



Nuclear-Weapon-Free Zone in Latin
America and the Caribbean

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**OPANAL GENERAL CONFERENCE
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Report of the Working Group on Analysis and Review of the Financial Regulations

Background

On the basis of the General Conference Resolution CG/E/Res.551 “Proposal to Adjust the Financial Regulations”, adopted at its XXI Special Session held on 13 November 2012, an open-ended Working Group was formed to analyse the necessary reforms to the Financial Regulations, as well as to related norms that govern the actions of the Agency on these matters.

The Financial Regulations and other general financial provisions present in other legal instruments of OPANAL date mostly from 1970s and 1980s, with subsequent amendments. At their meetings, the Council and the Committee on Contributions and Administrative and Budgetary Matters (CCAAP) have shown the need to modify the text of some of these documents due to obsolescence and inconsistency with the current needs of the Agency.

Development of works

At the 102nd Session of CCAAP, held on 7 February 2013, CCAAP, according to Resolution CG/E/Res.551, it was considered the formation of a “Working Group for the Analysis and Review of the Financial Regulations”.

At the aforementioned meeting, seven countries volunteered to form the Group (Bolivia, Brazil, Chile, Cuba, Mexico, Nicaragua and Venezuela) reiterating that it was an *open working group*. It was agreed that the first meeting of the Group would be held on 21 February 2013, other Member States joined in afterwards.

First Session

The Group established the working mechanism and elected, by consensus, the representative of Mexico as its Coordinator. After this, the decision was made to start the article by article review of the Financial Regulations.

The Group indicated the importance to incorporate in a single document the applicable financial provisions, consistent with current operational realities.

In this session, one of the items that caused greatest dissension amongst the countries present was Article 4 “*Exercise of the Programmed Expenditure and the Collected Contributions*”, particularly in section 4.03 “*The Minimum Availability of Funds*”. It was suggested to review it in light of the *General Standards to govern the operations of the General Secretariat of OPANAL*, Chapter IV, Article 55, related to the Regular Fund, paying special attention to the reserve percentages.

The Secretariat General was requested to produce a *revision document, a two-column electronic document* showing the original text of the Financial Regulations on one side, and on the other side the text including the amendments or comments suggested by the Group; such document was to be projected on the screen during the Group’s sessions.

Second Session

11 March 2013. The Representative of Colombia joined the Group.

The Group adopted its Rules of Procedure¹ and made a brief summary of the first session. The Secretariat General returned to Article 4.03, highlighting that the provisions of the current Financial Regulations regarding the percentage of “*The Minimum Availability of Funds*” is not consistent with the current reality. The Secretariat shared with the Group data related to the behaviour of the collection of contributions in the first half of the last three years, for the purpose of giving elements to estimate the resources needed in the first half of the year in order for the Agency to have operational capability.

Although progress was made, including the review of Article 6.01 (*Payments procedure*), most of the session was spent analysing the various funds of OPANAL. Given the relevance of the topic, the Group agreed to discuss it in a future session, in which the Secretariat would present more information about such funds and States would be given more time to analyse them.

Third Session

2 May 2013. Articles 6, 7 and 8 were reviewed, including their subsections. There were intensive discussions on subjects related to the payment of Member States’ financial obligations; the consideration of when a State owes a debt to the Agency; and the existing regulations governing the investment of funds in securities by the Secretary-General. About the latter, the Group agreed that the Agency should not aim at seeking investment in equity financial instruments in order to obtain high returns; therefore, the Group agreed to eliminate this option and suggested to change the title of Article 7.01 from “Deposits and investments” to “Deposits” exclusively.

¹ Annex 1 - Rules of procedure for the Working Group formed by OPANAL General Conference Resolution CG/E/Res.551.

Before closing the session, and given the importance of the Agency's Funds, the Group decided to suspend the analysis of the articles and allow the Representative of the Secretariat General to present the operation of the existing funds in order to provide the Group with elements of reflection to be considered prior to the design of a new scheme of funds.

It should be noted that in the aforementioned presentation, the Secretariat took the opportunity to submit for consideration of the Group three different scenarios in order to move forward in the definition of the design of the Reserve Fund.

Fourth Session

23 May 2013. The Representative of Peru joined the Group. The Group Coordinator recalled that according to the Rules of Procedure of the Working Group, the fourth session was the deadline set for all Member States to join the Group as full Members², and from the fifth session onwards, Member States' representatives were welcomed to join the Group as observers.

The Secretary-General requested to make some clarifications regarding a few proposals made at the previous session on Articles 6.02 "*Entry of new Member States*" and 8.01 "*Authorization to contract obligations*". Particularly regarding Article 6.02, Ambassador Ubeda mentioned that in her opinion it was not appropriate to include the term "withdrawal of States" in the Regulations and; although it could happen, it was not appropriate to address the issue in that way as it could be a contradiction, and the uniqueness of the Zone might be affected. To conclude, the Group decided, after its deliberations, to modify only the title of Article 6.02 to "Membership Changes".

