



INTERNATIONAL
WHALING COMMISSION

BUDGET REFORM STRATEGY

DRAFT - VERSION 3.1
February 2021

FOR CONSULTATION

Budgetary Sub-committee Chair

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****NOTE: Annexes B-D are attached but remain under review****

Introduction

The Commission has been experiencing financial pressure for some time due to a range of factors including rising costs of meetings, an expanding work program, a prolonged period of frozen contributions, and some members not paying their contributions on time. Adopting deficit budgets is not sustainable and could eventually lead to the Commission running out of money.

The report of the independent review of the Commission's institutional and governance arrangements recommended that "a more strategic and transparent approach be taken to IWC budgeting, based on priorities set by the Commission, including proactive, costed budgets and work plans" (Recommendation no. 37).

The Budgetary Sub-Committee (BSC) has worked closely with the Secretariat and relevant Chairs of subsidiary bodies to improve the way the Commission develops its budgets and manages its finances. Many improvements have already been made, but further reforms are needed to bring the Commission in line with best practice budget management principles, as recommended by the Governance Review.

The Commission's governance reform process provides a good opportunity to undertake a more holistic review of the Commission's financial processes. At its meeting in London in July 2019, the Working Group on Operational Effectiveness (WGOE) concurred with the BSC's efforts to develop a budget reform strategy to take to IWC68. This will be part of the broader package of reforms being taken forward to the Commission.

The Budget Reform Strategy is underpinned by a set of key principles for producing budgets, monitoring spending, and ensuring robust financial controls and best practice. These principles will be embedded within revised Financial Regulations to ensure that financial management is standardised across the Commission and is in line with accounting best practice. The Financial Regulations will also be updated to correct outdated or inaccurate terminology, simplify language, and consolidate guidance held in multiple places. All financial rules and guidance will be centralised for ease of reference and transparency.

This approach will provide a framework for inclusive and informed consideration of Commission funding priorities and will assist in delivering the Commission's work programme. The application of these principles will achieve the goal of long-term financial sustainability for the Commission.

Principles

Budget Preparation

Balanced Budgets

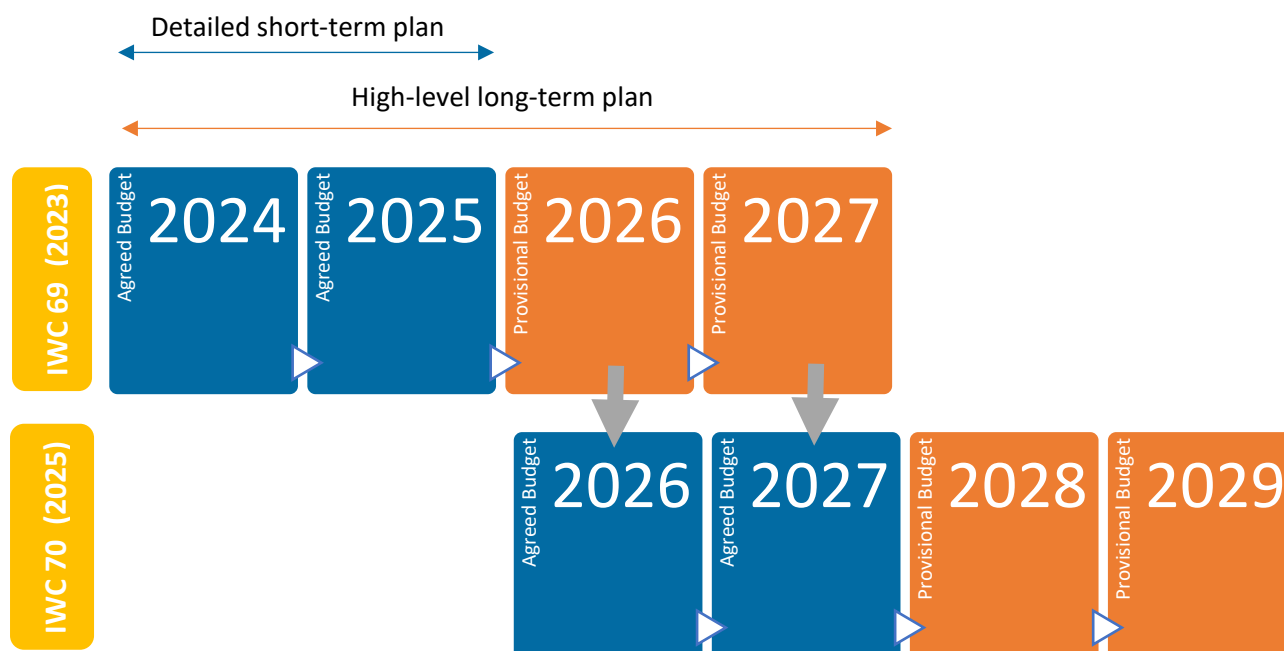
The Commission will always set a balanced budget. If additional expenditure is required, additional funds should be raised, or equivalent savings made before it is agreed by the Commission. This principle will be embedded in the Financial Regulations at **Annex A**.

4-year budget planning

The Commission will plan its budget over four years instead of two. This will allow the Commission to allocate resources more strategically, based on its long-term priorities and allow for the early identification of funding issues, providing the Commission more time to respond. This process will be embedded in the Financial Regulations at **Annex A**.

A four-year cycle will be structured as outlined in Chart 1 (below), with a two-year budget agreed at each meeting along with a provisional budget for the subsequent biennium.

Chart 1: Summary 4-Year Budget Cycle



Inflation should be taken into account when estimating the cost of multi-year projects in the provisional budget. As most of the Commission’s expenditure is in the UK economy, the rate of inflation should be based on the UK forecast of consumer price inflation from the Bank of England.

Aligning Scientific Committee budget and work cycles

The Budgetary Sub-committee will work with the Scientific Committee and the Secretariat to investigate options to align the Commission's budget cycle with the Scientific Committee's working cycle. This process will be embedded in the Financial Regulations at **Annex A**.

Zero-based budgets

The Commission will transition to a Zero-Based Budgeting process, to ensure its budget is based on the true cost of performing the Commission's key activities.

Zero-Based Budgeting starts from the premise that no costs or activities should be factored into the budget for the forthcoming period just because they figured into the current or previous periods. Rather, everything that is to be included in the budget should be considered and justified considering the Commission's current priorities and work plan.

