
Terms of Reference

IOTC Second Performance Review Cost and Benefit of the IOTC within and Outside of the FAO

Last updated: 18 December 2014

Background

The Indian Ocean Tuna Commission (IOTC) was established in 1993 by agreement of its Members and in accordance with Article XIV of the Constitution of the Food and Agriculture Organization of the United Nations (FAO). The main functions of the IOTC are to keep under review the conditions and trends of the stocks and to gather, analyse and disseminate scientific information, catch and effort statistics and other data relevant to the conservation and management of the stocks and to fisheries based on the stocks covered by the Agreement, and to encourage, recommend, and coordinate research and development activities in respect of the stocks and fisheries covered by the Agreement, and such other activities as the Commission may decide appropriate, including activities connected with transfer of technology, training and enhancement, having due regard to the need to ensure the equitable participation of Members of the Commission in the fisheries and the special interests and needs of Members in the region that are developing countries.

The Commission annually adopts a budget covering its expenditures, which are financed from contributions paid by its Members in accordance with a scale of assessments adopted by the Commission.

The policies and activities of the Commission are implemented by its Secretary and appointed by the Director-General of the FAO with the approval of the Commission and other staff members appointed by the Secretary. The Secretary and staff of the Commission are appointed under the same terms and conditions as staff members of FAO.

In accordance with the agreement establishing the Commission the funds of IOTC are held in the general account of a trust fund administered by FAO in accordance with the FAO's Financial Regulations. The disbursement of funds by the FAO is authorized by the Commission's Secretary in accordance with the Commission's adopted budget. FAO provides certain services to IOTC including treasury and financial management, payroll, staff classification and recruitment, procurement and contracting for high value goods and services. FAO imposes a charge against IOTC funds to cover the costs of the services that FAO claims it provides.

FAO directly manages more than 2/3 of the IOTC budget (staff related costs and servicing costs), which includes staff entitlements and insurances that are integrated in the FAO global regime. There is no clarity on the way that this expenditure is managed and if all staff is benefiting from all FAO staff entitlements and insurances. Moreover, an audit to this expenditure has not been possible to be undertaken so far.

Recently, FAO also imposed new costs to the IOTC - Improved Cost Recovery Uplift (ICRU) - to recover, according to FAO, the costs of central services provided by Security and Information Technology relating to field personnel.

All extra-ordinary contributions to the IOTC secretariat to implement fisheries development, capacity building, science or any other actions related to the IOTC mandate are also subject to the above mentioned contribution costs, despite the non-involvement or support from FAO to the achievement of the above mentioned actions.

Annual and extraordinary contributions to IOTC are subjected to FAO financial requests that delay the payment and impose specific rules risking creating treasury problems to the secretariat.

Scope and objectives:

At its eleventh session in May of 2014, the IOTC Standing Committee on Administration and Finance (SCAF) recommended that an analysis of the cost and the benefits of IOTC's existence within and outside of FAO's structure be undertaken to ascertain the viability of IOTC breaking from the UN administrative structure and mandate. This will reviewed as part of the performance review of the organisation.

The individual or company selected will be responsible for:



- a) Determining the cost that IOTC would incur should it assume responsibility for separately for each of the specific functions and services currently provided to the Commission by FAO
- b) Determining the cost paid by IOTC members to cover servicing costs to the budget, ICRU, servicing costs and ICRU to extraordinary contributions and retention of entitlements and staff insurances. Also evaluate the delays generated by using FAO financial circuits.
- c) Determining the cost that IOTC would incur if the Commission would be required to undertake should it function as an independent entity outside of FAO's structure
- d) Identifying the benefits (advantages) or disadvantages to IOTC should it assume responsibility for the each of the specific functions and services identified in (a) and (b) above and identify any support given by FAO to the IOTC.
- e) Where appropriate, proposing alternative methods of implementing the functions identified in a) and b) above along with comparative costs, benefits and disadvantages.
- f) Identifying any changes required in IOTC's Financial Regulations required should it decide to operate outside FAO's structure providing an analysis of the impact such changes might have on IOTC's Members.

