological development through international cooperation, the following programmes, seminars and workshops will be supported in 2006:
- (a) the Associate Programme, which will aim primarily to facilitate capacity building in areas relevant to the industry-related aspects of the Convention including chemical manufacturing and safety;
 - (b) the Conference Support Programme which will facilitate exchange of scientific and technical information in areas related to the peaceful application of chemistry;
 - (c) the Internship Support Programme, which will facilitate capacity building as well as exchange of scientific and technical information in areas relevant to the Convention;
 - (d) the Programme for Support of Research Projects, which will facilitate research activities in areas relating to the development and application of chemistry for purposes not prohibited under the Convention;
 - (e) the Laboratory Assistance Programme, which will facilitate the strengthening of the technical capabilities of laboratories engaged in the analysis of chemicals for various peaceful purposes;

- (f) the Equipment Exchange Programme, which will facilitate the exchange of equipment relevant to the convention;
- (g) the Analytical Skills Development Programme, which will facilitate the enhancement of technical capabilities relating to analysis of chemicals as well as good laboratory practices; and
- (h) joint technical seminars/workshops in cooperation with other organisations on topics relevant to the Convention.

8.56 In terms of full and effective implementation by Member States of the provisions of Article VII, the following initiatives are included in 2006:

- (a) bilateral assistance to individual National Authorities in specific implementation issues (including training, declarations, identification of declarable activities, export-import control, and inspection escorting) through on-site support missions;
- (b) promotion of interaction amongst National Authorities;
- (c) workshops, training courses, specialised exercises for National Authority personnel relevant to the development of the capacity of National Authorities and the provision of support to the process of implementation;
- (d) workshops involving National Authorities and industry and professional associations to raise awareness and support in relation to the effective implementation of the Convention and promotion of the image of the OPCW; and
- (e) implementation tools for National Authorities.

TABLE 28: INTERNATIONAL COOPERATION AND ASSISTANCE DIVISION - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objectives	Indicators of achievement	Major 2006 deliverables
Assistance and protection against chemical weapons, their use, or threat of use, in accordance with the provisions of Article X of the Convention	Number of responses to requests for expert advice and/or assistance and functioning of the databank of protection-related information Improvements in the OPCW's capacity to coordinate and deliver assistance, as well as to conduct an immediate investigation, and to take emergency measures in response to a request	Response to 100% of requests for expert advice and/or assistance. Also, in 2006, the database to be further populated by information received At least two table-top exercises at Headquarters At least two evaluation meetings on the lessons learned from the Joint Assistance 2005 exercise, one assistance coordination workshop, three regional exercises, ten international courses, one investigation of alleged use of chemical weapons, and five visits to inspect national assets for assistance

Objectives	Indicators of achievement	Major 2006 deliverables
	Percentage of States providing information annually on national protection programmes Signs of progress with implementation or with development of protection levels in States assisted	Participation in two to three courses carried out by relevant international organisations Negotiation and conclusion of three to five bilateral agreements ACAT's improved functioning and readiness More systematic electronic filing of submissions. Development of training modules on protection, with a completion goal set for 2007 Ten assessment visits to identify protection needs Ten to fifteen protection courses for awareness purposes and for first responders Continuity of existing long-term projects
Economic and technological development through international cooperation in the field of chemical activities for purposes not prohibited under the Convention in accordance with the provisions of Article XI	Volume, quality and results of cooperation relating to the peaceful uses of chemistry Rate and quality of response to requests	Associate Programme (24 participants) At least six conferences, workshops, seminars and meetings Support provided to at least five internships, ten research projects, two laboratory assistance projects, five exchanges of equipment Analytical Skills Development Programme (twenty participants) and at least one other more advanced course with four participants primarily from laboratories seeking OPCW designation At least one joint technical seminar/workshop with other organisations.
Full and effective implementation by States Parties of the provisions of Article VII of the Convention	Provision of assistance to States Parties in reaching each of three defined levels of implementation: Establishment and effective functioning of National Authorities, as well as adoption of adequate national implementing legislation;	20 missions for on-site support to National Authorities At least 25 requests for assistance One NA meeting in conjunction with the CSP, four regional meetings and three sub-regional meetings (in Central America, Central Asia and the Middle-East) to address implementation issues,

Objectives	Indicators of achievement	Major 2006 deliverables
	Bringing relevant chemicals and facilities within the ambit of the verification measures laid down by the Convention; and Submission of declarations that will ensure that the activities involving toxic chemicals and their precursors are for non-prohibited purposes	One advanced training course for National Authorities personnel, one workshop on transfers of scheduled chemicals, two regional training courses for customs officials (in South East and West Asia), and one training course for customs officials organised jointly with UNEP At least five workshops for chemical industry and customs officials at the national level Update of National Authorities Information Package No. 1
Effective, efficient operations of the Division	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 budget initiatives

Initiative: Enhanced support for international cooperation programmes (EUR 0.158m in 2006)

- 8.57 Requests from Member States for support under various international cooperation programmes outstrip the capacity of the Secretariat to respond, in terms of both financial resources and staff. Although the number of related events and other programmes that the Secretariat has coordinated or otherwise supported has increased significantly in recent years, the number of staff members dedicated to these roles has remained relatively static.
- 8.58 This budget initiative provides for enhancements in both professional and flexible project management staff to support important international cooperation programmes.
- 8.59 A new fixed-term post will be created for a Senior International Cooperation Officer (at the P-4 level) in the International Cooperation Branch (EUR 0.117m). In addition, the Programme and Budget for 2006 provides for a project assistance role to be flexibly staffed by temporary appointments (EUR 0.041m).

Initiative: Enhanced support for national implementation activities (EUR 0.041m in 2006)

- 8.60 The increased focus on implementation by Member States of their national obligations, including the OPCW's adoption of the Article VII Action Plan, has seen a tremendous increase in OPCW activities in this area.
- 8.61 This budget initiative aims to strengthen the staffing of the Implementation Support Branch of the Division by providing for a project assistance role to be flexibly staffed by temporary appointments (EUR 0.041m).

Initiative: Enhanced support for assistance activities (EUR 0.117m in 2006)

- 8.62 Building the capacity of both the OPCW and Member States to provide assistance and/or protection in the event of the use of chemical weapons is a key concern for the OPCW reaffirmed in 2005 with the conduct of the Joint Assistance 2005 exercise.
- 8.63 As well as some 30 events conducted each year to develop skills and share experiences amongst Member States, the Secretariat is continuing its efforts to develop a central database required by the Convention to illustrate to Member States means of improving protection from chemical weapons.
- 8.64 This budget initiative provides for the appointment of a fixed-term Senior Protection Officer at the P-4 level to enhance the expertise of the OPCW in these areas. This position existed earlier in the history of the Secretariat.

2006 financial resourcing

- 8.65 All real variations in budgeted 2006 expenditure, compared to 2005 estimates, are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings measures).
- 8.66 Other variations indicated in the following table are a result of revised estimates for costs of existing staff (including regularisation of temporarily staffed roles outlined in Part II of the Programme and Budget for 2006), indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 29: INTERNATIONAL COOPERATION AND ASSISTANCE DIVISION - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
988,056	<u>Staffing costs:</u> Salaries	1,166,436	1,323,686	13.48%	1,323,686
382,167	Common staff costs	478,908	554,891	15.87%	554,891
6,156	Overtime	6,000	6,195	3.25%	6,195
-	Consultants	65,000	-	-100.00%	-
118,710	Temporary staffing	132,000	123,744	-6.25%	123,744
1,495,089	Total staffing costs	1,848,344	2,008,515	8.67%	2,008,515
15,331	<u>Travel costs:</u> Travel - official meetings	35,024	35,637	1.75%	35,637
15,331	Total travel costs	35,024	35,637	1.75%	35,637
89,856	<u>Contractual services costs:</u> Training	100,000	101,750	1.75%	101,750
40,937	Translation/Interpretation	32,000	32,560	1.75%	32,560
130,793	Total contractual services	132,000	134,310	1.75%	134,310

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Workshops, seminars and meeting costs:</u>				
806,764	Support for National Authorities	833,500	868,507	4.20%	868,507
825,103	Capacity Building	801,000	834,642	4.20%	834,642
832,076	Protective Capacity	652,000	679,384	4.20%	679,384
412,639	Associate Programme	450,000	457,875	1.75%	457,875
2,876,582	Total workshops, seminars and meeting costs	2,736,500	2,840,408	3.80%	2,840,408
	<u>General operating expenses:</u>				
495	Hospitality and other functions	1,000	1,018	1.75%	1,018
495	Total general operating expenses	1,000	1,018	1.75%	1,018
4,518,290	TOTAL RUNNING COSTS	4,752,868	5,019,888	5.62%	5,019,888
	<u>Furniture and equipment - capital costs:</u>				
-	Computer hardware and software	33,000	33,578	1.75%	33,578
-	Other furniture and equipment	87,000	88,523	1.75%	88,523
-	Total furniture and equipment - capital costs	120,000	122,100	1.75%	122,100
-	TOTAL CAPITAL COSTS	120,000	122,100	1.75%	122,100
4,518,290	TOTAL COSTS	4,872,868	5,141,988	5.52%	5,141,988

SECRETARIAT FOR THE POLICY-MAKING ORGANS**Objective**

- 8.67 The Secretariat for the OPCW's Policy-Making Organs facilitates meetings and wider consultations between Member States and with the OPCW's Secretariat, including translation and coordination of the preparation of formal documents and interpretation of meetings.

Planned programme levels

- 8.68 Activity levels of the Secretariat for the PMO vary little year to year. In this context, activities centre primarily on the provision of substantive and formal support to the policy-making organs of the OPCW, and secondarily on the provision of ad hoc and resource-dependant language, document-reproduction, and meeting-room support to the OPCW as a whole.
- 8.69 For all meetings during the year, the Secretariat for the PMO will continue to facilitate and support the setting of agendas, coordinate and prepare venues, liaise and manage the preparation of all relevant documentation and provide adequate interpretation and translation support. The meetings projected for 2006 include four Council sessions, four Council meetings, one regular session of the Conference, and one session each of the Scientific Advisory Board and of the Confidentiality Commission.
- 8.70 The Secretariat for the PMO will continue to ensure that documentation is adequately edited, translated and circulated within the established timeframes, and that interpretation services in all of the official languages of the OPCW is provided both "in-house" and on-site.

