



联合国
粮食及
农业组织

Food and Agriculture
Organization of the
United Nations

Organisation des Nations
Unies pour l'alimentation
et l'agriculture

Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Seventy-eighth Session

Rome, 4 - 8 November 2019

**Amendments to the Financial Regulations of the Indian Ocean Tuna
Commission (IOTC)**

Queries on the substantive content of this document may be addressed to:

Christopher O'Brien
IOTC Executive Secretary
Tel: +248 4225494
chris.obrien@fao.org

*This document can be accessed using the Quick Response Code on this page;
an FAO initiative to minimize its environmental impact and promote greener communications.
Other documents can be consulted at www.fao.org*



EXECUTIVE SUMMARY

- The Indian Ocean Tuna Commission (IOTC) is responsible for the management of 16 tuna and tuna-like species in the Indian Ocean. IOTC is an Article XIV body formed under the FAO Constitution comprising 31 member countries.
- Article VI.7 of the IOTC Agreement states that *“The Commission may adopt and amend, as required, the Financial Regulations of the Commission by a two-thirds majority of its Members, which Financial Regulations shall be consistent with the principles embodied in the Financial Regulations of FAO. The Financial Regulations and amendments thereto shall be reported to the Finance Committee of FAO which shall have the power to disallow them if it finds that they are inconsistent with the principles embodied in the Financial Regulations of FAO.”*
- In June 2019, 24 of the 31 Commission Members (more than two-thirds) attended the 23rd Session of the IOTC and adopted the below amended Financial Regulations, and requested the IOTC Chairperson to forward these to the Finance Committee of FAO for approval.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is requested to review the proposed amendments to the Financial Regulations of the IOTC and make such comments and observations thereon as appropriate.

Draft Advice

- **The Committee endorsed the amended Financial Regulations of the Indian Ocean Tuna Commission as adopted by the Commission at its 23rd Session in June 2019.**

Background

1. The Indian Ocean Tuna Commission (IOTC) is responsible for the management of 16 tuna and tuna-like species in the Indian ocean. The IOTC, which comprises 31 member countries, is an Article XIV body formed under the FAO Constitution.
2. The 15th Session of the Standing Committee on Administration and Finance (SCAF) recommended that a working group be formed to begin work to replace the current IOTC Financial Regulations, in accordance with the recommendations from the 2nd IOTC Performance Review.
3. Article VI.7 of the IOTC Agreement states that “The Commission may adopt and amend, as required, the Financial Regulations of the Commission by a two-thirds majority of its Members, which Financial Regulations shall be consistent with the principles embodied in the Financial Regulations of FAO. The Financial Regulations and amendments thereto shall be reported to the Finance Committee of FAO which shall have the power to disallow them if it finds that they are inconsistent with the principles embodied in the Financial Regulations of FAO.”
4. In June 2019, 24 of the 31 Commission Members (more than two-thirds) attended the 23rd Session of the IOTC and adopted the amended Financial Regulations presented in Annex I, and requested the IOTC Chairperson to forward these to the Finance Committee of FAO for approval.
5. The IOTC has strengthened the Financial Regulations to provide more transparency and include practices used by other Regional Fisheries Management Organisations (RFMOs). Some of the critical proposed framework amendments for the IOTC Financial Regulation are summarized below.

Working Capital

6. All tuna RFMOs except for the IOTC have substantial capital reserves, and most, through the adoption of sound business practices, have regulations that determine how much must be held in the operating accounts for the organizations. The Secretariat proposed in 2015 to establish such a capital working fund of USD 1 million.
7. Due mainly to delays in recruitment of staff in the IOTC Secretariat, IOTC has accumulated a surplus of over USD 1 million in the last few years. It is proposed that this surplus be transferred into a working capital fund. This fund would provide a buffer against assessed contributions that are not paid and ensure the continuity of the Organization’s operations. It can be noted that, although currently a working capital fund is not established within IOTC, the surplus appropriations have been used for this purpose, as a buffer. With the establishment of a Working Capital fund, this process will be more transparent, and the Commission can be more strategic in the ways these funds can be used. The fund also could be used to support donor assisted projects that are in line with the Commission’s recommendations. The establishment of the working capital fund should not be interpreted, however, as a means of avoiding payment of assessed contributions.

