



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

## GENERAL FISHERIES COMMISSION FOR THE MEDITERRANEAN

### Extraordinary Session

St. Julians, Malta, 19 – 23 July 2004

## PROPOSED FINANCIAL REGULATIONS FOR THE GENERAL FISHERIES COMMISSION FOR THE MEDITERRANEAN

### INTRODUCTION

1. Under Article II, paragraph 13 of the Agreement for the Establishment of the General Fisheries Commission for the Mediterranean, hereinafter referred to as the Agreement, the Commission is required to adopt its Financial Regulations. Under these provisions the Financial Regulations must be consistent with the principles embodied in the Financial Regulations of the Organization.

2. This document reviews the main provisions of the Agreement on financial and related matters, provides a number of clarifications regarding a few issues concerning the Financial Regulations and proposes draft Financial Regulations for consideration and adoption by the Commission.

### PROVISIONS OF THE AGREEMENT ON FINANCIAL MATTERS

3. The Agreement contains a series of provisions dealing with financial issues. The main relevant provisions are set out in Article IX, which reads as follows:

*“1. Each Member of the Commission undertakes to contribute annually its share of the autonomous budget in accordance with a scale of contributions to be adopted by the Commission.*

*2. At each regular session, the Commission shall adopt its autonomous budget by consensus of its Members, 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 a two-thirds majority of the Members.*

3. (a) *The amount of the contribution of each Member of the Commission shall be determined in accordance with a scheme which the Commission shall adopt and amend by consensus.*

(b) *The scheme adopted or amended by the Commission shall be set out in the Financial Regulations of the Commission.*

4. *Any non-Member of the Organization that becomes a Member of the Commission shall be required to make such contribution towards the expenses incurred by the Organization with respect to the activities of the Commission as the Commission may determine.*

5. *Contributions shall be payable in freely convertible currencies unless otherwise determined by the Commission with the concurrence of the Director-General.*

6. *The Commission may also accept donations and other forms of assistance from organizations, individuals and other sources for purposes connected with the fulfilment of any of its functions.*

7. *Contributions and donations and other forms of assistance shall be placed in a Trust Fund administered by the Director-General in conformity with the Financial Regulations of the Organization.*

8. *A Member of the Commission which is in arrears in the payment of its financial contributions to the Commission shall have no vote in the Commission if the amount of its arrears equals or exceeds the amount of the contributions due from it for the two preceding calendar years. The Commission may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay was due to conditions beyond the control of the Member but in no case shall it extend to the right to vote beyond a further two calendar years”.*

4. Article X entitled “expenses” reads as follows:

“1. *The expenses of delegates and their alternates, experts and advisers occasioned by attendance at sessions of the Commission and the expenses of representatives sent to committees or working parties established in accordance with Article VII of the Agreement shall be determined and paid for by the respective Members.*

2. *The expenses of the Secretariat, including publications and communications and the expenses incurred by the Chairman and Vice-Chairmen of the Commission, when performing duties on behalf of the Commission between Commission sessions, shall be determined and paid from the budget of the Commission.*

3. *The expenses of research and development projects undertaken by individual Members of the Commission, whether independently or upon recommendation of the Commission, shall be determined and paid by the Members concerned.*

4. *The expenses incurred in connection with cooperative research or development projects undertaken in accordance with the provisions of Article III, paragraph 1 (e), unless otherwise available shall be determined and paid by the Members in the form and proportion to which they shall mutually agree. Contributions for cooperative projects shall be paid into a trust fund to be established*

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*by the Organization and shall be administered by the Organization, in accordance with the Financial Regulations and Rules of the Organization.*

5. *The expenses of experts invited to attend meetings of the Commission, committees or working parties in their individual capacity shall be borne by the budget of the Commission.*

6. *The Commission may accept voluntary contributions generally or in connection with specific projects or activities of the Commission. Such contributions shall be paid into a trust fund to be established by the Organization. The acceptance of such voluntary contributions and the administration of the trust fund shall be in accordance with the Financial Regulations and Rules of the Organization”.*

5. Article XI of the Agreement on the administration of the Commission contains the following relevant provisions:

“3. *The expenses of the Commission shall be paid out of its autonomous budget except those relating to such staff and facilities as can be made available by the Organization. The expenses to be borne by the Organization shall be determined and paid within the limits of the biennial budget prepared by the Director-General and approved by the Conference of the Organization in accordance with the General Rules and the Financial Regulations of the Organization.*

