Agenda Item 9.2

Consideration of the foundational documents of the IMC: Financial Regulations of the International Mangrove Center

The Council is invited to:

1. Consider and adopt the *Financial Regulations of the International Mangrove Center*;
2. Instruct the Secretariat to manage the baseline operational fund in accordance with the Financial Regulations once adopted.

Note

1. Pursuant to paragraph 2.b of Article VI and paragraph 2 of Article VIII of the Establishment Agreement, the Council shall approve the financial regulations of the IMC and adopt its annual baseline budget.
2. The Financial Regulations were prepared by the Interim Secretariat and developed through three rounds of consultation with Member States and signatory States. The first round was conducted from 12 to 26 January 2026, and the second round from 30 April to 13 May 2026. No comments were received by the Interim Secretariat during the first round of consultation. Following the first round, the Interim Secretariat further refined the structure and content of the Regulations with reference to the financial regulations and management practices of relevant international organizations. Key additions included budget authorization, decisions involving expenditures, bank accounts and fund management, relevant expense standards, and conflict of interest in procurement. No comments were received during the second round of consultation. The updated draft was circulated to all States on 8 July 2026 for a third round of consultation, during which the travel expense standards were revised to be based on relevant Host Country regulations.
3. The Financial Regulations apply to the financial management of the baseline operational fund of the IMC and its Secretariat. They consist of ten sections, covering scope of application, budget, income and expenditure, surplus, asset management, procurement management, financial reporting, external audit, taxation and final provisions, and set out the requirements for the financial management of the baseline operational fund. The Financial Regulations shall enter into force upon adoption by the Council.

Financial Regulations of the International Mangrove Center

1. SCOPE OF APPLICATION

These Regulations shall apply to the financial management of the baseline operational fund of the International Mangrove Center (IMC) and its Secretariat. Project activity funds, including the special fund and other project funds, shall be governed by the management rules of the special fund or other relevant project management rules.

2. BUDGET

2.1 BUDGET PREPARATION AND APPROVAL

The fiscal year of the IMC shall run from 1 January to 31 December. The annual baseline budget of the IMC, including the core staffing and operational costs of the Secretariat, shall be prepared by the Secretariat on the basis of the annual work plan and available funds. The draft budget shall be completed 60 days before the Meeting of the Council, reviewed by the Director General, and submitted to the Council for consideration and approval in accordance with the prescribed procedures. The annual baseline budget shall be presented in United States dollars and Chinese yuan.

2.2 BUDGET ADJUSTMENT AND REALLOCATION

1) A budget adjustment refers to any change to the total amount of the annual budget, the budget framework, or the budget amount allocated to each objective. A budget reallocation refers to the reallocation of funds among different budget lines or project items under the same objective, without changing the total amount of the annual budget, the budget framework, or the budget amount allocated to each objective.
2) Once approved by the Council, the annual budget shall not be adjusted arbitrarily. Where a budget adjustment is necessary due to operational needs, changes in the external environment or other reasons, the Director General shall submit a written proposal specifying the matters to be adjusted, the reasons and the amounts involved, and the adjustment shall be implemented only after approval by the Council. Budget reallocations shall be approved by the Director General and reported in the annual financial report.

2.3 NON-BASELINE BUDGETS

Project activity funds implemented by the IMC, including special fund projects, cooperative projects, grant-making activities and other non-baseline operational funds, shall be subject to separate project activity budgets in accordance with the management rules of the special fund, relevant project management rules, funding agreements or other applicable requirements, and shall be accounted for separately.

2.4 BUDGET AUTHORIZATION

The annual budget approved by the Council shall constitute the authority for the Director

General to incur payment obligations and make payments within the approved scope and amounts of the budget.

2.5 DECISIONS INVOLVING EXPENDITURES*

For matters before the Council that may involve additional expenditure, budget adjustment or changes to administrative arrangements, the Council shall first hear the Secretariat's statement on the financial and administrative implications. Where the existing budget is sufficient, the matter shall be implemented in accordance with the approved budget. Where the existing budget is not sufficient, no decision shall be taken for direct implementation or for arranging expenditure, and the matter shall be considered separately after the source of funding has been identified.

