

**Report of the 39th Meeting of the
PERMANENT FINANCE COMMITTEE (PFC)
13 August 2018: 13:30-15:00 hours (Session I)
13 August 2018: 15:30-17:00 hours (Session II)
Saskatoon, Saskatchewan, Canada**

Members Present: (1) Vice President Hon. Mr. Laurie Tollefson, Chairman (Canada, 2013); (2) Mr. Hao Zhao (China, 2012) (Represented by Mr. Gao Lihui); (3) Vice President Naoki Hayashida (Japan, 2014); (4) Vice President Dr. Irene Bondarik (Russia, 2014); (5) Mr. Ali Reza Salamat (Iran, 2016) (Represented by PH Mr. Saeed Nairizi); (6) Mr. Prof. Muhammed Bin Musa (Morocco, 2018); (7) Mr. Abdul Malik Saddat Idriss (Indonesia, 2018) and (8) Er. Ashwin B. Pandya, Secretary General, ICID.

Observers Present: (1) Dr. K. Yella Reddy (India); (2) Dr. Bartali El Houssine (Morocco); (3) Mr. Mohammed Ben EL Momoune (Morocco); (4) Mr. Bong Hoon Lee (Republic of Korea); (5) Mr. Nita Yuliaty (Indonesia); (6) Mr. Bashu Dev Lohane (Nepal); (7) Ir. Adang Saf Ahmad (Indonesia); and (8) Mr. Mohammad Zainal Fatah (Indonesia)

General Note: Conversion rate of US\$ versus INR (₹) (Indian Rupee) used in the budget and forecasts –

1. A conversion rate of US\$1 = ₹ 66 was assumed in the forecast for the FY 2017-18 on the basis of exchange rate in the preceding 15 months commencing from April 2016 to June 2017. Subscriptions actually received were of course converted based on the prevalent rate. The difference in the subscription budgeted receipts and the subscription actual receipts due to change in exchange rate are accounted for as part of 'Other Receipts'.
2. Based upon average exchange rate of US\$ 1 for the last fifteen months from April 2017 to June 2018, an exchange rate of US\$ 1 = ₹ 65 has been assumed for the Revised Budget (proposed) for the FY 2018-2019, Budget for FY 2019-20 and Preliminary Budget for 2020-2021 and Forecast Budget for the FY 2021-2022.

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

3. The Committee concludes about the retirement of Mr. Hao Zhao (China) and Ms. Serpil Koylu Dalgin (Turkey) on completion of six years on the committee and the discontinuation of the provisional membership of Mr. Hazim Ibrahim Othman Mohammed (Iraq) on account of his absence and non-contribution to the PFC activities. PFC called for the nominations from the floor and the nominations from Morocco Prof. Muhammed Bin Musa of Agriculture engineering High School and from Indonesia of Mr Abdul Malik Saddat Idriss VP, INACID were accepted restoring the requisite strength of the committee. PFC suggested the CO to call the fresh nominations from NCs at least to keep the minimum requirement of the members as the present membership consist of only nine members including new nominations.

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

4. Based on the report of DMA Sub-committee, the PFC recommended and IEC approved Direct Member of ICID of the following:

Sl. No.	Name of Applicants	Country	Type of Membership Applied for
1.	Mr. Sajit Ali Bhutto	Pakistan	Individual (3 Years)

5. PFC noted that Ministry of Agriculture, Madrid, Spain; Institute of Hydraulics and Rural Water Management, IHLW at BOKU-University, Vienna, Austria; and Dubai Municipality have approached ICID Central Office for Direct Membership.

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

6. PFC noted with regret that National Committees of Chad, Madagascar, and Tanzania are continuing in membership subscription arrears of three years, besides the membership subscription for the year 2018 as far. 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 above National Committees declaring them as "Associate Members" from 1st January 2019 if their dues are not cleared by 31st December 2018. PFC noted that Ukraine have paid the membership subscription for the year 2015 and are also in the process of payment of membership subscription dues for other years.

7. Ethiopia, Malawi and Niger have not cleared their membership dues for the years 2016 and 2017, besides the current year 2018, their membership dues are yet to be received. PFC considered and recommended IEC to apply By-law 13.1 to these National Committees debarring them from holding office whether it be as Office Bearer or as a member of a work body until such time the arrears are paid.

8. In case of Tajikistan, arrears are existing for the past years 2015 and 2016. However, Tajikistan have paid their subscription for the years 2017 and 2018. PFC recommends that the pursuasion may be continued with the National Committee to clear their dues for the past gap period. However, their membership status may be treated as active. PFC agreed to the suggestion that for further promoting the activities of ICID in central Asian region, Russian language based workshops/ events may be planned for the region to promote the membership.