4. *Expenses incurred by delegates, their alternates, experts and advisers when attending, as government representatives, sessions of the Commission, its sub-commissions and committees, as well as the expenses incurred by observers at sessions, shall be borne by the respective governments or organizations. The expenses of experts invited by the Commission to attend, in their individual capacity, meetings of the Commission or its sub-commissions or committees shall be borne by the budget of the Organization”.*

## **CONSIDERATIONS REGARDING THE PROPOSED FINANCIAL REGULATIONS**

### **(a) Scope of the Financial Regulations**

6. The proposed Financial Regulations deal with the financial administration of the “autonomous budget” of the Commission referred to in Article IX, paragraph 1 of the Agreement. The expenditures of the Commission to be financed by this autonomous budget are to be determined by the Commission, in accordance with the provisions of the Agreement and in light of past decisions or recommendations of the Commission on the matter. Article X, paragraph 2 of the Agreement contains a provision of a general nature whereby “*the expenses of the Secretariat, including publications and communications and the expenses incurred by the Chairman and Vice-Chairman of the Commission, when performing duties on behalf of the Commission between Commission sessions, shall be determined and paid from the budget of the Commission*”. Article XI, paragraph 3 of the Agreement also contains a provision of a general nature whereby “*the expenses of the Commission shall be paid out of its autonomous budget (...)*”.

7. There are, however, a number of issues and related expenditures that are outside the scope of the Financial Regulations regarding the autonomous budget. These include, first, expenditures regarding participation in meetings which, according to various provisions of the Agreement, are subject to a special regime. These include also the expenses related to research and development projects undertaken by individual Members of the Commission, whether independently or upon recommendation of the Commission which shall be determined and paid by the Members concerned in accordance with Article X, paragraph 3 of the Agreement. The expenses incurred in

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connection with cooperative research or development projects undertaken with the provisions of Article III, paragraph 1(e) of the Agreement are determined and paid by the Members in the form and proportion to which they shall mutually agree. Such contributions for cooperative projects shall be paid into a trust fund to be established by the Organization and shall be administered by the Organization, in accordance with the Financial Regulations and Rules of the Organization. Finally, and perhaps more significantly, Article XI, paragraph 3 of the Agreement provides that the expenses of the Commission shall be paid out of its autonomous budget, except those relating to such staff and facilities as can be made available by the Organization. The expenses to be borne by the Organization shall be determined and paid within the limits of the biennial budget prepared by the Director-General and approved by the Conference of the Organization, in accordance with the General Rules and the Financial Regulations of the Organization.

8. While these matters should not be handled in the proposed Financial Regulations, the Commission may wish to keep in mind that there might be a need to consider and develop appropriate procedures aimed at improving coordination between the various programme and budget processes of interest to the Commission.

**(b) Scale of contributions**

9. Under Article IX, paragraph 1 of the Agreement, each Member of the Commission undertakes to contribute annually its share of the autonomous budget in accordance with a scale of contributions to be adopted by the Commission. Under Article IX, paragraph 3 of the Agreement, the amount of the contribution of each Member of the Commission shall be determined in accordance with a scheme which the Commission shall adopt and amend by consensus. The scheme adopted or amended by the Commission shall be set out in the Financial Regulations of the Commission.

10. The Commission, at its Twenty-fifth Session, held in September 2000, following discussions on the matter which had been carried out for a number of years, adopted the scale of contributions to be set out in the Financial Regulations<sup>1</sup>.

**(c) Contributions by the European Community and its Member States under the scale of contributions**

11. At its Extraordinary Session, held in Alicante, Spain, from 7 to 9 July 1999, in connection with discussions regarding the scheme underlying the scale of contributions, the Commission noted the following statement made by the Legal Counsel of FAO:

*“The contribution of the European Community and its Member States has been allocated between the European Community and its Member States at their own request. The contribution is subject to the principle of the alternative exercise of membership rights which implies that both membership rights and the membership obligations of the European Community and its Member States should not exceed the total of the membership rights and obligations that would otherwise be exercisable by the Member States alone.*

*In the context of contributions to the budget, the contributions by the European Community and its Member States do not and should not exceed the total contribution otherwise payable by the Member States if the European Community were not a party to the GFCM Agreement. This is of course without prejudice to the payment by a Member Organization of a sum to cover administrative and other expenses of membership, which should not be considered as a contribution to the budget. Neither*

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<sup>1</sup> Report of the Twenty-fifth Session of the Commission, Sliema, Malta, 12-15 September 2000, paragraphs 25-36.