Consistently costed work plans for subsidiary bodies

Subsidiary body processes for costing projects and work plans will be streamlined through the use of a standard template that will reflect the different needs of subsidiary bodies. This template builds upon the work of templates developed by the ICG-SF and other groups and is at **Annex B**.

The Secretariat will work closely with subsidiary bodies to develop guidance for *how* projects should be costed - including standardised cost assumptions and processes. This guidance will mandate that Commission-funded travel must be costed and taken at the economy rate. The guidance will also clarify where core or voluntary funds should be used and will help to ensure that associated Secretariat resource costs are included.

Consistently costed Commission proposals

Financial and resourcing costs of proposed resolutions or Schedule amendments will be identified before a proposal is submitted for the Commission's consideration through a one-page cover sheet. This can be found at **Annex D**.

This would avoid proposed resolutions or Schedule amendments being submitted to, and adopted by, the Commission without consideration of the resources required for implementation. The cover sheet should be completed by the proponent(s) of the resolution or Schedule amendment, with support from the Budgetary Sub-Committee and Secretariat.

Modern Budgeting and Financial Management

Clear audit trails

All expenditures will be clearly justified, in line with Commission/Secretariat rules, and supported by proper documentation. Travel claims from staff and third parties must be supported by full documentation (i.e. receipts/tax invoices) that the Secretariat must receive within 28 days of incurring expenses (or where costs are associated with an event, 28 days after the end of the event). This process will be embedded in the Financial Regulations at **Annex A**.

Spend core funds in corresponding year

Commission bodies may not spend core funds before the financial year in which they are allocated. This will avoid cash-flow and accounting issues caused by subsidiary bodies spending funds before they have been received by the Commission. This process will be embedded in the Financial Regulations at **Annex A**.

Roles, responsibilities and accountability

The Commission will establish clear lines of delegation for spending funds, with a designated person in the Commission/Secretariat responsible for spending decisions as appropriate. This process will avoid inconsistency in spending approvals and increase accountability for contracting governments that provide funding to the Commission. This process will be embedded in updated Terms of Reference for relevant funds.

Transparency & independent audit

The Secretariat will continue to organise independent, annual audits to ensure the integrity of the Commission's accounts. Regularly providing clear and understandable financial information to contracting governments ensures accountability and transparency. This information also supports fundraising and demonstrating compliance with grant conditions where these apply. This process will be embedded in the Financial Regulations at **Annex A**.

Maintaining minimum cash-equivalent reserves

A cash-equivalent reserve equal to at least 50 per percent (i.e. six months) of annual operational costs will be maintained to ensure that the Commission can meet all of its financial obligations. This principle will be embedded in the Financial Regulations at **Annex A**.

Development of a Treasury Management Strategy

A Treasury Management Strategy will be developed to help to minimise financial risk through improved management of cash flow, investments and foreign currency. The purpose of this is not to seek an investment return, but to mitigate risks associated with holding all funds in a single account or institution. Diversifying the places where cash is held ensures that cash is more effectively protected (including maximising the benefits of investor protection where applicable) and also allows for efficient and effective cashflow management.

Member contributions will not be used directly for investment purposes and all investments will be clearly reported in the Commission's audited accounts. Both core and voluntary funds may be invested in appropriate short-term, low-risk instruments as agreed by the Commission according to cashflow requirements. The key elements of this Strategy are embedded in the Financial Regulations at **Annex A** and a more detailed document will be developed to support this.

Varying budgets mid-biennium

A mechanism will be developed to allow minor variations to budgets intersessionally to enable the Commission to respond to changes in circumstances if required. This will be done through a balance of:

Delegated authority to move funds within budget categories - Such delegated authority already exists for many budget lines (e.g. for Research Funds, Small Cetaceans Funds, Southern Ocean Research Program funds etc.). These flexibilities will be consistently implemented across the Commission, with standardised rules.

Scrutiny by Finance and Administration Committee - The Finance and Administration Committee, in consultation with the Chair of the Budgetary Sub-committee and the Bureau, could scrutinise and endorse or reject requests for more substantial budget variations within the intersessional period, as long as the variations are in line the Commission's agreed priorities.

These processes will not undermine accountability to the Commission for budgetary decisions, which will remain paramount. These processes and delegations will be embedded in the Financial Regulations at **Annex A**.

Raising Money

Encouraging the timely payment of invoices Vote suspension rules will be simplified so that votes are suspended the day after the payment due date (1 July). This will not alter voting rights or interest charges in practice, but will encourage the earlier payment of contributions and improve cash flow.

This process will be embedded in the Financial Regulations at **Annex A**.

Fundraising

Fundraising exercises will be undertaken where core funds are not available or not appropriate for a particular effort in accordance with the IWC's fund-raising strategy [*currently being developed*]. This will take a holistic and long-term approach to raising external funds for programmes that do not receive core funding.

The Code for Ethical Fundraising will also be kept under continuous review.

Voluntary funds

Annex E provides an overview of the Commission's fund structure and identifies voluntary funds that are not active and/or do not have clear terms of reference and rules of administration. Dormant

funds will be re-allocated to a similar active fund, or to the general fund, in consultation with the original funder.

If existing funds lack clear terms of reference and rule of administration, these will be developed for endorsement by the Commission.

Following IWC68, the Secretariat will develop a single process for establishing new voluntary funds, consistent Terms of Reference, and clear rules for administration and accounting practices for these funds. This will avoid numerous voluntary funds being established for varying purposes and under different processes then not being used].

Implementation

Proposed timeline

This Strategy will be considered by the Commission at IWC68 as part of the broader package of governance reforms submitted by the WGOE.

Most principles and reforms will take effect following the Commission’s endorsement, although a transition period will be required for some proposals. A rough timeline for progressing and implementing this strategy is in Table 1 below.

Table 1: Timeline for implementing the Budget Reform Strategy.

