



**SECRETARIAT OF THE CONFERENCE ON INTERACTION
AND CONFIDENCE BUILDING MEASURES IN ASIA**

**СЕКРЕТАРИАТ СОВЕЩАНИЯ ПО ВЗАИМОДЕЙСТВИЮ
И МЕРАМ ДОВЕРИЯ В АЗИИ**

№17-1/805

*Enclosure:
as stated, on 8 p.*

The Secretariat of the Conference on Interaction and Confidence Building Measures in Asia (CICA) presents its compliments to the CICA Member States and has the honour to forward, on behalf of the CICA Chairmanship, an initial draft of the Regulations of the CICA Fund and a background paper on this draft, which will be introduced at the Senior Officials Committee meeting on 8 December 2021

The Secretariat avails itself of this opportunity to renew to the CICA Member States the assurances of its highest consideration.

Nur-Sultan, 3 December 2021



**MEMBER STATES
OF THE CONFERENCE ON INTERACTION
AND CONFIDENCE BUILDING MEASURES
IN ASIA**



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№17-1/805

*Приложение:
упомянутое,
на 8 л.*

Секретариат Совещания по взаимодействию и мерам доверия в Азии (СВМДА) свидетельствует свое уважение государствам-членам СВМДА и имеет честь препроводить от имени Председательства СВМДА первоначальный проект Положения о Фонде СВМДА и справочный документ об этом проекте, которые будут представлены на заседании Комитета старших должностных лиц 8 декабря 2021 года.

Секретариат пользуется случаем, чтобы возобновить государствам-членам СВМДА уверения в своем весьма высоком уважении.

город Нур-Султан, 3 декабря 2021 г.



**ГОСУДАРСТВА-ЧЛЕНЫ
СОВЕЩАНИЯ ПО ВЗАИМОДЕЙСТВИЮ И
МЕРАМ ДОВЕРИЯ В АЗИИ**

*Қосымша:
аталған 8 п.*

Азиядағы өзара іс-қимыл және сенім шаралары кеңесінің (АӨСШК) Хатшылығы АӨСШК мүше мемлекеттеріне өзінің зор ілтипатын білдіреді және АӨСШК Төрағалығы атынан 2021 жылғы 8 желтоқсанда өтетін Аға лауазымды тұлғалар комитетінің отырысында ұсынылатын АӨСШК Қоры туралы ереженің бастапқы жобасын және осы жоба туралы анықтамалық құжатты жолдауды өзіне мәртебе санайды.

Хатшылық осы мүмкіндікті пайдалана отырып, АӨСШК мүше мемлекеттеріне өзінің зор ілтипатын тағы да растайды.

Нұр-Сұлтан қаласы, 2021 жылғы 3 желтоқсан

**АЗИЯДАҒЫ ӨЗАРА ІС-ҚИМЫЛ ЖӘНЕ
СЕНІМ ШАРАЛАРЫ КЕҢЕСІНІҢ
МҮШЕ МЕМЛЕКЕТТЕРІ**

BACKGROUND PAPER

on the Draft Regulations of the CICA Fund

The CICA Chairmanship circulated non-paper on the CICA Fund among Member States on 5 November 2020. On 11 December 2020, the Senior Officials Committee took note of the Chairmanship's initiative to establish the CICA Fund.

On 15 December 2020, the Secretariat requested the Member States to provide their comments and suggestions to the initiative to establish the CICA Fund. Thereafter, the Chairmanship has received a broad range of comments and proposals from Member States.

On this basis, in the course of 2021, the Chairmanship continued its work on elaborating a concept and draft regulations on the CICA Fund, with a view to reverting to this matter after the Ministerial Meeting in October 2021.

The main direction of this work was to propose objectives, functions and a structure of a Fund which would be based on the principles of consensus and voluntary participation, and would ensure using this new mechanism for goals fully consistent with CICA goals and wishes of Member States and under their control.

Concept of the CICA Fund

Purpose

The main purpose and added value of creating a CICA Fund is to establish an additional voluntary funding mechanism to support achievement of CICA goals and objectives, first of all in implementation of CICA confidence building measures (CBMs), through development of CICA project activities and attraction of voluntary contributions.

