
FINANCIAL STATEMENT: FINANCIAL YEAR 2014

PREPARED BY: IOTC SECRETARIAT, LAST UPDATED: 12 MARCH 2015

PURPOSE

To inform the Standing Committee on Administration and Finance (SCAF) of financial aspects of the Commission for the financial year 2014 (1 January 2014 to 31 December 2014).

STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN 2014

1. [Table 1](#) indicates the status of contributions as of 31 December 2014 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\$1,407,696 as of December 31st 2013, to US\$1,962,795 as of December 31st 2014, an increase of US\$555,099 (40%). In 2013 the increase was 33%. Fifteen Members have payments in arrears (see Financial Reg. V.3) as of 10 March 2015.
3. 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 August 2014, through the usual diplomatic channels, and some Member's administrations may not have completed the processing of the invoices. As of the reporting date, 8 Members (Eritrea, Guinea, I.R. Iran, Pakistan, Sierra Leone, Sudan, Vanuatu, Yemen), have contributions that are in arrears by two years or more. In the past few years The I.R. Iran has encountered difficulties to submit funds through regular banking channels to the accounts provided by FAO, although a transfer for US\$44,599 (representing its 2003 contribution) was made in 2014 by depositing funds with the office of the FAO Representative in Tehran. This option is only available for limited funding and at the discretion of FAO.
4. The IOTC is facing considerable risk of reduced staff and operations due to unpaid contributions. FAO's project 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. The IOTC over-expenditure, against contributions received, is a major concern and liability for FAO. As at 31 December 2014, the IOTC is approximately US\$2 million over-spent due to unpaid contributions from Membership (matching arrears in contributions). IOTC staff costs alone (approximately US\$2 million) are narrowly met by paid contributions in 2014. Remaining operating expenditures have not been covered by the received contributions in 2014. FAO has indicated that the future IOTC staff extensions and operating expenses can only be made with sufficient funding available for the requested extension and costs. In effect, sufficient funding does not currently exist for extensions of the IOTC staff and operating costs.

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

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

Member	1 Outstanding contribution as of 31 December 2013 (all years)	2 Contribution due for 2014	3 Received contributions in 2014	4 Total contributions in arrears as of 31 December 2014 (2014 Budget)
AUSTRALIA	0	147,674	147,674	0
BELIZE	0	37,734	37,734	0
CHINA	0	84,233	84,233	0
COMOROS	25,305	24,805	25,264	24,846
ERITREA	149,033	22,512	0	171,545
EUROPEAN UNION	0	667,047	667,047	0
FRANCE	0	121,266	0	121,266
GUINEA	110,682	22,268	0	132,950
INDIA	1,784	125,362	127,146	0
INDONESIA	0	237,307	237,307	0
IRAN	540,567	138,349	44,599	634,317
JAPAN	0	185,793	185,793	-
KENYA	33,457	22,410	40,349	15,518
KOREA, Rep. of	0	139,302	139,302	0
MADAGASCAR	7,856	26,550	14,151	20,255
MALAYSIA	0	63,805	64,805	(1,000)
MALDIVES	0	101,409	101,409	0
MAURITIUS	0	50,295	50,295	0
MOZAMBIQUE	0	23,484	0	23,484
OMAN	0	144,032	144,032	0
PAKISTAN	185,024	77,692	0	262,716
PHILIPPINES	0	50,223	50,223	0
SEYCHELLES	0	89,756	89,756	0
SIERRA LEONE	40,214	9,739	21,795	28,158
SOMALIA	0	4,792	4,792	0
SRI LANKA	0	100,393	0	100,393
SUDAN	200,128	37,638	0	237,766
TANZANIA	0	24,308	24,308	0
THAILAND	0	60,899	50,920	9,979
UNITED KINGDOM	0	121,313	121,273	40
VANUATU	61,154	37,715	37,690	61,179
YEMEN	52,492	66,891	0	119,383
Total		3,066,996	2,511,897	555,099 (2-3)
Total including all Arrears	1,407,696			1,962,795 (1+4)

EXPENDITURES FOR THE YEAR 2014

- 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 2014 budget, there was an under-expenditure of approximately US\$131,000 (-4% variance), due to: the Fisheries Officer, P3 taking up duties in late June 2014; the savings incurred under the Improved Costs Recover Uplift (ICRU); and operating expenditures. The savings under ICRU (approximately US\$67,000) were utilised under the Meeting Participation Fund (MPF) as per Circular 2014-85.
- Expenditures are carefully scrutinised, due to the gap in contributions against approved budget. Therefore, Operating expenditures also experienced a saving of approximately US\$32,000. A contribution-based expenditure approach will bring expenditures in line with contributions, in future, and savings will continue to be sought.