Date	Action
September 2021	IWC68 - Commission considers and approves final strategy paper and annexes.
September 2021	Amendments to the Rules of Procedure and Financial Regulations come into effect. Agreed templates to be used going forward for relevant processes.
2022-2023 intersessional period	Implementation of improved budget processes, including development of 2024-2025 budget (and provisional 2026-2027 budget). Further development of proposals for voluntary funds and alignment of Scientific Committee budget cycle with Scientific Committee biennium.
September 2023	IWC69 – Adoption of four-year budget for 2024-2025 (agreed) and 2026-2027 (provisionally agreed). Proposals for voluntary funds and alignment of Scientific Committee budget cycle with Scientific Committee biennium considered and approved.
October 2023 onwards	Continue implementing best practice budgetary methods as agreed by the Commission.

ANNEX A – REVISED FINANCIAL REGULATIONS

NOTE: *This Annex includes proposed edits to the IWC Financial Regulations to:*

- *Incorporate principles of the Budget Reform Strategy and reflect modern financial best practices*
- *Correct outdated or inaccurate terminology, simplify language and remove duplication*
- *Avoid cross-references to multiple documents as far as possible, and provide links to other documents where necessary*
- *Include a single annex with consistent application of rules for different funds, instead of multiple annexes for different funds*
- *Supersede previous guidance held in multiple places and consolidate into one place.*

This version is for discussion and feedback during the consultation period with the WGOE membership. The final agreed version will be included as part of this Budget Reform Strategy.

Amendments will also be made to the Rules of Procedure, which will be circulated for consultation at a later date.

Key:

~~Strikethrough~~ text to be removed.

Red text indicates an edit to the old version or additional text.

Yellow highlight indicates a cross-reference in the regulations.

Blue highlight indicates where a hyperlinked document will be attached/created.

A Applicability

1. These regulations shall govern the financial administration of the International Whaling Commission.
2. They shall become effective as from the date decided by the Commission and shall be read with and in addition to the Rules of Procedure. They may be amended in the same way as ~~provided under Rule R.1 of the Rules of Procedure in respect of those Rules.~~
3. In case of doubt as to the interpretation and application of any of these regulations, the Chair of the Commission is authorised to give a ruling, after consulting with the Chair of the Finance and Administration Committee.

B Financial Year

1. The financial year of the Commission shall be from 1st January to 31st December ~~(Rules of Procedure, Rule K.1).~~

C General Financial Arrangements

1. General Fund

- a) The General Fund shall, subject to the establishment of any other funds that the Commission may determine, be credited or charged with all other income and expenditure.
- b) In order to ensure financial sustainability, the Commission's General Fund should maintain reserves at a level sufficient to cover minimum 6 months of operational costs.

2. Voluntary Funds

- a) Voluntary Funds may be established by the Commission from time to time for the orderly management of voluntary contributions.
 - (i) Requests to establish new Voluntary Funds shall be submitted to the Finance & Administration Committee and then endorsed by the Commission.
 - (ii) The Secretariat shall provide guidance to the Commission on whether new separate funds are required for the orderly administration of contributions.
- b) Rules for the administration of Voluntary Funds, including details of the Commission representative responsible for the management of each voluntary fund, are given in Annex 1 to the Financial Regulations [yet to be developed]. **[NOTE: The following text has been removed from this section as the ToR for each fund will be included in the new Annex 1. Moving this text will not affect the status of the funds].**


~~There shall be established a Research Fund, a General Fund, a Voluntary Fund for Small Cetaceans Research and Conservation, a Voluntary Fund for Aboriginal Subsistence Whaling, a Voluntary Conservation Fund, a Voluntary Research Fund on Southern Ocean Research Partnership and a Voluntary Assistance Fund to facilitate Contracting Governments in Capacity to Pay Groups 1 and 2 that are not EU Member States or members of the Organisation for Economic Cooperation and Development, (hereinafter eligible Groups 1 and 2 Governments), to Participate fully in the Work of the Commission (the Voluntary Assistance Fund).~~


- ~~a) The Research Fund shall be credited with voluntary contributions and any such monies as the Commission may allocate for research and scientific investigation and charged with specific expenditure of this nature. The Research Fund shall have a balanced distribution among activities, defined according to conservation priorities and the work of the Commission, including small cetaceans. The details of the Research Fund are given under Scientific Committee Rules of Procedure G and in the Handbook of the Scientific Committee.~~
 - ~~b) The General Fund shall, subject to the establishment of any other funds that the Commission may determine, be credited or charged with all other income and expenditure.~~
 - ~~c) The details of the Voluntary Fund for Small Cetaceans Research and Conservation are given in Appendix 1.~~
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- d) ~~The details of the administration of funding from the Voluntary Fund for Aboriginal Subsistence Whaling are given in Appendix 2.~~
 - e) ~~The details of the Voluntary Conservation Fund are given in Appendix 3.~~
 - f) ~~The details of the administration of funding from the Voluntary Research Fund on Southern Ocean Research Partnership are given in Appendix 5.~~
 - g) ~~The details of the administration of funding from the Voluntary Assistance Fund to facilitate eligible Groups 1 and 2 Governments to participate fully in the Work of the Commission are given in Appendix 4.~~


3. Acceptance of Voluntary Contributions

- a) Subject to the restrictions and limitations of the following paragraphs, the Commission may accept funds from **sources** outside the regular contributions of Contracting Governments **to carry out programmes or activities decided upon by the Commission and/or to advance programmes and activities which are consistent with the objectives and provisions of the Convention. These funds are referred to as Voluntary Contributions.**

 ~~The Commission may accept such funds to carry out programmes or activities decided upon by the Commission and/or to advance programmes and activities which are consistent with the objectives and provisions of the Convention.~~

- b) The Commission shall not accept ~~external funds~~ **Voluntary Contributions** from any of the following:
 - (i) Sources that are known, through evidence available to the Commission, to have been involved in illegal activities, or activities contrary to the provisions of the Convention;
 -  (ii) Individual companies directly involved in ~~legal commercial whaling under the Convention;~~
 - (iii) Organisations which have deliberately brought the Commission into public disrepute.

