



**First Assembly of the International Solar Alliance**  
**3 October, 2018**  
**New Delhi, Republic of India**

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## **Manual of Regulations**

### **Summary**

The document presents the manual of Regulations, including Staff, and Financial Regulations.

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## **1. Introduction**

Following the decisions taken at the fifth meeting of the ISC, the Secretariat was requested to develop a draft Manual of Rules and Procedures and bring the same for consideration at the first meeting of the Assembly. Responding to this request, the Secretariat has prepared a Manual of Rules and Procedures, containing Human Resource Policies and Financial Rules and Regulations.

In drafting these rules and procedures, the Secretariat has considered the best practice amongst similar international organizations, like the UNDP and IRENA. Both the UNDP and IRENA have adopted the UN rules *mutatis mutandis*.

The Manual of Regulations include:

- a) Staff Regulations
- b) Financial Regulations

## **2. Staff Regulations**

### **Article I SCOPE AND DEFINITIONS**

#### **Regulation 1.1**

##### **Scope**

The Staff Regulations embody the fundamental conditions of service and the basic rights, duties and obligations of the Secretariat of the International Solar Alliance. They represent the broad principles of human resources policy for the staffing and administration of the Secretariat. These Staff Regulations shall apply to all staff at all levels, including the Director-General of the International Solar Alliance (ISA).

#### **Regulation 1.2**

##### **Definitions**

For the purpose of the present regulations, the following definitions shall apply:

- a) “Assembly” means the supreme organ of the ISA, as specified in Article IV (4) of the Framework Agreement of the ISA;
- b) “Director-General” means the chief executive officer of the ISA, as specified in Article V (1) of the Framework Agreement;
- c) “Framework” means the Framework Agreement of the International Solar Alliance;
- d) “ISA” means the International Solar Alliance (ISA);
- e) “Members” means those countries which are members of the United Nations and have signed the Framework Agreement and deposited their Instrument of Ratifications;
- f) “Other staff” means staff who are hired/engaged on short/long term basis to work under various programmes, projects and activities of the ISA but who have not been appointed under a letter of approval.
- g) “Secretariat” means the Secretariat of the ISA, as expressly provided in Article V of the Framework Agreement of the ISA;
- h) “Staff” shall except as otherwise provided in this regulation shall mean all regular staff members of the Secretariat who serve under a letter of appointment subject to the present regulations and who have been appointed by the Director-General in accordance with Article V (3) of the Framework Agreement of the ISA. The categories of the staff shall be in conformity with United Nations Common System Standards as developed by the International Civil Service Commission.
- i) “Staff Rules” means the Rules issued under the authority of the Director-General to implement these Staff Regulations;
- j) “United Nations common system standards” means the United Nations common system of salaries, allowances and benefits.

## **Article 2**

### **DUTIES, OBLIGATIONS AND PRIVILEGES**

#### **Regulation 2.1**

##### **Status of staff**

Staff members are International civil servants. Their responsibilities as staff members are not national but exclusively international;

#### **Regulation 2.2**

##### **Responsibilities of the Director –General**

All Regulations shall also apply on the Director General, except those for which specific provisions have been made in the Rules of the Procedure of the Assembly.

The Director-General shall ensure that the rights and duties of staff members in conformity with the ISA Framework Agreement, the Staff Regulations and Rules, the Policy on Ethics and Conflict of Interest and other relevant decisions of the Assembly, are respected.

The Director-General shall seek to ensure that, in accordance with Article V (3) of the Framework Agreement, the paramount consideration in the employment of staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence and integrity.

#### **Regulation 2.3**

##### **Privileges and Immunities**

- a) Any privileges and immunities enjoyed by the ISA and its Secretariat in respect of its staff members are conferred in the solemn interest of the ISA and not for the personal benefit of the staff concerned. These privileges and immunities furnish no excuse for failure by staff members to observe the applicable laws and police regulations of the State in which they are located, or for non-performance of their private obligations.
- b) In any case where an issue arises regarding the application of privileges and immunities, the staff member concerned shall immediately report the matter to the Director-General or the authorised official in this regard, who shall decide whether there is immunity as provided in the Headquarters Agreement and whether it should be waived off or otherwise.
- c) In the case of the Director-General, the Assembly of the ISA shall have the right to waive immunities.

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**Regulation 2.4****Core values**

- a) Staff members shall uphold and respect the principles expressly provided in the Framework Agreement and in the Charter of the United Nations, including faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women. Consequently, staff members shall exhibit respect for all cultures; they shall not engage in harassment or discrimination against any individual or group of individuals and they shall not abuse the power and authority vested in them.
- b) Staff members shall uphold the highest standards of efficiency, competence and integrity. The concept of integrity includes, but is not limited to, probity, impartiality, fairness, honesty and truthfulness in all matters affecting their work and status.
- c) Staff shall conduct themselves at all times in a manner consistent with the Policy on Ethics and Conflict of Interest adopted by the Assembly and with the ISA Code of Conduct. The Director-General as the Chief Executive Officer of the ISA Secretariat shall ensure that the ISA Staff conduct themselves, in conformity with the Regulations, Policy of Ethics and Conflict of Interest adopted by the Assembly and with the ISA Code of Conduct in accordance with Regulation 13.3 of the Staff Regulations.

