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“MEMORANDUM OF THE SECRETARY-GENERAL RELATING TO RESOURCES FOR OPANAL SPECIAL FUNDS”

According to the provisions of the current Financial Regulations and considering the recommendations of the Committee on Contributions and Administrative and Budgetary Matters (CCAAP), and the deliberations of the Financial Working Group (Financial-WG); I submit, for the consideration of OPANAL Member States, a proposal for the creation of an Asset Renewal Fund (FERA) and the transformation of the existing Peaceful Uses of Nuclear Energy Fund (FUPEN) into an Education and Outreach Fund (FED).

I. Justification and background.

At the 107th session of CCAAP, the Secretary-General submitted, for the consideration of CCAAP Member States (Memorandum CCAAP 118 13/06-2013), a proposal to inject resources into two Special Funds, based on a restructuring approach of the existing fund -FUPEN-, and suggesting the creation of an Asset Renewal Fund.

The proposal of the Secretary-General seeks to meet, in a planned way, the need to renew the Agency's assets and to provide adequate resources to immediate stages of the programmes on Education emanating from the mandate of the General Conference and the Strategic Agenda of OPANAL. This would be achieved by using the resources of the Agency's Reserve Fund, the amount of which increased sharply in 2007, 2008 and 2009 thanks to savings generated by reducing salary expenditures since Mexico covered the salary of the Deputy Secretary-General.

The proposal focuses on strengthening the agenda on education and the operational functioning of the Secretariat General through these two funds; with many Working-Groups and a wider international scope, the Agency is facing more intense dynamics that contrast with the budgetary constraints that it seeks to overcome.

1. “Asset Renewal Fund”

With regard to the 2014-2015 Asset Renewal Fund (FERA), under the assumption that the General Conference continues to adopt single-digit annual increases in the Regular Budget, the proposal supports, as from 2016¹, the annual allocation of funds towards the Regular Budget in order to generate a sufficient reserve for future renewal of furniture, IT equipment and vehicle (a small amount that accumulates annually to be allocated to FERA).

The FERA proposal serves a mid-term vision (2014-2015) to replace furniture and outdated IT equipment in a planned manner, including the future allocation of resources to a budget subaccount for assets renewal. FERA seeks to avoid the fact that the expenditure on asset renewal must obtain special authorization from the Council, as it has occurred several times due to budget constraints that impede efforts to consider the allocation of resources for this purpose.

2. “Education and Outreach Fund”

Concerning Education, the promotion of the Agency’s education and outreach programmes continues to be a priority that is reinforced in the Strategic Agenda of OPANAL; hence the importance of having enough resources – in a Special Fund- in order to complete the publications’ preparation, the delivery of online courses on Nuclear Disarmament and Non-Proliferation Education, and also to maintain a minimum level of attendance at academic forums, in view of the fact that these are some of the activities that provide the Agency with greater international projection and contribute to the instruction of public officers and members of the academia in the region.

¹ It is estimated that in 2016 the Agency would reach a certain financial level that would compensate economic lagging in the Regular Budget.

II. The Proposal

1. Asset Renewal Fund (FERA)

Annex I shows the estimated resources needed to gradually replace furniture and IT equipment in the Secretariat General, as well as the official vehicle; these are 2014 and 2015 scheduled renewals totalling **US\$43,400.00**, particularly referring to the following:

- i) IT Equipment: Years 2014 and 2015 show the amounts necessary to gradually renew all IT equipment that is fully depreciated (including the two computers purchased in 2009 and 2011), some computers were purchased in 2006.
- ii) Furniture: the replacement of furniture will be carried out in stages, mainly as follows: Stage I starts in 2013 with the front desk and a space for administrative assistants; these are the most urgent areas. In Stage II, the Proposal includes the replacement of furniture (US\$3,700 approx) especially in the offices of Programme Officers; and Stage III (US\$8,700.00 approx.) includes the replacement of chairs and the replacement of the furniture in the office of the Secretary-General. Estimating the cost of replacing the furniture in the Conference Room is still pending; this furniture was purchased in the 1970s and 1990s.
- iii) Vehicle: It is considered that in 2014 the replacement cost estimate for the vehicle designated for the use of the Secretary-General (purchased in 2010, and fully depreciated in 2013) is US\$17,000.00 at the car agency, figure when taking a part exchange. In 2015, US\$10,000.00 are allocated for the creation of an annual provision of US\$3,000.00 or US\$4,000.00, as from 2016, in order to foresee the renewal of the vehicle, 4 or 5 years after the latest renewal, ideally in 2018.

