INTER-AMERICAN TROPICAL TUNA COMMISSION
104th MEETING

Lisbon, Portugal
August 31 – September 4, 2026

PROPOSAL IATTC-104 U-1

SUBMITTED BY THE CHAIR

ESTABLISHMENT AND FINANCING OF THE IATTC CONTINGENCY FUND

The Inter-American Tropical Tuna Commission (IATTC), meeting in the city of Lisbon, Portugal, on its 104th Meeting:

Recognizing the importance of preserving the financial, legal, and operational stability of the Secretariat and ensuring the continuity of compliance with the institutional mandates of the IATTC;

Aware that extraordinary, urgent, and unforeseen events may occur that have not been contemplated in the approved annual budget;

Recognizing also that such events may include litigation, medical emergencies, workplace accidents, unexpected layoffs, cybersecurity incidents, damage to facilities or equipment, natural disasters, and other situations that may affect the continuity of institutional operations;

Considering the desirability of establishing a permanent financial mechanism that allows the Secretariat to respond quickly, prudently, and efficiently to such contingencies;

Taking into consideration that the Secretariat provides secretariat services to the Agreement on the International Dolphin Conservation Program (AIDCP);

Recognizing the need for the administration and use of the Fund to be governed by principles of financial prudence, transparency, accountability, administrative efficiency, and protection of institutional assets,

Agrees:

1. To approve the IATTC's participation in the establishment of an IATTC Contingency Fund, intended exclusively to cover extraordinary, urgent, and unforeseen expenses that have not been included in the approved annual budget.
2. Establish the permanent target amount of the Fund at US$ 500,000 (five hundred thousand dollars, legal tender of the United States).
3. To authorize, for the initial setup of the Fund, take funds from the arrears payments that arrive in year 2026.
4. To include this contribution as a separate item in the IATTC budget for the first year of implementation of the Fund.

5. To stipulate that, from that first establishment of the Fund, the contributions of the IATTC will be limited to the amount necessary to replace the resources used during the previous fiscal year;
6. To approve the Regulation for the Administration and Use of the IATTC Contingency Fund, which is attached as Annex 1 to this Resolution and is an integral part hereof.
7. To provide that the resources of the Fund:
    a. are kept in clearly identifiable accounts or financial records;
    b. are managed through secure and highly liquid instruments;
    c. are not used to finance ordinary operating expenses, scheduled activities, structural deficits, or projects approved through specific budget resolutions; and
    d. is used only in accordance with the criteria and procedures established in the Regulation.
8. To authorize the Director to manage the Fund and make disbursements within the limits and authorization procedures established in the Regulation, maintaining sufficient documentary records of each decision and disbursement.
9. To stipulate that the interest or returns generated by the Fund's resources be credited to the Fund itself and may be used to increase its balance or reduce future replacement contributions.
10. To ask the Director to submit an annual report to the Committee on Administration and Finance and to the Commission that includes, at least:
    a. initial balance of the Fund;
    b. contributions received;
    c. financial returns generated;
    d. disbursements made;
    e. justification for each use;
    f. final balance; and
    g. identified risks, and the corresponding recommendations.
11. To stipulate that all replenishment corresponding to the IATTC be presented in the annual budget project as a separate item called "Replenishment of the Contingency Fund".
12. To ask the Committee on Administration and Finance to evaluate, at least every five years, the adequacy of the target amount, the frequency of use of the Fund, emerging institutional risks and the advisability of modifying its management rules.

ANNEX 1

PROPOSAL TO ESTABLISH A CONTINGENCY FUND IN THE IATTC ANNUAL BUDGET

Over the many years of operation of the IATTC and its Secretariat, experience has repeatedly confirmed a common-sense conclusion: unforeseen circumstances arise and addressing them requires expenses that were not budgeted. In the past, the budget surplus made it possible to absorb these costs. However, it is well known that such surplus no longer exists, and that, in any case, it is questionable to use budgeted funds allocated for other purposes to cover unprogrammed expenses.

