
FINANCIAL STATEMENT: FINANCIAL YEAR 2016

PREPARED BY: IOTC SECRETARIAT, LAST UPDATED: 08 MAY 2017

PURPOSE

To inform the Standing Committee on Administration and Finance (SCAF) of financial aspects of the Commission for the financial year 2016 (1 January 2016 to 31 December 2016).

STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN 2016

1. [Table 1](#) indicates the status of contributions as of 31 December 2016 in United States Dollars (US\$), as reported to the IOTC Secretariat by the FAO Department of Administration and Finance. Note that the budget of IOTC is entirely autonomous, and paid for exclusively by its Members, as no financial contributions are made from the FAO Regular Program.
2. The cumulative total of outstanding contribution payments has increased from US\$1,963,494 as of December 31st 2015, to US\$ 2,318,898 as of December 31st 2016, an increase of US\$ 355,404 (18%). In 2015 the increase was 14%. 15 members have a total of US\$ 2,318,898 payments in arrears (see Financial Reg. V.3) as of 31st December 2016.
3. The delay in the submission of the contributions is not entirely unexpected, as 'Call for Funds' letters were sent as usual by FAO towards the end of August 2016, through the usual diplomatic channels, and some Member's administrations may not have completed the processing of the invoices. A reminder was circulated in February 2017 to all members which improved the situation for 2017 contributions, although as of the reporting date, 8 members (Eritrea, Guinea, Iran, Kenya, Madagascar, Mozambique, Sudan and Yemen) have contributions that are in arrears by two years or more.
4. Fortunately in 2016 under-expenditures are reported and the deficit contingency budget has eased the cash flow situation. However, with commitments for salaries being posted in the accounts at the beginning of the year it is fundamental that contributions are also paid ASAP after receipt of the Call for Funds. The IOTC will continue to face considerable risk of reduced staff and operations in future years due to unpaid contributions. FAO's project¹ cycle and the FAO manual section governing financial rules and regulations, which govern the administrative and financial processes of the IOTC, apply regulations that IOTC is accountable for.

EXPENDITURES FOR THE YEAR 2016

5. A comparison between the budgeted and actual expenditures is provided in [Table 2](#). [Table 3](#) provides a summary for salary-related costs. At the level of the overall 2016 budget, there was an under-expenditure of approximately US\$1,262,911 (-34% variance). This under-expenditure was mainly due to under-spending in staff costs due to: the Executive Secretary post becoming vacant for most of the year; the Deputy Executive Secretary post remaining vacant most of the year and; the Stock Assessment Expert taking his post in December 2016, and the Administrative Officer, P3 taking up duties only in November 2016. At year end there was also a positive adjustment to the benefits pool.

¹ <http://www.fao.org/docrep/016/ap105e/ap105e.pdf>

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

	1	2	3	4
Member	Outstanding contribution 31 December 2015 (all years prior to 2016)	Contribution due for 2016	Received contributions in 2016	Total contributions in arrears 31 December 2016
AUSTRALIA	0	180,887	180,887	0
BELIZE	0	47,092	0	47,092
CHINA	0	104,103	104,103	0
COMOROS	26,822	31,214	37,152	20,884
ERITREA	195,893	28,384	0	224,277
EUROPEAN UNION	0	784,248	784,248	0
FRANCE	0	149,516	149,074	442
GUINEA	143,308	0	0	143,308
INDIA	0	160,611	160,611	0
INDONESIA	0	291,121	291,121	0
IRAN	791,928	177,217	0	969,145
JAPAN	0	216,056	216,056	0
KENYA	25,017	28,355	0	53,372
KOREA, Rep. of	0	173,460	173,460	0
MADAGASCAR	38,490	33,415	8,133	63,772
MALAYSIA	0	79,800	79,800	0
MALDIVES	0	124,358	124,358	0
MAURITIUS	0	62,577	62,577	0
MOZAMBIQUE	0	30,291	0	30,291
OMAN	0	182,982	182,982	0
PAKISTAN	162,590	96,829	206,142	53,277
PHILIPPINES	1,152	63,039	64,191	0
SEYCHELLES	0	107,216	107,216	0
SIERRA LEONE	38,391	0	0	38,391
SOMALIA	10,233	12,681	10,233	12,681
SOUTH AFRICA	0	57,544	57,544	0
SRI LANKA	0	124,833	124,833	0
SUDAN	277,787	46,910	0	324,697
TANZANIA	0	32,002	32,002	0
THAILAND	2,497	70,804	73,301	0
UNITED KINGDOM	0	149,553	149,553	0
VANUATU	55,995	0	0	55,995
YEMEN	193,391	87,884	0	281,275
Total	1,963,494	3,734,982	3,379,578	2,318,898

Table 2. Comparison between actual and budgeted expenditures in 2016 (in US\$).

