



---

Twenty-first Regular Session of the General Conference  
Agenda Item 7  
Mexico City, 26 November 2009

## **REPORT OF THE COMMITTEE ON CONTRIBUTIONS AND ADMINISTRATIVE AND BUDGET MATTERS**

The Committee on Contributions and Administrative and Budget Matters (CCAAP) presents to the Twenty-first Regular Session of the General Conference the Report on the results of its activities for 2009.

### **MEMBERS OF THE CCAAP**

1. Article 12 of the Financial Regulations of OPANAL establishes that: “The General Conference shall elect the Members of CCAAP, five members elected for a period of four years and they may be reelected for an additional period of four years. Other countries that also express their wish to participate shall be elected by the General Conference as full members of CCAAP, for a period of one year.”
2. During the Twentieth Regular Session of the General Conference held in Mexico City on 22 November 2007, by means of Resolution CG/Res.501 Belize, Brazil and Guatemala were reelected and Cuba and Nicaragua elected for a period of four years, whose mandate will conclude on 31 December 2011.

### **DELIBERATIONS OF THE CCAAP**

3. In 2009 the Committee held 6 working meetings (29 January, 26 March, 21 May, 16 July, 8 September and 29 October) which appear in the Minutes CCAAP/AR/77, 78, 79, 80, 81 and 82.
4. The Representatives of Bolivia, Chile, Costa Rica, Ecuador, Honduras, Jamaica, Mexico, Paraguay, Peru and Uruguay participated in the meetings as Observers.
5. The Deputy Secretary General, Ambassador Perla Carvalho, was present at all the meetings.

In accordance with its mandate, the CCAAP considered the following topics:

### **ELECTION OF THE PRESIDENT**

6. In its Session on 20 January (CCAAP/AR.77), the Committee elected as President the Representative of the Republic of Cuba, Counsellor Dulce María Buergo Rodríguez.

During the meetings various topics were examined, in compliance with the decisions arising from resolutions 507, 508, 509, 510 and 511 adopted in 2008 during the Nineteenth Special Session of the General Conference of OPANAL, namely:

- Changes to the Financial Regulations;
- Reactivation and restructuring of the accounting items that make up the Fund for Peaceful Uses of Nuclear Energy;
- Measures aimed at encouraging timely payment of contributions;
- Application of the Budget of the Agency for Fiscal Year 2009 and of the Scale of Contributions for the Assessment of the Agency's expenses for the year 2009
- Financial Statements and Auditors' Report to 31 December 2008.

### **CHANGES TO THE FINANCIAL REGULATIONS**

#### **Resolution CG/Res. 507 (XIX-08)**

7. The Committee on Contributions and Administrative and Budget Matters addressed the topic **“Financial Regulations, Article 6: Collection of Contributions.”** For administrative reasons the possibility of extending the final date for payment of contributions to 30 June each year was considered, since for many countries it was impossible to pay their contributions in the first month of the year. The Committee accepted this suggestion from the General Secretariat. As will be recalled, the previous Regulations stated that: “The amount of the Contributions shall be demandable within the first 30 days of January each year...” The new wording of Article 6 reads:

“The amount of the quotas shall be demandable within the first half of each year so that the activities of the Agency are not affected for lack of resources. Should the Member States not have complied with their payment in that period, the Secretary General shall conduct consultations on the date projected by each State for the payment of their contributions. Renegotiation of overdue contributions may only be effected with the approval of the Council.”

8. The Deputy Secretary General informed CCAAP of the sending of diverse communications to the Member States on the content of the above-mentioned resolution.

**REACTIVATION AND RESTRUCTURING OF THE ACCOUNTING ITEMS THAT  
MAKE UP THE FUND FOR PEACEFUL USES OF NUCLEAR ENERGY  
Resolution CG/E/Res.508 (XIX-08)**

9. Resolution CG/E/Res.508 (XIX-08) approved “The modification of the Financial Statements in the General Balance so that the Fund for Peaceful Uses of Nuclear Energy should be reactivated, the voluntary contributions it originally had be restored to it and it be made up of the temporary resources of 5% of bank surplus from budget years 2007, 2008 and 2009 and of the voluntary contributions of the Member States. CCAAP was informed of the opening of two new bank accounts. The first (No. 07003134905) to reactivate the Fund for Peaceful Uses of Nuclear Energy (FUPEN), in which the contributions of the Member States are restored for an amount of US\$14,466.00, as well as 5% of bank surpluses of the year 2007 (US\$11,143.67) and 2008 (US\$7,360.20), making a total of US\$25,609.67. As per instructions of the Council, US\$23,000.00 were withdrawn from this account for the payment of the Classroom Course on “Nuclear Problem Areas and Currently there is a balance in the amount of US\$9,960.67. When this Fund was reactivated notes were sent to all the Member States requesting them to inform “...on specific topics of their interest to consolidate a thematic agenda in coordination with the Council, in order to carry out dissemination projects to be financed by FUPEN,

emphasizing that Member States that are up to date with their contributions upon conclusion of the transition period, will have priority to benefit from said projects.”