Table 2. Comparison between actual and budgeted expenditures in 2014 (in US\$)

	Budget Item Description	Budget	Actual	Variance	Percent Variance
1	Administrative Expenditures				
1.1	Professional Salaries	1,096,349	1,065,424	-30,925	-3%
1.2	General Service Salaries	59,269	65,481	6,211	10%
	Sub-total Salaries	1,155,618	1,130,905	-24,714	-2%
1.3	Employer contributions to Pension Fund and Health Insurance	309,403	303,874	-5,530	-2%
1.4	Employer contribution to FAO Entitlement Fund	546,951	545,955	-996	0%
1.5	ICRU	124,036	57,047	-66,989	-54%
1.6	Total Administrative Expenditures	2,136,009	2,037,781	-98,228	-5%
2	Operating Expenditures				
2.1	Support to Capacity Building	111,000	51,745	-59,255	-53%
2.2	Consultants	102,000	87,852	-14,148	-14%
2.3	Duty travel	181,471	187,388	5,917	3%
2.4	Meetings	46,235	49,476	3,241	7%
2.5	Interpretation	101,000	114,175	13,175	13%
2.6	Translation	101,783	109,184	7,401	7%
2.7	Equipment	15,775	13,364	-2,411	-15%
2.8	Operating Costs	61,500	39,467	-22,033	-36%
2.9	Printing	31,385	14,502	-16,883	-54%
2.10	Contingencies/Miscellaneous	6,000	614	-5,386	-90%
2.11	MPF	60,000	118,517	58,517	98%
2.12	Total Operating Expenditures	818,149	786,283	-31,866	-4%
	SUB-TOTAL	2,954,158	2,824,064	-130,094	-4%
3	Additional Contributions Seychelles	-20,100	-22,286	-2,186	11%
	TOTAL	2,934,058	2,801,778	-132,280	-5%
4	FAO Servicing Costs	132,937	133,924	987	1%
5	GRAND TOTAL	3,066,995	2,935,701	-131,293	-4%

Explanatory notes on expenditures for 2014**Salaries – Professional grade staff (1.1)**

7. Professional Salaries were within the budgeted figure, with a saving of approximately US\$31,000 (-3% variance) due to the later than budgeted appointment of the Fisheries Officer P3 in 2014.

General Service staff (1.2)

8. General Service salaries are above the budget figure due to a 29% increase in base salary after a salary survey that took place in August 2014. The over-expenditure within this account line is approximately US\$6,000 (10% variance). Overtime is inclusive of General Service salaries and compensates for the after-hours work during meeting periods and preparation of reports.

Employer contributions (1.3 & 1.4)

9. Employer contributions to the Pension Fund and health insurance costs were below budgeted figures (-2% variance), with lower than expected deductions for the pension fund and health insurance. These entitlement contributions are assessed by FAO to every project (including IOTC) by prorating actual costs of covering these entitlements across FAO.

Capacity building (2.1)

10. The budget line on Capacity Building shows expenditures below the budgeted figure (-53% variance). This is a consequence of the Secretariat being able to utilise significant extra-budgetary resources to cover a majority of the anticipated expenses, thus allowing realised savings. This is also due to the late arrival of the Fisheries Officer and consequently delays in the implementation of the capacity building activities relating to the Regional Observer Scheme. This will be taken up in 2015.

Consultants (2.2)

11. 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 savings under this account line equalled approximately US\$14,000 (-14% variance).

Duty travel (2.3)

12. 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 2014 under the support of the Commission, is presented in [Appendix I](#). The Secretariat registered a slight over-expenditure of on duty travel of approximately US\$6,000 (3% variance) under this account line.