**TABLE 30: SECRETARIAT FOR THE POLICY-MAKING ORGANS -
PRINCIPAL ACTIVITIES PLANNED FOR 2006**

Objective	Indicator of achievement	Major 2006 deliverables
To facilitate effective meetings of the policy-making organs	Timely beginning of meetings and completion of agendas, with no significant lack of action in support of meetings	Four Council sessions, four Council meetings, one regular session of the Conference, one session each of the Scientific Advisory Board and the Confidentiality Commission
	Customer survey of satisfaction with services, including: convenience of venues, timely distribution of documentation and effective language and conference support services	Maintain current high standards in terms of: setting of agendas, coordination and preparation of venues, interpretation and translation support, and readiness of documentation (at least six weeks prior to the meetings for documentation on the core objectives of the OPCW, while ensuring up-to-date reporting on the implementation of the PMO's decisions)

Objective	Indicator of achievement	Major 2006 deliverables
To assist delegations to work smoothly together	Satisfactory delivery of services Number of individual complaints and plaudits	Positive survey results from delegates No complaints; many plaudits
To provide internal guidance in the dealings with the policy-making organs and language and document processing support to all areas of the Secretariat	Timeliness of documentation circulation Quality of editorial, translation, and interpretation services to the Secretariat Number of procedural errors	Documentation circulated on time First-rate translation support (including official series documents, FIR's and other ad-hoc documentation), editorial, and interpretation services Minimal procedural errors
To ensure prompt reprographic services	Downtime of photocopiers	Minimum downtime
Effective, efficient operations of the Division	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 budget initiatives

Savings measure: Reduced costs for rental of equipment (saving of EUR 0.100m in 2006)

- 8.71 Past experience and expectations for 2006 have been examined and it is estimated that costs for renting equipment required for supporting meetings of the policy-making organs can be reduced by EUR 0.100m from previous budget provisions.

2006 financial resourcing

- 8.72 All variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 31: SECRETARIAT FOR THE POLICY-MAKING ORGANS -
BUDGETED EXPENDITURE FOR 2006
BY FUNDING OBJECT**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
2,231,534	Salaries	2,491,808	2,475,569	-0.65%	2,475,569
798,965	Common staff costs	884,857	872,614	-1.38%	872,614
8,026	Overtime	28,000	28,910	3.25%	28,910
72,953	Temporary staffing	175,000	148,977	-14.87%	148,977
3,111,478	Total staffing costs	3,579,665	3,526,069	-1.50%	3,526,069
	<u>Travel costs:</u>				
59,281	Travel - official meetings	82,695	7,830	-90.53%	7,830
59,281	Total travel costs	82,695	7,830	-90.53%	7,830
	<u>Contractual services costs:</u>				
295,431	Translation/interpretation	357,000	363,248	1.75%	363,248
295,431	Total contractual services	357,000	363,248	1.75%	363,248
	<u>General operating expenses:</u>				
220,000	Rental of premises	221,650	226,637	2.25%	226,637
461,698	Rental of equipment	560,000	468,050	-16.42%	468,050
709	Hospitality and other functions	1,000	1,018	1.75%	1,018
682,407	Total general operating expenses	782,650	695,705	-11.11%	695,705
4,148,597	TOTAL RUNNING COSTS	4,802,010	4,592,851	-4.36%	4,592,851
-	TOTAL CAPITAL COSTS	-	-		-
4,148,597	TOTAL COSTS	4,802,010	4,592,851	-4.36%	4,592,851

EXTERNAL RELATIONS DIVISION

Objective

- 8.73 The External Relations Division aims to enhance support for, and cooperation with, the OPCW to implement the Convention and to increase the international level of involvement in OPCW's activities and events.

Planned programme levels

- 8.74 In 2006, the ERD will continue to lead the Secretariat's efforts to maintain and further develop the level of involvement of States in the implementation of the Universality Action Plan. This includes encouragement of financial contributions from Member States as well as further exploration of areas of cooperation with Member States and other international organisations.
- 8.75 Total membership to the OPCW has risen to 174, with the number of States not Party to the Convention standing at 20. The target will be to increase the total membership to 180 by the end of 2006.
- 8.76 Of the States not Party to the Convention, more than half have reached at least level 1 participation, which is defined as requests for information and participation in organised events. Some of these have also reached level 2, defined as requests for assistance and/or active consideration of membership. The target sought by the end of 2006 is for 75% of all States not Party to the Convention to have reached at least level 1, and that at least five more will have also progressed to level 2. These targets assume that the Universality Action Plan will be strongly supported by Member States, which will play a part in persuading those States not Party to the Convention of the benefits of membership. It is not considered feasible to expect more rapid progress, since those States showing higher levels of enthusiasm have already joined the Organisation. It will therefore be increasingly difficult to bring the last remaining countries into the OPCW's membership.
- 8.77 The following activities are planned for 2006, in addition to bilateral discussions with States not Party to the Convention and to activities carried out jointly with regional organisations:
- (a) to run at least two regional workshops targeted at States not Party to the Convention; and
 - (b) to intensify bilateral efforts, including assistance visits to those States not Party to the Convention perceived as being more supportive of these efforts.
- 8.78 In 2006, the ERD will also seek to maintain a positive international profile and image of the OPCW, including adequate representation of the OPCW at pertinent events organised by others and at events organised by the OPCW.

TABLE 32: EXTERNAL RELATIONS DIVISION - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objectives	Indicators of achievement	Major 2006 deliverables
To promote universal adherence to the Convention	Number of States who are Members Percentage of States not Party that have indicated interest by: a) requesting information and seeking participation; and b) requesting assistance and/or actively considering membership	180 Member States by year end 75% of all States not Party to have requested information by year end Five more countries expected to have requested assistance and/or actively consider membership by year end
To enhance support for the OPCW and cooperation by the Member States, and to serve as an interface for all States, as well as for international and relevant non-governmental organisations	Level of involvement of Member States in OPCW activities Number of bilateral agreements with other int. organisations. Number of joint events with other international organisations	Four regional and sub-regional universality-related seminars, workshops and meetings Eight bilateral assistance missions including national training Maintain and further develop the working cooperation with the EU, the African Union and other international and regional organisations
To maintain a positive profile and image of the OPCW, including adequate representation of the OPCW at pertinent events organised by others and at events organised by the OPCW	Demand for OPCW public information (that is, visitors, the demand for publications, requests for information, invitations to participate in public events, etc.) The number of positive references to the OPCW/CWC made by media and relevant NGOs rises Increased contact with relevant NGOs and research institutes, and universities	Increase in the number and geographical spread of the requests for information, website visitors, media/NGO positive references to the OPCW/CWC
To maintain a full range of Protocol and Visa support facilities for the Organisation	Feedback on the organisation of protocol functions Availability of documents and visas for all official travels	All events to be properly arranged with no complaints All documents to be available on time
Effective, efficient operations of the Division	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 financial resourcing

- 8.79 All variations indicated in the following table are a result of revised estimates for costs of existing staff (including regularisation of temporarily staffed roles outlined in Part II of the Programme and Budget for 2006), indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 33: EXTERNAL RELATIONS DIVISION - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
925,789	Salaries	1,128,754	1,132,788	0.36%	1,132,788
348,504	Common staff costs	427,588	427,403	-0.04%	427,403
7,064	Overtime	5,000	5,163	3.25%	5,163
86,844	Consultants	85,000	-	-100.00%	-
46,721	Temporary staffing	85,000	-	-100.00%	-
1,414,922	Total staffing costs	1,731,342	1,565,353	-9.59%	1,565,353
	<u>Travel costs:</u>				
46,795	Travel - official meetings	58,373	59,395	1.75%	59,395
12,243	Other travel costs	2,500	2,544	1.75%	2,544
59,038	Total travel costs	60,873	61,938	1.75%	61,938
	<u>Contractual services costs:</u>				
70,328	Other contractual services	73,000	74,278	1.75%	74,278
70,328	Total contractual services costs	73,000	74,278	1.75%	74,278
	<u>Workshops, seminars and meeting costs:</u>				
73,381	Other workshops, seminars and meetings	75,000	78,150	4.20%	78,150
73,381	Total workshops, seminars and meeting costs	75,000	78,150	4.20%	78,150
	<u>General operating expenses:</u>				
41,646	Hospitality and other functions	55,000	55,963	1.75%	55,963
41,646	Total general operating expenses	55,000	55,963	1.75%	55,963
1,659,315	TOTAL RUNNING COSTS	1,995,215	1,835,681	-8.00%	1,835,681
-	TOTAL CAPITAL COSTS	-	-		-
1,659,315	TOTAL COSTS	1,995,215	1,835,681	-8.00%	1,835,681

OFFICE OF THE DIRECTOR-GENERAL**Objective**

- 8.80 The Director-General is responsible for the overall performance of the Secretariat, including its delivery of objectives expected of the Secretariat by the OPCW (programme objectives and underlying activities of the Secretariat outlined throughout the Programme and Budget for 2006).

2006 financial resourcing

- 8.81 All variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 34: OFFICE OF THE DIRECTOR-GENERAL - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
356,790	Salaries	382,483	388,135	1.48%	388,135
157,344	Common staff costs	165,958	167,088	0.68%	167,088
20,406	Overtime	30,000	30,975	3.25%	30,975
320,937	Consultants	100,000	100,000	0.00%	100,000
58,294	Temporary staffing	40,000	50,823	27.06%	50,823
-	Other staff costs	25,000	25,813	3.25%	25,813
913,771	Total staffing costs	743,441	762,834	2.61%	762,834
	<u>Travel costs:</u>				
184,091	Travel - official meetings	150,797	153,436	1.75%	153,436
184,091	Total travel costs	150,797	153,436	1.75%	153,436
	<u>Contractual services costs:</u>				
50,999	Other contractual services	52,764	53,687	1.75%	53,687
50,999	Total contractual services costs	52,764	53,687	1.75%	53,687
	<u>General operating expenses:</u>				
14,894	Hospitality and other functions	16,500	16,789	1.75%	16,789
14,894	Total general operating expenses	16,500	16,789	1.75%	16,789
1,163,755	TOTAL RUNNING COSTS	963,502	986,746	2.41%	986,746
-	TOTAL CAPITAL COSTS	-	-		-
1,163,755	TOTAL COSTS	963,502	986,746	2.41%	986,746

OFFICE OF THE DEPUTY DIRECTOR-GENERAL

Objective

- 8.82 The Office of the Deputy Director-General supports the Director-General in his responsibility for the overall performance of the Secretariat, including its delivery of objectives expected of the Secretariat by the OPCW (programme objectives and underlying activities of the Secretariat outlined throughout the Programme and Budget for 2006).
- 8.83 The Deputy Director-General carries particular responsibility for improving effective operation and team work across the Secretariat; for improving the conduct of business within the Secretariat in accordance with Article VIII of the Convention; and for assisting with delivery of the necessary organisational change management agenda.

2006 financial resourcing

- 8.84 All variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 35: OFFICE OF THE DEPUTY DIRECTOR-GENERAL -
BUDGETED EXPENDITURE FOR 2006
BY FUNDING OBJECT**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
386,298	Salaries	448,925	431,519	-3.88%	431,519
120,428	Common staff costs	139,597	130,787	-6.31%	130,787
2,847	Overtime	5,000	5,163	3.25%	5,163
509,573	Total staffing costs	593,522	567,468	-4.39%	567,468
	<u>Travel costs:</u>				
18,172	Travel - official meetings	15,566	54,503	>100.00%	54,503
18,172	Total travel costs	15,566	54,503	>100.00%	54,503
527,745	TOTAL RUNNING COSTS	609,088	621,972	2.12%	621,972
527,745	TOTAL COSTS	609,088	621,972	2.12%	621,972

OFFICE OF INTERNAL OVERSIGHT

Objective

- 8.85 The Office of Internal Oversight is responsible for providing Member States and the Director-General with reasonable assurance that financial, confidentiality and security controls are sound, observed, and effective.