9. PFC noted with regret that Swiss National Commission on Agro-Systems and Land Improvement (CH-AGRAM), housing Swiss NC, has been dissolved on 31st March 2018. However, the PFC asked to ICID Central Office to continue efforts to bring back the Swiss National Committee in ICID fold through a successor organisation.

10. PFC recommended that those national committees who have some issues to pay subscription, they may be encouraged by ICID to become Direct Membership to ensure continuity.

PFC Minutes Item 4: Review of the financial status of recently held ICID events

PFC Minutes Item 4.1: 68th IEC and 23rd Congress, Mexico, 08-14 October 2017

11. PFC thanked The Mexican National Committee of International Commission on Irrigation and Drainage (MXCID) for committing to make a special contribution to ICID budget amounting to 35% share from the registration fee collected for the 68th IEC and 23rd Congress meetings held in Mexico, Mexico from 08-14 October 2017. The Committee recommends that IEC may like to record its appreciation to MXCID for the successful organization of 68th IEC and 23rd Congress meetings.

PFC Minutes Item 4.2: 8th Asian Regional Conference, Kathmandu, Nepal 02-04 May 2018

12. PFC thanked the Nepal National Committee of ICID (NENCID) for committing to make special contribution to ICID budget amounting to 5% share from the registration fee collected of the 8th Asian Regional Conference (ARC) held in Kathmandu, Nepal from 02-04 May 2018. The Committee recommends that IEC may like to record its appreciation to NENCID for the successful organization of 8th Asian Regional Conference (ARC).

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

13. PFC noted that as per minutes of the 37th meeting of PFC of 67th IEC Meeting that the financial arrangements for the 9th Micro Irrigation Conference at Aurangabad, India in January 2019; 70th IEC and 3rd World Irrigation Forum (WIF), Bali Indonesia, September 2019; and 71st IEC, 24th Congress, Sydney, Australia, 22-28 September 2020 have already been approved. However, INACID representatives pointed out that even after getting the support from Indonesian government, the rates of participation will have to be maintained at \$800 to keep the financial viability of the event. Accordingly, it was accepted that the normal fees for participation may be kept at US\$800 with early bird fees as US \$ 750. For non-members category, the fees may be kept at US\$900.

14. PFC recommended IEC to approve proposal submitted by Morocco NC (ANAFIDE) for organising 5th African Regional Conference (5th AfRC) at Rabat, Morocco in March 2020 according to the presentation from its representative. Morocco further requested that the fee structure proposed by them may be approved as they are dealing with a special region with difficult economic conditions.

15. The NC of Morocco suggested to approve the registration fees of all the categories as mentioned below in tabular format. The PFC recommends IEC to approve the revised and reduced registration fees suggested by NC of Morocco which needs to be appreciated as this will result in greater participation in the respective annual events of ICID.

16. Registration fee structure of these events is at Annexes to 69th IEC Resolutions under **Annex R1.3, page 19**. Attempts may be made to keep the fee structure as low as feasible to promote better participation in the events.

PFC Minutes Item 6: To discuss the audited accounts of ICID for the year 2017-2018 and recommend to the IEC

17. The Committee considered the Audit Report of M/s P.K. Chopra & Co., Statutory Auditors for the financial year 2017-2018 presented in Annexes to 69th IEC Resolutions under **Annex R1.1, page 13**. The PFC having been satisfied with the report, recommended that the Audit Report for the FY 2017-2018 submitted by M/s P.K. Chopra & Co., be approved.

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

19. PFC noted with satisfaction that HSBC Bank, London account has been closed as per the decision of PFC in its 38th meeting of 68th IEC and an amount of US \$ 167,962.91 has been credited to ICID Current Account with Canara Bank, New Delhi, India after a lot of sustained efforts by SGH Er. Avinash C. Tyagi together with the Finance Section of ICID. PFC recommends IEC to give appreciation to SGH Er. Avinash C. Tyagi for his endeavors.

20. The PFC was informed that as per the information provided in 38th PFC of 68th IEC, Mexico, ICID has registered and shifted PF accounts of its staff members to Employees' Provident Fund Organisation (EPFO) with effect from 01 April 2013 in place of maintaining and running de-recognized EPF Trust w.e.f. 01 April 2013. According to the revised audited statement of ICID EPF trust, Members of EPF Trust have been paid their balance in ICID EPF as on 31st March 2013 after keeping a nominal balance to take care of any exigencies. PFC further noted that appeals have been filed against two income tax (IT) notices to EPF Trust for the year 2014-15 and 2015-16 amounting to INR 3.81 million which are under consideration of Income Tax Department and total contingencies of about INR 4.0 million will have to be settled before commencing the dissolution process of the ICID EPF Trust.