Meetings (2.4)

13. The cost for meetings (approximately US\$49,000) were slightly over-expended due to the increased costs to host the Scientific Committee in Seychelles in December 2014 (7% variance). 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)

14. The costs for interpretation included interpreter fees (approximately US\$76,000) and travel (approximately US\$38,000) for teams of six interpreters at the Commission and the Scientific Committee. There was an over expenditure in 2014 of approximately US\$13,000 (13% variance) due to increased costs for FAO affiliated interpreters.

Translation (2.6)

15. The IOTC Secretariat faced increased costs with translations and registered an over expenditure of approximately US\$7,000 (7% variance).

Equipment (2.7)

16. The equipment account line registered a savings of approximately US\$2,000 (-15% variance).

General operating costs (2.8)

17. 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 2014. The difference between budgeted (US\$61,500) and actual operating costs (US\$39,000) represented a -36% variance.

Printing (2.9)

18. Funding for Printing was under-spent (approximately US\$17,000 or 54% variance) due to an effort to seek extra budgetary funding for the printing of the species identification cards. The IOTC Secretariat also relied on the IOTC scientific community for the translation of the species identification cards thus registering an additional saving.

Contingencies (2.10)

19. 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 savings under this line (approximately US\$5,000 or -90% variance).

Meeting Participation Fund (MPF) (2.11)

20. The approved MPF budget for 2014 was US\$60,000. In addition to this amount, Membership agreed in S18 to place future reductions of the budget under Improved Cost Recover Uplift (ICRU) within the MPF budget. FAO announced a reduction of the ICRU charges in 2014 and US\$66,989 was added to the 2014 MPF budget (giving a total budget of US\$126,989 against a 2014 expenditure of US\$118,517). Therefore, the expenditure (98% variance) is only shown against the original approved budget of US\$60,000. The meetings and number of MPF participants are reflected in Appendix II.

Seychelles additional contributions (3)

21. The additional contribution from the Government of Seychelles is in line with the revised Headquarters Agreement between the Food and Agriculture Organization of the United Nations 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 the costs of the Information Technology Consultant in Seychelles. The forecasted contributions were US\$20,100 and actual receipts were US\$22,286.

FAO Project Service Cost (4)

22. The FAO Project Servicing cost in 2014 was US\$133,924 representing a 1% variance.

Table 3. Detail of Staff-related costs during 2014 (in US\$)

	General Service Staff	Professional Staff
Base Salary at Actual	63,918	702,013
Basic Medical Insurance Plan	36,330	38,672
Contribution to FAO entitlement fund	33,367	512,588
Pension Plan	12,106	216,765
Post Adjustment		363,411
Overtime	1,564	
Improved Cost Recovery Uplift	4,491	52,556
Total	151,775	1,886,006
		2,037,781

Table 4. Detail of General Operating Costs in 2014 (in US\$)

Expenditure	Actual costs
Telephone	8,182
Internet connection	9,798
Postage (including courier)	834
Office Supplies	7,051
Office Furniture and Maintenance	4,357
Cleaning	3,546
Office Security	1,569
Vehicle Maintenance	4,131
Total	39,467

FINANCIAL STATUS

23. The 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.
24. As viewed within [Table 2](#), a grand total of US\$2,935,701 has been spent against a budget of US\$3,066,995 in 2014 (-4% variance). It is important to note that until all 2014 contributions are received (approximately US\$700,000 outstanding) 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 2014), approximately US\$2 million is outstanding as of 31 December 2014.
25. The IOTC Secretariat aims to pursue payment of these outstanding arrears and, at the same time, work towards a contributions-based expenditure within the Secretariat. A significant and immediate risk remains that FAO impedes expenditure against the IOTC project until contributions match commitments.