**Regulation 2.5****General rights and obligations**

- a) Staff members are subject to the authority of, and accountable to, the Director-General, including his or her decisions on assignment to any of the activities or offices of the ISA. In exercise of this authority, the Director-General shall seek to ensure, having regard to the circumstances that all necessary safety and security arrangements are made for staff carrying out the responsibilities entrusted to them.
- b) In the performance of their duties, staff members shall neither seek nor receive instructions from any Government or from any other source external to the ISA Secretariat.
- c) By accepting appointment, staff members pledge themselves to discharge their functions and regulate their conduct with the interests of the ISA in view to advance ISA objectives as set out in its Framework Agreement.
- d) Staff members shall ensure that their personal views and convictions, including their political and religious convictions, do not adversely affect the discharge of their official duties or the interests of ISA. They shall refrain from any action incompatible with their status as a staff member of the ISA Secretariat or with the integrity, independence and impartiality required by that status.
- e) Staff members shall not use their office or knowledge gained from their official functions for private gains, financial or otherwise, or for the private gain of any third party, including family, friends and those they favour. Nor shall staff members use their office for personal reasons to prejudice the positions of those they do not favour;

- f) Staff members shall exercise the utmost discretion regarding all official business matters. They shall not communicate to any Government, entity, person or any other source any information known to them by reason of their official position that they know or ought to have known has not been made public, except as appropriate in the normal course of their duties or by authorisation of the Director-General. These obligations do not cease upon separation from service.

## **Regulation 2.6**

### **Honours, gifts or remuneration**

No staff member shall accept any honour, decoration, remuneration, favour or gift of any monetary value from a Government or a source external to the ISA unless authorized to do so by the Director-General or under the exceptions specifically provided by the Policy on Ethics and Conflict of Interest.

## **Regulation 2.7**

### **Conflict of interest**

- a) Staff members shall not be actively associated in their personal capacity, directly or indirectly, with any business or other concern except for research and academic activities.
- b) Staff members at the P-4 level and above, as well as any other staff members whose functions could lead to actual or apparent conflict of interest with the ISA, shall prepare and submit disclosure of interest statements, as required by the Policy on Ethics and Conflict of Interest and as prescribed by the Director-General that shall be included in the Staff Rules
- c) Staff members shall not engage in any outside occupation or employment.

## **Regulation 2.8**

### **Use of property and assets**

- a) Staff members shall use the property and assets of the ISA only for official purposes and shall exercise reasonable care when utilising such property and assets.
- b) Staff members must respond fully to requests for information from staff members or other qualified persons authorised by the ISA Secretariat under the authority of the Director-General, to investigate possible misuse of funds, waste or abuse.

## **Regulation 2.9**

### **Performance of the staff**

- a) Supervisors shall be responsible for ensuring that each staff member is fully informed of his or her work requirements and of the related performance indicators, based on which each staff member shall be evaluated.
- b) The performance of staff members shall be appraised periodically to ensure that the required standards of performance are judiciously met.

## **Regulation 2.10**

### **Declaration of office**

- a) Staff members shall subscribe to the following declaration: "I solemnly declare and promise to exercise in all loyalty, discretion and conscience the functions entrusted to me as an International civil servant of the International Solar Alliance, to discharge these functions and regulate my conduct with the solemn interests of ISA only in view, and not to seek or accept instructions with regard to the performance of my duties from any Government or other source external to the International Solar Alliance."
- b) The declaration of office shall be made orally by the Director-General at a session of the Assembly. However, a formal submission of Instrument of Declaration of Oath by the Director-General shall be deposited with the ISA Secretariat subsequently. All staff members of the ISA shall make the declaration in writing in front of the Director-General or his/her authorised representative.

## **Article 3 CLASSIFICATION OF POSTS AND STAFF**

### **Regulation 3**

#### **Classification of posts**

The Director-General shall make appropriate provision for the classification of posts and staff according to the nature of the duties and responsibilities required and in conformity with the United Nations common system standards as developed by the International Civil Service Commission (hereinafter referred to as "ICSC"), adopted generally, with necessary changes and in accordance with Article V of the Framework Agreement.

## **Article 4 SALARIES AND RELATED ALLOWANCES**

### **Regulation 4.1**

#### **Salary scales**



Salaries of staff members shall be fixed by the Director-General in conformity generally with the United Nations common system standards subject to approval of the Standing Committee and which shall not be higher than the UN Common System.

## **Regulation 4.2**

### **Allowances and benefits**

Staff members shall be granted allowances and benefits generally in accordance with the United Nations common system standards and which shall not be higher than the UN Common System. The Director-General shall specify such allowances and benefits in the Staff Rules.

## **Regulation 4.3**

### **Tax reimbursement**

- a) In the event that the salaries and emoluments paid by the ISA to staff members are subject to national taxation, the Director-General is authorised to refund the amount of those taxes to the staff members concerned, under conditions established by the Director-General to ensure that staff are obligated to minimize their tax liabilities to the maximum possible extent allowed under applicable law, and to provide accurate copies of the tax returns filed with the tax authorities. However, any form of taxation, charge, moratoria of any kind shall be subject to the provisions of the Headquarters Agreement signed between the Government of Republic of India and the ISA Secretariat.
- b) The Director-General is authorized to conclude bilateral agreements with the staff members concerned for the reimbursement of any such refund to the ISA.

## **Article 5 APPOINTMENT AND PROMOTION**

## **Regulation 5.1**

### **Appointment**

As provided in Article V (3), of the Framework Agreement, the Director-General shall be responsible to the Assembly for the appointment of staff. The post against which permanent staff is to be recruited shall be placed before assembly for approval. Upon appointment, each staff member, including staff on Deputation shall receive a letter of appointment in accordance with the provisions of these Regulations, signed by the Director-General or by an authorised official, in this regard.

## **Regulation 5.2**

### **Other Staff**

The ISA Secretariat shall also have staff dedicated to programme/ specific programmes of ISA.

