

**Report of the 38th Meeting of the
PERMANENT FINANCE COMMITTEE (PFC)
09 October 2017 : 14:00-17:30 Hous
Mexico City, Mexico**

Members Present: (1) Vice President Hon. Laurie Tollefson, Chairman (Canada, 2013); (2) President Hon. Prof. Dr. Bart Schultz (The Netherlands, 2011); (3) Mr. Hao Zhao (China, 2012) represented by Ms. Li Ruoxi; (4) Mr. Naoki Hayashida (Japan, 2014); (5) VP Dr. Irene Bondarik (Russia, 2014); (6) Mr. Ali Reza Salamat (Iran, 2016) and (7) Er. Avinash C. Tyagi, Secretary General, ICID.

Observers Present: (1) PH Peter S. Lee (UK); (2) VPH Dr. Laszlo G. Hayde (Hungary); (3) Mr. Marco Arcieri (Italy); (4) Mr. Mitsuo Ishijima (Japan); (5) VPH Er. A.B. Pandya (India); (6) Mr. Evan Derald (Canada); (7) Mr. Syaiful Mahdi (Indonesia) and (8) Mr. Yuta Takeno (Japan).

PFC Minutes Item 1: Review of the Membership of the Committee

1. PFC noted that the Chairman VPH Laurie Tollefson will be retiring at the conclusion of the 68th Council meeting and requested the Chair to continue for one more term of three years. VPH Laurie agreed the proposal to continue as Chair for another term of three years. The Committee considered the nomination of Dr. Marco Arcieri, Secretary General, ITAL-ICID for the membership of the Committee and recommended that his nomination be accepted.

2. The Committee thanked PH Bart Schultz for his contribution to the work of the Committee, at the completion of term of office of six years as member of of the Committee.

PFC Minutes Item 2: Report of the Direct Membership Administering (DMA) Sub-Committee

3. Based on the report of DMA Sub-committee, the PFC recommended to IEC for acceptance of the following as Direct Members of ICID. PFC also considered the proposal of Life Membership (Individual) from Prof. Deepak Khare (India) and accepted it, subject to no-objection from the Indian National Committee.

Sl. No.	Name of Applicants	Country	Type of Membership Applied for
1.	Mr. L.B. Roy	India	Life Membership (Individual)
2.	Dayu Water Saving Group Co. Ltd.	China	Company
3.	Electrosteel Castings Ltd.	India	Company
4.	Mr. Klaus Rottcher	Germany	Individual

PFC Minutes Item 3: Review of the position of arrears of annual subscriptions from NCs and Membership status

4. PFC noted with regret that the NCs of Brazil, Spain, Zimbabwe, and Saudi Arabia have not cleared their subscription dues for the years 2014, 2015 and 2016, besides the subscription for the year 2017. Several requests have been made to these NCs to clear their balance of subscription. PFC considered and recommended to IEC to apply By-law 13.2 to the above named National Committees. IEC as per the rules decided to give them a final chance to clear their dues by 31st December 2017, failing which they would be relegated to the associate membership category.

5. Since, National Committees of Chad, Madagascar, Tanzania, Tajikistan and Ukraine have not cleared their outstanding dues of two years, in addition to the current year 2017, PFC considered and recommended that IEC may apply By-law 13.1 to above National Committees, debarring them from holding any office whether it be as Office Bearer or as a member of a work body until such time the arrears are paid.

6. PFC noted that Afghanistan National Committee has expressed their willingness to rejoin ICID and rejuvenate their membership and have deposited the Annual subscription for the year 2017. PFC considered the case under By-law 13.5, and recommended that they be admitted as a member with immediate effect.

PFC Minutes Item 4: Review of the financial status of recently held ICID events**PFC Minutes Item 4.1: 4th African Regional Conference on Irrigation and Drainage, Cairo, Egypt, 26-28 April 2016**

7. PFC thanked ENCID for making a special contribution to ICID budget amounting to US\$ 2,734 as its 5% share from the registration fee collected (US\$ 54,680) for the 4th African Regional Conference held in Cairo, Egypt, 26 - 28 April 2016. The Committee recommended that IEC may like to record its appreciation to ENCID for the successful organization of the Regional Conference and contribution to ICID budget.

PFC Minutes Item 4.2: 67th IEC and 2nd WIF Meeting, Chiang Mai, Thailand, 08-12 November 2016

8. PFC thanked THAICID for making special contribution to ICID budget amounting to US\$ 80,159 as its 35% share from the registration fee collected (US\$ 229,025) for the 67th IEC and WIF2 meetings held in Chiang Mai, Thailand from 08-12 November 2016. The Committee recommended that IEC may like to record its appreciation to THAICID for the successful organization of 67th IEC and WIF2 meetings and contribution to ICID budget.

