

Convention on Cluster Munitions

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Implementation support

Financial Procedures of the Implementation Support Unit of the Convention on Cluster Munitions and Current Challenges

Submitted by the Implementation Support Unit*

1. This working document builds on the presentation delivered by the Implementation Support Unit at the 2025 CCM Intersessional Meeting. It is prepared in fulfilment of the mandate provided by States Parties through the specific measures agreed at the Seventh Meeting of States Parties (CCM/MSP 2017/12, Annex 1; CCM/MSP/2017/5), their reiteration at the Second Review Conference (CCM/CONF/2021/6) and the ISU's standing mandate to facilitate implementation and preserve the institutional memory of the Convention
2. The purpose of this document is to consolidate information on the ISU's financial framework, summarize key developments and challenges identified in past reviews, and assist States Parties in preparing for future discussions, without prejudging decisions that remain the prerogative of States Parties.

I. Background

3. The financial procedure governing the Implementation Support Unit (ISU) of the Convention on Cluster Munitions (CCM) was first adopted by States Parties at the First Review Conference (IRC) in 2015¹ and subsequently reviewed at the Seventh Meeting of States Parties (7MSP) in 2017^{2,3} and the Second Review Conference (2RC) in 2021.^{4,5}
4. The procedure established a three-part contribution system consisting of:
 - Meeting -based contributions under category 7(a);
 - Core funding under category 7(b);
 - Excess contributions under category 7(c).

* The present document is being issued without formal editing.

¹ Annex V of the Final Report of First Review Conference, CCM/CONF/2015/7.

² Report on Elements for the Review of the Financial Procedures on the Financing of the Implementation Support Unit of the CCM, Seventh Meeting of States Parties, CCM/MSP/2017/5.

³ Annex I of the Final Report of the Seventh Meeting of States Parties, CCM/MSP/2017/12.

⁴ Review Document of the Dubrovnik Action Plan, Second Review Conference, CCM/CONF/2020/13.

⁵ Final Report of the Second Review Conference, CCM/CONF/2021/6.

5. The system was designed to provide a structured and sustainable framework for financing the ISU's operations, and was explicitly anchored in the principles of ownership, predictability and sustainability.⁶

6. From the outset, however, the procedure was subject to divergent interpretations, particularly concerning the legal status of contributions under categories 7(a) and 7(b). While category 7(a) was linked to Article 14 of the Convention and generally treated as mandatory, category 7(b)- which supports the ISU's year-round work-was considered voluntary by several States Parties, despite being essential to the Unit's functioning. It is to note, that during the first Review Conference, a number of States Parties entered formal reservations to the procedures, indicating that only the contributions explicitly referenced in the Convention were of a binding nature.

7. The ISU's first year of implementation in 2016 exposed both the system's operational vulnerability and its reliance on a limited number of contributing States Parties. Although the annual budget was met, this was achieved mainly through substantial "excess" contributions under category 7(c) from a small group of States Parties. This imbalance quickly revealed signs of structural fragility, undermining the principle of shared ownership and distorting the voluntary nature of category 7 (c).

8. The 2017 review confirmed these concerns. It highlighted the absence of a common interpretation among States Parties, the persistent ambiguity around categories 7(a) and 7(b), and the inefficiency of a model that required the ISU to manage overlapping contribution streams while also tracking and following up on payments.

9. The review concluded that the current system was unsustainable without reform and recommended consolidating categories 7(a) and 7(b) into a single contribution.

10. Despite these recommendations, few structural changes were introduced in the subsequent years. By the time of the Second Review Conference in 2020-2021, the same challenges remained. The Conference acknowledged both the lack of shared interpretation and the administrative burden placed on the ISU in maintaining functionality in the absence of predictable income. Adjustments agreed at the time were more limited in scope- for example that States other than States Parties would be invoiced retrospectively under category 7 (a) of the financial procedures for their participation in the Meeting of States Parties or the Review Conference and to adjust the percentage for categories 7(a) and 7(b).

11. Across both reviews, it has become apparent that the financial model, though intact in form, has not translated into a coherent framework for financing the ISU. The continued reliance on a small number of States Parties to cover essential costs have consistently undermined the principles the model was meant to uphold.