C: Methodology and Approach

In completing the identification of additional functions and responsibilities in b) above the study will take into consideration the administrative structure and business model of other regional fisheries bodies that operate independently of FAO including the:

Commission for the Conservation of Southern Blue Fin Tuna (CCSBT),
Caribbean Regional Fisheries Mechanism (CRFM)
Northwest Atlantic Fisheries Organization (NAFO)
North Pacific Anadromous Fish Commission (NPAFC)
Inter-American Tropical Tuna Commission (IATTC),
International Commission for the Conservation of Atlantic Tunas (ICCAT)
Sub-Regional Fisheries Commission (SRFC) and
Western and Central Pacific Fisheries Commission (WCPFC)

In completing the identification of functions performed by FAO in a) above the study will take into consideration the business models of the other regional fisheries bodies operating within the FAO structure including the:

Regional Commission for Fisheries (RECOFI),
Asia-Pacific Fishery Commission (APFIC),
Fisheries Commission for the Eastern Central Atlantic (CECAF)
Western Central Atlantic Fishery Commission (WECAFC) and
General Fisheries Council for the Mediterranean (GFCM).

The study should also at other models of independent Entities affiliated with Organisations of the United Nations to see whether there are elements that could be borrowed to improve the efficiency of the IOTC. Organisations that should be looked at are listed in annex 1.

The study will provide cost and benefit/disadvantage information separately for each of the following major functions. All costs should be priced in US dollars. All costs priced in other currencies should be converted to US dollars using the United Nations Operational Rate of Exchange at 31 December 2014, which will be provided by IOTC. All costs related to additional personnel should be calculated using the 2014 FAO standard costs for the appropriate grade



which will be provided by IOTC. All costs related to additional goods and services should be estimated based on delivery in Victoria, Seychelles:

1. Administrative and operational support services currently provided by FAO

Financial management: Treasury Management

- Financial Reporting
- Accounts Payable
- Accounts Receivable
- Payroll
- Banking

Personnel management: Staff recruitment and selection

- Post classification
- Entitlement management

Information Technology and Communications:

- Email services
- Accounting system
- Database systems

General Services

High value procurement and contracting

Other services

- Legal services
- Internal Audit
- Consultant & external collaborator contracting
- Travel arrangements
- Other services identified during study

Additional Administrative functions required should IOTC function independently of FAO

- | | |
|-------------------|---|
| External Audit | Annual Audit of Financial Statement |
| Personnel Appeals | Membership in International Organization Staff Appeals Tribunal |
| Other | Other functions identified during study |

2. Management and financing of employee benefits programmes:

- a. **Pension** – the staff of IOTC are members of the United Nations Joint Staff Pension Fund (UNJSPF) in light of their status as staff of FAO, which is a member of Pension Fund.

Since FAO will not itself be withdrawing from the provision of the UNJSPF Regulations related to settlement of proportionate share of assets on termination of membership will not apply.

Article 16

TERMINATION OF MEMBERSHIP

(a) Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Board, following application for termination by a member organization or continued default by a member organization in its obligations under these Regulations.

(b) In the event of such termination, a proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund on such date, pursuant to an arrangement mutually agreed between such organization and the Board.

(c) The amount of the proportionate share shall be determined by the Board after an actuarial valuation of the assets and liabilities of the Fund on the date of termination, provided that no part of the assets which are in excess of the liabilities shall be included in such share.

Should IOTC decide to function outside of FAO, it could apply for membership in UNJSPF. In order to be eligible form membership it would require that IOTC adhere to the UN common system. The specific wording in the UNJSPF regulations is as follows:

Article 3

MEMBERSHIP

(b) Membership in the Fund shall be open to the specialized agencies referred to in Article 57, paragraph 2, of the Charter of the United Nations and to any other international, intergovernmental organization, which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

Based on discussions with the FAO CSH and, if appropriate, with the UNJSPF the study will provide information on the financial impact of withdrawal by IOTC from the pension along with information on the impact of the withdrawal on the current and retired IOTC staff members. In addition, the study will provide information on the impact should IOTC determine to apply for membership independently from FAO.

