

## FINANCIAL STATEMENT: 2012

PREPARED BY: IOTC SECRETARIAT, 12 APRIL 2013

### STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN 2012

- Table 1 indicates the status of contributions as of December 31<sup>st</sup> 2012 in USD, as reported to the IOTC Secretariat by FAO 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 Programme.
- The cumulative total of outstanding contribution payments has increased from US\$1,054,572 as of December 31<sup>st</sup> 2011, to US\$1,069,802 as of December 31<sup>st</sup> 2012, an increase of US\$15,320 (1.4%) with ten Members having payments in arrears (see Financial Reg V.3). For accounting purposes, minor outstanding payments are included in Table 1, although these amounts are the result of bank charges when funds are transferred or differences in exchange rate between currencies and are therefore not considered in arrears.

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

Member	Outstanding at 31/12/2011	Contribution 2012	Received to 31/12/2012	In arrears as of 31/12/2012
AUSTRALIA	-	115,710	115,710	-
BELIZE	37,344	39,277	76,621	-
CHINA	-	71,127	71,127	-
COMOROS	20,590	22,550	17,835	25,305
ERITREA	112,590	17,614	-	130,204
EUROPEAN COMMUNITY	-	493,493	493,493	-
FRANCE	-	126,614	126,614	-
GUINEA	74,630	17,438	-	92,068
INDIA	2,305	94,128	96,433	-
INDONESIA	10,012	157,626	167,638	-
IRAN	427,192	98,032	92,472	432,752
JAPAN	-	182,653	182,653	-
KENYA	29,203	18,005	16,568	30,639
KOREA, Republic of	-	111,955	111,955	-
MADAGASCAR	20,327	21,252	35,287	6,292
MALAYSIA	-	48,345	48,345	-
MALDIVES	-	82,723	82,723	-
MAURITIUS	-	39,457	39,457	-
MOZAMBIQUE	-	7,816	7,816	-
OMAN	-	116,781	116,781	-
PAKISTAN	70,801	51,217	-	122,018
PHILIPPINES	-	40,014	40,014	-
SEYCHELLES	-	64,659	64,659	-
SIERRA LEONE	24,192	7,816	-	32,008
SRI LANKA	-	74,142	74,142	-
SUDAN	139,139	29,641	-	168,780
TANZANIA	34,164	18,959	53,123	-
THAILAND	2,136	50,893	53,029	-
UNITED KINGDOM	40	95,094	95,142	8
VANUATU	49,908	29,744	49,908	29,744
YEMEN	-	-	-	-
<b>Total</b>	<b>1,054,572</b>	<b>2,344,775</b>	<b>2,329,545</b>	<b>1,069,802</b>

- The delay in the submission of the contributions is not entirely unexpected, as 'Call for Fund' letters were sent by FAO towards the end of May 2012, through the usual diplomatic channels, and some administrations may not have completed the processing of the invoices. As of the reporting date, six Members, Eritrea, Iran, Guinea, Pakistan, Sierra Leone and Sudan, have contributions that are in arrears by two years or more. The Islamic Republic of Iran has encountered difficulties to submit funds through regular banking channels to the accounts provided by FAO. A

solution was found by depositing funds with the office of the FAO Representative in Tehran, and outstanding payments are being received through this procedure.

## Expenditures for the year 2012

4. 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 budget, there were savings of 4% relative to the expenditures budgeted for 2012, due mainly to the lower than expected deductions related to health insurance, a General Service post being vacant during most of the year, and an overall reduction of 10% in the Operating Expenditures.