Planned programme levels

- 8.86 The Office of Internal Oversight will aim to maintain high standards of audit recommendations in order to support management in identifying opportunities to improve the functioning and ‘value-for-money’ of programmes and operations. Achieving staffing stability, following high turnover in 2004 and 2005, will be crucial to the successful delivery of results.

- 8.87 In this regard, major priorities identified for 2006 relate to:

- (a) stressing the importance of the evaluation of programmes/projects; and
- (b) providing more training to OIO’s staff members in order to develop their professional expertise.

- 8.88 With respect to Quality Management, the OPCW implements a system that is accepted internationally. It was granted accreditation for the first time in 2001 with a limited scope (specific activities in OPCW Laboratory and OIO). The accreditation has had positive results in enhancing the confidence of Member States, which need the OPCW Analytical Database, the Proficiency Testing scheme, and GC-MS inspection equipment to be handled and organised in a professional manner. In 2006, the OIO will aim to:

- (a) continue to ensure the good maintenance of the accredited Quality Management System and the accredited activities; and
- (b) assist in the development and finalisation of the Quality Management Systems established in both the Declarations Branch and the Office of Confidentiality and Security.

TABLE 36: OFFICE OF INTERNAL OVERSIGHT - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objective	Indicator of achievement	Major 2006 deliverables
To provide Member States and the DG reasonable assurance that: (a) financial, confidentiality and security control systems and processes are sound; (b) the organisation's policies and programmes are managed efficiently and effectively, are relevant, and deliver value for money in the use of available resources; (c) Member States are informed of any matters of particular significance	Results of external audit of internal controls, compliance with rules and regulations and management reporting system Completion level of annual work programme	Satisfactory external audit report Financial management: Issue six reports (including evaluation of two programmes and one thematic issue) Confidentiality and Security controls: Issue four reports Completion and Member State discussion of OIO annual report
To contribute to the improvement of internal management and programme effectiveness	Areas of concern identified by the audit	Total implementation rate of OIO recommendations: 86%
To maintain and further develop the implementation of the Quality Management System	Status of ISO/IEC 17025 and ILAC G13 accreditation Achievement of further accreditation as per programme Meet requirements of ISO 15489 (archive) and ISO/IEC 17799 (ISMS security)	Maintain accreditation Application for accreditation of phase two by OPCW Laboratory Full compliance
Effective, efficient operations of the Office	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 financial resourcing

- 8.89 All variations indicated in the following table are a result of revised estimates for costs of existing staff (including regularisation of temporarily staffed roles outlined in Part II of the Programme and Budget for 2006), indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 37: OFFICE OF INTERNAL OVERSIGHT - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
423,053	Salaries	578,459	598,407	3.45%	598,407
191,383	Common staff costs	233,983	253,982	8.55%	253,982
20,606	Temporary staffing	40,000	-	-100.00%	-
635,042	Total staffing costs	852,442	852,389	-0.01%	852,389
	<u>Travel costs:</u>				
4,800	Travel - official meetings	9,729	20,074	>100.00%	20,074
4,800	Total travel costs	9,729	20,074	>100.00%	20,074
	<u>Contractual services costs:</u>				
18,156	Other contractual services	25,500	15,771	-38.15%	15,771
18,156	Total contractual services costs	25,500	15,771	-38.15%	15,771
657,998	TOTAL RUNNING COSTS	887,671	888,234	0.06%	888,234
-	TOTAL CAPITAL COSTS	-	-		-
657,998	TOTAL COSTS	887,671	888,234	0.06%	888,234

OFFICE OF THE LEGAL ADVISER**Objective**

- 8.90 The Office of the Legal Adviser is responsible for providing the OPCW with timely, effective and reliable legal advice.

Planned programme levels

- 8.91 Even though the current workload pressure is not expected to abate, the Office of the Legal Adviser expects to be able to meet its objectives in full. The need to provide legal advice on a daily basis on individual and policy issues, compounded with the need to advise on the legal issues arising from tenure implementation and to deal with the growing number of appeal cases, represents a growing pressure.

TABLE 38: OFFICE OF THE LEGAL ADVISER - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objective	Indicator of achievement	Major 2006 deliverables
Provision of legal advice that is timely, effective and reliable	Percentage of responses within defined standards Delays to programmes while awaiting legal advice Satisfaction of recipients Evaluation at conclusion of legal cases	The Office will aim to continue providing advice that is effective and reliable with minimal delay to programme activities
Effective, efficient operations of the Office	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 budget initiatives

Initiative: Funding for access to the International Labour Organization Administrative Tribunal (EUR 0.150m in 2006)

- 8.92 Recourse to the ILOAT is a fundamental right of staff of the OPCW's Secretariat (and other international organisations). The incidence of the OPCW's involvement in such cases has increased in recent years with the significant increase in turnover of fixed-term staff.
- 8.93 The ILOAT is funded by a direct charge to recover its costs from those international organisations using its services. This is separate from other legal costs that might be incurred in such legal action.
- 8.94 Despite the increase in costs to the OPCW in recent years (EUR 0.125m in 2004), specific budget provision has not previously been established. This budget initiative for 2006 will ensure that resources are properly and transparently allotted to this purpose.

2006 financial resourcing

- 8.95 All real variations in budgeted 2006 expenditure, compared to 2005 estimates, are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings measures).
- 8.96 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 39: OFFICE OF THE LEGAL ADVISER - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
575,272	Salaries	714,178	705,808	-1.17%	705,808
220,222	Common staff costs	307,098	319,002	3.88%	319,002
795,494	Total staffing costs	1,021,276	1,024,811	0.35%	1,024,811
	<u>Travel costs:</u>				
6,653	Travel - official meetings	19,458	19,799	1.75%	19,799
6,653	Total travel costs	19,458	19,799	1.75%	19,799
	<u>Contractual services costs:</u>				
-	Other contractual services	-	150,000		150,000
-	Total contractual services	-	150,000		150,000
802,147	TOTAL RUNNING COSTS	1,040,734	1,194,609	14.79%	1,194,609
-	TOTAL CAPITAL COSTS	-	-		-
802,147	TOTAL COSTS	1,040,734	1,194,609	14.79%	1,194,609

OFFICE OF SPECIAL PROJECTS**Objective**

- 8.97 The Office of Special Projects is responsible for coordinating with all relevant units of the Secretariat to enhance the contribution of the OPCW to global anti-terrorism efforts.

Planned programme levels

- 8.98 The Office of Special Projects will aim to develop and maintain contacts and exchanges with various international, regional and sub-regional organisations in the fields of anti-terrorism and non-proliferation. It will also continue providing advice to the Director-General in a range of issues relating to the Convention and the OPCW, particularly in relation to universality and implementation matters, as well as assistance and protection.

**TABLE 40: OFFICE OF SPECIAL PROJECTS - PRINCIPAL ACTIVITIES
PLANNED FOR 2006**

Objective	Indicator of achievement	Major 2006 deliverables
To enhance the contribution of the OPCW to global anti-terrorism efforts	Establishment of co-operative policies with other organisations Volume and level of information and expertise exchanges	Continue establishing and maintaining close relationships with other world agencies
To increase OPCW's involvement in global efforts aimed at ensuring non-proliferation of weapons of mass destruction	Basis formed for increased OPCW involvement Level of Member State support for the OPCW measures to ensure non-proliferation of chemical weapons Level of support for multi-lateral approaches to non-proliferation	Adoption of informed strategy by Secretariat management Increased involvement in this field and close contacts (specific projects will be identified as current activities to bring about concrete results)
To keep States Parties aware of potential risks and challenges to the Convention and the OPCW	Instances of matters brought to the attention of States Parties	Pertinent information issued and records kept up to date
Effective, efficient operations of the Office	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 financial resourcing

- 8.99 All variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 41: OFFICE OF SPECIAL PROJECTS - BUDGETED
EXPENDITURE FOR 2006 BY FUNDING OBJECT**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
153,777	Salaries	167,916	165,381	-1.51%	165,381
46,576	Common staff costs	63,730	51,959	-18.47%	51,959
-	Overtime	1,500	1,549	3.25%	1,549
-	Temporary staffing	-	81,683		81,683
200,353	Total staffing costs	233,146	300,572	28.92%	300,572
	<u>Travel costs:</u>				
25,042	Travel - official meetings	22,376	22,768	1.75%	22,768
25,042	Total travel costs	22,376	22,768	1.75%	22,768
225,395	TOTAL RUNNING COSTS	255,522	323,340	26.54%	323,340
-	TOTAL CAPITAL COSTS	-	-		-
225,395	TOTAL COSTS	255,522	323,340	26.54%	323,340

OFFICE OF CONFIDENTIALITY AND SECURITY

Objective

- 8.100 The Office of Confidentiality and Security is responsible for ensuring safety at OPCW premises as well as for properly preparing staff members on official travel for potential security threats. The Office is also responsible for safeguarding the confidentiality of the information handled by the Secretariat.

Planned programme levels

- 8.101 In 2006, the Secretariat will continue a multi-year programme to upgrade its physical, perimeter security installations in order to continue providing an adequate level of security for the OPCW Headquarters and Rijswijk facilities. The Secretariat will also continue to replace aging security equipment, some of which has been in operation 24-hours per day for up to seven years. These efforts will allow the OCS to continue meeting its primary objective of ensuring the security and safety of all OPCW staff members, delegates and visitors.
- 8.102 Given concerns about international terrorism and related threats to the security and safety of OPCW staff members, delegates and visitors, the Secretariat must continue to provide a satisfactory level of security both for its Headquarters facilities and for its staff travelling abroad by assessing relevant political, environmental, social and technical factors.
- 8.103 In conjunction with Host Nation authorities, the Secretariat continually evaluates changes in the local environment to ensure an appropriate level of security is maintained for its facilities in The Hague and Rijswijk. For staff members travelling on both inspection and other official business for the OPCW, the Secretariat also has a duty to reduce the risks involved whenever possible. To do so, the Secretariat must provide staff with proper knowledge of the threats they may encounter while travelling; training on, and means of, reducing their exposure to those threats to the greatest extent possible; and assistance and/or evacuation should the security situation so dictate.
- 8.104 Given today's often volatile global security environment, unforeseen events may at any time require the urgent implementation of additional preventative security measures.