4. Investments

- a)  **To ensure that Commission funds are safeguarded against risks such as bank failure,** monies in any of the Funds that are not expected to be required for disbursement within a reasonable period may be invested in ~~appropriate Government or similar loans by the Secretary in consultation with the Chair.~~ **any of the following instruments:**

- (i) **For durations not exceeding 12 months:**
 - **UK Government instruments**
 - **Certificates of Deposit, term deposits or similar investments rated 'BBB+' or above by at least one credit rating agency.**
- (ii) **Liquid investments with the Commission's own banker regardless of rating. 'Liquid' is defined as being accessible within 30 days.**

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- b) The primary consideration in determining the investment strategy for the Commission shall be to safeguard the funds of the Commission **and not primarily to seek a return**. Funds shall be invested in such a way as to place primary emphasis on avoiding the erosion of principal funds while ensuring the liquidity necessary to meet the Commission's cash flow requirements.
 - c) Wherever possible, the Secretariat should consider environmental, social and governance factors when making investment decisions.
 - d) Interest shall be credited to funds proportionately based on the closing balances on each fund at the end of the financial year.

5. Responsibilities of the Executive Secretary

- a) The Executive Secretary is accountable to the Commission for ensuring that the Secretariat's budget is properly managed.
- b) The Executive Secretary shall, for all Commission funds:
 - (i) establish detailed **operational** financial procedures and **keep** accounting records **in accordance with international financial best practice to ensure economy, efficiency and effectiveness in the administration of Commission funds** ~~as are necessary to ensure effective financial administration and control and the exercise of economy;~~
 - (ii) deposit and maintain the funds of the Commission in an account in the name of the Commission in a bank to be approved by the Chair;
 - (iii) cause all payments, **including travel expense payments**, to be made on the basis of **supporting vouchers invoices, receipts or other documentary evidence** which ensure that the services or goods have been received, and that payment has not previously been made;
 - (iv) designate the ~~officers of the~~ Secretariat **positions to support the Commission in the good governance of core and voluntary income as appropriate, and Secretariat positions that** ~~who~~ may receive monies, incur obligations and make payments on behalf of the Commission;
 - (v) authorise the writing off of losses of cash, stores and other assets ~~and submit a statement of such amounts written off to the Commission and the auditors with the annual accounts;~~
 - (vi) establish proper segregation of duties in procedures for disbursing funds;
 - (vii) annually prepare **guidance on, and revise, a schedule** that details the cost assumptions when planning Commission activities.

D Yearly Financial Statements

1. The accounts of the Commission shall be audited annually by a firm of qualified **auditors** ~~accountants~~ selected by the Commission. ~~The auditors shall certify~~ **The auditors shall advise the Commission whether the accounts show a true and fair view of the Commission's financial position, free from material misstatement or error.** ~~The most recent audited financial statements and the audit report shall be submitted to the Biennial Meeting or to~~

the Bureau in years when the Commission does not meet and posted on the Commission's public website by the opening of the Biennial Meeting or Meeting of the Bureau.

2. At each Biennial Meeting, there shall be laid before the Commission ~~two financial statements:~~
 - a) **the most recent audited financial accounts and auditor's report;**
 - b) a ~~provisional statement~~ **financial forecast showing** ~~dealing with~~ the actual and estimated budgeted expenditure and income in respect of the current financial year;
 - c) the budget estimate of expenditure and income for the ensuing two-year period, **and a provisional estimate for a further two-year period**, including the estimated amount of the individual annual payment to be requested of each Contracting Government for each of the ensuing two years;
 - d) **information on invested Commission funds that outlines investment methods and the kinds of certificates of deposits and/or instruments chosen.**
3. In years when no Biennial Commission Meeting is held the **documents in Regulation D.2.** ~~provisional statement for the current financial year identified in regulation D.1.(a)~~ shall be laid before the Meeting of the Bureau.
 - a) ~~in years when no biennial Commission Meeting is held the Bureau shall review the second half of the two-year budget. Expenditure and income shall be shown under appropriate sub-heads accompanied by such explanations as the Commission may determine.~~
4. **The most recent audited accounts will be made available on the Commission's public website.**
5. The ~~two financial documents~~ **financial statements** identified in **Regulation D.2** shall be despatched by the most expeditious means available to each Contracting Government and each Commissioner not less than 60 days in advance of the Biennial Commission Meeting. They shall require the Commission's approval after having been referred to the Finance and Administration Committee for consideration and recommendations. A copy of the final accounts shall be sent to all Contracting Governments after they have been audited. In years when the Commission does not meet, the ~~provisional financial statement~~ **financial forecast** for the current year shall be made available to each Contracting Government and each Commissioner ~~not less than 60 days~~ in advance of the Meeting of the Bureau.
6. ~~Supplementary estimates may be submitted to the Commission, as and when may be deemed necessary, in a form consistent with the Annual Estimates. Any supplementary estimate shall require the approval of the Commission after being referred to the Finance and Administration Committee for consideration and recommendation.~~

E Contributions

1. ~~As soon as the Commission has approved the budget for any year, the Executive Secretary shall send a copy thereof to each Contracting Government (in compliance with Rules of Procedure, Rule K.2), and shall request it to remit its annual payment. Contributions shall be calculated according to the Commission's agreed funding formula.~~

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2. Payment shall be in pounds sterling, ~~drafts being~~ **and should be paid** ~~made payable~~ to the International Whaling Commission ~~and shall be payable within 90 days of the said request from the Secretary or by 30 June the following, the 'due date' whichever is the later.~~
 3. **It shall be open to any Contracting Government to postpone** ~~defer~~ the payment of any increased portion of ~~the amount which~~ **its annual contribution resulting from a change in capacity to pay groups. The Contracting Government must obtain written agreement to defer the increased portion of its annual contributions from the Executive Secretary 30 days before payment is due. The deferred portion shall be payable** ~~paid~~ in full by ~~the following~~ 31 December **of that year, which then becomes the 'due date'.** ~~The non-deferred portion must still be paid to the Commission by 30 June.~~
 4. Payment shall be by bank transfer **only** from an account belonging to the Contracting Government or to a state institution of that Government.
 5. New Contracting Governments whose adherence to the Convention becomes effective during the first six months of any financial year shall be liable to pay the full amount of the annual payment for that year, but only half that amount if their adherence falls within the second half of the financial year. The due date for the first payment by new Contracting Governments shall be defined as 6 months from the date of adherence to the Convention or before the first day of any Meeting of the Commission or Bureau in which it participates, whichever is the earlier. Subsequent annual payments shall be paid in accordance with **Financial Regulation E.2.**
 6. **Contracting Governments leaving the Commission will be liable for the full year's contributions in the year that their adherence to the Convention ceases plus any arrears or interest outstanding.**
 7. The **Executive** Secretary shall report at each Biennial Meeting and Meeting of the Bureau the position as regards the collection of annual payments. **These reports will also be made available to Commissioners.** ~~The report shall also be sent to all Commissioners including those who are not members of the Bureau before the beginning of the Meeting of the Bureau in the years when the Commission does not meet.~~
 8. ~~For the purpose of application of Rule of Procedure E.2, Payments of membership dues shall only count as having been received by the Commission when the funds have been credited to the Commission's account. unless the payment has been made and the Commission is satisfied that the delay in receipt is due to circumstances beyond the control of the Contracting Government.~~