*Table 2. Comparison between actual and budgeted expenditures in 2012 (in US\$).*

Expenditures	Budget	Actual	Variance	Percent variance
<b>Administrative Expenditures</b>				
Professional Salaries	738,912	754,678	15,766	2%
General Service Salaries	60,806	45,138	-15,669	-26%
Professional cost variance				
Sub-total Salaries	<b>799,718</b>	<b>799,816</b>	<b>98</b>	<b>0%</b>
Employer contributions to Pension Fund and Health Insurance	289,404	244,190	-45,214	-16%
Employer contribution to FAO Entitlement Fund	316,153	375,759	59,606	19%
<b>Total Administrative Expenditures</b>	<b>1,405,275</b>	<b>1,419,764</b>	<b>14,489</b>	<b>1%</b>
<b>Operating Expenditures</b>				
Support to Capacity Building	78,000	25,270	-52,730	-68%
Consultants	54,500	11,470	-43,030	-79%
Duty travel	272,330	253,146	-19,184	-7%
Meetings	100,000	97,441	-2,559	-3%
Interpretation	135,000	136,989	1,989	1%
Translation	100,000	100,833	833	1%
Equipment	26,250	54,174	27,924	106%
Operating Costs	45,000	44,467	-533	-1%
Printing	31,500	43,087	11,587	37%
Contingencies/Miscellaneous	6,000	706	-5,294	-88%
<b>Total Operating Expenditures</b>	<b>848,580</b>	<b>767,583</b>	<b>-80,997</b>	<b>-10%</b>
SUB-TOTAL	2,253,855	2,187,347	-66,508	-3%
Additional Contributions Seychelles	12,500	9,760	-2,740	-22%
<b>TOTAL</b>	<b>2,266,355</b>	<b>2,177,587</b>	<b>-88,768</b>	<b>-4%</b>
FAO Servicing Costs	101,423	98,431	-2,993	-3%
<b>GRAND TOTAL</b>	<b>2,367,778</b>	<b>2,276,018</b>	<b>-91,760</b>	<b>-4%</b>

### *Explanatory notes on expenditures for 2012*

5. **Professional Salaries** were above the budgeted figure as a consequence of the placement of newly recruited personnel in relatively high step-level with the assigned grade. The FAO HR has shown more flexibility in the assignment of the step with a grade relative to previous years.

6. **General Service** salaries are below budgeted figure due to the position of Compliance Assistant being vacant during most of the year as, in spite of several attempts to recruit, it has been possible to recruit a suitable candidate in 2012. **Overtime** applies to GS staff only and compensates for the after-hours work during meeting periods and preparation of reports. The heavy workload for the local staff in preparation for the meetings resulted in the additional overtime needed.
7. Employer **contributions to the Pension Fund and health insurance** costs were below budgeted figures, with lower than expected deductions for the health insurance. However, **contributions to the FAO fund for staff entitlements** were above the budgeted figure as a result of much higher contribution per post, as assessed by FAO, and reflecting also rental assistance for newly recruited professional that had not been anticipated in the original budgetary provisions. These entitlements contributions are assessed by FAO to every project (including IOTC) by prorating actual costs of covering these entitlements across FAO. It is important to note that, if the Secretariat had been operating with a full staff throughout the year, the expenditures would have been proportionally larger.
8. The line on **Capacity Building** shows expenditures of US\$25,270, below the budgeted figure. This is a consequence of the Secretariat being able to utilize extra-budgetary sources to cover some of the anticipated expenses, thus allowing to realize some savings. The funds utilized were to cover fees (US\$22,905) and travel (US\$2,366) for the preparation of material and documents to be used in compliance-related training.
9. The total expenditure for **consultants** is made up of a range of expenditures relating to the support provided by external experts, including regular consultancies fees (US\$11,470) that were related to the production of an Ecological Risk Assessment for sharks and for marine turtles. In 2012, it was possible to utilize funding available for the Tagging Symposium to support analyses that are normally funded through this budget line, therefore realizing some savings for the regular budget.
10. **Duty travel** includes travel of the staff, mostly to participate in meetings of the Commission or of other organizations. Details of the travel undertaken in 2012 under the support of the Commission, is presented in Appendix I. Expenditures related to the Meeting Participation Fund, set up by Resolution 10/05, are reported at the end of this document. The travel component also includes:
  - a) Attendance of invited experts to each of the Working Party on Billfish ,Working Party on Tropical Tunas and Working Party on Temperate Tunas.
  - b) Travel costs of an FAO staff member to support the 16<sup>th</sup> Annual Session (FAO covered salary expenses).
11. The cost for **meetings** (US\$97,441) were slightly below the budgeted figure for the year. The expenditures under this category include rental of premises, and sound and interpretation equipment when needed, as well as incidentals such as catering for functions and breaks.
12. The costs for **interpretation** included interpreter fees (US\$76,038) and travel (US\$60,951) for teams of six interpreters at the Sessions of the Compliance Committee, Commission and the Scientific Committee.
13. In 2012, the **equipment** line was heavily utilized as the replacement of some of the outdated office and computer equipment had been deferred in 2011. In addition, there was unexpected expenditures as a number of air conditioning equipment in the Secretariat had to be replaced, due to poor maintenance by the authorities responsible for the premises. The Secretariat is seeking a refund of the expenditures (US\$14,104) from the Government of Seychelles.
14. **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 2012. The difference between budgeted and actual operating costs was about 2% as shown in Table 2.
15. Funding for **Printing** were fully utilized as the bycatch species identification material has been finally printed as requested by the Scientific Committee, completing a work that has been unfinished in 2011. The Report of the Scientific Committee was also printed, and distributed during the 16<sup>th</sup> Session.
16. The **additional contribution of Seychelles** (13,000 Seychelles rupees per month, as per the IOTC Headquarters Agreement) which is set in local currency and intended to defray some of the costs of operating the Secretariat in Seychelles, has decreased in dollar terms due to the decline of the dollar value relative to the Seychelles rupee during 2012. The Government of Seychelles has agreed to increase this contribution, which had been fixed for many years, by 50%. In addition, Seychelles continues to support the costs associated with the post of IT Manager.

