

Position of the ICCAT Working Capital Fund
(submitted by ICCAT Secretariat)

1. Establishment of the Working Capital Fund

The Commission has a Working Capital Fund to finance operations of the Commission prior to receiving annual contributions, and for such other purposes as the Commission may determine (Article X.9 of the Convention).

In accordance with the recommendation of the Working Group on Finance and Administration at its meeting held on 29, 30 November and 1 December 1971, in Madrid, "It was considered that the Working Capital Fund... should be maintained at an approximate level of 15 % of the total annual budget". This recommendation was adopted by the Commission.

At 31 December 2023, the balance was €2,582,282.44, which represents 46.13% of the 2023 budget, a level which is above that adopted by the Commission.

The Working Capital Fund is comprised of the following elements:

- Opening balance for the financial year.
- Result for financial year.
 - Result of the settlement of revenue and expenses charged to the budget for the financial year.
 - Result of the settlement of revenue and expenses not included in the budget for the financial year.
 - Contributions paid by Contracting Parties to previous budgets (arrears).

The table in the **Annex** contains the situation of the Working Capital Fund at 11 October 2024.

1.a Settlement of revenue and expenses charged to the budget for the financial year

The Commission approves every two years, during its regular meetings, a budget for joint expenses. The expenses budget is divided into chapters and sub-chapters, depending on the needs of the Commission.

Each Contracting Party contributes annually to the budget of the Commission an amount calculated in accordance with a system established in Regulation 4 of the Financial Regulations.

The settlement of revenue and expenses charged to the budget for the financial year provides the budgetary result. At 11 October 2024, the settlement of the budget gave a positive result of €973,096.78.

In 2024, the trend continued in that many Contracting Parties did not pay their contributions. So much so that, at 11 October 2024, only 25 Contracting Parties had paid in full their contributions for this financial year and 23 have fully outstanding contributions. The debt due to outstanding contributions to the 2024 budget is €861,443.59.

It is vitally important for the work of this Commission that all Contracting Parties meet their budgetary obligations.

1.b Settlement of revenue and expenses not included in the budget for the financial year

All the costs and revenue that are not included in the regular budget of the Commission and that do not fall under any of the Commission's trust funds either (voluntary contributions for purposes that are consistent with the principles, objectives and activities of the Commission) are referred to as extra-budgetary.

Currently, the Commission has approved the following extra-budgetary costs, and by extension, their financing through the Working Capital Fund:

- A portion of the costs related to intersessional meetings.
- Expenses for simultaneous interpretation into Arabic.

Any revenue that does not come from Contracting Party annual contributions is considered to be extra-budgetary revenue.

Extra-budgetary revenue received in 2024 is:

- Observer fees for in-person ICCAT meetings.
- Voluntary contribution from Chinese Taipei and Suriname.
- Financial revenue.
- Refund of input VAT.
- Voluntary contribution from the European Union for the Third Intersessional Meeting of Panel 1 and the 24th Special Meeting of the Commission.
- Revenue from programmes and trust funds managed by the Secretariat.

The result of the settlement of extra-budgetary expenses and revenue at 11 October 2024 is positive, amounting to €475,673.73.

1.c Contributions from Contracting Parties to previous budgets (arrears) or contributions from new Commission members

Contracting Parties must pay their annual contributions on 1 January of the year to which they relate. Contributions that have not been paid by 1 January of the following year are considered to be in arrears.

When arrears of contributions are received, the amount is credited to the Working Capital Fund. To date, the arrears received amount to €547,838.57. It should be noted that some Contracting Parties are making considerable efforts to reduce their accumulated arrears.

In addition, the Financial Regulations of the Commission provide in Articles 4.4 and 4.5 that new members of the Commission whose membership becomes effective during the first six months of any year are liable to pay the full amount of the annual contribution they would have been required to pay if they had been members of the Commission when annual contributions were calculated, in accordance with the Convention. New members of the Commission whose membership becomes effective during the last six months of any year are liable to pay half the amount of the annual contribution.

Contributions paid by new Contracting Parties are credited to the Working Capital Fund.

