



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

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### Item 6 of the Draft Provisional Agenda

## INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE

### FIRST SESSION OF THE GOVERNING BODY

Madrid, Spain, 12-16 June 2006

## DRAFT FINANCIAL RULES OF THE GOVERNING BODY

1. The *Open-ended Working Group on the Rules of Procedure and the Financial Rules of the Governing Body, Compliance, and the Funding Strategy* which met from 14-17 December 2005 in Rome, Italy, reviewed and revised the draft Financial Rules of the Governing Body for the International Treaty on Plant Genetic Resources for Food and Agriculture and recommended that these be submitted for consideration to the Governing Body at its first session. They are contained in the present document.
2. However, the Open-ended Working Group also:
  - requested the Interim Secretariat, with the assistance of the relevant FAO administrative services, to review these revised draft Financial Rules in detail, and prepare an annotated text, with suggestions as to how they might be harmonized with the administrative terms normally used in FAO and good accounting practice. FAO's practices with regard to managing different kinds of funding for such agreements, should also be clarified in such an annotated text, and FAO's administrative experience with Conventions and Agreements established under Article XIV of the FAO Constitution should be taken into account. This is contained in *Annotated Draft Financial Rules of the Governing Body*.<sup>1</sup>
  - requested the FAO Legal Counsel to assess the consistency of these draft Financial Rules with FAO's administrative rules and procedures and the provisions of the Treaty. His report is given in the document, *Consistency of the draft Rules of Procedure of the Governing Body, the draft Financial Rules of the Governing Body, the draft procedures and mechanisms to promote compliance and address issues of non-compliance and the draft Funding Strategy, with FAO's administrative rules and procedures and the provisions of the Treaty*.<sup>2</sup>
3. The Governing Body is invited to finalize and adopt its Financial Rules, taking into account, as appropriate, the two documents mentioned in paragraph 2 above.

<sup>1</sup> IT/GB-1/06/4 Add.1.

<sup>2</sup> IT/GB-1/06/Inf.10.



**[GOVERNING BODY FOR THE INTERNATIONAL TREATY ON PLANT GENETIC  
RESOURCES FOR FOOD AND AGRICULTURE**

**DRAFT FINANCIAL RULES**

**Rule I  
Applicability**

- 1.1 These rules shall govern the financial administration of the Treaty.
- 1.2 The Financial Regulations of the FAO shall apply *mutatis mutandis* to all matters not specifically dealt with under the present rules [, unless these contradict the provisions of the Treaty].

**Rule II  
The Financial Period**

- 2.1 The financial period shall be two calendar years, coinciding with the financial period of FAO.

**Rule III  
The Budget**

- 3.1 The Budget shall cover income and expenditures for the financial period to which it relates, and shall be presented in United States dollars.
- 3.2 The Budget shall include the programme of work for the financial period, and such information, annexes or explanatory statements as may be requested by the Governing Body.
- 3.3 The Budget shall comprise:
- a) [The Core Administrative Budget, relating to the contributions of Contracting Parties under Rule V.1(a) and other contributions made to the Core Administrative Budget under Rule V.1 (b) and (c), as well as contributions from FAO under Rule V.1 (f) ];
- OR
- [The Core Administrative Budget, relating to the amount reserved for the Treaty under Rule V.1(a) and contributions made to the Core Administrative Budget under Rule V.1 (b) and (c)];
- b) Support to the Core Administrative Budget, relating to other funds made available during the financial period from contributions paid under Rule V.1.
- 3.4 The draft Budget shall be prepared by the Secretary and shall be circulated to Contracting Parties not less than six weeks before a regular session of the Governing Body.
- 3.5 The Administrative Budget for the financial period shall consist of:
- a) Provisions for Administrative Expenditures under the Treaty including expenses of the Secretariat; and
- b) Contingencies.
- 3.6 The Secretary may make transfers within each of the main appropriation lines of the approved Administrative Budget. The Secretary may also make transfers between such appropriation lines up to limits that the Governing Body may set as appropriate.

3.7 The Core Administrative Budget shall be disbursed for the purposes specified in the contributions made under Rule V.1 (c) and (d);

#### **Rule IV Appropriations**

4.1 After the Administrative Budget has been adopted, the appropriations therein will be the authority for the Secretary to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted, provided that commitments shall be covered by related income.

4.2 Any unliquidated prior year obligation relating to voluntary contributions shall at the end of the financial period be cancelled or where an obligation remains a valid charge, retained for future disbursement.