12. These unresolved issues continue to put at risk the medium-to- long-term viability of the ISU's operations and its ability to deliver consistently and comprehensively on its mandates. They therefore require renewed and sustained attention by States Parties.

II. ISU Budget Cycle and Invoicing

13. The ISU operates on a five-year budget aligned with the Convention's Review Conference cycle. In accordance with the procedures adopted at the First Review Conference and further clarified at the 7MSP, and Second Review Conference a draft work plan and budget are prepared by the ISU, reviewed by the Coordination Committee, and submitted to the annual Meeting of States Parties or Review Conference for approval. Following approval, individualized invoices are issued by late October for the following financial year. To support financial planning and cash flow, States Parties are encouraged to make their contributions by the end of March.

14. Contributions under categories 7(a) and 7(b) are calculated using the United Nations scale of assessments, adjusted to reflect each State Party's gross national income and updated every three years. This approach is intended to ensure equity while respecting different levels

⁶ Final Report of First Review Conference, CCM/CONF/2015/7.

of national capacity, and to reinforce the principle that all contributions- regardless of amount- play a role in sustaining the ISU's work.

III. ISU Contributions: Structure and Categories

15. As mentioned above, the current ISU funding framework groups contributions into three categories established by States Parties at the First Review Conference in 2015:

A. Category 7(a) Meeting-Based Contributions

16. Category 7(a) covers contributions linked to the ISU's support for formal meetings of the Convention, such as Meetings of States Parties, Review Conferences and Amendment Conferences. These contributions are conceptually tied to Article 14 of the Convention. They were initially set at 40% of the ISU's annual budget, a share that was increased to 50% by decision of the Second Review Conference.⁷

B. Category 7(b) Core Activities Contributions

17. Category 7(b) covers contributions supporting the ISU's year-round core activities. These include technical assistance to States Parties, outreach to signatories and States not party, facilitation of cooperation and assistance, maintenance of the Convention's institutional memory and communications tools. Initially set at 60% of the budget, this share was reduced to 50% at the Second Review Conference.⁸

C. Categories 7(a) and 7(b): Relationship and Perceptions

18. Although clearly distinct in the financial procedure, reviews in 2017 and 2021 found that the division between 7(a) and 7(b) no longer reflects the ISU's integrated working methods. In practice, both categories are essential to the ISU's mandate and are interdependent.

19. Nevertheless, divergent interpretations persist. Some States Parties continue to view contributions under 7(a) as mandatory while treating 7(b) as voluntary - despite both being invoiced and critical to sustaining the ISU's operations. This ambiguity, confirmed in both the 7MSP and the Second Review Conference, has led to inconsistent payment patterns and shortfalls.

D. Category 7(c) "Excess" Contributions

20. Category 7(c) refers to "voluntary" contributions made beyond a State Party's assessed share under categories 7(a) and 7(b). These contributions, which may be financial or in-kind, are not limited to States Parties and can in principle be provided by other stakeholders. In practice, however, contributions under this category have come from a small number of committed States Parties.

21. Originally conceived to enhance the implementation of the Convention -through special projects, thematic initiatives, or ad hoc support such as consultancies- category 7(c) has increasingly been used as a fallback to cover routine shortfalls, compensating for underpayment or non-payment under categories 7(a) and 7(b).

22. While this support has enabled the ISU to function without interruption, it raises significant concerns regarding fairness, transparency, and long-term sustainability.

23. The system's dependence on a limited pool of contributing States Parties risks discouraging broader participation and undermines the principle of collective ownership on which the model was funded.

24. Furthermore, this practice also risks distorting the original intent of voluntary contributions, by shifting them from supplementary resources to strengthen the

⁷ CCM/CONF/2021/6.

⁸ CCM/CONF/2021/6.

implementation of the Convention into a hidden mechanism for ensuring the ISU's basic survival.

E. Working Capital Reserve (WCR)

25. The Working Capital Reserve (WCR) was established at the First Review Conference in 2015 to provide a financial buffer and ensure the continuity of ISU operations during temporary cash flow gaps. In 2017 the Seventh Meeting of States Parties (7MSP) set the recommended reserve level at CHF 400,000, a figure reaffirmed at the Second Review Conference in 2021.

26. The WCR is financed through voluntary, specifically earmarked contributions and unspent carry-over funds, from prior budget years, provided these are unrelated to categories 7(a), 7(b) or 7(c).