**TABLE 42: OFFICE OF CONFIDENTIALITY AND SECURITY -
PRINCIPAL ACTIVITIES PLANNED FOR 2006**

Objective	Indicator of achievement	Major 2006 deliverables
To retain the trust of Member States that information handled by the OPCW is secure	Confidentiality breaches recorded Satisfactory security audits Procedural delays due to confidentiality requirements	No breaches Satisfactory results from all security audits to be conducted (usually two OIO audits and an external SAT-IV audit concluded per year) No delays
To achieve the confidence of all occupants and visitors to OPCW that they are safe from harm on OPCW premises	Security incidents involving physical harm Results from emergency and evacuation drills	No incidents Favourable results on HQ evacuation drills and security monitoring expected
To ensure that all staff are aware of and fulfil their personal responsibilities in handling information	Number of confidentiality breaches Number of staff receiving training	Reduce breaches of procedure (10 recorded in 2004, although none resulted in breach of confidentiality) Provide training to all staff members
To properly prepare all OPCW staff members for potential security threats during official travel and ensure means of assistance are available to them should travel security problems arise	Number of travel security incidents	No incidents (prevention to be further boosted through agreement with UN)
Effective, efficient operations of the Office	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 budget initiativesInitiative: Support for travel security (EUR 0.031m in 2006)

- 8.105 Staff of the Secretariat are deployed to all corners of the world in support of inspections and international programmes. Security conditions surrounding travel of this extent continue to be affected by global security conditions, including threats of violence, natural disasters, and health epidemics.
- 8.106 This budget initiative will ensure funding is provided to support the Secretariat with timely and pertinent security-related information and assistance in the planning and conduct of travel on OPCW business. The new capability will be sourced through a formal agreement with the UN Department of Safety and Security. It will provide for training, information on latest assessments, and “in-country” assistance (including evacuation if required).

Initiative: Enhanced building security (EUR 0.132m in 2006)

- 8.107 Global security conditions continue to be volatile and an increase is planned in the number of Host Nation and international organisations located in the proximity of the OPCW Headquarters. This focus on the area surrounding the OPCW includes the planned construction of Europol's new headquarters building next to that of the OPCW.
- 8.108 This budget initiative for 2006 will provide an initial response to these emerging issues by assessing and enhancing the security of the OPCW Headquarters building. In particular, additional works will target areas where the building does not meet minimum standards adopted by the United Nations for its physical security. Any further concerns, and potential requirements, will continue to be fully assessed (as further information becomes available) during 2006.

Initiative: Development of a Verification Information System (EUR 0.083m in 2006)

- 8.109 Implementation of a Verification Information System within the Secretariat is an ongoing project designed to greatly improve the efficiency and effectiveness of verification activities carried out by the Secretariat.
- 8.110 For 2006, a number of key outcomes are expected to be achieved in implementing progress in developing the new system. This budget initiative provides for funding to acquire contractual services for part of the year for expert assistance with the information confidentiality aspects of the new system.
- 8.111 Other funds for additional assistance for this project have been included and described in the budget statement for the Verification Division.

2006 financial resourcing

- 8.112 All real variations in budgeted expenditure, compared to 2005 estimates, are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings measures).
- 8.113 Other variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 43: OFFICE OF CONFIDENTIALITY AND SECURITY -
BUDGETED EXPENDITURE FOR 2006
BY FUNDING OBJECT**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
832,533	Salaries	1,540,271	1,507,449	-2.13%	1,507,449
386,502	Common staff costs	544,895	572,886	5.14%	572,886
45,313	Overtime	40,000	41,300	3.25%	41,300
1,264,348	Total staffing costs	2,125,166	2,121,636	-0.17%	2,121,636
	<u>Travel costs:</u>				
5,694	Travel - official meetings	4,864	42,597	>100.00%	42,597
5,694	Total travel costs	4,864	42,597	>100.00%	42,597
	<u>Contractual services costs:</u>				
1,028,475	Security	42,500	157,713	>100.00%	73,770
1,028,475	Total contractual services costs	42,500	157,713	>100.00%	73,770
	<u>General operating expenses:</u>				
	Rental of equipment	10,000	10,175	1.75%	10,175
	Maintenance of equipment	55,000	55,963	1.75%	55,963
	Supplies and materials	16,000	16,280	1.75%	16,280
-	Total general operating expenses	81,000	82,418	1.75%	82,418
2,298,517	TOTAL RUNNING COSTS	2,253,530	2,404,362	6.69%	2,320,419
	<u>Furniture and equipment - capital costs:</u>				
	Other furniture and equipment	45,500	178,571	>100.00%	46,296
-	Total furniture and equipment - capital costs	45,500	178,571	>100.00%	46,296
-	TOTAL CAPITAL COSTS	45,500	178,571	>100.00%	46,296
2,298,517	TOTAL COSTS	2,299,030	2,582,934	12.35%	2,366,716

HEALTH AND SAFETY BRANCH

Objective

- 8.114 The Health and Safety Branch is responsible for ensuring that health and safety standards relating to the OPCW's activities are set and met.

Planned programme levels

- 8.115 During 2006, HSB's focus will be to maintain the existing quality and spectrum of health and safety support services, in an environment of increasing demand, without increasing its funding requirement.
- 8.116 In this sense, a key budget issue for the HSB in 2006 will be to provide for the costs of medical screening and fitness for work evaluations associated with increasing turnover that has resulted from implementation of the tenure policy. Increased turnover of staff (particularly in the Inspectorate) imposes a significant demand on HSB for health- and safety-related induction training.
- 8.117 The HSB is also being requested to deliver an increasing level of support to ICA training programs, as well as technical support for the Inspectorate's initial visits and final engineering reviews of new CWDFs as they come on line. In addition, aging equipment is requiring an increasing level of repair and maintenance, and certain items will need to be replaced.

TABLE 44: HEALTH AND SAFETY BRANCH - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objective	Indicator of achievement	Major 2006 deliverables
Inspection activities accomplished with minimal health-and-safety risk, in accordance with the OPCW's requirements	Number of incidents during inspections with health-and-safety implications that could reasonably have been prevented	No incidents
	Number of inspections hindered by lack of compliance	No inspections hindered
Availability of a defined health-and-safety component in the OPCW's ICA and other outreach programs	Extent of agreed support to ICA that is delivered on time	120 person days
Healthy staff, physically and mentally capable of performing their duties	Sick leave statistics	Within acceptable norms for comparable organisations
	Number of staff not meeting job requirements for reasons that could reasonably have been prevented	No staff not meeting requirements for reasons that could reasonably have been prevented
Staff who have the knowledge, skills, and equipment needed to work with minimised risk	Number of inspectors meeting minimum standards in health-and-safety proficiency testing	All inspectors meeting minimum standards

Objective	Indicator of achievement	Major 2006 deliverables
	Number of incidents at all OPCW workplaces with health-and-safety implications that could reasonably have been prevented	No incidents
A working environment in which risks are actively managed, and in which there is prompt and effective response to incidents, accidents, or illness	Ratings in documented annual health-and-safety inspections of OPCW workplaces	Satisfactory health-and-safety inspections and audits
Effective, efficient operations of the Branch	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 financial resourcing

8.118 All variations indicated in the following table are a result of revised estimates for costs of existing staff, indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

TABLE 45: HEALTH AND SAFETY BRANCH - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
533,459	Salaries	630,143	615,735	-2.29%	615,735
166,305	Common staff costs	241,464	212,046	-12.18%	212,046
699,764	Total staffing costs	871,607	827,781	-5.03%	827,781
	<u>Travel costs:</u>				
-	Travel - official meetings	9,000	9,158	1.75%	9,158
-	Total travel costs	9,000	9,158	1.75%	9,158
	<u>Contractual services costs:</u>				
	Training	26,200	26,659	1.75%	26,659
105,294	Other contractual services	44,800	42,735	-4.61%	42,735
105,294	Total contractual services costs	71,000	69,394	-2.26%	69,394
	<u>General operating expenses:</u>				
-	Maintenance of equipment	5,000	6,614	32.28%	6,614
-	Supplies and materials	19,100	19,841	3.88%	19,841
-	Other general operating expenses	1,000	-	-100.00%	-
-	Total general operating expenses	25,100	26,455	5.40%	26,455

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
-	<u>Furniture and equipment operating costs:</u> Other Furniture and Equipment	2,100	-	-100.00%	-
-	Total furniture and equipment operating costs	2,100	-	-100.00%	-
805,058	TOTAL RUNNING COSTS	978,807	932,787	-4.70%	932,787
-	<u>Furniture and equipment - capital costs:</u> Other furniture and equipment	-	4,070		4,070
-	Total furniture and equipment - capital costs	-	4,070		4,070
-	TOTAL CAPITAL COSTS	-	4,070		4,070
805,058	TOTAL COSTS	978,807	936,857	-4.29%	936,857

ADMINISTRATION DIVISION

Objective

- 8.119 The Administration Division comprises a number of diverse units involved in the provision of support services important to governance and activities ongoing across the Secretariat.

Planned programme levels

- 8.120 The Division's top priority is to ensure efficiency and effectiveness in managing financial, human and information resources across the Secretariat, to provide support services to various divisions and offices, and to provide services to maintain the OPCW's premises and equipment.
- 8.121 The various Branches of the Division will focus on a number of important areas during 2006.

Budget, planning and finance

- 8.122 For 2006, the Budget, Planning and Finance Branch intends to continue the progress that has been made towards improving support to development and management of the OPCW budget.
- 8.123 The BPF will also focus considerable attention on a number of financial management challenges facing the Secretariat with regard to annual financial resources, as well as wider improvements to the OPCW's financial-management framework. Low income-collection rates will have an impact on the resourcing of activities within the Secretariat. Of the 90% of the amount of assessed annual contributions received from Member States during 2004, one-fifth was received only in the final months, thus impinged on planning.

Human resources

- 8.124 Implementing the OPCW's limited-tenure policy has significantly increased the workload for the Human Resources Branch, especially in the areas of recruitment, the development of new and revised human resource practices suitable to the tenure environment, and the administration of entitlements. The HRB has developed a draft human-resources planning system to assist line managers to plan ways in which to ensure continued program delivery in the face of high turnover of staff throughout the Secretariat. Similarly, in consultation with management, the HRB has designed a comprehensive human-resources-management strategy to maintain an effective management system. In 2006, the HRB will place priority on improved recruitment and take further steps to improve human resource processes within the Secretariat, including recruitment, performance management and post management.

Procurement and support services

- 8.125 Key vacancies have now been filled in the Procurement and Support Services Branch. With these new appointments, improvements should be realised in the areas of support and infrastructure services.

- 8.126 The reorganisation of the travel function will continue in 2006. The number of tickets purchased in 2005 is expected to rise by 15 to 20% as a result of increased Inspectorate and ICA activities and it is assumed that this trend will continue in 2006. The travel-management function was centralised in 2005 and the travel section is now responsible for all travel related to home leave, recruitment and entitlements. Greater efficiency, control, and accountability will enable an increased workload for 2006 without additional staff beyond the levels agreed for 2005.

Training and staff development

- 8.127 A training and staff development strategy for the Secretariat is currently being developed in 2005 and will continue to be implemented in 2006. The introduction of the OPCW tenure policy and of results-focused management requires that the Secretariat fill performance gaps through training and education, thus enhancing the OPCW's performance capacity.
- 8.128 In addition to established training programmes such as the update courses for inspectors and mandated training for technical certifications, the Secretariat will focus on core organisational development requirements as well as individual skills. Key areas that the Secretariat will focus on in 2006 include: results-based budgeting, performance management appraisal systems, new manager training, and team building.

