

**Economic and Social Council**Distr.: General  
27 March 2024

Original: English

---

**Economic Commission for Europe****Working Party on Customs Questions  
affecting Transport****166th session**

Geneva, 5 (p.m.), 6 and 7 (a.m.) June 2024

Item 3 of the provisional agenda

**Customs Convention on the International Transport  
of Goods under Cover of TIR Carnets (TIR  
Convention, 1975)****Administrative Committee for the TIR  
Convention, 1975****Eighty-third session**

Geneva, 5 (am) June 2024

Item 3 of the provisional agenda

**Activities and administration of the TIR Executive Board  
Administration of the TIR Executive Board and the TIR  
secretariat****Procedure for financing the operation of the TIR  
Executive Board and TIR secretariat****Procedure for financing the operation of the TIR Executive  
Board and the TIR secretariat****Note by the consultant****I. Mandate - Background**

1. The TIR Administrative Committee (AC.2) at its seventy-sixth session (ECE/TRANS/WP.30/AC.2/155, para. 17) expressed its concerns regarding the future financial situation and budget of TIRExB and the TIR secretariat, considering that the number of TIR Carnets used will continue to decline. The Committee made several recommendations on the sustainability of the operation of the TIR secretariat which in turn form the basis of a consultancy mandate:

(a) To start exploring additional sources to fund the TIRExB and TIR secretariat's budget, in particular because, despite repeated efforts, financing through the United Nations regular budget seems unlikely. Such efforts should include also, if needed, activities to amend the existing TIR trust fund, in order to be able to receive, with the least administrative effort possible, earmarked and non-earmarked funds from several donors.

(b) To review the current ECE/IRU agreement with the objective to further facilitate its implementation including the administration of deficits/surplus.

(c) To review all existing documentation such as the TIR Convention, the United Nations Economic Commission for Europe / International Road Transport Union (ECE/IRU) agreement, the OIOS recommendations, the AC.2 decisions and recommendations, the TIR trust fund and prepare a set of amendments/proposals that further fine tune the existing financing mechanism/practices on the one hand and paves the road for the TIR secretariat to be able to receive additional financing in parallel with the existing financing mechanism. These financing mechanisms should include both the TIR and the e-TIR procedure.

(d) Consult with stakeholders in the development of proposals.



2. The Administrative Committee at its eighty-second session (ECE/TRANS/WP.30/AC2/167, paras. 19–21) took note of the information provided by the consultant Mr. C. Moreno as to the main challenges encountered with the current interim arrangement for the financing of the TIRExB and the TIR secretariat and requested the delegates to provide inputs and views on his preliminary findings to the secretariat not later than 20 March 2024. The secretariat based on the inputs received and in cooperation with the Consultant, TIRExB and if needed with ECE Executive Office will prepare a first version of a formal document for consideration by the Committee, if possible, at its extraordinary session in June.

3. This document summarizes the main challenges with the current interim arrangement for the financing of the TIRExB and the TIR secretariat and made some proposals to address these problems and simplify the funding process. Furthermore, and in order to sustain the operations of the TIRExB and the TIR secretariat with additional extrabudgetary resources it is also suggested to transform the TIR trust fund into a multi-partner trust fund.

## **II. The current funding of the TIR Executive Board and the TIR secretariat**

### **A. Introduction**

4. The TIRExB and the TIR secretariat have, since their creation in 1999, been financed by extra budgetary funding through a levy on each TIR Carnet distributed by the international organization as referred to in Article 6 of the TIR Convention.<sup>1</sup>

5. The TIR trust fund was established in 1998 to account for revenue received to finance the TIRExB and the TIR secretariat. Annex 8 Article 13 of the TIR Convention states that “The operation of the TIR Executive Board and the TIR Secretariat shall be financed, until such time as alternative sources of funding are obtained, through an amount per TIR Carnet distributed by the international organization...”. This amount shall be approved by the Administrative Committee and shall be based on the budget and cost plan of the TIRExB and TIR secretariat as approved by the Administrative Committee; and (b) a forecast of the number of TIR Carnets to be distributed, as determined by the international organization. After approval of the cost plan for the TIRExB and TIR secretariat by the Administrative Committee, the authorized international organization should transfer funds in advance.

