

22 November 2018

IOTC CIRCULAR 2018-45

Dear Sir/Madam

INVITATION TO JOIN A WORKING GROUP TO EXAMINE POSSIBLE CHANGES TO THE IOTC FINANCIAL REGULATIONS AND ASSOCIATED PROCESSES

At its meeting in July, the Standing Committee on Administration and Finance (SCAF) recommended that a working group be formed to begin work on the action to replace the current IOTC Financial Regulations and the action to develop guidelines to enable IOTC acceptance of extra budgetary funds, including seeking a mechanism to allow for the contributions from CNCPs and fishing partners directly related to fishing and fishing related activities in the IOTC Area.

These actions were identified after SCAF discussions on the recommendations from the 2nd Performance Review. In particular paragraphs 228b.i and 228b.iv of the performance review report that recommended that, consistent with best practice governance procedures, that the Commission:

- i. Amend or replace the IOTC Financial Regulations (1999) as a matter of urgency in order to increase Contracting Parties' as well as the Secretariat's control of all the budget elements, including staff costs of the budget, consistent with best practice governance procedures.
- iv. Develop guidelines for the acceptance of extra-budgetary funds to undertake elements of the Commission's Program of Work, or those of its subsidiary bodies.

Through this circular, I am inviting you to join the working group.

I have been working with the Secretariat to better understand the above issues and the potential of the Commission to make the changes related to IOTC's existing financial procedures, and I would like to provide you with the (below) background information.

Amendment of the IOTC Financial Regulations

Article V.2.g of the IOTC Agreement states that the Commission will have the function "to adopt its own rules of procedure, Financial Regulations and other internal administrative regulations as may be necessary to carry out its functions. A copy of the IOTC Financial Regulations is available [[here](#)].

Distribution

IOTC Contracting Parties: Australia, Bangladesh, China, Comoros, Eritrea, European Union, France (Territories), Guinea, India, Indonesia, Iran (Islamic Rep of), Japan, Kenya, Rep. of Korea, Madagascar, Malaysia, Maldives, Mauritius, Mozambique, Oman, Pakistan, Philippines, Seychelles, Sierra Leone, Somalia, South Africa, Sri Lanka, Sudan, United Rep. of Tanzania, Thailand, United Kingdom (OT), Yemen. **Cooperating Non-Contracting Parties:** Liberia, Senegal. **Intergovernmental Organisations, Non-Governmental Organisations. Chairperson IOTC. Copy to:** FAO Headquarters, FAO Representatives to CPCs.

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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.”

Note, Article VI.7 indicates that the IOTC’s Financial Regulations are subservient to the financial regulations of FAO, therefore, the FAO Finance Committee and FAO Council will have to approve any amendments proposed by the Commission.

Acceptance of extra-budgetary funds

Regarding the development of guidelines for the acceptance of extra-budgetary funds from non-Members, a process for IOTC to do this already exists for under FAO’s Financial Rules and Procedures. This process involves the development of a stand-alone project with each non-Member donor, and the setting up of an individual funding agreement. It is not a quick process and it involves considerable interaction with the FAO Administration and FAO strategic teams. The Secretariat has had variable success with the process to-date, the most limiting factor is the time it takes to put a funding agreement in place.

One of aspect of this matter that could be explored by the SCAF is the eligibility of external organisation to provide extra-budgetary funds to the IOTC. This is not straight forward because, for example, IOTC is unable to receive funds from non UN-designated bodies; and similarly, some potential donors may be unacceptable to some IOTC Members.

Receiving your comments

Given this information, I invite you, in the first instance, to provide your thoughts on what changes to the financial regulations and the processes for receiving extra budgetary funds might be proposed. To assist your consideration, I attach a copy of the IOTC Financial Regulations with some amendments I have made based on Financial Regulations in other RFMOs and the work that has undertaken prior to amend IOTC Financial Regulations, to initiate the discussion in track changes [\[click here\]](#).

I look forward to receiving your initial feedback by 15 December 2018 with the details of the delegate involved in the process in the Working Group, if the CPC is interested to take part in the Working Group as recommended by SCAF. Your email should be sent to iotc-secretariat@fao.org and quote “Amendment to IOTC Financial Regulations in the subject line”.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hussain Sinan', is written over a vertical line that serves as a separator between the signature and the typed name below.

Hussain Sinan

Chair of the Standing Committee on Administration and Finance