PFC Minutes Item 7: Budget and Expenditure for the FY 2017-2018

21. The Committee noted that there has been an overall deficit of ₹ 5.40 million (US\$ 81,818) against a deficit of ₹ 5.63 million (US\$ 85,303) envisaged in the revised budget for the year 2017-2018 mainly due to non-receipt of the contribution from the Mexican National Committee of International Commission on Irrigation and Drainage (MXCID) against its share from the registration fees of the 68th IEC and 23rd Congress meetings held in Mexico, Mexico from 08-14 October 2017.

22. The Committee noted with appreciation that Ministry of Water Resources, China through Chinese NC (CNCID) supported YP training programme and workshop in Beijing in April 2018 amounting to \$60,000. The Committee also noted that during the financial year 2017-2018 an amount of ₹ 0.32 million (US\$ 5,000) was received in December 2017 as a Special Subscription for Sustainable Development of Tidal Areas (SDTA) publication from Chinese Taipei Committee (CTCID), Taiwan. The committee recommends that IEC may record their appreciation for the contributions made and the active part taken by CNCID, KCID together with ICID Central Office for supporting the training programme and CTCID for the publication.

PFC Minutes Item 8: To consider revised budget proposal for the current FY 2018-2019; budget proposal for FY 2019-2020; preliminary budgets for FY 2020-2021 and forecast budget for FY 2021-2022

23. The committee was informed that Central Office is operating with 17 staff members. It was pointed out that despite the new activities being undertaken and proposed to be undertaken during the next financial year, the work is being accomplished through the existing staff and partly by hiring the services of consultant on temporary basis and that the budget proposals include salaries of ICID staff at the revised pay scales based on the report of ICID Staff Pay Revision Committee that was approved by the Staff Committee in its meeting held on 7th October 2017 in Mexico City, Mexico.

24. The Committee considered the revised budget for the FY 2018-2019 and the budget proposal for the FY 2019-2020, preliminary budget for 2020-2021 and forecast budget for 2021-2022. It noted that there is no deficit in proposed revised budget against approved budget for 2018-2019. PFC appreciated the financial management of the Central Office for maintaining a healthy situation for future.

25. The PFC appreciated the efforts of the ICID CO to create and maintain Gratuity Fund and Leave Encashment Fund to meet future liabilities.

26. The committee recommended to IEC for the approval of the revised budget for FY 2018-2019 and the proposed budget for FY 2018-2019, presented in Annexes to 69th IEC Resolutions under **Annex R1.2, page 18**, and noted the preliminary budget for FY 2020-2021 and forecast budget for 2021-2022.

PFC Minutes Item 9: Surplus/Deficit and Cash Reserves

27. The Committee noted that the Cash Reserves as at the beginning of the FY 2018-2019 is INR 40.38 million (US \$ 621,230) considering sundry debtors, advances (assets) and outstanding subscriptions. The reserves for the previous year of 2017-2018 were INR 38.61 Million (US \$ 585,061). The Committee appreciated the endeavours to improve the cash reserve vis-à-vis annual expenditure on an incremental basis.

PFC Minutes Item 10: Action on Recommendation of The Task on 'Review of Annual Subscriptions'

28. The PFC noted with appreciation action on recommendation of The Task on 'Review of Annual Subscriptions' taken by ICID CO. The 68th IEC, based on PFC recommendation, approved revision of the 1991 formulae as indicated below:

The Revised Formulae:

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

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

Where

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

(ii) UNC, for countries paying UN contribution

< 0.30 per cent: UNC = 0

>0.30 per cent but <0.60 per cent: UNC = US \$ 725

>0.60 per cent but <1.50 per cent: UNC = US \$ 1450

>1.50 per cent but <3.00 per cent: UNC = US \$ 2175

> 3.00 per cent: UNC = us \$ 2900

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

Weighted Benefit area=IA + (0.5)*DA.....if IA>DA

Weighted Benefit area=DA+ (0.5)*IA.....if DA>IA

(Where IA is Irrigated Area and DA is Drainage Area)

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

29. PFC observed that NCs were provided an opportunity up to 31st December 2017 to confirm the correctness of the Benefitted Area (IA and DA), and annual subscription based latest IA and DA (as per Annual Report 2016-17) and 20 NCs confirmed their agreement with the revised subscription. Further, 6 NCs indicated revised/updated IA and DA – subscription revised based on revised areas and 6 NCs (Estonia, Hungary, Malaysia, Nepal, Turkey and Switzerland) raised certain issues regarding identification/reconciliation of benefitted areas or phasing of transition and 26 NCs did not respond.