6. Article 13 continues: “Following an initial period of two years, the Contracting Parties to the Convention envisage the operation of the TIR Executive Board and the TIR Secretariat to be financed through the Regular Budget of the United Nations. This does not preclude a prolongation of the initial financing arrangement should financing from the United Nations or alternative sources not be forthcoming”. The TIR Administrative Committee has recalled on numerous occasions the important role played by the TIR Convention as one of the most effective international instruments available in the field of facilitation of international transport and trade. Over the years, the TIR Convention has expanded its geographic reach beyond the ECE region (seventy-eight contracting parties as of February 2024). For these reasons the TIR Administrative Committee underlined that it is of the utmost importance that the day-to-day management of the TIR Convention, carried out by the TIRExB and the TIR secretariat, is guaranteed in a stable environment and is independent from any decision taken by third parties or from special interests outside the sphere of the Contracting Parties of the Convention.<sup>2</sup>

7. Despite the strong support of the TIR Administrative Committee and the efforts of the ECE Executive Secretary to include the cost of the TIR secretariat in the regular budget of

---

<sup>1</sup> The international organization is authorized by the Administrative Committee to take on responsibility for the effective organization and functioning of an international guarantee system. The authorization is granted as long as the organization fulfils the conditions and requirements laid down in Annex 9, Part III.

<sup>2</sup> See informal document No 3 (2004); TRANS/2002/16; TRANS/WP.30/AC.2/63; TRANS/WP.30/AC.2/59; TRANS/WP.30/AC.2/57.

the United Nations, the current “interim financing mechanism” of TIRExB and the TIR secretariat by means of an amount per TIR Carnet has been the only mechanism to secure the funds required annually for the TIRExB and the TIR secretariat.

8. The TIR Carnet system of financing the TIRExB and the TIR secretariat was designed to be temporary and was intended to have been replaced by direct funding through the regular budget of the United Nations or alternative sources. This has never happened, and the temporary system has remained in place.

## **B. Procedure for the collection and transfer of the amount per TIR Carnet to finance the operation of the TIRExB and the TIR secretariat**

9. The procedure to implement the financing of the operation of the TIRExB and the TIR secretariat as approved by the Administrative Committee<sup>3</sup> is reflected in the agreement between ECE and the international organization (IRU) and follows the following sequence:

(a) The ECE secretariat prepares a budget proposal for the operation of TIRExB and the TIR secretariat, based on activity-based budgeting principles (August).

(b) TIRExB establishes the budget proposal (September).

(c) The ECE secretariat prepares a document comprising the budget proposal established by TIRExB for approval by the TIR Administrative Committee and sends a copy thereof to IRU for information (September).

(d) The ECE secretariat requests IRU to provide an operational forecast of the number of TIR Carnets it expects to distribute in the forthcoming year (September).

(e) IRU provides the TIR Administrative Committee with its forecast of the number of TIR Carnets it expects to distribute in the forthcoming year, for the consideration of the latter (September-October).

(f) The TIR Administrative Committee approves the budget and the net amount to be transferred by IRU and takes note of the forecast established by IRU. The TIR Administrative Committee shall approve the amount per TIR Carnet, as referred to in Annex 8, Article 13, paragraph 1, considering the calculation by the ECE secretariat on the basis of the forecast provided by IRU (September-October).

(g) IRU transfers the net amount approved by the Committee to the ECE named bank account (mid-November).

## **C. Settlement of deficits/surplus arising from the application of the current system**

10. Annex II of the ECE and IRU Agreement provides on the basis of an audit certificate issued by the IRU independent external auditor that if the amount invoiced was more than initially transferred by IRU, the TIR Administrative Committee, at its spring session, will be informed and IRU shall transfer the excess to the ECE named bank account (before 15 March). This amount will be reflected in the ECE account to be taken into account for the next budget year. If the amount invoiced was less than initially transferred by IRU, the TIR Administrative Committee, will reflect this amount in the amount per TIR Carnet to be applied in the next budget year to compensate the difference and ensure the financing of the operation of TIRExB and the TIR secretariat. If the amount invoiced is less than initially transferred by IRU to ensure the funding of the operation of TIRExB and the TIR secretariat for the last year of the Agreement, or on termination of the same, the difference will be absorbed by IRU without recourse.

---

<sup>3</sup> See Annex II to the Agreement between ECE and IRU. The financing of the operation of TIRExB and the TIR secretariat: steps, procedures and related timeline. Approved by the TIR Administrative Committee at its seventy-eight session (ECE/TRANS/WP.30/AC.2/159, para. 31).

11. Since the 2020-2022 Agreement between the ECE and IRU including the current Agreement for the period 2023 to 2025 (inclusive) a new paragraph 4 provides that “by entering into the Agreement IRU confirms that there are no amounts due by UNECE to IRU relating to the financing of the operation of TIRExB and the TIR secretariat arising from the implementation of the previous, and current, agreement signed between UNECE and IRU”.