Information services

- 8.129 The OPCW made substantial improvements to its information technology and communications infrastructure during 2005 and this trend will continue in 2006. These improvements enabled easier access to information originating within the Secretariat, to Internet services, and to business applications. New information-security measures increased the security of the electronic communications used by the Secretariat and improved and refined procedures to protect Member States' declarations data. The Secretariat continues to make significant progress in automating the payroll, processing industry declarations, and managing a number of technology initiatives.

TABLE 46: BUDGET, PLANNING AND FINANCE BRANCH - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objective	Indicator of achievement	Major deliverables
Financial reporting to Member States	Relevancy and transparency of reported information Timeliness, accuracy and comprehensibility of reports	Preparation of draft Programme and Budget for 2007, including full review of objectives and performance measurement and continued implementation of results-based budgeting Preparation of financial statements for 2005, including more detailed expenditure; four quarterly income and expenditure reports for EC; a number of specific purpose financial reports for EC/CSP/ABAF

Objective	Indicator of achievement	Major deliverables
Support for the OPCW's Provident Fund	Accuracy and transparency of financial accounting and reporting Timely and accurate payment of amounts payable by the Provident Fund as well as adequate financial liquidity to meet calls on the Provident Fund Competitive interest returns on Provident Fund's holdings	Preparation of financial statements for 2005 with unqualified audit opinion For approx 500 members, recording of monthly benefits receipts and issue of holdings statements twice yearly Disbursement of holdings to exiting members Monitoring of investment of overall balance of EUR 45m
Support for management of financial resources by programme managers	Timeliness and accuracy of analysis of issues and preparation of reports. Also, comprehensibility of reports and other information	Issue of allotment across Secretariat to meet emerging issues Quarterly review of allotment Monthly budget status reports to Directors and quarterly financial performance summaries for the DG and the Management Board Numerous ad hoc analyses and advice to the DG and Secretariat
Robust and sustainable stewardship of the OPCW's financial resources	Adequate financial liquidity to avoid financial constraints on OPCW programme implementation Competitive bank deposit interest returns on the OPCW's financial holdings Timely and accurate payment of amounts payable by the OPCW Also, timely and accurate invoicing of amounts due to the OPCW	Issue of 175 assessment notices, 240 invoices for inspection costs, and 12 VAT returns Collection of 150 assessment payments (EUR 70m), EUR 4.5m in inspection costs 180 term deposits with average overall balance of EUR 23m. EUR 0.5m interest receipts at average of 2% per annum Approximately 100 scheduled payment runs for in excess of 8,000 payments - domestic and international electronic payments, cheques and cash, in Euros and other currencies 36 scheduled staff payment runs totalling some 6,000 payments, including monthly salaries for fixed-term and temporary staff, as well as monthly Provident Fund benefits 500 annual earnings statements for some 500 staff
Effective, efficient operations of the Branch	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

**TABLE 47: HUMAN RESOURCES BRANCH - PRINCIPAL ACTIVITIES
PLANNED FOR 2006**

Objective	Indicator of achievement	Major deliverables
To provide integrated human-resources advice and services to the OPCW in respect of terms and conditions of service	Percentage of pertinent enquiries receiving a satisfactory response Percentage of monthly payroll transactions concluded and passed to the BPF within agreed deadlines Percentage of payments where errors in calculated entitlements are subsequently discovered	The Branch would seek to set an initial target of a 90% success rate The Branch would seek to set an initial target of a 90% success rate The Branch would seek to set an initial target of a 95% success rate
To provide integrated human-resources advice and services to the Secretariat in relation to human-resources planning, recruitment, and separation processes, and transition support for affected staff members and their supervising managers	Percentage of Divisions/Offices with agreed human-resources plans in place Recruitment completed within standard timescales and the percentage of those recruited who are accepted after probation period Percentage take-up of offer of transition support and the percentage of those leaving participating in an exit interview	As part of the partial launch of the HR planning system, an HR plan is to be developed for all offices/divisions for posts in the professional and higher categories (subject to the outcome of consultations) The Branch would seek to set an initial target of a 90% success rate The Branch would seek to set an initial target of a 90% success rate
To provide integrated human-resources advice and services to the Secretariat and to individual staff members in relation to conflict resolution, management of disputes and grievances, disciplinary cases and appeals	Percentage of cases decided by the ILOAT which subsequently require amendment to the OPCW's human-resources policies	While new systems and processes are being put in place to deal with recent organisational developments such as tenure, an initially higher rate is foreseen for 2006, of approximately 20% The HRB would hope to reduce this figure in later years
To provide integrated human-resources advice and services to the Secretariat and to individual supervisors in respect of performance management	Percentage of reports completed within the scheduled time	The Branch would seek to set an initial target of a 90% success rate
Effective, efficient operations of the Branch	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

**TABLE 48: PROCUREMENT AND SUPPORT SERVICES BRANCH -
PRINCIPAL ACTIVITIES PLANNED FOR 2006**

Objective	Indicator of achievement	Major deliverables
To procure materials, equipment and services to meet the requirements of users in a timely manner	Extent to which planned procurement is executed, recorded, and filed No budget underspending caused by procurement delays in the corresponding year	90% of planned procurement is executed, recorded, and filed No procurement delays due to the PSB
To obtain the best possible prices for materials, equipment, and services	Satisfaction with the prices obtained and cost-savings for OPCW through economic purchasing Satisfactory findings by internal and external auditors	Savings through negotiations and by forward planning with Divisions for purchases. Also, continued attention to obtaining the lowest rates possible on all purchases No procurement complaints found in the 2005 External and Internal Audit Reports
To maintain OPCW premises, facilities and equipment to a high standard with cost-effectiveness	Satisfaction of occupants and users with the building and its facilities, and number of complaints received regarding facilities and equipment Number of requests for assistance processed by Infrastructure Support Services and minimal need for emergency repairs and downtime because the facilities are properly maintained	Complaints received are addressed within less than 2 hours of notification No emergency repairs needed and requests for assistance responded to within two hours
To provide timely mail and courier services	Frequency of distribution of internal mail Ability to arrange courier services on short notice and the delivery of outgoing mail on time to collecting point for TPG (TNT Post Group) mail courier	All internal mail collected and distributed four times a day. Total volume handled: 210,000 items Courier service arranged within two hours of request; outgoing mail collected and franked ready for collecting by TPG every working day
To provide cost-effective travel arrangements while also reducing the associated administrative tasks of other staff within the Secretariat	Savings in OPCW travel budget and a reduction in the overall number of Secretariat staff involved in travel management Travel-services-user satisfaction because of timely provision and quality	Reorganisation of the travel function started in 2005 will continue into 2006: it is expected to be less labour intensive and travel costs are expected to decrease 90% satisfaction rate

TABLE 49: TRAINING AND STAFF DEVELOPMENT BRANCH - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objective	Indicator of achievement	Major deliverables
To ensure the required technical and professional competence of OPCW staff through the provision of a comprehensive training and development strategy	The number of OPCW in-house certifications and/or the external validations, upon the completion of training activities, and subsequent evaluation of the results as per OPCW criteria and internationally recognised standards	All technical training for INS/VER achieved as and when necessary; the number of in-house certificates issued as a result of the successful completion of a training program
To improve management competence within the Secretariat at all levels	The number of the new staff with supervisory and managerial responsibility that undergo training	The majority of new OPCW managers receive in-house training
To develop individual competencies	The number of consultations held with staff to assist for re-employability in a general way and their future career path	100% of staff requesting consultations are seen
Effective, efficient operations of the Branch	Cost-effectiveness and optimization of operations	Maintain effectiveness and efficiency

TABLE 50: INFORMATION SERVICES BRANCH - PRINCIPAL ACTIVITIES PLANNED FOR 2006

Objective	Indicator of achievement	Major deliverables
Expansion of access to official information to Member States	Number of new information services approved and provided to Member States	Enhancement of applications to the OPCW main portal, such as industry classifications of chemicals
Provision of a reliable information services infrastructure	Successful operating of three networks for the OPCW Personal technology units (computers, phones, faxes and so on) delivered to staff within one week of request or three days of an incident report Availability in place of best practices and disaster recovery procedures for critical operations to ensure business continuity	Networks operating at 99% uptime 90% success rate for both requests No loss of business continuity
Effective delivery of information technology development projects	Upon acceptance of the Users' Requirement Document, the number of projects completed on schedule The number of projects completed within the resources assigned	75% of projects completed successfully and on schedule 100% of projects completed within the assigned resources

Objective	Indicator of achievement	Major deliverables
Satisfaction of user requests for new software developments	Action on formally approved requests initiated within three months of request Length of time to complete projects	100% success rate Medium-size projects within eight months; small-size projects within three months
Ensuring appropriate security in information technology systems	The number of security incidents related to information systems The number of vulnerabilities identified and addressed with effective security measures	Systems which protect confidential information 100% of incidents solved at no loss of confidentiality Eleven areas identified and appropriately addressed to avoid the potential of critical data loss
Effective, efficient operations of the Branch	Cost-effectiveness and optimisation of operations	Maintain effectiveness and efficiency

2006 budget initiatives

Initiative: Enhanced recruitment outcomes (EUR 0.357m in 2006)

- 8.130 The ongoing implementation of the staffing tenure policy in the OPCW's Secretariat requires "a managed turnover of one-seventh of the Organisation's internationally recruited staff members each year". Adequate staffing is required to manage the associated increase in recruitment which has been met through the use of temporary staffing since implementation of the policy commenced in 2003.
- 8.131 To ensure that the OPCW's Secretariat can manage effectively the demands of tenure implementation, this budget initiative provides funding for three dedicated recruitment teams each consisting of a P-3 Human Resources Officer and GS-4 Human Resources Clerk to meet the recruitment requirements of the Secretariat. The two positions for one of these teams will be filled on a temporary basis and be reviewed during 2006.
- 8.132 The Programme and Budget for 2006 also provides for an increased provision (EUR 0.061m) for advertising vacancies in the media.
- 8.133 The cost of the proposed new positions are partially offset by abolishing an existing GS-7 and an existing GS-6 position.

Initiative: Improved workforce policy and development (EUR 0.117m in 2006)

- 8.134 The continuing evolution of the Secretariat, as a relatively young organisation, and the implementation of the policy limiting staff tenure have impacted on a wide range of human resources management requirements. The Secretariat's related systems and practices need to be reviewed and adapted to resolve the associated challenges.

- 8.135 This budget initiative provides for the recruitment of a fixed-term Head of Human Resources Services at the P-4 level to oversee this function. The draft report into the Secretariat's Performance Management and Appraisal System calls for greater Secretariat-wide management and coordination of this framework. This position will be responsible for coordinating this task, resolving the back-log of human resources-related internal audit recommendations, and managing internal appeals and grievances.

Initiative: Increased clerical support for human resources programme delivery (EUR 0.045m in 2006)

- 8.136 The increased volume of turnover associated with the staffing tenure policy has increased the required level of human resources transactions. In addition to acting as the focal point for managing all related documentation and correspondence, this fixed-term role (at the GS-4 level) will provide clerical assistance necessary to support Secretariat-wide management and coordination of the performance management system, as well as managing the records associated with internal appeal and grievance cases.
- 8.137 Temporary staffing resources have been utilised to contribute to this role in the past.

