



UNITED NATIONS

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**FINANCIAL RULES
OF THE FUND
OF THE UNITED NATIONS
ENVIRONMENT PROGRAMME**

SECRETARY-GENERAL'S BULLETIN

*Also in UNEP/COP-3/T.3/Annex
C.1, and Financial texts regarding
the U.N. EPF and the Environment
Fund, p. 35-48)*

SECRETARY-GENERAL'S BULLETIN

To: Members of the staff

Subject: FINANCIAL RULES OF THE FUND OF THE UNITED NATIONS
ENVIRONMENT PROGRAMME

1. By resolution 3192 (XXVIII), the General Assembly decided that trust funds established by the Governing Council of the United Nations Environment Programme shall be administered in accordance with the Financial Rules of the Fund of the United Nations Environment Programme. This document contains the complete text of the rules.

2. The rules are effective 1 January 1976.

A handwritten signature in dark ink, appearing to read 'Kurt Waldheim', with a small mark above the final 'i'.

Kurt WALDHEIM
Secretary-General

FINANCIAL RULES OF THE FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME

ARTICLE I. APPLICABILITY

Rule 201.1

These rules shall govern the financial management of the Fund of the United Nations Environment Programme (hereinafter referred to as the Fund) established by General Assembly resolution 2997 (XXVII). They are promulgated pursuant to the Financial Regulations of the United Nations as amended in respect of the Fund by General Assembly resolution 3192 (XXVIII).

Rule 201.2

The financial administration by co-operating agencies and supporting organizations of activities within the Fund programme supported by allocations issued to them by the Executive Director of the United Nations Environment Programme shall be carried out under their respective financial regulations, rules, procedures and practices.

Rule 201.3

For the purpose of these rules, the definitions contained in article I of the general procedures governing the operations of the Fund, as adopted by the Governing Council of the United Nations Environment Programme in its decision 2 (I), shall apply.

Rule 201.4

In regard to any matter not specifically covered by these rules, the relevant provisions of ST/SGB/Financial Rules/1 shall, *mutatis mutandis*, apply.

ARTICLE II. THE FINANCIAL YEAR

Rule 202.1

The financial year shall be the period from 1 January to 31 December, both dates inclusive.

ARTICLE III. VOLUNTARY CONTRIBUTIONS

Rule 203.1

Voluntary contributions from Governments, supporting organizations and non-governmental sources may be accepted for purposes consistent with those of the Fund.

Rule 203.2

Voluntary contributions shall be accepted without limitation as to use for a specific project or purpose. In respect of contributions other than from Governments, the Executive Director may permit exceptions to this rule and shall report thereon to the Governing Council of the United Nations Environment Programme.

Rule 203.3

Voluntary contributions from non-governmental sources in excess of \$100,000 shall be accepted only with the prior approval of the Governing Council.

Rule 203.4

Voluntary contributions shall be accepted in currencies that are readily usable by the Fund, consistent with the need for efficiency and economy of operations, or convertible to the greatest possible extent into currencies readily usable by the Fund. The Executive Director may draw the attention of Governments and of other prospective donors to the currency or currencies required for the execution of Fund activities. He may negotiate with contributing Governments regarding convertibility or reconversion of voluntary contributions.

Rule 203.5

Voluntary contributions accepted by the Fund shall be credited to the Fund account.

ARTICLE IV. COUNTERPART CONTRIBUTIONS FOR SPECIFIC PROJECTS

Rule 204.1

Counterpart contributions, in the form of agreed contributions from Governments or co-operating agencies or supporting organizations made in cash or in kind for the cost of specific services and facilities as set out in individual project documents may be accepted by the Executive Director.

ARTICLE V. MISCELLANEOUS INCOME

Rule 205.1

Miscellaneous income comprises all income to the Fund other than:

- (a) Voluntary contributions;
- (b) Counterpart contributions;
- (c) Direct refunds of expenditure;
- (d) Revenue derived from the staff assessment plan.

Rule 205.2

Losses and gains in exchange arising from the payment of voluntary contributions from Governments shall be recorded as a credit or debit to such contributions. All other exchange adjustments shall be recorded separately and classified under miscellaneous income. (See rule 213.5.)

Rule 205.3

Charges or credits arising after the closure of project accounts shall be accounted for under miscellaneous income.

Rule 205.4

Proceeds from the sale of project equipment shall be credited to the accounts of that project as a reduction of expenditure, provided such accounts are still open. If they are closed, the proceeds shall be credited to the Fund account as miscellaneous income.

ARTICLE VI. CUSTODY OF FUNDS

Rule 206.1

The Secretary-General shall act as custodian of the funds in in the Fund account and shall designate the bank or banks in which such funds shall be kept.

Rule 206.2

Fund offices away from United Nations Headquarters shall obtain funds from the Fund by remittances from the Secretary-General. Such remittances shall not normally exceed the amount required to bring the cash balance of the office concerned up to an amount equal to the estimated cash requirements for the next two months.

Rule 206.3

In making remittances, whenever required amounts of specific currencies are not available in the Fund account, the Secretary-General may obtain such currencies from other United Nations programmes or organs and from other sources available to him.

ARTICLE VII. INVESTMENT OF FUNDS

Rule 207.1

Account being taken of the objectives of the Fund, and in the light of the specific requirements of its operations as determined by the Executive Director, moneys not required immediately may be invested by the Secretary-General.

Rule 207.2

Income derived from investments, other than trust fund investments, shall be credited to the Fund account. Income derived from investments of trust funds shall be credited to the respective trust funds, unless otherwise specified.

ARTICLE VIII. THE FUND ACCOUNT

Rule 208.1

There shall be established a Fund account to which all resources of the Fund shall be credited, from which allocations shall be made and against which all expenditure on behalf of the Fund shall be charged.