As in point 1.a of this document, it is necessary to highlight non payment by Contracting Parties as regards their obligations from previous budgets. At 11 October 2024, the accumulated debt of the Contracting Parties in terms of arrears is €1,233,676.54 (21.25% of the 2024 budget), the amount of €226,776.13 corresponding to arrears and the €6,900.41 to the debt of the new Contracting Party.

2. Evolution of the Working Capital Fund over the past 12 years

From 2008 to 2012, the Working Capital Fund increased considerably. For this reason, some of the recommendations adopted by the Commission with financial implications have been covered by the Working Capital Fund (simultaneous interpretation into Arabic during the annual meeting of the Commission), as well as the increase in expenses related to the holding of Commission meetings (regular and intersessional).

2012 marked a turning point. Since then, increasing use has been made of this fund, and it has experienced a significant reduction, as shown in the table below.

	<i>Budget</i>	<i>Working Capital Fund</i>	<i>%</i>
2012	2,966,356.73	3,798,432.00	128.05
2013	3,025,599.85	3,570,895.20	118.02
2014	3,122,635.17	2,700,041.34	86.47
2015	3,199,887.87	1,823,382.55	56.98
2016	3,392,031.52	843,923.95	24.88
2017	3,635,672.15	701,586.18	19.30
2018	3,817,573.51	697,504.77	18.27
2019	4,008,554.98	578,133.92	14.42
2020	4,222,708.17	891,080.91	21.10
2021	4,489,286.68	2,039,057.97	45.42
2022	4,788,676.80	1,906,160.09	39.81
2023	5,598,443.51	2,582,282.44	46.13

In the past three years, there has been a turning point in the Working Capital Fund, which has recovered significantly. It should be noted that this recovery is essentially due to the reduction in expenses under the chapters that have been affected by the COVID-19 pandemic (related to travel and in-person meetings, as well as research programmes), and therefore cannot be considered a change in trend.

3. Potential options for use of the Working Capital Fund in 2025

In accordance with the evolution of the Working Capital Fund over the past five years, and reflecting the request of some delegations during the STACFAD sessions to incorporate the financing of regular activities into the Commission budget, the last draft budgets have included some changes in the chapters and creation of others to progressively continue to regularise the extra-budgetary expenses that should be included in the regular budget of the Commission.

Regularization of activities within the budget of the Commission

In 2017 the Commission approved implementation of this regularization over a four-year period so that it would not significantly impact Contracting Party contributions. This regularisation will have to be extended in the next few budgets, to cover activities that require regularisation but for which regularisation has not yet been possible:

- *Chapter 3. Commission meetings (annual & intersessional).* Increase this chapter to cover the expenses of two intersessional meetings and the full costs of the annual meeting of the Commission (considering that the cost of the Commission meeting is approximately €1,000,000.00 and the cost of each intersessional meeting is approximately €150,000.00, based on the expenses incurred in the last meetings held). In 2024, this item was increased to €350,000.00, which is far short of the amount needed.
- The inclusion of the total costs for holding two intersessional meetings and the annual meeting, would correspond to a 14.23% increase for 2024, rather than the -1.00% submitted for approval. The Secretariat requests that the Commission establish measures to cover these costs as soon as possible, starting in 2025, since this cost cannot be financed through the Working Capital Fund and we have no official invitation to hold the 2025 Commission meeting.
- *Chapter 8.g. Scientific meetings (including SCRS).* Increase this chapter to cover all expenses for holding the Species Groups and SCRS meetings outside of the Secretariat (€131,500.00). The Secretariat has requested €90,000.00 for 2025.

- *Chapter 11. Strategic Research Fund* Increase this chapter to cover all the activities required by the SCRS.

In 2024, this programme has been financed through Chapter 11 of the ICCAT budget (€45,000.00), financing by the European Union through a contract signed which will cover 80% of the costs estimated to be €1,000,000.00 (for 2024 and 2025 activities), and through the United States, which has contributed €12,394.00 and will contribute a further €80,187.31. In addition, the activities of the Atlantic-wide Research Programme for Bluefin Tuna (GBYP) are wholly financed by voluntary contributions, the European Union covering 80%. The GBYP has a budget of €885,000.00.

