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INTERNATIONALER VERBAND  
ZUM SCHUTZ VON  
PFLANZENZÜCHTUNGENUNION INTERNATIONALE  
POUR LA PROTECTION  
DES OBTENTIONS VÉGÉTALESINTERNATIONAL UNION  
FOR THE PROTECTION OF  
NEW PLANT VARIETIES

## COUNCIL

## Sixth Session

Geneva, November 8 and 9, 1972

## WORKING CAPITAL FUND

Prepared by the Secretary General

It is recalled that the Council, at its fifth session (October 1971) requested the Secretariat to prepare, for submission to the Consultative Working Committee in April 1972, a detailed document on the subject of the Working Capital Fund including proposals on the amount required in the light of past experience of actual dates on which contributions were received and of the declarations from the member States made in the said session. Furthermore, the Council delegated, subject to formal confirmation by it at its next session, to the Consultative Working Committee the power to fix the amount of the Working Capital Fund.

2. The discussions at the Consultative Working Committee were based on document UPOV/WC/V/3 which is attached to this report as Annex I.
3. An extract of the record of the meeting of the Consultative Working Committee is attached to this report as Annex II.
4. As can be seen in Annex II, the Consultative Working Committee decided unanimously:
  - (i) to base the share of the member States in the Working Capital Fund on the units established for the purpose of the annual contributions under Article 26(4) of the Convention. However, voluntary contributions should not be taken into account for the purpose of calculating the share in the Working Capital Fund;
  - (ii) that, if a member State officially changed to a higher class under the present Convention or to a class involving an increase in the number of units under a revised Convention, it would be called upon to pay into the Working Capital Fund an additional amount in proportion to the number of additional units it had officially chosen to contribute as its obligatory contribution; the additional payments would increase the total of the Working Capital Fund;
  - (iii) to invite the member States which had to pay amounts to the Working Capital Fund to do so in the course of 1973.

5. The Consultative Working Committee decided by 5 votes to 1 to fix the amount of the Working Capital Fund at 150,000 Swiss francs, the representative of the United Kingdom, voting against, stating that in the opinion of the United Kingdom this amount was unnecessarily high.

6. The share of each member State would thus be 8,333 Swiss francs for each mandatory contribution unit. Consequently:

- (i) Denmark, Germany (Federal Republic), the Netherlands and the United Kingdom would not pay any additional amounts;
- (ii) The share to be paid by France would be 41,667 Swiss francs (equivalent to five contribution units under Class I);
- (iii) The share to be paid by Sweden would be 8,333 Swiss francs (equivalent to one contribution unit under Class III).

Thus, once France and Sweden had paid their contributions, the share of each member State in the Working Capital Fund would be as follows:

	<u>Class</u>	<u>(Units)</u>	<u>Swiss francs</u>
Denmark	III	(1)	8,333
France	I	(5)	41,667
Germany (Federal Republic)	I	(5)	41,667
Netherlands	III	(1)	8,333
Sweden	III	(1)	8,333
United Kingdom	I	(5)	41,667
TOTAL:		(18)	150,000

7. The Council is invited to confirm the decisions of the Consultative Working Committee as set out above.

[Annexes follow]

UPOV

UPOV/WC/V/3  
Original: English  
Date: March 17, 1972

INTERNATIONALER VERBAND  
ZUM SCHUTZ VON  
PFLANZENZÜCHTUNGEN

UNION INTERNATIONALE  
POUR LA PROTECTION  
DES OBTENTIONS VÉGÉTALES

INTERNATIONAL UNION  
FOR THE PROTECTION OF  
NEW PLANT VARIETIES

CONSULTATIVE WORKING COMMITTEE

Fifth Meeting

Geneva, April 13 and 14, 1972

WORKING CAPITAL FUND

Prepared by the Secretary General

1. It is recalled that the Council, in its 5th Session (October 1971) requested the Secretariat to prepare, for submission to the Consultative Working Committee in April 1972, a detailed document on the subject of the Working Capital Fund including reference to the rules under which this Fund is established and containing proposals on the amount required in the light of past experience of actual dates on which contributions were received and of the declarations from the member States made in the said Session. Furthermore, the Council delegated, subject to formal confirmation by it in its next session, to the Consultative Working Committee the power to fix the amount of the Working Capital Fund.

2. Article 8, entitled "Working Capital Fund," of the Financial Regulations of UPOV, adopted by the Council in its 4th Session (see document C/IV/5), reads as follows:

"1. UPOV shall have a special fund hereby named the Working Capital Fund, which shall be constituted by advances made by member States. Such advances shall be entered to the credit of the members which have made them.

"2. The amount of the initial, or any subsequent, advance which each of the member States is called upon to make to the Working Capital Fund, and the procedure according to which such advances are to be made shall be fixed by the Council on the basis of proposals submitted by the Secretary General.

"3. The purposes for which the Working Capital Fund shall be utilized shall be:

(a) to meet budgeted expenditure pending the receipt of the contributions of member States;

(b) to meet unavoidable unforeseen expenses arising from the execution of the approved program;

(c) to meet such other expenses as may be determined by the Council.

