



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

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

№FUND/653

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, Revision 2 of the Draft Regulations of the CICA Fund (SOC/2021/DRAFT/4/Rev.2) together with an explanatory note. Revision 2 is prepared after taking into account discussions held at the Expert Meeting on 14 April 2022. The draft regulations of the CICA Fund is included in the agenda of the upcoming Special Working Group Meeting on 8 June 2022.

*Enclosure:
as stated, on
10 p.*

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

Nur-Sultan, 20 May 2022

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





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

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

№FUND/653

*Приложение:
упомянутое,
на 10 л.*

Секретариат Совещания по взаимодействию и мерам доверия в Азии (СВМДА) свидетельствует свое уважение государствам-членам СВМДА и, от имени Председательства СВМДА, имеет честь препроводить ревизию 2 проекта Положения о Фонде СВМДА (SOC/2021/DRAFT/4/Rev.2) вместе с пояснительной запиской. Ревизия 2 подготовлена с учетом обсуждений, проведенных на Экспертной встрече 14 апреля 2022 года. Проект Положения о Фонде СВМДА включен в повестку дня предстоящего заседания Специальной рабочей группы 8 июня 2022 года.

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

город Нур-Султан, 20 мая 2022 года

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



Азиядағы өзара іс-қимыл және сенім шаралары кеңесінің (Азия Кеңесінің) Хатшылығы Азия Кеңесінің мүше мемлекеттеріне өзінің зор ілтипатын білдіреді және, Азия Кеңесінің Төрағалығы атынан, Азия Кеңесінің Қоры туралы ереже жобасының 2-ревизиясын (SOC/2021/DRAFT/4/Rev.2) және түсіндірме жазбасын жолдауды өзіне мәртебе санайды. Қор туралы ереже жобасының 2-ревизиясы 2022 жылғы 14 сәуірде Сараптамалық кездесуде өткізілген талқылауларды ескере отырып дайындалды. Азия Кеңесінің Қоры туралы ереженің жобасы 2022 жылғы 8 маусымға жоспарланған Арнайы жұмыс тобы отырысының күн тәртібіне енгізілді.

*Қосымша:
аталған, 10 п.*

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

Нұр-Сұлтан қаласы, 2022 жылғы 20 мамыр

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

EXPLANATORY NOTE

on Revision 2 of the draft regulations of the CICA Fund (document SOC/2021/DRAFT/4/Rev.2)

The Chairmanship held an expert meeting on 14 April 2022 in order to discuss Revision 1 of the draft Regulations of the CICA Fund, which had been prepared taking into account earlier received written comments from Member States.

The purpose of the expert meeting was to prepare the draft for consideration at the Special Working Group. The Chairmanship considers that the meeting has achieved its goal and thanks all Member States which participated in the meeting. A broad range of useful and constructive comments were made and valid questions were raised by experts from Member States. Some written comments were received after the meeting.

On this basis, the Chairmanship has prepared Revision 2 of the draft Regulations of the CICA Fund, which is available as document SOC/2021/DRAFT/4/Rev.2 of 20 May 2022. This note provides clarifications on the changes made in Revision 2 and on certain questions raised at the expert meeting.

1. Questions were raised about the appropriateness and feasibility of engagement of CICA in the area of “**international development assistance**”, about the added value and efficiency of the Fund in light of the existence of international financial institutions, such as the World Bank, Asian Development Bank (ADB), etc., and about capacity of CICA to operate an “**international development fund**”. In this context, it was proposed to specify in detail the **purpose** of the establishment of the Fund.

The Chairmanship hereby clarifies that the references in the draft “*to finance development projects implemented within the framework of CICA*” or “*financing projects aimed at international development assistance*” should not be confused with the term “Official Development Assistance” (ODA) and should not be perceived as a proposal that CICA would start acting as an ODA agency, development aid operator, project implementing agency or a donor. There is clearly no intention, no mandate and no need to engage CICA in duplicating activities of national or international institutions dealing with ODA, such as the

World Bank, ADB, Asian Infrastructure and Investment Bank, IDB, OECD, OFID, etc. There is clearly no proposal to establish “an international development fund” under CICA’s umbrella.

Therefore, the references in question were rephrased in Revision 2 to avoid such confusion. Moreover, at the request of one Member State, the definition and purpose of establishing the Fund is further specified in Article 1.