30. PFC observed that the first virtual meeting of the PFC was held on 02 April 2018 to review the status towards response received from the NCs and 2018 revised subscription sent to 52 NCs based on updated areas. Out of 6 remaining NCs, Switzerland has withdrawn from 2018, and subscription invoice based on present benefitted areas sent to 5 NCs.

31. During the PFC meeting, CO took up special meetings with the NCs of Nepal and Malaysia to arrive at a mutually agreed solution to the issue. In case of Malaysia, it was decided that the irrigated and drained area values will be reviewed by the National committee and the dues will be recalculated based on the new values. For Nepal, considering their special conditions and development status, it was decided that their fee structure may be retained as per the existing rates for the year 2017. Since Turkey representatives did not attend the meeting, the issue will be taken up with them separately. Hungary has already sent their subscription at pre-revised rates. Since Switzerland have withdrawn formally, the revision is infructuous for their case. Estonia have agreed to pay annual subscription as mentioned in the agenda at para 77.

PFC Minutes Item 11: Report of the Task Force on Independent Business Unit (IBU)

32. PFC, as per 38th meeting held in Mexico city in October 2017, considered and agreed to the Financial Sustainability report and its recommendations in order to implement strategies, programs and activities as per the road map to ICID Vision 2030. PFC agreed with one of the recommendation in the report that ICID needs to adopt more entrepreneurial routes to financial sustainability by investigating the scope for additional resource mobilization and one possibility in that direction could be to generate income by taking up assignments on commercial terms.

33. Accordingly, the Council meeting held at Mexico, 2017, accepted the PFC's recommendation to establish a Special Task Force to explore the possibility of establishing an Independent Business Unit related to ICID mission in order to generate additional income. The **MB at its 6th virtual meeting held on 22 November 2017** approved the **composition of STF** which has been constituted vide Notification No.7 of 2018 dated 15 January 2018 with PH Dr. Saeed Nairizi (Iran) as its Chair.

34. PFC observed that TF-IBU held its **first virtual meeting on 26 February 2018** and second virtual meeting on 24 July 2018 to deliberate various aspects of **establishment of IBU**. Based on advice of company law expert and Chartered Accountant, ICID CO prepared draft concept report and recommended that IBU can be set up as Section 8 company under Company's Act 2013. Some of the activities which can be considered by the IBU as identified by TF are limited professional consulting services; capacity development, workshop and training at national or regional

level; professional certification related to ICID mission; providing advice to the national governments in policy matters etc..

35. PFC recommended that NCs can also become agent/partners to the IBU in the exercise within their respective countries. The Chair of TF-IBU, PH Dr. Saeed Nairizi and SG A B Pandya briefed the member of PFC during the meeting.

36. PFC recommended and IEC approved “in-principle” to the proposal as formed by the TF-IBU and authorized ICID CO to take up preparation of formal detailed proposals for seeking approvals from the requisite government agencies. It was also suggested that the approval process may be completed before September 2019 to formally launch the IBU as part of commencement of 70th anniversary celebrations at Bali, Indonesia.

PFC Minutes Item 12: Miscellaneous Financial Issue

37. PFC recommended that ICID should make all efforts for renewal/resoration of FCRA registration. PFC noted that ICID has already taken up the matter and the new registration may be difficult being a very lengthy process since as per laid down procedure in Foreign Contribution (Regulation) Act (FCRA), 2010, credentials of all board members (President, VPs and SG) will have to be verified by respective authorities.

38. PFC considered and recommended the reappointment of the Statutory Auditor of ICID, M/s P.K. Chopra the statutory auditors of ICID for the period 2018-2019 to 2020-2021 which was approved by IEC subsequently.

PFC Minutes Item 13: Any Other Business

39. The Committee noted that Pakistan National Committee (PANCID) had paid US\$ 676.88 short due to exchange rate fluctuation for US Dollar and requested for waiving off of this short subscription as they are not in a position to make the payment of the balance amount out of current Financial Year 2018-2019 budget. PFC considered the request of PANCID and recommended to IEC for accepting the request of PANCID for waiving off the less subscription in respect of ICID membership, which was subsequently approved by IEC.