2006 financial resourcing

- 8.138 All real variations in budgeted 2006 expenditure, compared to 2005 estimates, are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings measures).
- 8.139 Other variations indicated in the following tables are a result of revised estimates for costs of existing staff (including regularisation of temporarily staffed roles outlined in Part II of the Programme and Budget for 2006), indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

**TABLE 51: ADMINISTRATION DIVISION - BUDGETED EXPENDITURE
FOR 2006 BY FUNDING OBJECT**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
4,160,905	<u>Staffing costs:</u> Salaries	4,973,558	5,185,970	4.27%	5,185,970
1,356,204	Common staff costs	1,745,705	1,964,544	12.54%	1,964,544
3,720,909	Staff turnover	3,643,800	3,762,224	3.25%	3,762,224
82,533	Overtime	31,000	104,283	>100.00%	104,283
-	Consultants	210,000	150,000	-28.57%	150,000
371,146	Temporary staffing	680,075	531,861	-21.79%	410,157
245,044	Other staffing costs	240,000	247,800	3.25%	247,800
9,936,741	Total staffing costs	11,524,138	11,946,681	3.67%	11,824,977
	<u>Travel costs:</u>				
21,146	Travel - official meetings	19,458	19,799	1.75%	19,799
21,146	Total travel costs	19,458	19,799	1.75%	19,799
	<u>Contractual services costs:</u>				
337,931	Training	359,000	365,283	1.75%	365,283
618,128	Data processing services	360,000	366,300	1.75%	366,300
-	Other contractual services	-	61,050		61,050
956,059	Total contractual services	719,000	792,633	10.24%	792,633
	<u>General operating expenses:</u>				
3,019,151	Rental of premises	3,205,280	3,277,399	2.25%	3,277,399
923,639	Maintenance and utilities	1,152,877	1,173,052	1.75%	1,173,052
108,863	Rental of equipment	151,240	85,714	-43.33%	85,714
-	Maintenance of equipment	72,000	73,260	1.75%	73,260
503,158	Communications	589,100	599,409	1.75%	599,409
4,866	Hospitality and other functions	5,600	5,698	1.75%	5,698
116,298	Insurance	165,360	168,254	1.75%	168,254
254,238	Supplies and materials	353,500	427,859	21.04%	427,859
111,737	Other general operating expenses	115,000	117,013	1.75%	117,013
5,041,950	Total general operating expenses	5,809,957	5,927,658	2.03%	5,927,658
	<u>Furniture and equipment operating costs:</u>				
7,357	Office furniture and equipment	17,000	17,298	1.75%	17,298
-	Computer hardware and software	242,000	246,235	1.75%	246,235
7,357	Total furniture and equipment operating costs	259,000	263,533	1.75%	263,533
15,963,253	TOTAL RUNNING COSTS	18,331,553	18,950,302	3.38%	18,828,598

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Furniture and equipment – capital costs:</u>				
151,124	Office furniture and equipment	235,000	162,182	-30.99%	239,113
306,067	Computer hardware and software	327,000	332,723	1.75%	332,723
457,191	Total furniture and equipment - capital costs	562,000	494,904	-11.94%	571,835
457,191	TOTAL CAPITAL COSTS	562,000	494,904	-11.94%	571,835
16,420,444	TOTAL COSTS	18,893,553	19,445,207	2.92%	19,400,433

**TABLE 52: OFFICE OF THE DIRECTOR OF ADMINISTRATION -
BUDGETED EXPENDITURE FOR 2006
BY FUNDING OBJECT**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
258,059	Salaries	284,211	264,650	-6.88%	264,650
95,081	Common staff costs	109,797	115,744	5.42%	115,744
-	Overtime	1,000	1,033	3.25%	1,033
-	Consultants	150,000	150,000	0.00%	150,000
8,309	Temporary staffing	7,000	-	-100.00%	-
361,449	Total staffing costs	552,008	531,426	-3.73%	531,426
	<u>Travel costs:</u>				
21,146	Travel - official meetings	19,458	19,799	1.75%	19,799
21,146	Total travel costs	19,458	19,799	1.75%	19,799
	<u>General operating expenses:</u>				
4,866	Hospitality and other functions	5,600	5,698	1.75%	5,698
4,866	Total general operating expenses	5,600	5,698	1.75%	5,698
387,461	TOTAL RUNNING COSTS	577,066	556,923	-3.49%	556,923
-	TOTAL CAPITAL COSTS	-	-		-
387,461	TOTAL COSTS	577,066	556,923	-3.49%	556,923

TABLE 53: BUDGET, PLANNING AND FINANCE BRANCH - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
881,693	Salaries	1,042,814	1,047,239	0.42%	1,047,239
284,423	Common staff costs	381,882	368,102	-3.61%	368,102
1,040	Overtime	6,000	6,195	3.25%	6,195
4,038	Temporary staffing	10,000	101,496	>100%	101,496
1,171,194	Total staffing costs	1,440,696	1,523,031	5.71%	1,523,031
	<u>General operating expenses:</u>				
111,737	General operating expenses	45,000	45,788	1.75%	45,788
111,737	Total general operating expenses	45,000	45,788	1.75%	45,788
1,282,931	TOTAL RUNNING COSTS	1,485,696	1,568,819	5.59%	1,568,819
-	TOTAL CAPITAL COSTS	-	-		-
1,282,931	TOTAL COSTS	1,485,696	1,568,819	5.59%	1,568,819

TABLE 54: HUMAN RESOURCES BRANCH - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
651,937	Salaries	756,501	923,606	22.09%	923,606
138,686	Common staff costs	242,731	380,165	56.62%	380,165
3,720,909	Staff turnover	3,643,800	3,762,224	3.25%	3,762,224
14,725	Overtime	4,000	4,130	3.25%	4,130
124,865	Temporary staffing	258,075	224,938	-12.84%	103,234
245,044	Other staff costs	240,000	247,800	3.25%	247,800
4,896,166	Total staffing costs	5,145,107	5,542,862	7.73%	5,421,158
	<u>Contractual services costs:</u>				
	Other contractual services	-	61,050		61,050
-	Total contractual services costs	-	61,050		61,050
4,896,166	TOTAL RUNNING COSTS	5,145,107	5,603,912	8.92%	5,482,208
4,896,166	TOTAL COSTS	5,145,107	5,603,912	8.92%	5,482,208

TABLE 55: PROCUREMENT AND SERVICES BRANCH - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
795,168	Salaries	1,057,494	1,103,227	4.32%	1,103,227
242,189	Common staff costs	354,003	417,991	18.08%	417,991
64,510	Overtime	10,000	82,600	>100%	82,600
88,550	Temporary staffing	240,000	82,496	-65.63%	82,496
1,190,417	Total staffing costs	1,661,497	1,686,314	1.49%	1,686,314
	<u>General operating expenses:</u>				
3,019,151	Rental of premises	3,205,280	3,277,399	2.25%	3,277,399
923,639	Maintenance and utilities	1,152,877	1,173,052	1.75%	1,173,052
108,863	Rental of equipment	84,240	85,714	1.75%	85,714
116,456	Communications	119,600	121,693	1.75%	121,693
116,298	Insurance	165,360	168,254	1.75%	168,254
125,056	Supplies and materials	217,500	221,306	1.75%	221,306
-	Other general operating expenses	70,000	71,225	1.75%	71,225
4,409,463	Total general operating expenses	5,014,857	5,118,643	2.07%	5,118,643
	<u>Furniture and equipment operating costs:</u>				
7,357	Office furniture and equipment	17,000	17,298	1.75%	17,298
7,357	Total furniture and equipment -operating costs	17,000	17,298	1.75%	17,298
5,607,237	TOTAL RUNNING COSTS	6,693,354	6,822,255	1.93%	6,822,255
	<u>Furniture and equipment - capital costs:</u>				
151,124	Office furniture and equipment	235,000	162,182	-30.99%	239,113
151,124	Total furniture and equipment - capital costs	235,000	162,182	-30.99%	239,113
151,124	TOTAL CAPITAL COSTS	235,000	162,182	-30.99%	239,113
5,758,361	TOTAL COSTS	6,928,354	6,984,437	0.81%	7,061,367

TABLE 56: TRAINING AND STAFF DEVELOPMENT BRANCH - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
327,845	Salaries	391,581	382,663	-2.28%	382,663
111,924	Common staff costs	122,796	144,903	18.00%	144,903
439,769	Total staffing costs	514,377	527,566	2.56%	527,566
	<u>Contractual services costs:</u>				
337,931	Training	359,000	365,283	1.75%	365,283
337,931	Total contractual services costs	359,000	365,283	1.75%	365,283
	<u>General operating expenses:</u>				
129,182	Supplies and materials	136,000	138,380	1.75%	138,380
129,182	Total general operating expenses	136,000	138,380	1.75%	138,380
906,882	TOTAL RUNNING COSTS	1,009,377	1,031,229	2.16%	1,031,229
-	TOTAL CAPITAL COSTS	-	-		-
906,882	TOTAL COSTS	1,009,377	1,031,229	2.16%	1,031,229

TABLE 57: INFORMATION SERVICES BRANCH - BUDGETED EXPENDITURE FOR 2006 BY FUNDING OBJECT

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Staffing costs:</u>				
1,246,203	Salaries	1,440,956	1,464,585	1.64%	1,464,585
483,901	Common staff costs	534,497	537,640	0.59%	537,640
2,258	Overtime	10,000	10,325	3.25%	10,325
-	Consultants	60,000	-	-100.00%	-
145,384	Temporary staffing	165,000	122,931	-25.50%	122,931
1,877,746	Total staffing costs	2,210,453	2,135,482	-3.39%	2,135,482
	<u>Contractual services costs:</u>				
618,128	Data processing services	360,000	366,300	1.75%	366,300
618,128	Total contractual services costs	360,000	366,300	1.75%	366,300
	<u>General operating expenses:</u>				
-	Rental of equipment	67,000	-	-100.00%	-
-	Maintenance of equipment	72,000	73,260	1.75%	73,260
386,702	Communications	469,500	477,716	1.75%	477,716
-	Supplies and materials	-	68,173		68,173
386,702	Total general operating expenses	608,500	619,149	1.75%	619,149

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	<u>Total furniture and equipment - Operating costs:</u>				
-	Computer hardware and software	242,000	246,235	1.75%	246,235
-	Total furniture and equipment operating costs	242,000	246,235	1.75%	246,235
2,882,576	TOTAL RUNNING COSTS	3,420,953	3,367,165	-1.57%	3,367,165
	<u>Furniture and equipment - capital costs:</u>				
306,067	Computer hardware and software	327,000	332,723	1.75%	332,723
306,067	Total furniture and equipment	327,000	332,723	1.75%	332,723
306,067	TOTAL CAPITAL COSTS	327,000	332,723	1.75%	332,723
3,188,643	TOTAL COSTS	3,747,953	3,699,888	-1.28%	3,699,888

