



## NAMMCO ANNUAL MEETING 29

13-15 September 2022  
Grand Hotel, Oslo & Hybrid

### MEETING OF THE COUNCIL

<b>DOCUMENT 04</b>	<b>REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE</b>
<b>Submitted by</b>	FAC
<b>Action requested</b>	Take note of the report Consider the recommendations of the FAC
<b>Background/content</b>	<p>At its 28<sup>th</sup> meeting, the Council specifically tasked the Finance and Administration Committee to continue its work to finalise open issues, which were:</p> <p><b>- Administrative issues:</b></p> <ul style="list-style-type: none"> <li>• Secretariat staffing and priorities</li> <li>• The revision and update of the Staff Rules</li> <li>• The development of consolidated Financial Rules</li> </ul> <p><b>- Financial issues</b></p> <ul style="list-style-type: none"> <li>• Discussing salary increments for the General and Deputy Secretaries, in association with the revision of the Staff Rules</li> <li>• Consider the revised MINTAG project description provided by the Scientific Committee and hold dedicated meetings on the financing of the project</li> <li>• Possible funding for the NAMMCO part of NASS 2024</li> </ul>

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## 1. INTRODUCTION

Between the meetings held during the Annual Meetings in March 2021 and in September 2022, the Finance and Administration Committee (FAC), chaired by Ásta Einarisdóttir (Iceland), has held 6 online meetings and two face to face meetings (May 2022 and September 2022). The focus of the Committee has been the financing of the MINTAG project and NASS 2024, progressing with the review and update of the Staff Rules (the latest modification was made in May 2016), as well as reviewing the proposal for Financial Rules prepared by the Secretariat. In addition, the Committee has reviewed/ monitored expenses and accounts and reviewed draft and forecast budgets for coming years.

This report presents the issues dealt with by the FAC since March 2021 and their outcomes, including the recommendations to be forwarded to Council.

## 2. ADMINISTRATIVE ISSUES

### 2.1 SECRETARIAT’S STAFFING AND PRIORITIES

Following a Council 28 recommendation, the FAC continued its discussion with the Secretariat regarding workload and priorities.

The FAC noted that it is the Council that generates the workload and reiterated its recommendation that Council be conscious of the implications of its proposed priorities and that the focus be on core issues for the organisation.

Changes in the Secretariat, with a change in Scientific Secretary, as well as announced new changes prompted the necessity of thoroughly discussing the structure of the Secretariat including the expertise and capacity needed to best fulfil the priority and core work of the Commission.

The FAC **recommends** that the Council

- Be conscious of the implications of its proposed priorities; the focus should be on core issues for the organisation
- Task the FAC to prioritise discussing the Secretariat structure, staffing and priorities

## 2.2 REVISION AND UPDATE OF THE STAFF RULES

At its March 2021 meeting, the Council tasked the FAC to progress with the revision and update of the Staff Rules, so that they could be presented to Council 29.

The FAC decided on a two-step process. The 1<sup>st</sup> step entailed reviewing changes of an editorial character; and a draft included FAC recommended changes was completed in April 2022. Secondly, the FAC reviewed changes related to staff benefits, and elements which needed to be included in the revised rules to be aligned with current realities and to make them more complete; a draft included FAC recommended changes was completed in April 2022.

As the Staff Rules are essential elements in guiding the work of the Secretariat, the FAC suggested that as the completion of the Staff Rules had long been delayed but was now completed, that each completed step should be adopted intersessional by the Heads of Delegation in a restricted Council meeting. This was agreed upon by the HoDs, the first part of the revision was adopted on 20 April 2022 and the second on 17 June 2002. The revised Staff Rules are available on the NAMMCO website under Calendar&Library / Agreements and Governing Documents and for information as Document [NAMMCO/29/FI04](#).

## 2.3 DEVELOPMENT OF CONSOLIDATED FINANCIAL RULES

At its March 2021 meeting, the Council tasked the FAC to continue supervising the Secretariat's task of defining NAMMCO's financial rules, with a view to presenting a document to Council 29.

The proposal elaborated by the Secretariat includes all the rules already adopted by the Council, stipulating their origin. It is inspired by the financial rules developed by other relevant organisations, the secretariats of the two first being also hosted by Norway ACS (2021), IBS (2020), NEAFC (2021) and NEAFC Standing Financial Instructions to the Secretariat (2019), NASCO (2020), and NAFO (2019). The draft was also sent to the NAMMCO auditor, PricewaterhouseCoopers AS, for scrutiny. The Revisor did not have any special remarks except some refinements of the revision part.

The main rules are completed by "Standing financial instruction for the Secretariat" to guide the secretariat in greater detail. The FAC **recommends** that while amending the Financial Rules shall be within the remit of the Council, modifying and updating the financial Instruction should be left within the remit of the FAC to allow for more flexibility and swift response to any arising issues.

FAC **recommends** that the draft Financial Rules be adopted by the Council.

