



IHO File No. S1/6000/2017

ASSEMBLY CIRCULAR LETTER No. 10 bis-1
07 December 2016

1st SESSION OF THE IHO ASSEMBLY

Monaco, 24-28 April 2017

**ADDITIONAL PROPOSAL FOR CONSIDERATION BY
THE 1st SESSION OF THE IHO ASSEMBLY**

References:

- A. Conference Circular Letter No. 2 dated 22 April 2016 - *Submission of proposals to the Conference / Assembly*
- B. Assembly Circular Letter No. 10 dated 2 September 2016 – *Proposals for consideration by the 1st Session of the IHO Assembly*
- C. Assembly Circular Letter No. 8 dated 23 August 2016 - *Revision of the timeline for the preparation of the 1st Session of the IHO Assembly (A-1)*

Dear Hydrographer,

1. Reference A invited Member States to submit proposals in accordance with the Rules of Procedure applicable to International Hydrographic Conferences. Reference B circulated the proposals received for comments and, in accordance with the Rules of Procedure of the IHO Assembly, invited Member States to submit any additional proposal until 15 December 2016. Reference B indicated that the additional proposals would be circulated as soon as they were received.

2. A proposal submitted by the Syrian Arab Republic is attached at Annex A. Member States are invited to forward any comments on this proposal to the IHO Secretariat (by e-mail: cl-lc@iho.int or by fax: +377 93 10 81 40) **no later than 30 January 2017**, in accordance with the revised timeline at Reference C.

Yours sincerely,

Robert WARD
Secretary-General

Annex A: Proposal PRO-10 submitted for consideration by the 1st Session of the IHO Assembly.

PRO 10 : PROPOSAL TO REVISE ARTICLE 13(c) OF THE FINANCIAL REGULATIONS OF THE IHO.

Submitted by: Syrian Arab Republic

PROPOSAL:

To revise Article 13 of the Financial Regulations of the IHO by deleting Article 13(c) regarding the application of interest on the late payment of annual financial contributions from Member States:

~~*13(c) Annual contributions or portions thereof not paid before 1 January of the succeeding financial year shall be increased by interest from that date at the rate of one per cent for each month or portion thereof.*~~

EXPLANATORY NOTE:

1. Article 13(c) of the former Financial Regulations of the IHO states:

13(c) Annual contributions or portions thereof not paid before 1 January of the succeeding financial year shall be increased by interest from that date at the rate of one per cent for each month or portion thereof.

A similar provision is included in Article 13 of the new Financial Regulations that entered into force on 8 November 2016:

13(c) Annual contributions or portions thereof not paid before 1 January of the succeeding financial year shall from that date be subject to simple interest at the rate of one per cent for each month that they remain unpaid.

2. As part of settling its outstanding debt, the Syrian Arab Republic recently requested an exemption from paying interest on its outstanding financial contributions as required by Article 13(c) of the Financial Regulations. The IHO Secretariat brought this matter to the attention of the Officers of the Finance Committee (Chair and Vice Chair of the Finance Committee) at their meetings in April and November 2016.

3. The Finance Committee Officers took note of the request from the Member State and observed that levying interest on outstanding debts may not always serve a meaningful purpose in ensuring timely payment of debts because in many cases late payment is caused by economic, geopolitical or administrative factors that are beyond the control of the Member States' representatives. The threat of suspension appears to be the principal catalyst for action.

4. The Finance Committee Officers concluded that the matter might be considered further by the Assembly in April 2017 if the Member State wished to pursue the matter.

5. The IHO Annual Report 2015 - Part 2 - *Finances* indicates that a provision of 22.5k€ was made in 2015 to account for the outstanding interest charges due from the Member States that had settled their contributions in arrears. The interest remaining due at the end of 2015 stands at 4.6k€ after depreciation.

6. The following UN bodies with which the IHO has close association: the IMO, IAEA and ISA, have a similar mechanism to the IHO to suspend the voting rights of Members that are in arrears. However, none of these organizations levy interest on outstanding or late payment of annual financial contributions.

7. Taking into account the situation described above, it is proposed that the Assembly consider cancelling the current requirement to levy interest on the annual financial contributions of Member States that are in arrears by:

- a. **Withdrawing** Article 13(c) of the Financial Regulations, and
- b. **Writing off** the outstanding interest on late payments shown in the accounts of the IHO.