
11TH MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE (FAC)

Manta, Ecuador, 25, 26, 27, & 30 January 2024

FAC 11 – Doc 06.2 SPRFMO Contingency Fund (FR, Annex 2) *Secretariat*

1. Background

In 2016, the Commission adopted a Contingency Fund (Annex 2 of Financial Regulations¹). The Commission shall determine the level of the Contingency Fund (Annex 2, Paragraph 5) and *“the fund will accumulate over time to reach and maintain a level equivalent to three months of the approved budget”*. It was also determined (Annex 2, Paragraph 6) that *“the Commission shall review the amount available in the Contingency Fund annually.”*

The Commission’s Financial Regulation Annex 2 provides that the Purpose of the Contingency Fund is:

“The Contingency Fund may be used for:

- a) Emergency expenses such as in the case of a force majeure event or a natural disaster;*
- b) Unforeseen or unforeseeable extraordinary expenses that are necessary to meet a financial obligation;*
- c) Ensuring essential operations of the Secretariat in the absence of sufficient Member contributions over and above the amount available in the Accumulated Surplus Account.*
- d) Discharging obligations in the event the Convention terminates.”*

2. FAC11 Consideration

The FAC is invited to consider:

- **Noting** that the level and resourcing for the Contingency Fund has accumulated to NZ\$ 189 327 (41% of the level determined in Annex 2 of the Financial Regulations);
- **Recommending** that the Commission approve the proposed budget amount of NZ\$30,000 for Budget Category 8 – Rebuilding the Contingency Fund for the Financial Year 2024-25 (as per FAC11-Doc07).

¹ <https://www.sprfmo.int/assets/Basic-Documents/Financial-Regulations-2022-7Mar22-v2.pdf>



3. Year-to-date developments of the Contingency Fund

Table 1: The Table below shows the movements in the Contingency Fund up to 30 November 2023:

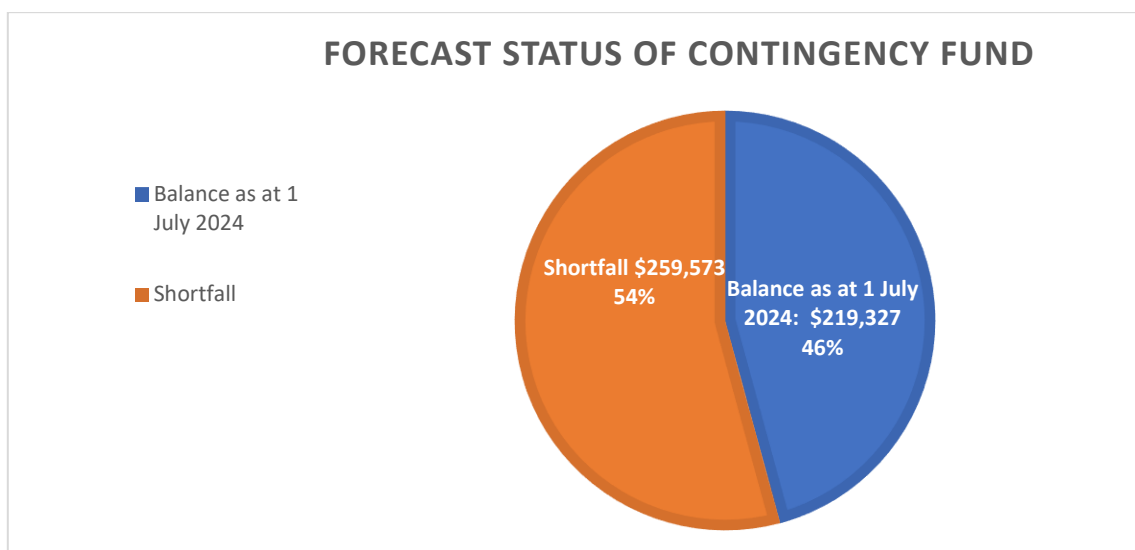
Financial Year	Meeting	Amount Allocated NZ\$	Balance NZ\$	% (Fund Balance/Three Months of Approved Budget)
2017-2018	5 th Commission Meeting	25 000	25 000	9%
2018-2019	6 th Commission Meeting	24 327	49 327	18%
2019-2020	7 th Commission Meeting	20 000	69 327	24%
2020-2021	8 th Commission Meeting	20 000	89 327	26%
2021-2022	9 th Commission Meeting	40 000 ²	129 327	33%
2022-2023	10 th Commission Meeting	30 000	159 327	41%
2023-2024	11 th Commission Meeting	30 000	189 327	41%

4. Forecast Status of the Contingency Fund

“The Commission shall determine the level of the Contingency Fund. The Contingency Fund will accumulate over time to reach and maintain a level equivalent to three months of the approved budget.” (FR, Annex 2, Para 5).

If the proposed budget rebuild amount is accepted then Figure 1 shows that, without withdrawals, the Contingency Fund will reach approximately 46% of its recommended level³ at the beginning of Financial Year 2024-25 (NZ\$ 219,327).

Figure 1. Forecast Status of the Contingency Fund on 1 July 2024



² At the COMM9 Meeting, the Commission accepted the [FAC8’s recommendation](#), that in addition to the annual budget allocation of NZ\$20,000, another NZ\$20,000 was to be transferred from the Accumulated Surplus Account to the Contingency Fund.

³ Three months operational cost for 2024-25 ≈ NZ\$478,900.