EXTRA-BUDGETARY FUNDS

26. The Secretariat has conducted special activities funded by allocations of extra-budgetary funds provided by the Members. The extra-budgetary financial situation of 2014 is summarised in Table 6. Support received includes; support from Australia to assist developing coastal countries in their participation and attendance of meetings and workshops through the MPF; BOBLME joint funding of activities related to science, stock assessment, data and compliance in the BOBLME area of competence and special funding for identification guides; a European Union (DG Maritime Affairs and Fisheries) grant agreement on capacity building and technical assistance to developing countries; ABNJ direct funding for CLAV development, CSM implementation, IOTC staff travel and coastal states travel to meetings; co-financing of joint activities from Overseas Fisheries Cooperation Foundation, Japan (OFCF), Indian Ocean Commission (IOC-SmartFish), International Seafood Sustainability Foundation (ISSF), World Wildlife Fund (WWF) and the International Pole and Line Foundation (IPLNF).
27. 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 budget (US\$60,000) for the MPF in 2014 and 2015. A savings under ICRU was realised in 2014 (approximately US\$67,000) and, with the agreement reached at S18 in Sri Lanka, the ICRU savings was added to the MPF budget, giving a total budget of US\$127,000 in 2014.
28. In total 47 participants from 17 countries were funded in 2014 (i.e. airfare and accommodation) under the MPF for a total of US\$118,517. All trips were organised 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. In addition to the IOTC regular budget, extra-budgetary resources from Australia, ABNJ, BOBLME and COI-SmartFish were instrumental in assisting developing coastal state countries in participating in the various meetings in 2014.

Table 5. Extra-budgetary Funding in 2014

Area of Work	Organisation	Description	Amount US\$
Data, Compliance	OFCF	Project activities	70,000
	OFCF	OFCF expert	150,000
SUB-TOTAL			220,000
Data, Compliance	COI-SmartFish	Travel - Madagascar & Tanzania	3,500
	COI-SmartFish	Travel – WPDCS10	6,000
SUB-TOTAL			9,500
Data, Science, Compliance, Stock Assessment	BOBLME	ID cards production and printing (sharks & turtles)	14,000
	BOBLME	Data collection & reporting workshop Mauritius	33,000
	BOBLME	Indonesia statistical systems development	125,000
	BOBLME	Connecting Science to Management Processes workshop Thailand	15,000
	BOBLME	WPNT04 & SMWS01 Thailand	25,000
	BOBLME	Capacity Building Thailand & India, Malaysia	35,000
SUB-TOTAL			247,000
Data, Science, Compliance, Stock Assessment	ABNJ	CLAV development (consultant, travel & contracts)	189,000
	ABNJ	CSM India	10,000
	ABNJ	Compliance promotional material	4,500
	ABNJ	WPB13, WPEB11, WPM06 staff and MPF travel	31,000
	ABNJ	MSE Spain & Sri Lanka	10,000
SUB-TOTAL			244,500
Data, Science, Compliance, Stock Assessment	ISSF	WPTT17 & CPUE expert & MSE U.A.E.	20,000
	WWF	MSE Sri Lanka	3,000
	IPLNF	MSE Indonesia	3,000
	Australia	Stock Assessment Training (South Africa)	74,000
	Australia	Coastal States meeting and MPF	37,000
	EU	Stock Assessment Training (South Africa)	100,000
	EU	Capacity building (Thailand & India)	58,000
	SUB-TOTAL		
GRAND TOTAL			1,016,000



RECOMMENDATION/S

That the Standing Committee on Administration and Finance **NOTE** paper IOTC–2015–SCAF12–03 which includes the Financial Statement and supporting documentation for the financial period 01 January 2014 to 31 December 2014.

APPENDICES

Appendix I: [Detailed travel schedule for 2014](#)

Appendix II: [Participation under MPF in 2014](#)