10. The second account (No. 07003135001) was opened to reactivate the Reserve Sub-fund (Art. 55b of the Rules Regulating the Functioning of the General Secretariat of OPANAL) with 95% of the 2007 surpluses (US\$211,729.81) plus the 2008 surpluses (US\$139,843.78), representing a total of US\$351,596.26.
11. Moreover, the above-mentioned resolution, in operative paragraph 3, requested “To Create a Special Recovery Fund that groups together the Operations Fund, the Items Not Allocated and Contributions of the Agency, so that the presentation of the Financial Statements reflects the Agency’s current reality.” The decision in this regard was reflected in the document “Financial Statements and Auditors’ Report to 31 December 2008” (Doc.CG/627).

#### **MEASURES AIMED AT ENCOURAGING TIMELY PAYMENT OF CONTRIBUTIONS**

##### **Resolution CG/E/Res.509 (XIX-08)**

12. In order to comply with Resolution CG/E/Res.509 (XIX-08), CCAAP requested the General Secretariat, before 31 December each year, to remind debtor countries of their disposition to find a solution for compliance with their financial obligations. In this regard, notes were sent to the countries with information on their indebtedness and, in some cases, the willingness of the General Secretariat to find a solution by mutual agreement for the payment of their contributions was reiterated.
13. On operative paragraph 2) which decided to “Entrust to the General Secretariat and the five Members of the Council with promoting the holding of a meeting with the debtor countries that do not have Representations in Mexico, whether in New York (UN) or in Washington (OAS) in order to draw their attention,” the Deputy Secretary General informed CCAAP at its 78<sup>th</sup> Session of her requesting the support of the Ambassador of Jamaica to convene a meeting in Washington with the countries of CARICOM in February. The Meeting with the Representatives of the Caribbean, in addition to the Delegates of Brazil and Mexico, was held on 27 February 2008 within the framework of the Deputy Secretary General’s participation in the Committee on Hemispheric Security of the OAS in Washington. During the meeting there was an exchange of viewpoints on political and financial issues, as well as on the mechanisms to regularize their payments and a document on the status of each country's contributions was

turned over to the attendees. After this meeting payments by Bahamas, Guyana and Trinidad and Tobago were received.

14. CCAAP agreed that the General Secretariat should send formal notes informing of the contributions at the beginning of each year, as well as the statement of account and the details of the Agency's bank account, in order to remind the countries of the need to bring themselves up to date. The General Secretariat sent the notes with the respective attachments to all the Member States. To date (9 November) payments have been received from: Guyana, Jamaica, Ecuador, Trinidad and Tobago, Bahamas, Belize, Cuba, Brazil, Mexico, Chile, Argentina, Guatemala, Costa Rica, Bolivia, Panama and Nicaragua.
15. Among other matters, CCAAP was informed of the "**Signing of staff annual contracts**" for the case of three members of the Secretariat and one hired for a limited time, with a view to possible annual hiring.
16. Furthermore, during the 78<sup>th</sup> Session, CCAAP studied the document CCAAP/Mem./13 on the "**Organization of the Archive**" which contained a diagnosis of the current situation of the archive, indicating the possibility of modernizing and updating it. It was informed that there was no archivist and no classification system for same. CCAAP appreciated the document and requested that a comparative chart be presented with the two proposals received from Compañía Lara, Co., S.A. and the School of Records Management, Mr. Enrique Josué Lara Salceda. At its 79<sup>th</sup> Session, CCAAP approved the option of Mr. Lara Salceda, for whom a three-month contract was drawn up in the amount of \$95,000.00 (NINETY-FIVE THOUSAND PESOS). Currently there is a procedural archive (active phase), a concentration archive (semi-active phase) and a historical archive duly ordered with a methodological system for control, registration, inventory and table of duration for the localization and retrieval of the documentation.

#### **PRESENTATION OF THE FINANCIAL STATEMENTS TO 31 DECEMBER 2008 BY THE EXTERNAL AUDITORS' FIRM**

17. In accordance with Article 15 of the Financial Regulations, CCAAP at its 79<sup>th</sup> meeting, considered the Financial Statements and the Auditors' Report to 31 December 2008, which states:

"We have examined the financial situation of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL) to 31 December 2008 and the statement of earnings and

expenditures of the General Fund relative to it, following the principles governing the activities of the External Auditor in accordance with Articles 13, 14 and 15 and other applicable ones of the Financial Regulations of OPANAL. Said financial statements are the responsibility of OPANAL. Our responsibility lies in expressing an opinion on same based on our audit.