F Arrears of Contributions

1. If a Contracting Government's annual payments, including any **arrears** and interest due have not been received by **30 June in the year they are due** ~~the Commission by the earliest of these dates:~~
 - (i) ~~3 months following the due date; or~~
 - (ii) ~~the day before the first day of the next Biennial or Special Meeting of the Commission or Meeting of the Bureau if such a meeting is held within 3 months following the due date; or,~~

(iii) ~~in the case of a vote by postal or other means, the date upon which votes must be received if this falls within 3 months following the due date,~~

the right to vote of the Contracting Government concerned shall be suspended on **1 July of that year**. ~~as provided under Rule E.2 of the Rules of Procedure.~~

2. ~~If a Contracting Government defers the increased portion of its annual contribution in line with Financial Regulation E.3, the following rules will apply:~~
 - a) ~~If the non-deferred portion of the annual contribution is not paid by 30 June in the year that it is due, the right to vote of the Contracting Government concerned shall be suspended on 1 July of that year.~~
 - b) ~~If the non-deferred portion of the annual contribution is paid in full by 30 June, the deferral of the increased portion of the annual contribution will not affect the Contracting Government's right to vote, as long as the deferred portion is paid in full by 31 December in the year it is due.~~
 - c) ~~If the deferred portion of the annual contribution is not paid in full by 31 December in the year it is due, the right to vote of the Contracting Government concerned shall be suspended on 1 January of the following year.~~
3. ~~If a Contracting Government's annual payments have not been received by the Commission within 24 months of 30 June in the year that payment is due the due date referred to under Regulation E.2, compound interest shall be added on the anniversary of that day and each subsequent anniversary thereafter at the rate of 2% above the Bank of England base rate quoted by the Commission's bankers on the day. The interest, calculated to the nearest pound, shall be payable in respect of complete years and continue to be payable in respect of any outstanding balance until such time as the amount in arrears, including interest, is settled in full.~~
4. Any interest paid by a Contracting Government to the Commission in respect of late annual payments shall be credited to the General Fund.
5. ~~Any payment to the Commission by a Contracting Government in arrears with annual payments shall be used to pay off debts to the Commission, including interest due, in the order in which they were incurred.~~

A short-term concession of up to 500 pounds sterling will be given to any Contracting Government to take account of remittances sent to cover annual payments, including any interest due, that fall short of the balance owing by up to that amount. ~~This concession is to allow for variations in bank charges and exchange rate that might otherwise reduce the value of the remittance to a lower value than intended in pounds sterling and so leave a Contracting Government with a balance of annual payments, including any interest due outstanding.~~ This short-term concession will enable a Contracting Government to maintain its right to vote.

6. If a Contracting Government's annual payments, including any interest due, have not been received by the Commission in respect of a period of 3 financial years:
 - a) ~~no further annual contribution will be charged;~~ **contributions for subsequent years (year 4 onwards) will be charged for and then written off on 31 December of the relevant year if they remain unpaid. All other balances, including interest accrued, remain due;**

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- b) interest will continue to be applied annually in accordance with **Financial Regulation F.1.2**;
 - c) ~~the provisions of this Regulation apply to the Contracting Government for as long as the provisions of Financial Regulations F.1. and F.2. remain in effect for that Government;~~
 - d) the Contracting Government concerned will be entitled to attend meetings on payment of a fee per delegate at the same level as Non-Member Government observers;
 - e) ~~the provisions of this Regulation and of Financial Regulations F.1. and F.2. will cease to have effect for a Contracting Government if it makes a payment of 2 years outstanding contributions and provides an undertaking to pay the balance of arrears and the interest within a further 2 years;~~
 - f) interest applied to arrears in accordance with this Regulation will accrue indefinitely except that, if a Government withdraws from the Convention, no further charges shall accrue after the date upon which the withdrawal takes effect.
7. Unless the Commission decides otherwise, **a Government that has previously left the Commission that wishes to re-adhere to the Convention, must repay any outstanding debts owed to the Commission from prior years before voting is allowed.** ~~a Government which adheres to the Convention without having paid to the Commission any financial obligations incurred prior to its adherence shall, with effect from the date of adherence, be subject to all the penalties prescribed by the Rules of Procedure and Financial Regulations relating to arrears of financial contributions and interest thereon. The penalties shall remain in force until the arrears, including any newly charged interest, have been paid in full.~~

G Budgets

1. Budget Setting

- a) The Commission shall agree a two-year budget and shall agree a provisional four-year budget position at its Biennial Meeting.
- b) The Commission shall make every effort to adopt the budget by consensus. If all efforts to reach consensus have been exhausted and no agreement reached, the procedure outlined in **section E** of the Rules of Procedure shall apply.
- c) The Commission shall not agree deficit budgets. Budgeted income must equal or exceed budgeted expenditure.
- d) Budgets will be prepared using a zero-based approach. This means that no costs or activities shall be included in the budget for the forthcoming period just because they figured in current or previous periods. Rather, budget items will be considered and justified based on the Commission's forthcoming priorities and work plan.

2. Budget Management

- a) Core funds (i.e. not voluntary funds) may not be expended before the financial year in which they are allocated.