Rule 208.2

Within the Fund account, separate accounts shall be maintained for:

- (a) A financial reserve;
- (b) A Fund programme reserve;
- (c) Any other reserves;
- (d) Each trust fund established under article V of the general procedures.

Rule 208.3

Working capital shall be provided from the cash resources of the Fund account.

ARTICLE IX. FINANCING THE FUND PROGRAMME

Rule 209.1

The financial resources of the Fund are to be available at all times to the maximum extent possible for Fund programme purposes, subject only to the maintenance on a continuous basis of a financial reserve. After provision has been made annually for the programme support costs and administrative costs of the Fund, all resources not otherwise committed or reserved can be utilized for project activities.

Rule 209.2

There shall be established a financial reserve, the level of which shall be determined from time to time by the Governing Council on the recommendation of the Executive Director. The purposes of the financial reserve shall be to guarantee the financial liquidity and integrity of the Fund, to compensate for uneven cash flows and to meet such other similar requirements as may be decided upon by the Governing Council. The latter shall keep the level and composition of the financial reserve under constant review, taking into account the estimated income and expenditures for the following financial year.

Rule 209.3

There shall be established a Fund programme reserve to meet unforeseen needs, to finance unanticipated projects or phases of projects and to meet such other purposes as may be determined from time to time by the Governing Council.

ARTICLE X. THE BUDGET

Rule 210.1

The Executive Director shall prepare a budget to cover all anticipated programme and programme support costs (other than those borne by the regular budget of the United Nations) of the Fund in a form consistent with relevant United Nations budgetary regulations, rules, policies and practices. The budget may include provision for contingencies.

Rule 210.2

Income from staff assessment will be treated as an offset to the gross budget, provided that a sum sufficient for reimbursement to staff members for national income taxes levied on their salaries shall be set aside under the budget.

Rule 210.3

The budget estimates shall be submitted to the Advisory Committee on Administrative and Budgetary Questions for examination and comment. Subsequently, the budget estimates and the comments of the Advisory Committee shall be submitted to the Governing Council.

Rule 210.4

Supplementary estimates, prepared in a form consistent with the budget, may be submitted by the Executive Director to the Governing Council, together with the comments thereon of the Advisory Committee on Administrative and Budgetary Questions.

Rule 210.5

The budget, as approved by the Governing Council, shall be submitted to the General Assembly.

ARTICLE XI. ALLOCATION OF FUNDS BY THE EXECUTIVE DIRECTOR

Rule 211.1

Within limits determined and for purposes specified by the Governing Council, the Executive Director may allocate funds to carry out activities within the Fund programme.

Rule 211.2

The Executive Director may allocate funds to cover expenditure under the following main categories:

- (a) Fund programme activities;
- (b) Fund programme reserve activities;
- (c) Trust fund activities;
- (d) Programme and programme support costs.

Rule 211.3

Allocations by the Executive Director shall constitute a ceiling on commitments to be incurred in connexion with Fund activities for which those allocations are issued.

Rule 211.4

On completion of a project the related allocation shall be brought into conformity with commitments recorded. Adjusted allocations will be issued covering all projects completed during each year.

Rule 211.5

Allocations of funds for a given biennium for programme support costs shall, when they are in excess of obligations incurred during that biennium, lapse at the end of that biennium.

ARTICLE XII. CONTRACTS AND PURCHASES

Rule 212.1

When budgetary provision is made for programme and programme support costs or where provision is made in project budgets for equipment, supplies or services to be supplied by the Fund, the Executive Director shall be responsible for the purchase of equipment and supplies and the contracting of services.

ARTICLE XIII. THE ACCOUNTS

Rule 213.1

The Executive Director shall maintain such accounts and records as are necessary to enable him to report to the Governing Council and the General Assembly on the Fund account.

Rule 213.2

Financial reports on the Fund account shall be presented in United States dollars. Accounts and other financial records, however, may be maintained in such currency or currencies as the Executive Director may deem necessary.

Rule 213.3

The Executive Director shall have prepared and certified as correct the annual accounts showing the status of the Fund account and including supporting schedules. The Executive Director shall submit these annual accounts to the United Nations Board of Auditors not later than 31 March following the end of the financial period.

Rule 213.4

Operational rates of exchange shall be those established by the Secretary-General and communicated to the Executive Director.

Rule 213.5

When the United Nations operational rate of exchange for a particular currency is revised, the Secretary-General shall revalue the balance of cash and other assets or liabilities in that currency and shall charge or credit the exchange adjustment to a central account, the balance of which at the year end shall be classified under miscellaneous income. Exchange adjustments resulting from the payment of Government contributions shall be recorded separately from those exchange adjustments from other transactions and shall be offset to those contributions.

Rule 213.6

For the purpose of recording voluntary contributions in the Fund account, the official par values or other appropriate exchange rates agreed between the Executive Director and the contributing Governments shall be used.

Rule 213.7

For the purpose of recording all other transactions in the Fund account, the United Nations operational rate of exchange in effect on the date of the transaction shall be used.

Rule 213.8

In cases where a Government makes available a special rate of exchange to be applied under specified conditions, the Executive Director may, with the concurrence of the Secretary-General, authorize the use of such rate simultaneously with the United Nations operational rate of exchange, specifying the transactions to which the special rate shall be applied.

ARTICLE XIV. AUDIT

Rule 214.1

The accounts showing the status of the Fund account, with audit opinion and report from the United Nations Board of Auditors, shall be transmitted by the Executive Director to the Advisory Committee on Administrative and Budgetary Questions, the Governing Council of the United Nations Environment Programme and the General Assembly.