In our opinion, except for the accounts receivable not covered to OPANAL by the Member States for US\$699,153.98, the accompanying financial statements, as identified in the letter of presentation addressed to the Deputy Secretary General of OPANAL, which in keeping with the Regulations are expressed in dollars of the United States of America, reasonably reflect the financial situation of OPANAL to 31 December 2008 and the corresponding application of funds to accounting items of the Budget approved for the year 2008.

**WE HEREBY CERTIFY:** that the above-mentioned financial statements and their statements of account "A", "B", "C" and "D" attached, are presented in accordance with the data entered in their accounting records.

The report accompanying this opinion furnishes complementary data for a better interpretation of the financial statements and their corresponding statements of account.

The General Balance of OPANAL shows available funds for US\$176,137.04, Permanent Equipment of furniture for US\$1,886.94 and Deposits in guarantee for US\$3,400, Restricted Funds that have been reconstituted for US\$384,543.87 which includes a Reserve Fund for US\$351,573.59 and the Fund for Peaceful Uses of Nuclear Energy for US\$32,970.28. The debts are in accounts payable referring to operating costs covered for US\$2,634.27 and taxes pending payment for US\$553.78; accounts payable US\$3,188.05 and accounts receivable US\$699,153.98. Thus the data are supported in the Report. The Budget approved for US\$324,000.00, the expenditures made (Statements of Account C) for US\$181,995.17, have been applied to Items Not Allocated of 5% to FUPEN for US\$7,360.20 and 95% to the Reserve Sub-fund, giving a total of US\$147,203.98. It explained the tables presented." (f)

CCAAP took note and approved them at the following meeting.

## **POSSIBILITY OF DEPOSITING THE RESERVE SUB-FUND TO GENERATE INTERESTS**

18. The Deputy Secretary General presented CCAAP at its 80<sup>th</sup> Session with information on annualized returns from fund management firms and from HSBC bank at fixed terms in USD. After an exchange of opinions it was concluded that investing in a fixed-term option would be studied, subject to compliance with obligations on the part of the Member States. After consultations with the Legal Section of HSBC Bank and bearing in mind the Headquarters Agreement with the Mexican government, not charging income tax to OPANAL was approved.
19. CCAAP was informed that the General Secretariat would devote itself to finding a risk-free bank account to obtain some profit, however small, in view of the worldwide economic instability. The Representative of Brazil suggested to the Deputy Secretary General making contact with the Director of HSBC for Latin America with the aim of examining possible investment alternatives for OPANAL's funds. As a result of these steps, OPANAL's checking account will have earnings of 0.10%.
20. At the 81<sup>st</sup> Session held on 8 September, CCAAP received a visit from two officials of HSBC Bank, who explained the different forms of investment and their returns. After a dialogue with the Representatives it was concluded that the checking account of the Reserve Sub-fund would be maintained with the earnings of 0.10% monthly and the representatives of the bank pledged to communicate to OPANAL the increases in interest rates registered in fixed-term investment accounts. It was agreed to authorize the General Secretariat with the necessary flexibility to take a decision on investment for a six-month term as soon as interest rates increase.

## **CLASSROOM COURSE "NUCLEAR PROBLEM AREAS"**

21. The Committee on Contributions and Administrative and Budget Matters broadly treated the topic of the forming of the **Fund for Peaceful Uses of Nuclear Energy** (FUPEN) and authorized the financing from the latter of the Classroom Course on "Nuclear Problem Areas", held from 2 March to 2 April, for an amount of US\$23,000. Following this payment, the balance of FUPEN was US\$2,609.67, an amount to which were added the surpluses of the year 2008 for US\$7,360.20. Currently FUPEN has a total of US\$9,969.87.

### **ONLINE COURSE ON “NUCLEAR PROBLEM AREAS”**

22. CCAAP was informed of the preparation of an Online Course to which the Member States, PARLATINO, ABACC, the Inter-American Defense Board, the Ministry of National Defense of Mexico, the Andean Community and UNASUR were convened. The course began on 21 September with 11 participants from Brazil, Costa Rica, Ecuador, Guatemala, Peru and the Dominican Republic. The Online Course will have a cost of US\$8,300.00 and will be financed from the Fund for the Peaceful Uses of Nuclear Energy (FUPEN).

