

Original: Spanish

## POSITION OF THE ICCAT WORKING CAPITAL FUND

### 1. Establishment of the Working Capital Fund (see the Table in the Annex)

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 2017, the balance was €701,586.18, which represents 18.38% of the budget for 2018, a proportion 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 the 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 from CPCs to prior budgets (arrears).

#### ***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 CPC 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 15 October 2018, the settlement of the budget gave a positive result of €267,498.36.

#### ***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 are not part of 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 following extra-budgetary expenses have been approved, and in turn, their financing through the Working Capital Fund:

- Travel expenses of the First Vice Chair of the Commission.
- Costs for interpretation into Arabic during the Commission meeting.
- Costs for implementation of the eBCD.
- Costs related to Commission meetings.
- ICCAT financing of the Atlantic Ocean Tropical tuna Tagging Programme (AOTTP).
- Unforeseen expenses, such as exchange losses.

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

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Extra-budgetary revenue received in 2018 comprises:

- Observer fees for ICCAT meetings.
- Voluntary contribution from Chinese Taipei.
- Financial revenue.
- VAT refund.
- Voluntary contribution from the United States for the Meeting of the Standing Working Group to Enhance Dialogue between Fisheries Scientists and Managers (SWGSM) / Meeting of the Working Group on Convention Amendment.
- Voluntary contribution from the European Union for the Intersessional Meeting of Panel 1.
- Voluntary contribution from the European Union for the Meeting of the Compliance Committee (COC) and the 21st Special Meeting of the Commission.
- Voluntary contribution from the FAO for the 2017 Meeting of the Port Inspection Expert Group for Capacity Building and Assistance, which was pending receipt.
- Overheads of programmes and trust funds managed by the Secretariat.
- Other revenue, such as exchange gains.

The settlement of extra-budgetary expenses and revenue at 15 October 2018 is negative and amounts to €141,505.89.

***1.c Contributions from CPCs to prior budgets (arrears) or contributions from new members of the Commission***

CPCs 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 arrears.

When arrears of contributions are received, the amount is credited to the Working Capital Fund. To date, the arrears received amount to €439,939.84.

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.

The contributions paid by new CPCs are credited to the Working Capital Fund. In 2018, no contribution has been received under this heading.

**2. Evolution of the Working Capital Fund over the past 10 years**

From 2008 to 2012, the Working Capital Fund has 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 and the travel expenses of the Commission chairs), as well as the increase in expenses related to the holding of Commission meetings (regular and inter-sessional).

Other expenses, covered by the Working Capital Fund, have been authorised annually during the Commission Meeting, such as those related to implementation of the eBCD and financing of the Meeting Participation Fund (MPF).

Since 2012, there has been a change in trend as increasing use has been made of this fund, which has led to a significant reduction, as shown in the table below.

	<i>Budget</i>	<i>Working Capital Fund</i>	<i>%</i>
2008	2,442,052.26	2,111,576.43	86.47%
2009	2,714,755.90	2,180,333.21	80.31%
2010	2,917,577.25	2,575,716.95	88.28%
2011	2,960,542.49	3,586,898.43	121.16%
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%

### 3. Potential options for use of the Working Capital Fund in 2019

In accordance with the evolution of the Working Capital Fund in recent years, and reflecting the request of some delegations during the STACFAD sessions to incorporate the financing of regular activities into the Commission budget, the Secretariat prepared a draft budget for 2018-2019 which included some changes in the chapters and creation of others to progressively regularise the extra-budgetary expenses that were regular, and which therefore 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. The activities that required regularisation and are in that process are:

- *Chapter 3. Commission meetings (annual & inter-sessional)*. Include an additional €25,000.00 annually to cover the costs of interpretation into Arabic, and an additional €150,000.00 annually to cover the costs of two intersessional meetings.

In 2018 six intersessional meetings were held, one of which was financed by the United States, another by the European Union and a third one through the special Monitoring, Control and Surveillance Fund (MCSF). The other three, and with the aim of reducing costs, were held at the ICCAT Secretariat. Nonetheless, it has been necessary to draw on more than €57,000.00 from the Working Capital Fund in order to hold them.

