

# GENERAL FISHERIES COMMISSION FOR THE MEDITERRANEAN AND BLACK SEA AND CONNECTING WATERS

## DRAFT FINANCIAL REGULATIONS

### **Regulation I - Applicability**

1. These Regulations shall govern the financial administration of the General Fisheries Commission for the Mediterranean and Black Sea, hereafter “the Commission”, in respect of all activities financed by the autonomous budget referred to in Article 16, paragraphs 1 and 2 of the Agreement for the Establishment of the General Fisheries Commission for the Mediterranean and the Black Sea and Connecting Waters, as amended, hereafter “the Agreement”.
2. The Financial Regulations and procedures of FAO shall apply to the activities of the Commission for all matters not covered by these Regulations, with particular reference to those provided for and financed by the budget of FAO.

### **Regulation II - The financial period**

The financial period shall be one calendar year.

### **Regulation III - The autonomous budget**

1. The estimates for the autonomous budget shall be prepared by the Executive Secretary of the Commission and shall be circulated to the Members not less than 60 days before each regular session.
2. The estimates of the autonomous budget shall cover income and expenditures for the financial period to which they relate and shall be presented in United States dollars.
3. The estimates for the autonomous budget shall be presented on a chapter basis, and divided into sub-chapters as appropriate. They shall reflect the programme of work for the financial period and shall include such other information, annexes or explanatory statements as may be requested by the Commission.
4. The autonomous budget shall comprise:
  - (a) the autonomous budget referred to in paragraph 5 of this Regulation relating to the regular contributions of Members payable under Article 16, paragraphs 1, 3 and 4 of the Agreement and expenditures chargeable to the budget of the Commission under Article 17, paragraphs 7 and 8. The budget may reflect in an appropriate manner expenditures borne by FAO under Article 17, paragraph 7 of the Agreement; and
  - (b) the special budgets 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 16, paragraphs 5 and 6 of the Agreement and from financial penalties which may be agreed pursuant to Article 22(h) of the Agreement.
5. The autonomous budget for the financial period shall consist of provisions for:
  - (a) administrative expenditures, including an amount to cover the FAO’s costs equal to 4.5% of the autonomous budget of the Commission;

(b) expenditure for activities of the Commission. Estimates under this chapter may be presented in a single total only, but detailed estimates for each particular activity will be prepared and approved as “supplementary details” of the budget; and

(c) contingencies.

6. The autonomous budget shall be adopted by the Commission with such amendments as the Commission may decide.

7. Special budgets may be adopted by the Commission in exceptional circumstances, as appropriate.

8. No obligations shall be incurred or relevant payments made by the Commission where such obligations have been decided by FAO after the budget has been drawn up.

9. The autonomous budget of the Commission shall be submitted to the Finance Committee of the FAO for its information.

10. At the end of every year, the Executive Secretary shall 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 autonomous budget has been adopted, the appropriations therein shall constitute the authorization for the Executive Secretary to incur obligations and make payments for the purposes for which the appropriations were adopted and up to the amounts so adopted.

2. In cases of emergency, as determined by the Bureau, the Executive Secretary is authorized to accept additional contributions from a Member or Members or grants from other sources and incur expenditures against them for emergency actions for which such contributions or grants were specifically provided. Such contributions or grants and expenditures related thereto will be reported in detail to the next session of the Commission.

3. Any unliquidated prior year obligation shall be cancelled or, where an obligation remains a valid charge, transferred against current appropriations.

4. Transfers between chapters may be effected by the Commission on the recommendation of the Executive Secretary.

#### **Regulation V - Provision of funds**

1. The appropriations of the autonomous budget shall be financed by contributions from Members determined and payable in accordance with Article 16, paragraphs 1, 3 and 4 of the Agreement and the scheme annexed to and forming an integral part of these Regulations. Pending receipt of annual contributions, the Executive Secretary is authorized to finance budgeted expenditures from the uncommitted balance of the autonomous budget.

2. Before the beginning of each calendar year the Executive Secretary shall inform the Members of their obligations in respect of annual contributions to the autonomous budget.