In addition, taking into consideration the information collected concerning the Fisheries Commissions that function independently from FAO and agencies associated with the UN system that are not members of the UNJSPF (e.g. CTBTO, OPCW, etc.) the study will provide financial information on the financial impact of providing alternative pension plans for IOTC staff.

- b. Active staff health insurance** – the staff of IOTC is covered by a health insurance plan administered by FAO. Should IOTC decide to function independently from FAO it will be necessary to acquire a health insurance plan for its active staff. The study will provide information on the financial costs of separately acquiring health insurance providing similar benefits to those provided by FAO.
- c. Retired staff health insurance** – the former staff of IOTC that have retired are covered by health insurance provided by FAO. The plan is administered through the FAO After Service Medical Coverage (ASMC) Scheme to which IOTC has contributed through an annual assessment based on a percentage rate applied to staff compensation. At 31 December 2013 the long-term liabilities of the Scheme were significantly underfunded. Based on discussions with the appropriate officials of FAO, the study will determine the current and long-term liability of IOTC in regard to its former staff as of 31 December 2014 should IOTC decide to continue to provide coverage for former retirees through the FAO ASMC Scheme.

In addition, the study will evaluate alternative approaches to providing after-service health insurance coverage to IOTC's current and future retirees and provide information on the financial costs of providing alternative coverage along with any impact on former or future retirees.



- d. Terminal Payments Plan** – the staff of IOTC are covered for payment of repatriation grants and travel and accrued annual leave through the FAO Terminal Payments Plan. IOTC contributes to the plan based on a percentage rate staff assessment and FAO makes the actual payments in accordance with the FAO Staff Regulations and Rules. This arrangement enables IOTC to finance the cost of these benefits based on a stable annual charge rather than the impact of significant cash outflow in periods when individuals separate from service. At 31 December 2013 the FAO plan is currently partially unfunded. Based on discussions with the appropriate officials of FAO, the study will determine the current and long-term liability of IOTC in regard to its terminal payments as of 31 December 2014.

In addition, the study will provide information on the financial impact of providing alternative coverage through the creation of an IOTC reserve fund along with an analysis of the impact of cash outflow that would have been required had IOTC been required to make terminal payments from its operating budget. The study shall assume that benefit levels will remain at the rates provided in the FAO Staff Regulations and Rules.

- e. Disability and worker's compensation insurance** – IOTC staff are currently covered for injury due to work related accident by FAO. The study will provide information on the financial impact of providing alternative coverage through insurance coverage or creation of a self-insured reserve.
- f. Tax reimbursement** - IOTC staff with nationality of countries that charge taxes on remuneration received from IOTC are currently reimbursed by FAO, which obtains reimbursement from the country imposing the tax. This arrangement may not be available to IOTC if it functions separately from FAO. The study will analyze and report on the possible financial impact to IOTC of having to reimburse staff directly through IOTC's operating budget.

3. Remuneration Rates

As indicated in 2.a., should IOTC choose to function independently from FAO, participation in the UNJSPF requires that compensation and entitlements of IOTC staff continue to be based upon those of the common UN system. Should the Commission decide to operate independently of FAO, alternative compensation and entitlements could be provided to IOTC staff based on levels differing from those of the UN Common System.

The study shall review the compensation and entitlement plans of Fisheries Commissions operating independently from FAO and provide a comparative analysis of the plans of each such organization with those of IOTC to the extent each organization agrees to provide the information. For plans calculated in currencies other than US dollars, the compensation shall be converted to US dollars using the United National Operational Rate of Exchange for 31 December 2014.

4. Summary

The report will include a summary providing the financial impact, benefits and disadvantages of each of the elements described in C.1-3 above.