For 2019, given that this budgetary item is not being regularised for the time being, intersessional meetings will require extra-budgetary financing provided by the Contracting Parties.

- *Chapter 11. Strategic Research Fund*. Provide some €400,000.00 annually to cover all the activities required by the SCRS.

In 2018, the Commission allocated €200,095.65 to the new programme: €50,000.00 under Chapter 11 of the budget, €94,040.16 from the balance of the ICCAT Enhanced Research Program for Billfish (ERPBB), and €56,055.49 from the balance of the special Scientific Capacity Building Fund (SCBF).

Other than these funds, in March 2018 a contract was signed with the European Union to cover not only the maximum priority activities required by the SCRS, which were estimated at €400,000.00, but also many other activities. The estimated costs included in this contract amount to €802,550.00, 80% of which are financed by the European Union.

In addition, Chinese Taipei has made a voluntary contribution of €3,000.00 to the ICCAT Enhanced Research Programme for Billfish, which is now included within the Strategic Research Programme.

For 2019, the Scientific Committee has requested approximately €1,000,000.00.

The ICCAT budget for 2019 includes €150,000.00 of financing for the programme. All other activities cannot be financed unless the Contracting Parties make voluntary contributions. To date, the Secretariat has been informed that some CPCs intend to provide some of the financing and will continue to work to this end.

- *Chapter 12. Maintenance of compliance database.* Include an additional €50,000.00 annually to adjust the budget to the actual cost of the eBCD system and to carry out the improvements requested by the eBCD Technical Working Group.

In 2018, the Commission contributed €250,000.00 to this chapter and allocated some €200,000.00 to the eBCD system. In addition, for this item, a contract has been entered into with the European Union to cover a portion of the maintenance costs of the basic system and users support and their extension to cover the bluefin tuna fishing season, with financing of some €100,000.00.

For 2019, the Commission will cover, through the budget, the basic costs which are estimated to be €250,000.00. If no voluntary contributions are received, it will not be possible to carry out any development of the application or any improvement requested by the eBCD Technical Working Group.

- *Chapter 13. Travel:* This chapter of the budget contains two sub-chapters:
  - a) *Travel by Chairs.* The costs incurred in the past few years under the heading of travel by the SCRS Chair and ICCAT Chair have been approximately €50,000.00.

For 2018, the Commission approved for this heading an amount of €18,500.00. The over-expenditure will be covered by the ICCAT Working Capital Fund.

For 2019, the Commission approved an allocation of the same amount as in 2018, €18,500.00.

It should be highlighted that at the 2018 SCRS meeting, the Committee approved the new post of SCRS Vice Chair. If this new post is approved by the Commission, it should be established whether the travel expenses of the new post will be covered and under which heading they will be financed.

- b) *ICCAT financing of special Meeting Participation Fund*

In 2018, the Commission approved in the ICCAT budget financing of this fund in the amount of €50,000.00. In addition, voluntary contributions have been received from Canada (€50,000.00), the United States (€16,533.03) and financing is pending receipt from the European Union through its Capacity Building Fund.

In the past two years, the travel expenses of scientists and delegates charged to this fund have been around €300,000.00; the same amount has also been foreseen for 2018.

For 2019, the Commission approved an allocation of €72,000.00 from the ICCAT budget. If no new voluntary contributions are received, it will not be possible to cover all the travel requests from developing CPCs. Therefore, it must be established how these funds will be administered in this context.

Other than the above expenses, the expenses which could affect the Working Capital Fund in 2019 are set out below.

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Following the adoption of the *Recommendation by ICCAT concerning the implementation of an Atlantic Ocean Tropical Tuna Tagging Programme (AOTTP)* [Rec. 14-02], the Secretariat signed a contract with the European Union to finance the programme. The budget for the programme was set at €15,000,000.00 of which €1,520,000.00 was to be financed through voluntary contributions from ICCAT or ICCAT CPCs. It is envisaged that if no new voluntary contributions are received, the ICCAT contribution to the programme will be €78,100.90.

