



XX Special Session of the General Conference
Item 8 in the Agenda
Mexico City, 18 November 2010

REPORT OF THE COMMITTEE ON CONTRIBUTIONS AND ADMINISTRATIVE AND BUDGET MATTERS

The Committee on Contributions and Administrative and Budget Matters (CCAAP) hereby submits the Report of activities 2010 to the XX Special Session of the General Conference.

MEMBERS OF CCAAP

1. Section 12 in OPANAL Financial Regulations determines as follows: “The General Conference shall elect the members to the CCAAP. Five members of the CCAAP will be elected for a period of four years and could be re-elected for a period of an additional 4 years. Other countries who express the desire to participate shall be elected by the General Conference to the CCAAP as full members for the period of one year.”
2. During the XX Regular Session of the General Conference, held in Mexico City on 22 November 2007, by Resolution CG/Res.501, Belize, Brazil and Guatemala were reelected and Cuba and Nicaragua were elected for a four-year period, the mandate of which will conclude on December 31, 2011.

DELIBERATIONS OF THE CCAAP

3. During 2010, the Commission held five working sessions (April 8, June 3, August 26, September 30 and October 21) duly recorded in Minutes CCAAP/AR.84, 85, 86, 87 and 88 respectively.
4. The representatives of Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Jamaica, Mexico, Panama, Paraguay and Venezuela took part in the meetings as Observers.

5. The Secretary General, Ambassador Gioconda Ubeda Rivera drafted the Agendas and was present in all meetings.

Based on its mandate, CCAAP considered the following items:

PRESIDENT ELECTION

6. On the session held on April 8 (CCAAP/AR.84) the Commission elected as President the Representative of the Brazilian Federation, Minister Counselor Antonio Francisco Da Costa e Silva Neto.

During the meetings several issues were analyzed, among them compliance of decisions derived from the following resolutions approved on the XXI Regular Session of the General Conference of OPANAL:

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Program to settle delinquent quotas

7. The Committee on Contributions and Administrative and Budget Matters worked on item 2 of Resolution CG/Res.520 (XXI-09) about “To authorize the General Secretariat, so that in conjunction with the CCAAP, it may take the necessary measures with representations before OPANAL in order to secure the payment of contributions in arrears.” The Secretary General submitted to CCAAP, as the financial instance of the Agency, the note EP/ME/5No.09/10 from the Embassy of Paraguay dated April 5, 2010 by which it was requested to observe Resolution CG/Res.497 (XX-07) “Discount program for settlement of Contingency/Emergency Quotas-Fund” bearing 50% discount, proposing payment in the amount to 30% on a specific date plus the quota of the current year and the remaining 20% within a five-year term plus the corresponding annual quotas. The CCAAP agreed to approve the request and the President and the Secretary General visited the Ambassador of Paraguay, who said he would meet with his Chancellery to discuss the proposal and that he needed to work on the details. A note was then drafted with a payment calendar to start the political labor that, if accepted, would be notified to the Committee as stated on the Resolution detailed as follows: “...the renegotiation of the debt may only take place after express approval of the Committee.” On Session 85 (3/VI/10),

CCAAP was informed by the Secretary General that the Republic of Paraguay was considering the possibility for OPANAL agreement with regards to payment of delinquent quotas to come into force until 2011. In Session 88, CCAAP was informed that the Government of the Republic of Paraguay deposited US\$22,306.30 (8/X/10) therefore adhering to the discounts program approved by Resolution CG/Res.497.