PFC Minutes Item 4.3: 13th International Drainage Workshop, Ahwaz City (Khuzestan Province), Iran, 04-07 March 2017

9. PFC thanked IRNCID for making special contribution to ICID budget amounting to US\$ 1,000 as its 5% share from the registration fee collected (US\$ 20,000). The Committee recommended that IEC may like to record its appreciation to IRNCID for the successful organization of 13th International Drainage Workshop and contribution to ICID budget.

PFC Minutes Item 5: Financial proposals for the forthcoming ICID events

10. PFC noted that IEC has already approved the fee structure for the 70th IEC and 3rd World Irrigation Forum (WIF3), Bali, Indonesia, October 2019; and 71st IEC and 24th Congress, Sydney, Australia, 22-28 September 2020, based on host NC presentations. PFC considered the financial proposals presented by the host NCs for the events that have been already approved by IEC in its earlier meetings in respect of 69th IEC and America Regional Conference, Saskatoon, Canada from 12-17 August 2018; 8th Asian Regional Conference in Kathmandu, Nepal, from 02 - 04 May 2018 and 9th Micro Irrigation Conference at Aurangabad, India, in January 2019 which are reproduced below in a tabular format.

11. The NC of Canada suggested a registration fee of US\$ 800 for delegates from non-member countries, while the NC of Indonesia agreed to have a reduced full registration fee of US\$ 700 in place of earlier proposed US\$ 800 as tabulated below. The Council may approve the revised registration fees suggested by NCs of Canada and Indonesia which needs to be appreciated as this will result in greater participation in the respective annual events of ICID.

Venue / Year	Kathmandu, Nepal, 2018	Saskatoon, Canada, 2018	Aurangabad, India, 2019	Bali, Indonesia, 2019	Sydney, Australia, 2020
Event	8th ARC	69th IEC and Regional Conference	9th IMIS	70th IEC and 3rd WIF	71st IEC and 24th Congress
Full Registration	\$500	\$ 750	\$ 500	\$ 700	\$ 800
Non-Member Fee	\$650	\$ 800			\$ 900
Young Professional (International)	\$250	\$ 350	\$ 250	\$ 400	\$ 400
Young Professional (Local)			\$ 100		
Local Delegates	\$150	\$ 400	\$ 200	\$ 200	\$ 800

Venue / Year	Kathmandu, Nepal, 2018	Saskatoon, Canada, 2018	Aurangabad, India, 2019	Bali, Indonesia, 2019	Sydney, Australia, 2020
Retired Professionals (International)	\$250	\$ 375	\$ 250	\$ 400	\$ 400
Retired Professional (Local)			\$ 100		
Accompanying Persons (International)	\$150	\$ 300	\$ 200	\$ 300	\$ 300
Accompanying Persons (Local)			\$ 100		

PFC Minutes Item 6: To discuss the audited accounts of ICID for the year 2016-2017 and recommend to the IEC

12. The Committee considered the Audit Report of M/s P.K. Chopra & Co., Statutory Auditors for the financial year 2016-2017 presented in Annex 1, page 33 of PFC agenda notes. The PFC having been satisfied with the report, recommended that the the Audit Report for the FY 2016-2017 submitted by M/s P.K. Chopra & Co., be approved.

13. The Committee noted that the arrears of subscriptions during the current year represent the normal time lag in remittance of subscription by NCs.

14. The Committee noted with concern that the current Foreign Currency Account in HSBC Bank in London, is presently non-operative (Refer the Minutes of 37th PFC, Item No. 6, Para No. 18) and the Bank has intimated that they would not like to provide ICID their services. PFC recommended that the HSBC Accounts may be closed and the balance amount, along with the Fixed Deposits therein may be transferred to ICID bank accounts in India at the earliest opportunity.

15. PFC noted that the financials i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payment Account of the ICID Employees Provident Fund Trust for the year 2016-2017 were also audited by the statutory auditor M/s P.K. Chopra & Co. The Committee noted that ICID EPF Trust (as a private trust) was de-recognized w.e.f. 01 April 2013 onwards. Consequently, the individual accounts of ICID staff members have been shifted to Employees' Provident Fund Organisation (EPFO) w.e.f. 01 April 2013. Hence, the ICID EPF Trust is in the process of dissolution, the Committee noted.

