
CONTRIBUTIONS OUTSTANDING: 2016

PREPARED BY: IOTC SECRETARIAT, LAST UPDATED: 8 MAY 2017

PURPOSE

To inform the Standing Committee on Administration and Finance (SCAF) of the arrears in contributions to the Commission and actions taken to confront the deficit caused by unpaid contributions.

STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN 2016

1. As reported in the Financial Statement (IOTC–2017–SCAF14–03), [Table 1](#) indicates the status of contributions as of December 31st 2016 in United States Dollars (US\$), as reported to the IOTC Secretariat by FAO Administration and Finance. Note that the budget of IOTC is entirely autonomous, and paid for exclusively by its Members, as no financial contributions are made from the Food and Agriculture Organization of the United Nations (FAO) Regular Programme.
2. The cumulative total of outstanding contribution payments has increased from US\$1,963,494 as of December 31st 2015, to US\$2,318,898 as of December 31st 2016, an increase of US\$355,404 (~18%). In 2015 the increase was 14%. Fifteen (15) Members have payments in arrears (see Financial Reg V.3) at the end of 2016, similar to the previous year.
3. There is an immediate risk of shut-down of the IOTC due to unpaid contributions. FAO's project cycle financial rules, which govern the administrative and financial processes of the IOTC, do not permit over-expenditure against contributions received within a given project. FAO has indicated that the future IOTC staff extensions and operating costs can only be made with sufficient funding available for the requested extension and costs. In effect, sufficient funding (**cash**) does not currently exist for extensions of the IOTC staff and operating costs.
4. The delay in the submission of the contributions is not entirely unexpected, as '*Call for Funds*' letters were sent by FAO towards the end of August 2016, through the usual diplomatic channels, and some administrations may not have completed the processing of the invoices. As of 31 December 2016, nine (9) Members have contributions that are in arrears by two (2) years or more: Eritrea; Guinea, I.R. Iran; Kenya; Madagascar; Sierra Leone; Sudan; Vanuatu; and Yemen.

Table 1. Status of Member contributions to the IOTC autonomous budget (in US\$)

Member	1 Outstanding contribution 31 December 2015 (all years prior to 2016)	2 Contribution due for 2016	3 Received contributions in 2016	4 Total contributions in arrears 31 December 2016
AUSTRALIA	0	180,887	180,887	0
BELIZE	0	47,092	0	47,092
CHINA	0	104,103	104,103	0
COMOROS	26,822	31,214	37,152	20,884
ERITREA	195,893	28,384	0	224,277
EUROPEAN UNION	0	784,248	784,248	0
FRANCE	0	149,516	149,074	442
GUINEA	143,308	0	0	143,308
INDIA	0	160,611	160,611	0
INDONESIA	0	291,121	291,121	0
IRAN	791,928	177,217	0	969,145
JAPAN	0	216,056	216,056	0
KENYA	25,017	28,355	0	53,372
KOREA, Rep. of	0	173,460	173,460	0
MADAGASCAR	38,490	33,415	8,133	63,772
MALAYSIA	0	79,800	79,800	0
MALDIVES	0	124,358	124,358	0
MAURITIUS	0	62,577	62,577	0
MOZAMBIQUE	0	30,291	0	30,291
OMAN	0	182,982	182,982	0
PAKISTAN	162,590	96,829	206,142	53,277
PHILIPPINES	1,152	63,039	64,191	0
SEYCHELLES	0	107,216	107,216	0
SIERRA LEONE	38,391	0	0	38,391
SOMALIA	10,233	12,681	10,233	12,681
SOUTH AFRICA	0	57,544	57,544	0
SRI LANKA	0	124,833	124,833	0
SUDAN	277,787	46,910	0	324,697
TANZANIA	0	32,002	32,002	0
THAILAND	2,497	70,804	73,301	0
UNITED KINGDOM	0	149,553	149,553	0
VANUATU	55,995	0	0	55,995
YEMEN	193,391	87,884	0	281,275
Total	1,963,494	3,734,982	3,379,578	2,318,898

DEFICIT CONTINGENCY BUDGET LINE

5. As reported in the 2015 Contributions Outstanding paper (IOTC–2015–SCAF12–07), the non-payment of contributions to the Commission has an obvious negative impact on the IOTC. This however does not show the cumulative problem of total outstanding contributions. The total outstanding contributions in 2009 were approximately US\$822,000, in 2014 approximately US\$2,000,000 and by the end of 2016, US\$2,318,899.
6. The three countries that have a consistent pattern of non-payment (Eritrea, Sudan and Yemen) represent a combined amount of around US\$161,000 every year that is deducted from the funds available for IOTC activities. Added to the contribution of the I.R. of Iran (about US\$177,000), still facing difficulties to submit their contributions, this means that, every year, it is likely that over US\$330,000 is not available. This represents more than the salary of two senior officials for the IOTC Secretariat.
7. While some savings and delays in filling vacant posts in 2016-7 have relieved some of the pressure on the available funding, non-payments will affect more the activities of the IOTC Secretariat as the staff vacancies are covered and the utilization of the full budget is required.

8. To mitigate this problem, the Commission adopted a Deficit Contingency Line in past years, with the understanding that in 2018, this provision would be eliminated. It is important to note that the Deficit Contingency budget line is not the solution to the issue of un-realized contributions from Members. This is an emergency, stop-gap measure to provide liquidity and budgetary responsibility to Membership. Further action is required by Membership to address the serious problem of un-paid contributions.
9. As the situation of the non-payments is unlikely to change in the coming year, the Commission is invited to consider a suite of measures to ensure continuation of the operations of IOTC Secretariat at the desired level.
10. The IOTC Secretariat in cooperation with FAO has begun contacting the Permanent Representatives of countries who have never paid their contributions, to request their assistance in contacting national authorities to look for a way to address this problem.

SUGGESTED ACTION BY THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE

That the SCAF:

- a) **NOTE** the information presented in IOTC–2017–SCAF14–03 and this paper IOTC–2017–SCAF14–07;
- b) **RECOMMEND** a course of action to the Commission, including priorities, with respect to the Deficit Contingency Budget;
- c) **RECOMMEND** that the Commission discuss other possible measures that could assist with the management of the current deficit.