**APPENDIX I
DETAILED STAFF TRAVEL SCHEDULE FOR 2014**

Meeting/Event	Date and Location	Duty Travel (No. of Secretariat Participants)
Data support mission: Ministry of Fisheries of Malaysia under the IOTC-OFCF Joint Project	19-25 Jan, Malaysia	1
Data support mission: Facilitate data collection activities in Sri Lanka (organized by BOBLME Project and IOTC)	21-25 Jan, Colombo, Sri Lanka	1
IOC-Smartfish Risk Assessment and MTC Meeting	29 Jan to 5 Feb, Port Louis, Mauritius	1
Regional Workshop to Support the Implementation of the Resolutions of the IOTC	10-14 February, Kuala Lumpur, Malaysia	3
Support Mission to Sri Lanka (S18 logistics) and India (Min. of Fisheries)	11 – 23 February	1
Compliance Support Mission, Sri Lanka	4-7 March	1
ABNJ Steering Committee and ISSF Meeting on Fishing Capacity	2-15 March, Rome, Italy and Barcelona, Spain	1
Regional Workshop to Support Compliance with IOTC Requirements for the Collection and Reporting of Fisheries Data to the IOTC	18-20 March, Port Louis, Mauritius	3
1 st Weight of Evidence Workshop	24–28 March, Mombasa, Kenya	1
3 rd Workshop on the Management Strategy Evaluation	25–28 March, Ispra, Italy	1
PSM Validation Workshop	1-4 April	1
ABNJ – Indian Ocean Coastal States Tuna management Workshop (22 April-24) and Coastal States Tuna Coordination Meeting (25 April)	20-26 April, Colombo, Sri Lanka	1
3 rd GEF Workshop	6-11 May, Joburg, South Africa	1
1 st Indian Ocean Shark Year Program Workshop (IO-ShYP01)	14–16 May, Olhão, Portugal	1
3 rd Indonesian Tuna Business Forum and Infotuna Bangkok Conference	17- 22 May 2014	1
CoC11, SCAF11, S18 & MSE01	26 May to 5 June, Colombo, Sri Lanka	7
PSM & CSM (South Africa) and follow-up PSM & CSM (Mozambique)	17-20 June & 23-27 June, South Africa & 30 June to 4 July Mozambique (1)	2
4 th Working Party on Neritic Tunas (WPNT04) & 1 st Workshop Connecting the IOTC Science & Management Processes	25 June to 2 July, Phuket, Thailand	3
DGCF/BOBLME pilot data collection project	14-20 July, Indonesia	1

5 th Working Party on Temperate Tunas (WPTmT05)	28-31 July, Busan, Rep. of Korea	2
PSM & CSM Thailand	18-22 August (2) & 25-29 August (1)	2
Compliance Support Mission	8-10 Sept, Seychelles & Somalia	2
2 nd Workshop Connecting the IOTC Science & Management Processes (SMWS01) & 2 nd Science/Stock Assessment Workshop (SAWS02)	15-22 Sept., Cape Town, South Africa	3
CSM Malaysia	16-19 Sept (2) & 22- 26 Sept (1) Malaysia	2
iMarine Meeting Belgium	27 Sept to 1 Oct, Brussels, Belgium	1
12 th Working Party on Billfish (WPB12) & 10 th Working Party on Ecosystems and Bycatch (WPEB10)	21-31 October, Yokohama, Japan	3
Third Meeting of the SWIOFC working Party on Collaboration and Cooperation in Tuna Fisheries and SWIO Global Partnership for Oceans DFG Grant Steering Committee	9-14 November, Maputo, Mozambique	1
16 th Working Party on Tropical Tunas (WPTT16)	15-19 November, Bali, Indonesia	3
Bali Tuna Conference	19-21 November, Bali, Indonesia	1
Compliance Support Mission	18-21 Nov, India	2
Follow-up CSM & PSM	10-12 Dec, Tanzania	1
Consultation Mission to Sri Lanka on EU Red Card	2-8 Dec, Colombo, Sri Lanka	1

APPENDIX II
MEETING PARTICIPATION FUND 2014

IOTC Meetings	Date and place	Number of Participants	Meeting Participation fund
Commission Meeting (CoC 11, SCAF 11 and S18)	2 Colombo, Sri Lanka (26 May–5 June 2014)	200 ²	16
Neritic Tunas	29 June–2 July 2014 Phuket, Thailand	37	13
Temperate Tunas	28–31 July 2014 Busan, Rep. of Korea	27	3
Billfish	21–25 October 2014 Yokohama, Japan	21	4
Ecosystems and Bycatch	27–31 October 2014 Yokohama, Japan	37	5
Tropical Tunas	15–19 November 2014 Bali, Indonesia	53	6
Data Collection and Statistics	2–4 December 2014 Seychelles	30	1
Methods	5–6 December 2014 Seychelles	28	3
Scientific Committee	8–12 December 2014 Seychelles	62	15

² Total for all meetings