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**Regulation 5.3****Recruitment criteria**

- a) In accordance with Article V (3) of the ISA Framework Agreement, due consideration shall be given in securing the highest standards of efficiency, competence and integrity. Due regard shall be paid to the importance of recruiting staff primarily from Member Country and on wide geographical basis.
- b) Recruitment on wide geographical basis as possible shall not apply to posts in the General Service category<sup>1</sup>.

**Regulation 5.4****Selection of staff members**

- a) Selection of staff members shall be made without distinction as to race, gender or religion in a manner that ensures the transparency of the process. As far as practicable, selection shall be made on a competitive basis which comprises of written test followed by personal interview.
- b) Except where another equally well-qualified person cannot be recruited, appointment shall not be granted to a person who bears any of the following relationships to a staff member: father, mother, son, daughter, brother or sister.
- c) The spouse of a staff member may be appointed provided that the spouse is fully qualified for the position and provided that the spouse is not given any preference for appointment by virtue of the relationship to the staff member and should not be in line of supervision.
- d) The Director-General shall specify in the Staff Rules the restrictions applicable to the placement into the organisational structure of any of the related staff members mentioned in paragraphs (b) and (c) above, and to the process of reaching any administrative decision in respect of such a related staff member in order to ensure that the proper functioning of the ISA is not affected and that there is no actual or perceived conflict of interest.
- e) Posts which become vacant shall be announced to the staff if they represent a promotion opportunity for any staff, and selection for such posts shall be on a competitive basis. These requirements shall not apply to any posts when it is in the interest of the ISA to fill them by reassignment of a staff member without promotion.

**Guiding Principles**

**The recruitment and selection of staff members at ISA will be guided by the following six principles:**

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<sup>1</sup>General Service posts include administrative and support functions as well as some specialized skills.

**Competition:** Selection will follow a visible and fair competitive process for all vacancies, regardless of post, contractual modality or hiring unit. The recruitment process shall consist of written test followed by a personal interview.

**Objectivity:** Screening will be conducted with professional rigor, with candidates measured against clearly articulated criteria, job skills and competencies and corporate priorities;

**Transparency:** The recruitment and selection criteria and all phases of recruitment processes will be transparent to staff and candidates to the fullest extent possible;

**Diversity:** ISA's workforce will reflect diversity and will strive to include gender parity, staff members representing as wide a geographic distribution as possible and individuals from under-represented groups, indigenous groups and persons with disabilities.

**Non-Discrimination:** Subject to the principle of recruiting staff members on as wide a geographical basis as possible, ISA will not discriminate in its recruitment and selection processes on the grounds of race, national or ethnic origin, colour, religion, age, sex, gender identity, sexual orientation, marital status, family status or disability.

**Accountability:** Hiring managers will be held accountable both for their selection proposals and the manner in which they have followed the processes.

## Regulation 5.5

### Period of appointment and probation

- a) Professional Staff members shall be granted either a temporary or a fixed-term appointment upto one year. Fixed-term appointments may be extended at the discretion of the Director-General. The initial period of extension shall normally not exceed three years and can be extended further. The total length of service on fixed-term appointments shall normally not exceed nine years.
- b) The Director-General may extend this maximum length of service for staff once for a period of up to two years provided that, for staff at the professional level and above, there is a documented record of performance and the need for such extension to ensure continuity of the work of ISA.
- c) Staff members shall be required to serve a probationary period of six months. For certain categories of staff, especially for temporary and part-time appointments, the Director-General may, in the best interest of the ISA Secretariat, adjust the length and conditions of the probationary period.
- d) A temporary appointment does not carry any expectancy, legal or otherwise, of renewal. A temporary appointment shall not be converted to any other type of appointment.
- e) A fixed-term appointment does not carry any expectancy, legal or otherwise, of renewal or conversion, irrespective of the length of service or its extension.

**Regulation 5.6****Medical standards**

The Director-General shall establish appropriate medical standards that staff members shall be required to meet before appointment.

**Regulation 5.7****Other Staff such as Experts/Consultants, Individual contractors, Interns and other personnel**

Experts/Consultants, Individual contractors, Interns and other personnel may be engaged under such terms and conditions as the Director-General may determine as appropriate and shall not be staff members for the purposes of these regulations.

**Article 6  
ATTENDANCE AND LEAVE****Regulation 6.1****Working hours and attendance**

- a) The Director-General shall establish the normal working hours and the normal working week and shall establish official holidays for each duty station according to principles laid down in the Staff Rules. Exceptions may be made by the Director-General as the needs of the service may require, and staff members may be requested to work beyond the normal working hours or the normal working week if necessary for the performance of ISA work.
- b) No salary shall be paid to staff members in respect of periods of unauthorised absence from work unless such absence was due to reasons beyond their control.

**Regulation 6.2****Annual leave**

Staff members shall be allowed appropriate annual leave and eligible staff members shall be allowed, as appropriate, home leave in accordance with the United Nations common system standards. The Director-General shall specify these standards in the Staff Rules.

**Regulation 6.3****Special leave**

Special leave may be authorized by the Director-General in exceptional cases.

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## **Article 7 SOCIAL SECURITY**

### **Regulation 7.1**

#### **Pension scheme**

Given the limited duration of ISA contracts and the diversity of national, private and intergovernmental pension schemes on offer, the onus and responsibility for the specification of a staff member's pension scheme lie with the individual, subject to the criteria determined by the Director General.