## 3. FINANCIAL ISSUES

### 3.1 SALARY INCREMENTS FOR THE GENERAL AND DEPUTY SECRETARIES, IN ASSOCIATION WITH THE REVISION OF THE STAFF RULES.

FAC **recommends** that salary increments for the Staff not be automatically linked to the UN procedure and that the attribution of bonus be permitted.

Any increase in salary or attribution of bonus should still be linked to the result of an annual appraisal meeting conducted by the General Secretary for the staff and by the Chair of the Commission for the General Secretary.

### 3.2 AUDITED ACCOUNTS 2021

The FAC reviewed the audited accounts for 2021 (NAMMCO/29/05).

The audited accounts for 2021 closed with a surplus of NOK 642,331 as compared to NOK 248,138 foreseen in the budget adopted by the Council at NAMMCO 28. The discrepancy continues to be explained by COVID-19 with several online meetings and less travelling, and the postponement of stipulated activities (NASS, MINTAG) to 2022. The 2021 Accounts can be found in Appendix G.

The general reserve increased to NOK 1,824,543 compared to the budgeted NOK 1,430,350. The 2021 audited accounts were reviewed by the FAC at its meeting on 24 May 2022.

The FAC **recommends** that the Council approve the 2021 audited accounts.

### 3.3 FINANCING OF THE MINTAG PROJECT

Council 28 concluded that there was support for the revised Super-Tag project among all Member Countries and a willingness to open the project to non-NAMMCO members. The FAC was tasked to find an agreement on funding within member countries and with Japan, if Japan should join as project partner.

The FAC had been forwarded a revised project description, timeline, and budget, including expected in-kind contributions from all Member Countries. It agreed that this project description provided a sound basis for decision-making.

The FAC held several meetings on the funding issue, first with the aim of securing an agreement within the member countries, then to secure an agreement between NAMMCO and Japan. This was successful and the project was launched on 4 August 2021, with participants from FO, GL, IS, JP and NO. The final project description is available as Document NAMMCO/29/FI08.

The following table provide the funding repartition between the six different partners, the Commission, member countries and Japan.

Overall project	TOTAL COST	NO	FO	GL	IS	Commission	NAMMCO Total	JAPAN
Direct	10,315,000	2,737,500	159,000	484,000	50,000	755,000	4,185,500	6,129,500
%		26.5 %	1.5 %	4.7 %	0.5 %	7.3 %	41 %	59 %
In kind	16,116,000	8,024,000	1,080,000	2,774,000	1,790,000	-	13,668,000	2,448,000
%		49.8 %	6.7 %	17.2 %	11.1 %	0.0 %	85 %	15 %
Total	26,431,000	10,761,500	1,239,000	3,258,000	1,840,000	755,000	17,853,500	8,577,500
%		40.7 %	4.7 %	12.3 %	7.0 %	2.9 %	68 %	32 %

The FAC recommends that the Council reiterates the importance of the MINTAG project, as a flag project for both NAMMCO and Japan, and by the same token the importance of the MINTAG partners to fulfil their commitments regarding funding of direct cost and in-kind contributions.

### 3.4 FINANCING NAMMCO COMMON PART OF NASS 2024

The FAC was tasked to investigate possible funding for the NAMMCO part of NASS 2024.

An application for funding under the Arktis 2030 Grant scheme of the Norwegian Ministry of Foreign Affairs (MFA) was sent to the MFA through the Ministry of Trade, Industry and Fisheries.

The outcome of the application is still pending. The FAC **recommends** that if the application to the Norwegian MFA does not go through, the Council tasks the FAC to immediately consider other approaches.

### 3.5 DRAFT BUDGET 2023 AND FORECAST BUDGET 2024

The FAC considered the draft budget 2023 and forecast budget 2024. In line with previous years, the draft budget for 2023 and forecast budget 2024 encompass a 2% increase in membership contributions. The FAC underlined the necessity to make all efforts to rebuild the protected reserve. The FAC also noted that the organization will be facing the same financial challenges as those of the member countries. This will have to be taken into consideration.

Adjustments would be made to the itemization of expenditure under the different budget lines in relation to decisions made during the Council meeting, and the final draft budgets would be presented to the Council under the separate Council agenda item for adoption of the budget.

## 4. OVERVIEW OF FAC RECOMMENDATIONS TO COUNCIL 29

### **FAC recommends that Council 29**

- Be conscious of the implications of its proposed priorities; the focus should be on core issues for the organisation.

### ***Administrative issues***

- Task the FAC to prioritise discussing the Secretariat staffing and priorities
- Adopt the inclusion of the assessment of the internal financial controls in the revision process
- Adopt the financial rules

### ***Financial issues***

- Approve the 2021 audited accounts
- Adopt the 2023 draft budget
- Approve the 2024 forecast budget
- Task the FAC to find financing for the NAMMCO part of the NASS 2024, if the application to the NO MFA NO is not successful
- That the necessity for physical meetings contra virtual meetings always be carefully weighed by committees and subsidiary bodies, both from a financial and an environmental perspective.