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"4. Advances made from the Fund under paragraph (3) (a) shall be reimbursed as soon as, and to the extent that, income is available for that purpose. The amounts required for the reimbursement of advances provided for in paragraphs (3) (b) and (3) (c) shall be covered by additional budgets or by the budget for the following year. Advances provided for in paragraph (3) (c) shall be subject to prior approval by the Council.

"5. Interest received on the Working Capital Fund shall be credited to the general funds of UPOV."

3. Experience has shown that the average delay in paying yearly contributions is approximately 4 months. The Annex shows the actual dates on which contributions were received in 1970, 1971 and 1972 to the date of writing the present document.

4. The expenses of UPOV over the year are fairly constant. This is mainly so because approximately 75% of the budget is represented by staff costs (including common expenses) which are roughly the same for each month of the year. It is therefore necessary to dispose of a working capital fund in order to cover cash disbursements effected during the period between January 1 in any given year (date on which contributions from all member States are due) and the date on which these contributions are effectively received.

5. The Working Capital Fund, which stood at 130,000 Swiss francs at the end of 1970, has been reduced to 100,000 as of the end of 1971 (see document UPOV/C/IV/17, paragraph 40).

6. It is now proposed to increase the Working Capital Fund to 166,667 Swiss francs, which would represent 32% of the 1972 budget, 29% of the 1973 estimated budget level, 26% and 24% respectively of the 1974 and 1975 budget levels, if one expects a 10% increase each year in the budgets for the two latter years.

7. In other words, the Working Capital Fund, as proposed, would provide cash needs for 3 to 4 months in the next 3 or 4 years, which seems reasonable on the assumption that the average delay in the receipts of contributions will continue to be between 3 and 4 months over the next several years.

8. In the light of experience and circumstances, the matter may have to be reviewed in 1975 or 1976.

9. On the basis of the units of contributions chosen by each member State, the following additional amounts would be payable to increase the Working Capital Fund from 100,000 Swiss francs to 166,667 Swiss francs:

	<u>Already paid</u> (Status of WCF as of 31.12.71)		<u>Additional amounts payable</u>	
	<u>(Units)</u>	<u>Francs</u>	<u>(Units)</u>	<u>Francs</u>
Denmark	(1)	8,333	(+½)	4,167
France	(-)	-	(+5)	41,667
Germany (Fed.Rep.)	(5)	41,667	-	-
Netherlands	(1)	8,333	(+1)	8,333
Sweden	(-)	-	(+1½)	12,500
United Kingdom	(5)	41,667	-	-
	(12)	100,000	(+8)	66,667

TOTAL: 166,667 francs

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10. The above proposal will result in:

- Germany (Fed.Rep.) and the United Kingdom not having to pay any additional contributions;
- Denmark and the Netherlands having to make additional payments into the Working Capital Fund of 4,167 and 8,333 Swiss francs respectively;

- France and Sweden having to make initial contributions to the Working Capital Fund of 41,667 and 12,500 Swiss francs respectively.

11. As far as the date on which the additional payments would be due is concerned, it had been said by the Secretariat to the last meeting of the Council that no precise date was proposed (see document UPOV/C/V/28 Add., paragraph 126). However, it is brought to the attention of the Consultative Working Committee and to that of the Council that, if the Working Capital Fund is not raised in 1972, no special difficulties are foreseen because of the availability of the reserve fund but, as the reserve fund is expected to be extensively used in 1973, it is suggested that the Consultative Working Committee should invite the 4 countries concerned to effect payment in the course of 1973.

12. The Consultative Working Committee, to which the necessary powers have been delegated by the Council, is invited to fix the amount of the Working Capital Fund, and the share thereof payable by each member State; also to establish the date on which such contributions to the Working Capital Fund should be made.

/End of document; Annex follows/

Annex to UPOV/WC/V/3  
(Amounts expressed in Swiss francs)

	Year	Date of Payment	Amount of Contribution	Amount applicable to the period between Jan.1 and date of payment*	% of Total Contribution
Denmark	1970	13 April	25,833	7,290	
Germany (Fed.Rep)	1970	10 July	129,167	67,238	
Netherlands	1970	16 Feb.	25,833	3,256	
United Kingdom	1970	29 April	129,167	42,112	
			310,000	119,896	39%
Denmark	1971	3 May	25,833	8,705	
Germany (Fed.Rep)	1971	10 June	129,167	56,621	
Netherlands	1971	16 Feb.	25,833	3,256	
United Kingdom	1971	21 April	129,167	39,281	
			310,000	107,863	35%
Denmark	1972	30 April (a)	38,755	12,747	
France	1972	15 March	129,250	26,558	
Germany (Fed.Rep)	1972	14 Feb.	35,000	51,344 (on account) (balance)	
		30 June (a)	94,250		
Netherlands	1972	16 Feb.	51,700	6,516	
Sweden	1972	24 Jan.	38,755	2,550	
United Kingdom	1972	25 April (a)	129,250	40,723	
			516,960	140,438	27%

\*Number of days from 1st January to date of payment x amount of contribution ÷ 365

