

**ASSOCIATION OF CARIBBEAN STATES
SECOND ORDINARY MEETING OF THE MINISTERIAL COUNCIL**

Havana, 13th December, 1996

Agreement No. 4/96

**ADOPTION OF THE RULES FOR THE OPERATION OF THE
SPECIAL FUND OF THE ASSOCIATION OF CARIBBEAN STATES**

The Ministerial Council,

PURSUANT TO:

Article XIII of the Convention establishing the ACS;

Agreement 7/95 instructing the ACS Secretary General to submit a proposal supporting the establishment of the Special Fund;

AGREES:

1. To adopt the Rules for the Operation of the Special Fund of the Association of Caribbean States in keeping with Appendix 1.
2. To instruct the Secretariat to draft the "Methodological Manual for the submission of projects" and the "Operative Regulations" to be considered by the Council of National Representatives of the Fund at its first meeting in 1997.

**SPECIAL FUND OF THE ASSOCIATION OF CARIBBEAN STATES
(APPENDIX I)**

1. Definition

The Special Fund of the Association of Caribbean States (hereinafter referred to as the Fund and the Association, respectively) is established pursuant to Article XIII of the Convention establishing the ACS, signed on July 24, 1994, and will be constituted separately from and independent of the regular Budget of the Association.

The operation of the Fund will be based on the principles of universality and without conditionality for cooperation, bearing in mind that the implementation of discriminatory policies is incompatible with the principles and purposes of the Association.

2. Objectives

The main objectives of the Fund will be to finance those actions which clearly and decisively contribute to:

- a) Fostering cooperation for development among the Members of the Association, and
- b) Deepening the integration process in the Region.

3. Applicable Areas

For the purposes of drafting and financing projects under the Fund, the areas of priority are the following:

- Tourism
- Development of Trade and Foreign Economic Relations
- Transportation
- Natural and Environmental Disasters affecting the Member States
- Issues concerning Social, Cultural, Scientific and Technological Development
- Protection and Preservation of the Environment, Natural Resources and the Caribbean Sea
- Promotion of the Development of Small-Scale and Mid-Scale Enterprises
- Communications and Information collection, exchange and analysis

4. Authorities of the Fund

The Fund will be governed by the decisions taken by the following four authorities:

- i) The Ministerial Council
- ii) The Council of National Representatives of the Fund which will comprise Senior Officials of Member Countries and Associate Members of the ACS, the Chairmen of the Special Committees and the Secretary General, who will only have a voice at the Board meetings.
- iii) The Board of Directors of the Fund.

The Chairman of the Board of Directors of the Fund will be elected from among the Council of National Representatives of the Fund, save for the first year of operations, when said position will be occupied by the Chairman of the Special Committee on Development of Trade and External Economic Relations.

The Chairman of the Board of Directors cannot be appointed from among the Members of the countries that are part of the Executive Body of the Ministerial Council at that time.

- iv) The Secretariat of the Association which will be responsible for the administration of the Fund.

4.1 Powers of the Authorities

- i) Every two years the Ministerial Council will evaluate the results of the activities adopted by the Fund and their global impact in the region. Likewise, it will instruct the Council of National Representatives of the Fund on the orientations to be given to the activities financed by the Fund.

Any dispute arising within the Council of National Representatives of the Fund will be brought to the Ministerial Council. Additionally, the Ministerial Council will adopt decisions on any matter which is not provided for in this document.

- ii) The Council of National Representatives of the Fund will receive, assess and select the projects which should be submitted pursuant to the procedure established in paragraph 6.1 of this document.

It will then allocate the relevant financial resources for each project selected according to the schedules and terms of reference outlined in them.

The Council of National Representatives of the Fund will meet at least twice a year, on the occasion of the Intersessional Preparatory Meeting and the Preparatory Meeting of the Ministerial Council.

- iii) The Secretariat will manage the resources of the Fund in accordance with the rules of

operation that will be adopted by the Council of National Representatives of the Fund at its first meeting. In the interim, the rules will be provisionally applied.

In accordance with the foregoing paragraph and in case authorization is needed for financing any project confirmed as requiring urgent attention and which may be presented in the periods between the meetings of the Council of National Representatives of the Fund, the Secretary General will seek the written authorization of the Ministerial Council for the respective disbursements, pursuant to what is foreseen in Item (h) of Article IX of the Convention establishing the ACS.

5. Financial Mechanisms

5.1 Modalities for contributions to the Special Fund

The Fund will be set up by voluntary contributions from:

Member States, Associate Members, Observers of the Association, Non-Member States, International Organizations or any other private entity or State enterprise interested in supporting cooperation programmes compatible with the purposes and objectives of the Association.

