

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 2019, the balance was €578,133.92, which represents 14.42% of the budget for 2019, a level which is below 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).

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 30 September 2020, the settlement of the budget gave a positive result of €161,417.63.

In 2020, it has been noted that payments of contributions from Contracting Parties has decreased significantly. So much so that, at 30 September 2020, only 20 Contracting Parties had paid in full their contributions for this financial year and 30 have fully outstanding contributions. The debt due to outstanding contributions to the 2020 budget is €1,343,568.57.

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:

- Costs related to Commission meetings.
- Other unforeseen costs, such as exchange losses.

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

Extra-budgetary revenue received in 2020 is:

- Observer fees for ICCAT meetings
- Voluntary contribution from Chinese Taipei
- Financial revenue
- 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 European Union and FAO for the Joint t-RFMO Bycatch Working Group Meeting.
- Revenue from programmes and trust funds managed by the Secretariat.

The settlement of extra-budgetary expenses and revenue at 30 September 2020 amounts to €396,497.45.

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 €169,540.71.

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. In 2020, no contribution has been received under this heading.

As in point 1.a, it is necessary and vital to highlight non payment by Contracting Parties as regards their budgetary obligations. At 30 September 2020, the accumulated debt of the Contracting Parties is €3,102,700.47 (73.48% of the 2020 budget), and the amount of €1,625,584.43 corresponds to arrears.

To regularise this situation, the Virtual Working Group on Sustainable Financial position for ICCAT (VWG-SF) prepared a letter that has been sent by the Commission Chair to the Contracting Parties with arrears of two years or more, which alerts that the situation of non payment by Contracting Parties makes it impossible to support activities that are crucial for this Commission, and whereby they are given a final opportunity to regularize their situation. In addition, they are required to submit a payment plan to the Commission by 31 December 2020. Failure to submit this plan or lack of compliance will be considered a serious matter and further action could be taken.

2. Evolution of the Working Capital Fund over the past 10 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 and the travel expenses of the Commission chairs), as well as the increase in expenses related to the holding of Commission meetings (regular and intersessional).

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).

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>	%
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 %
2018	3,817,573.51	697,504.77	18.27 %
2019	4,008,554.98	578,133.92	14.42 %

3. Potential options for use of the Working Capital Fund in 2021

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 Secretariat has prepared a draft budget for 2020-2021 which includes some changes in the chapters and creation of others to progressively continue to regularise the extra-budgetary expenses that are 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. This regularization will have to be extended in the next few budgets, to cover activities that require regularization but for which regularization has not been possible in the four year period:

- *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 (€1,170,000.00).

The inclusion of the total costs for the holding of two intersessional meetings and the annual meeting, correspond to a 23% increase in the budget compared with 2020. The Secretariat requests that the Commission establish measures to cover these costs in 2021, since this cost cannot be financed through the Working Capital Fund.

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

In 2020, this programme has been financed through Chapter 11 of the ICCAT budget (€150,000.00), a voluntary contribution from Chinese Taipei (€2,000.00), financing by the European Union through a contract signed which will cover 80% of the costs estimated to be €850,800.00 and from the United States which will cover the costs related to billfish through the special Data Fund.

For 2021, the Secretariat will once again request that the European Union finance 80% of the activities covered by the programme. While the process is currently pending formalisation, these funds mean that it is not necessary to use the Working Capital Fund in 2021 for this purpose, since the Commission budget does not yet cover all the costs and activities required by the SCRS.

Other than the above expenses, the following expense could affect the Working Capital Fund in 2021.

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. If no new voluntary contributions are received, it is envisaged that ICCAT contribute €37,142.90 to the programme.

It should be noted that in the last fifteen months of the AOTTP, ICCAT will foreseeably contribute through indirect expenses, which will amount approximately to €131,000.00, and will offset the ICCAT contribution.

a) Use of the Working Capital Fund

Atlantic Ocean Tropical Tuna Tagging Programme (AOTTP)

In 2019 the Secretariat asked the Commission if it could use the available balance of the Working Capital Fund, as well as the available balances of the trust funds, on the understanding that this would not affect the development of those activities, so as to provide liquidity, to the extent necessary, to the AOTTP, since it is established in the contract signed with the European Union for the AOTTP, that the contribution for the fifth year will be made available once all activities have finished and proof of payments have been provided, i.e. the contribution will be received following conclusion of the contract.

The contract with the European Union will be extended for a further three months, so that some work that has been interrupted due to the COVID-19 pandemic can be finished. It is therefore estimated that the final contribution of the programme will be received on the ICCAT accounts in March 2021, a month after submission of the final reports of the programme and proof of payments.

To date, the amount of €800,000.00 has been transferred from the Working Capital Fund. In addition, the United States forwarded €64,326.00 by way of contribution to the Atlantic-wide Bluefin Tuna Research Programme for use by the AOTTP, and a voluntary contribution of €99,356.00 from its funds. All these amounts will be returned once the final contribution from the European Union has been received.

Contracting Parties in arrears are urged to settle their debts with the Commission as soon as possible, which would provide more leeway as regards the cash flow situation of the AOTTP.

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.

Annex

<i>Composition and balance of the Working Capital Fund (€) (at 30 October 2020)</i>	<i>Financial year 2020</i>	<i>Percentage with respect to 2020 budget (€4,222,708.17).</i>
Opening balance for the financial year	578,133.92	13.69 %
Result for financial year: a) + b) + c)	727,455.79	17.23 %
a) Budgetary result	161,417.63	
Budgetary revenue	2,879,139.60	
Budgetary expenses (Chapters 1 to 15)	2,717,721.97	
b) Extra-budgetary result	396,497.45	
Extra-budgetary revenue	441,266.03	
Voluntary contributions:		
Observer fees for ICCAT meetings	3,842.97	
From ICCAT Regional Observers Programme for At-Sea Transhipment	17,528.92	
From ICCAT Regional Observers Programme for eastern Atlantic and Mediterranean bluefin tuna (ROP-BFT)	63,583.93	
From ICCAT Atlantic-wide Research Programme for Bluefin Tuna (GBYP)	20,000.00	
Chinese Taipei contribution to ICCAT	100,000.00	
Financial revenue	231.88	
From Commission meetings		
Meeting of the Joint t-RFMO Bycatch Working Group, Porto, Portugal	35,078.33	
Panel 1 Meeting and 26th Regular Meeting of the Commission, Palma de Mallorca, Spain	201,000.00	
Extra-budgetary expenses	44,768.58	
Exchange losses and expenses from previous years	1,599.11	
SCRS Meeting on Process and Protocol	16,242.33	
Meeting of the Working Group on Bluefin Tuna Control and Traceability Measures / Intersessional Meeting of Panel 2	26,927.14	
c) Contributions paid in the financial year to previous budgets	169,540.71	
Contributions to regular budgets	169,540.71	
Contributions from new Contracting Parties to previous budgets	0.00	
Available balance at 30 September 2020	1,305,589.71	30.92 %
Estimated costs (to 31 December 2020)	1,113,388.24	
Estimated balance at 31 December 2020	192,201.47	4.55 %