

PREPARATORY COMMISSION FOR THE INTERNATIONAL RENEWABLE ENERGY AGENCY

Interim Financial Regulations for the Preparatory Commission

Second session

Tuesday, 30 June 2009

Sharm El Sheikh International Congress Center (SEICC)

IRENA/PC.2/dc.4

Agenda item 12

Decision PC.2/dc.4 on Adopting the Interim Financial Regulations for the Preparatory Commission

The Preparatory Commission for the International Renewable Energy Agency

(“*Commission*”), at its second session,

recalling number 8 lit. c) of the resolution on establishing the Preparatory Commission for IRENA, which provides that the Commission shall adopt its interim financial regulations,

recalling paragraph II of decision PC.1/dc.5 on establishing an Administrative Committee for the Commission, which assigned the Administrative Committee to prepare a draft proposal for interim financial regulations for the Preparatory Commission,

stressing the need for transparent and easily applicable financial regulations for the Commission in order to enable it to efficiently manage budgetary issues, since the interim financial regulations embody basic conditions for budgeting and financing the Commission,

emphasising that these interim financial regulations only apply for the Preparatory Commission and that the Preparatory Commission has to develop financial regulations for IRENA in accordance with number 10 lit. c.) of the resolution on establishing a Preparatory Commission for the International Renewable Energy Agency to be adopted by the Assembly of IRENA,

adopts the following interim financial regulations for the Commission:

Article 1

SCOPE AND DEFINITIONS

Regulation 1.1

Scope

These regulations shall govern the financial administration of the Preparatory Commission, its Secretariat and its subsidiary bodies.

Regulation 1.2

Definitions

For the purpose of these regulations the following definitions shall apply:

1. "Statute" means the Statute of the International Renewable Energy Agency (IRENA);
2. "Resolution" means the resolution on establishing a Preparatory Commission for the International Renewable Energy Agency, adopted at the Conference on the establishment of the International Renewable Energy Agency;
3. "Commission" means the Preparatory Commission for the International Renewable Energy Agency;
4. "Member" means any Member of the Commission;
5. "Secretariat" means the Secretariat of the Commission, which is the Interim Secretariat of IRENA;
6. "Appropriations" mean the aggregate of the expenditure authorisations approved by the Commission for the regular budget of the Commission for a financial period against which expenditures may be incurred for purposes approved by the Commission;
7. "Appropriation section" means a major subdivision of the appropriations;
8. "Ex gratia payment" means a payment where there is no legal liability but where payment is justifiable in the light of circumstances;
9. "Unliquidated obligation" means an obligation or that portion of an obligation which is not yet paid;
10. "Short term investments" are investments for a period not exceeding twelve months.

Article 2**FINANCIAL PERIOD****Regulation 2**

The financial period shall be one calendar year unless otherwise decided by the Commission.

Article 3**THE BUDGET****Regulation 3.1*****Preparation and submission***

Based on the draft programme of work the Interim Director-General shall prepare and submit to the Commission a draft budget for its next financial period to be considered and adopted at a session of the Commission. The draft budget shall be submitted by the Interim Director-General to the Members at least 60 days prior to the opening of the session of the Commission at which it is to be adopted.

Regulation 3.2***Form of the budget***

The draft budget shall cover income and expenditures for the financial period to which they relate.

Expenditures and income shall be grouped in two ways:

- (a) divided into sections and chapters and if appropriate into sub-chapters (cost based budget); and
- (b) according to the programme to which they relate (result based budget).

It shall give an overview on past and planned activities of the Interim Secretariat and indicate priorities where uncertainties persist. It shall be accompanied by such information, annexes and explanatory statements as may be requested by the Commission or as the Interim Director-General may deem necessary, including a statement on the main changes in comparison with the budget of the previous financial period.

Regulation 3.3***Currency***

The budget shall be presented in United States dollars unless otherwise decided by the Commission.

Regulation 3.4
Adoption

Before adopting a budget, the Commission shall consider the draft budget and possible reports and may make amendments to the proposed budget. The budget shall be adopted by consensus in accordance with rule 33 of the rules of procedure in conjunction with Article IX paragraph G number 2 of the Statute.

Regulation 3.5
Supplementary budget

The Commission may adopt a supplementary budget for the financial period. The Interim Director-General shall submit proposals for a supplementary budget whenever requested by the Commission. He/she may make such proposals on his/her own initiative only if this is exceptionally necessary following careful examination of available resources for their possible reallocation and taking into account regulation 4.6 concerning the transfer of funds. Such proposals shall be prepared and acted upon in a form and manner consistent with the regular budget proposals for the financial period, except that they need not to be considered and adopted at a session of the Commission.

Article 4**APPROPRIATIONS****Regulation 4.1**
Authorisation

The appropriations of the adopted budget shall constitute an authorisation to the Interim Director-General to incur obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved, provided always that, unless specifically authorised by the Commission, expenditures are covered by related funds.

Regulation 4.2
Availability

Appropriations shall be available for entering into obligations during the financial period to which they relate. Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to liquidate any outstanding legal obligations of the financial period.