Mid-term review

8. As the Commission currently meets in the middle of the calendar/financial year, a mid-term review of the agreed budget for that year is proposed to improve transparency of the budget process and of the accountancy practices of the Commission. While the total budget (and therefore contributions) for a particular year would not change, a mid-term review of the annual budget will enable the Secretariat to propose adjustments and or changes to the approved budget, as well as inform the Contracting Parties of any changes that may have been implemented in response to unforeseen circumstances, in accordance with the relevant Financial Regulations.

9. It is often difficult to estimate certain budget lines such as meetings and travel due to not knowing where meetings will be held at the time when the budget is proposed. Currently, the Commission adopts a total annual budget, and the Secretariat has the flexibility of transferring from one item to another within the budget. It is proposed to limit this transfer so that the Commission may authorize changes to the budget after the mid-term review, taking into account any changes proposed by the Secretariat. This would improve the transparency of budget expenditure and ensure that the budget expenditure is in line with the recommendation of the Commission.

Annex I

IOTC Financial Regulations

The original and amended Financial Regulations are presented in the table below. Insertions and deletions to the original version of the Financial Regulations are highlighted in ***bold italic*** and ~~strike through~~ respectively.

Regulation I - Applicability

1. These regulations shall govern the financial administration of the INDIAN OCEAN TUNA COMMISSION.	No change.
2. The financial rules and procedures of FAO shall apply to the activities of the Commission for matters not covered by these Regulations.	No change.

Regulation II - The Financial Period

The financial period shall be one calendar year.	The financial period shall be one calendar year, <i>commencing from January 1 and ending 31 December, both dates inclusive.</i>
--	--

Regulation III - The Budget

1. The Budget Estimates shall be prepared by the Secretary of the Commission and shall be circulated to all Members of the Commission not less than 60 days before each regular session.	1. The Budget Estimates <i>The Operating Budget for the current year and the draft budget for the ensuing and following year</i> shall be prepared by the <i>Executive</i> Secretary of the Commission and shall be circulated to all <i>Contracting Parties (Members)</i> of the Commission not less than 60 days before <i>the commencement of</i> each regular session.
2. The Budget Estimates shall cover income and expenditures for the financial period to which they relate, and shall be presented in United States dollars.	2. <i>The Operating Budget for the current year and the draft budget for the ensuing and following year</i> The Budget Estimates shall cover income and

	expenditures for the financial period to which they relate, and shall be presented in United States dollars (USD).
3. The Budget Estimates shall reflect the programme of work for the financial period elaborated by appropriate information and data, and shall include the programme of work and such other information, annexes or explanatory statements as may be requested by the Commission.	3. The Operating Budget for the current year and the draft budget for the ensuing and following year The Budget Estimates shall reflect the programme of work for the financial period elaborated by appropriate information and data, and shall include the programme of work and such other information, annexes or explanatory statements as may be requested by the Commission
4. The Budget shall comprise: (a) The Administrative Budget referred to in paragraph 5 relating to the regular contributions of Members of the Commission payable under Article XIII.1 of the Agreement for the Establishment of the Indian Ocean Tuna Commission and expenditures chargeable to the budget of the Commission under Article VIII, paragraphs 3 and 4: The Administrative Budget shall reflect in an appropriate manner the expenses to be borne by FAO under Article VIII, paragraph 3;	4. The Budget shall comprise: (a) The Administrative Budget referred to in paragraph 5 relating to the regular contributions of Contracting Parties (Members) of the Commission payable under Article XIII.1 of the Agreement for the Establishment of the Indian Ocean Tuna Commission (the Agreement) and expenditures chargeable to the budget of the Commission under Article VIII, paragraphs 3 and 4: The Administrative Budget shall reflect in an appropriate manner the expenses to be borne by FAO under Article VIII, paragraph 3;
(b) The Special Budgets relating to funds made available during the financial period from donations and other forms of assistance received from organizations, individuals and other sources under Article XIII, paragraph 6.	(b) The Special Budgets relating to funds made available during the financial period referred to in Paragraph 7 relating to special budgets proposed by the Executive Secretary. from donations and other forms of assistance received from organizations, individuals and other sources under Article XIII, paragraph 6.
	New (c) (c) The Trust Funds referred to in Article VI, Paragraph 1 relating to funds available during the financial period from donations and other forms of assistance received from organizations, individuals and other sources.
5. The Administrative Budget for the financial period shall consist of provisions for: Administrative Expenditures, including an amount to cover the Organization's costs equal to 4.5% of the total Budget of the Commission.	5. The Administrative Budget for the financial period shall consist of provisions for: - Administrative Expenditures, including an amount to cover the Organization's FAO's Project Servicing costs equal to 4.5% of the total Budget of the Commission.