### **Regulation 7.2**

#### **Social security scheme**

The Director-General shall establish a cost-effective and administratively efficient scheme of social security for the staff, including provisions for health protection, sick leave, maternity and paternity leave, and reasonable compensation in the event of illness, accident or death attributable to the performance of official duties on behalf of ISA, in accordance with the United Nations common system standards under terms and conditions specified by the Director-General in the Staff Rules.

## **Article 8 TRAVEL AND REMOVAL EXPENSES**

### **Regulation 8.1**

Staff members shall be paid travel and removal expenses generally in accordance with the United Nations common system standards, under terms and conditions specified by the Director-General in the Staff Rules.

## **Article 9 STAFF RELATIONS**

### **Regulation 9.1**

The Director-General shall establish and maintain continuous contact and communication with the staff in order to ensure the effective participation of the staff in identifying, examining and resolving issues relating to human resources policies, conditions of work and staff welfare.

### **Regulation 9.2**

- a) The staff of ISA Secretariat shall have the right to establish a staff representative body. It shall be organised in such a way as to afford equitable representation to all staff members, by means of elections that shall take place at least biennially under electoral regulations drawn up by the staff representative body and agreed to by the Director-General.

- b) The staff representative body shall be entitled to initiate proposals to the Director-General for the purposes set forth in regulation 9.1.

## **Article 10 SEPARATION FROM SERVICE**

### **Regulation 10.1**

#### **Resignation**

Staff members may resign from service upon giving the Director-General the notice required under the terms of their appointment. The Director-General and the staff member concerned may agree on a shorter notice period.

### **Regulation 10.2**

#### **Termination of appointment by the Director-General**

- a) The Director-General may terminate the appointment of a staff member who holds a temporary or a fixed-term appointment prior to the expiration date of the appointment in accordance with the terms of such appointment or for any of the following reasons:
- (i) if the necessities of service require abolition of the post or reduction of the staff;
  - (ii) if the services of the staff member prove unsatisfactory;
  - (iii) if the staff member is, for reasons of health, incapacitated for further service;
  - (iv) if the conduct of the staff member indicates that the staff member does not meet the highest standards of integrity;
  - (v) if facts anterior to the appointment of the staff member and relevant to his or her suitability come to light that, if they had been known at the time of his or her appointment, should, under the standards established by the Staff Regulation, have precluded his or her appointment;
  - (vi) in the interest of the good administration of the ISA and in accordance with the standards of the Staff Regulation, provided that the action is not contested by the staff member concerned.
- b) The Director-General shall give reasons for the termination of the appointment of a staff member.
- c) If the Director-General terminates an appointment, the staff member shall be given such notice and such indemnity payment as may be applicable under the ISA Staff Regulations and Staff Rules. Payment of termination indemnity shall be made by the Director-General in accordance with the prevailing rates and conditions specified by ISA, in this regard.

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**Regulation 10.3****Repatriation grant**

Staff members shall be paid repatriation grants in accordance with the United Nations common system standards, under terms and conditions specified by the Director-General in the Staff Rules.

**Article 11  
DISCIPLINARY MEASURES****Regulation 11.1**

- (a) The Director-General may impose disciplinary measures on staff members who engage in misconduct.
- (b) The Director-General may summarily dismiss a staff member for serious misconduct.
- (c) The term 'Misconduct' will be as defined under the Staff Rules.

**Regulation 11.2**

The Director-General shall establish administrative machinery with staff participation to advise him or her in disciplinary cases.

**Article 12  
ADMINISTRATION OF JUSTICE****Regulation 12.1**

Staff members have the right to appeal against administrative decisions affecting them directly, including disciplinary measures imposed without prior advice from the body established under regulation 11.2. The appeal must be based on an alleged non-observance of their terms of appointment and also Staff Regulations and Rules.

**Regulation 12.2**

The Director-General shall establish machinery with staff participation to advise him or her on appeals submitted by staff members against administrative decisions affecting them directly.

**Regulation 12.3**

The Director-General shall make arrangement for staff members dissatisfied with the outcome of the internal appeal process under regulations 12.1 and 12.2, or with the disciplinary measure imposed after advice from the body established under regulation 11.2, to have access to an independent judicial or arbitral mechanism at the seat of ISA, if they wish to present a recourse against the validity of the final decision taken by the Director-General.

## **Article 13**

### **GENERAL PROVISIONS**

#### **Regulation 13.1**

##### **Amendments**

The present regulations may be amended by the Assembly, without prejudice to the acquired rights of staff members.

#### **Regulation 13.2**

##### **Staff Rules**

The Director-General, as the Chief Executive Officer of ISA, shall provide and enforce such Staff Rules as he or she considers necessary in order to implement these regulations.

#### **Regulation 13.3**

##### **Entry into force of new / amended staff rules**

- (a) The Director-General shall report to the Assembly the full text of provisional new Staff Rules for adoption. Should the Assembly find that a provisional rule is inconsistent with the intent and purpose of the Staff Regulations, it may direct that the rule be withdrawn or modified.
- (b) The provisional rules and amendments reported by the Director-General, taking into account such modifications and/or deletions as may be directed by the Assembly, shall enter into full force and effect on adoption by the Assembly.
- (c) Provisional Staff Rules do not give rise to acquired rights for staff members.
- (d) Till such period, the Staff Rules are approved by the Assembly, the UN rules and procedure shall apply generally with necessary changes to ISA, from the date of notification issued by the Government of Republic of India i.e. 6th June, 2018 in accordance with the decision taken at the 5th International Steering Committee (ISC) (Agenda item 7.6).
- (e) Once the Staff rules are approved by the Assembly, the provisions of para (d) above, shall cease to exist.



