

IOTC Financial Regulations (2023)

12 May 2023

About this update (12 May 2023)

At its 27th session (May 2023), the Indian Ocean Tuna Commission (IOTC-2023-S27-R) adopted Rules of Procedure for the operation of the IOTC Working Capital Fund — an amendment to Regulation IV(5).

Regulation I - Applicability

1. These regulations shall govern the financial administration of the Indian Ocean Tuna Commission.
2. The financial rules and procedures of FAO shall apply to the activities of the Commission for matters not covered by these Regulations.

Regulation II - The Financial Period

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

Regulation III - The Budget

1. The Operating Budget for the current year and the draft budget for the ensuing and following year shall be prepared by the Executive Secretary of the Commission and shall be circulated to all Contracting Parties (Members) of the Commission not less than 60 days before the commencement of each regular session.
2. The Operating Budget for the current year and the draft budget for the ensuing and following year shall cover income and expenditures for the financial period to which they relate, and shall be presented in United States dollars (USD).
3. The Operating Budget for the current year and the draft budget for the ensuing and following year 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 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 referred to in Paragraph 7 relating to special budgets proposed by the Executive Secretary;
 - (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 FAO's Project Servicing costs equal to 4.5% of the total Budget of the Commission.
- 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.
- Contingencies that cover expenditures that exceed operating costs
- Working Capital as stipulated in Article IV, Paragraph 5.

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 may be deemed necessary.

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.

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.

9. The Administrative Budget of the Commission shall be submitted to the Finance Committee of FAO for its information.

Regulation IV - Appropriations

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.

2. 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 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

3. Any unliquidated prior year obligation shall be cancelled or where an obligation remains a valid charge, transferred against current appropriations.

4. 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.

Note: the percentages in square brackets will be determined by the Commission.

5. The Commission has established a Working Capital Fund for the purpose of accommodating operating expenditures prior to the receipts of funds from members of the Commission. The Contracting Parties shall not interpret the funds in the Working Capital Funds as a means of avoiding contributions. The Rules of Procedure for the operation of the Working Capital Fund are provided in Annex 2.

Regulation V - Provision of Funds

1. The appropriations of the Administrative Budget shall be financed by:

- a. Contributions from Contracting Parties (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 Executive Secretary is authorized to finance budgeted operating expenditures, or other such expenditures the Commission may approve, from the Working Capital Fund;
- b. Voluntary contributions made by members, CNCs or other entities;
- c. Other funds to which the Commission may become entitled or may receive.

2. Following the adoption of the budget, the Executive Secretary shall inform the Commission's Contracting Parties (Members) of their obligations in respect of annual contributions to the budget, in addition to any arrears that Members have incurred

3. 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 (Annex 1) and forming an integral part thereof. The contributions shall be paid in US dollars unless otherwise determined by the Commission.

4. Any new Contracting Party (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.

5. 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.

Regulation VI - Funds

1. All contributions, donations and other forms of assistance received from organizations, individuals and other sources under Article XIII, paragraph 6 of the Agreement may be placed in a Trust Fund administered by the Director-General in conformity with the Financial Regulations of FAO.

2. The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the Commission.

3. With respect to the Trust Fund referred to in Regulation VI.1, the FAO shall maintain accounts:

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.

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.

4. The Executive Secretary shall submit a report indicating the status of the Trust Fund to each regular session of the Commission.

Regulation VII

1. These Regulations may be amended by the Commission in accordance with Article VI, paragraph 7.

ANNEX 1

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

1. Ten percent of the total budget of the Commission shall be divided equally among all the Contracting Parties (Members).
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.
3. Forty percent of the total budget shall be allocated among the Contracting Parties (Members) on the basis of per caput 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):
 - 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.
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.
5. Contributions shall be due and payable in full as soon as possible and not later than [30 June] of the calendar year to which they relate. As of [1 July] in the calendar year to which the contributions relate, the unpaid balance of such contributions shall be considered to be one year in arrears.

ANNEX 2

Rules of procedure for the operation of the IOTC Working Capital Fund

1. The Commission has established a Working Capital Fund (WCF) for the purpose of accommodating operating expenditures prior to the receipts of funds from members of the Commission under Regulation IV(5) of the IOTC Financial regulations.
2. Insofar as possible, the Commission shall, at a minimum, maintain the WCF at a level equivalent to the level of total annual staff costs contained in the current budget.
3. The WCF shall be replenished from surplus appropriations, savings from the annual budget, interest paid on the balance of WCF, receipt of arrears, and voluntary contributions explicitly devoted to it. If the WCF drops below the aforementioned minimum level, the Commission may consider including a contribution to the WCF in the budget of the next calendar year.
4. At each regular session, the Commission shall review the amount available in the WCF as part of the reporting procedures in Regulation V(5) of the IOTC Financial Regulations.
5. Members shall not interpret the funds in the WCF as a means of avoiding or reducing contributions or having contributions, once paid, returned to them.
6. Depending on the balance of the WCF, the WCF may be used, on an exceptional basis, to:
 - (i) pay for emergency expenses such as unforeseen, unavoidable, unpostponable, unbudgeted for and not otherwise absorbable intersessional expenses or emergencies.
 - (a) The Executive Secretary shall approve emergency expenditures up to a maximum of \$10,000 per budgetary year, subject to consideration and authorisation by both the Chairperson of the Commission and the Chairperson of SCAF. The IOTC Heads of Delegations will be immediately informed of each such expenditure.
 - (b) In the event that a proposed emergency use of the WCF exceeds \$10,000 per budgetary year, after consultation with the Chairperson of the Commission and the Chairperson of SCAF, the Executive Secretary shall seek agreement for the expenditure from the Members of the Commission via email to the respective HOD and ALT. If, within 3 working days of being notified, a Head of Delegation raises an objection to the proposed emergency use of the WCF, a meeting of the IOTC Heads of Delegations shall be convened immediately to consider and decide on the matter;
 - (ii) accommodate extraordinary but foreseeable large and one-off expenses to the operational budget as determined by the Commission at its Annual Session when adopting the budget for the next fiscal year;
 - (iii) cover any expenses in an amount that prevents the annual budget from exceeding an increase of 10%, beyond the control of the Commission, as determined by the Commission at its Annual Session.
 - (iv) Implement activities funded by a voluntary contribution that have been prioritized by the Commission and its subsidiary bodies.
7. Except as provided for in paragraph 6(i)(a) of these WCF Rules of Procedure, in accordance with Article XIII of the IOTC Agreement, the Commission should decide on each extraordinary use of the WCF, as defined in paragraph 6, by consensus of its Members. However, if, after every effort has been made, a consensus cannot be reached, the matter will be put to a vote and decided by the position of a two-thirds majority of the Members present and voting.