ENERGY CHARTER SECRETARIAT

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DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Chair of the Budget Committee

The Energy Charter Conference at the Statutory Session of its 35th Meeting held on 3 December 2024 took note of the attached Report by the Chair of the Budget Committee.

Keywords: Report, Chair, Budget Committee

REPORT BY THE CHAIR OF THE BUDGET COMMITTEE

This Report provides an overview of the activities undertaken by the Budget Committee in 2024. The Conference is invited to take note of this Report.

Meetings of the Budget Committee

1. In 2024, two regular meetings and two extraordinary meetings of the Budget Committee were/will be held on 15 January (ad hoc), 25 April, 1 October, 26 November (ad hoc). All meetings of the year were chaired by its Chairperson, Mr. Christian Bühlmann (Switzerland).

2. All meetings have been organised by videoconference over Zoom.

3. The following delegations attended at least one of the meetings of the Budget Committee in 2024: Austria, Belgium, Czech Republic, Estonia, the European Union, Georgia, Greece, Japan, the Hashemite Kingdom of Jordan, Kazakhstan, Kyrgyzstan, Lithuania, Malta, Mongolia, the Slovak Republic, Sweden, Switzerland, Turkmenistan, Türkiye, the United Kingdom and Yemen.

4. Despite the calls of the Chair and the Energy Charter Secretariat (Secretariat) to Contracting Parties to nominate a Vice-Chair of the Budget Committee, no nomination was received and the position remained vacant in 2024.

5. The Chair of the Budget Committee will cease his mandate at the end of 2024. A call for nomination for the position of the Chair is still open.

Introduction

6. The main regular topics discussed during the meetings of the Budget Committee were:
   - the final implementation of the Budget 2023 and the implementation of Budget 2024;
   - the final implementation of the Programme of Work 2023 and the implementation of the Programme of Work 2024;
   - the collection of contributions 2023 and 2024;
   - the outstanding contributions of the Russian Federation for the years 2010 to 2014;
   - the Financial Statements and the Auditor's report for the year 2023;
   - the amendment of the Budget for 2024-2025; and
   - the amendment of the Programme of Work for 2024-2025.

Financial and Administrative Matters

Financial Statements 2023 and Auditor's report

7. The Financial Statements as of 31 December 2023, together with the Auditor's report, were discussed at the October meeting. The Auditor released a unqualified opinion on the Annual

Accounts 2023. Since there was no other particular issue, the Budget Committee recommended the Conference to discharge the Secretary General from his management and administrative responsibility in respect of the Budget for 2023. The Conference approved the discharge the Secretary General (CCDEC202409).

Budgets 2023 and 2024 - 2025

8. The Budget Committee was informed by the Secretariat on the final implementation of the Budget, basis for the financial statements 2023, as well as the implementation of both the established officials and temporary officials posts for the year 2023.

9. The Secretariat informed the Budget Committee about the status of implementation of the Budget 2024 as of 30 June 2024.

10. The Committee allocated a significant amount of time and resources to the revision of the Budget for the biannual 2024 - 2025, taking into account notifications of withdrawal from the Energy Charter Treaty (ECT) submitted to the Depositary of the ECT by several Contracting Parties during the period of 2022 - 2023 - 2024, with withdrawals becoming effective during 2023 - 2024 - 2025 (see para. 13 below).

Programmes of Work 2023 and 2024 - 2025

11. The Budget Committee took note of the final status of implementation of the Programme of Work for 2023.

12. The Budget Committee took note of the status of implementation of the Programme of Work for 2024 and of the necessary amendments to the Programme of Work 2024 - 2025.

National Contributions

13. The Budget Committee was regularly informed during the year on the collection of national contributions for 2024 as well as the outstanding contributions (prior to 2024). The Committee also discussed the outstanding contributions of the Russian Federation for the years 2010 to 2014 and decided not to write-off the outstanding contributions of the Russian Federation for the years 2010 to 2014 and to review the situation at a later stage if need be.

14. The Committee also urged countries with outstanding contributions to take the necessary steps to settle their arrears and requested the Secretariat to continue informing on the progress on collection of contributions including budgetary implications, as well as reporting when appointment of officials and voting rights are affected by arrears.

Other Issues

15. In 2023, the Conference undertook a restructuring of the subsidiary bodies with a view to increasing work efficiency (CCDEC 202312). This restructuring included the dissolution of the Working Group on Governance Issues, which had successfully fulfilled its mandate. Nevertheless, certain responsibilities, particularly those concerning the Staff Regulation and Rules (Staff Manual), were reassigned to the Budget Committee

The recent reorganisation of the Secretariat has significantly reduced the number of officials, affecting the functioning of staff bodies and the internal redress mechanism. In response, the Budget Committee reviewed the amendments to the Staff Manual proposed by the Secretariat to accommodate the new structure of the Secretariat and enable the proper functioning of the relevant bodies.

In addition, as part of the review under Article 34(7) of the ECT in 2024, the Budget Committee considered report on the Manual on Data Protection for the period 2020–2024.

Outlook

16. In 2022 - 2023, seven Contracting Parties announced their intention to withdraw from the ECT, and five (Germany, France, Poland, Luxemburg and Slovenia) officially notified their withdrawal from ECT to the Depository in 2022 - 2023. These withdrawals become effective at the end of 2023 for Germany, France, Poland, in June 2024 for Luxemburg and in October 2024 for Slovenia.

17. In 2024, four additional Contracting Parties notified their withdrawal (Portugal, Spain, the United Kingdom and Netherlands). These withdrawals will become effective in 2025: in February 2025 for Portugal, in April 2025 for Spain and United Kingdom and in June 2025 for Netherlands. The European Union and EURATOM have also served their notification of withdrawal that will become effective in June 2025 with no budgetary implications.

18. The Secretariat benefits from a General Reserve Fund standing at about EUR 2,5000,000 or almost 100% of an annual expenditure at its level of the Budget 2024 and almost 150% of the Budget 2025. While the Secretariat is thus able to operate on this basis for several years, the current Budget is not financially sustainable in the medium to long term.

19. The officially notified withdrawals of Contracting Parties to the ECT have affected the available Budget for 2024 - 2025 by causing it to be significantly decreased to EUR 2,212,946 in 2024 and EUR 1,673,511 in 2025, thus triggering the need to reduce the size of the Secretariat as of 1 January 2024, and to reorganise it, as approved by the Conference (CCDEC202310). In 2024, the Secretariat functioned under the new structure.

Conclusions

20. In 2024, apart from discussing ordinary financial and administrative matters, the Budget Committee has concentrated its work on the amendment of the Budget 2024 - 2025, and the Programme of Work for 2024 - 2025.

21. Close monitoring of the Budget is still needed, with the potential for its further revision.