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### **3. Financial Regulations**

#### **Article 1**

#### **SCOPE AND DEFINITIONS**

##### **Regulation 1.1**

##### *Scope*

These regulations shall govern the financial administration of the International Solar Alliance.

##### **Regulation 1.2**

##### *Definitions*

For the purpose of these regulations the following definitions shall apply:

- a) “Assembly” means the Assembly as set out Article IV of the Framework Agreement.
- b) “Appropriations” mean the aggregate of the expenditure authorizations approved by the Assembly for the regular/ operating budget of the ISA for a financial period against which expenditures may be incurred for purposes approved by the Assembly;
- c) “Budget” shall mean the budget for a period of one calendar years adopted by the Assembly indicating estimated resources and expenditures for financial periods. The Budget includes the operating costs of the Secretariat and Assembly and all costs related to support functions and cross-cutting activities of the ISA;
- d) “Committee” means a committee appointed by the Assembly of the ISA as deemed necessary for assisting the Assembly on financial matters;
- e) “Commitment” means a written commitment of monies against an allotment for which expenditure authority has been granted;
- f) “Contribution” shall mean voluntary contributions made in accordance with the procedures set out in Article VI of the Framework Agreement;
- g) “Corpus Fund” shall mean the capital, funds generated and kept for existence and sustenance of the organisation. Corpus Fund means the permanent fund kept for the basic expenditures need for the administration and survival of the organisation. Such fund can also be dedicated for the organisational activities such as Awards etc.
- h) “Ex gratia payment” shall mean a payment where there is no legal liability but where payment is justifiable in light of the circumstances;
- i) “Framework Agreement” means the Framework Agreement on the Establishment of the International Solar Alliance;
- j) “Financial Regulations” means this Financial Regulation including the financial rules of ISA;
- k) “ISA” means the International Solar Alliance;
- l) “Member” means any Member of the ISA, having ratified, accepted or approved the Framework Agreement as per its provision set out in Articles VII (1) and III (2);

- m) “Open commitment” means a financial commitment, or that portion of a commitment, for which goods or services are not yet delivered and for which payment is due;
- n) “Prospective Budget” means estimated resources and expenditures for the year following the calendar year for which budget has been proposed;
- o) “Programmes, Projects and Activities” means the Programmes, Projects and Activities of ISA as set out in Article III of Framework Agreement;
- p) “Secretariat” means the Secretariat of the ISA as set out in Article V of the Framework Agreement;
- q) “Short-term investments” are investments for a period not exceeding twelve months;
- r) “Working Capital Fund” means the fund established to ensure continuity of operations in the event of a cash shortfall for programmes, projects and activities under Article VI (4) of the Framework Agreement.

## **Article 2**

### **FINANCIAL AND BUDGET PERIODS**

#### **Regulation 2.1**

The financial period shall be one Gregorian calendar year.

#### **Regulation 2.2**

The budget period for the proposed programme of work shall consist of the next calendar year. Any deviation in the periodicity has to be explained to the Assembly with justification.

#### **Regulation 2.3**

Along with the budget the prospective budget for the year following the next calendar year shall be proposed.

## **Article 3**

### **BUDGET**

#### **Regulation 3.1**

##### ***Preparation and submission***

The Secretariat or the specific committee constituted under the authority of the Director General shall prepare a draft work programme and a draft budget alongwith the prospective budget for the relevant budget period. The draft work programme and the draft budget alongwith the prospective budget shall be presented by the Director General on the opening of the Assembly session.

**Explanation:** The Director General shall discuss the draft budget and draft work programme with Finance & Programmes Committees, established by the Assembly, and incorporate their advice and input to the extent possible.

## **Regulation 3.2**

### ***Form of the Budget***

- a) The draft budget and the prospective budget shall cover income and expenditures for the budget period to which it relates.
- b) The draft budget shall be divided into programmes in accordance with Article III of the Framework Agreement. Programme narratives shall set out objectives and expected accomplishments.
- c) The draft budget shall give an overview of past and planned activities of the Secretariat and indicate priorities. It shall be accompanied by such information, annexes and explanatory statements as may be requested by the Assembly or as the Director General may deem necessary, including details on the changes from the previous budget period.
- d) The draft budget shall clearly mention staff and other staff requirement and associated liabilities for the calendar year and the future.

## **Regulation 3.3**

### ***Currency***

The budget and the prospective budget shall be presented in United States Dollars.

## **Regulation 3.4**

### ***Adoption***

The budget shall be approved by the Assembly in accordance with Articles IV (4) and VI of the Framework Agreement.

## **Regulation 3.5**

### ***Supplementary budget***

The Secretariat shall submit a supplementary budget, after careful examination of available resources for their possible reallocation (and taking into account regulation 4.6 concerning the transfer of funds) that there is an urgent and unforeseen need for supplementary resources and allocations to support activities that could not have been envisaged at the time the initial budget was proposed or in respect to decisions taken by the Assembly. Such supplementary budgets shall be prepared and acted upon in a form and manner consistent with the regular budget for the budget period except that they need not to be considered and adopted at a regular session of the Assembly or by circulation to member countries. Such supplementary budget shall be placed for approval before the Standing Committee, either by circulation or in its regular session. The supplementary

budget will be acted upon only after the approval of the Standing Committee. Such approved supplementary budget shall be placed for ratification in the next Assembly.

## **Article 4**

### **APPROPRIATIONS**

#### **Regulation 4.1**

##### ***Authorization to incur expenditures***

The appropriations adopted by the Assembly shall constitute an authorisation to the Director General to incur commitments and expend funds for the purposes for which the appropriations were approved and up to the amounts so approved.