For 2025, the Secretariat has received a communication from the United States in which they informed that they will contribute €364,750.00. This amount, together with the contract signed with the European Union for 2024 and 2025, the amount requested in the ICCAT budget (€122,204.41), and the balance of the Strategic Research Fund will cover the activities requested by the SCRS for 2025. The GBYP will continue to be financed through voluntary contributions, with the European Union covering 80% of the costs. These funds mean that it is not necessary to use the Working Capital Fund in 2025 for this purpose.

Given that the Commission budget does not yet cover the costs and activities required by the SCRS, the Commission is encouraged to strengthen Chapter 11 in the upcoming budgets so as to regularise all SCRS activities within the budget. It is foreseen that, for the next biennial period, the balance of the Strategic Research Fund will be depleted, and therefore all activities requested by the SCRS will require funding (for 2025 the SCRS has requested an amount of €1,487,335.47).

- *Chapter 13c. Travel by ICCAT Officers (developing ICCAT Parties)*. It will be necessary to increase this subchapter due to the increase in SCRS meetings, as well as the rise in travel costs.

Use of the Working Capital Fund

For 2025 it will be necessary to continue to use the Working Capital Fund for holding intersessional meetings both in-person and online. In 2024, 13 intersessional meetings were held, which have required financing for simultaneous interpreting, and two hybrid meetings were held outside of the Secretariat which has required room and equipment hire, as well as travel by staff. Ten of these meetings have been co-financed by the European Union.

It will also be necessary to utilise the Working Capital Fund to supplement the financing of scientific meetings (Chapter 8.g) and travel by ICCAT Officers that is not covered within the budget under subchapter 13.c.

4. Trust funds

The remainder of activities not covered by the Working Capital Fund are covered by the trust funds.

Regulation 8 of the Financial Regulations provides that the Executive Secretary may accept on behalf of the Commission voluntary contributions whether or not in cash from Contracting Parties or from other sources, provided that the purposes for which such voluntary contributions have been made are consistent with the policies, aims and activities of the Commission. The Commission will be informed of any funds that are established.

The revenue and expenses of the trust funds are maintained in separate accounts in accordance with Regulation 9 of the Financial Regulations.

<i>Composition and balance of the Working Capital Fund (€) (at 11 October 2024)</i>	<i>Financial year 2024</i>	<i>Percentage with respect to 2024 budget (€5,806,790.36)</i>
Opening balance for the financial year	2,582,282.44	44.47%
Result for financial year: a) + b) + c)	1,996,609.08	34.38%
a) Budgetary result	973,096.78	
Budgetary revenue	4,945,346.74	
Budgetary expenses (Chapters 1 to 15)	3,972,249.96	
b) Extra-budgetary result	475,673.73	
Extra-budgetary revenue	839,941.53	
Voluntary contributions:		
Observer fees for ICCAT meetings	5,409.91	
From ICCAT Atlantic Wide Research Programme for Bluefin Tuna (GBYP)	82,512.77	
From ICCAT/Japan Capacity Building Assistance Project (Phase II) (JCAP-2)	11,626.90	
Chinese Taipei voluntary contribution to ICCAT	110,058.11	
Suriname voluntary contribution to ICCAT	3,175.67	
Financial revenue	12,567.50	
VAT refund	54,590.25	
Miscellaneous revenue	0.42	
From Commission Meetings		
From the Third Intersessional Meeting of Panel 1 and the 24 th Special Meeting of the Commission in 2024	560,000.00	
<i>Extra-budgetary expenses</i>	<i>364,267.80</i>	
Exchange losses	23,197.75	
Simultaneous interpretation into Arabic	1,621.76	
2024 intersessional meetings	339,448.29	
c) Contributions paid in the financial year to previous budgets	547,838.57	
Contributions to regular budgets	481,521.09	
Contributions received from Contracting Parties corresponding to previous budgets	66,317.48	
Available balance at 11 October 2024	4,578,891.52	78.85%
Estimated costs (to 31 December 2024)	2,351,717.37	
Estimated balance at 31 December 2024	2,227,174.15	38.35%