8. CCAAP was informed about the participation of the Secretary General in the XXXIX Special Session of the General Assembly of the Organization of American States (OAS) in Washington, in which verbal notes were delivered to the Ambassadors of countries that do not have representation in Mexico with regards to their status on obligations and compliance thereof.
9. Likewise, it got acquainted with the beginning of negotiations with the Embassies of the Member States in Mexico with the same purpose. The Secretary General reported a visit paid to the Ambassador of Haiti where they spoke about some aspects of the regularization of the country's participation in the Agency. The relevant documents were duly delivered. The Secretary General also visited the Ambassador of the Dominican Republic to discuss the possibility of catching up in the payment of quotas and reported a payment made, thus indicating there is good will to comply with its obligations. She also visited the Ambassador of the Republic of Peru to study the possibility of catching up in the payment of quotas.
10. CCAAP supported the discussions held between the Secretary General with the Ambassador of the Bolivarian Republic of Venezuela about the lack of payments of the quotas corresponding to 2009 and 2010. The Ambassador said he would make some consultations so as to attain a satisfactory solution for both parties. It was agreed that as of June the rent of the floor where the offices are located will not be paid. The Agency is in good standing with regards to other expenses related to the office. Venezuela paid in July the quota corresponding to 2009.

Special Funds

11. The Committee was informed that on June 9, 2010 the Secretary General deposited, on compliance with Resolution CG/E/Res.508 (XIX/E/08), the amount of US\$6,488.16 that correspond to 5% of the Items not spent in 2009. Therefore, the Fund for Pacific Uses of

Nuclear Energy (FUPEN) had US\$7,632.73. The remaining 95% (US\$123,275.06) was deposited on the Reserve Sub-fund amounting to US\$457,174.14.

Second On-line course

12. On Session 85, CCAAP learned that in order to conduct the Second On-line Course US\$7,800.00 were necessary to pay for fees and operational costs there from. Therefore, US\$7,300.00 were taken from FUPEN and the rest was covered from OPANAL current account.
13. On its 88 Session, CCAAP learned from the Secretary General that one on-line course in Spanish was pending as well as the design and drafting of the on-line course in English so she required the approval of the CCAAP, in order to transfer from the Reserve Subfund to FUPEN account, the amount of US\$32,300.00 including US\$7,800.00 for the pending on-line course in Spanish and US\$24,500.00 for rights, fees and design of the on-line course in English. The Secretary General was requested a Memorandum explaining in retail the investment to be made in 2011, subject dealt with in the Committee.

Renovation of the Agency's vehicle

14. Other subject was the amounts paid for maintenance of the Agency's vehicle. The CCAAP requested the Secretary General to provide a comparison chart to study the possibility of replacing the vehicle. The CCAAP approved in its session 85 on June 3, 2010 the purchase of a Honda Accord 4 cylinders, automatic, authorizing the Secretary General to withdraw US\$18,000.00 from the Reserve sub-fund to cover the related expenses.

Dubbing the documentary "Say no to nuclear weapons"

15. The Quotas Commission was informed in its Session 86 that the re-edition of the documentary into English will cost MXP\$36,000.00 to be paid by the Reserve Sub-fund. This decision was approved taking into consideration the importance of having it distributed in Caribbean countries, for publication purposes and to be used in International Organizations and in the NWFZs.

Delinquency in quotas

16. In the same session, CCAAP was informed of the lack of payment of quotas of some Member States during the first half of the year, as it is established in the Financial Regulation, since only 29% of the total Budget was collected as of that date. The Commission requested the Secretary General to send individual notes to each one of the countries in connection to their due payments to as to settle their quotas accordingly.
17. Likewise, the President of CCAAP requested to the Secretary General clear and precise information about the obligations pending by the Caribbean countries, stating the possibility of making a joint effort with other countries that have Embassies there, as it is the case of Brazil, Cuba and Jamaica.

Presentation of the Financial Statements as of December 31, 2009

18. Based on Article 15 of the Financial Regulations, Session 86 of the CCAAP received the Representative of BDO Hernández Marrón y Cía., C.P.A. Luis Alberto Cámara Puerto, who submitted document CG/E/633, reading:

“We have examined the financial situation of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL) as of December 31, 2009 and the related statement of income and expenditures of the General Fund following the principles that govern the external auditors’ activities in compliance with articles 13, 14 and 15 and other applicable articles of the Financial Regulations of the OPANAL. These financial statements are the responsibility of the OPANAL. Our responsibility is to express an opinion on the financial statements based on our audit.