It is therefore considered advisable and necessary to establish a specific contingency fund to provide protection against these uncertainties. Such a fund should meet the following requirements:

- It must be large enough to fulfill its purpose under any circumstances.
- It must be governed by strict rules that exclude any possibility of improper use of the resources allocated to it.
- It must be subject to mechanisms that ensure transparency and accountability, including timely notification to all Members whenever a payment is made from it.

By its very nature, this fund differs from the ordinary components of the budget. The regular budget is approved year after year, as it authorizes the operations of a given financial period; the contingency fund, by contrast, does not constitute an annual expenditure item, but rather a permanent safeguard against the unforeseen. Subjecting it to annual approval, or allowing it to lapse and be re-created with each budget, would defeat its very purpose: a reserve cannot be ready for an emergency if its existence depends on annual renewal. It should therefore be established once and for all, as a permanent instrument that persists across financial periods, independent of the annual budget cycle. Only on that basis can the fund reliably fulfill the purpose for which it was created.

Accordingly, the IATTC budget proposal for 2027 submitted by the Director includes the creation of this fund, in the amount of US$500,000. To establish it, this initial amount would not be financed from that year's annual contributions, but from outstanding arrears—an appropriate way of funding the fund without increasing the current burden on Members. It should be stressed, however, that this source of financing is suitable only for the initial establishment of the fund: arrears are, by their nature, irregular and uncertain, and cannot serve as the basis for maintaining it over time. Once established, the fund must maintain its level: each use must be replenished through a stable and predictable mechanism, distinct from arrears, that ensures its resources are restored after each use.

Members are therefore invited to review the proposed rules governing the operation of the fund, which set out how it is to be used and the safeguards that would prevent any improper use of the resources so allocated.

Annex 2.

REGULATIONS FOR MANAGING AND USING THE IATTC CONTINGENCY FUND

Article 1. Creation and purpose of the Fund

1. The Contingency Fund of the Inter-American Tropical Tuna Commission (IATTC) is established as a financial mechanism intended to cover extraordinary, urgent, and unforeseen expenses that have not been contemplated in the approved annual budgets of both organizations.
2. The purpose of the Fund will be to protect the financial, legal, and operational stability of the Secretariat, allowing a quick and efficient response to contingencies that may affect compliance with the institutional mandates of the IATTC.

Article 2. Amount and financing of the Fund

1. The Fund will have a permanent target amount of US$ 500,000 (five hundred thousand dollars, legal tender of the United States of America).
2. For its initial constitution, funds from payments of arrears that arrive in 2026 will be used.
3. From the second year of operation, contributions will be limited to the amount necessary to replace the resources used during the previous year, to maintain the target balance of US$ 500,000.
4. The contributions and movements of the Fund will be identified separately and traceably in the accounting records, without prejudice to its administration as a financial reserve.

Article 3. Principles of administration

The Fund will be administered in accordance with the following principles:

- financial prudence;
- transparency and accountability;
- administrative efficiency;
- timely response to emergencies;
- protection of institutional assets;
- staff’s well-being in exceptional situations; and
- documentary traceability of decisions and disbursements.

Article 4. Eligible expenses

The resources may be used exclusively to address extraordinary, urgent, and unforeseen circumstances, including, but not limited to, the following categories:

A. Legal and regulatory matters

1. Legal, labor, civil, or administrative claims not foreseen in the budget.
2. Legal defense expenses.
3. Hiring lawyers, external advisors, opinion experts, or specialists.
4. Out-of-court settlements.
5. Costs arising from regulatory or administrative investigations.

B. Human Resources

1. Extraordinary compensation arising from labor disputes.
2. Expenses associated with dismissals or terminations of employment that were not budgeted.
3. Compliance with judicial resolutions or arbitration awards.
4. Extraordinary assistance to staff in serious humanitarian circumstances.