3. INCOME AND EXPENDITURE

3.1 INCOME

IMC's income primarily includes voluntary contributions from the Host Country and other Member States, as well as from other lawful sources. In accordance with the Establishment Agreement, a special fund shall be established exclusively for mobilizing resources to support IMC pilot projects in mangrove conservation and restoration. The special fund shall be managed by an independent committee composed of representatives of the major donors. All income shall be recorded promptly in accordance with applicable laws and regulations. Upon verifying receipt of funds, the Secretariat shall issue an official receipt to the payer.

3.2 BANK ACCOUNTS AND FUND MANAGEMENT

1) The funds of the IMC shall be deposited in bank accounts opened with the approval of the Director General. The Secretariat shall manage different categories of funds separately and account for them separately, taking into account the source of funds, currency, purpose and management requirements.
2) The Director General may, in accordance with the fund utilization plan and liquidity arrangements, carry out phased and compliant value-preservation management of funds that are not immediately required for use. Matters relating to the special fund shall be handled in accordance with the relevant management rules.

3.3 EXPENDITURE

All expenditures shall be made strictly in accordance with the annual budget, budget authorization and financial approval authority. The Director General shall be responsible for establishing and maintaining internal control procedures for expenditures to ensure that payments are properly supported, procedurally compliant and not duplicated.

3.3.1 Expenditure Procedures

1) **Personnel remuneration.** The Administrative Department prepares and reviews salary details based on attendance records and salary standards and submits them to the Director General for approval. Upon approval, the Finance Department processes payments.

2) **Activity expenditure.** Departments shall submit a prior application specifying the expenditure item, necessity, budget source and estimated budget, and may proceed only upon approval by the Director General. After the payment conditions have been met, the responsible staff member shall submit the approval document, contract or agreement, invoice, acceptance certificate and other payment materials. The Finance Department shall make payment after verification.

3) **Expense reimbursement.** For reimbursement of courier fees, printing of materials, temporary transportation and other expenses, the staff member shall submit true and complete reimbursement documents and supporting materials. The Finance Department shall make payment after verification in accordance with the prescribed procedures.

3.3.2 Approval Authority

1) Payment of expenditures shall be approved by level according to whether prior approval has been obtained and the payment amount.

2) Expenditures relating to personnel, travel, meetings and training, consultancy and other contractual services, procurement, and hospitality exceeding USD 100 per occurrence shall be subject to prior approval. For expenditures with prior approval, payments of USD 2,000 or less shall be approved by the department head; payments exceeding USD 2,000 and up to USD 10,000 shall be approved by the Deputy Director General in charge; and payments exceeding USD 10,000 shall be approved by the Director General. Expenditures exceeding the approved budget shall be submitted to the Director General for approval.

3) Small-value expenditures, including courier services, printing of materials, office supplies, temporary transportation, and necessary hospitality of USD 100 or less per occurrence, shall not require prior approval. For reimbursement of such expenditures, amounts of USD 200 or less shall be approved by the department head; amounts exceeding USD 200 and up to USD 500 shall be approved by the Deputy Director General in charge; and amounts exceeding USD 500 shall be approved by the Director General.

3.3.3 Travel Standards

1) For official travel, the Director General and Deputy Director General shall travel in economy class by air within the Host Country and may travel in business class by air in other countries or regions. They may also travel by first-class seat on high-speed rail or bullet trains, soft sleeper or first-class soft seat on all-soft-seat trains, and second-class cabin by ship. Other staff members shall normally travel in economy class by air, second-class seat on high-speed rail or bullet trains, hard sleeper or second-class seat on all-soft-seat trains, and third-class cabin by ship.

2) For official travel within the Host Country, accommodation expenses shall be based on the limits set out in the Host Country's *Detailed Schedule of Accommodation Expense Standards for Staff of Central and State Organs on Domestic Official Travel*, while meal and local transportation allowances shall be based on the relevant rates prescribed

by the Host Country for official travel by staff of central and state organs. For official travel to other countries or regions, accommodation, meal and incidental expenses shall be based on the Host Country's *Schedule of Accommodation, Meal and Incidental Expense Standards by Country and Region*. Staff members may request an advance for these expenses before travel or claim reimbursement after travel based on the actual itinerary and applicable standards. Any advance exceeding the amount payable shall be refunded as required.

3) Where the accommodation limit under the applicable standards is insufficient to cover actual lodging costs, the Director General may authorize reimbursement of actual expenses.