#### **Regulation 4.2**

##### ***Availability***

Appropriations shall be available for entering into commitments during the budget period to which they relate. Appropriations shall remain available for twelve months following the end of the budget period to which they relate to the extent that they are required to discharge any open commitments of the budget period for which they were appropriated.

#### **Regulation 4.3**

##### ***Uncommitted balances***

The balance of the appropriations remaining uncommitted at the close of the budget period shall be treated as cash surplus under regulation 4.5.

#### **Regulation 4.4**

##### ***Open Commitments***

At the end of the twelve-month period provided for in regulation 4.2, any open commitments of the budget period in question shall at that time be cancelled or, where the commitment remains a valid charge, be transferred as a commitment against current appropriations. Then the remaining balance of appropriations retained shall form part of any cash surplus of the budget and shall be treated in accordance with regulation 4.5.

#### **Regulation 4.5**

##### ***Cash surplus and net adjustments***

Subject to Regulation 4.4, any cash surplus for the budget period at the close of the financial period of the budget shall be treated as cash reserve, to be carried forward for allocation in the subsequent

budgets. This cash surplus, on priority, will be adjusted and utilized against arrears of voluntary contributions.

Cash surplus, if any, for the budget period at the close of financial year of the budget with regard to any specific programme of the ISA, other than administrative costs, may be apportioned to contributing members, in consultation with them in the ratio to their contributions, participating in the programme.

#### **Regulation 4.6**

##### ***Transfers between appropriation programmes***

The Director General may make appropriation/transfers between programmes upto such limit as the Assembly may set.

#### **Regulation 4.7**

##### ***Commitments for future financial periods***

The Director General may enter into commitments for future budget periods provided that such commitments are:

- a) For activities which have been approved by the Assembly and are expected to continue beyond the end of the current budget period, subject to the direction of the Assembly to incur such commitment for the future; or
- b) Authorised by a specific decision of the Assembly.

#### **Regulation 4.8**

The Director General shall prudently manage the appropriations approved for the budget period so as to ensure that expenditures can be met from funds available, keeping in view the actual contributions received and the availability of cash balances.

### **Article 5**

#### **CORPUS FUND**

##### **Regulation 5**

##### ***Corpus Fund (targeted amount of USD 1000 Million)***

Contributions to the Corpus fund, under relevant sub head, will be maintained in account(s) without any debit from the principal amount. The revenue accrued annually from the corpus fund, shall only be spent once the Host country ceases to finance ISA's annual recurring expenditure. Till such period, the revenue generated from the corpus fund shall be treated as part of Corpus fund only.

### **Article 6**

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## **VOLUNTARY AND OTHER CONTRIBUTIONS**

### **Regulation 6.1**

#### ***Scope and scale of contributions***

- a) Appropriations shall be financed in accordance with the Article VI of the Framework Agreement.
- b) Countries proposing and participating in specific programmes shall assess and mobilize funds for that programme, with the support and assistance of the Secretariat.
- c) In addition to above, the financial resources mobilized by the ISA Secretariat for the purposes of ISA shall form the part of the Corpus Fund.

### **Regulation 6.2**

#### ***Acceptance***

Voluntary contributions, gifts, bequests and subventions to the ISA, whether or not in cash, may be accepted by the Director General on behalf of the ISA for a purpose agreed between the Director- General and the contributor, provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the ISA and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organisation is authorised by the Assembly. Funding accepted for purposes specified by the donor shall be credited to the appropriate account under regulation 11.5.

### **Regulation 6.3**

#### ***Utilization of voluntary contributions***

Voluntary Contributions unless provided for any specific activity, shall be utilized as far as possible for the following;

- a) Revenue-producing activities;
- b) Investment;
- c) Services ;
- d) Miscellaneous;

### **Regulation 6.4**

#### ***Reporting***

The Director General shall report annually/periodically to the Assembly all the voluntary contributions, gifts, bequests and subventions accepted by the Secretariat on behalf of the ISA. Such report shall include, at a minimum, the donor, the amount of the contribution, and all associated terms and conditions.

### **Regulation 6.5**

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***Information by the Director General***

After the Assembly has adopted the budget and determined the amount of the Working Capital Fund and the ISA scale of finance, the Director General shall:

- a) Submit the relevant documents to Members/ Signatories of the ISA;
- b) Inform contributors of their commitments if any, in respect of annual voluntary contributions and advances to the Working Capital Fund; and
- c) Request contributors to remit their contributions and advances.

**Regulation 6.6*****Date of Payment***

Assessed contributions to the budget shall be considered due and payable in full no later than thirty days following the receipt of the communication from the Director General in accordance with regulation 6.5, or as on 1st January of the calendar year to which they relate, whichever is later. As of 1st January of the following calendar year, the unpaid balance of such contributions shall be considered to be one year in arrears.

**Regulation 6.7*****Currency of payments***

Assessed contributions to Programme fund of ISA and advances to the Working Capital Fund shall be paid in United States Dollar unless decided otherwise by the Secretariat.

**Article 7****CUSTODY OF FUNDS****A. Internal Accounts****Regulation 7.1*****General Fund***

There shall be established a General Fund for the purpose of accounting for the ISA's administrative costs and its core activities as can be assessed from Article VI of the Framework Agreement.

**Regulation 7.2*****Voluntary contributions***

Voluntary contributions, referred to in Article VI of the Framework Agreement, shall be credited to the General Fund if they are not restricted by the contributor with respect to use. These contributions shall be treated as miscellaneous revenue in the accounts of the financial period.