#### **Rule V Provision of Funds**

[5.1 The resources of the Treaty shall comprise:

- a) Upon approval by the Governing Bodies of FAO, the amount reserved for the Treaty in the Regular Programme of the FAO;
- b) [Voluntary contributions from Contracting Parties based on such indicative scale of contributions as shall be adopted by the Governing Body by consensus, based on the scale of contributions adopted from time to time by the United Nations , adjusted so as to ensure [that no developing country Contracting Party shall be required to pay more than any developed country Contracting Party ensuring] that no Contracting Party contributes less than 0.01 per cent of the total, that no one contribution exceeds 25 per cent of the total and that no contribution from a least developed country Contracting Party exceeds 0.01 per cent of the total];

OR

[Voluntary contributions from Contracting Parties for the purposes of administration and implementation of the Treaty in general;]

- c) Voluntary contributions made by the Contracting Parties in addition to those under (b) above [for the purposes specified by agreement between the contributor and the Secretary] [, in accordance with guidelines established by the Governing Body], including contributions to support the participation of representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies;
- d) Other voluntary contributions made by States that are not Contracting Parties, [non-governmental organizations] [international organizations or other entities] [for the purposes specified by agreement between the contributor and the Secretary] [, in accordance with guidelines established by the Governing Body] including contributions to support the participation of representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies;
- e) The uncommitted balance of voluntary contributions from previous financial periods carried forward;
- f) Miscellaneous income derived from voluntary contributions;

- [g) Mandatory and voluntary contributions pursuant to Article 13.2d;], and
  - [h) Predictable and agreed contributions from relevant international mechanisms, funds and bodies for the implementation of the plans and programmes of the Treaty, pursuant to Article 18.4.]
- [5.2 In respect of contributions made pursuant to Rule V.1 (b):
- a) Contributions for each calendar year are expected on or before 1 January of that year;
  - b) Each Party shall, as far in advance as possible of the date due for the contribution, inform the Secretary of the contribution it intends to make and of the projected timing of that contribution.]
- [5.3 Contracting Parties that are not Members of FAO [may] [shall] [are expected to] contribute towards the amount reserved for the Treaty in the budget FAO in a proportionate amount to be determined by the Governing Body.]
- [5.4 Pending receipt of annual contributions, the Secretary is authorized to finance budgeted expenditures from the uncommitted balance of the General Fund.]
- [5.5 For determining the indicative annual contributions of each Contracting Party, the assessed contribution for such Contracting Party for the financial period pursuant to paragraph 1(a) above, shall be divided into two equal instalments, one of which is payable in the first calendar year and the other in the second calendar year of the financial period.]
- [5.6 At the beginning of each calendar year the Secretary shall inform Contracting Parties of their indicative annual contributions to the budget.]
- 5.7 All contributions to the Administrative Budget shall be paid in United States dollars or its equivalent in a convertible currency. Where a contribution is paid in a convertible currency other than United States dollars, the applicable rate shall be the bank currency conversion rate in effect on the day the payment is made.
- 5.8 Contributions not immediately required shall be invested at the discretion of the Director-General of FAO. The resulting income shall be credited to the relevant fund or funds referred to in Rule 6.2.

## **Rule VI Funds**

- 6.1 All contributions and other receipts shall be placed in a Trust Fund administered by FAO.
- [6.2 With respect to the Trust Fund referred to in paragraph 6.1, FAO shall maintain the following Funds:
- a) A General Fund to which shall be credited receipts of all contributions paid under Rule V.1 (a), along with any additional contributions to offset administrative budget expenditures that are made by Contracting Parties, non-Contracting Parties, non-governmental organizations and other entities pursuant to Rule V.1 (b) and (c), and other moneys accruing in respect of the General Fund under Rule V.1 (d) and (e), from which shall be met all expenditure chargeable against the annual Administrative Budget;
  - b) A Special Fund to which shall be credited other contributions paid under Rule V.1 (b) and (c) and other moneys accruing in respect of the Special Fund under Rule V.1 (d) and (e);

- c) [A Trust Account, as provided for in Article 19.3f of the Treaty, to receive and use the funds foreseen in Article 13.2d of the Treaty, in the framework of the Multilateral System.]

6.3 Within the General Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Governing Body by consensus. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions as soon as possible.

### **Rule VII Reimbursement**

7.1 The Trust Fund referred to in Rule VI.1 shall make provision for Project Servicing Costs to reimburse FAO for the administrative and operational support services provided to the Governing Body, its subsidiary bodies, and the Treaty Secretariat, under such terms as may, from time to time, be established by the Governing Bodies of the FAO.

### **Rule VIII Accounts and Audit**

8.1 The accounts and financial management of all funds governed by the present rules shall be subject to the internal and external audit process of FAO.

8.2 During the second year of the financial period FAO shall provide the Contracting Parties with an interim statement of accounts for the first year of the financial period. FAO shall also, as soon as practicable, provide to the Contracting Parties a final certified statement of accounts for the full financial period.

### **Rule IX Amendments**

9.1 These Rules may be amended by the Governing Body [by consensus [. The review of amendments will be governed by Article V of the Rules of Procedure, and the documents relevant to these proposals will be circulated in conformity with Article V.6 of the Rules of Procedure ]] [in accordance of Rule XII of the Rules of Procedure {pending decision on the Rule of Procedure}].

### **[Rule X Entry into force**

10.1 These rules and any amendments thereto shall come into force upon their approval by the Governing Body.]

### **[Rule XI Over-riding Authority of the Treaty**

11.1 In the event of any conflict between any provision of these rules and any provision of the Treaty, the Treaty shall prevail.]]