	Budget Item Description	Budget	Actual	Variance	Percent Variance
1	Administrative Expenditures				
1.1	Professional Salaries	1,156,566	661,235	-495,331	-43%
1.2	General Service Salaries	73,678	72,791	-887	-1%
	Sub-total Salaries	1,230,244	734,026	-496,218	-40%
1.3	Employer contributions to Pension Fund and Health Insurance	323,581	205,518	-118,063	-36%
1.4	Employer contribution to FAO Entitlement Fund	570,769	408,450	-162,319	-28%
1.5	ICRU	61,277	43,239	-18,038	-29%
1.6	Adjustment entitlement fund	0	-25,620	-25,620	
1.7	Total Administrative Expenditures	2,185,871	1,365,613	-820,258	-38%
2	Operating Expenditures				
2.1	Support to Capacity Building	115,000	59,028	-55,972	-49%
2.2	Consultants	110,000	151,377	41,377	38%
2.3	Duty travel	190,000	98,721	-91,279	-48%
2.4	Meetings	45,000	68,182	23,182	52%
2.5	Interpretation	145,000	146,044	1,044	1%
2.6	Translation	135,000	107,673	-27,327	-20%
2.7	Equipment	29,000	31,652	2,652	9%
2.8	Operating Costs	49,000	53,582	4,582	9%
2.9	Printing	30,000	4,388	-25,612	-85%
2.10	Contingencies/Miscellaneous	2,000	4,956	2,956	148%
2.11	MPF	150,000	211,022	61,022	41%
2.12	Total Operating Expenditures	1,000,000	936,626	-63,374	-6%
	SUB-TOTAL	3,185,871	2,302,239	-883,632	-28%
3	Additional Contributions Seychelles	-20,100	-17,657	2,443	-12%
	Deficit Contingency	375,051	0		
	TOTAL	3,540,822	2,284,582	-881,189	-35%
4	FAO Servicing Costs	136,614	93,403	-43,211	-32%
5	GRAND TOTAL	3,677,436	2,377,984	-1,299,452	-35%

Explanatory notes on expenditures for 2016

Salaries – Professional grade staff (1.1)

6. Professional Salaries were well within the budgeted figure, with a saving of approximately US\$ 495,331 (-43% variance) primarily due to the vacant posts of the Executive Secretary, Deputy Executive Secretary, Administrative Officer (filled in November 2016), Stock Assessment Expert (filled in December 2016) and the Data Coordinator (filled in February 2016).

General Service staff (1.2)

7. General Service salaries were accurately budgeted and there was a variance of only -USD 887 (-1%). Although there were some General Service staff changes in 2016, posts were filled quickly.

Employer contributions (1.3 & 1.4)

8. Employer contributions to the Pension Fund and health insurance costs were considerably below budgeted figures (-36% variance) as a direct consequence of the reasons mentioned above. Likewise the contributions to the FAO entitlement fund were 28% below budgeted figures. These entitlement contributions are assessed by FAO to every

project (including IOTC) by prorating actual costs of covering these entitlements across FAO. Therefore an overall reduction in staff costs results in a similar reduction in employer contributions. A pool rebate was received at the end of 2016 (see 1.6) based on overall FAO calculations for the year.

Support to Capacity building (2.1)

9. The budget line on Support to Capacity Building shows expenditures below the budgeted figure (-49% variance). This is a consequence of the IOTC Secretariat being able to utilise significant extra-budgetary resources to cover a majority of the anticipated expenses, thus allowing realised savings.

Consultants (2.2)

10. The total expenditure for consultants is made up of a range of expenditures relating to the support provided by external scientific experts, including other planned consultancy fees. The IOTC registered an over-expenditure of US\$ 41,377 under this account line (+38% variance). This over-expenditure was due to consultancies that required longer time than expected and also due to covering for the vacancies through consultancies.