Regulation 4.3
Unobligated balances

The balance of the appropriations remaining unobligated at the close of the financial period shall form part of any cash surplus of the budget and shall be treated in accordance with regulation 4.5.

Regulation 4.4
Unliquidated obligations

At the end of the twelve-month period provided for in regulation 4.3., any unliquidated obligations of the financial period in question shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations. The then remaining balance of appropriations retained shall form part of any cash surplus of the budget and shall be treated in accordance with regulation 4.5.

Regulation 4.5
Cash surplus

Any cash surplus in the budget at the close of any financial period shall be apportioned among Members in proportion to their paid voluntary contributions and shall be surrendered to the respective Members as of 1 January following the year in which the audit of the accounts of the financial period is completed and in a manner to be determined by them.

Regulation 4.6
Transfers between appropriation sections

The Interim Director-General may make transfers within each of the appropriation sections of the approved budget outlined in the cost-based form of the budget as referred to in regulation 3.2 lit. a). He or she may also make transfers between these appropriation sections up to such limits as the Commission may set from time to time. Transfers in excess of this limit may be made only with the prior approval of the Commission.

Regulation 4.7
Commitments for future financial periods

The Interim Director-General may only enter into commitments for future financial periods provided that such commitments are authorised by a specific decision of the Commission.

Article 5**CONTRIBUTIONS****Regulation 5**

The resources of the Commission shall comprise:

- (a) voluntary contributions made by Members on the basis of the indicative IRENA scale of contributions;
- (b) voluntary contributions made by Members in addition to those made pursuant to paragraph (a) and voluntary contributions made by states and regional intergovernmental economic integration organisations not yet Members; and
- (c) miscellaneous income.

Article 6**VOLUNTARY CONTRIBUTIONS BASED ON THE INDICATIVE
IRENA SCALE OF CONTRIBUTIONS****Regulation 6.1*****Scope***

Voluntary contributions based on the indicative IRENA scale of contributions according to regulation 5 lit. a) should be paid by each Member as of 2010. They shall cover administrative costs and core activities (core budget) as referred to in Article XII of the Statute.

Regulation 6.2***Indicative IRENA scale of contributions***

The indicative IRENA scale of contributions, as part of the budget process, shall:

- a) be based on the UN scale of assessment in force for the apportionment of the expenses of the United Nations;
- b) take into account differences in membership between the United Nations and the Commission; and
- c) take into account regional intergovernmental economic integration organisations that are Members of the Commission.

Regulation 6.3***Adjustment of contributions***

The amounts based on such an indicative IRENA scale of contributions should be adjusted in respect of:

- (a) supplementary appropriations;
- (b) voluntary contributions made by new Members on the basis of an adjusted indicative IRENA scale of contributions pursuant to regulation 6.4;
- (c) miscellaneous income.

Regulation 6.4***Contributions of new Members***

States and regional intergovernmental economic integration organisations that become a Member after the beginning of the new financial period should make voluntary contributions pro rata temporis for this financial period based on an adjusted indicative IRENA scale of contributions as referred to in regulation 6.3 lit. b). Such contributions should start at the beginning of the month following the month in which they become a Member. Regulation 9 shall apply mutatis mutandis for the year of adhesion to the Commission.

Article 7**VOLUNTARY CONTRIBUTIONS IN ADDITION TO ARTICLE 6****Regulation 7.1*****Acceptance***

Voluntary contributions, gifts, bequests and subventions, whether or not in cash, other than those referred to in regulation 5. lit. a.), may be accepted by the Interim Director-General for a purpose agreed between the Interim Director-General and the contributor only if the purposes for which the contributions are made are consistent with the policies, aims and activities of the Commission and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organisation is authorised by the Commission.

Regulation 7.2***Report on voluntary contributions***

The Interim Director-General shall report to the Commission all the voluntary contributions, gifts, bequests and subventions he/ she has accepted.

Article 8

MISCELLANEOUS INCOME

Regulation 8.1

Definition

All other income except:

- (a) contributions by Members according to the indicative IRENA scale of contributions,
- (b) contributions specified for a purpose; and
- (c) direct refunds of expenditures made during the financial period;

shall be classed as miscellaneous income, for credit to the General Fund.

Regulation 8.2

Staff assessment

Revenue derived from staff assessment shall be credited to miscellaneous income.

Article 9

MODALITIES TO PAY

Regulation 9.1

Information by the Interim Director-General

After the Commission has adopted the budget and determined the amount of the Operating Reserve, the Interim Director-General shall:

- (a) submit the relevant documents to the Members;
- (b) inform the Members of the Commission of the amount of voluntary contributions which should be paid in the respective financial period as of 2010 according to the indicative IRENA scale of contributions;
- (c) request them to remit their contributions.

Regulation 9.2
Date of payment

Each Member of the Commission shall, prior to 1 January of each year, inform the Interim Director-General of the contribution it intends to make that year. Each Member should pay their voluntary contributions as early as possible, preferably on 1 January of the calendar year to which they relate.