<p>Expenditure for the activities of the Commission. Estimates under this chapter may be presented in a single total only but detailed estimates for each particular project will be prepared and approved as "supplementary details" of the Administrative Budget.</p> <p>Contingencies.</p>	<p>- Expenditure for the activities of the Commission. Estimates under this chapter may be presented in a single total only but detailed estimates for each particular project will be prepared and approved as "supplementary details" of the Administrative Budget.</p> <p>- Contingencies that cover expenditures that exceed operating costs</p> <p>- Working Capital as stipulated in Article IV, Paragraph 5.</p>
<p>6. The Administrative Budget shall be adopted by the Commission with such amendments as the Commission may deem necessary.</p>	<p>6. The Administrative Budget shall be considered by the Standing Committee of Finance and Administration (SCAF) and adopted by the Commission with such amendments as the Commission may be deemed necessary.</p>
	<p>New 7. A mid-term review of the current year shall be prepared by the Secretariat and shall be considered by SCAF and adopted by the Commission reflecting any changes in appropriations.</p>
<p>Old 7. Special Budgets may be adopted by the Commission in exceptional circumstances as appropriate.</p>	<p>New 8. Special Budgets may be proposed by the Executive Secretary and adopted by the Commission in exceptional circumstances as appropriate. Special Budget proposals shall be prepared in a form consistent with the approved budget. The provisions of these regulations shall be applicable to the proposed special budget to the extent possible.</p>
<p>Old 8. The Administrative Budget of the Commission shall be submitted to the Finance Committee of the Organization for its information</p>	<p>New 9. The Administrative Budget of the Commission shall be submitted to the Finance Committee of the Organization FAO for its information.</p>

Regulation IV - Appropriations

<p>1. After the budgets have been adopted the appropriations therein shall constitute be the authority for the Commission to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.</p>	<p>No change</p>
---	------------------

<p>2. In cases of emergency, the Commission is authorized to accept additional contributions from a Member or Members of the Commission or grants from other sources and incur expenditure against them for emergency action for which the said contributions or grants were specifically provided. Such contributions or grants and expenditure relating thereto will be reported in detail to the next session of the Commission.</p>	<p>2. In cases of emergency, the The Executive Secretary on advice from the Chairperson of the Commission is authorized to accept additional contributions from a Contracting Party (Member) or Contracting Parties (Members) of the Commission or grants from other sources and incur expenditure against them for emergency action for which the said contributions or grants were specifically provided. Such contributions or grants and expenditure relating thereto will be reported in detail to the next regular session of the Commission.</p>
<p>3. Any unliquidated prior year obligation shall be cancelled or where an obligation remains a valid charge, transferred against current appropriations.</p>	<p>No change</p>
<p>4. Transfers between provisions as per Regulation 3.5 may be effected by the Commission on the recommendation of the Secretary of the Commission.</p>	<p>4. Transfers between provisions as per Regulation 3.5 may be effected by the Commission on the recommendation of the Secretary of the Commission (the percentages in square brackets will be determined by the Commission) The Executive Secretary may authorize the transfer of up to [15] percent of appropriations between sub-items as specified in Article III.5 of this Regulation upon approval from the Chairperson of the Commission until a mid-term review. The Executive Secretary may authorize the transfer of up to [10] percent after a mid-term review. All such transfers must be reported to the next regular session of the Commission.</p>
	<p>New 5. 5. The Commission shall establish a Working Capital Fund for the purpose of accommodating operating expenditures prior to the receipts of funds from members of the Commission. The source of this working capital fund shall be surplus appropriations accumulated over the years. The Commission shall consider establishing a rules of procedure for the operation of the working capital fund which will include a mechanism to fund the working capital fund if there are no surplus appropriations. The Contracting Parties shall not interpret the funds in the Working Capital Funds as a means of avoiding contributions.</p>