2. Education and Outreach (Restructuring proposal for FUPEN)

The proposal consists of restructuring the fund known as FUPEN into a wider concept to finance the Agency's Education Programmes and Outreach activities.

The proposal consists of recommendations made by the Working Group on the Analysis and Review of the Financial Regulations. This Group puts forward the changing of the name, FUPEN to “**Education and Outreach Fund - FED**”, and recommends that the main objective of such fund should be to finance the activities related to the Agency’s education and outreach programmes. Annex I shows the projected needs for 2014 totalling US\$20,000.00, funds that should be transferred to the special account in early 2014.

According to the mandates of the General Conference, the development of the education programme and the elementary course that is under preparation, it could be possible to present to the General Conference the number of resources that need to be allocated in subsequent years. Year 2015 shows projected needs totalling US\$25,000.00, such transfer would have to be approved in 2014 in order for it to be made in early 2015.

III. Conclusions

From the standpoint of Member States’ financial obligations, and considering that the proposal to allocate resources into FERA and FED comes from surpluses transferred to the Reserve Fund, the source of these funds in 2014 and 2015 would not imply that they would be funded through the Regular Budget, therefore the Scale of Member States’ Contributions would not suffer any impact². On the other hand, there would be an important provision for the Reserve Fund that would serve as a financial support to the Agency in the event of any emergency situation.

The total amount to be transferred from the Reserve Fund into FERA and FED is **US\$63,400.00**. We must bear in mind that the current balance of such Fund is US\$390,674.61

The normative provision that supports this proposal is:

Article 5 of the Financial Regulations. Special Funds “The General Conference may establish any Special Funds required by the Agency for other purposes, as well as mechanisms for their management and use.”

² Member States’ Contributions increase proportionally to the Expenditure Budget increase for each Fiscal Year”

ANNEX I

PROCUREMENT OF SPENDING - 2014-2015 SPECIAL FUNDS**ASSET RENEWAL FUND AND RESTRUCTURING OF FUPEN /
EDUCATION AND OUTREACH**

T.C. (1-April-2013): 12.3

(American dollars)

I. Asset Renewal Fund (FERA)

	<u>2014</u>	<u>2015</u>
ADQUISITION AND MAINTENANCE OF EQUIPMENT, FURNITURE AND OTHERS		
1 ACQUISITION OF EQUIPMENT		
Acquisition and replacement of IT equipment	2,300.00	1,500.00
Stage 2 (2014)		
2 PC (Adm/Press)		
Stage 3 (2015)		
1 PC (SG)		
2 ACQUISITION OF FURNITURE		
Acquisition and replacement of furniture	3,800.00	8,800.00
Stage 2 (2014)		
3 Officials' offices (no chairs)		
Stage 3 (2015)		
1 SG's Office + Officials' chairs		
Subtotal	<u>6,100.00</u>	<u>10,300.00</u>
3 VEHICLE		
Vehicle acquisition fund	17,000.00	10,000.00
Subtotal	<u>17,000.00</u>	<u>10,000.00</u>
TOTAL ANNUAL:	<u>23,100.00</u>	<u>20,300.00</u>
TOTAL MULTIANNUAL FERA:	<u>43,400.00</u>	

II. To inject funds into current FUPEN**1 EDUCATION AND OUTREACH (FED)**

Academic activities (travels and seminars, conferences, book launches)	8,000.00	9,500.00
Publications	4,000.00	7,500.00
Consultants and digital platform	8,000.00	8,000.00
TOTAL ANNUAL:	20,000.00	25,000.00 (*)
		(* 2015 Projection)
TOTAL MULTIANNUAL FED:	<u>45,000.00</u>	
TOTAL 2014-2015 FERA & FED	<u>88,400.00</u>	
TOTAL 2014-2015 FERA & FED (Excluding 2015 Projection on Education):	<u>63,400.00</u>	