

# REGULATIONS FOR THE MANAGEMENT OF OLADE'S ASSETS AND RESOURCES

## CHAPTER I ASSETS AND RESOURCES

**Article 1.-** For the purposes of these Regulations, the assets and resources of the Latin American Energy Organization shall be understood as the goods, products, technical services and funds obtained through ordinary and special contributions from the Member Countries, services, donations, rights, loans, non-reimbursable contributions and financial benefits generated there from.

The non-reimbursable contributions and funds shall be managed according to the procedures agreed upon with the donors, to whom their auditing and approval shall correspond.

### **Article 2.- Voluntary Contributions Fund**

Without detriment to the provisions of Article 1 of these Regulations, a Voluntary Contributions Fund shall be established with resources from donations, non-reimbursable contributions and the financial benefits generated there from.

The Voluntary Contributions Fund shall be incorporated into the Permanent Secretariat's General Budget.

The Permanent Secretariat shall manage these resources from:

- a) OLADE Member Countries;
- b) OLADE Participating Countries;
- c) Countries that are not members of OLADE, located inside and outside of it;
- d) Financial organizations and cooperation agencies;
- e) International organizations;
- f) Development banks from the public and private sectors;
- g) Public or private companies and organizations; and Nongovernmental organizations.

The application of resources of the Voluntary Contributions Fund will not be subjected to limiting conditions by donors.

The income and expenses recorded for the Voluntary Contributions Fund shall be reported to the Meeting of Ministers by the Permanent Secretariat in the budget statements.

The resources of the Voluntary Contributions Fund shall be allocated solely to financing cooperation projects and activities related to regional energy integration cooperation and promotion, considered in the Triennial Work.

## CHAPTER II BUDGET

### **Article 3. - Presentation and Approval of the Budget**

The Executive Secretary in coordination with the Administration and Finances Management shall prepare and submit a draft of the Organization's annual budget to the Directive Committee, to analyze and agree with it, in order for it to be analyzed by the Council of Experts and approved by the Meeting of Ministers.

### **Article 4. - Structure of the General Budget**

The Permanent Secretariat's General Budget shall be comprised of the income and expense

budgets, and it shall be allocated in keeping with the items approved by the Meeting of Ministers and the limits defined in these Regulations.

#### **Article 5. - Structure of the Income Budget.**

OLADE's income budget shall be comprised of the following areas:

- a) **Ordinary contributions from the Member Countries:** are those established by the Meeting of Ministers, and they serve to finance the general budget approved for the Permanent Secretariat. The Member Countries' contributions shall be calculated as follows: a percentage in equal parts among the Member Countries and another percentage in keeping with the percentage distribution calculated by the United Nations to determine the quotas that the countries must pay to said Organization;
- b) **Special Contributions:** are those established by the Member Countries and aimed at financing cooperation programs. The Member Countries' contributions shall be calculated in keeping with the decisions of the Meeting of Ministers;
- c) **Voluntary Contributions Fund:** is established with resources from donations, non-reimbursable contributions and the financial benefits generated there from; and
- d) **Other sources of income:** are the interests earned by the Organization's financial resources, sale of publications, services, donations, loans, non-reimbursable contributions, etc.

#### **Article 6.- Structure of the Expense Budget.**

The general expense budget of the Permanent Secretariat is disaggregated under the following areas:

- a) **Operational Programs**
  1. Human resources;
  2. Official missions;
  3. Communications;
  4. Documentation and Publications;
  5. Maintenance and general expenses;
  6. Auditing, Public Relations and contingencies; and
  7. Meeting of Ministers, Council of Experts and the Directive Committee;
- b) **Cooperation Programs**
  1. Regional and sub regional programs; and
  2. Horizontal cooperation programs.

#### **Article 7.- Human Resources**

The heading "Human Resources" refers to the payment of the salaries and entitlements of the Permanent Secretariat staff personnel considered in the Internal Staff Regulations and observing the following criteria and limits:

- a) Salaries and other benefits shall be paid to those members of the Permanent Staff who provide services only to the Permanent Secretariat, on a full-time basis, and whose positions are provided for by the General Bylaws. In those cases in which the Permanent Secretariat should need to contract for occasional professional or administrative personnel and/or consultancy services, it shall proceed in keeping with the provisions of the Internal Staff Regulations and the Regulations for Hiring Consultants;
- b) No officer of the Permanent Secretariat shall receive a retroactive salary increase; and

c) On a monthly basis, provisions shall be taken to cover the eventual payment of the entitlements foreseen by the Internal Staff Regulations. These entitlements shall take effect as of the date on which a member of the Organization's permanent staff is hired or appointed.

#### **Article 8.- Official Missions**

The heading "Official Missions" refers to the expenses of air fares and per diems, in keeping with the revised scale of the United Nations, for those OLADE staff members who must travel outside the Headquarters, in order to carry out Permanent Secretariat activities related to approved programs. The following criteria and limits shall be observed:

- a) Only those official mission expenses referred to in item a) of the preceding Article shall be covered; and
- b) Upon their return from an official mission, the staff members who have traveled must submit to the corresponding Head of the Organizational Unit a report on the activities carried out and must justify their expenses in keeping with the established administrative-financial procedures.