Regulation V - Provision of Funds

<p>1. The appropriations of the Administrative Budget shall be financed by contributions from Members of the Commission determined and payable in accordance with Article XIII paragraphs 1, 3 and 4 of the Agreement. Pending receipt of annual contributions, the Commission is authorized to finance budgeted expenditure from the uncommitted balance of the Administrative Budget.</p>	<p>1. The appropriations of the Administrative Budget shall be financed by: a) contributions from <i>Contracting Parties (Members)</i> of the Commission determined and payable in accordance with Article XIII paragraphs 1, 3 and 4 of the Agreement. Pending receipt of annual contributions, the <i>Executive Secretary Commission</i> is authorized to finance budgeted <i>operating expenditures, or other such expenditures the Commission may approve, from the Working Capital Fund; from the uncommitted balance of the Administrative Budget.</i> b) Voluntary contributions made by members, CNCPs or other entities; c) Other funds to which the Commission may become entitled or may receive.</p>
<p>2. Before the beginning of each calendar year the Secretary shall inform the Commission's Members of their obligations in respect of annual contributions to the budget.</p>	<p>2. Before the beginning of each calendar year the Secretary Following the adoption of the budget, the <i>Executive Secretary</i> shall inform the Commission's <i>Contracting Parties (Members)</i> of their obligations in respect of annual contributions to the budget, <i>in addition to any arrears that Members have incurred.</i></p>
<p>3. Contributions shall be due and payable in full within 30 days of the receipt of the communication of the Secretary referred to in Regulation V.2 above, or as of the first days of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions shall be considered to be one year in arrears.</p>	<p>Amended and moved to the annex.</p>
<p>4. The annual contributions to the Administrative Budget shall be assessed in United States dollars and shall be calculated in accordance with the scheme annexed to these Regulations and forming an integral part thereof. The contributions shall be paid in US dollars unless otherwise determined by the Commission.</p>	<p>No change.</p>
<p>5. Any new Member of the Commission shall pay a contribution to the budget in accordance with the provisions of Article XIII, paragraph 3 of the Agreement for the financial period in which the membership becomes effective, such contribution beginning with the quarter in which membership is acquired.</p>	<p>5. Any new <i>Contracting Party (Member)</i> of the Commission shall pay a contribution to the budget in accordance with the provisions of Article XIII, paragraph 3 of the Agreement for the financial period in which the membership becomes effective, such contribution beginning with the quarter in which membership is acquired.</p>

	<p>New 6.</p> <p>6. The Executive Secretary shall submit to each regular session of the Commission a report on the collection of funds from Members of the Commission, any voluntary contributions, or any other revenue received, and any advances made from the Working Capital Fund.</p>
--	--

Regulation VI - Funds

<p>1. All contributions, donations and other forms of assistance received shall be placed in a Trust Fund administered by the Director-General in conformity with the Financial Regulations of FAO.</p>	<p>1. All contributions, donations and other forms of assistance received from organizations, individuals and other sources under Article XIII, paragraph 6 of the Agreement, shall may be placed in a Trust Fund administered by the Director-General in conformity with the Financial Regulations of FAO.</p>
	<p>New 2.</p> <p>2. The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the Commission.</p>