In our opinion, except for the accounts receivable totaling US\$747,841.89 dollars that have not been paid to the OPANAL by the Member States, the accompanying financial statements, as identified in the presentation letter addressed to the Secretary General of the OPANAL, which in compliance with the Regulation are expressed in US dollars, presented fairly the financial situation of the OPANAL as of December 31, 2009 and the corresponding application of funds to the items of the budget approved for 2009.

WE CERTIFY that the related financial statements and the accompanying account statements “A”, “B”, “C” and “D”, are presented in compliance with information contained in the accounting records.

Supplemental data are provided in the report that accompanies this opinion to provide the best interpretation of the financial statements and the corresponding account statements.”

Moreover, the Representative of the Auditors reported to CCAAP that they are working together with the Agency’s administration to propose a structure that will provide more transparency and clarity to the financial statements subjecting any change thereof to the Financial Information International Rules.

The Agency's Accounting and Technological Modernization

19. The CCAAP in Session 86 approved the request submitted by the Secretary General on Memorandum CCAAP/Mem.14, justifying in detail the expenses required to modernize OPANAL:

- Accounting area.- To engage the current Advisor as External Accountant, since the accountable books are kept by one officer who dedicates one week of labor to do so. The intention is for her to work on substantial matters. Authorization was requested to pay US\$1,139.59USD due to a difference from the 2010 budget.
- Technological area.- Acquisition of a new computer supporting the implementation of current multimedia programs. The cost will be US\$827.37
- Change in the telephone system.- the phone system is 20 years old. Renewal thereof will help the work of the Assistant receiving phone calls. It costs US\$1,585.65.
- Expenses were also approved for the participation of the Secretary General in the First Commission of the UN General Assembly in New York, since the budget approved this year includes two trips to New York, one to take part in the 2010 Review Conference of State Parties to the NPT and another one to assist to the First Commission. The Secretary General participated at the end of April and beginning of May in the Second NWFZs Conference and this expense was not considered in the budget. Moreover, the plane ticket was more expensive than initially approved.

Draft Budget and Scale of Contributions for the Apportionment of the Agency's expenses for the year 2011

20. Subject to Article 2 of the Financial Regulation, during Session 86 held in August, the CCAAP received the Draft Budget prepared by the Secretary General, with changes in the codes to bring them up-to-date, based on the current international rules, together with Memorandum 15, where she explains the most relevant adjustments, detailing the changes proposed.
21. Upon request of CCAAP, the Secretary General on October 7, issued a new CCAAP/Mem.2/15, clarifying on the new design for the Budget on the same financial

basis than that applied since 2006. As one member of the staff will retire, it was decided to maximize human, technological and financial resources reorganizing the duties of the two officers left, plus a new professional to be engaged for that purpose. CCAAP made remarks on:

- a) The updating of nomenclature, content and salaries of three officers in the Agency.
 - b) Reallocation of contributions and social benefits of the Secretary General.
 - c) Regarding the next XXII Ordinary Session of the Conference General, it was left as Pro-Memorial, since there is no certainty of conducting it in the host country or in one of the Member States.
 - d) With regards to Official Representations, CCAAP proposed to determine the amount to be spent and the Council would evaluate the objectives and the strategy to be followed about the need for the participation of the Secretary General in other international forums and considering the recommendations of the coordinators in New York and Geneva.
22. The Draft Budget total value is US\$324,000.00, as well as the Scale of Contributions corresponding to 2011, are kept the same as the one of this year. They are presented in document CG/E/637 Prov., together with the proposal for approval and later distribution to all Member States.

Agency's Financial Situation

23. The CCAAP received information on all its meetings about the Agency's financial condition. As of December 31, 2009 the balance amounted to US\$255,092.16. As of October 31 of this year, after the expenses made so far, the bank account's balance adds up to US\$211,590.07.
24. Also, the CCAAP was informed that the Reserve Sub-Fund balance as of October 31 was US\$455,295.12 and that of FUPEN amounts to US\$308.45.