**Table 3. Detail of Staff-related costs during 2012 (in US\$).**

	General Service Staff	Professional Staff
Base Salary At Actual	42,358	547,904
Basic Medical Insurance Plan	34,806	31,198
Contribution to FAO entitlement fund	22,470	353,288
Pension Plan	8,265	169,921
Post Adjustment		206,775
Overtime	2,780	
<b>Total</b>	<b>110,679</b>	<b>1,309,085</b>
		<b>1,419,764</b>

**Table 4. Detail of General Operating Costs in 2012 (in US\$).**

Expenditure	Actual costs
Telephone	6,731
Internet connection	8,073
Postage (including courier)	5,481
Office Supplies	6,858
Office Furniture and Maintenance	4,305
Cleaning	2,875
Office Security	1,810
Local clerical services	450
Vehicle Maintenance	7,885
<b>Total</b>	<b>44,467</b>

## Balance of funds

17. A budget summary, including funds received, bank interest and expenditures is given in Table 5 according to the information extracted by the Secretariat from the FAO Project Status Report on March 20<sup>th</sup> 2013 for the year 2012. The Project Status Report is one of the standard Budget Holder reports available<sup>1</sup> to monitor the financial situation of Trust Funds in FAO, such as the one assigned to IOTC, and it provides a summary of all funds received and spent under the Trust Fund since the inception of the project (for FAO administrative purposes, IOTC is considered to be a 'project').
18. Over the years, IOTC has received funding from the Members for special, extra-budgetary, activities, such as tagging programmes or to finance the implementation of the Regional Observer Programme among others. In some occasions, special sub-projects have been created to separate, to some extent, the accounting for these activities. But there are still activities for which the funding has been maintained at the main account level. Therefore, before we can assess the current balance of funds, the funding (and expenditures) related to these special activities needs to be identified and separated from those funds that are strictly related to the regular operations of the Secretariat. The presentation in Table 5, as in previous years, follows this approach.
19. A total of US\$26,299,212 has been received since the start of the IOTC, but some of these contributions represent extra-budgetary contributions designated for special purposes. These, for example, include funds supplied by the EU for the Tagging Symposium, or the funds to cover the costs of the Regional Observer Programme received from the participating fleets. As mentioned above, these funds need to be removed before we can assess the

<sup>1</sup> Available through Oracle Discoverer Viewer at <http://dwinternet.fao.org>

actual amounts of reserve funds. Once this is done, the result is that US\$20,979,956 have been received to date to account for activities under IOTC regular budget.