#### **Article 9.- Communications**

The heading "Communications" refers to the Permanent Secretariat's expenses for postal, telephone, email, telefax, internet services, as well as information agencies and others used to perform its specific functions.

When, on an exceptional basis, the communications services have been used for personal matters, the corresponding sums shall be charged to the users of the services, in keeping with the established administrative-financial procedures.

#### **Article 10. -Documentation and Publications**

The heading "Documentation and Publications" involves the selection, purchase, processing, and distribution of documents and covering the expenditures for printing, reproducing documents; and purchasing books, magazines and publications required by the Document Center of the Permanent Secretariat. In relation with this heading, the following criteria and limits shall be observed:

- a) The publications purchased or published by the Permanent Secretariat shall deal only with matters inherent to the activities of OLADE. These publications shall be inventoried, and those published by the Permanent Secretariat may be distributed free of charge to the offices of the Governments of the Member Countries, international organizations, mass media and deserving individuals, according to the limits set, whereas in all other cases only their sale or exchange shall be permitted; and
- b) In exceptional cases in which documents of a personal nature have been reproduced, the corresponding sum shall be collected from the users of such services, in keeping with the established administrative-financial procedures.

#### **Article 11.-Maintenance and General Expenses**

The heading "Maintenance and General Expenses" refers to the expenses related to basic services of electricity, water, cleaning and security for the OLADE offices, as well as the replacement and maintenance of the Organization's assets, the contracting of the corresponding insurance, and other miscellaneous expenses. Under this heading, the following criteria and limits shall be observed:

- a) The material belonging to the Permanent Secretariat shall be used exclusively for the specific activities of the Organization;

- b) The property of the Permanent Secretariat, such as: furniture, equipment, machines, and vehicles, shall be used exclusively for the specific activities of the Permanent Secretariat, and the requests of the various organizational units shall be supported by the corresponding justifications;
- c) The care and maintenance of the vehicles, machinery and equipment belonging to the Organization shall be the responsibility of the person designated for that purpose, who shall respond personally and financially for damage incurred due to purposeful or inexcusable negligence;
- d) Security personnel shall be hired exclusively for the area of OLADE headquarters and, in no case, for private property;
- e) Cleaning and maintenance personnel shall be hired exclusively for the area of OLADE headquarters; and,
- f) Insurance policies shall be contracted exclusively for the property of the Permanent Secretariat, for sums ensuring its adequate replacement in the event of any kind of casualty.

#### **Article 12.-Auditing, Public Relations and Contingencies**

The heading "Auditing, Public Relations and Contingencies" refers to the expenses for hiring the auditing firm selected annually by the Council of Experts and approved by the Meeting of Ministers to review the Organization's financial statements, and the expenses for public relations and contingencies inherent to carrying out the activities of the Permanent Secretariat. The following criteria and limits shall be observed:

- a) The expenses under the item of "Public Relations" shall be exclusively for social attentions to high-level officials from the Member Countries or from institutional programs related to compliance with the objectives of the Organization. These expenses shall be limited to a per capita value of US\$150.00 (one hundred fifty 00/100 United States dollars) and to a maximum annual value of US\$10,000.00 (ten thousand 00/1 00 United States dollars) and shall be reported in the budget implementation statement at the Meeting of Ministers; and
- b) the social attentions charged to the Permanent Secretariat's budget shall not take place in private homes.

#### **Article 13. Meeting of Ministers, Council of Experts, and Directive Committee**

The heading "Meeting of Ministers, Council of Experts, and Directive Committee" refers to the expenses related to publications, shipping costs for the necessary materials, and other expenses incurred by the Permanent Secretariat in relation to the Meeting of Ministers, Council of Experts and Directive Committee.

#### **Article 14.- Regional and Sub regional Programs**

The heading "Regional and Sub regional Programs" refers to the expenses related to the organization of seminars, special studies, technical and scientific research, working groups, hiring of consultants, and other expenses required by the Permanent Secretariat in carrying out its programs and projects of regional and sub-regional scope in the Member Countries. The following criteria and limits shall be observed:

- a) Air fares and per diems shall be paid to the delegates of the countries which participate in the events organized by the Permanent Secretariat, in keeping with the United Nations scale in force;
- b) The additional needs for professional services shall preferably be met by technical experts from the Member Countries' governments or state enterprises, who shall receive

only air fares and per diems. Should there be no human resources available to provide the required services, the Permanent Secretariat may contract for these under the terms stipulated in the Internal Staff Regulations; and

c) The administrative and operating expenses of the Permanent Secretariat shall be covered by up to 10% of the total amount of the program, project or activity in question, as long as they are considered indispensable.