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- b) All Commission funds awarded to third parties for research, projects or workshops shall be supported by a contract signed by the individual and a designated Secretariat representative.
 - c) Clear audit trails shall be kept for all transactions, including invoices and receipts for income and expenditure and any other supporting document required as part of accounting practices.
 - d) No less than 3 months before the Scientific Committee Meeting, the Secretariat shall provide the Scientific Committee Chair with the estimated travel costs for funded invited participants to attend the Scientific Committee meeting so that a decision may be made on participant numbers. Cost estimates will include:
 - (i) Economy airfare
 - (ii) Accommodation
 - (iii) Subsistence
 - (iv) Local Travel
 - (v) Any visa fees

3. Variations

- a) For core funds (i.e. monies not administered under the principles laid out in Annex 1):
 - (i) The Commission may designate certain positions that have the authority to reallocate no more than 10% of their designated annual budget among different budget headers to ensure the effective implementation of existing Commission-approved projects and activities.
 - (ii) Should the Commission-designated position wish to reallocate more than 10% of their designated annual budget, either in a lump sum or in aggregate, they shall refer this request, along with a justification for the proposed variation, to the Finance and Administration Committee who shall scrutinise the request in light of Commission-agreed priorities in consultation with the Chairs of the Budgetary Sub-Committee and the Bureau, and approve or deny the request by correspondence.
- b) All such reallocations will be reported to the Commission at its Biennial Meeting. In years when the Commission does not meet, reallocations will be reported to the Bureau meeting and included in the minutes that are circulated to Commissioners following the Bureau meeting.

NOTE: TEMPLATES B-D UNDER REVIEW

ANNEX B – TEMPLATE FOR COSTING: SUBSIDIARY BODY WORK PLANS; RESEARCH AND PROJECT PROPOSALS

Project Costing Template

Project Overview

Project Title	Enter Project Title here.
Project Proponent	Please give details of the Principal Investigator responsible for the project and any Co-Investigators. Please include full contact details.
Date of Request	Click or tap to enter a date.
Submission History	Has this proposal been considered previously? Yes <input type="checkbox"/> Date: No <input type="checkbox"/>
Project Description	Please enter a description of the project, its purpose and main expected outcomes. Details should be provided regarding priority research questions and methodology to be used, including any details on data collection, analysis and archiving where relevant.
Connected Projects	Please list any past or ongoing funded projects that are linked to this proposal. If applicable, describe what this proposal contributes to the existing work.
Project Justification	Please specify here how this project relates to relevant recommendations and Resolutions endorsed by the Commission.
Lead Working Group	Choose an item.
Source of IWC Funds Requested	Choose an item. Choose a project category (if applicable)
	I confirm that this project meets the terms of reference for the funding requested <input type="checkbox"/>

Project Costs

All costs should be given in £ sterling unless otherwise specified.

Project Cost Summary

Detailed costings must be provided in Annex 1 of this template.

	One-off	Ongoing <small>(costs reoccurring every year)</small>
Total Project costs		
Total Ongoing project costs		
Total Secretariat support costs		
Total		
Less total In-kind contributions / co-funding		
Secured		
Sought		
Total Funding Request £		

Annex 1 – Detailed Project Costings

One-Off Costs						
Cost Type <i>For guidance on cost estimates click here</i>	Detailed Description <i>Please include brief summary of expected results, list for each item (a, b, c format). If multiple items, include each individual cost amount. Please note IWC does NOT fund overheads.</i>	Cost per Unit <i>(e.g. salary per hour, rate per day etc.)</i>	Number of Units	Total £	In-Kind Support Value £ <i>(please give the value of any in-kind support here)</i>	Timescales for Expenditure <i>(e.g. salary covers Apr-Jun 2020, equipment to be purchased in July etc.)</i>
(1) Salaries/wages – include name/position of each person and breakdown of time (hours spent on the project per week) and duties						
(2) Travel/subsistence – breakdown by person (journey details, per diem) and justification						
(3) Services – by item, e.g. aircraft/vessel time, consultancy fees, venue hire etc.						
(4) Reusable capital equipment – becomes IWC property upon completion						
(5) Expendable capital equipment – e.g. consumables, stationery etc. (total no. required for duration of project)						
(6) Shipping costs – by item (justify why shipping is required)						
(7) Insurance costs – by item						
(8) Potential co-funding – please specify all sources of cofounding and whether it is secured or sought.						
(9) Other – please specify						
Total £						

Secretariat Staffing Support

Please consult the Secretariat to confirm these estimates before submitting the form by contacting secretariat@iwc.int. Where Secretariat support cannot be absorbed within existing resources, the cost of labour should be included in the main table of Annex 1.

Type	Detailed Description	Number of Days	Cost Per Day (£ GBP)	Total (£ GBP)	Ongoing or one-off?
IT/Database					
Communications					
Meeting Support Services					
Project Management					
Statistics					
Other					
TOTAL £					

ANNEX C – TEMPLATE FOR COSTING: WORKSHOPS AND TRAINING EVENTS

Workshop Overview

Workshop Title	Enter workshop title here.
Workshop Lead	Please enter here the name and full contact details of the person responsible for the successful planning, delivery and reporting of the workshop as well as ensuring compliance with all appropriate procedures and regulations.
Proposed Dates of Workshop	Click or tap to enter a date. Please give an estimate if the date is not firm and tick the 'Provisional Date' box below. <input type="checkbox"/> Dates are provisional
Workshop Aims & Deliverables	Please provide details on the purpose of the workshop and the expected outcomes, in particular, relating these to Commission priorities or sub-Committee recommendations.
	Will/could the workshop provide a capacity building opportunity for IWC contracting governments or contributors (as a primary or incidental outcome)? Yes <input type="checkbox"/> Please provide details No <input type="checkbox"/>
Workshop Justification	Please indicate whether this workshop will be 'in-person', virtual, or a mixture of virtual and 'in-person'
	If the proposal is for an in-person workshop, please provide justification for why it cannot take place virtually.
Source of Funds Requested	Choose an item.
	I confirm that this workshop meets the terms of reference for the funding requested <input type="checkbox"/>

Workshop Costs

All costs should be given in £ sterling unless otherwise specified. Note: IWC does not fund the salary costs of those attending workshops.

Workshop Cost Summary

Detailed costings must be provided in Annex 1 of this template. Please refer to workshop costing guidance when completing this form.

	GBP £
Transport	
Accommodation	
Subsistence	
Venue Costs	
Videoconferencing Services	
Secretariat Support	
Other	
Total £	
Less total In-kind contributions / co-funding	
Secured	
Sought	

Total Funding Request £	
--------------------------------	--

Workshop Governance

Co-Funding / In-Kind Support

Please give details of all stakeholders/partners/cofundors and their role in this workshop.