The role of the CICA Fund would be to facilitate and catalyze activities of Member States aimed at achievement of those development goals which correspond to CICA objectives, including through mobilization of resources for implementing agreed CICA projects. The Almaty Act, the CICA Catalogue of CBMs and many other CICA documents contain a broad range of areas of practical cooperation within CICA dimensions aimed at development of Member States. Therefore, the Chairmanship is convinced that assistance to Member States in their development within agreed CICA areas of cooperation is not outside of CICA’s mandate. Furthermore, such development assistance would strengthen CICA’s added value and its practical impact, and bring about tangible benefits to Member States.

In practical terms, projects financed by the Fund, including those aimed at CICA-compatible development assistance, will be implemented not by CICA itself but by the beneficiary - the recipient Member State, and its project operator (implementing agency).

It is also envisaged that the Fund would promote cooperation with and may receive contributions from national or international financial institutions or ODA agencies, as indicated and further specified in Article 4. It is indeed envisaged that, following the establishment of the Fund, possible means to channel the existing resources of financial institutions into CICA activities would be explored, and CICA would actively engage and cooperate with existing multilateral development banks to mobilize their resources for CICA purposes.

2. Question was raised about **concrete projects** which would be financed by the CICA Fund.

The CICA Fund would finance any kind of projects indicated in paragraph 2.1, which would be subject to approval by the Member States prior to implementation. Paragraph 2.1 provides the broadest possible range of areas for possible projects within areas of cooperation mandated in CICA documents, in particular in the CICA Catalogue of CBMs. To make it clearer, addition was made to p.2.1.2. Therefore, the list of areas in p.2.1 is exhaustive and does not need to be expanded or broken down into a very long list of specific areas.

Furthermore, any Member State has the choice to propose any project suitable to its national interests, compliant with the CICA mandate and subject to acceptance by all other Member States on the basis of the project's individual merit.

3. Questions were raised with regard to the composition of the **Project Review Committee (PRC)** and the authority of its members to approve projects and accept financial pledges on behalf of the Member States.

To address these questions, p.3.2 is rephrased in Revision 2, (1) making it more explicit that representatives from all Member States may participate in the PRC; (2) replacing the term "*experts*" by "*representatives with the relevant expertise*", thereby enabling each Member State to determine the most appropriate level of representatives authorized to approve projects, accept pledges and take other actions within the mandate of the PRC; and (3) removing, at the request of one Member State, the four-year limitation on the term of PRC members, as each Member State would be free to appoint its representative(s) in the PRC for any term it deems appropriate.

4. Question was raised as to who decides on the consistency of **donors' objectives and principles** with those of CICA as stipulated in p.4.2.

The answer to this question was already provided in p.4.4, which clearly stipulates that acceptance of pledges from external donors would be subject to approval by all Member States at the PRC, on the basis of consensus. To make things even more clear, addition is made at the end of p.4.4. in Revision 2 to specify that such acceptance would be made also on the basis of compliance of the donor with the criteria established in p.4.2.

5. Clarification was sought as to the nature of the proposed funding, namely whether it would be in the **form of a grant**, hence without carrying any interest on the financed amount, and it was proposed to mention specific operational forms of assistance.

To address this question, additional paragraph p.1.7 is included in Revision 2, stipulating that financing would be on a non-reimbursable basis.

6. Proposal was made to consider preparing certain elements of the future project management framework indicated in p.8.2, namely **project proposal and reporting templates**, for concurrent approval with the draft Regulations by the Summit in October 2022.

The Chairmanship and Secretariat have started elaboration of such elements and would submit them to the Member States for consideration in a separate document. It should be noted that basic elements of such templates are already listed in p.2.3 of the draft Regulations.



Chairmanship of Kazakhstan

DRAFT DECISION OF THE CICA SUMMIT MEETING

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

The CICA Summit,

Decides to establish and adopt the following Regulations of the Fund of the Conference on Interaction and Confidence Building Measures in Asia (CICA).

**Article 1
General provisions**

1.1 These Regulations define the objectives, structure and mode of operation of the CICA Fund.

1.2 The CICA Fund is a special mechanism for identification of CICA projects and mobilization of voluntary funding for their implementation.