#### **D. Main problems encountered with the current TIR carnet charging system.**

12. The current interim arrangement for the financing of the TIRExB and the TIR secretariat is linked to the number of TIR Carnets forecasted and distributed. The budget is prepared by the TIR Secretariat and approved by the Administrative Committee. The international organization (IRU) informs by letter in September each year the ECE secretariat the operational forecast of the number of TIR carnets it expects to distribute in the forthcoming year. Since 2015 up to 2023 the IRU forecasts have been significantly higher than the actual TIR carnets issued. As the financing of the operation of TIRExB and the TIR secretariat is linked to the sale of TIR Carnets, the Administrative Committee approved a higher amount per TIR Carnet to meet the estimated expenditure. As a result the IRU has incurred deficits during all these years.

13. The most recent example relates to the implementation of the previous 2020–2022 Agreement between the ECE and the International Road Transport Union. IRU has paid to ECE SwF 3,733,281 and has recovered through re-invoicing per TIR Carnet 3,164,719. The resulting impact on IRU’s accounts by end of 2022 was a deficit of SwF 568,561 plus a deficit absorbed in 2019 of SwF 134,808, which totals SwF 703,370.

14. The number of TIR Carnets distributed in 2023 (509,395) was as well lower than the IRU forecast (564,000) and as a consequence IRU incurred an internal deficit of SwF 110,482.<sup>4</sup> Furthermore, the agreed amount per TIR carnet as approved by the Administrative Committee, based on a forecast, it is often not applied by the IRU. The reason frequently cited by IRU is that the amount approved by the Administrative Committee is difficult to implement in a competitive and difficult financial environment of the transport industry.<sup>5</sup>

15. The highest amount of TIR Carnets was issued in 2006, with 3,599,850 and the lowest one so far in 2022, with 453,830. The decrease in the number of TIR Carnets issued implies a higher amount to be charged per TIR Carnet. Thus, in a very competitive transport environment it might be difficult for IRU to apply the approved amount per TIR Carnet of US\$ 2,25 in 2023 as approved by the Administrative Committee and required by the Convention.

16. While the system provides that it is the Administrative Committee that approves the amount to be charged per TIR Carnet, it is as well acknowledge that the application of a lower charge is a commercial decision by the international organization. In principle, it could be argued that due to its mandate and its privileges and immunities, ECE should not be involved in commercial activities of a private law nature such as approving the amount to be charged per TIR Carnet.

---

<sup>4</sup> See audit report and management letter for the year 2023 (ECE/TRANS/WP.30/AC.2/2024/4).

<sup>5</sup> See ECE/TRANS/WP.30/2020/3/Rev.1 of 31 March 2021. “Decline in the sale of TIR Carnets” (para. 34) that summarizes the responses received from contracting parties/customs authorities underlining that TIR Carnet prices are not competitive anymore and recommending that the price of TIR Carnets should be reduced.

### III. Recommendations – Amendment proposals

#### A. Simplifying the current funding by introducing a lump sum system

17. To simplify the funding process and as an alternative to the current system, it is suggested to move to a lump sum system. The introduction of a lump-sum system will remove the main problems encountered with the system based on the number of TIR Carnets issued and forecasted. Thus, over the years the international organization (IRU) has been financing the TIRExB and the TIR secretariat regardless of the number of TIR Carnets issued. Pursuant to the provisions of the TIR Convention and the Agreement between the ECE and the international organization (IRU) it is irrelevant the number of TIR Carnets issued. The budget and cost plan of the TIRExB and TIR secretariat is approved by the Administrative Committee without taking into account the number of TIR carnets issued.<sup>6</sup>

18. As we can see from the table below, with the exception of the year 2014, the number of TIR Carnets forecasted was always higher than the number of Carnets issued. As a result IRU incurred internal deficits during all these years. On the other hand, it is clearly established that there is no direct link between the number of TIR Carnets issued and the approved annual TIR budget.