I confirm that co-funding/in kind support meets with the standards laid out in the Commission's Code of Ethical Fundraising and Guidelines on Acceptance of Funds <input type="checkbox"/>
--

If cofunding that is being sought from other sources does not come through, how will this affect the project? Please give details, or mark as n/a if not relevant.
--

Conflicts of interest

<input type="checkbox"/> There are no conflicts of interest to declare
--

If there are conflicts of interest to declare, please give details here

Risk Management

Please include all possible risks or uncertain factors that might have a negative impact on the project and their possible consequences. Add mitigation options, if possible.

Workshop Reporting

Please provide details of how the outcomes of the workshop will be communicated.
--

Annex 1 – Detailed Workshop Costings

All transport **MUST** be economy class. IWC does not fund the salary costs of participants. All applicable taxes should be included and noted.

Cost Type <i>For guidance on cost estimates click here</i>	Cost Assumptions <i>(e.g. 20 return flights with an average cost of £500, 20 hotel rooms at a cost of £120 per person per night)</i>	Cost per Unit <i>(e.g. per participant, per night)</i>	Number of Units	Total £	In-Kind Support Value £ <i>(please give the value of any in-kind support here)</i>	Timescales for Expenditure <i>(e.g. hotel payment due 31 Dec 20)</i>
Transport Flights Airport Transfers Other Travel						
Accommodation						
Meals and incidentals*						
Venue Costs Room Hire Refreshments						
Videoconferencing Services	<i>If the workshop will be held virtually, in whole or in part, please include the costs of licenses and other services required. Please contact the Secretariat IT team for advice.</i>					
Secretariat Support	<i>Please tick here if Secretariat support can be provided from existing resource <input type="checkbox"/></i>					
Other Insurances‡						
Total £						

*Subsistence should be included based on an allowance for breakfast, lunch and dinner at the location of the workshop. Where meals will be provided, please reduce subsistence rate accordingly. This will be paid to individuals after the workshop. ‡Workshop participants are expected to provide their own travel insurances.

Secretariat Staffing Support

Please consult the Secretariat to confirm these estimates before submitting the form by contacting secretariat@iwc.int. Where Secretariat support cannot be absorbed within existing resource, the cost of labour should be included in the workshop cost summary..

Type	Detailed Description	Number of Days	Cost Per Day (£ GBP)	Total (£ GBP)
IT/Database				
Communications				
Meeting Support Services				
Project Management				
Statistics				
Other				
			TOTAL £	

Secretariat report can / cannot be absorbed with existing resource.

ANNEX D – COVER SHEET: RESOLUTIONS/SCHEDULE AMENDMENTS

Resolution Overview

Resolution Title	Enter Resolution Title here.
Introduced by	Please give details of the Contracting Government leading on this resolution, and any co-sponsors
Lead Committee	Choose an item.
Duration of Project / Workstream	Please give details regarding whether this Resolution will require one-off and/or ongoing funding
Type of Funds Requested	Core or Voluntary. If Voluntary Funds are required, please indicate this here.

Resolution Costs

General Costs

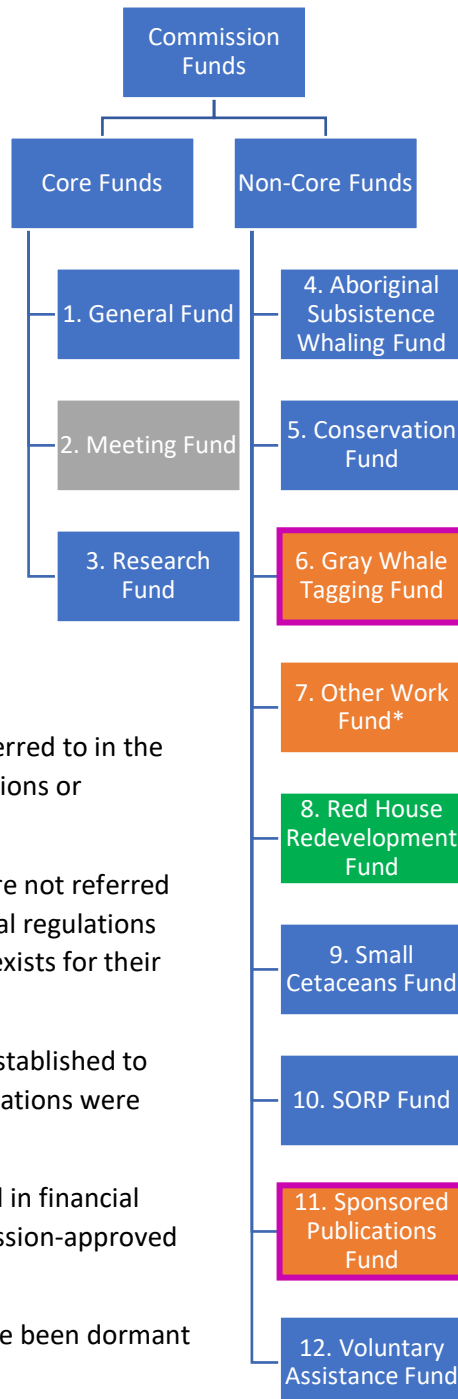
	One-off	Ongoing
Secretariat Support Costs <i>Please tick here if Secretariat support can be provided without additional expenditure. Otherwise please include costs. <input type="checkbox"/></i>		
Contractor / third party salary costs		
Travel & Subsistence Costs		
Services		
Equipment Disposable Capital		
Shipping Costs		
Insurances		
Other (please specify)		
Total £		
Less total In-kind contributions / co-funding Secured Sought		
Total Funding Request £		

Secretariat Staffing Support Costs (Detailed)

Type	Detailed Description	Number of Days	Cost Per Day (£ GBP)	Total (£ GBP)	Ongoing or one-off?
IT/Database					
Communications					
Meeting Support Services					
Project Management					
Statistics					
Other					
TOTAL £					

ANNEX E – MANAGEMENT OF VOLUNTARY FUNDS

Current Commission Fund Structure



Key:

Blue boxes – fund is referred to in the current financial regulations or annexes.

