

THE STATUS OF CONTRIBUTIONS OUTSTANDING

PREPARED BY: IOTC SECRETARIAT

PURPOSE

To inform the Standing Committee on Administration and Finance (SCAF) about the level of outstanding contributions to the Commission. This paper:

- indicates the status of contributions outstanding as of 31 December 2021
- lists those members that have arrears equal to or exceeding the amount of the contributions due from it for the two preceding calendar years.
- following a recommendation from SCAF18, lists separately the outstanding contributions of ex-Members

STATUS OF CONTRIBUTIONS AS OF 31 DECEMBER 2021

1. Typically, the 'Call for Funds' letters for the annual contributions are sent to members within two months of the Commission meeting, and a reminder is sent out by the Secretariat around the end of the year and/or in the first quarter of the following year. The 'Call for Funds' letters for the 2021 budget contributions were sent to members by FAO in early November 2021, immediately after the Commission meeting report had been adopted.
2. The status of contributions as of 31 December 2021, as reported to the IOTC Secretariat by FAO Administration and Finance, in United States Dollars (\$) is provided in Table 1.
3. The total of contributions due in 2021 for the 2021 budget was \$4,221,459. As of 31 December 2021, a total of \$4,035,392 had been received (Table 1). This represents a shortfall in contributions due and contributions received of \$-186,000. Note, the total of contributions received in any year may also include contributions due from years prior. However, contributions received early for the subsequent year are not included in the total; therefore, the difference between the amount of the contributions due for the budget year and the contributions received does not necessarily reflect the diligence of members paying their contributions in a timely fashion.

As of 31 December 2021, 10 Members had outstanding contributions to a total value of \$3,689,529 (excluding ex-Members)

4. No contributions were received from eight Member countries in 2021, namely Eritrea, I.R. Iran, Madagascar, Mozambique, Somalia, Sudan, Tanzania and Yemen.
5. The other Members with outstanding contributions as of 31 December 2021 were Comoros and Pakistan (only partial payments were received from these Members).
6. The cumulative total of outstanding contribution payments has increased by around 5% from \$3,798,769 as of 31 December 2020 to \$3,984,835 as of 31 December 2021. However, following a recommendation from SCAF18, the total outstanding contributions of members and ex-members will now be reported separately. The total outstanding contributions of members is \$3,689,529 and the total outstanding contributions of ex-members is \$295,306.
7. Four Members (Iran, Eritrea, Sudan and Yemen) have a history of non-payment and no payments were received from them in 2021. In January 2022, Eritrea requested to leave IOTC. In accordance with the IOTC Agreement (Art XXI.1), withdrawal becomes effective at the end of the calendar following that in which the notice of withdrawal was received, therefore will be moved to the ex-members table starting 2024.
8. As of 31 December 2021, the total of outstanding contributions for Eritrea, Sudan and Yemen was \$1,350,158, equivalent to almost 34% of the total outstanding contributions. If the history of non-payment of contributions from Sudan and Yemen continues into the future, it means that every year, the annual budget could effectively be reduced by around \$60,000.
9. Iran was responsible for around 48% of the total outstanding contributions (\$1,913,714) as of 31 December 2021. If the history of non-payment of contributions from Iran continues into the future, it means that every

year, the annual budget could effectively be reduced by around \$200,000 and this could be a critical issue now that the Secretariat is fully staffed.

10. Sierra Leone was reincluded in the schedule of contributions for the year 2020 and no contributions were received from Sierra Leone since 2014. Note, Sierra Leone was deemed to have withdrawn from IOTC on 5 February 2021 and as of 31 December 2021 owed \$66,097. This will now be reported in the ex-members list.

The implications of omitting Members that are not engaging with the Commission from the IOTC Schedule of contributions — information from FAO Management

