

ANNEX Ad Agenda Item13.1

(NEFCO Update 2008.10.12 submitted to SAO Meeting Kautokeino 19-20 Nov. 2008)

Rules of procedure for the PSI Committee

1. The Contributors to the PSI will establish a PSI Committee, responsible for the general policy and strategic guidance of the PSI. The PSI Committee shall be comprised of one member from each Contributor and the Fund Manager.
2. The PSI Committee shall elect one of its members to serve as chairperson for one year commencing from its first meeting or until such a time as such a member has ceased to be a member of the PSI Committee or until such a member's successor as chairperson has been elected.
3. Invited experts and observers shall also be permitted to attend meetings.
4. No member of the PSI Committee shall receive any compensation from the PSI for its services as such, nor shall any member of the PSI Committee be entitled to payment or reimbursement from the PSI or the Fund Manager for travel or other costs incurred in attending meetings of the PSI Committee.
5. The PSI Committee shall have the following powers and duties:
 - a) reviewing the operations of the PSI to provide the Fund Manager with general policy and strategic guidance on the operations of the PSI;
 - b) approving detailed criteria for selection of AC Projects to be financed from the PSI;
 - c) reviewing project proposals presented by the Fund Manager and approving Projects, amounts of funding from the PSI, the types and terms of financing including without limitation the application for the tax exemption;
 - d) reviewing and approving the business plan and annual budget and the auditor for the PSI for each fiscal year;
 - e) approving the yearly operative budgets of the Fund Manager and REA;
 - f) approving rules of procedure for the **Project Steering Groups**;
 - g) taking any other action that may be taken by the Contributors under these Rules of Procedure;
 - h) amending these Rules of Procedure and establishing additional rules of procedure for itself.

To read:
PSI Project
Supervising
Committees

Decisions on matters specified in item b), c), d), e) and h) above shall be approved unanimously.

6. A majority of the members of the PSI Committee present at a meeting shall constitute a quorum for the transaction of business. Each member

of the PSI Committee, with the exception of the Fund Manager (unless it is also a contributor), shall be entitled to cast one vote. Every matter submitted to the PSI Committee shall be decided by a simple majority (greater than fifty percent) of the votes cast at the meeting of the Contributors present and voting or voting by proxy or electronically (other than by telephone) except where a greater majority is proved elsewhere in these Rules of Procedure. Abstentions shall be counted as a non-vote. Any Contributor entitled to vote at a PSI Committee meeting may vote by proxy.

7. Meetings of the PSI Committee shall be called by the chairperson or by the Fund Manager. Each member of the PSI Committee and the Fund Manager shall be given at least 30 days' written notice of any PSI Committee meeting unless such notice has been waived by the intended recipient. Such notice shall specify the agenda to be considered and shall designate the place, date and time of the meeting.

8. One or more members of the PSI Committee may, if all of the other members of the PSI Committee participating in the meeting consent, participate in a meeting of the PSI Committee by means of such telephone or other communications facilities as permit all members participating in the meeting to hear each other or participate by other electronic means, and a member of the PSI Committee participating in such a meeting by such means is deemed for the purposes of these Rules of Procedure to be present at that meeting.

9. Any action required or permitted to be taken at a PSI Committee meeting may be taken without a meeting if a consent in writing, setting forth the action to be so taken, has been circulated to all of the Contributors 30 days' prior to the action required, and agreed by a majority of Contributors or, in the case of an action requiring unanimous approval, by all Contributors.