It should be noted that in the fourth year of the AOTTP it is envisaged that the contribution by ICCAT to the programme by way of indirect expenses, will amount to €70,000.00, which could compensate the contribution for 2019.

**a) Only option for use of the Working Capital Fund**

Given the current situation of the Working Capital Fund and the levels at which it is expected that financial year 2018 will end, i.e. no funds on the account, it will not be possible to carry out any activities that are not included in the approved budget for 2019.

**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 CPCs 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.

Annex

<i>Composition and balance of the Working Capital Fund (€) (at 15 October 2018)</i>	<i>Financial year 2018</i>	<i>Percentage with respect to 2018 budget [€3,817,573.51]</i>
<b>Opening balance for the financial year</b>	<b>701,586.18</b>	<b>18.38%</b>
<b>Result for financial year: a) + b) + c)</b>	<b>565,932.31</b>	<b>14.82%</b>
<b>a) Budgetary result</b>	<b>267,498.36</b>	
Budgetary revenue	2,785,991.51	
Budgetary expenses (Chapters 1 to 13)	2,518,493.15	
<b>b) Extra-budgetary result</b>	<b>-141,505.89</b>	
<b>Extra-budgetary revenue</b>	<b>929,437.59</b>	
Voluntary contributions:		
Observer fees for ICCAT meetings	11,131.73	
From ICCAT Regional Observers Programme for At-Sea Transshipment	10,000.00	
From ICCAT Regional Observers Programme for eastern Atlantic and Mediterranean bluefin tuna (ROP-BFT)	43,212.96	
From ICCAT Atlantic-wide Research Programme for Bluefin Tuna (GBYP)	20,000.00	
From ICCAT-Japan Capacity-building Assistance Project (JCAP)	13,170.10	
From Atlantic Ocean Tropical Tuna Tagging Programme (AOTTP)	181,640.30	
Chinese Taipei contribution to ICCAT	100,000.00	
Financial revenue	1,645.63	
VAT refund	18,118.09	
Miscellaneous revenue		
Exchange gains	3,412.17	
Miscellaneous revenue	1,701.70	
From Commission meetings		
From the 2017 Meeting of the Port Inspection Expert Group for Capacity Building and Assistance - Madrid, Spain	15,812.32	
Meeting of the Standing Working Group to Enhance Dialogue between Fisheries Scientists and Managers (SWGSM) / Meeting of the Working Group on Convention Amendment - Funchal, Portugal	82,579.17	
Intersessional Meeting of Panel 1 - Bilbao, Spain	51,170.50	
21st Special Meeting of the Commission - Dubrovnik, Croatia	375,842.92	
<b>Extra-budgetary expenses</b>	<b>1,070,943.48</b>	
Exchange losses	2,105.63	
Travel expenses - ICCAT Vice Chair	338.17	
Expenses simultaneous interpretation into Arabic	0.00	
Expenses implementation of the eBCD - TRAGSA	-20,591.41	
ICCAT financing of Atlantic Ocean Tropical tuna Tagging Programme (AOTTP)	462,544.32	
Intersessional Meeting of Panel 2	21,841.74	
Meeting of the Online Reporting Technology Working Group - Madrid, Spain	11,296.86	
Meeting of the Working Group on Integrated Monitoring Measures (IMM) - Madrid, Spain	21,285.29	
Meeting of the Standing Working Group to Enhance Dialogue between Fisheries Scientists and Managers (SWGSM) / Meeting of the Working Group on Convention Amendment - Funchal, Portugal	78,103.38	
Intersessional Meeting of Panel 1 - Bilbao, Spain	77,121.33	
21st Special Meeting of the Commission - Dubrovnik, Croatia	416,898.17	

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<b>c) Contributions paid in the financial year to previous budgets</b>	<b>439,939.84</b>	
Contributions to regular budgets	439,939.84	
Contributions from new Contracting Parties to previous budgets	0.00	
<b>Available balance at 15 October 2018</b>	<b>1,267,518.49</b>	<b>33.20%</b>
Estimated costs (to 31 December 2018)	1,451,259.02	
<b>Estimated balance at 31 December 2018</b>	<b>-183,740.53</b>	<b>-4.81%</b>