1.3 The Fund's objective is to facilitate realization of CICA goals in practice by financing project activities implemented within the mandate and 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 resources shall be used exclusively to finance activities and projects which are consistent 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 are approved by the Member States in accordance with these Regulations.

1.6 All project activities financed by the Fund shall be implemented with due regard to sovereignty and territorial integrity of all Member States, in agreement with the beneficiary or recipient Member State and in compliance with the principles of transparency and financial accountability.

1.7 The financing of projects by the Fund shall be on a non-reimbursable basis, including in the form of grants, donations, technical assistance or other forms.

1.8 The Fund's resources shall not be considered as the part of the CICA Secretariat's budget and shall be kept in a separate bank account of the CICA Secretariat.

1.9 The immunity 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.

Article 2

The use of the Fund's resources

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

2.1.1 Programmes and projects to assist Member States in pursuing development goals in line with CICA objectives.

2.1.2 Projects carried out as part of practical implementation of CICA confidence building measures as contained in the CICA Catalogue of Confidence Building Measures.

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

2.1.4 Humanitarian assistance to Member States.

2.1.5 Other projects approved for financing by the Fund.

2.2 Any Member State may propose projects for financing by the Fund.

2.3 The project proposals shall contain all relevant project elements, including minimum requirements for project quality, such as objectives, justification and feasibility of the project, expected outcomes, project implementation plan and timeframe, project budget, information on the implementing agency and a schedule for submitting interim and final reports. Member States, through the CICA Secretariat; and the CICA Executive Director may request additional information from the project originators and/or implementing agency.

Article 3

Project review and approval process

3.1 The project proposals shall be submitted to the CICA Secretariat for circulation to all Member States. The Member States shall review and, on the basis of consensus, approve the project at the Project Review Committee (PRC).

3.2 The PRC shall consist of representatives with the relevant expertise from all Member States authorized by his/her Member State to represent it at the PRC. The PRC shall be chaired by the Chairmanship in coordination with the CICA Secretariat.

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 Meetings of the PRC shall be convened by the Chairmanship as necessary for consideration of the proposed projects or pledges of contribution or of other needs associated with the operation of the Fund. The Secretariat shall prepare and circulate minutes of PRC meetings to all Member States. As necessary, the Chairmanship may propose the PRC to consider certain issues intersessionally, through a silence procedure.

3.5 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.

3.6 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 from the Member States and/or their national development assistance agencies. Acceptance of such contributions does not need approval by the Member States.

4.1.2 Voluntary monetary contributions from external sources, such as Observer States, other non-Member States, observer organizations, partner organizations, international organizations and forums, international non-governmental organizations, national and international financial institutions and development agencies, legal entities and individuals. Acceptance of such contributions shall be subject to prior approval by the Member States.

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 (i) contributions earmarked for certain projects from the List of Approved Projects; (ii) contributions earmarked for specific areas of activities; or (iii) non-earmarked contributions.

4.4 Any pledge of contribution should be submitted to the Secretariat for informing all Member States about the donor, total amount of the offered contribution and its purpose, and any other relevant aspects of the pledge. Pledges from external sources referred to in p.4.1.2 above shall be reviewed and, on the basis of consensus, accepted by the Member States at the PRC, including on the basis of criteria referred to in p.4.2 above.

4.5 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.

4.6 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 allocation of the Fund's resources for financing the projects specified in the List of Approved Projects shall be done by the Member States

through the PRC, except for allocation of contributions from Member States already earmarked by the donor to certain approved projects.

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 financed 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 no later than 31 March of the year following the reporting financial period. The financial statement shall include information on the received, allocated and unused resources of the Fund as at the end of the reporting financial 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. Any Member State may nominate an external auditor.

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.

7.6 In case no Member State wishes to nominate an external auditor, the SOC will decide if resources of the CICA Fund may be used for covering expenses for an external audit, subject to agreement of the contributor of these particular funds.

Article 8

Final provisions

8.1 These Regulations shall be adopted by the CICA Summit and shall enter into force on the date of adoption. The SOC may amend these Regulations and will further improve modalities of operation of the Fund and its project management framework.

8.2 The CICA Secretariat shall propose for approval by the SOC specific project management elements, including but not limited to project selection and evaluation criteria, project proposal and reporting templates, and other elements and procedures as necessary.

8.3 All disputes related to the operation of the Fund shall be settled through consultations among all relevant parties.