



**AGENCY FOR THE PROHIBITION OF NUCLEAR WEAPONS
IN LATIN AMERICA AND THE CARIBBEAN**

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**FINANCIAL YEAR 2012 AND FINANCIAL YEAR 2013 DRAFT BUDGET
MEMORANDUM BY THE SECRETARY GENERAL OF OPANAL**

Following the Agency's regulatory provisions, the Secretary General has the honour to place before the OPANAL Member States, for their consideration, the Financial Year 2012 Draft Budget (Doc.CG/646), which is built on the same income from 2011 fees, a total amount of \$324,000.00 USD. The expenditure distribution corresponds to Financial Year 2011 and, from the opinion of the States' financial obligations; the annual fee remains the same since 2006.

However, as I have repeatedly mentioned to the Council and to the Committee on Contributions and Administrative and Budgetary Matters (CCAAP) this income is not sufficient to cover ordinary expenses, despite the fact that we have been rationing these scarce resources since 2010 and without a doubt has contributed to the strengthening of OPANAL. For this reason, I am also presenting for the States' consideration, an annual fee increment from 2013 supported in the Financial Year 2013 Draft Budget enclosed (Doc.CG/64). This document shows that the budget would reach a total of \$435,801.00 USD, with a \$111,801.00 USD increment, that will be proportionally applied based on the current budget (see the 2013 Scale of Contributions for each country CG/647).

Responding to the main argument mentioned over the insufficient economic resources, two questions emerge: why do not I present an annual fee increment from 2012? Or, why do not I present it from 2013 on next year's General Conference? The answer to both questions is the following: November 2011 is too late for the Governments to budget increases for their 2012 financial obligations and the second half of 2012 will also be late for them to incorporate increments on their 2013 Budget. Facing this dilemma, I find myself in imperative need to place both budgets before the next General Conference, for their consideration; on the understanding that in 2012 there will be some shortcomings that we will have to solve in order for the Agency to keep on

strengthening its regional agenda for the consolidation of the Nuclear-Weapon-Free-Zone, and working for total and universal disarmament.

Financial Year 2011 Budget and Financial Year 2012 Budget are the same since 2006 and smaller than the ones from Financial Year 1992 to Financial Year 1998. I will not discuss the situation of those seven years (1992 – 1998) on this occasion, when the annual budget reached the pick of \$508,000.00. Nevertheless; we cannot ignore that since 2006 till today, various situations have either emerged or remained the same that prevent the current budget and the 2012 Budget from covering all the Agency's needs. Furthermore, it is necessary that substantive activities are planned in the Regular Budget of OPANAL.

Below, I list the reasons that support the annual fee increment from 2013, they are all equally important, regardless of the order in which they appear:

1. The cost of living between 2006 and 2012 has remarkably increased and the currency (USD) has been greatly devalued, which has an impact on airfares and accommodation prices. At the same time, **US Dollar** has fallen in **value against** the Mexican Peso (MXN). Hence, a purchasing power loss arises and affects the costs of a large part of the Agency's recurring expenses to be paid in Mexican pesos.
2. The salaries for locally hired Professional staff are below standard. At this moment, it is necessary to take into account that skilled and stable workforce is the hub supporting the work of the Secretary General, the Council and the CCAAP. Note that in this salary category it is not proposed that the Agency's staff grows significantly in number, which has changed substantively over the last year; but rather hires highly skilled staff and gives them a more appropriate salary according to their existing responsibilities,. In relation to this matter, a 20% pay rise has been proposed for Professional Staff and the creation of an Assistant post. For the Secretary General, it is suggested a 15% pay rise on top of her current salary, still being below the considerations discussed at the Council in 2009.

3. Financial resources have not been allocated to the General Conference and Education expenditure, both being primary activities for the Agency. The first one, the annual Conference, is dictated in the Treaty of Tlatelolco and a necessity for financial and substantive decision-making; consequently, it is an obligation to carry it out. In order to guarantee a greater ownership of the agenda and a higher projection of the Agency, it is very important that the General Conference is held in different Member States, and not only in Mexico. This leads to the creation of an item to guarantee the host alternation of the General Conference and the allocation of basic resources to the host country to carry it out.

Concerning Education, it is necessary to secure a minimum budget to continue with the on-line courses on nuclear matters that, without a doubt, is one of the activities that raises global awareness of the Agency and guarantees the instruction of public and academic staff in the Member States of the region.

4. Official meetings. Bearing in mind the increase in airfares and accommodation costs in those cities where the activities of the Secretary General are held, a \$6,250.00 increment has been considered in the proposal. It has also been considered the importance of strengthening the Agency's relationship with IAEA and other multilateral institutions that work for Nuclear Disarmament. This has been fully budgeted regarding the good practices implemented last year on the Secretary General's presentation of an annual business travel plan to the Council, allowing the optimal use of resources allocated to this item.

To conclude, the Financial Year 2012 Draft Budget does not show any changes regarding Member States financial obligations. Nevertheless, it does not fill some important financial gaps for this period, such as on-line courses on nuclear challenges, the General Conference and some other official meetings.

Ignoring these needs in the short term could impact on the strengthening of the OPANAL's working agenda, which we all have completed painstakingly and in various angles. It is important to maintain the progress made, above all if we consider that the international agenda on Nuclear Disarmament is a subject

rapidly enhanced and necessary to consolidate the political coordination with all other Nuclear-Weapon-Free-Zones.

Precisely, the Financial Year 2013 Draft Budget seeks to largely resolve this issue in the reasoning presented by this Memorandum; I would be delighted to provide any additional information or further clarification if ever necessary.