PFC Minutes Item 7: Budget and Expenditure for the FY 2016-2017

16. The Committee noted the expenditure during FY 2016-2017 against the budget and approved the same. It noted that there has been an overall surplus of ₹ 1.29 million (US\$ 19,591) against a budgeted surplus of ₹ 0.36 million (US\$ 5,485) envisaged during FY 2016-17.

17. The Committee noted with appreciation that during the FY 2016-2017, an amount of ₹ 3.35 million (US\$ 50,000) as a Special Subscription from CNCID/Ministry of Water Resources, China; ₹ 0.31 million (US\$ 5,000) from JNC-ICID for supporting the publication of Special issue of ICID Journal on Sustainable Development in Tidal Areas (SDTA); and ₹ 0.66 million (US\$ 10,000) towards supporting a Side Event 2 organized during WIF2 as special subscription from KCID were recieved.

18. Further, an amount of ₹ 1.25 million (US\$ 20,156) against capacity development program (specifically for DPR Korea) and ₹ 0.33 million (US\$ 5,000) towards supporting the newly established Technical Support Unit (TSU) were received from KCID during the FY 2016-2017.

19. PFC put on record its appreciation for the NCs of China, Korea and Japan for the financial support provided for ICID activities.

PFC Minutes Item 8: To consider revised budget proposal for the current FY 2017-2018; budget proposal for FY 2018-2019; preliminary budgets for FY 2019-2020 and forecast budget for FY 2020-2021

20. The committee noted that the Central Office is operating with 17 staff members (with two positions remaining vacant) and that the budget proposals includes salaries of ICID staff at the revised pay scales based on the Report of ICID Staff Pay Revision Committee and approved by the Staff Committee in its meeting held on 7 October 2017 in Mexico City, Mexico.

21. The Committee considered the revised budget for the FY 2017-2018 and the budget proposal for the FY 2018-2019, preliminary budget for 2019-2020 and forecast budget for 2020-2021. It noted with concern that there is likelihood of deficit during the FY 2017-18 and FY 2018-19. On query from the members, it was clarified that the expenditure has been rising with rise in income due to the fact that the about 35% of the increase in income, largely attributed to increased rent from office building, also increases the expenditure in terms of taxes. It was pointed out that during the last three-four years all the outstanding liabilities, including the provisions for gratuity and leave salaries, have been provided for. The Committee appreciated the efforts made to settle all past ICID financial liabilities.

22. The committee recommended to IEC for the approval of the revised budget for FY 2017-2018 and the proposed budget for FY 2018-2019, presented in **Annex 1** and noted the preliminary budget for FY 2019-2020 and forecast budget for 2020-2021.

PFC Minutes Item 9: Surplus/Deficit and Cash Reserves

23. The Committee noted that the total Cash Reserves as at the beginning of the FY 2017-2018 is only ₹ 38.61 million (US\$ 585,061) which is less than the 50 percent of the annual expenditure. The Committee agreed to the proposal to build a cash reserve equivalent to one year's expenditure to begin with on an incremental basis.

PFC Minutes Item 10: Report of the Task Force on 'Review of Annual Subscription' (TF-AM)

24. The Chair of TF-AM, VPH Laurie Tollefson presented the report of the TF during the meeting. The Committee reiterated its confidence in the basic structure of the formulae, prevalent for more than forty years. There was wide support on the rationalization and updation of the subscription formulae. At the same time the Committee also noted concern from some NCs on the substantial rise in annual subscription. The Committee after deliberations and subsequent discussions, recommended that the 1991 formulae being used presently be updated as follows:

The revised formulae:

$$S(2017) = \{1515 + \text{UNC} + 1900 A^{**0.35}\} \times \{\text{InF}\} \dots \quad \{\text{for NC with } A > 9.35 \text{ M}\}$$

$$S(2017) = \{1515 + \text{UNC} + 1360 A^{**0.5}\} \times \{\text{InF}\} \dots \quad \{\text{for NC with } A < 9.35 \text{ M}\}$$

Where,

(i) S(2017) is the subscription in US \$;

(ii) UNC, for countries paying UN contribution

< 0.30 per cent:	UNC = 0.
>0.3 per cent but < 0.6 per cent:	UNC = US \$ 725
>0.6 per cent but < 1.5 per cent:	UNC = US \$ 1450
>1.5 per cent but <3.0 per cent:	UNC = US \$ 2175
> 3.00 per cent:	UNC = US \$ 2900

(iii) A is the Weighted Benefitted Area calculated as follows:

$$\text{Weighted Benefit area} = IA + (0.5) * DA \dots \dots \text{if } IA > DA$$

$$\text{Weighted Benefit area} = DA + (0.5) * IA \dots \dots \text{if } DA > IA \text{ and Irrigated Area (IA); Drainage Area (DA)}$$

(iv) In F is the cumulative Inflation Factor for three years as obtained from the IMF data?