A. Travel requirements for study

The assignment will involve a mission to FAO Headquarters in Rome to discuss with FAO officials various elements of the assignment as defined above. In addition, the individual or company selected may be required to present the findings at a meeting of the IOTC SCAF if invited by members. Reimbursement for travel will be based upon FAO Travel Reimbursement Rules.

Qualifications

The consultant's level of expertise to carry out this assignment would be the following:

An expert with over 10 years' experience in the field of financial strategic planning, with organizational re-structuring expertise is required to research the Indian Ocean Tuna Commission's placement, as an Article 14 body, within the

Food and Agriculture Organization of the United Nations (FAO). This includes in-depth analysis of other Regional Fisheries Management Organizations (RFMOs) such as ICCAT, CCSBT and WCPFC. While reviewing the organization's financial and staff regulations, options will also be developed for IOTC to remain within the FAO structure, in line with the structure of other RFMOs.

In addition to RFMO reviews, the current status of IPSAS and CCLM 88/3 – Committee on Constitutional and Legal Matters will be taken into consideration by the consultant when developing future options for IOTC.

Estimated time frame:

It is estimated that a consultant would be required for 60 working days to carry out the work spread over a period of 6 months. This would include the following outputs:

A draft report containing the results of analysis based on the above criteria including recommendations and options.

Estimated budget and suggested timelines:

Component/Activity	Target (days)	Total cost (US\$)
Analysis of administrative and operational support services currently provided by FAO	17	13,600
Analysis of Management and financing of employee benefits programmes.	22	17600
Review of Remunerations	6	4800
Report drafting	10	8000
Travel to FAO	5	6000
Total estimated cost	60	50,000

Submission Deadline:

The Secretariat should receive the Expression of Interest by the 26th January 2015 and should include, a motivational letter, a CV, a work plan and an indicative timeframe.

Annex 1: Independent Entities affiliated with Organizations of the United Nations

UN Organization	Independent Entity	Description of Relationship
International Labour Organization (ILO)	International Social Security Association (ISSA)	<p>Delegated authority to recruit select personnel</p> <p>Staff issued ILO contracts</p> <p>Participate in UNJSPF and ILO Staff Health Insurance Fund</p> <p>Financial Statements and non-staff accounting by ISSA staff using separate accounting software</p> <p>High value procurement through ILO only if requested by ISSA</p> <p>Not charged for support costs</p>
World Intellectual Property Organization (WIPO)	International Union for the Protection of New Varieties of Plants (UPOV)	<p>WIPO DG titular Secretary-General of UPOV – actual operational responsibility held by Deputy-Secretary General of UPOV</p> <p>Accounting and Financial Statement preparation by WIPO</p> <p>Staff issued WIPO contracts</p> <p>Participate in UNJSPF and WIPO Health Insurance Plan (Van Bredfa)</p> <p>Charged negotiated fixed fee for services and space</p>
World Health Organization (WHO)	International Agency for Research on Cancer (IARC)	<p>Financial Statements and non-staff accounting by IARC staff</p> <p>Staff issued WHO contracts and participate in UNJSPF and WHO Staff Health Insurance Fund</p> <p>No charge for support costs</p>
Universal Postal Union (UPU)	Translation Services (STOP) (STAR) and (STAN)	<p>Accounting and Financial Statement preparation by UPU</p> <p>Authority to select personnel</p> <p>Staff participate in UPU Pension Plan</p> <p>Entitlements may differ from UPU staff as determined by translation service governing body</p> <p>No charge for support costs</p>
World Meteorological Organization (WMO) [Joint venture with UN Environmental Programme (UNEP)]	Intergovernmental Panel on Climate Change (IPCC)	<p>Executive Director and Associate Director appointed by IPCC</p> <p>Other staff appointed by WMO</p> <p>All staff have WMO contracts</p> <p>Staff participate in UNJSPF and WMO Health Insurance</p> <p>Accounting provided by WMO</p> <p>No charge for support costs</p>