<p>Old 2. With respect to the Trust Fund referred to in Regulation VI.1, the Organization shall maintain accounts:</p> <p>2.1 A General Account to which shall be credited receipts of all contributions paid under Article XIII, paragraph 1 and from which shall be met all expenditure chargeable against the sums allocated to the annual Administrative Budget.</p> <p>2.2 Such additional accounts as may be necessary to which shall be credited the additional contributions under Regulation IV.2 and from which shall be met all expenditures relating thereto.</p>	<p>New 3. With respect to the Trust Fund referred to in Regulation VI.1, the Organization FAO shall maintain accounts:</p> <p>3.1 A General Account to which shall be credited receipts of all contributions paid under Article XIII, paragraph 1 and from which shall be met all expenditure chargeable against the sums allocated to the annual Administrative Budget.</p> <p>3.2 Such additional accounts as may be necessary to which shall be credited the additional contributions under Regulation IV.2 and from which shall be met all expenditures relating thereto,</p>
	<p>New 4. The Executive Secretary shall submit a report indicating the status of the Trust Fund to each regular session of the Commission.</p>

Regulation VII

<p>These Regulations may be amended by the Commission in accordance with Article VI, paragraph 7.</p>	<p>No change.</p>
---	-------------------

ANNEX

Scheme for Calculation of Contributions to the Administrative Budget of the Commission

<p>1. Ten percent of the total budget of the Commission shall be divided equally among all the Members.</p>	<p>Ten percent of the total budget of the Commission shall be divided equally among all the Contracting Parties (Members).</p>
<p>2. Ten percent of the total budget shall be divided equally among the Members having fishing operations in the Area targeting species covered by the Commission.</p>	<p>2. Ten percent of the total budget shall be divided equally among the Contracting Parties (Members) having fishing operations in the IOTC area of competence targeting species covered by the Commission, for the period specified in paragraph 4 below.</p>
<p>3. Forty percent of the total budget shall be allocated among the Members on the basis of per caput GNP for the calendar year three years before the year to which the contributions relate, weighted according to the economic status of the Members in accordance with the World Bank classification as follows and subject to change in the classification thresholds: high income Members shall be weighted by the factor of 8; middle income Members by the factor of 2; low-income Members by the factor of 0.</p>	<p>3. Forty percent of the total budget shall be allocated among the Contracting Parties (Members) on the basis of per caput GNP GNI (per capita, Atlas method (current USD) as registered 60 days before the regular session of the Commission meeting of the current year) for the calendar year three years before the year to which the contributions relate, weighted according to the economic status of the Contracting Parties (Members) in accordance with the World Bank classification as follows and subject to change in the classification thresholds (where the GNI for a particular Contracting Parties (Members) is not made available by the World Bank, the previous year's value shall be used):</p> <ul style="list-style-type: none"> a) high income Contracting Parties (Members) shall be weighted by the factor of 8; b) middle income Contracting Parties (Members) by the factor of 2; c) low-income Contracting Parties (Members) by the factor of 0.

<p>4. Forty percent of the total budget shall be allocated among the Members in proportion to their average catch in the three calendar years beginning with the year five years before the year to which the contributions relate, weighted by a coefficient reflecting their development status. The coefficient of OECD members and EC shall be 1, and the coefficient of other Members shall be one-fifth.</p>	<p>4. Forty percent of the total budget shall be allocated among the Contracting Parties (Members) in proportion to their average catch (rounded to the nearest whole ton) in the three calendar years beginning with the year five years before the year to which the contributions relate, weighted by a coefficient reflecting their development status. The coefficient of OECD members and € European Union shall be 1, and the coefficient of other Contracting Parties (Members) shall be one-fifth.</p>
<p>Old Regulation V.3 (moved to this annex). Contributions shall be due and payable in full within 30 days of the receipt of the communication of the Secretary referred to in Regulation V.2 above, or as of the first days of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions shall be considered to be one year in arrears.</p>	<p>New 5 (dates in square brackets will be determined by the Commission) 5. Contributions shall be due and payable in full as soon as possible and not later than [date] within 30 days of the receipt of the communication of the Secretary referred to in Regulation V.2 above, or as of the first days of the calendar year to which they relate, whichever is later. As of 1 January [date] in the calendar year to which the contributions relate of the following calendar year, the unpaid balance of such contributions shall be considered to be one year in arrears.</p>