#### **Article 15. - Horizontal Cooperation Programs**

The heading "Horizontal Cooperation Programs" refers to financing for the projects and activities proposed and executed by the Member Countries. The following criteria and limits shall be observed:

- a) The projects and activities shall promote the objectives of OLADE approved by Decision XXXI/D/377;
- b) The expenses of airplane tickets and per diem will be covered exclusively to Governmental officials from Member States;
- c) The training activities shall be held only in governmental bodies of the Member States;
- d) The expense of publications shall only be covered insofar as they disseminate experiences

and findings resulting from the implementation of a project in which the Organization has been involved or which is considered to be of interest to the member countries and only if the Permanent Secretariat's members will carry them out;

- e) Expenses generated from the acquisition of machines, equipment, furniture or administrative needs will be not covered;
- f) Administrative and operating expenses of the Permanent Secretariat shall be covered by up to 10% of the total amount of a given activity;
- g) The beneficiaries of the heading "Horizontal Cooperation Programs" are obligated to prepare a thorough report about the activities held, indicating the benefits obtained to the country, submitted to the Minister in charge of energy issues in the country receiving the benefits , with a copy to the executive secretary of OLADE; and
- h) Those Member States that have not followed what was stated in the previous literal will not receive benefits.

### **CHAPTER III RESERVE FUND**

#### **Article 16.-Reserve Fund and Financial Commitments**

In order to meet eventual requirements of resources for the functioning of the Permanent Secretariat, a reserve fund shall be established, whose minimum value shall amount to the budgetary expenditures of the first semester of each year. This fund shall be set up by means of annual budget allocations approved at the Meeting of Ministers.

In the case of a lack of liquidity to meet financial commitments, after estimating that the reserve fund could be depleted, the Permanent Secretariat, to resolve this situation will be able to:

- a) Negotiate and sign with banking institutions loans of up to 25% of approved annual budget, and inform the Directive Committee about this matter; and
- b) Make temporary and short-term transfers between the funds for operating expenses and those for cooperation programs as long as those transfers do not interfere the execution of the cooperation programs annually budgeted.

## CHAPTER IV

### MANAGEMENT OF ASSETS AND RESOURCES

**Article 17.-** In order to ensure adequate management of OLADE 's assets and resources, the following attribution of the Advisory Board shall be observed:

- Analyzes and formulates recommendations to the Executive Secretary with respect to the following aspects, among others, contained in the General Bylaws: the annual budget and amendments thereto; requests for loans and payment conditions; transfers of resources; purchase of goods and hiring of services, whenever their value exceeds the sum of US\$10,000.00 (ten thousand 00/100 United States dollars), or the equivalent thereof; the supply of assets to member countries as loans, interest-free loans, or donation, previous advice of Directive Committee; and also reviews the independent auditing reports on the financial statements.

The Executive Secretary shall analyze the recommendations of the Advisory Board, and if he is in agreement with these, shall put them into effect by issuing Administrative Resolutions; otherwise, he shall return them to the Advisory Board for their clarification or modification. If they are not approved, he should proceed to provide grounds for his disagreement and submit them to the Directive Committee, who shall either support the decision of the Executive Secretary or take a final decision in this regard.

#### **Article 18.- Approval of Financial Statements**

The Executive Secretary shall present to the Directive Committee, the Reports of the "Financial Statements and Budget Implementation Statements," and Reports of the external auditors, which shall be sent to the Meeting of Ministers, for its approval.

If any additional clarification regarding the Financial Statements or the Budget Implementation Statements is required, it shall be provided by the Executive Secretary within 15 days, at the latest. If the Financial Statements and the Budget Implementation Statements are not approved, the Executive Secretary shall submit a report to the Directive Committee, including observations received from the Member Countries. The Committee shall review the report and make recommendations to the Meeting of Ministers

#### **Article 19.- Monetary Compensation**

If necessary, according to the criteria of the Directive Committee, and if there is the corresponding legal backing and express obligation of a monetary compensation, payment shall be settled by prorating the salaries of all of the personnel involved in the knowledge, requesting, processing and approval of the expenditures to which the compensation refers.

#### **Article 20.- Obligatory Attendance**

The Executive Secretary acting within the period under analysis, as well as all of the current or former staff members involved, shall be responsible for this compensation before the Directive Committee. If their attendance is required, the expenses related to their participation shall be covered in advance by the Permanent Secretariat. If their responsibility is ratified by the Directive Committee, proper monetary compensation will be demanded for these costs also.

## FINAL PROVISIONS

**Article 21.-** These regulations annul and revoke all norms, provisions and dispositions that are opposed to or in contradiction with the contents herein.

Organización Latinoamericana de Energía  
Latin American Energy Organization  
Organização Latino-Americana de Energia  
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**Article 22.-** These Regulations for the Management of OLADE' s Assets and Resources went into effect on June 1<sup>st</sup>, 2007, once being approved by the IV Extraordinary Meeting of Ministers of the Organization.