3.3.4 Other Expense Standards

1) Expert consulting fees shall be classified into three categories: junior, intermediate and senior. The pre-tax standards shall be set at USD 200–450 per person per day for junior experts, USD 450–900 per person per day for intermediate experts, and USD 900–1,800 per person per day for senior experts. The expert category shall be determined comprehensively on the basis of professional qualifications, work experience, professional standing, complexity of the assignment, expected deliverables and market rates.

2) Standards for daily operating expenses such as meeting working meals and official hospitality shall be implemented in accordance with the Secretariat Manual.

4. SURPLUS

1) The plan for the use of any surplus under the annual baseline budget shall be proposed by the Secretariat, reviewed by the Director General, and submitted to the Council for consideration and approval.

2) Surpluses generated during the implementation period of a project shall be carried forward to the following fiscal year and continue to be used for the original project. Surpluses of the special fund, earmarked funds and other project funds shall be handled in accordance with the management rules of the special fund or the relevant agreements.

3) The Secretariat shall strengthen the management of surplus funds, give priority to supporting the key work of the IMC, and accurately reflect the formation and use of surpluses in the annual financial report.

5. ASSET MANAGEMENT

1) IMC assets include fixed assets, intangible assets, office supplies, low-value consumables and gifts. Fixed assets refer to assets with a useful life of more than one year and a unit value of not less than USD 5,000.

2) The Secretariat shall be responsible for the day-to-day management of the assets. The IMC shall establish an asset register, recording the name, category, model, quantity, method of acquisition, date of acquisition, value and storage location of assets. Fixed

assets and intangible assets shall be managed by the Finance Department for accounting purposes, while office supplies, low-value consumables and gifts shall be managed physically by the Administrative Department.

3) Newly purchased assets shall be inspected and accepted by the Administrative Department and registered upon receipt. Assets meeting the criteria for fixed assets shall be numbered by the Finance Department and included in the fixed asset register. Assets received as in-kind donations shall be inspected, registered and recorded in the accounts on the basis of the donation agreement, transfer of ownership, useful life and valuation. Assets meeting the criteria for fixed assets shall be managed as fixed assets; assets not meeting such criteria shall be managed as office supplies, low-value consumables or project materials.

4) Any transfer, allocation, write-off or disposal of fixed assets shall be subject to approval in accordance with the prescribed procedures, and the asset register shall be updated in a timely manner. Staff members leaving the IMC shall return the assets assigned to them.

5) Fixed assets shall be inventoried once a year jointly by the Finance Department and the Administrative Department. Office supplies, low-value consumables and gifts shall be inspected quarterly by the Administrative Department.

6. PROCUREMENT MANAGEMENT

Procurement includes the procurement of goods and services. Goods include office equipment, office supplies, project materials and other tangible items. Services include consultancy services, conference services, printing services, publication design and production services, information system development and maintenance services, interpretation and translation services, and other services. Where the IMC engages individual experts to provide consultation, review, lecturing or similar services, the relevant expert consulting fee standards shall apply.

6.1 PROCUREMENT METHODS

1) The procurement method will depend on the amount, the type of goods or services, and the complexity of the project.

2) **Micro-purchasing.** It is applicable to standardized goods, services, or small-scale projects with an amount of less than USD 10,000. A limited domestic or international comparison shall be adopted among at least two suppliers. Price comparison may be carried out via telephone, online, or on-site to identify the most suitable supplier. A price comparison record form shall be completed.

3) **Request for quotation.** It is applicable to standardized goods, services, or small-scale projects with an amount ranging from USD 10,000 to 200,000. A limited domestic or international RFQ shall be used, requiring written invitations to at least three suppliers for written quotations. The most suitable supplier shall be selected based on a comprehensive consideration of product or service quality and quotation.

4) **Invitation to bid.** It is applicable to the procurement of goods or projects with an

amount of USD 200,000 or more and clear technical parameters. An international open tendering process shall be adopted, with procurement notices published through international media platforms. At least three suppliers shall submit bids, and the most suitable supplier shall be selected after a comprehensive evaluation.