Other Issues

25. Likewise, the CCAAP authorized the Secretary General to change the upholstery of the furniture in the Meeting Room, revaluating the Agency's assets, as well as the change of frames of the decorating pictures in the offices and new curtains for her office.
26. The CCAAP registered, on its Session 87, what was expressed by the Representative of Mexico about the possibility of obtaining a building property of the Mexican government to locate the Agency's headquarters. Reported that the progress made in that regard was not as expected and that a reassignment process was been conducted in the Chancellery office so it may become a reality next year.
27. The Commission was informed about the invitation made to the Secretary General by the PNUD Representative to visit their headquarters and consider the possibility of OPANAL moving to the same building. Unfortunately, it was not possible due to the limited space.
28. The Committee was also informed about the payment of rent and maintenance of the floor occupied by OPANAL during the year 2009. In May it was reported that due to the pending quotas of Venezuela, only maintenance costs of the building's common areas would be paid. As soon as the payment corresponding to the 2010 quota is received, the due rents would be paid.
29. The CCAAP approved to privilege the international presence of OPANAL and requested the Council to define the criteria that will regulate the Secretary General's participation in international meetings or other events and visits related to the subjects that are of interest for the Agency.
30. The Secretary General reported that Mrs. Eva Suck Miranda will enforce her right to retirement after working for the Agency more than 30 years. CCAAP approved to submit this situation to the Council.
31. CCAAP was acquainted with the layoff of Mr. Jaime Martínez Flores as driver and administrative auxiliary due to the Secretariat interest, as well as the engagement of Mr. Israel David Ramírez F. as new driver and administrative auxiliary.

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32. In Session 87 the President of CCAAP expressed his appreciation to the Secretary General for the preparation and presentation of the Agenda and the Resolution Projects presented by the Commission for consideration of the Conference General and mentioned CG/E/L.550 Rev. "Changes to the Financial Regulations". This document proposes three options:
- a) Article 2. The modernization and classification of budget items are attended and adjusted to a more updated codification;
 - b) Article 6. Deals with banking commissions, establishing that the Agency will assume the commissions of its bank and the Member States will cover those generated by the issuing or intermediary bank;
 - c) Article 12.01. It is amended since it originally determines that CCAAP should count with a minimum quorum of 5 members for its sessions. So it is modified to read that CCAAP sessions will take place with a minimum quorum of 3 members. With regards to decision-making processes, it establishes that decisions will be taken upon the agreement of all the members of the Commission present. If a term for consultation is determined, silence will be considered as a positive vote.
 - d) Members of CCAAP are instructed so, in coordination with the Secretary General, a revision of the entire Financial Regulations could be made and if applicable; a new one will be drafted and submitted to the General Conference in 2011.
33. In Session 88 conducted on October 21, CCAAP studied the documents, the draft resolutions as well as the Draft Budget and it approved to pass them over to the Council.
34. Approved the participation of the Secretary General in the Seminar "Latin America and the Caribbean before Disarmament and Non-proliferation: Opportunities and Challenges", that took place on 8 and 9 November in Montevideo, Uruguay.

Recommendations of CCAAP

35. Acknowledge the effort made by OPANAL Member States to pay their quotas, thus contributing to the good operation of the Agency and call for the delinquent countries to reach the Secretariat to solve the financial issue.
36. Submit for consideration of the Special Session of the General Conference the following Resolution Projects:
 - Report by the Committee on Contributions and Administrative and Budgetary Matters (CCAAP). (Docs. CG/E/636 and CG/E/L.549)
 - Changes to the Financial Regulations. (Doc. CG/E/L.550 Rev.)
 - Draft Budget of the Agency Fiscal Year and Scale of Contributions for the Apportionment of the Agency's Expenses for the year 2011. (Docs. CG/E/637 and CG/E/L.551 Rev.)
 - Certification by the External Auditor of the Statements of Account of the Agency to 31 December 2009. (Docs. CG/E/633 and CG/E/L.552)