### **PROJECT ON THE MAKING OF A DOCUMENTARY ON THE THEME OF NUCLEAR DISARMAMENT**

23. At the 80<sup>th</sup> Session, CCAAP studied document C/DT/83 which contains a guide for the preparation of a documentary, as well as the budget for its making, which would be financed by the Fund for Peaceful Uses of Nuclear Energy (FUPEN). In this regard, the Representative of Brazil stressed that it was important that its duration should not exceed 15 minutes and explained that the Brazilian Foreign Ministry and the Ministry of Education would be willing to cooperate in dubbing the documentary into Portuguese. The Deputy Secretary General informed that it would be aimed at primary and secondary students and the possibility of its production in other languages was considered.
24. At the 81<sup>st</sup> Session, the Committee received document C/DT/83 Rev.1, in which the General Secretariat presented two modifications to the documentary project, in which it was proposed that it should be intended for children aged 10 to 15 and a new estimate was presented. It explained that the Company VideoTransfer had been chosen for the production of the documentary, since it had greater experience in educational videos.
25. The documentary will have a cost of US\$6,130.00 and will be financed from the 2009 Budget, Section 3.3.1 Seminars and Conferences for an amount of US\$5,500.00 and the shortfall will be obtained from FUPEN.

### **DRAFT BUDGET FOR FISCAL YEAR 2010 AND DRAFT SCALE OF CONTRIBUTIONS FOR THE ASSESSMENT OF THE AGENCY’S EXPENSES**



26. In accordance with Article 2 of the Financial Regulations, at its 80<sup>th</sup> meeting held on 16 July, CCAAP received the Draft Budget prepared by the Deputy Secretary General, with changes in certain headings. The Deputy Secretary General referred in detail to the proposed changes, among them the salary and social benefits of the Secretary General, which had not been modified since they were approved in 1997. In the item of Administrative Expenses, a reduction was also proposed under the heading of printing and translation of documents, since in 2010 there will be no Regular General Conference.
27. At the 81<sup>st</sup> Session held on 8 September the Draft Budget was approved, for a value of US\$324,000.00, as well as the Scale of Contributions corresponding to the year 2010, which remains the same as the current one at this time. Document CG/632 Prov. presents the proposal for its approval and subsequent distribution to the Member States.

#### **FINANCIAL SITUATION OF THE AGENCY**

28. CCAAP received information at all its meetings on the Agency's financial situation. To 31 December 2008 the balance was US\$321,672.63. To 9 November this year, after the expenses disbursed to date, the total amount reached US\$278,591.13.
29. Pursuant to Article 6.04 of the Financial Regulations, the Member States received quarterly reports on Collection of Contributions, closing on 31 March, 30 June and 30 September.

### **OTHER MATTERS**

30. CCAAP took note at its 81<sup>st</sup> Session of the steps taken by the Representative of Mexico to obtain a building owned by the Mexican government to locate the headquarters of the Agency, who informed that due to the budget cutbacks that have taken place in the country it had not been possible to obtain.
31. It was also informed of the punctual payment of the rent and maintenance of the floor that OPANAL's offices occupy in 2009.
32. CCAAP at its 80<sup>th</sup> Session, after approving the Certification of the External Auditor of the Financial Statements of the Agency for 2008, was informed that the External Auditors' Firm BDO Hernández Marrón y Cía. S.C., elected by Resolution 482 (XIX-05) for a period of four years, was concluding its mandate on 31 December 2009. In accordance with Article 14, paragraph 1 of the Financial Regulations, after analyzing and consulting the Members of the Committee on the work performed by the above-mentioned Auditors' Firm, it was proposed to reelect it for a new period. Consequently, a draft resolution is submitted to the consideration of the General Conference which extends the period for another four years, by virtue of its good performance and recognized prestige.
33. CCAAP approved favoring OPANAL's international presence and recommended to the Council that the General Secretariat should continue to participate in the international meetings on topics of interest to the Agency. In this regard, it was apprised of the invitations it received during the year, namely: Committee on Hemispheric Security of OAS; Meeting of Focal Points of the NWFZs; First Commission of the General Assembly of the United Nations and Seminar on the Nuclear-Weapon-Free Zone in the Arctic (Puwguash).
34. The Committee submits for the consideration of the General Conference the following Draft Resolutions:

## **RECOMMENDATIONS OF CCAAP**

- Report on the Committee on Contributions and Administrative and Budget Matters (CCAAP) (CG/L.539).
- Draft Budget and Scale of Contributions for the Assessment of the Agency's Expenses corresponding to the year 2010 (CG/L.540).
- Financial Statements and Auditors' Report to 31 December 2008 (CG/L.541).
- Appointment of the External Auditors' Firm BDO Hernández Marrón y Cía., S.C. (Doc.CG/L.542).