11. In 2021, the SCAF noted the long-term lack of engagement of Eritrea, Sudan and Yemen with the Commission and that these Members have continued to default on their obligations. The SCAF also noted the negative impact on the IOTC budget due to Eritrea, Sudan and Yemen not paying their contributions. The SCAF requested the Secretariat to obtain legal advice from FAO regarding the implications of omitting Members that are not engaging with the Commission from the IOTC Schedule of contributions and provide advice on this matter to SCAF19.
12. From FAO: Article III of the FAO Constitution provides that a Member Nation in arrears in the payment of its financial contributions to the Organization shall have no vote in the Conference — although, like IOTC, they can request the Conference to reinstate their voting rights. With regard to Members in arrears and their participation in the Council, no Member Nation in arrears in payment of its financial contributions is eligible for election to the Council. If a Member sitting on the Council should fall into arrears, it will be considered to have resigned and will not receive an invitation to attend Council until it has made sufficient payment of its financial contributions. If it fails to do so before the start of the Council Session, the Member is deemed to have resigned and an invitation to attend Council as an observer is issued.
13. There is no instance of calling for suspension of assessed contributions at FAO, which are a central tenet of Membership of the Organization.

It is important to pay contributions on time

14. 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.
15. If a Member is in arrears of their contributions, there may be restrictions on its eligibility for the meeting participation fund and voting.
16. According to Article XIII.8 of the IOTC Agreement, *a Member of the Commission which is in arrears in the payment of its financial contributions to the Commission shall have no vote in the Commission if the amount of its arrears equals or exceeds the amount of the contributions due from it for the two preceding calendar years. The Commission may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay was due to conditions beyond the control of the Member.*
17. Similarly, according to Appendix VIII of the IOTC Rules of Procedure, *delegates from Contracting Parties (Members) of the Commission which are in arrears in the payment of its financial contributions to the Commission are not eligible to benefit from the IOTC Meeting Participation Fund if the amount of its arrears equals or exceeds the amount of the contributions due from it for the two preceding calendar years.*
18. The IOTC Financial Regulations were revised in 2019 and the dates for arrears were agreed at S25. Annex, Reg 5 of the Financial Regulations now states: *Contributions shall be due and payable in full as soon as possible and not later than 30 June of the calendar year to which they relate. As of 1 July in the calendar year to which the contributions relate, the unpaid balance of such contributions shall be considered to be one year in arrears.*

SUGGESTED ACTIONS BY THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE

That the SCAF:

- a) **NOTE** the information presented in IOTC-2022-SCAF19-05 on outstanding contributions.

Table 1. Status of Member contributions to the IOTC autonomous budget (in US\$) as of 31 December 2021

Member	Outstanding Contribution 1 January 2021 (all years prior to 2021)	Contribution due for 2021	Received Contributions in 2021	Total Outstanding Contributions
AUSTRALIA	0	190,396	190,396	0
BANGLADESH	0	67,420	67,420	0
CHINA	0	110,828	110,828	0
COMOROS	86,482	74,059	62,370	98,171
ERITREA	279,174	13,743	0	292,917
EUROPEAN UNION	0	896,027	896,027	0
FRANCE (OT)	0	157,327	157,327	0
INDIA	173,127	168,501	341,627	0
INDONESIA	0	250,553	250,553	0
IRAN, Islamic Republic of	1,696,909	216,805	0	1,913,714
JAPAN	0	216,901	216,901	0
KENYA	0	68,469	68,469	0
KOREA, Republic of	0	241,625	241,625	0
MADAGASCAR	697	36,121	0	36,818
MALAYSIA	0	79,541	79,541	0
MALDIVES	0	146,620	146,620	0
MAURITIUS	0	77,572	77,572	0
MOZAMBIQUE	101,325	33,877	0	135,202
OMAN	0	207,114	207,114	0
PAKISTAN	93,002	116,878	196,582	13,298
PHILIPPINES	0	49,591	49,591	0
SEYCHELLES	0	249,744	249,744	0
SOMALIA	54,348	13,618	0	67,966
SOUTH AFRICA	0	67,464	67,464	0
SRI LANKA	0	125,157	125,156	0
SUDAN	346,891	13,637	0	360,528
TANZANIA, United Republic of	37,046	37,156	0	74,202
THAILAND	0	75,125	75,125	0
UNITED KINGDOM	0	157,340	157,340	0
YEMEN	648,081	48,632	0	696,713
Total	3,517,080	4,207,841	4,035,392	3,689,529

Table 1.1 Ex-Member Outstanding Contributions	
Member	Total Outstanding Contributions
BELIZE	47,092
GUINEA	155,866
SIERRA LEONE	66,097
VANUATU	26,251
Total	295,306

Total Outstanding Contributions	
Members	3,689,529
Ex Members	295,306
Total	3,984,835