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XX Regular Session of the General Conference  
Agenda Item 9  
Mexico City, 22 November 2007.

**REPORT OF THE COMMITTEE ON CONTRIBUTIONS AND  
ADMINISTRATIVE AND BUDGETARY MATTERS**

**I. BACKGROUND**

1. The responsibilities and authority of the Committee on Contributions and Administrative and Budgetary Matters (CCAAP) are governed by the Financial Regulations approved at the XVI Regular Session of the General Conference held in Lima, Peru in November 1999.
2. During the XVIII Regular Session of the General Conference, held in Havana, Cuba on 5-6 November 2003, Belize, Brazil, Chile, Guatemala, and Mexico were elected as Members of the Commission for a four-year period from 1 January 2004 to 31 December 2007. (Res. CG/Res.452)

**II. ACTIVITIES**

3. In order to comply with Article 12.01 of the Financial Regulations, the Committee on Contributions and Administrative and Budgetary Matters at its 66th Session held on 6 February 2007, elected by acclamation the Representative of the Republic of Chile, First Secretary Roberto Ubilla Quevedo, as president of the CCAAP.
4. A total of four meetings were held (February 6, June 20, October 3, and October 25), documents CCAAP/AR/66, 67, 68 and 69. The Representatives of Argentina, Bolivia, Cuba, Ecuador, Peru and Uruguay participated as observers.
5. As agreed at the 67th Session, the president of the CCAAP presented a report at the 51st Special Session of the Council (June 2007) on the Agency's financial situation, which had led to the

resignation of the Secretary General, Ambassador Edmundo Vargas Carreño. For more details please see the aforementioned report by the President of the CCAAP, which is attached hereto.

6. With the information provided by the acting President of the Council, the CCAAP conducted an assessment of the expenditures made during the most recent quarter of 2007 as well as the income received during the same period.

### **Draft Budget for Fiscal Year 2008**

7. The Draft Budget for Fiscal Year 2008 is presented for consideration, and if appropriate, approval. The CCAAP considered it appropriate to keep the budget at \$324,000.00 USD, the same amount approved for FY 2007, which will allow the Deputy Secretary General, with certain restrictions, to fulfill the responsibilities conferred upon him by the Treaty of Tlatelolco and the resolutions of the General Conference.
8. In an effort to address any possible contingencies, the Agency should maintain discipline and austerity throughout 2008, while at the same time having access to, if necessary and with prior approval of the Council and this Committee, the unused income from 2007.

### **Resolution CG/E/Res.492 (E-XVIII) “Analysis of the Agency’s Dire Financial Situation” and Resolution CG/E/Res.463 (E-XVII) “Discount Program for the Strengthening of OPANAL. Timely Payment of Contributions.”**

9. Resolution CG/E/Res.492 was approved during the XVIII Special Session of the General Conference in November 2006. Its operative paragraph 3 reads: “To authorize the CCAAP and the Council to accept the proposals that the Governments of Antigua and Barbuda, Bolivia, Dominica, El Salvador, Haiti, Dominican Republic, Saint Kitts and Nevis, Saint Lucia, and San Vincent and the Grenadines may make in an effort to pay part of their debts, while forgiving the remaining amount based on the criteria set forth in Resolution CG/E/Res.463 (E-XVII) of November 2004.”
10. During the same Special Session of the General Conference, an urgent call was made by the Secretary General to the member countries in light of OPANAL’s uncertain future--come January 2007 it would be unable to meet its minimum obligations. Furthermore, the Committee on Contributions and Administrative and Budgetary Matters (CCAAP) was informed that the aforementioned resolutions had

been sent via diplomatic note and agreed with the Secretary General regarding the promotion of a mechanism that would help encourage the payment of contributions in arrears that some Member States have with the Agency.

11. As a result of the aforementioned efforts, the Government of the Republic of Bolivia in diplomatic note EBME 044/2007 of February 9, 2007, took advantage of the resolution and decided to present a payment program factoring in an 80-percent discount and committing to pay the remaining 20 percent in yearly installments over a five-year period, in addition to its corresponding contribution for the current year. The Committee on Contributions and Administrative and Budgetary Matters at its 67<sup>th</sup> Session on June 20, approved the payment plan.
12. The CCAAP wishes to emphasize the special nature of these discounts and respectfully calls upon the Member States in arrears to take advantage of the payment facilities and bring their contributions up to date.

### **Repatriation and Transfer of Household Goods of the Secretary General**

13. At its 67<sup>th</sup> Session on June 20, 2007, the CCAAP presented for Members' and Observers' consideration the request by the Secretary General, Ambassador Edmundo Vargas Carreño, that his repatriation and household goods transfer costs be paid by the Agency in light of his resignation. The CCAAP approved \$12,000.00 USD to cover the Secretary General's requested expenses.

### **III. RECOMMENDATIONS**

14. Present for the consideration of the General Conference the Draft Budget and Scale of Contributions for Fiscal Year 2008, including a credit of \$324,000.00 USD.
15. Recognize the efforts of the OPANAL Member States to pay their contributions and of the current Presidents of the Council for their efforts to contribute to the economic and financial health of the Agency.
16. To respectfully call upon the governments of the countries that are in arrears to take advantage of the "Discount Program for the Payment of Contributions, Contingency/Emergency Fund," found in Draft Resolution CG/L.518 Rev. and avail themselves of the benefit offered by the Discount Program.

17. The CCAAP recognizes the Member countries for their support and efforts to pay their contributions.

18. As regards the contractual relationship and payment of rent for the office space used as the Agency's headquarters, the CCAAP prepared and delivered an aide memoire to the Council for evaluation and approval. This was done in an effort to help the current President of the Council in his dealings with the Embassy of the Bolivarian Republic of Venezuela. The CCAAP also recommended to the Council that the Delegation of Mexico continue negotiations with the Embassy of the Bolivarian Republic of Venezuela to ensure greater continuity of the process.

19. At its 69<sup>th</sup> Session on October 25, the President of the Committee on Contributions and Administrative and Budgetary Matters met with representatives of the Accounting Firm BDO Hernández Marrón y Cía., S. C. and received the auditing reports of the fourth quarter of 2006 and the first three quarters of 2007, which are found in Documents CG/612 and CG/620.

20. In addition, the following Draft Resolutions were prepared for the General Conference:

- Discount Program for the payment of contributions: Contingency/Emergency Fund (Doc. CG/L.518 Rev.).
- Election of the Members of the Committee on Contributions and Administrative and Budgetary Matters (Doc. CG/L.522).
- Agency's Draft Budget for Fiscal Year 2008 and the Scale of Contributions for the Apportionment of the Agency's Expenses for 2008. (Doc. CG/L.523).
- Certification by the External Auditor of the Agency's Financial Statements from October 1 to December 31, 2006 and from January 1 to September 30, 2007. (Docs. CG/L.524 and CG/L.525).