Duty travel (2.3)

11. Duty travel includes travel of the staff, mostly to participate in meetings of the Commission or of other organisations. Details of the travel undertaken in 2016 under the support of the Commission, is presented in [Appendix I](#). The Secretariat registered an under-expenditure on duty travel of approximately US\$ 91,279 (48% variance) under this account line. This is due to some travel being undertaken using extra-budgetary funds and also a significant volume of meetings actually taking place in Seychelles and therefore not requiring travel.

Meetings (2.4)

12. The cost for meetings (US\$68,182) was over-expended by 52% due to the increased costs to host the Scientific Committee (SC19), WPDCS12, WPM07 and WPTT18 in Seychelles in November/December 2016. The expenditures under this category include rental of premises, data lines, sound and interpretation equipment as required, as well as incidentals such as transport, and breaks.

Interpretation (2.5)

13. The costs for interpretation included interpreter fees (US\$85,313) and travel (US\$22,360) for teams of six interpreters at the Commission and the Scientific Committee. This was in line with the budgeted allocations.

Translation (2.6)

14. The IOTC Secretariat had an increased translation budget compared to 2015 and this was more than adequate to cover the costs of translations. This budget line registered an under expenditure of approximately US\$27,327 (-20% variance).

Equipment (2.7)

15. The equipment account line registered a savings of US\$2,652 (-9% variance).

General operating costs (2.8)

16. General Operating costs include a series of expenditures related to the normal functioning of the Secretariat office. [Table 4](#) shows a detail of the costs for 2016. The difference between budgeted (US\$49,000) and actual operating costs (US\$53,582) represents a 9% variance. This increase was mainly due to internet service provider costs being increased to provide a better service for the Secretariat.

Printing (2.9)

17. Funding for printing was under-spent. The difference between the budgeted amount (US\$30,000) and the actual expenditures (4,956) represents a significant variance of -85%. This is mainly because some of the printing was covered by extra-budgetary funds. The printing line was removed from the 2017/18 PWB.

Contingencies (2.10)

18. As required by provisions in the Financial Regulations, a contingency budget line provides for miscellaneous expenditures that are confronted by the Secretariat and do not fit into the pre-defined account structure of the operating expenditures. There were over-expenditures under this line of US\$2,956 (or a 148% variance). These were related to hospitality for the events in Seychelles.

Meeting Participation Fund (MPF) (2.11)

19. The approved MPF budget for 2016 was US\$150,000 plus an additional US\$50,000 (total US\$200,000). The MPF therefore had over expenditures representing a variance of 41% from the original amount shown in Table 2 and of

5.5% considering the additional approved allotment.

Additional Contributions by Seychelles (3)

20. The additional contribution from the government of Seychelles is in line with the revised HQ agreement between FAO and the government of the Republic of Seychelles. The current contributions from the Government of Seychelles are intended to defray some of the costs of operating the Secretariat, including costs of the Information Technology Consultant in Seychelles. The forecasted contributions were US\$20,100 and actual receipts were US\$ 17,657 on 31 December 2016.

FAO Project Service Cost (4)

21. The FAO Project Servicing cost in 2016 was US\$93,403, representing a saving of -32%. These service costs are proportionate to the overall budget therefore a reduction can be expected.

FINANCIAL STATUS

22. The IOTC Secretariat has initiated a process to budget and monitor expenditure, within the FAO mandated project structure, on a yearly basis. An IOTC umbrella has been created for the various projects and activities that fall under the Secretariat's structure. New agreements, projects and specifically and uniquely funded recommendations now appear as stand-alone projects with allocated budgets. The MPF project has also been created with a zero percent project servicing cost. It is a multi-donor project that any member can join and contribute resources to. The main objective of these actions is to provide a clear picture of individual budgets, expenditure and monitoring of resources under the responsibility of the Secretariat.
23. As viewed within [Table 2](#), a grand total of US\$2,388,905 has been spent against a budget of US\$3,677,436 in 2016 (-35% variance). It is important to note that until all 2017 contributions are received this is technically not a saving due to the total arrears in contributions from Member countries. Taking into account the total historical arrears in contributions (which include 2016), approximately US\$2.3 million is outstanding as of 31 December 2016.
24. The IOTC Secretariat aims to pursue payment of these outstanding arrears. A significant and immediate risk remains that FAO impedes expenditure against the IOTC project until contributions match commitments.

