



Finance Committee

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Item 6 of the provisional agenda*

Status of the Working Capital Fund

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Report of the Secretary-General

1. In its resolution [ISBA/3/A/9](#), the Assembly of the International Seabed Authority established a Working Capital Fund intended to meet the day-to-day budgetary expenses of the Authority in the event that member State contributions at the time of use are insufficient to cover its expenses. The amount of the Working Capital Fund was set at approximately one twelfth or 8.33% of the approved budget. The Assembly also decided that advances to the Working Capital Fund would be made in accordance with the scale of assessments adopted by the Assembly for contributions of members to the budget. Payments made by members of the Authority are to be credited first to the Fund and then to the contributions due, in the order in which the members were assessed.

2. Over the years, as the budget of the Authority has increased, the amount of the Working Capital Fund has been reviewed by the Committee and increased in line with increases in the budget. The Fund currently stands at \$750,000, with the most recent increase of \$90,000 approved by the Assembly in 2019, on the basis that the increase would be spread evenly over the next two financial periods, to be determined using the Authority's current scale of assessments.

3. Considering that the level of the Working Capital Fund has not been reviewed since 2019, the Committee may wish to contemplate recommending an increase in the Working Capital Fund. To date it has never been necessary to draw on the Working Capital Fund in the first quarter of the financial year, since the Authority receives timely payments of contributions from sufficient member States. Nevertheless, the Authority has never received full payment of contributions in any single financial year, with a substantial percentage of contributions being delayed (average of \$1.2 million per year from 2020 to 2023). This creates a substantial risk of a deficit in cash flow, particularly towards the end of each year. The Working Capital Fund ensures that the Authority maintains sufficient cash reserve to cope with such a situation.

4. It is recommended that the Working Capital Fund be increased from \$750,000 to \$900,000. It is further recommended that the net increase in the Working Capital Fund of \$150,000 would be collected over the financial periods 2025-2026 and 2027-2028.

* ISBA/29/FC/L.1.