

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 2020
- lists those members that have arrears equal to or exceeding the amount of the contributions due from it for the two preceding calendar years.
- proposes that the SCAF consider omitting Eritrea, Sudan and Yemen from the schedule of annual contributions starting 2022 until such time that they, respectively, re-engage with the Commission.
- proposes that the SCAF consider writing-off the outstanding contributions of ex-Members Belize, Guinea, Sierra Leone and Vanuatu.

STATUS OF CONTRIBUTIONS AS OF 31 DECEMBER 2020

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 2020 budget contributions were sent to members by FAO in August 2019; and a reminder was circulated by the Secretariat in June 2020.
2. The status of contributions as of 31 December 2020, 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 2020 for the 2020 budget was \$4,367,285. As of 31 December 2020, a total of \$3,730,858 had been received (Table 1). This represents a significant difference between contributions due and contributions received of \$-636,427. Note, the total of contributions received in any year may also include contributions due from years prior. 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 2020, 12 Members had outstanding contributions to a total value of \$3,569,560 (excluding ex-Members)

4. No contributions were received from nine Member countries in 2020, namely Eritrea, India, I.R. Iran, Mozambique, Sierra Leone, Somalia, Sudan, Tanzania and Yemen. The contributions from Comoros and Pakistan did not cover the full amount due for the year.
5. The other countries with outstanding contributions as of 31 December 2020 were Comoros, India, Madagascar, Mozambique, Pakistan, Somalia and Tanzania.
6. The cumulative total of outstanding contribution payments has increased by around 20%, from \$3,162,341 as of 31 December 2019, to \$3,798,769 as of 31 December 2020.
7. Four Members (Iran, Eritrea, Sudan and Yemen) have a history of non-payment and no payments were received from them in 2020.
8. As of 31 December 2020, the total of outstanding contributions for Eritrea, Sudan and Yemen was \$1,274,145, equivalent to almost 34% of the total outstanding contributions. If the history of non-payment of contributions from Eritrea, Iran, Sudan and Yemen continues into the future, it means that every year, the annual budget could effectively be reduced by around \$77,000.
9. Iran was responsible for around 45% of the total outstanding contributions (\$1,696,909) as of 31 December 2020. 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.
10. Sierra Leone was reincluded in the schedule of contributions for the year 2020, however no contributions have

been received from Sierra Leone since 2014 and as of 31 December 2020, owes \$52,479 (<2% of the total). Note, Sierra Leone was deemed to have withdrawn from IOTC on 5 February 2021.

Proposal to omit Eritrea, Sudan and Yemen from the schedule of annual contributions until such time they re-engage with the commission.

11. Eritrea joined the Commission in 1994 and has not attended a Session of the Commission since 2001. Eritrea has continued to default on its obligations to the Commission i.e. it has not submitted data or reports and not attended meetings and continues to have significant compliance issues. Furthermore, as of December 2020, Eritrea was in arrears of its contributions to IOTC to an amount of USD279,174 (this will increase to \$292,917 in 2022). Eritrea's current annual contribution is just less than \$14,000.
12. Sudan joined the Commission in 1996 and has attended one Session of the Commission since 2001. Sudan has continued to default on its obligations to the Commission i.e. it has not submitted data or reports and not attended meetings and continues to have significant compliance issues. Furthermore, as of December 2020, Sudan was in arrears of its contributions to IOTC to an amount of USD346,891 (this will increase to \$360,528 in 2022). Sudan's current annual contribution is just less than \$14,000.
13. Yemen joined the Commission in 2012 and has not attended a Session of the Commission since then. Yemen has continued to default on its obligations to the Commission i.e. it has not submitted data or reports and not attended meetings and continues to have significant compliance issues. Furthermore, as of December 2020, Yemen was in arrears of its contributions to IOTC to an amount of USD648,081 (this will increase to \$696,713 in 2022). Yemen's current annual contribution is \$48,632.
14. If the history of non-payment of contributions from Eritrea, Iran, Sudan and Yemen continues into the future, it means that every year, the annual budget could effectively be reduced by around \$77,000.
15. It is proposed that the SCAF consider omitting Eritrea, Sudan and Yemen from the schedule of annual contributions starting 2022 until such time that they, respectively, re-engage with the Commission. The respective contributions outstanding of Eritrea, Sudan and Yemen would remain in place.

Proposal to write-off the contributions owed by ex-Members.