EXTRA-BUDGETARY FUNDS

25. The Secretariat has conducted special activities funded by allocations of extra-budgetary funds provided by the Members. The extra-budgetary financial situation of 2016 is summarised in Table 5. Support received includes; support from Australia and China to assist developing coastal countries in their participation and attendance of meetings and workshops through the MPF; European Union (DG Maritime Affairs and Fisheries) grant agreements for technical assistance to developing countries to improve implementation of at sea observer scheme and data collection; an EU Grant Agreement for stock assessment and EU funding for both the S20 and SC19 events. The Regional Observer Programme (ROP) also received US\$653,332 of contributions in 2016 from participants in the programme.
26. The IOTC Meeting Participation Fund (MPF) was set up during the 14th Session of the Commission in 2010 through the adoption of Resolution 10/05. The Commission approved a total budget of US\$200,000 in 2016 and US\$74,066 of extra-budgetary contributions were received from Australia and China giving a total 2016 MPF budget of US\$274,066. Details of the meetings as well as participant numbers can be found in Appendix II and additional details are provided in IOTC–2017–SCAF14–08.

Table 3. Detail of Staff-Related Costs During 2016 (in US\$)

	General Service Staff	Professional Staff	Total
Base Salary Actual	72,791	452,687	525,478
Basic Medical Insurance Plan	36,648	24,415	61,063
Contribution to FAO entitlement fund	35,428	373,023	408,450
Pension plan	13,104	131,350	144,455
Post Adjustment	-	208,548	208,548
ICRU	4,564	38,675	43,239
Total	162,535	1,228,698	1,391,233
Grand Total			1,391,233

Table 4. Detail of General Operating Expenditures in 2016 (in US\$)

Category	Actual Costs
Telephone	7,453
Internet	20,221
Postage	1,211
Office Supplies & furniture	9,195
Water	2,034
Cleaning	3,838
Vehicle Insurance	1,120
Vehicle Maintenance	4,714
Website	4,073
Newspaper HR adverts and supplies	1,766
*Payment Interpreters Booths	(1,478)
TOTAL	53,582

*Payment received for local rental of interpreter booths

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Table 5. Extra Budgetary Funds								
Project No.	Area of Work	Donor	Description	Total Funding Amount US\$	Expenditures previous years	Expenditures 2016 US\$	*Outstanding Amount US\$	NTE
MTF/INT/314/MUL	Compliance	Cost-recovery from participants of ROP	Regional Observer Programme (transshipment monitoring programme)**	2,362,528	1,021,905	653,332	687,291	31-12-17
GCP/INT/233/EC	Science	EU	Population structure of IOTC species in the Indian Ocean: Estimation with next generation sequencing technologies and otolith micro-chemistry	1,529,487	-	4,313	1,525,174	30-09-19
GCP/INT/234/EC	Compliance	EU	Technical assistance to developing countries to improve implementation of IOTC Conservation and Management measures	155,703	72,272	35,509	47,922	30-12-16
GCP/INT/256/EC	Capacity Building	EU	IOTC Assistance to foster compliance-technical assistance to developing countries to improve implementation of at-sea observer scheme and data collection	161,008	-	64,647	96,361	31-12-17
GCP/INT/257/EC	General	EU	Funding for the 20th Session of the IOTC (S20)	255,321	-	243,689	11,632	21-12-16
GCP/INT/258/EC	Science	EU	Support to the Scientific Committee Programme of Work (SC19)	634,872	-	43,305	591,567	31-10-17
MPF Extra-budgetary	Meetings	Australia/China	Extra funds for meeting participation			74,066		
Total				5,098,919	1,094,177	1,118,861	2,959,947	

*All outstanding amounts are those recorded on 31 Dec 2016.

** Excludes previous years before project was formed (funds were paid directly into 661/MUL IOTC account).

RECOMMENDATION/S

That the Standing Committee on Administration and Finance **NOTE** paper IOTC–2017–SCAF14–03 which includes the Financial Statement and supporting documentation for the financial period 01 January 2016 to 31 December 2016.