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**Regulation 7.3*****Dedicated trust funds and accounts***

Dedicated trust funds and accounts may be established by the Director General as may be necessary to ensure transparent implementation of the ISA's activities, such as to enable appropriate accounting of work programme activities of the ISA which are not part of the core activities (supplementary programme activities). The Director General shall establish such a trust fund at the request of a donor in order to facilitate its contribution. The purpose and limits of each trust fund or account shall be clearly defined by the Director General and shall be reported to the Assembly. Unless otherwise authorized by the Assembly, these funds and accounts shall be administered in accordance with the applicable ISA Financial Regulations and Procedures. The Director General shall set minimum threshold of contribution for establishing such dedicated trust fund.

**Regulation 7.4*****Working Capital Fund***

There shall be established a Working Capital Fund to ensure continuity of operations in the event of short-term liquidity problems pending receipt of assessed contribution for programmes or voluntary contributions. The level of the Working Capital Fund shall be determined by the Assembly based on a projection of financing requirements, taking into consideration projected income and expenditure. The source of funds of the Working capital fund shall be advances from members and loans against committed voluntary contributions or assessed contribution for the programmes.

**Regulation 7.5*****Advances from the Working Capital Fund***

Advances from the Working Capital Fund may be made only to finance activities, as defined in Article VI (a) and already initiated and liabilities already incurred and for the purposes and within the terms and conditions prescribed by the Assembly and only with the written approval of the Director General.

**Regulation 7.6*****Reimbursement to the Working Capital Fund***

Advances made from the Working Capital Fund shall be reimbursed to the Working Capital Fund as soon as possible and to the extent that revenue is available for that purpose.

***Regulation 7.6 (a)******Loans for Working Capital Fund***



ISA may take working capital loans against interest accruing from Corpus Fund from banks in case of shortfall in operating costs and for managing specific revenue generating activities, as approved by the Assembly under Article VI.1 of the Framework Agreement.

### **Regulation 7.7**

#### **Miscellaneous Income**

All other income except:

- a) Assessed contributions;
- b) Voluntary contributions; and
- c) Refund of expenditures

shall be classed as miscellaneous income, for credit to the General Fund.

## **B. Banking**

### **Regulation 7.8**

The Director General shall designate the bank or banks in which the funds of the ISA shall be kept.

## **C. Investments**

### **Regulation 7.9**

#### ***Investments***

The Director General may make investments of monies not needed for immediate requirements only in accordance with investment criteria approved by the Assembly and shall annually/periodically report to the Assembly on any such investments. Prior to any initial investment, the Secretariat must submit and secure approval of investment standards from the Assembly. In making investments, the Director General shall place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the ISA's cash-flow requirements.

### **Regulation 7.10**

#### **Crediting of revenue derived from investments**

Revenue derived from investments shall be credited to the respective fund or account-

## **Article 8**

### **PROCUREMENT**

#### **Regulation 8.1**

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***General principles***

Procurement functions include all actions necessary for the acquisition, by purchase, lease or any other appropriate means, of property, including products and real property, and for the acquisition of services, including building works. For the purposes of the present regulations, procurement shall not be deemed to refer to the acquisition of services provided under employment contracts. The following general principles shall be given due consideration for all procurement transactions:

- a) Fairness, integrity and transparency of the procurement process;
- b) Best value for money;
- c) Effective competition;
- d) The best interests of the ISA.

**Regulation 8.2*****Tendering process***

Tenders for equipment, supplies and other requirements shall be conducted in accordance with the terms of the financial procedures, as established under Regulation 9.1.

**Article 9****INTERNAL CONTROL****Regulation 9.1*****Administration of appropriations***

The Director General shall:

- a) Establish detailed financial procedures in order to ensure effective financial administration and the exercise of utmost economy;
- b) Maintain accounting records;
- c) Maintain separate accounts for all dedicated trust funds and accounts,
- d) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payment has not previously been made;
- e) Prescribe appropriate procurement procedure;
- f) Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:
  - i. The regularity of the receipt, custody and disposal of all funds and other financial resources of the ISA;
  - ii. The conformity of commitments and expenses with the appropriations or other financial provisions voted by the ISA or with the purposes and procedures relating to dedicated trust funds and accounts; and
  - iii. Prudent use of the resources of the ISA.

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**Regulation 9.2*****Authority and responsibility***

No obligations shall be incurred until appropriate authorisations have been made in writing under the authority of the Director General.

**Regulation 9.3*****Ex gratia and incentive payments***

The Director General may make such ex gratia and incentive payments as she/he deems necessary in the interest of the ISA, up to such limits and quantum approved by the Assembly. A statement of such payments shall be submitted to the External Auditor [Article VI (6)] with the financial statements. The procedure for making payments will be governed by the financial procedure to be framed under Regulation 12.1.

**Article 10****INTERNAL OVERSIGHT****Regulation 10.1*****Purpose***

The Director General shall establish an internal oversight mechanism which covers internal audit, evaluation, investigation and other management support to strengthen the functioning of the ISA. The internal oversight mechanism shall exercise operational independence in the conduct of its duties under the authority of the Director General, and will be responsible for:

- a) Providing assurance that programmes and plans are delivered effectively, that strategic management information is reliable and timely, and that continuous improvements are fostered in methods and procedures so as to enhance the quality of the ISA's operations; and
- b) Identifying major risks for the ISA and to propose remedial action to minimize such risks. The Director General may remove the internal auditor only for cause, and with the prior approval of the Assembly.

