



**Governing Council  
Sixty-sixth Session**

**GC/66/21**  
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**REQUEST FOR USE OF FUNDS FROM THE GOVERNING COUNCIL SPECIAL FUND:  
TEMPORARY INCREASE IN THE LEVEL OF THE WORKING CAPITAL FUND**

1. The establishment of the IARC Working Capital Fund (WCF) was authorized via [Resolution GC/1/R9](#) in September 1965 with the objective of ensuring the sound financial position of the Agency. In particular, authority was given to advance funds from the WCF to finance the annual appropriations pending receipt of contributions from the Participating States.
2. The WCF was originally financed by appropriating the sum of US\$ 50 000 from the contribution of each Participating State. The Governing Council decided subsequently, in October 1968 via [Resolution GC/5/R14](#), that the same amount of US\$ 50 000 should be paid into the WCF from the first contribution of each new Participating State. IARC Financial Regulation 5.2 now provides the principal authority with regard to funding the WCF.
3. The amount of the contribution to the WCF by each Participating State has remained unchanged at US\$ 50 000 since its inception in 1965 and at €34 650 since the Agency changed its base currency from the US dollar to the euro in 2010.
4. The level of the WCF has been increased by this amount with the arrival of each new Participating State. In addition, the Governing Council made two other injections of capital into the WCF to ensure smooth implementation of regular budget funded activities: one in May 2001 for US\$ 500 000 ([Resolution GC/42/R7](#)) and a second in May 2007 for US\$ 2 900 000 ([Resolution GC/49/R10](#)). Both increases of the WCF were financed from the Governing Council Special Fund (GCSF).
5. The authorized level of the WCF as on 31 December 2018 was €3 361 050. The WCF balance is normally considered sufficient to deal with situations where one, two or even three assessed annual contributions are not paid during the current year, but funds are received and returned to the WCF the following year.

6. However, the Secretariat is faced with an exceptional situation with the non-payment of assessed contributions from 2018 to 2023 by Iran (Islamic Republic of) despite extensive follow up made with this Participating State. If this situation continues for the years 2024 and 2025, there will be net financial deficit in the WCF of **(€734 154)** by the end of this biennium as detailed below:

Authorized balance of the WCF as on 31 December 2018:	€3 361 050
Less 2018–2019 outstanding assessed contribution from Iran:	(€444 614)
Add 2019 new Participating State contribution (Hungary):	€34 650
Less 2020–2021 outstanding assessed contribution from Iran:	(€1 236 194)
Add 2021 new Participating State contribution (China):	€34 650
Less 2022–2023 outstanding assessed contribution from Iran:	(€1 221 536)
Less 2024–2025 outstanding assessed contribution from Iran:	<u>(€1 262 160)</u>
<b>Projected Net Financial Deficit of WCF:</b>	<b><u>(€734 154)</u></b>

7. To manage the risk deriving from the delay in the receipt of the assessed contributions from Iran, the Secretariat proposes a temporary increase in the WCF by €4.2 million. This increase would allow for maintenance of a sound financial position of the WCF to finance the annual appropriations pending receipt of contributions from the Participating States. This increase would be financed from the GCSF, and returned to the GCSF as soon as Iran has paid its outstanding assessed contributions. The only other option would be to decrease the activities of the Agency during 2024–2025, which is not recommended by the Secretariat as it would seriously hamper IARC's scientific programme.

8. It is of the utmost importance to avoid such situations as described above, which may seriously jeopardize the Agency's activities in an already difficult financial climate. To this end, the Secretariat would like to draw the attention of Participating States to Article VIII, paragraph 2 of the IARC Statute whereby annual contributions are "due on 1 January of each year and must be paid not later than 31 December of that year".

9. The Governing Council is requested to authorize the Director to transfer €4 200 000 from the GCSF to the Working Capital Fund; this authority being dependent upon there being sufficient cash balances available in the Fund. This amount will be gradually reimbursed to the GCSF upon receipt of each of the outstanding contributions from Iran for the period 2018–2025.