19. Under the proposed lump sum, the international organization(s) would accept to transfer to ECE in November of each year, the budget amount for the following year to cover the costs of the TIRExB and the TIR secretariat from the income generated by the international organization(s) via TIR activities. This will inter alia facilitate the implementation of the eTIR system, eliminate IRU internal deficits and the need for forecasting the number of TIR carnets and the involvement of the Administrative Committee in the approval of the amount to be charged per TIR Carnet. Furthermore, the introduction of a lump sum system would take away the possible ambiguity and old debate as to whether the use of the term “levy” it is often used in relation to tax measures, whereas the collection of funds, as referred in Annex 8, Article 13, should be regarded as a compensation for costs incurred by the TIRExB and the TIR secretariat.<sup>7</sup> The international organization will continue to be authorized by the Administrative Committee to take on responsibility for the effective organization and functioning of an international guarantee system and will cover the costs of the TIRExB and the TIR secretariat.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Forecast of TIR Carnets	1 900 000	1 900 000	1 550 000	1 480 000	1 088 000	973 525	800 000	756 000	752 000	564 000
TIR Carnets distributed	1 945 050	1 500 450	1 223 400	1 158 650	1 020 650	858 100	679 300	708 998	453 830	509 395
Approved annual TIR Budget (\$) (including 13%PSC)	1 589 910	1 635 110	1 632 850	1 598 950	1 673 643	1 687 090	1 650 026	1 724 860	1 788 971	1 824 453

<sup>6</sup> IRU is of the view that “it is artificial to establish a connection between the costs of funding the TIRExB and the TIR secretariat and the number of TIR Carnets distributed. The cost of funding these two bodies is the same whether or not the international organization distributes 1 million or 3 million TIR Carnets. In contrast, the lump sum financing arrangement is relevant and logical in accounting terms and has the advantage of being administratively manageable” (see ECE/TRANS/WP.30/AC.2/2006/9/Rev.1, Annex II, page 18, para. 25 Audit of ECE Agreement with the International Road Transport Union).

<sup>7</sup> See the comments provided by the UN Office of Legal Affairs (OLA) that noted that “it would appear that the English noun “levy” is capable of being understood to connote a tax”. OLA suggested to give consideration to the use of the expression “service charge” (ECE/TRANS/WP.30/AC.2/2006/3, paras. 8 and 9).

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Amount transferred by IRU	878 534	1 132 822	1 343 939	1 045 089	1 555 801	1 194 039	1 106 233	1 336 964	1 522 842	1 211 169

## B. Amendment of Annex 8, Article 13 of the TIR Convention

20. To implement the lump sum system will require an amendment to Annex 8, Article 13 of the TIR Convention.

21. The changes proposed shall be reflected in the written agreement between UNECE and the international organization<sup>8</sup> in line with Annex 9, Part III, paragraph 2 (n). Thus, paragraphs IV, VI and VII of the preamble, as well as Annex II (The financing of the operation of TIRExB and the TIR secretariat: steps, procedures and related timeline) will need to be amended.

22. To implement a lump-sum system, Annex 8, Article 13<sup>9</sup> of the TIR Convention that read as follows should be amended:<sup>10</sup>

- (a) “The operation of the TIR Executive Board and the TIR secretariat shall be financed, until such time as alternative sources of funding are obtained, through an amount per TIR Carnet distributed by the international organization as referred to in Article 6. This amount shall be approved by the Administrative Committee.

Explanatory Notes to Article 13, paragraph 1

### 8.13.1-1 Financial Arrangements

Following an initial period of two years, the Contracting Parties to the Convention envisage the operation of the TIR Executive Board and the TIR secretariat to be financed through the Regular Budget of the United Nations. This does not preclude a prolongation of the initial financing arrangement should financing from the United Nations or alternative sources not be forthcoming.

### 8.13.1-2 Operation of the TIR Executive Board

The work of the members of the TIR Executive Board will be financed by their respective Governments.

### 8.13.1-3 Amount

The amount referred to in paragraph 1 shall be based on (a) the budget and cost plan of the TIR Executive Board and TIR secretariat as approved by the Administrative Committee and (b) the forecast of the number of TIR Carnets to be distributed as established by the international organization.

- (b) The procedure to implement the financing of the operation of the TIR Executive Board and the TIR secretariat shall be approved by the Administrative Committee.

Explanatory Note to Article 13, paragraph 2

8.13.2 Following consultations with the international organization as referred to in Article 6, the procedure referred to in paragraph 2 shall be reflected in the agreement between UNECE, as mandated by an acting on behalf of the Contracting Parties, and the international organization as referred to in Article 6. The agreement shall be approved by the Administrative Committee”.

<sup>8</sup> Explanatory Note 0.6.2 bis-2 of the TIR Convention requires that the authorization granted in accordance with Article 6.2 bis shall be reflected in a written agreement between the UNECE and the international organization.

<sup>9</sup> ECE/TRANS/17/Amend.28; entered into force on 1 January 2009

<sup>10</sup> See text proposed by the secretariat in 2006 to implement the payment of a lump sum covering the budget of TIRExB and the TIR secretariat (ECE/TRANS/WP.30/AC.2/2006/3, para. 19).