The Group reviewed Articles 9 "*Miscellaneous Income*" and 10 "*Accounting*" including their sub-sections, comments were registered in the *revision document*.

Fifth Session

13 June 2013. Considering that the XXIII Regular Sessions of the General Conference would soon be held, the Group decided to spend this session in deciding the contents of this report, as well as considering the proposal submitted by the Secretariat on a new Scheme of Funds, including the data provided by CCAAP and the Group.

Final Comments

The Working Group held 5 sessions between February and June 2013, its works focused on the analysis of the Financial Regulations, reviewing Articles 1 to 11 (out of a total of 15) and their respective sub-sections.

Amendments or updates suggested to the reassessed Articles are registered in the *revision document*, it is intended that such *document* will serve as the basis for new Financial Regulations for the Agency.

² Annex 2 – List of full Members of the Working Group

It should be noted that in the fifth session of the Group, it was agreed to submit to the General Conference, at its next Session, a proposal to establish an Asset Renewal Fund in order to allow future planning; and to restructure the Peaceful Uses of Nuclear Energy Fund (FUPEN) into an Education and Outreach Fund, in order to finance the Agency's education and outreach programmes.

Notwithstanding the foregoing, the Group should continue to analyse the Funds in order to design their optimal structure, without losing sight of their appropriate functioning and the Agency's current needs.

Although the progress made by the Group is substantial, solid and significant, it is necessary to complete the review of the aforementioned Financial Regulations, as well as to analyse exhaustively chapters IV to IX of the *General Standards to govern the operations of the Secretariat General of OPANAL. (General Provisions of a Financial and Budgetary Nature)*

In this respect, the Working Group submits to the consideration of the General Conference the proposal to renew the mandate of the Working Group for the Analysis and Review of the Financial Regulations”.

ANNEX 1

Background and Rules of procedure for the Working Group for the Analysis and Review of the Financial Regulations

Background

- Mandate of the General Conference

Resolution CG/E/Res.551, adopted on 13 November 2012

“Resolves:

- 1. To instruct the Members of CCAAP to create, with the Secretariat-General, an Open-ended Working-Group to analyze the necessary reforms in the Financial Regulations, and to submit a report to the General Conference at its next session. To this end, they must take into account the related regulations governing OPANAL in this area.”*

- Members of the Group

Thus far, the Working Group is formed by the Secretariat General and Representatives of the following Member States:

Bolivia

Brazil

Chile

Cuba

Mexico

Nicaragua

Venezuela

*Subsequently, Colombia and Peru joined the Group.

**Rules of procedure for the Working Group formed by OPANAL General Conference
Resolution CG/E/Res.551.**

1. The Working Group is a subsidiary organ of the General Conference pursuant to Article 8 of the Treaty of Tlatelolco and Article 35, Chapter VIII, of the Rules of Procedure of the General Conference.
2. The Working Group shall be open to all Contracting Parties to the Treaty of Tlatelolco during its first four working sessions; from its fifth session onwards, Member States' representatives may join the Group as observers.
3. The Working Group shall elect a Coordinator from among Member States' representatives; his duty shall be to lead the work of the Group. In the temporary absence of the Coordinator, the Group shall elect an interim Coordinator.
4. The Working Group shall meet *as many times as it considers* appropriate.
5. The Working Group could form subgroups aimed to address specific issues under the mandate conferred on them.
6. The Working Group shall make every effort to adopt its decisions by consensus. In the event that consensus could not be reached, the Group would then take decisions by simple majority of the votes cast by Member States' representatives.
7. OPANAL Secretariat General shall provide technical assistance to the Working Group, including the production of the minutes of all its meetings.
8. The minutes produced by the Secretariat General shall not individually identify any Member States' representatives, their positions and/or comments. The minutes shall describe the deliberations of the Group in an impersonal way, unless Member States' representatives request otherwise.

ANEXO II**MEMBERS OF THE WORKING-GROUP ON THE ANALYSIS AND REVIEW
OF THE FINANCIAL REGULATIONS**

Mexico:	Dorian Fernández Elwes BA (Coordinator)
Bolivia:	First-Secretary Peggy Nieves Maldonado Minister Counsellor Jorge Caballero
Brazil:	Secretary Juliana Soares
Chile:	Secretary Jorge Valenzuela
Colombia:	Second-Secretary Manuela Ríos
Cuba:	Secretary Raúl Mojena Suárez Secretary Elier Almeida
Nicaragua	Minister Counsellor Juan Carlos Gutiérrez
Peru:	Minister Counsellor Elizabeth González
Venezuela:	Counsellor Alba Méndez
Secretariat General:	Ambassador Gioconda Ubeda – Secretary-General Claudia Salgado – Administrative and International Cooperation Officer