*Table 5. Balance of Funds (in US\$)*

<b>Contributions</b>		<b>Expenditures</b>	
Received as contributions (1997–2012)	26,052,623		
Interest earned (1997–2012)	246,589		
<b>Total funding received.</b>	<b>26,299,212</b>	Expenditures (1997–2012)	<b>25,811,151</b>
<b>Extra-budgetary activities</b>			
Tagging Symposium (EU)	317,328	Symposium expenditures	313,545
Support to Compliance (EU)	79,290	Support expenditures	25,271
Management Workshop/ Estimation of Fishing Capacity (AUS)	104,065	Estimation of fishing capacity	22,935
ROP contributions (participating fleets)	4,394,301	ROP expenditures	4,771,564
MPF Allocation (accumulated funds)	424,272	MPF expenditures	412,116
		Tagging-related (to sub-project)	5,746
		ROS-related (to sub-project)	49,706
<b>Contributions for main budget</b>	<b>20,979,956</b>	<b>Expenditures against main budget</b>	<b>20,210,268</b>
<b>Balance of Funds as of December 31, 2012</b>			<b>769,688</b>

20. A similar approach is taken with the overall expenditures. For example, the expenditures related to the Regional Observer Programme, should only be charged against the contributions received from the fleets participating in the Programme, and not to all the Members. Added to this are some expenditures that have been erroneously charged against the main IOTC budget in 2011, and that should have been charged instead to one of the two sub-projects associated with the main budget, on tagging activities funded by Japan (sub-Project 1) and special activities in support of the Regional Observer Scheme (sub-Project 2).
21. Once these adjustments are taken into account, a proper balance of funds is obtained by deducting the expenditures against main budget (US\$20,210,268) from the funding received for the IOTC main expenditures (US\$20,979,956). This total balance of funds (US\$769,688) corresponds to the situation at December 31st, 2012.
22. It is very important to note, as the Secretariat has done in past years, that these funds have been used to support the functioning of the Secretariat since the beginning of 2013, as no contributions are called for and, therefore, submitted before the budget of the Commission is approved at its 17<sup>th</sup> Session. This is an impediment to use accumulated funds for other purposes as it is necessary to ensure a proper cash flow during the first part of the year. This situation will be further discussed and action by the Commission will be sought under another item in the agenda of the SCAF.

### **Extra-budgetary funds**

23. The Secretariat has conducted special activities funded by allocations of accumulated funds or extra-budgetary funds provided by the Members. The financial situation of these funds are summarised in Tables 6 and 7. Support received recently includes funds from Australia to conduct a study to estimate fishing capacity (conducted/completed in 2009), and a workshop on Management Options. The activities related to tagging funded by Japan, to conduct tagging experiments in the central and eastern Indian Ocean are now finalised.
24. The **IOTC Meeting Participation Fund (MPF)** was set up during the 14<sup>th</sup> Session of the Commission in 2010 through the adoption of Resolution 10/05 (Table 7). US\$200,000 from the IOTC accumulated funds were set aside to establish the MPF, to be maintained in the future through sources to be identified by the Commission. The Fund was replenished in 2011 and 2012, to compensate for the expenditures. In 2012, Australia contributed

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US\$69,492 to defray costs of participation of coastal states at the 16<sup>th</sup> Session that are considered as an additional contribution to the MPF objectives.