5) **Request for proposal.** It is applicable to services with complex requirements, where the comparison of technical or service proposals is important. For amounts of USD 200,000 or more, an international open RFP shall be used, with procurement notices published through international media platforms. For amounts less than USD 200,000, a domestic or international RFP shall be used. The solicitation documents must specify both technical and financial criteria, and at least three suppliers shall submit proposals. An evaluation committee shall assess the proposals based on the scoring criteria and select the most suitable supplier.

6) **Direct contracting.** It is applicable to goods, services, or projects where competitive methods are not feasible due to special circumstances, such as a sole supplier, sudden emergencies, technical exclusivity, or confidentiality requirements, regardless of the amount. The Secretariat shall directly negotiate with a supplier capable of contract performance. Such procurement is subject to strict approval procedures and requires comprehensive and reasonable explanations.

6.2 PROCUREMENT PROCEDURES

1) **Determination of procurement method.** The Secretariat shall determine the applicable procurement method on the basis of procurement amount, type of requirement and project complexity.

2) **Submission of procurement request.** The relevant department shall, on the basis of the annual work plan, approved budget and actual needs, submit a procurement request specifying the procurement item, necessity, budget source, estimated amount and proposed procurement method, and obtain approval in accordance with the prescribed procedures.

3) **Selection of supplier.** The relevant department shall organize price comparison, request for quotations, tendering, request for proposals or direct procurement in accordance with the applicable procurement method, and shall select the supplier on the basis of price, quality, technical proposal, performance capacity, service commitments and other relevant factors, with due regard to value for money.

4) **Signing of procurement contract.** The procurement contract shall specify the term, scope, quantity, quality, price, delivery requirements, acceptance criteria, payment method, liability for breach and other relevant terms for the goods or services. The contract shall be signed only after approval in accordance with the prescribed procedures.

5) **Acceptance and payment.** After the goods have been delivered, the services completed, or phased deliverables submitted, the relevant department shall organize acceptance in accordance with the contract. The Finance Department shall make payment after verifying the contract, invoice, acceptance certificate and other valid

payment materials.

6) **Filing.** Procurement documents shall be filed in a timely manner for reference, including procurement requests, price comparison or quotation records, bidding documents, evaluation reports and acceptance certificates.

6.3 CONFLICT OF INTEREST

Personnel participating in procurement request, evaluation, approval, contract management and acceptance shall proactively declare any existing or potential interests with suppliers, expert consultants, cooperating institutions or other relevant parties. Where a conflict of interest exists or may affect the impartial performance of duties, the personnel concerned shall recuse themselves.

7. FINANCIAL REPORTING

The Secretariat shall prepare the annual financial report in accordance with internationally accepted accounting standards and the financial management requirements of the IMC. The annual financial report shall include the annual financial statements, the external audit report, budget implementation, implementation of the special fund and other relevant information, and shall be submitted to the Council for consideration in accordance with the prescribed procedures.

8. EXTERNAL AUDIT

1) The IMC shall implement an annual external audit carried out by an independent, qualified third-party institution with internationally or nationally recognized auditing credentials.

2) The scope of external audit shall include the annual financial report, budget implementation, receipts and payments, assets and liabilities, surplus management, procurement management, implementation of internal controls, management of the special fund and other necessary matters. The Secretariat shall provide the external audit institution with books, vouchers, contracts, bank records, asset registers, procurement files and other materials required for the audit. Where confidential matters are involved, the external audit institution shall comply with applicable confidentiality obligations.

3) The Secretariat shall complete the annual accounts by 31 December each year and submit the annual financial report to the external audit institution for audit by 31 March of the following year. Upon completion of the audit, the external audit institution shall issue a formal written audit report. The audit report shall include the audit opinion, major findings, compliance assessment and management recommendations. For any irregular expenditure, mismanagement, conflict of interest or other major risk identified by the audit, the Secretariat shall take timely corrective measures and report to the Council.

9. TAXATION

The tax treatment applicable to the IMC and the personnel of the Secretariat shall be governed by the provisions of the Host Country Agreement. After the Host Country Agreement is signed, the Secretariat shall supplement the relevant provisions and report to the Council.

10. FINAL PROVISIONS

These Regulations shall enter into force upon consideration and adoption by the Council. The Council may supplement or amend these Regulations upon the proposal of the Director General. In the event of any inconsistency between these Regulations and the Establishment Agreement, the Establishment Agreement shall prevail.