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Annex

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APPENDICES

APPENDIX 1: CHEMICAL WEAPONS INSPECTIONS PLANNED FOR 2006

Type of Inspection	Inspections		Required Inspectors		
	Months facility operating	Missions/ rotations	Number of inspectors	Days duration of rotation	Inspector days
<i>CWDFs – USA:</i>					
Anniston CDF	10	14.4	2.5	46	1,661
Tooele CDF	6	8.7	2.5	46	997
Umatilla CDF – full operations	10	14.4	2.5	46	1,661
Umatilla CDF – munitions changeover ¹	2	2.9	2.5	46	332
Pine Bluff CDF – full operations	10	14.4	2.5	46	1,661
Pine Bluff CDF – maintenance ²	2	2.9	2.5	46	332
Pine Bluff BDF	3	4.3	1	44	191
APG CDF (container cleanout operations)	10	14.4	1.5	46	997
Newport CDF	12	17.3	2.5	46	1,993
Total CWDFs - USA	na	93.7	na	na	9,825
<i>CWDFs – RUSSIA:</i>					
Gorny CWDF	0	0.0	2.5	44	0
Kambarka CWDF	12	17.3	2.5	44	1,907
Maradykovski CWDF	9	13.0	2.5	44	1,430
Total CWDFs - Russia	na	30.3	na	na	3,337
<i>CWDFs – OTHER MEMBER STATES:</i>					
India	9	13.0	2.5	44	1,430
A State Party	8	11.6	1.5	44	763
Albania	3	4.0	2.5	44	477
Libyan Arab Jamahiriya (Category 1)	12	17.3	2.5	44	1,907
Total CWDFs – Other Member States	na	45.9	na	na	4,577
TOTAL CWDFs	na	170	na	na	17,739
Storage facilities	na	35	na	na	960
Production facilities	na	19	na	na	465
Old chemical weapons	na	5	na	na	100
Abandoned chemical weapons	na	5	na	na	100
Initial visits/final engineering reviews	na	3	na	na	160
TOTAL ARTICLE IV AND V INSPECTIONS	na	237	na	na	19,524

¹ The size of the inspection team may be reduced while operations are suspended during a munitions changeover.

² The size of the inspection team may be reduced while operations are suspended during maintenance.

**APPENDIX 2: STATEMENT OF BUDGETED EXPENDITURE AND INCOME
FOR 2006**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
	EXPENDITURE:				
	<u>Staffing costs:</u>				
30,645,256	Salaries	35,650,429	35,363,993	-0.80%	35,363,993
11,526,289	Common staff costs	14,241,073	13,980,162	-1.83%	13,980,162
3,720,909	Staff turnover	3,643,800	3,762,224	3.25%	3,762,224
236,147	Overtime	212,500	291,681	37.26%	291,681
508,580	Consultants	545,000	335,000	-38.53%	335,000
780,110	Temporary staffing	1,272,075	1,060,832	-16.61%	815,384
245,044	Other staff costs	265,000	273,613	3.25%	273,613
47,662,335	Total staffing costs	55,829,877	55,067,504	-1.37%	54,822,056
	<u>Travel costs:</u>				
2,823,125	Travel - inspections	4,137,515	3,815,362	-7.79%	3,815,362
446,826	Travel - official meetings	541,167	560,812	3.63%	560,812
12,243	Other	2,500	2,544	1.75%	2,544
3,282,194	Total travel costs	4,681,182	4,378,718	-6.46%	4,378,718
	<u>Contractual services costs:</u>				
484,581	Training	609,863	670,536	9.95%	670,536
928,988	Translation/interpretation	984,950	1,416,552	43.82%	1,416,552
618,128	Data processing services	360,000	366,300	1.75%	366,300
1,028,475	Security	42,500	157,713	>100.00%	73,770
-	Inspectors	863,161	891,214	3.25%	891,214
496,993	Other contractual services	807,577	880,338	9.01%	880,338
3,557,165	Total contractual services costs	3,668,051	4,382,652	19.48%	4,298,709
	<u>Workshops, seminars and meeting costs:</u>				
806,764	Support for National Authorities	833,500	868,507	4.20%	868,507
825,103	Capacity building	801,000	834,642	4.20%	834,642
832,076	Protective capacity	652,000	679,384	4.20%	679,384
412,639	Associate programme	450,000	457,875	1.75%	457,875
73,381	Other workshops, seminars and meetings	75,000	78,150	4.20%	78,150
2,949,963	Total workshops, seminars and meetings costs	2,811,500	2,918,558	3.81%	2,918,558
	<u>General operating expenses:</u>				
3,239,151	Rental of premises	3,426,930	3,504,036	2.25%	3,504,036
923,639	Maintenance and utilities	1,152,877	1,173,052	1.75%	1,173,052
570,561	Rental of equipment	721,240	563,939	-21.81%	563,939
-	Maintenance of equipment	132,000	135,836	2.91%	135,836
503,158	Communications	589,100	599,409	1.75%	599,409
64,631	Hospitality and other functions	81,600	84,046	3.00%	84,046
116,298	Insurance	165,360	168,254	1.75%	168,254
254,238	Supplies and materials	388,600	463,980	19.40%	463,980

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
217,407	Cargo and shipment	259,583	410,021	57.95%	410,021
132,252	Other general operating expenses	138,500	144,485	4.32%	144,485
6,021,335	Total general operating expenses	7,055,790	7,247,058	2.71%	7,247,058
	<u>Furniture and equipment - operating costs:</u>				
7,357	Office furniture and equipment	17,000	17,298	1.75%	17,298
-	Computer hardware and software	242,000	246,235	1.75%	246,235
-	Other furniture and equipment	2,100	-	-100.00%	-
7,357	Total furniture and equipment - operating costs	261,100	263,533	0.93%	263,533
	<u>Inspection equipment, maintenance and supplies - operating costs</u>				
641,452	Inspection equipment maintenance	400,000	342,898	-14.28%	342,898
10,661	Supplies and materials	10,000	10,175	1.75%	10,175
652,113	Total inspection equipment, maintenance and supplies – operating costs	410,000	353,073	-13.88%	353,073
64,132,462	TOTAL RUNNING COSTS	74,717,500	74,611,095	-0.14%	74,281,704
	<u>Furniture and equipment - capital costs:</u>				
151,124	Office furniture and equipment	235,000	162,182	-30.99%	239,113
306,067	Computer hardware and software	360,000	366,300	1.75%	366,300
-	Other furniture and equipment	132,500	271,164	>100.00%	138,889
457,191	Total furniture and equipment - capital costs	727,500	799,646	9.92%	744,301
	<u>Inspection equipment, maintenance and supplies - capital costs:</u>				
250,000	Inspection equipment acquisition	250,000	203,500	-18.60%	453,500
250,000	Total inspection equipment, maintenance and supplies - capital costs	250,000	203,500	-18.60%	453,500
707,191	TOTAL CAPITAL COSTS	977,500	1,003,146	2.62%	1,197,801
64,839,653	TOTAL COSTS	75,695,000	75,614,241	-0.11%	75,479,506
	INCOME:				
61,337,112	Annual contributions	70,677,400	69,791,241	-1.25%	69,656,506
2,191,886	Verification contributions	4,417,600	5,373,000	21.63%	5,373,000
422,224	Interest and other earnings	600,000	450,000	-25.00%	450,000
63,951,222	TOTAL INCOME	75,695,000	75,614,241	-0.11%	75,479,506
-888,431	PROVISIONAL FINANCIAL RESULT	-	-	-	-

- 8.140 All real variations in budgeted 2006 expenditure, compared to 2005 estimates, are outlined in the Programme and Budget for 2006 as budget initiatives (including identified savings measures).
- 8.141 Other variations indicated in the following tables are a result of revised estimates for costs of existing staff (including regularisation of temporarily-staffed roles outlined in Part II of the Programme and Budget for 2006), indexation of all funding objects for price growth projected for 2006 (outlined in Part II of the Programme and Budget for 2006), and/or minor budget neutral reallocations within existing resources across the OPCW to reflect the changing spending profile associated with the OPCW's activities.

APPENDIX 3: ESTIMATION PARAMETERS

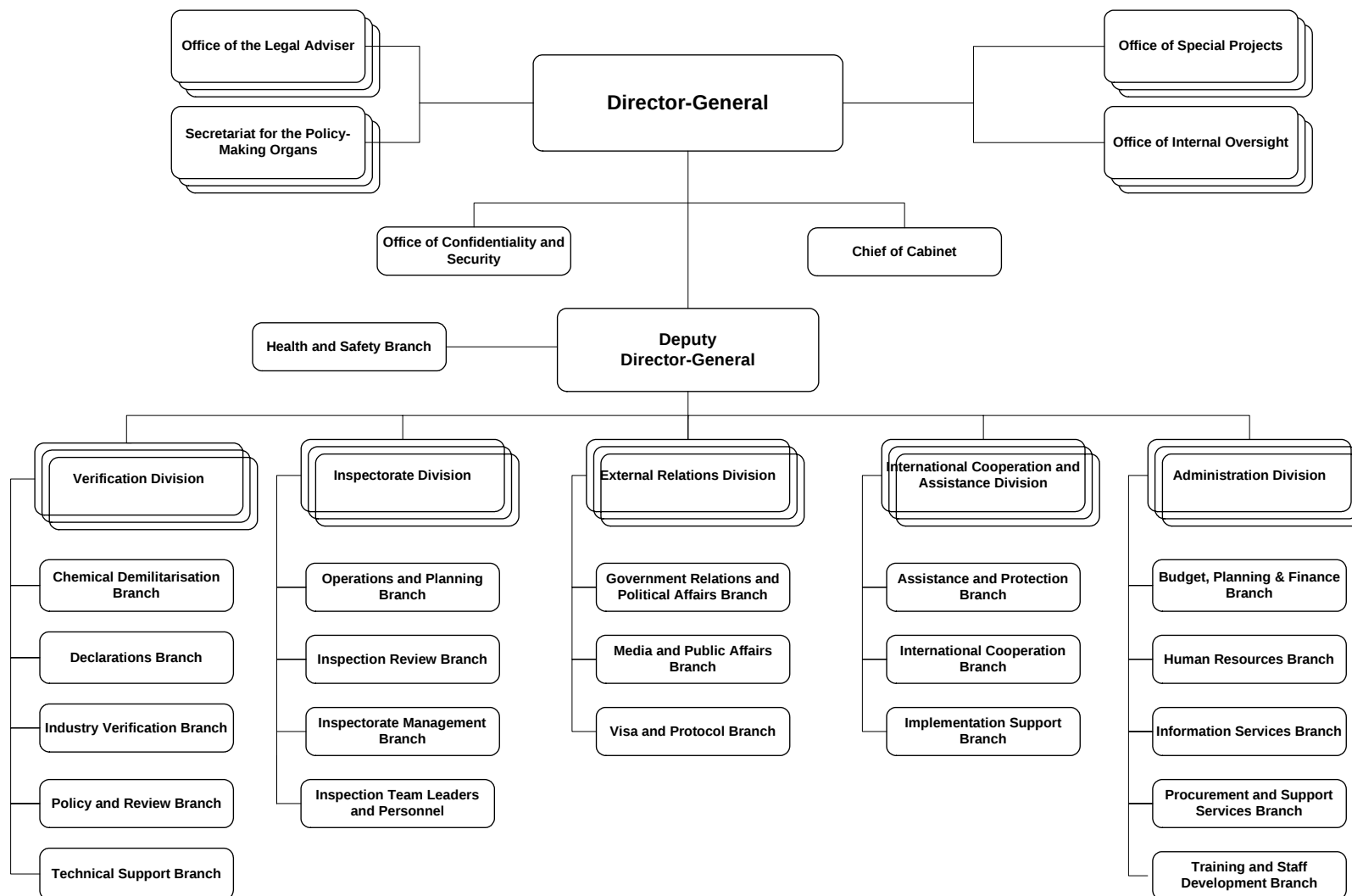
Funding Object	Cost Variable	Cost Base	Growth	Explanation
<u>Ordinary staffing costs</u>				
General	Step-increments	Annualised levels calculated in June 2006	various	Awarded on known anniversaries (or mid-year)
	Turnover savings	Annualised levels calculated in June 2006	-2.0%	Average increment savings and recruitment lag apportioned across all increment-based entitlements
Salaries	P salaries	Annualised levels calculated in June 2006	4.75%	Inflation projected in The Netherlands from last cost-of-living increase (February 2003) across 2006
	GS salaries	Annualised levels calculated in June 2006	2.5%	Inflation projected in The Netherlands from last cost-of-living increase (September 2004) across 2006
<u>Common staff costs:</u>				
<i>Social security benefits</i>	P pensionable remuneration	Annualised levels calculated in June 2006	5.0%	Similar increase as occurred for 2005; currency exchange rate assumed constant EUR 0.797/USD 1
	GS pensionable remuneration	Annualised levels calculated in June 2006	2.5%	Inflation projected in The Netherlands from last cost-of-living increase (September 2004) across 2006
<i>Medical care benefits</i>	Salaries rates	Annualised levels calculated in June 2006	2.5% to 4.75%	Reflects projected increases in salaries rates for P- (4.75%) and GS- (2.5%) grade staff
<i>Death & disability benefits</i>	Pensionable remuneration rates	Annualised levels calculated in June 2006	2.5% to 5.0%	Reflects projected increases in pensionable remuneration rates for P (5.0%) and GS (2.5%) grade staff
<i>Dependency allowance</i>	General costs	Annualised levels calculated in June 2006	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
<i>Rental subsidy</i>	Local housing market	Annualised levels calculated in June 2006	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
<i>Education grant</i>	International schooling costs	Annualised levels paid in calculated 2006	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
<i>Home leave</i>	Travel costs	Projected requirements for budget year	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone

Funding Object	Cost Variable	Cost Base	Growth	Explanation
<u>Other staffing costs</u>				
Overtime	Salaries rates	Agreed 2005 estimate	3.25%	Average of increases in all entitlements
Temporary staffing costs	Salaries and CSC rates	Zero-based	various	Increase based on estimated entitlements applicable to each possible position
Other staffing costs	Salaries and CSC rates	Agreed 2005 estimate	3.25%	Average of increases in all staff entitlements
<u>Non-staffing costs</u>				
Travel costs	Consumer prices	Agreed 2005 estimate	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
Consultants	Consumer prices	Zero-based	-	Provision zero-based for requirements expected in 2006
Other contractual services	Consumer prices	Agreed 2005 estimate	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
Associate Programme	Consumer prices	Agreed 2005 estimate	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
International programmes	Consumer prices	Agreed 2005 estimate	4.25%	Mean annual inflation projected by IMF for 2005 and 2006 in Developing Economies
Rental of premises	Consumer prices	Agreed 2005 estimate	2.25%	Increased in accordance with contractual terms
General operating expenses	Consumer prices	Agreed 2005 estimate	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
All other operating costs	Consumer prices	Agreed 2005 estimate	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone
Asset acquisitions	Consumer prices	Agreed 2005 estimate	1.75%	Average annual inflation projected by IMF for 2005 and 2006 in the Euro-zone

Notes:

- General indexation parameters have been rounded off to the nearest one-quarter of one percent for application.
- Budget estimates assume that average foreign currency exchange rates will remain constant for the full year, including a rate of 79.7 Eurocents per 1 USD.
- Forward estimates contained in the Programme and Budget for 2006 for 2007 are based on projected 2006 prices to retain comparability with 2006 budget estimates and also because of the uncertainties surrounding projections of costs that far in advance.

APPENDIX 4: ORGANISATION OF THE OPCW'S SECRETARIAT



APPENDIX 5: FIXED-TERM STAFFING LEVELS OF THE OPCW'S SECRETARIAT

Organisational unit	Professional-grades							General services-grades			Total staff
	D-2 and above	D-1	P-5	P-4	P-3	P-2	Total	GS-6 and GS-7	GS-5 and below	Total	
VERIFICATION DIVISION:											
Office of the Director	1	1*	-	-	-	-	2	1	-	1	3
Declarations Branch	-	1	-	4	6	-	11	4	10	14	25
Chemical Demilitarisation Branch	-	1	-	7	1	-	9	-	2	2	11
Industry Verification Branch	-	1	-	6	-	-	7	-	1	1	8
Policy and Review Branch	-	1	-	6	1	-	8	-	1	1	9
Technical Support Branch	-	-	1	6	1	1	9	3	7	10	19
Division Total	1	5	1	29	9	1	46	8	21	29	75
INSPECTORATE:											
Office of the Director	1	-	-	-	-	-	1	1	-	1	2
Inspectorate Management Branch	-	-	1	-	1	-	2	-	4	4	6
Inspection Review Branch	-	-	1	-	1	-	2	-	-	-	2
Operations and Planning Branch	-	-	1	5	3	1	10	-	11	11	21
Inspectors	-	-	28	80	53	12	173	-	-	-	173
Division Total	1	0	31	85	58	13	188	1	15	16	204
INTERNATIONAL COOPERATION AND ASSISTANCE DIVISION:											
Office of the Director	1	-	-	-	-	-	1	-	1	1	2
Assistance and Protection Branch	-	1	-	3	-	-	4	-	1	1	5
Implementation and Support Branch	-	1	-	2	-	-	3	-	1	1	4
International Cooperation Branch	-	1	-	2	2	-	5	-	1	1	6
Division Total	1	3	-	7	2	-	13	-	4	4	17
SECRETARIAT FOR THE POLICY-MAKING ORGANS:											
Office of the Director	1	-	-	-	-	1	2	1	5	6	8
Conference Services Branch	-	-	1	7	13	-	21	2	7	9	30
Division Total	1	-	1	7	13	1	23	3	12	15	38
EXTERNAL RELATIONS DIVISION:											
Office of the Director	1	1	-	-	-	-	2	-	1	1	3
Government Relations and Political Affairs Branch	-	-	1	-	2	-	3	-	2	2	5
Media and Public Affairs Branch	-	-	1	-	1	-	2	-	2	2	4
Protocol Branch	-	-	1	1	-	-	2	1	3	4	6
Division Total	1	1	3	1	3	-	9	1	8	9	18
OFFICE OF THE DG	1	1	-	-	-	-	2	1	1	2	4
OFFICE OF THE DDG	1	1	1	-	-	-	3	1	1	2	5
OFFICE OF INTERNAL OVERSIGHT	1	-	1	3	-	-	5	1	2	3	8
OFFICE OF THE LEGAL ADVISER	1	-	2	1	2	1	7	1	1	2	9
OFFICE OF SPECIAL PROJECTS	1	-	-	-	-	-	1	-	1	1	2
OFFICE OF CONFIDENTIALITY AND SECURITY	-	-	1	3	2	-	6	1	30	31	37
HEALTH AND SAFETY BRANCH	-	1	2	-	2	-	5	2	2	4	9

Organisational unit	Professional-grades							General services-grades			Total staff
	D-2 and above	D-1	P-5	P-4	P-3	P-2	Total	GS-6 and GS-7	GS-5 and below	Total	
ADMINISTRATION DIVISION:											
Office of the Director	1	1*	-	-	-	-	2	1	-	1	3
Budget, Planning and Finance Branch	-	-	1	1	3	1	6	5	9	14	20
Human Resources Branch	-	1		2	3	1	7	2	9	11	18
Procurement and Support Services Branch	-	-	1	3	1	-	5	4	14	18	23
Training and Development Branch	-	-	1	1	-	-	2	1	4	5	7
Information Services Branch	-	1	-	3	7	3	14	6	4	10	24
Division Total	1	3	3	10	14	5	36	19	40	59	95
TOTAL SECRETARIAT	11	15	46	146	105	21	344	38	139	177	521

* The Executive Council approved the reclassification of these two positions from P-5 to D-1 until the current incumbents separate from the OPCW (EC-37/DEC.14, dated 2 July 2004).

**APPENDIX 6: EXECUTIVE MANAGEMENT PROGRAMME -
CONSOLIDATED BUDGETED EXPENDITURE FOR 2006 BY
FUNDING OBJECT**

2004 Result	Funding objects	2005 Budget	2006 Budget	% Variance	2007 Estimate
3,261,182	<u>Staffing costs:</u> Salaries	4,462,374	4,412,435	-1.12%	4,412,435
1,288,760	Common staff costs	1,696,726	1,707,751	0.65%	1,707,751
68,566	Overtime	76,500	78,986	3.25%	78,986
320,937	Consultants	100,000	100,000	0.00%	100,000
78,900	Temporary staffing	80,000	132,507	65.63%	132,507
-	Other staff costs	25,000	25,813	3.25%	25,813
5,018,345	Total staffing costs	6,440,600	6,457,491	0.26%	6,457,491
244,452	<u>Travel costs:</u> Travel - official meetings	231,790	322,334	39.06%	322,334
244,452	Total travel costs	231,790	322,334	39.06%	322,334
-	<u>Contractual services costs:</u> Training	26,200	26,659	1.75%	26,659
1,028,475	Security	42,500	157,713	>100.00%	73,770
174,449	Other contractual services	123,064	262,194	>100.00%	262,194
1,202,924	Total contractual services costs	191,764	446,565	>100.00%	362,622
-	<u>General operating expenses:</u> Rental of equipment	10,000	10,175	1.75%	10,175
-	Maintenance of equipment	60,000	62,576	4.29%	62,576
14,894	Hospitality and other functions	16,500	16,789	1.75%	16,789
-	Supplies and materials	35,100	36,121	2.91%	36,121
-	Other general operating expenses	1,000	-	-100.00%	-
14,894	Total general operating expenses	122,600	125,661	2.50%	125,661
-	<u>Total furniture and equipment operating costs:</u> Other furniture and equipment	2,100	-	-100.00%	-
-	Total furniture and equipment operating costs	2,100	-	-100.00%	-
6,480,615	TOTAL RUNNING COSTS	6,988,854	7,352,051	5.20%	7,268,108
-	<u>Furniture and equipment – capital costs</u> Other furniture and equipment	45,500	182,641	>100.00%	50,366
-	Total furniture and equipment - capital costs	45,500	182,641	>100.00%	50,366
-	TOTAL CAPITAL COSTS	45,500	182,641	>100.00%	50,366
6,480,615	TOTAL COSTS	7,034,354	7,534,692	7.11%	7,318,474

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