The establishment of a Fund for the receipt of donor contributions, together with a regular pool of projects approved for funding, would bring about a

significant benefit to all Member States and the CICA forum both in terms of fostering practical cooperation and mutual assistance among Member States in all CICA dimensions and in terms of institutional development of CICA project management mechanisms, including project development, review, approval, implementation, monitoring and reporting tools.

Modalities

The modalities of the Fund are reflected in the proposed draft Regulations of the Fund. In summary, it includes three basic components – a pool for voluntary contributions (Fund), a pool of approved projects (List of Approved Projects) and a management mechanism consisting of representatives of Member States (Project Review Committee) lead by the Chairmanship with the support of the Secretariat. The proposed modalities also include basic elements of the procedure for accepting and reporting on voluntary contributions and the procedure for accepting, monitoring implementation and reporting on funded projects.

The CICA Fund would be a special bank account of the CICA Secretariat, separate from the Secretariat budget. The Secretariat has the right to hold funds and maintain accounts without being restricted by financial controls, regulations or moratoria of any kind. The inviolability of the Fund and the safety of its resources are guaranteed by the Convention on the Privileges and Immunities of the Secretariat, its Personnel and Representatives of Members of the Conference on Interaction and Confidence Building Measures in Asia" of 2010 and the Host Country Agreement between the Secretariat of the Conference on Interaction and Confidence Building Measures in Asia and the Government of the Republic of Kazakhstan regarding the Terms and Conditions of the Secretariat's Location in the Territory of the Republic of Kazakhstan of 2007.

The funds of the Fund would be used exclusively to finance approved CICA projects. The main principles of the Fund and its project management mechanism would be transparency and accountability, voluntariness and consensus.

The Fund's resources would be used for projects in any area within the CICA mandate, which are consistent with CICA goals and principles. Funding may be provided for projects on practical implementation of CICA CBMs; official development assistance (ODA) to Member States; research and development; humanitarian assistance; or other approved projects.

The proposed Regulations establish minimum requirements for project quality. Projects may be proposed by any CICA Member State and should include project objectives and feasibility, expected results, specific objectives, project duration and implementation plan, project budget and justification, arrangements for interim and final reports, and implementing agency.

Basic principles for accepting donor contributions are also envisaged in the proposed Regulations. Along with control over incoming funds, the Regulations envisage a simple mechanism for earmarking funds to specific projects.

A clear monitoring and reporting mechanism is envisaged both at the project level and the Fund level, including both substantive and financial reporting.

At the project level, the beneficiaries would provide to the Member States interim reports and final report on implementation of each project, including the information on achievement of project goals, financial statements and other required data. An informal project group would monitor and facilitate reporting on implementation of each project.

At the Fund level, the Secretariat would provide to the Member States annual financial statements of the Fund and inform all Member States about the balance of the Fund each time when a new contribution is received. A flexible but obligatory external audit mechanism is also envisaged.

**Draft Regulations of the Fund
of the Conference on Interaction and Confidence
Building Measures in Asia**

**Article 1
General provisions**

1.1 These Regulations define the mode of operation of the Fund of the Conference on Interaction and Confidence Building Measures in Asia (CICA).

1.2 The CICA Fund is an additional funding mechanism in the form of a special bank account of the CICA Secretariat.

1.3 The Fund's objective is to finance development projects and other project activities implemented within the framework of CICA.

1.4 The Fund shall operate based on the principles of transparency, voluntariness, consensus and accountability to the Member States.

1.5 The Fund's activities and projects financed by the Fund shall be implemented in line with the CICA goals and principles outlined in the Declaration on the Principles Guiding Relations Between the CICA Member States of 1999 and the Almaty Act of 2002, and in accordance with these Regulations.

1.6 The Fund's resources shall not be considered as the part of the CICA Secretariat's budget.

**Article 2
The use of the Fund's resources**

2.1 The Fund's resources shall be used for financing of projects in the following areas:

2.1.1 Programmes and projects aimed at official development assistance (ODA) to Member States.

2.1.2 Projects carried out as part of practical implementation of CICA confidence building measures.

2.1.3 Research and development of scientific, analytical, and information materials within the framework of CICA.

2.1.4 Providing humanitarian assistance to Member States.

2.1.5 Other projects approved for financing by the Fund.

2.2 Member States shall propose projects for financing by the Fund.

2.3 The project proposals shall include all relevant project documents, including goals and justification of the project, expected outcomes, specific outputs, project implementation timeframe and plan, project budget and its justification, plan for submitting interim and final reports and tentative information on implementing agency for the project.