APPENDICES

Appendix I: Detailed travel schedule for 2016

Appendix II: Participation under MPF in 2016

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**APPENDIX I
DETAILED STAFF TRAVEL SCHEDULE 2016**

MEETING/EVENT	DATE AND LOCATION	DUTY TRAVEL (No. of Secretariat Participants)
SWIOFC 4th Working Party for Collaboration and Cooperation in Tuna Fisheries	21-22 Jan Zanzibar, Tanzania	1
Compliance Support Mission	23-30 Jan Tanzania and Kenya	1
Follow up Compliance support Mission	22-30 Jan Mozambique and Mauritius	1
Coastal States 3rd Scientific and Technical Advisory Committee - STAC and a meeting with Maldives Commissioner to IOTC	01-06 Feb Male, Maldives	1
Data Compliance and Support mission	06-13 Feb Zanzibar and Dar Es Salaam, Tanzania	2
Follow up Compliance support Mission	14-21 Feb Antananarivo, Madagascar	1
Technical Committee on Allocation Criteria	17-24 Feb Kish, Iran	3
Attend the African Union meeting on Strengthening institutional capacity to improve governance of the fisheries and aquaculture in Africa	29 Mar- 01 Apr Dakar, Senegal	1
Project Steering Committee - Population structure of IOTC species in the Indian Ocean: estimation with next generation sequencing technologies and otolith micro-chemistry	25-29 Apr Bangkok, Thailand	1
CoC13, SCAF13, S20, MPD03	14-28 May, Reunion, France	6
Compliance Mission and training	01-06 Jun Maputo, Mozambique	1
Fish-i Africa Meeting	12-17 Jun, Port Louis, mauritius	1
PSM training EU 2.1 National PSM Training and Resolution 10/11	02-08 Jul, Durban South Africa	1
3rd meeting of the Steering Committee of the ABNJ Tuna Project	05-10 Jul Rome, Italy	1
Working Party on Temperate Tuna and CPUE Workshop	15-23 Jul Shanghai, China	1
Regional PSM Training & CSM	16-23 Jul Cape Town, South Africa	1
National e-PSM training	06-14 Aug Maputo, Mozambique	1
Data & Support Compliance Mission	07-14 Aug Port Louis, Mauritius	2
Follow-up Compliance Support Mission and Official visit to the Ministry of Fisheries Bali	14-21 Aug Jakarta/Bali Indonesia	1

National e-PSM training	20-24 Aug Antananarivo, Madagascar	1
National e-PSM training	04-10 Sep Port Louis, mauritius	1
National e-PSM training	18-24 Sep Nairobi, kenya and Zanzibar, Tanzania	1
Compliance Support Mission	26 Sep-01 Oct Cape Town, South Africa	1
Regional PSM training	30 Sep-07 Oct Phuket, Thailand	1
National e-PSM trainings	14-27 Nov Colombo, Sri Lanka and Kuala Lumpur, Malaysia	1
National e-PSM training	03-13 Dec Port Louis, Mauritius	1
National e-PSM training	26-30 Dec Salalah, Oman	1

APPENDIX II
2016 MEETING PARTICIPATION FUND

IOTC MEETINGS	DATE AND PLACE	NUMBER OF PARTICIPANTS	MEETING PARTICIPATION FUND
Technical Committee on Allocation Criteria (TCAC03)	19-20 Feb, Kish, Iran	59	10
Commission meetings (CoC13, SCAF13, S20)	16-27 May, La Reunion, France	178	19
Working Party on Neritic Tuna	21-24 June, Victoria, Seychelles	20	11
Working Party on Temperate Tuna	18-21 July, Shanghai, China	29	4
Working Party on Billfish	06-10 Sep Victoria, Seychelles	18	6
Working Party on Ecosystems and Bycatch	12-16 Sep Victoria, Seychelles	34	11
Working Party on Tropical Tuna	05-10 Nov Victoria, Seychelles	44	15
Working Party on Methods	11-13 Nov Victoria, Seychelles	29	4
Working Party on Data Collections and Statistics	28-30 Nov Victoria, Seychelles	32	6
Scientific Committee	01-05 Dec Victoria, Seychelles	65	10