



Finance Committee

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Working Capital Fund

Note by the Secretary-General

1. The Working Capital Fund was initially established, at its resumed third session, by the Assembly of the International Seabed Authority, on 29 August 1997, on the recommendation of the Finance Committee (see [ISBA/3/A/9](#)). The purpose of the Fund is to ensure that the Authority will always have sufficient liquidity to fund its operations pending the receipt of assessed contributions to the administrative budget. Under the financial regulations of the Authority (regulation 5.2), the amount of the Fund is to be determined from time to time by the Assembly. The source of moneys of the Fund shall be advances from members of the Authority. Such advances, which are to be made in accordance with an agreed scale of assessment based upon the scale used for the regular budget of the United Nations, shall be carried to the credit of members that have made such advances. Advances made from the Fund to finance budgetary appropriations are to be reimbursed to it as soon as income is available for that purpose (i.e., as soon as sufficient assessed contributions to the administrative budget are received in the relevant year).

2. The level of the Fund was initially established at \$392,000, being approximately one twelfth of the approved budget of the Authority, for 1998. At its sixth session, in 2000, the Assembly decided, on the recommendation of the Finance Committee, to increase the level of the Fund to \$438,000, which amount represented approximately one twelfth of the annual estimated expenditures for 2001-2002.

3. In 2010, at the sixteenth session, the level of the Fund was increased from \$438,000 to \$560,000, further to increases in the nominal amount of the approved administrative budget of the Authority since 2000. The increased amount represented approximately one twelfth of the estimated annual expenditure for 2011-2012.

4. There has been no further review of the level of the Fund since 2010 and the level remains at \$560,000. As a result of increases in the nominal amount of the approved administrative budget of the Authority since 2010, that level represented only one fourteenth of the estimated annual expenditure for 2015-2016. The Finance Committee is therefore requested to review the level of the Fund with a view to making an appropriate recommendation thereon to the Assembly.



5. The original basis on which the level of the Fund was established — that it should represent a reserve of approximately one twelfth of annual estimated expenditure — appears to remain valid. It is recommended, therefore, that the level of the Fund be increased so that it continues to represent approximately one twelfth of the estimated annual expenditure of the Authority. For 2017-2018, on the basis of current budget proposals, this would be an amount of \$660,000, which is an increase of \$100,000 on the present level.

6. Assessed contributions to the Fund as at 31 December 2015 amounted to \$560,000, of which \$558,492 has been received and \$1,508 remains outstanding. Following approval by the Assembly of an increase in the level of the Fund, the increase would be funded by further advances from members of the Authority, to be assessed in accordance with the scale used for the regular budget of the United Nations (General Assembly resolution 70/245). Should an assessed contribution to the Fund be less than the advance previously made by the member State concerned, the excess amount would be credited against the contribution due in respect of that member State to the administrative budget of the Authority for the forthcoming financial period.

7. The increase in the level of the Fund will not affect the status of arrears of members or former members of the Authority.

8. The Finance Committee is requested to consider the matters raised herein and formulate an appropriate recommendation to the Council and the Assembly with respect to the level of the Fund.