16. Three ex-Members: Belize (2007 to 2015), Guinea (2005 to 2016) and Vanuatu (2002 to 2014) left IOTC owing contributions totalling \$229,209. This equates to 6% of the outstanding contributions as of 31 December 2020.
17. Since their respective withdrawals from IOTC, the FAO has written annually to each of these ex-Members requesting payment of the contributions outstanding. In September 2020 the Secretariat contacted the FAO offices in each of these countries seeking their assistance to obtain payments. No response has been forthcoming from Belize, Guinea or Vanuatu, and it is deemed that IOTC is highly unlikely to receive a payment from these countries in the future.
18. It is proposed that the SCAF consider writing-off the outstanding contributions of Belize (\$47,092), Guinea (\$155,866) and Vanuatu (\$26,251) and requesting the Secretariat to remove these ex-members from the historical list of contributions, starting 2022.
19. It is also proposed that the SCAF consider writing-off the outstanding contributions of Sierra Leone (as of February 2021 being \$66,097) and requesting the Secretariat to remove this recent ex-member from the historical list of contributions, starting 2022.

It is important to pay contributions on time

20. 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.

Table 1. Status of Member contributions to the IOTC autonomous budget (in US\$) as of 31 December 2020

Member	Outstanding Contribution 1 January 2020 (all years prior to 2020)	Contribution due for 2020	Received Contributions in 2020	Total Outstanding Contributions 31 Dec 2020
AUSTRALIA	0	192,075	192,075	0
BANGLADESH	0	68,820	68,820	0
BELIZE*	47,092			47,092
CHINA	0	116,792	116,792	0
COMOROS	62,719	75,763	52,000	86,482
ERITREA	264,944	14,230		279,174
EUROPEAN UNION	0	864,649	864,649	0
FRANCE	0	156,693	156,693	0
GUINEA*	155,866			155,866
INDIA	0	173,127		173,127
INDONESIA	0	305,337	305,337	0
IRAN	1,469,187	227,722		1,696,909
JAPAN	0	224,965	224,965	0
KENYA	0	68,412	68,412	0
KOREA, Rep. of	0	245,793	245,793	0
MADAGASCAR	47,888	37,876	85,067	697
MALAYSIA	0	81,151	81,151	0
MALDIVES	0	152,691	152,691	0
MAURITIUS	0	76,869	76,869	0
MOZAMBIQUE	66,232	35,093		101,325
OMAN	0	207,374	207,374	0
PAKISTAN	88,285	106,339	101,623	93,002
PHILIPPINES	0	49,897	49,897	0
SEYCHELLES	0	251,567	251,567	0
SIERRA LEONE	38,391	14,088		52,479
SOMALIA	40,260	14,088		54,348
SOUTH AFRICA	0	68,258	68,258	0
SRI LANKA	0	127,899	127,899	0
SUDAN	297,130	49,761		346,891
TANZANIA	0	37,045		37,046
THAILAND	0	76,221	76,221	0
UNITED KINGDOM	0	156,705	156,705	0
VANUATU*	26,251			26,251
YEMEN	558,097	89,984		648,081
Total	3,162,341	4,367,285	3,730,858	3,798,769

* No longer a member but has contributions outstanding.

21. If a Member is in arrears of their contributions, there may be restrictions on its eligibility for the meeting participation fund and voting.
22. 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.*
23. 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.*
24. The IOTC financial Regulations were revised in 2019. Annex, Reg 5 states: *Contributions shall be due and payable in full as soon as possible and not later than [date] s of the calendar year to which they relate. As of [date] in the calendar year to which the contributions relate, the unpaid balance of such contributions shall be considered to be one year in arrears.*
25. The dates in square brackets are to be agreed by the Commission following advice from the SCAF (refer to IOTC-2021-SCAF18-10).
26. Pending the recommendation from the SCAF and agreement by Commission on the dates to be used in the above Annex Re. 5 of the IOTC Financial Regulations (2019), the Secretariat has applied the Commission's (S23) recommended interim definition of arrears for this report.

SUGGESTED ACTIONS BY THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE

That the SCAF:

- a) **NOTE** the information presented in IOTC-2021-SCAF18-05 on outstanding contributions.
- b) **CONSIDER** recommending to the Commission to omit Eritrea, Sudan, and Yemen from the schedule of annual contributions of starting 2022 until such time that they, respectively, re-engage with the Commission.
- c) **CONSIDER** recommending to the Commission to write-off the outstanding contributions of ex-Members Belize, Guinea, Sierra Leone, and Vanuatu.