(a) Hypothetical dates based on past experience

/End of Annex and end of document/

/End of Annex I;  
Annex II follows/

## EXTRACT FROM DOCUMENT UPOV/WC/V/6

Financial Questions - Working Capital Fund

48. It is recalled that, at its fifth session (October 1971), the Council delegated the power to fix the amount of the Working Capital Fund, subject to confirmation at its next session, to the Consultative Working Committee.
49. Discussions took place on the basis of Document UPOV/WC/V/3.
50. In view of the fact that the date on which each country could pay its contributions was the most important factor in determining the size of the Working Capital Fund, the Vice-Chairman, who presided over the meeting, invited the member States to confirm or otherwise the declarations they had made during the last Council meeting, in October 1971, concerning the dates on which their countries could pay their contributions.
51. Dr. Knobloch (Germany (Federal Republic)) said that his country could not pay earlier than June or July, but could pay an instalment of approximately 25% of its total contribution in February.
52. Mr. Smith (United Kingdom) declared that his country could not pay before about April 20, as his Government's budgetary year started at the beginning of April.
53. Mr. Nörby Jensen (Denmark) said his country was in a position similar to that of the United Kingdom and that no contribution could be paid before mid-April.
54. Mr. Laclavière (France) did not think that it would be possible for his country to pay contributions earlier than March 15.
55. The Vice-Chairman, in his capacity as representative of the Netherlands, and Professor Esbo (Sweden) declared that, if it were necessary, their contributions could be paid on or before January 1.
56. In considering the schedule of payments as they were received in 1972, Mr. Smith (United Kingdom) felt that a Working Capital Fund of 75,000 francs would be adequate as the contributions paid by Sweden and the Netherlands, for instance, in the month of February, and by France in March, made it unnecessary to provide for more than 1½ months' expenditure (January and half February).
57. The Secretary General said that the level of the Working Capital Fund ought to be fixed taking into account the possibility of some countries paying later than usual in any given year. An adequate margin of security for such and other unusual circumstances should be left.
58. Professor Esbo (Sweden) said that the attention of all future member States should be drawn to their obligation to contribute to the Working Capital Fund. Whatever amount might be decided upon as Sweden's share would be included in his Office's budget and would, subject to approval by the competent authorities of his country, be available for payment in July 1973.
59. The Secretariat said that it would draw the attention of all future member States to their obligations in respect of the Working Capital Fund.
60. Mr. Laclavière (France) stated that the sum indicated in Document UPOV/WC/V/3 had been provided for in his Ministry's budget but had not yet been approved by the French Ministry of Finance. Nevertheless he would prefer that the Working Capital Fund be fixed at a figure somewhat lower than that proposed by the Secretariat.
61. The Vice-Chairman said that it appeared unfair that countries such as Denmark, the Netherlands and Sweden, which had voluntarily accepted that their ordinary contributions be calculated on the basis of additional units, should be called upon, because of this acceptance, to pay additional amounts into the Working Capital Fund.
62. Dr. Knobloch (Germany (Federal Republic)) said that he would not like to lower substantially the amount of the Working Capital Fund proposed by the Secretariat in view of the fact that experience with the present membership was too short to form an opinion as to its being adequate or not. He agreed with earlier views expressed by the Vice-Chairman that it was difficult to ask for an additional contribution to the Working Capital Fund from those countries which had voluntarily accepted additional units.



63. The Vice-Chairman said that, in the light of the views expressed, he would propose that Denmark, the Netherlands and Sweden should not be called upon to make additional payments to the Working Capital Fund on the basis of the contribution units they had voluntarily accepted; furthermore, that the amount of the Working Capital Fund should be 150,000 Swiss francs. Consequently:

- (i) Denmark, Germany (Federal Republic), the Netherlands and the United Kingdom would not pay any additional amounts;
- (ii) France would have to pay 41,667 Swiss francs (equivalent to five contribution units under Class I);
- (iii) Sweden would have to pay 8,333 Swiss francs (equivalent to one contribution unit under Class III).

64. The Committee adopted this proposal by 5 votes to 1.

65. Mr. Smith (United Kingdom) voted against and explained his vote by stating that the amount of the Working Capital Fund (150,000 Swiss francs) was unnecessarily high.

66. The Committee then decided to invite the member States which had to pay amounts to the Working Capital Fund to do so in the course of 1973.

67. The Committee noted that, once France and Sweden had paid their contributions, the share of each member State in the Working Capital Fund would be as follows:

	<u>Class</u>	<u>(Units)</u>	<u>Swiss francs</u>
Denmark	III	(1)	8,333
France	I	(5)	41,667
Germany (Federal Republic)	I	(5)	41,667
Netherlands	III	(1)	8,333
Sweden	III	(1)	8,333
United Kingdom	I	(5)	41,667
	TOTAL:	<u>(18)</u>	<u>150,000</u>

68. The Committee also agreed that, if a member State officially changed to a higher class under the present Convention or to a class involving an increase in the number of units under a revised Convention, it would be called upon to pay into the Working Capital Fund an additional amount in proportion to the number of additional units it had officially chosen to contribute and that such amount would be 8,333 Swiss francs per unit; the additional payments would increase the total of the Working Capital Fund.

End of Annex II  
and end of document