25. PFC recommended that based on the above formulae, the annual contributions from the members be decided as follows:

- (a) The annual subscriptions rates shall be recalculated every three years during the meeting of IEC in the Congress year.
- (b) In order to have a smooth transition to the new subscription, the NCs will be provided an opportunity up to 31st December 2017 to indicate, if the Benefitted Areas shown in Table 1 (**Annex 4, page 47 of IEC minutes**) and used in calculating the subscription are correct or not.
- (c) The NCs, if they find the areas used are correct, may indicate how they would like to have transition into the new subscription regime within the next three years.
- (d) If no objection is received from the NC, the new annual subscription would be raised by CO as per the calculations in the Table 1 .
- (e) In case objection is raised due to reconciliation of the irrigated and drained area figures, the matter will be placed before the PFC, who will take the final decision through a virtual meeting before 31st March 2018 and ratified by IEC through circulation among the NCs.

26. The Committee appreciated the Financial Sustainability Report presented by the Secretary General to the TF and PFC, which was found to be comprehensive. The Committee noted that it was for the first time that ICID had undertaken its financial sustainability assessment. PFC fully supported the methodology adopted in the report by undertaking risk analysis under various scenarios. The Committee had detailed discussions on the report and its recommendations.

27. PFC observed that there is a case for the Committee to be able to draw more upon the experience of financial experts from more NCs and keep a closer watch on the financial health of the organization. PFC also observed that the format of the Financial Report presented by the SG is required to be standardised. PFC decided to review the financial position of the organization more closely vis-a-vis the Action Plan of the organization and monitor the long-term financial sustainability of the organization once in every five years.

28. PFC noted that the financial assets such as operating funds in the banks should be invested more professionally. Possibility of investing some of the operating reserves in other financial instruments such as Mutual Funds (with low risks), needs to be explored.

29. PFC recommended that ICID should be able to steadily build up a reserve equivalent to the expenditure of the previous year since there is large fluctuation in the revenue resources and certain risks which need to be hedged against. Efforts should be made to reach this target steadily but as early as feasible.

30. PFC recommended that ICID events (WIF, Congresses and Regional Conferences) together with Exhibition need to be conducted more professionally thereby enhancing their financial contribution and effectiveness.

31. PFC agreed that additional office space needs to be built to generate more income from rent. The funds required for construction of the additional office space, is approx. Rs 70 million. However, PFC advised SG to explore the possibility of obtaining loan for the construction of the additional office space while avoiding loan from YES Bank, that may compromise ICID's position in negotiating the market rent for its space.

32. PFC observed that in order to implement strategies, programs and activities as per the Road Map to ICID Vision 2030, ICID needs to adopt more entrepreneurial routes to financial sustainability by investigating the scope for additional resource mobilization. One possibility could be to generate income by establishing business (es) Considering that this is a new area, PFC recommended that a special Task Force may be set up to explore the feasibility of establishing an independent business unit related to ICID mission (e.g., capacity development and professional certification), whose profits could plough in as revenue to ICID budget.

PFC Minutes Item 11: Report of the Task Team on 'Registration Fees for ICID Events' (TT-RF)

33. PFC noted that the registration fee for the ICID events is largely within the purview of the Host NCs as they have to ensure that the event is financially viable. The registration fee for various ICID events has been constant for the last five years and the registration fees for the forthcoming events remain in the same range. It is also noted that compared with other international events of the magnitude of ICID, ICID registration fee structure is very reasonable.

34. PFC recommended that the future host organizers may be asked to suggest two tier system of registration fee structure so that those experts which are not able to afford high registration fee may get an option with lower registration fee and are also able to join ICID events.

PFC Minutes Item 12: Miscellaneous

35. PFC noted with concern that ICID FCRA Registration Number has been cancelled due to delay in submission of FCRA annual returns in the past due to administrative oversight. As a consequence, ICID is able to receive only membership subscription, registration fees, royalty from M/s Wiley-Blackwell and special subscription from members. CO will not be able to receive foreign grants until the time, a fresh FCRA registration number be allotted. PFC also noted that the ICID PF Trust is in the process of dissolution and the PF of CO employees is now being handled by the Employees Provident Fund Organization of Government of India.

36. Considering that this meeting of PFC would be the last meeting of the Secretary General Avinash Tyagi, PFC members expressed their appreciation for bringing the financial system of ICID transparent and clearing all the past liabilities, thereby providing ICID the much required financial stability.

37. The meeting concluded with vote of thanks to the Chair.