Regulation 9.3
Instalments

However, a Member may inform the Interim Director-General of its preference to pay its contribution to the budget in two instalments, in which case half of the amount of contributions should be paid as early as possible pursuant to 9.2 and the remaining amount should be paid preferably within six months from that date.

Regulation 9.4
Currency of payments

Contributions and advances shall be paid in the currency or currencies in which the budget is presented.

Article 10**GENERAL FUND****Regulation 10.1**
Scope

There shall be established a General Fund for the purpose of accounting for the Commission's administrative costs and its core activities (core budget) as referred to in Article XII of the Statute.

Regulation 10.2
Contributions credited to the General Fund

All contributions referred to in regulation 5. a) and c) and any advances made from the Operating Reserve to finance expenditures shall be credited to the General Fund.

Regulation 10.3***Voluntary contributions referred to in regulation 5 lit. (b)***

Voluntary contributions referred to in regulation 5 lit. (b) may only be credited to the General Fund if they are not restricted by the contributor as to cover only specific costs of the core budget. Contributions in respect of which no purpose is specified shall be treated as miscellaneous income and reported as gifts in the accounts of the financial period.

Article 11**OPERATING RESERVE****Regulation 11.1*****Scope***

Within the General Fund there shall be established an Operating Reserve in order to ensure continuity of operations in the event of short-term liquidity problems in the core budget. The amount of the Operating Reserve shall be determined by the Commission.

Regulation 11.2***Crediting of payments***

Payments made by a Member should be credited as appropriate first to the Operating Reserve.

Regulation 11.3***Reimbursement***

Advances made from the Operating Reserve shall be reimbursed to the Reserve as soon as and to the extent that income is available for that purpose.

Regulation 11.4***Investments***

Income derived from investments of the Operating Reserve shall be credited to miscellaneous income.

Article 12**SPECIAL TRUST FUNDS AND SPECIAL ACCOUNTS****Regulation 12.1*****Scope***

There shall be established a special trust fund for financing work programme activities of the Commission which are not part of the core activities (supplementary programme activities). Voluntary contributions specified for the purpose of financing these supplementary programme activities shall be credited to this special trust fund.

Regulation 12.2***Further special trust funds and special accounts***

Further special trust funds and special accounts may be established by the Interim Director-General as may be necessary to ensure transparent implementation of the Commission's activities. The purpose and limits of each trust fund and special account shall be clearly defined by the Interim Director-General. They shall be reported to the Commission.

Article 13**BANKING****Regulation 13**

The Interim Director-General shall designate the bank or banks in which the funds of the Commission shall be kept.

Article 14**INVESTMENTS OF FUNDS****Regulation 14.1*****Investments***

The Interim Director-General may make short-term investments of moneys not needed for immediate requirements and shall periodically report to the Commission on any such investments.

Regulation 14.2***Crediting of income derived from investments***

Income derived from investments shall be credited to miscellaneous income or as provided in the relevant rules relating to each fund or account.

Income derived from investments of the Operating Reserve shall be credited to miscellaneous income.

Article 15**ACCOUNTS AND AUDIT****Regulation 15.1*****Accountability and report on budget performance***

The Interim Director-General shall be accountable to the Commission for the proper management of the financial resources in accordance with these regulations.

Unless otherwise decided by the Commission, the Interim Director-General shall for each regular session of the Commission prepare a report on the income and budget performance of the current financial period. This report shall be distributed to the Members at least four weeks before the opening of the session in accordance with rule 3 paragraph 3 of the rules of procedure of the Commission.

Regulation 15.2***United Nations audit process***

The accounts and financial management of all funds governed by these financial regulations shall be subject to the internal and external audit process as provided for in the United Nations financial regulations and rules, which shall insofar apply mutatis mutandis.

Article 16**EXPENDITURES****Regulation 16.1*****Resolutions / Decisions involving expenditures***

Neither the Commission nor its subsidiary bodies shall take a decision involving either a change in the budget approved by the Commission or the possible requirement of expenditure unless it has received and considered the statement of the Interim Director-General on the budget implications of the proposal.

Regulation 16.2
Procurement

Substantial purchases of equipment, supplies, services and other requirements shall be by open tender. Such tenders shall be invited by advertisement.

Article 17

GENERAL PROVISIONS

Regulation 17.1
Entry into force

These regulations shall become effective on the date of their approval by the Commission.

Regulation 17.2
Amendments

These regulations may be amended by the Commission.

Regulation 17.3
Adoption of amendments to interim financial regulations

The Commission shall consider and may adopt the proposed amendments to these regulations by consensus, in accordance with rule 33 of the rules of procedure in conjunction with Article IX paragraph G number 3 of the Statute.

Regulation 17.4
Interim financial rules

The Interim Director-General may develop such interim financial rules for the Commission as may be appropriate for the implementation of these regulations and shall report thereon to the Commission.

Regulation 17.5
Entry into force of amendments

Amendments to these regulations shall become effective on the date of their approval unless otherwise provided by the Commission.

Regulation 17.6***Relation of provisions***

In the event of any conflict between any provisions of these regulations and any provisions of the Resolution, the Resolution shall prevail. In the event of any conflict between these regulations and the financial rules, these regulations shall prevail.