3. Contributions shall be due and payable in full within 30 days of the receipt of the communication of the Executive Secretary referred to in Regulation V.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.

5. The annual contributions to the autonomous budget shall be assessed in United States dollars and shall be calculated in accordance with the scheme annexed to these Regulations. The contributions shall be paid in United States dollars or Euros, on the basis of the exchange rate prevailing at the time of assessment of the annual contributions, as approved by the Commission. Should a Member pay its contribution in a currency other than the United States dollar or Euro, it will be the responsibility of that Member to ensure the free convertibility of that currency into United States dollars or Euros. The exchange rate applicable to any payment in a currency other than the United States dollars or Euros shall be the market rate of the United States dollar to the currency of payment on the first business day in January of the calendar year in which the contribution is due, or the rate in effect in the day the payment is made, whichever is higher.

6. Any new Member shall pay a contribution to the autonomous budget in accordance with the provisions of Article 16 paragraphs 1 and 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 Director-General of the FAO in conformity with the Financial Regulations of the FAO.

2. With respect to the Trust Fund referred to in Regulation VI.1, the FAO shall maintain the following accounts:

(a) a general account to which shall be credited receipts of all contributions paid under Article 16, paragraph 1 of the Agreement and from which shall be met all expenditures chargeable against the sums allocated to the autonomous budget; and

(b) such additional accounts as may be necessary to which shall be credited the additional contributions under paragraph 2 of this Regulation and from which all relevant expenditures shall be met.

### **Regulation VII - Amendment**

These Regulations may be amended by the Commission in accordance with Article 16, paragraph 1 of the Agreement.

### **Regulation VIII - Relationship between these Rules of Procedure and the General Rules, policies or procedures of the FAO**

1. Notwithstanding Regulation VII, where there is any change to the Financial Regulations, procedures or policies of the FAO that affect these Regulations, including by adoption of a new Rule or amendment of an existing Rule, the adoption and implementation of such change by the Commission or any of its parts shall be subject to endorsement by the Commission by simple majority vote.

2. Notwithstanding the provisions of paragraph 1, the Executive Secretary may implement such changes by the FAO on a provisional basis, with the concurrence of the Bureau, until the next session of the Commission at which such change may be considered.

3. For purposes of interpretation, where any ambiguity exists between these Financial Regulations and the Financial Regulations of the FAO, these Rules of Procedure shall prevail.

## ANNEX

### SCHEME FOR THE CALCULATION OF CONTRIBUTIONS

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

**Factors for calculation which should be applicable to the GFCM autonomous budget once the amended Agreement entered into force:**

*Membership:* a fixed proportion of the budget; equally shared amongst members;

*Wealth component:* the wealth of the Member; and

*Catch component:* the total capture fishery and (marine) aquaculture production of the Member.

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

*Membership:* 10 percent

*Wealth component:* 35 percent

*Catch component:* 55 percent

**Measurement of the factors:**

*Membership:* all Members

*Wealth component:* according to per caput GDP (measured in US \$ as published by the World Bank); members falling into four categories: below US\$ 1 000; between US\$ 1 000 and US\$ 9 999; between US\$ 10 000 and US\$ 29 999 and US\$ 30 000 and above. The first category is exempt from the wealth component. The second pays one share; the third pays 10 shares, and the fourth category pays 20 shares. Exceptions are made for countries with a total GDP below US\$ 5 thousand million (1997) to which a GDP category one step below is applied. Some countries are brought down to the first category and, as a result, are exempt from the wealth component (as long as their annual GDP remains below US\$ 5 thousand million).

*Catch component:* The catch/production figures to be used are those published by FAO in STATLANT 37A DATABASE. A three-year average is calculated using the period ending two years prior to that for which the budget will apply. Due to different values of small pelagic and other species, the "GFCM catch" for the purpose of determining the scale of contribution is calculated by applying a factor of 4 to all fish produced by Members in the Mediterranean and in the Black Sea and its adjacent waters, except for small pelagics.