Timing of Contributions

Contributors may at any time offer their contributions in writing to the Secretary General of the Association, who will inform the Board of Directors of the Fund.

Terms and Modalities for Contributions and Pledges

The terms and modalities of contributions will be negotiated by the Secretariat and a contribution agreement will be signed by the Secretary General under the power vested in him by the Ministerial Council referred to in Article IX (h) of the Convention. In the intervening periods of the meetings of the Ministerial Council, such authorizations may be granted by the decision of its Chairman in consultation with the Chairman of the Board of Directors of the Fund.

As a general rule, non-reimbursable resources will be accepted. The Secretary General will negotiate agreements to obtain reimbursable resources only after being duly authorized by the Ministerial Council.

The Secretariat may organize specific negotiations and pledging sessions and invite potential contributors to such sessions. At these sessions, contributors may be informed on the utilization of the resources in accordance with the rules of operation of the Fund and, based on the customary practice of international cooperation, they may request and have access to specific information on the utilization of the contributions.

Contributions and Disbursements

Contributions shall be made in cash or instruments payable in cash. Any income earned on the proceeds of the contributions prior to the utilization in the programmes will be incorporated into

the Funds resources.

Disbursements will be made in US dollars or in any currency required for the performance of the activities within the Fund and in accordance with the contracts that will be established for executing the projects approved.

Once the project is approved, the financial and exchange rate losses and earnings will be assumed by the authorized budget of the relevant project.

Currency of the Contributions

Each contribution will be denominated and paid in US dollars or in the currency of the contributor, provided such currency is freely and fully convertible into US dollars, or partly in US dollars and partly in any other convertible currency. The rules of operation shall determine the provisions which shall apply to the maintenance of value of contributions made in convertible currency other than the US dollar.

The accounts of the Fund will be kept in US dollars, which will be its unit of account. When it is necessary to determine the value in US dollars of any currency contributed, it will be done at the exchange rate of the international market prevailing on that date.

5.2 Separation of Operations

The resources of the Fund will always be maintained, used, committed, invested or managed completely apart from the resources of the regular budget of the Association.

6. Mechanisms for Operation

6.1. Criteria for the Projects

The Council of National Representatives of the Fund will receive, assess and select the projects, and in each case will authorize the corresponding financial resources of the Fund, only for those projects that meet at least one of the following requirements:

- i) Projects adopted and submitted by the Chairmen of each of the Special Committees of the Association.
- ii) Projects whose subject does not fall within any of the fields of competence of the Special Committees, and which are presented by a minimum of five countries of the Association, in keeping with the principles of geographical distribution and linguistic representation set out in the Convention establishing the ACS.
- iii) Projects submitted by International Organizations, which in their design will commit financial contributions of at least 50% of the total cost of the project, and which should guarantee specific benefits for at least five Member Countries of the Association.

The project may be submitted in any of the three official languages of the Association. The

Special Committee, the group of countries or the International Organization submitting them will be responsible for its preparation.

6.2 Acquisitions

The acquisition of goods and services provided for in the project financed by the Special Fund exceeding the amount of USD 20, 000 will be subject to tenders preferably from among the Member States and Associated Members of the Association.

6.3 Non-financial Resources

Projects submitted for the consideration of the Council of National Representatives of the Fund should be designed according to the methodology manual for the presentation of projects which will be provisionally applied until the Council of National Representatives of the Fund approves it in its first meeting.

The terms of reference of the project should be clearly defined in the manual, highlighting its objectives, evaluation and follow-up mechanisms, its budget, its schedule of activities and those areas in which, contributions in kind and technical services will be received.

7. Auditing, Evaluation and Reporting

The accounts of the Association will be audited at least once a year by independent accountants of any of the Member Countries of the Association in accordance with the rules that the Special Committee for Budget and Administration will adopt. The Secretariat will present to the Ministerial Council and the Council of National Representatives of the Fund a Financial Statement on the operations of the fund separate from those of the regular budget. The financial statements will include statements of income and expenditures related to the contributions and balances of same.

The Council of National Representatives of the Fund will undertake every two years a detailed in-depth evaluation of the operation of the Fund. The report of said evaluation shall be made available to the Ministerial Council at least three months before its next ordinary meeting.

8. Amendments

This document may be amended only by agreement of the Ministerial Council.

9. Transitory Clause

The Secretariat will draft rules of operation and a methodology manual for the presentation of projects. After consultation and their acceptance by the Chairman of the Ministerial Council and the Chairman of the Board of Directors, these documents will be temporarily applied until the first meeting of the Council of National Representatives of the Fund which will adopt them as provided in paragraph 4.1 above.

10. Final Provisions

This instrument shall enter into force on the date of its adoption by the Ministerial Council of the Association.