27. As of 31 December 2024, the WCR stood at CHF 574,240, exceeding the recommended minimum and covering approximately one year of operations. The most recent voluntary contribution to the WCR was received in 2023.

F. Current Financial Challenges

28. The CCM ISU's financial challenges stem from a combination of systemic weaknesses that, taken together, highlight the limitations of the current model. Despite its carefully structured financial model and reviews, the ISU continues to face persistent financial challenges.

29. Chief among these is the non-payment or partial payment of assessed contributions under categories 7(a) and 7(b) which leads to recurrent budget shortfalls that place pressure on the ISU's operations and planning capacity.

30. This underfunding has increased reliance on voluntary ("excess") contributions under category 7(c) to cover operational costs. Although deeply valued, this practice blurs the distinction between voluntary support and assessed funding, raising concerns about fairness, transparency, and sustainability. A small group of generous contributors has borne a disproportionate share of responsibility for sustaining the ISU, a situation that is neither equitable nor sustainable over the long term.

31. Compounding these challenges, unlike other implementation support units, the CCM ISU does not receive funding from external donors. Its financial health relies entirely on contributions from States Parties. This exclusive reliance magnifies the ISU's vulnerability to delays or shortfalls in State funding and limits its ability to diversify income sources or build financial reserves.

32. In addition, delays in contributions are sometimes linked to confusion between financial obligations to the ISU and those related to the United Nations system, which is responsible for covering the costs of Meetings of States Parties, Review Conferences and Amendments Conferences under Article 14 of the Convention. The overlap of financial channels and institutional actors can create uncertainty, particularly for newer States Parties or those with limited capacity.

33. Finally, divergent interpretations persist over whether ISU contributions are mandatory or voluntary. This lack of shared understanding undermines the predictability and sustainability of funding. During the First Review Conference, several States Parties expressed reservations about the ISU's funding model, maintaining that only contributions explicitly referenced in the Convention should be considered binding. While such reservations are consistent with international law, their practical implications for financial decision-making remain unresolved. As a result, varying approaches to financial obligations continue to create uncertainty not only for the ISU's planning and implementation but also for the broader resilience of the Convention.

G. Considerations for Future Review

34. Since its adoption in 2025, the CCM ISU's financial model has allowed the Unit to remain operational. However, it has done so with the caveats outlined above and not in the

way originally envisaged. The accumulated experience of implementation, combined with recurring structural challenges, suggests that the model may need to be reviewed.

35. As highlighted in the reviews conducted in 2017 and 2021, persistence differences in legal interpretations, the limited participation in assessed contributions, and a disproportionate reliance on a small group of generous contributors continue to undermine the principles of ownership, predictability, and sustainability on which the model was built.

36. Looking ahead to the Third Review Conference, States Parties may wish to initiate a structured discussion on options for strengthening the ISU's financial procedures.

37. Possible areas for consideration include:

- Consolidating categories 7(a) and 7(b) into a unified assessed contribution, reflecting the operational reality that the ISU's work is integrated and not easily divisible between "meeting- related" and "core" functions;
- Clarifying legal expectations around financial responsibility, including reaffirming the collective nature of ISU funding;
- Formalizing governance of the Working Capital Reserve, including clear parameters for drawdown and replenishment;
- Exploring complementary funding modalities for voluntary contributions, while preserving the central role of assessed contributions from States Parties.

38. The Third Review Conference offers an appropriate and forward-looking opportunity to reflect on institutional arrangements and ensure they remain fit for purpose. Building on lessons learned and progress made over the years, there is scope to consider practical adjustments that could enhance efficiency and resilience, in line with earlier decisions, technical reviews, and the Convention's founding objectives.

39. The financial procedure adopted in 2015 has provided a foundation for the ISU's operation, but experience has shown that its effectiveness depends on consistent participation by all States Parties.

40. Financial predictability is therefore essential not only for the sound management of the Unit, but also for the delivery of its annual workplan. The ISU's capacity to fulfil its mandate and provide continuous quality support across all thematic areas of the Convention ultimately hinges on the reliability of its financial framework. In this sense, ensuring stable and equitable funding is inseparable from ensuring the full and effective implementation of the Convention itself.