25. The MPF was used by the Secretariat for five scientific meetings in 2012, i.e. the i) Working Party on Billfish in July in South Africa, ii) Working Party on Ecosystems and Bycatch, also in South Africa and iii) the Working Party on Tropical Tunas in Mauritius in October 2012 (2 weeks), iv) the Working Party on Neritic Tunas in Malaysia, and v) the Working Party on Data Collection and Statistics and vi) the Scientific Committee in Seychelles in December 2011 (1.5 weeks). In 2011, the MPF was further used to finance the participation to the Technical Committee on Allocation Criteria held in Kenya in February 2011 (3 days) and to the Sessions of the Compliance Committee, the Standing Committee on Finance and Administration and the Commission in Sri Lanka (1.5 weeks).
26. In total **75 participants** (29 of these to non-scientific meetings) from **16 countries** were funded in 2012 (i.e. airfare and accommodation) under the MPF for a total of US\$179,755. All trips were organized by the Secretariat and FAO daily subsistence allowances (DSA) were applied. A reduced DSA was applied for the meetings where hotel costs were paid directly by the Secretariat. Participants to Working Parties funded under the MPF contributed 36 working documents to the scientific meetings.
27. At the end of 2012, the MPF had US\$12,156 available, and it will need to be replenished to cover for the expenditures for participants to the 2013 meetings, including the second Technical Committee on Allocation Criteria (TCAC02) in Oman, and the current Sessions in Mauritius. Australia provided funds for eligible participants to the Management Options Workshop, immediately preceding the TCAC02, that represented an important support to the MPF.
28. Funds were also assigned in 2010 for **strengthening data reporting systems in artisanal fisheries**, including an assessment of the feasibility of near-to-real time reporting. These activities continued in 2012, with missions to several countries with major artisanal fisheries in the region to assess the situation and produced in-depth data revisions, including future actions to improve the quality and timeliness of reporting. The results were reported to the last Session of the Scientific Committee.

**Table 6. Balance of funds for activities supported by accumulated funds (as of 31/12/2012)**

<b>Support Meeting Participation Fund</b>			
<b>Contributions</b>			
Initial allocation	<b>2010</b>		200,000
Replenishment	<b>2011</b>		57,429
Australian contribution	<b>2012</b>		69,492
Replenishment	<b>2012</b>		97,351
<b>Total income</b>			<b>424,272</b>
<b>Expenditures</b>			
	<b>2010</b>		57,429
	<b>2011</b>		157,186
	<b>2012</b>		179,755
Project Support Costs			17,747
<b>Total expenditures</b>			<b>412,116</b>
<b>Balance (as of 31/12/2012)</b>			<b>12,156</b>

**Table 7. Balance of funds for activities supported by extra-budgetary funds (in US\$).**

<b>Donor:</b>	Japan		
<b>Objective:</b>	Conduct tagging experiments in India, Indonesia and Maldives		
Total Contributions received			747,000
Interest earned			52,887
<b>Total Income</b>			<b>799,887</b>
<b>Activities</b>			
Eastern Indian Ocean Workshops			73,956
Andaman and Nicobar Tuna Tagging Project			75,473
Maldives Tuna Tagging Project			206,327
West Sumatra Tuna Tagging Project			164,796
Comoros Sampling Project			66,867
IOTC Meetings			34,052
Database development			27,070
Equipment + services			99,459
FAO Project Support Costs			34,645
<b>Total expenditures</b>			<b>782,644</b>
<b>Balance</b>			<b>17,243</b>
<b>Donor:</b>	Australia		
<b>Objective:</b>	Study on estimation of fishing capacity; Workshop on Management Options		
Total Contributions received			104,065
Expenditures		Estimation of Fishing Capacity (2010)	22,935
<b>Total expenditures</b>			<b>22,935</b>
<b>Balance</b>			<b>79,067</b>

**SUGGESTED ACTION BY THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE**

29. That the SCAF:

- a) **NOTE** the Financial Statement and supporting documentation for the financial period 01 January 2012 to 31 December 2012;
- b) **CONSIDER** sustainable mechanisms to provide funding for the Meeting Participation Fund



