

April 2011

**FOURTH INTER-GOVERNMENTAL MEETING ON THE ESTABLISHMENT OF THE
CENTRAL ASIAN AND CAUCASUS REGIONAL FISHERIES AND AQUACULTURE
COMMISSION****Issyk Kul, Kyrgyzstan, 22 – 24 June 2011****DRAFT FINANCIAL REGULATIONS**

This is the draft of the Financial Regulations prepared by the CACFAC Secretariat.

This draft is largely based on the existing financial regulations of other regional fisheries bodies (particularly GFCM and IOTC).

Please, note that this draft background document will be updated before the Fourth Intergovernmental Meeting, following completion of the ongoing clearance process within FAO. This draft document has not been checked nor approved by the Development Law Service of FAO.

PROJECT

Financial Regulations

Regulation I – Applicability

1. These regulations shall govern the financial administration of the Central Asian and Caucasus Regional Fisheries and Aquaculture Commission (hereinafter referred to as the Commission).
2. With regard to matters not specially covered by these regulations, the relevant provisions of the General Rules and Financial Regulations, rules and procedures of FAO shall apply.

Regulation II – The financial period

The financial period shall be one calendar year.

Regulation III – The budget

1. The estimates for the budget shall be prepared by the Secretary of the Commission and shall be circulated to the members of the Commission, not less than 60 days before each regular session of the Commission.
2. The estimates for the budget shall cover income and expenditures for the financial period to which they relate and shall be presented in United States dollars (US\$).
3. The estimates for the budget shall reflect the programme of work for the financial period elaborated by appropriate information and data and shall include the programme of work and such other information, annexes or explanatory statements as may be requested by the Commission.
4. The budget of the Commission shall comprise:
 - (a) The administrative budget referred to in paragraph 5 relating to the annual contributions of members of the Commission payable under article IX, paragraph 1 of the Agreement on the Central Asian and Caucasus Regional Fisheries and Aquaculture Commission (hereinafter referred to as the Agreement), and expenditures chargeable to the budget of the Commission under article X, paragraphs 2 and 3 of the Agreement.

- (b) The operations budget relating to funds made available during the financial period from donations and other forms of assistance received from organizations, individuals and other sources under article IX, paragraph 5 of the Agreement.
5. The budget for the financial period shall consist of provisions for:
 - Administrative expenditures, including an amount to cover the Organization's servicing costs equal to 4.5% of the total Budget of the Commission.
 - Expenditure for the activities of the Commission. Estimates under this chapter may be presented in a single total only but detailed estimates for each particular project will be prepared and approved as "supplementary details" of the Administrative Budget.
 6. The budget shall be adopted by the Commission with such amendments as the Commission may deem necessary.
 7. The Commission shall adopt its budget by consensus, provided however that if, after every effort has been made, a consensus cannot be reached in the course of that session, the matter will be put to a vote and the budget shall be adopted by at least a two-thirds majority of all Members (in accordance with Article IX paragraph 2 of the Agreement)
 8. Special Budgets may be adopted by the Commission in exceptional circumstances as appropriate.
 9. The budget of the Commission shall be submitted to the Secretary for his/her information.
 10. At the end of every calendar year, the secretary will provide a balance-sheet to the Commission, in which the income and expenditures for the ensuing financial year are justified.

Regulation IV – Appropriations

1. After the budget has been adopted, the appropriations therein shall constitute the authorization for the Secretary to incur obligations and make payments for the purposes for which the appropriations were adopted and up to the amounts so adopted.
2. Any unliquidated prior year obligation shall be cancelled or, where an obligation remains a valid charge, transferred against current appropriations.

Regulation V - Provision of funds

1. The appropriations of the administrative budget shall be financed by contributions from members of the Commission determined and payable in accordance with Annex 1 and article IX, paragraphs 1, 3 and 4 of the Agreement. Pending receipt of annual contributions, the Secretary is authorized to finance budgeted expenditures from the uncommitted balance of the budget.

2. Before the beginning of each calendar year the Secretary shall inform the members of the Commission of their obligations in respect of annual contributions to the budget.
3. Contributions shall be due and payable in full within 30 days of the receipt of the communication of the Secretary referred to in Regulation V paragraph 2 above, or as of the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions shall be considered to be one year in arrears.
4. The annual contributions to the budget shall be payable in United States Dollars (US\$) or Euros (€) and shall be calculated in accordance with the scheme annexed to these Regulations and forming an integral part thereof. A new member of the Commission shall pay a contribution to the administrative budget in accordance with the provisions of Article IX, paragraph 3 of the Agreement for the financial period in which the membership becomes effective, such contribution beginning with the quarter in which the membership is acquired.

Regulation VI – Funds

1. All contributions, donations and other forms of assistance received shall be placed in a trust fund administered by the Secretary.
2. With respect to the Trust fund referred to in Regulation VI paragraph 1, the Organization shall maintain accounts:
 - 2.1. A general account to which shall be credited receipts of all contributions paid under article IX, paragraph 1 of the Agreement and from which shall be met all expenditures chargeable against the sums allocated to the budget.
 - 2.2. Such additional accounts as may be necessary.

Regulation VII – Amendment

These Regulations may be amended by the Commission, by a two-thirds majority of the Members of the Commission, in accordance with article II, paragraph 8 of the Agreement.

SCHEME FOR THE CALCULATIONS OF CONTRIBUTIONS

The modalities for determining the scale of contribution are calculated in accordance with the following formula.

Factors for calculation:

- *A base fee*: equal for every member;
- *a wealth component*: based on GDP per capita; and
- *a production component*: based on the total inland capture fisheries and inland aquaculture production in tonnes.

Weight to be given to each factor (as percentage of total budget):

<i>Base fee</i> :	20 percent
<i>Wealth component</i> :	35 percent
<i>Production component</i> :	45 percent

Measurement of the factors:

Base fee:

Every member.

Wealth component:

According to the GDP per capita (measured by US\$ as published by the IMF); members falling into five categories: below US\$ 1 000; between US\$ 1 000 and US\$ 3 999; between US\$ 4 000 and US\$ 5 999; between US\$ 6 000 and US\$ 9 999 and above US\$ 10 000. The first category is exempt from the wealth component. The second category pays one (1) share; the third pays three (3) shares; the fourth pays five (5) shares; and the fifth pays ten (10) shares.

Production component:

For fisheries and aquaculture production the official data, reported by the national statistic agencies of the members, will be used. An amount equal to forty-five (45%) of the administrative budget is divided among members so that each member pays a share of said forty-five percent that is proportional to its share in the total inland capture fisheries and inland aquaculture production in tonnes.