



# INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.  
GENERAL

ITTTC(LVII)/19  
3 December 2021

Original: ENGLISH

FIFTY-SEVENTH SESSION  
29 November – 3 December 2021  
Virtual Session

## DECISION 3(LVII)

### MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 2021-2022

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Officer-in-charge and his staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2021;

Noting with concern the insufficient receipts of contributions to-date from Members to the Administrative Budget for 2021;

Acknowledging that the Working Capital Reserve is made available to meet the shortfall of funds to implement the work programme of the Organization, and that it ensures continuity of basic operations in the event of a temporary shortfall of cash;

Recognizing that late payments can arise from emergencies and global economic downturns in the future, and also recognizing that in 2020, a deficit of approximately US\$600,000 was incurred between expenditures under the approved Administrative Budget and assessed contributions received from Members, and that the receipts of contributions from Members to the Administrative Budget for the remainder of 2021 might fall short of the estimated total expenditure for 2021;

Recalling Decision 2(XXXIV) which authorizes the Executive Director to transfer, if and when necessary, an amount not exceeding US\$300,000 annually, which is about 5% of the current annual budget, from the Working Capital Reserve to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization;

Further noting that the current balance of the Working Capital Reserve is approximately US\$5.6 million, but that the Organization is limited to covering annual budget expenditures from the cash receipts from contributions made in that year, in addition to the US\$300,000 authorized from the Working Capital Reserve;

#### Decides to:

1. Authorize the Executive Director to transfer, if necessary, such as in emergency situations, an amount not exceeding 10% of budget from the Working Capital Reserve, with immediate effect, to meet any shortfall of funds to implement the work programme of the Organization, as long as expenditures stay within the specified annual budget;
2. Request the Executive Director to report to the Committee on Finance and Administration, through its Chair on a timely basis with regard to any drawdowns from the Working Capital Reserve, and to take measures to ensure that drawdowns from the Working Capital Reserve are restored from contributions as soon as possible;
3. Requests the Executive Director to reflect paragraphs 1 and 2 in Rule 5.5 of the Financial Rules and Regulations;

4. Request members to pay as early as possible, and in full, their contributions to the Administrative Budgets, including for 2021 and 2022, as well as all arrears in contributions from previous years, to prevent further depletion of the Organization's savings through the utilization of the Working Capital Reserve to meet the shortfall in contributions;
5. Urge the Secretariat to continue to undertake appropriate cost saving and efficiency measures as necessary under the Administrative Budgets for 2021 and 2022;
6. Establish a virtual intersessional group made up of 6 producer members and 6 consumer members to: (i) make recommendations on any change to the threshold for annual use of the Working Capital Reserve by the Executive Director without Council approval; (ii) propose ways to prompt members to pay contributions to the administrative budget; (iii) explore ways to adapt the budget of the Organization to the long-term trends in payment of contributions; and (iv) prepare a report for consideration of Council at its 58<sup>th</sup> Session;.

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