

CONTRIBUTIONS OUTSTANDING

PREPARED BY: IOTC SECRETARIAT 8 APRIL 2014

PURPOSE

To submit for the consideration of the Standing Committee on Administration and Finance (SCAF) the status of contributions outstanding to the Indian Ocean Tuna Commission (IOTC) and propose options on how to recover contributions from Members who have not contributed for more than five years (with no interim payments).

BACKGROUND

In the last Session of SCAF, it was recommended that the Chair of the Commission, with the assistance of the IOTC Executive Secretary, write to each of the CPCs with contributions in arrears totalling more than the previous two years to seek confirmation of their continued involvement in the IOTC and to seek payment for overdue contributions. Responses from those CPCs were to be circulated by the Secretariat to all CPCs for consideration at the 18th Session of the Commission (SCAF10.01 – para. 27 refers).

The information provided in Table 1 indicates the Members contacted (Eritrea, Guinea, I.R Iran, Pakistan, Sierra Leone and Sudan) and date of response. The copies of the initial correspondence and responses (only one Member responded, Pakistan) are annexed to this document.

Members whose arrears in contributions have now totalled more than the previous two years were also contacted by the IOTC Secretariat but not sent the letter by the Chair of the Commission. These Members (Kenya and Vanuatu) are also indicated in Table 1 in italics. Follow up communication by the Secretariat was sent to each of the Member countries in arrears in February 2014.

Table 1. Communications with Member countries in arrears

Member	Date of Letter	Date of Response	Contribution Status	In arrears as of 31/12/2013
ERITREA	16 September 2013	No Response	No Action Taken	149,033
GUINEA	13 September 2013	No Response	No Action Taken	110,682
I.R. IRAN	12 September 2013	No Response	No Action Taken	540,567
<i>KENYA</i>	<i>31 October 2013</i>	<i>No Response</i>	<i>No Action Taken</i>	<i>49,388</i>
PAKISTAN	18 September 2013	30 October 2013	Awaiting response from Ministry of Ports and Shipping	185,024
SIERRA LEONE	12 September 2013	No Response	No Action Taken	40,214
SUDAN	12 September 2013	No Response	No Action Taken	200,128
<i>VANUATU</i>	<i>04 November 2013</i>	<i>05 November 2013</i>	<i>No Action Taken</i>	<i>61,154</i>

Table 2 provides the overall status of Member contributions to the IOTC as at 31 December 2013. Members in arrears that total more than the previous two years of requested contribution are highlighted in bold for your reference.

Table 2. Status of Member contributions to the IOTC autonomous budget (in US\$)

Member	Outstanding at 31/12/2012	Contribution 2013	Received to 31/12/2013	In arrears as of 31/12/2013
AUSTRALIA	0	123,070	123,070	-
BELIZE	0	31,481	31,481	-
CHINA	0	71,851	71,851	-
COMOROS	25,305	24,792	24,792	25,305
ERITREA	130,204	18,829	0	149,033
EUROPEAN COMMUNITY	0	527,182	527,182	-
FRANCE	0	141,807	141,807	-
GUINEA	92,068	18,614	0	110,682
INDIA	0	101,185	98,143	3,042
INDONESIA	0	186,819	186,819	-
IRAN	432,752	107,815	0	540,567
JAPAN	0	169,243	169,243	-
KENYA	30,639	18,749	0	49,388
KOREA, Republic of	0	116,456	116,456	-
MADAGASCAR	6,292	22,078	20,514	7,856
MALAYSIA	0	52,279	51,279	1,000
MALDIVES	0	82,688	82,688	-
MAURITIUS	0	41,920	41,920	-
MOZAMBIQUE	0	8,207	8,207	-
OMAN	0	122,699	122,699	-
PAKISTAN	122,018	63,006	0	185,024
PHILIPPINES	0	42,207	42,207	-
SEYCHELLES	0	72,907	72,907	-
SIERRA LEONE	32,008	8,206	0	40,214
SRI LANKA	0	80,638	80,638	-
SUDAN	168,780	31,348	0	200,128
TANZANIA	0	20,160	20,160	-
THAILAND	0	53,129	53,129	-
UNITED KINGDOM	8	100,739	100,739	8
VANUATU	29,744	31,410	0	61,154
YEMEN	0	52,492	0	52,492
Total	1,069,818	2,420,936	2,064,861	1,425,893
Total Outstanding Members (2 years)	1,038,213	297,977	0	1,336,190

The budget approved at the Commission Meetings poses a significant risk of 23% under-payment in the next three years (2014–16). This risk needs to be addressed to ensure that the Commission has sufficient funds to cover its liabilities and to mitigate other financial risks.