**APPENDIX I**  
**DETAILED TRAVEL SCHEDULE FOR 2012**

Meeting	Dates	Venue	Travellers	Airfares	Other costs	Total	Staff/ Non-Staff
<b>IOTC MEETINGS - Secretariat</b>							
Technical Committee on Allocation Criteria	4-6 Mar (3 d)	Male, Maldives	10	1,213	0	1,213	NS
Technical Committee on Allocation Criteria	4-6 Mar (3 d)	Male, Maldives	3	0	0	0	Staff
Commission	22-26 Apr (5d)	Fremantle, Australia	5	27,263	36,894	64,157	Staff
Commission	22-26 Apr (5d)	Fremantle, Australia	1	3,835	4,850	8,685	NS (FAO)
Compliance Committee	18-20 Apr (3d)	Fremantle, Australia	-			0	-
Standing Committee on Administration and Finance	22-24 Apr	Fremantle, Australia	-			0	-
Working Party on Temperate Tunas	20-22 Aug (3d)	Shanghai, China	3	11,820	5,664	17,484	Staff
Working Party on Billfish	11-15 Sept (5d)	Cape town, South Africa	3	6,381	8,646	15,027	Staff
Working Party on Ecosystems and Bycatch	17-19 Sept (3d)	Cape town, South Africa				0	Staff
Working Party on Methods	22-23 Oct (2d)	Port Louis, Mauritius	6	2,579	12,230	14,809	Staff
Working Party on Tropical Tunas	24-29 Oct (6d)	Port Louis, Mauritius				0	Staff
Working Party on Neritic Tunas	Pending (3d)	Penang, Malaysia	3	16,433	4,615	21,048	Staff

Working Party on Data Collection and Statistics	nil	nil	0			0	-
Scientific Committee	10-15 Dec (6d)	Victoria, Seychelles	5			0	Staff
						0	
<b>IOTC MEETINGS - INVITED EXPERTS</b>						0	
Working Party on Temperate Tunas	20-22 Aug (3d)	Shanghai, China	1			0	NS
Working Party on Billfish	11-15 Sept (5d)	Cape town, South Africa	1	1,423	1,790	3,213	NS
Working Party on Ecosystems and Bycatch	17-19 Sept (3d)	Cape town, South Africa	1	2,082	1,542	3,624	NS
Working Party on Methods	22-23 Oct (2d)	Port Louis, Mauritius	0			0	-
Working Party on Tropical Tunas	24-29 Oct (6d)	Port Louis, Mauritius	1	2,193	1,188	3,381	NS
Working Party on Neritic Tunas	Pending (3d)	Penang, Malaysia	2	2,924	1,497	4,421	NS
						0	
<b>Compliance Section</b>						0	
Compliance mission	19-26 Feb (8d)	Comoros	1	1,055	2,060	3,115	staff
Compliance mission	13-22 July (10d) and 8-15 Sept (8d)	Tanzania	2	0	741	741	staff
Compliance mission	23 June-4 July (11d)	Reunion/Mauritius	1	0	2,570	2,570	staff

Compliance mission	25-30 May (6d) and 21-25 Nov (5day)	Mauritius	2	0	771	771	staff
FAO PSMA Workshop	21-27 April (7d)	Bangkok	1	0	1,634	1,634	
						0	
<b>Data Section</b>						0	
Data mission	11-21 Mar (11d)	Indonesia	1	2,625	0	2,625	Staff
Data mission	5-9 June (5d)	Italy	1	5,275	691	5,966	Staff
Data mission	10-15 June (6d)	South Korea	1	5,477	379	5,856	
						0	
<b>Stock Assessment Section</b>						0	
Stock Assessment	15-20 Jul (5d)	Italy	1	0	519	519	Staff
						0	
<b>OTHER</b>						0	
Coordination meetings - FAO + Chatham House IUU meeting in UK	28 Jan-6 Feb (10d)	Italy/UK	1	4,400	2,220	6,620	Staff
SWIOFC-SC meeting	26 Feb-2 Mar (6d)	Cape town, South Africa	1	2,255	1,597	3,852	Staff
Visit Chairperson of IOTC CoC	7-11 Mar (5d)	Brussels	1	4,364	1,367		
INFO Fish	May 21-26 (6d)	Bangkok, Thailand	1	5,270	1,136	6,406	Staff
RFMO Conference	30 May-3 June (5d)	Brussels	1	0	315	315	Staff
IRD GAP meeting	18-25 June (8day)	France	1	3,490	461	3,951	

Meetings with IOC and World Bank	29 June-4 July (6d)	Mauritius	1	610	1,512	2,122	
COFI	9-13 July (5d)	Rome,Italy	1	4,322	1,411	5,733	Staff
SWIOFC meeting	5-12 Oct (8d)	Mauritius	1	0	2,000	2,000	Staff
INFO Fish Regional Workshop	30 Nov-7 Dec(8d)	Sri Lanka	1	3,617	1,132	4,749	Staff