C. Health, safety, and well-being

1. Workplace accidents.
2. Emergency medical care when there is institutional responsibility.
3. Medical evacuations.
4. Exceptional financial support to employees or immediate family members affected by natural disasters, armed conflicts, humanitarian crises, or duly justified situations of extreme need.

D. Institutional and operational protection

1. Response to cybersecurity incidents or cyberattacks.
2. Critical information recovery.
3. Frauds or extraordinary financial events.
4. Damage to facilities or equipment caused by unforeseen events.

E. Extraordinary events

1. Emergencies resulting from earthquakes, fires, floods, or other disasters.
2. Urgent staff transfers.
3. Expenses arising from situations that threaten the operational continuity of the Secretariat.
4. Compensation for dismissals

F. Other exceptional cases

Any extraordinary expenses that encounter the following conditions:

a. that have not been budgeted;
b. that cannot reasonably be postponed; and
c. that are necessary to protect the institutional interests of the IATTC

Article 5. Ineligible expenses

The Fund may not be used for:

1. regular operating expenses;
2. activities programmed within the annual budget;
3. ordinary salary increases;
4. routine trips;
5. planned consultancies;
6. regular purchases of goods and services;
7. projects approved through specific budget resolutions; or
8. to cover structural deficits in ordinary budgets.

Article 6. Authority and procedure for authorizing expenditures

1. The Director may authorize expenditures charged to the Fund up to US$450,000 per event or set of related events, provided that the eligibility criteria established in these Regulations are met.
2. All expenses exceeding US$150,000 must be reported to all Members via a circular note with the justification.

Article 7. Temporary investments

1. The Fund's resources must be held in safe and highly liquid financial instruments.
2. When the Director determines that there is no immediate contingency or reasonably foreseeable risk that requires the use of the resources, he may temporarily invest the Fund in short-term instruments that preserve capital and generate returns.
3. Low-risk, high-liquidity instruments with immediate or very short-term availability will be prioritized.
4. The interest or returns obtained will be credited to the Fund itself.
5. The returns may be used to increase the Fund's balance, reduce future replacement contributions, or cover administrative expenses directly related to the management of the Fund.

Article 8. Reports, accounting, and transparency

1. The Director will submit an annual report to the Committee on Administration and Finance and the Commission, which will include:
    a. initial balance of the Fund;
    b. the contributions made by each organization;
    c. the financial income generated;
    d. disbursements made;
    e. the justification and appropriate authority approval for each disbursement;
    f. final balance; and
    g. identified risks and the corresponding recommendations.
2. Significant extraordinary disbursements may be reported to Members through intersessional communication when circumstances so require.
3. The Secretariat will maintain sufficient financial and documentary records to allow for the review and audit of all Fund operations.

Article 9. Replenishment of the Fund

1. When preparing each annual budget, the Secretariat will calculate the amount required to replace the resources used during the previous year, considering the interest and returns credited to the Fund.
2. Replenishment will be included as a separate budget item called "Replenishment of the Contingency Fund".
3. When the Fund balance exceeds the target amount due to financial returns, the surplus will be kept in the Fund or applied to reduce replacement contributions, in accordance with the recommendation of the Secretariat and the corresponding budgetary decisions.

Article 10. Fund Review

Every five years, or sooner when circumstances warrant, the Administration and Finance Committee will evaluate:

- the sufficiency of the target amount of US$ 500,000;
- the frequency and nature of the use of the Fund;
- emerging risks to the organization;
- the adequacy of authorization levels; and
- the advisability of modifying the target amount or the administration rules.

Article 11. Final provision

The Contingency Fund constitutes a strategic reserve intended to strengthen the financial, legal, and operational resilience of the IATTC. Its use should respond exclusively to extraordinary, urgent, and unforeseeable circumstances, always guaranteeing the protection of institutional interests and the continuity of the operation of both organizations.