ISSUE

The non-payment of contributions to the Commission has an immediate negative impact on the IOTC. The trend of non-payment of contributions has increased in the last few years and, should this trend continue, IOTC operations

and delivery on the Commission’s recommendations may be adversely affected. Fig. 1 reflects the gap between contributions due and received within the last five years. This represents an average yearly increase of 16%. If you look at the average gap of contributions in the last three years, the average yearly increase is 23%. The total outstanding contributions in 2009 were approximately US\$822,000 and in 2013, it is approximately US\$1.4 million. This represents a 73% increase. If this trend were to continue, the projected unpaid contributions in 2018 would be approximately US\$2.5 million. This is significant in terms of deficits the Commission absorbs each year and was possible when the Commission had accumulated funds (or savings), which are now exhausted.

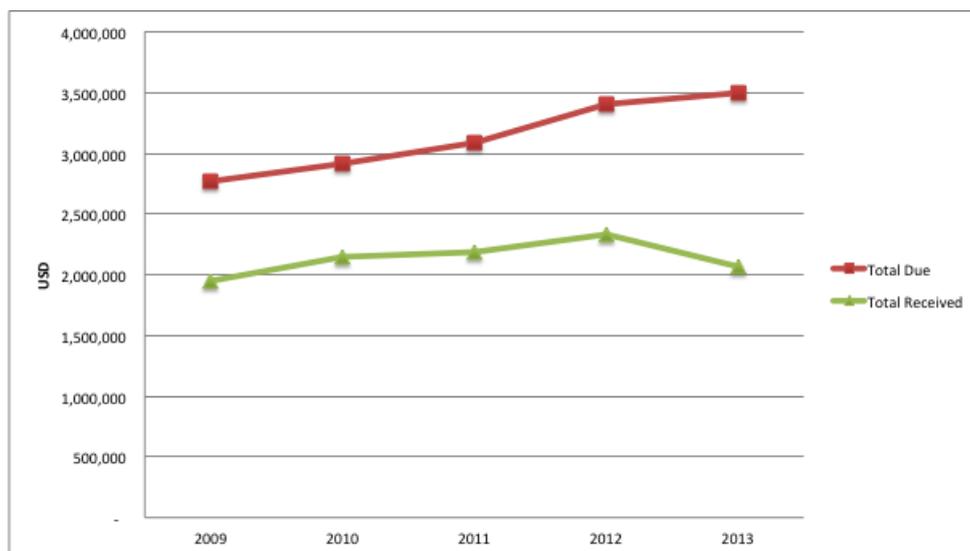


Fig. 1. Status of Member contributions from 2009–13 (in US\$)

PROPOSED OPTIONS

1. For all countries with arrears accumulating for five years or more¹ (with no interim payments), it is proposed that their last year unpaid contribution is calculated as part of the current IOTC budget and split between existing paying Members as per the contribution formula. For example, the last year’s unpaid contribution for the countries in arrears for more than five years was US\$356,056. This amount will be added to the 2014 budget and distributed between the paying members. However, this does not remove the obligations of the countries in arrears.
2. When calculating the contributions for the work plan and budget, the Secretariat will eliminate the Members that have not made any payments for five years or more (with no interim payments). Their contribution however, will not be eliminated and they would still be issued with a call for funds letter but their expected contribution would be not considered in overall proposed work plan and budget of the Commission. This will help mitigate the 23% under-payment risk.
3. Countries in arrears for more than five years and have made no interim payments should not benefit from any IOTC related activities.
4. Request an IOTC reserve account that is capable of covering at least three months of operations (US\$0.75 million). This amount represents a quarter of the 2014 budget and may require additional resources from other Members and bilateral discussions with countries that are in arrears.
5. Request the IOTC Secretariat, in consultation with the Chair of the Commission, to conduct bilateral discussion with the Members in arrears with a view to recover the outstanding contributions.

SUGGESTED ACTION BY THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE

That the SCAF:

- a) **NOTE** the information presented in the document

¹ Five years or more criteria is used to identify countries that are consistently in arrears

- b) **RECOMMEND** a course of action, including any priority, with respect to the implementation of the options presented