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*does the allocation between the European Community and its Member States, which may be changed at any time at their request, entitle either the European Community or its Member States to any additional vote on the budget*<sup>2</sup>.

**(d) Procedure for the adoption of the Financial Regulations**

12. In accordance with Article II, paragraph 13 of the Agreement, the Financial Regulations are adopted or amended by a two-thirds majority of its membership, provided that the Financial Regulations should be consistent with the principles embodied in the Financial Regulations of the Organization.

13. The Financial Regulations are to be reported to the Finance Committee of the Organization which may disallow such Financial Regulations or amend them if it finds that they are inconsistent with the principles embodied in the Financial Regulations of the Organization.

**PROPOSED FINANCIAL REGULATIONS<sup>3</sup>**

14. The Commission is invited to review the following proposed Financial Regulations. These Financial Regulations are based on the principles of the Financial Regulations of FAO and Financial Regulations of other Commissions established by Agreements concluded under Article XIV of the FAO Constitution.

**Regulation I - Applicability**

1. These Regulations shall govern the financial administration of the General Fisheries Commission for the Mediterranean, hereinafter referred to as the Commission, in respect of all activities financed by the autonomous budget referred to in Article IX, paragraphs 1 and 2 of the Agreement for the Establishment of the General Fisheries Commission for the Mediterranean, hereinafter referred to as 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.

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<sup>2</sup> Report of the Extraordinary Session of the Commission, Alicante, Spain, 7-9 July 1999, paragraph 25.

<sup>3</sup> The proposed Financial Regulations are being referred to the Commission for discussion and review. There are a number of specific provisions to which attention is specifically drawn. Thus, it is proposed tentatively that the financial period of the Commission be one calendar year. However, in order to ensure coherence between the financial period of the Organization and the financial period of the Commission, the latter could be two calendar years. In addition, it is noted that a number of Members of the Commission have expressed the desire that contributions be paid in Euro and that Euro be the functional currency of the Commission. At the time when this document was prepared, the matter was still under review by the Finance Division and it was not possible to make a definite proposal thereon.

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**Regulation III - The autonomous budget**

1. The estimates for the autonomous 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.
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 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 of the Commission payable under Article IX, paragraph 1 of the Agreement and expenditures chargeable to the budget of the Commission under Article XI, paragraphs 3 and 4. The budget may reflect in an appropriate manner expenditures borne by FAO under Article XI, paragraph 3 of the Agreement.
  - (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 IX, paragraph 6 of the Agreement.
5. The autonomous budget for the financial period shall consist of provisions for:
  - administrative expenditures, including an amount to cover the Organization's costs equal to 6% of the autonomous budget of the Commission;
  - 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;
  - 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. The autonomous budget of the Commission shall be submitted to the Finance Committee of the Organization for its information.

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**Regulation IV - Appropriations**

1. After the autonomous 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. In cases of emergency, the Secretary is authorized to accept additional contributions from a Member or Members of the Commission 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 Secretary.

**Regulation V - Provision of funds**

1. The appropriations of the autonomous budget shall be financed by contributions from Members of the Commission determined and payable in accordance with 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 autonomous 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 autonomous 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.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 autonomous budget shall be assessed in United States dollars and shall be calculated in accordance with the scheme annexed to these Regulations and forming an integral part thereof. The contributions shall be paid in United States dollars unless otherwise determined by the Commission.
5. Any new Member of the Commission shall pay a contribution to the autonomous 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 Director-General in conformity with the Financial Regulations of FAO.

2. With respect to the Trust Fund referred to in Regulation VI.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 autonomous budget.
  - 2.2. Such additional accounts as may be necessary to which shall be credited the additional contributions under Regulations IV.2 and from which shall be met all expenditures related thereto.

#### **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 13 of the Agreement.

#### **SUGGESTED ACTION BY THE COMMISSION**

15. The Commission is invited to review this document and make such observations thereon as deemed appropriate.
16. In particular, the Commission is invited, taking note of paragraphs 14 and 15 of this document, to review the proposed Financial Regulations regarding the autonomous budget and, as appropriate, adopt them under the provisions of Article II, paragraph 13 of the Agreement.