23. The following amendments are proposed:
- (a) The operation of the TIR Executive Board and the TIR secretariat shall be financed, until such time as alternative sources of funding are obtained, by the international organization(s) authorized by the Administrative Committee to take on responsibility for the effective organization and functioning of an international guarantee system as referred to in Article 6.2 bis of the Convention.
  - (b) The budget and the procedure to implement the financing of the operation of the TIR Executive Board and the TIR secretariat shall be approved by the Administrative Committee.
  - (c) The Administrative Committee might decide to use extra budgetary funds, when available, to strengthen the functioning of the TIR Executive Board and the TIR secretariat.
24. Text Explanatory Notes 8.13.1-1, 8.13.1-2 and 8.13.2 remains unchanged and 8.13.1-3 should be deleted.
25. The proposed amendment to Annex 8 should follow the special procedure of Article 60 of the TIR Convention.

### **C. Transforming the TIR trust fund into a multi-partner trust fund**

26. The TIR trust fund was established in 1998 to account for revenue received to finance TIRExB and the TIR secretariat. The Sustainable Transport Division of ECE is responsible for managing the substantive operations of the TIR Trust Fund, whereas the Executive Office of ECE is responsible to ensure that the TIR Trust Fund's expenditures are in accordance with United Nations regulations, rules and procedures.
27. Since its introduction in 1999 and despite various attempts to obtain direct funding through the regular budget of the United Nations, the current "interim financing mechanism" of TIRExB and the TIR secretariat by means of an amount per TIR Carnet has been the only mechanism to secure the funds required annually for TIRExB and the TIR secretariat.
28. The OIOS Report 2019/010 of 13 March 2019/010 on the audit and management of the TIR Trust Fund notes that funding through Carnet sales is an interim financing arrangement (Annex 8, Article 13 of the Convention), pending identification of alternative sources. It recommends to explore alternative funding sources, such as voluntary contributions from governments and non-traditional donors, to sustain the operations of the TIRExB and the TIR secretariat by means of a long-term solution (paragraph 35).
29. Pursuant to the request of the Administrative Committee and the above-mentioned OIOS recommendation it is suggested to transform the TIR Trust Fund in order to accept earmarked and non-earmarked contributions from donors. This will include contributions from governments, intergovernmental and non-governmental organizations and the private sector, philanthropic organizations and individuals. Once the TIR Trust Fund is transformed into a multi-partner trust fund, ECE will conclude a Contribution Agreement with each donor. The Contribution Agreement will clarify the responsibility of each party and details the legal, financial and administrative provisions governing donor contributions to ECE in accordance with the United Nations Financial Regulations and Rules. The specific terms of the Contribution Agreement will refer to provisions which are specific to each Agreement, such as the purpose of the contribution, amount of contribution, schedule of payments, reporting requirements and donor contact information. The standard terms are the financial, administrative and legal stipulations established according to the United Nations Financial Regulations and Rules.
30. For some donors such as the European Union and the World Bank, an overarching umbrella agreement has been established between the United Nations Headquarters and the donor, which imposes obligations that are different from the template. In such cases, the specific contribution agreement signed by ECE with these donors would be in accordance with the provisions set forth in the umbrella agreement.

31. It is important to note that the suggested multi-partner TIR Trust Fund will not modify the legal obligations of the international organization (IRU) towards ECE that will continue to be governed by the provisions of the TIR Convention. Thus, in addition to the net annual amount approved by the TIR Administrative Committee, to be transferred by the authorized international organization, the TIR Trust Fund will accept earmarked and non-earmarked contributions from governments, intergovernmental or non-governmental organizations and the private sector, philanthropic organizations and individuals. Prior to agreeing to accept a contribution from a non-State actor, the UN/ECE will conduct due diligence to ensure that these planned contributions are in line with the United Nations policies on the contributions from non-State actors.

32. To transform the TIR trust fund into a multi-partner trust fund, the TIR Administrative Committee will need to recommend to the ECE Executive Committee (EXCOM) the approval of the new trust fund following a similar pattern to the projects funded from voluntary contributions and implemented by the Multilateral Environmental Agreements serviced by ECE. Following such an approval the TIR Administrative Committee will be in charge of approving, controlling and administering the contributions without EXCOM intervention.

#### **IV. Consideration by the Committee**

33. The Committee may wish to consider the above-mentioned analysis and proposals and provide guidance to the secretariat and the consultant on the possible next steps.

---