**Regulation 10.2*****Role and functions***

Within the internal oversight mechanism, independent internal audits shall be conducted in accordance with regulations and in conformity with generally accepted auditing standards. Internal auditors shall review, evaluate and report on the use of financial resources and on the effectiveness,

adequacy and application of internal financial control systems, procedures and other relevant internal controls. Internal audits shall also include the following elements:

- a) Compliance of financial transactions with Assembly decisions, resolutions, approved programmes and other legislative mandates, with regulations, procedures and related administrative directives and with the approved recommendations of external oversight bodies;
- b) Economy, efficiency and effectiveness of financial, physical and human resources management and utilization, and of programme delivery, including by examining the structure of the ISA and its responsiveness to the requirements of programmes and legislative mandates and by conducting management audits.

### **Regulation 10.3**

#### ***Scope***

The Director General shall:

- a) Ensure that the internal auditor has the operational independence, objectivity and authority to conduct internal audits, inspections, evaluations, investigations and monitoring;
- b) Ensure that the internal auditor has access to all records and officials of the ISA relevant to the purposes listed in regulation 10.2.
- c) Instruct programme managers to provide such information or assistance to the internal auditor as is reasonably required to conduct its work;
- d) Ensure that procedures are in place that provide for: a) direct confidential access of staff members to the internal oversight mechanism, including for the purposes of suggesting improvements for programme delivery or for reporting perceived cases of misconduct, b) protection of staff against repercussions, c) due process for all parties concerned, and d) fairness during any investigation;
- e) Ensure procedures for a prompt, effective follow-through on recommendations in, or derived from, reports of the internal auditor.

### **Regulation 10.4**

#### ***Reporting***

- a) Reports on each separate audit, inspection, evaluation, investigation and monitoring activity shall be submitted to the Director General. For each report the relevant programme managers shall be afforded adequate opportunity to consider and comment upon the observations and draft recommendations. Copies of all reports and accompanying comments by the Director General shall be provided to the External Auditor. [Article VI (6)]
- b) The Director General shall report at each Assembly session on internal audit recommendations and actions taken.
- c) The internal auditor shall submit a comprehensive, independent annual report to the external auditor of recommendations made and actions taken, which shall be considered by the external auditor.

- d) Matters that, in the judgment of the internal auditor, present a material risk to the ISA, and which are not addressed through (b), shall be immediately forwarded, accompanied by relevant documentation, including any correspondence to the Director General.

## **Article 11**

### **FINANCIAL STATEMENTS AND ACCOUNTS**

#### **Regulation 11.1**

##### ***Preparation of financial statements***

The financial statements for the financial period shall be submitted annually by the Director General to the External Auditor at the end of the financial period. The financial statements for the financial period shall show:

- a) Statement of financial position;
- b) Statement of financial performance;
- c) Statement of changes in net assets;
- d) Statement of cash flow;
- e) Statement of comparison of budget and actual amounts; and
- f) Notes to the financial statements.

#### **Regulation 11.2**

##### ***Submission of financial statements***

The Director General shall submit to the Assembly financial statements for the past financial period at least 45 days before the opening of the regular session.

#### **Regulation 11.3**

##### ***Financial statements for special purposes***

Financial statements shall also be prepared at such other intervals as may be prescribed by the Director- General or requested by the Assembly. Financial statements for special periods or parts of the Budget shall be prepared and submitted consistent with the stipulations of these Regulations.

#### **Regulation 11.4**

##### ***Maintenance and protection of accounting records***

The Director General shall maintain and safeguard against damage, destruction, unauthorized access and removal such accounting records as are necessary for financial reporting and for management purposes.

#### **Regulation 11.5**

##### ***Separate accounts***

Appropriate separate accounts shall be maintained for all trust funds and accounts. Unless otherwise authorized by the Assembly, these funds and accounts shall be administered in accordance with the applicable ISA regulations and procedures.

**Regulation 11.6*****Currency of accounting records***

The financial statements of the ISA shall be presented in United States dollars and / or INR. Accounting records may, however, be kept in such currency or currencies as the Director General may deem necessary.

**Regulation 11.7*****Writing-off of cash, receivables and property***

The Director General may, after full investigation, authorize the writing off of losses of assets, including cash, inventories and property, plant and equipment, provided that a statement of all such amounts written off shall be submitted to the External Auditor with the financial statements.

**Regulation 11.8*****External audit***

The accounts and financial management of all funds governed by these Regulations shall be subject to an annual audit, and the arrangements for such audit shall take into account the international nature of the ISA and ensure an open and competitive process for the selection of the External Auditor.

**Article 12****GENERAL PROVISIONS****Regulations 12.1*****Financial procedures***

- a) The Director General shall develop Financial Procedures for the ISA as may be appropriate for the implementation of these Regulations and shall report thereon to the Assembly.
- b) The Director General shall report to the Assembly the full text of provisional new and/or amended Financial Procedures for adoption. If the Assembly is of the view that the provisional procedure or amendment is inconsistent with the intent and purpose of the Financial Regulations, it may direct that the procedure or amendment be withdrawn or modified.
- c) The provisional procedures and amendments reported by the Director General, taking into account such modifications and/or deletions as may be directed by the Assembly, shall enter into full force and effect after the adoption of the Assembly.

- d) Until such procedures are developed under a) above, the procedure notified by the ISA Secretariat under the direction of the International Steering Committee (ISC) of the ISA shall apply.

## **Regulation 12.2**

### ***Relation of provisions***

In the event of any conflict between any provisions of these Regulations and the Framework Agreement, the provisions of the Framework Agreement shall prevail. In the event of any conflict between these Regulations and the Financial Procedures, these Regulations shall prevail.

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