
CONTRIBUTIONS OUTSTANDING

PREPARED BY: IOTC SECRETARIAT

REVISION: Document updated to include recent contributions from Madagascar and Pakistan.

PURPOSE

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

STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET

1. As reported in the Financial Statement (IOTC–2018–SCAF15–03), Table 1 indicates the status of contributions as of 31 December 2017 in United States Dollars (US\$) as reported to the IOTC Secretariat by FAO Administration and Finance.
2. Contributions are due in full within 30 days of the notification sent by FAO; or in the first days of the calendar year to which they relate, whichever is later. Typically the 'Call for Funds' letters for the annual contributions are sent to members soon after the Commission meeting (around June-July); and reminders are circulated by the Secretariat around November-December, then again in the first quarter of the following year.
3. The cumulative total of outstanding contribution payments has increased from US\$2,329,440 as of 31 December 2016, to US\$ 2,822,094 as of 31 December 2017. This is an increase of US\$ 492,654 (or around 21%). In 2016, the increase was 18%. As of 31 December 2017, 16 members had a total of US\$ 2,822,129 payments in arrears (as defined in Financial Reg. V.3). As of 4 May 2018, 14 members have contributions that are in arrears; and 9 members (Comoros, Eritrea, Iran, Kenya, Mozambique, Somalia, South Africa, Sudan and Yemen) have contributions that are in arrears by two years or more. Four ex-Members (Belize, Guinea, Sierra Leone, and Vanuatu) also left with contributions totalling US\$ 267,600 owing.
4. The budget of IOTC is entirely autonomous, and paid for exclusively by its Members, with no financial contributions derived from the FAO Regular Programme. Therefore, when contributions are not paid on time, IOTC can face the risk of having to shut down its operations. The 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 accepted with sufficient funding available.

DEFICIT CONTINGENCY BUDGET LINE

5. Three Member countries have a consistent pattern of non-payment (Eritrea, Sudan and Yemen) representing a combined amount of around US\$ 150,000 annually, therefore these funds are not available for IOTC activities and the annual budget is effectively reduced. If the contribution of the I.R. of Iran (around US\$ 200,000), who is still facing difficulties submitting its contributions, this means that, every year, the annual budget is effectively reduced by over US\$ 350,000.
6. To mitigate this problem in previous years, the Commission adopted a Deficit Contingency budget line, with the understanding that this was to be a short-term measure. Consequently, the deficit contingency line was set at zero for the 2018 financial year.
7. To-date, this problem remains unresolved, and unless the payment of contributions and arrears improves, a solution is required. In the short-term, a deficit contingency offers a pragmatic measure to provide liquidity to IOTC. Consequently, a deficit contingency is again being proposed in the 2019 budget.
8. As the situation of the non-payments is unlikely to change in the coming years, the SCAF is invited to explore alternative measures to ensure continuation of the operations of the IOTC Secretariat at the desired levels.
9. The IOTC Secretariat continues to work with the FAO in-country Representatives, to request their assistance in expediting payments.

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

Member	1 Outstanding contribution 31 December 2016 (all years prior to 2017)	2 Contribution due for 2017	3 Received contributions in 2017	4 Total contributions in arrears 31 December 2017
AUSTRALIA	0	170,124	170,124	0
BELIZE	47,092	0	0	47,092
CHINA	0	103,696	103,696	0
COMOROS	20,884	30,752	0	51,636
ERITREA	224,277	12,687	0	236,964
EUROPEAN UNION	0	704,964	704,964	0
FRANCE	442	211,905	212,347	0
GUINEA	143,308	12,558	0	155,866
INDIA	0	162,665	162,665	0
INDONESIA	0	285,502	285,502	0
IRAN	969,145	191,419	27,971	1,132,593
JAPAN	0	203,285	203,285	0
KENYA	53,372	60,133	18,977	94,528
KOREA, Rep. of	0	194,161	194,161	0
MADAGASCAR	74,313	32,764	56,675	50,402
MALAYSIA	0	74,844	0	74,844
MALDIVES	0	128,388	128,388	0
MAURITIUS	0	61,764	61,764	0
MOZAMBIQUE	30,291	29,747	30,291	29,747
OMAN	0	174,995	174,995	0
PAKISTAN	53,277	94,356	79,179	68,454
PHILIPPINES	0	60,666	60,666	0
SEYCHELLES	0	195,579	195,579	0
SIERRA LEONE	38,391	0	0	38,391
SOMALIA	12,681	12,558	12,681	12,558
SOUTH AFRICA	0	60,063	0	60,063
SRI LANKA	0	120,482	120,482	0
SUDAN	324,697	44,644	0	369,341
TANZANIA	0	31,973	31,973	0
THAILAND	0	67,938	67,938	0
UNITED KINGDOM	0	140,826	140,826	0
VANUATU	55,995	0	29,744	26,251
YEMEN	281,275	92,090	0	373,365
Total	2,329,440	3,767,528	3,274,874	2,822,094

STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN 2018

10. Appendix 1 shows the status of contributions received for the first quarter of the financial year 2018 (1 January – 4 May).
11. A total of US\$ 3,115,932 has been received in 2018 at the time of reporting (4 May) against a budget of US\$ 3,905,659. Therefore, the 2018 budget is currently facing a potential deficit of US\$ 789,727.
12. The total arrears for all years at the time of reporting is US\$ 3,611,821

SUGGESTED ACTION BY THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE

That the SCAF:

- a) **NOTE** the information presented in IOTC-2018-SCAF15-03 and this paper IOTC-2018-SCAF15-07;
- b) **RECOMMEND** a course of action to the Commission to manage the current deficit.

APPENDIX 1

Status of Member Contributions to the IOTC Autonomous Budget as of 4 May 2018 (in US\$)

Member	Outstanding contribution 1 January 2018 (all years prior to 2018)	Contribution due for 2018	Received contributions in 2018 (4 May)	Total contributions in arrears
AUSTRALIA	0	177,389	177,389	0
BELIZE	47,092	0		47,092
CHINA	0	106,081		106,081
COMOROS	51,636	33,252	14,286	70,602
ERITREA	236,964	13,600		250,564
EUROPEAN UNION	0	780,098	780,098	0
FRANCE	0	146,426	146,426	0
GUINEA	155,866	0		155,866
INDIA	0	168,791	168,791	0
INDONESIA	0	281,633	281,633	0
IRAN	1,132,593	201,476	90,036	1,244,032
JAPAN	0	208,497		208,497
KENYA	94,528	63,568	23,988	134,108
KOREA, Rep. of	0	214,493	214,493	0
MADAGASCAR	50,402	34,950	52,044	33,308
MALAYSIA	74,844	76,410	151,254	0
MALDIVES	0	137,794		137,794
MAURITIUS	0	67,033	67,033	0
MOZAMBIQUE	29,747	31,488		61,235
OMAN	0	183,386	183,386	0
PAKISTAN	68,454	98,342	98,342	68,454
PHILIPPINES	0	63,636	63,636	0
SEYCHELLES	0	209,654	209,654	0
SIERRA LEONE	38,391	0		38,391
SOMALIA	12,558	13,468		26,026
SOUTH AFRICA	60,063	63,279		123,342
SRI LANKA	0	141,800	141,800	0
SUDAN	369,341	46,728		416,069
TANZANIA	0	35,114	35,114	0
THAILAND	0	70,093	70,093	0
UNITED KINGDOM	0	146,436	146,436	0
VANUATU	26,251	0		26,251
YEMEN	373,365	90,744		464,109
Total	2,822,094	3,905,659	3,115,932	3,611,821