Orange boxes – funds are not referred to in the current financial regulations and no other guidance exists for their administration

Green box – fund was established to ensure accounting regulations were complied with

Grey box – non included in financial regulations, but Commission-approved guidance exists

Pink outline – funds have been dormant for several years

Proposed Changes:

1. **Abolish funds that are not established in the financial regulations and have been dormant for several years.**
 - **Gray Whale Tagging Fund** – as part of the 2021 Budget Postal Vote, the Commission agreed for the remaining balance to be fully allocated to a project. Any future voluntary contributions made for this topic can be managed by another relevant fund.
 - **Red House Redevelopment Fund** – this Fund was created as part of a technical accounting adjustment. At IWC67, the Commission noted that the amounts credited to this Fund could be applied to offset future losses until fully expanded. The balance could be transferred to the General Fund and used to the same effect.
 - **Sponsored Publications Fund** – this fund was made up of income from the sale of sponsored publications several years ago. It is not formally established and no rules exist. It has laid dormant for over ten years. Funds should be credited to the general fund and the fund removed.

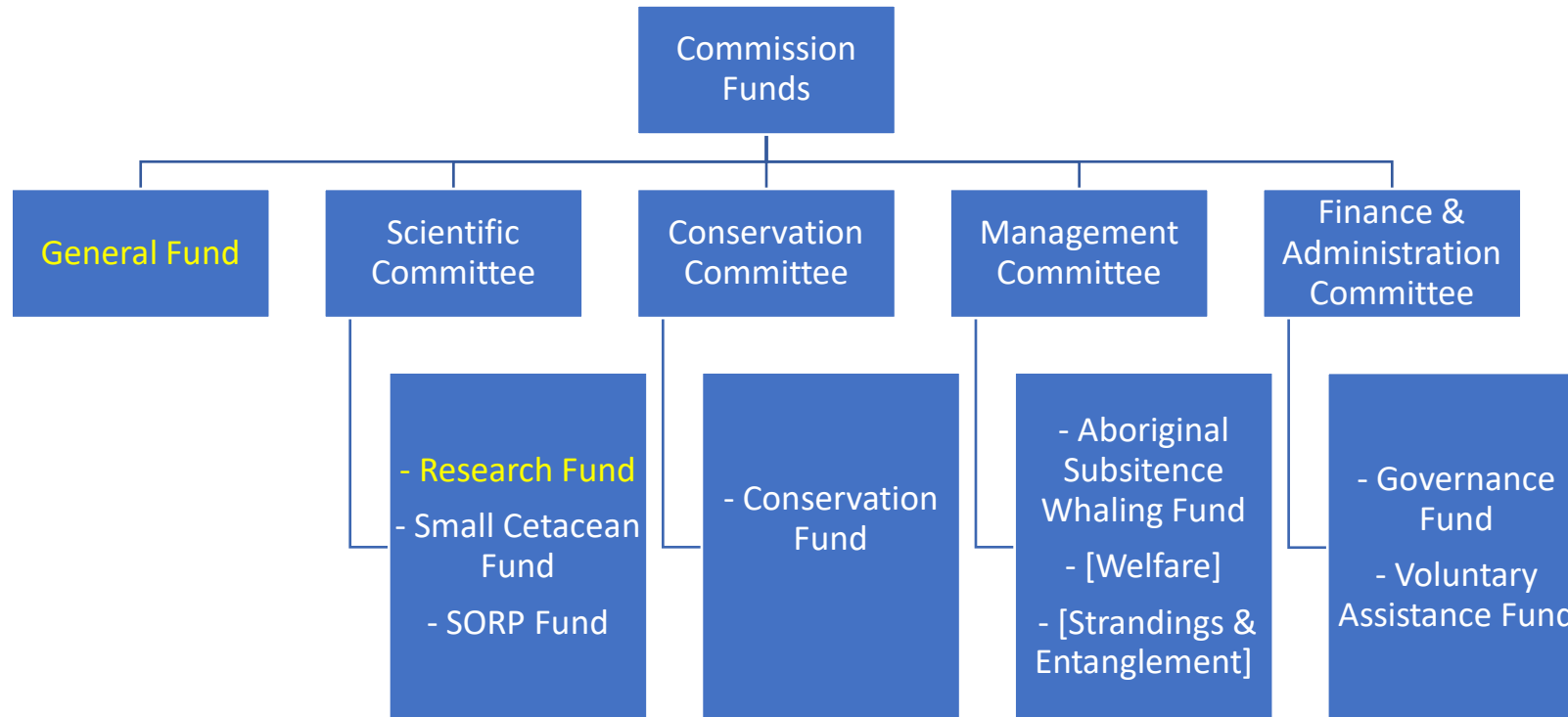
2. **Abolish the Meeting Fund and wrap it into the General Fund**
 - In practice, the Meeting Fund’s only purpose is to segregate general funds for meetings. It would be simpler to allow amounts to be set aside and withdrawn from the General Fund as necessary for meetings.

3. **Retain funds with existing terms of reference/rules of procedure/Financial Regulations, and organise them under the new Commission structure proposed by the WG-OE**
 - This would ensure that each fund is reviewed and monitored by the relevant Committee.
 - See Table 1 for a proposed fund structure based on the new Commission structure as currently proposed by the WG-OE.

4. **Allocate funds held in the Other Work Fund to the appropriate sub-committee based on the new Commission structure proposed by the WG-OE**
 - The Other Work Fund is a miscellaneous fund that houses voluntary contributions that do not have another home. It currently contains contributions for entanglement, strandings, welfare and governance.
 - These funds will be moved under the management of the appropriate Committee and appropriate terms of reference will be developed.
 - See Table 1 for a proposed fund structure based on the new Commission structure as currently proposed by the WG-OE.
 - The appropriate home for some of these issues in the new Commission structure is still being discussed by Commission members. In the event that formal agreement is not reached on the structure at IWC68, funds could be administered by the Finance and Administration Committee until a decision is made.

Table 1: New Fund Governance Structure

White Text = voluntary funds
Yellow Text = core funds



NOTE – this structure is based on the current version of the proposal for a new Commission structure being developed by the WG-OE.

Square brackets are used where consensus has not yet been reached within the WG-OE on which Committee will have responsibility for a particular workstream.