2.4 Member States, through the CICA Secretariat, and the CICA Executive Director may request for additional information related to a proposed project.

Article 3

Project review process

3.1 The project proposals shall be sent to the CICA Secretariat for informing all Member States and submission for consideration by the Project Review Committee (PRC).

3.2 The PRC shall review projects and, on the basis of consensus, approve the projects for possible financing by the Fund.

3.3 The projects approved by the PRC shall be added to the List of Approved Projects for possible financing by the Fund. The List shall be posted and regularly updated on the website of the CICA Secretariat.

3.4 The PRC shall consist of representatives of interested Member States participating on a voluntary basis. The composition of the PRC shall be approved by the Senior Officials Committee (SOC). The PRC shall be chaired by the Chairmanship in coordination with the CICA Secretariat.

3.5 Meetings of the PRC shall be convened by the Chairmanship as necessary for consideration of the proposed projects or other needs associated with operation of the Fund. As necessary, the Chairmanship may propose the PRC to

consider and take decisions on certain issues intersessionally, through a silence procedure.

3.6 The Chairmanship shall develop the agenda for PRC meetings. The format, venue and date of a PRC meeting shall be determined by the Chairmanship in consultation with the host.

3.7 Organizational costs, associated with the holding of the PRC meeting, shall be incurred by the host, travel expenses of meeting participants shall be borne by the sending party.

Article 4 **Sources of funding**

4.1 The Fund shall be formed from the following sources:

4.1.1 Voluntary monetary contributions received from the Member States and/or their national ODA agencies.

4.1.2 Voluntary monetary contributions received, with the approval of the Member States, from the observer states, other states, observer organizations, partner organizations, international organizations, forums, international non-governmental organizations, financial institutions, legal entities and individuals.

4.2 Monetary contributions shall not be accepted from donors whose goals and principles contradict the goals and principles of CICA.

4.3 Donors may provide both earmarked funds to finance the projects from the List of Approved Projects or certain areas of activities, or non-earmarked funds, namely contributions with no indication of specific projects or areas of activity to finance.

4.4 Upon receipt of each contribution, the CICA Executive Director shall provide all Member States with the information on the total amount of resources available in the Fund, indicating the donors and contribution related details.

4.5 The Chairmanship, Member States and the CICA Executive Director may carry out fundraising activities, search potential donors and interact with them.

Article 5

Mechanism of funding and control over implementation of projects

5.1 The use of the Fund's resources for financing the projects specified in the List of Approved Projects shall be subject to approval by the PRC.

5.2 The Chairmanship, Member States and the CICA Executive Director may suggest the PRC to use the available non-earmarked resources for financing unfunded projects from the List of Approved Projects.

5.3 Responsibility for ensuring due implementation of projects funded from the Fund shall rest with a Member State receiving its funds (Beneficiary).

5.4 The Beneficiary shall submit to all Member States, through the Secretariat, interim reports and final report on implementation of a project, including the information on achievement of project goals, financial statements and other required data.

5.5 In order to assist the Beneficiary to ensure transparency and reporting to the PRC, a project group shall oversee the progress of a project during the entire period of its implementation. The project group will consist of representatives of the Chairmanship, Beneficiary and the donor, and Members of the PRC participating on a voluntary basis, and will be coordinated by the Secretariat.

Article 6

Financial statements

6.1 The Secretariat shall circulate to the Member States an annual financial statement for the financial period no later than 31 March of the year following the reporting financial period, including the information on the received, allocated and unused resources of the Fund as at the end of the reporting period. The financial period shall mean a calendar year. The Beneficiaries shall submit to the Secretariat all the required data in order to produce such a statement.

Article 7

External audit

7.1 External audit of the Fund shall be conducted by the decision of the SOC as often as necessary and at least once in two years in case of operational activity.

7.2 External audit shall be conducted by an audit institution nominated by a Member State and authorized by the SOC.

7.3 The audit report shall be circulated to all Member States by the Secretariat.

7.4 The Fund's Beneficiaries shall submit, upon request, all the required documents to the external auditor.

7.5 External audit shall be conducted at the expense of the Member State that nominated the external auditor.

Article 8

Final provisions

8.1 These Regulations shall be adopted by the CICA Summit. The SOC may amend these Regulations.