

**IOTC MID-TERM FINANCIAL REPORT 2020**

PREPARED BY: SECRETARIAT

DISSEMINATED AS IOTC CIRCULAR 2020-30 (15 JULY 2020)

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

That the SCAF:

- a) **NOTE** the 2020 mid-term financial report 2020.

**PURPOSE**

1. The IOTC Financial Regulations (2019) call for a mid-term review of IOTC finances to be prepared by the Secretariat and considered by SCAF and the Commission. In 2020, the sessions of the SCAF and Commission have been re-scheduled from June to October-November; therefore, this mid-term financial report is hereby tendered to the Commission for information and comments.

**STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN 2020*****As of 30 June 2020, around 71% of the 2020 budget has been received from Members***

2. The total of contributions requested from Contracting Parties in the 2020 budget was US\$4,367,286.
3. As of 30 June 2020, a total of US\$3,103,902 has been received. Note however, this amount of contributions received in 2020 also includes outstanding contributions due from years prior to 2020.
4. Details on the status of contributions are available in Appendix 1.

***It is important to pay contributions on time***

5. The situation of outstanding contributions is not sustainable in the long term. It is essential to receive contributions as soon as possible after invoices are sent out because the FAO requires funds to be available from the IOTC budget at the start of each calendar year to cover all salaries and existing contracts (for consultants and other service providers) for that year. FAO will not contribute to the IOTC accounts to keep it afloat. Substantial funds must be available otherwise FAO will not renew staff contracts, enter any new contracts or commit to any procurement actions.

**EXPENDITURES FOR THE FIRST 6 MONTHS OF 2020*****As of 30 June 2020, around 31% of the 2020 budget has been spent.***

6. The total budget for 2020 is US\$4,367,285 and as of 30 June the Commission has spent (actuals) US\$1,365,382 (31% see Table 1).
7. The staff-related budgets (totalling US\$2,514,220) are slightly underspent (at 42%) but with the addition of three new staff in early 2020 they are expected to be close to fully spent by the end of the year.
8. There is a marked underspend (at 17%) for the operations-related budgets (totalling US\$1,445,000) due to the impact of the COVID-19 pandemic affecting travel, and consequently capacity building activities and items associated with meetings. The reduction in these activities may amount to a saving of around US\$280,000 by the end of 2020.

9. The Consultants budget is also underspent, but is expected to pick up in the second half of 2020.

**Table 1.** Comparison between budgeted expenditures and actual expenditures as of 30 June 2020 (in US\$).

	TOTAL BUDGET	EXPENDITURES 1st HALF YEAR		% SPENT	Comments
		2020	BALANCE		
<b>PRO STAFF</b>					
BASE SALARY (& post adj)	1,332,407	527,226	805,181	40%	
PENSION & HEALTH	333,845	142,725	191,120	43%	
FAO ENTITLEMENTS & RENTAL	592,839	270,114	322,725	46%	
ICRU	65,514	27,053	38,460	41%	
<b>GS STAFF</b>					
BASE SALARY	80,620	37,067	43,553	46%	
PENSION & HEALTH	52,176	22,647	29,529	43%	
FAO ENTITLEMENTS	51,475	24,061	27,415	47%	
ICRU	5,344	2,430	2,914	45%	
<b>TOTAL STAFF</b>	<b>2,514,220</b>	<b>1,053,323</b>	<b>1,460,897</b>	<b>42%</b>	All on track, slightly under budget due to vacant positions
<b>OPERATIONS</b>					
CAPACITY BUILDING	40,000	2,046	37,954	5%	Low spending due to travel restrictions
CO-FUNDING SCIENCE/DATA GRANTS*	188,400	83,626	104,774	44%	On track.
CO-FUNDING COMPLIANCE GRANTS	-	2,478	(2,478)	100%	Small over spend.
MISCELLANEOUS CONTINGENCIES	-	-	-		N/A
CONSULTANTS/SERVICE PROVIDERS*	568,600	56,505	512,095	10%	Low spending. Expected to pick up with new contracts
TRAVEL (STAFF)	160,000	11,016	148,984	7%	Low spending due to COVID-19 restrictions in place
MEETINGS	135,000	(858)	135,858	-1%	Low spending due to COVID-19 restrictions in place
INTERPRETATION	140,000	152	139,848	0%	Low spending due to COVID-19 restrictions in place
TRANSLATION	110,000	49,387	60,613	45%	On track
EQUIPMENT	25,000	11,396	13,604	46%	On track
GOE	68,000	28,839	39,161	42%	On track
PRINTING	-	-	-		
CONTINGENCIES	10,000	-	10,000	0%	
<b>TOTAL OPERATIONS</b>	<b>1,445,000</b>	<b>244,588</b>	<b>1,200,412</b>	<b>17%</b>	
SEY add. Contribution	(20,100)	-	(20,100)	0%	Not received since 2017
FAO Costs	178,165	42,927	135,238	24%	On track but low due to overall lower spending
Deficit Contingency	-	-	-	0%	N/A
Meeting Participation Fund	250,000	24,544	225,456	10%	Low spending due to COVID-19 restrictions in place
<b>GRAND TOTAL</b>	<b>4,367,285</b>	<b>1,365,382</b>	<b>3,001,903</b>	<b>31%</b>	
* A budget transfer has been approved from consultants to co-funding, but is not shown in this table..					

## TRANSFER OF APPROPRIATIONS BETWEEN BUDGET SUB ITEMS

In accordance with the Final Regulations (2019), the Executive Secretary may authorize the transfer of up to [15] percent of appropriations between sub-items as specified in Article III.5 of this Regulation upon approval from the Chairperson of the Commission until a mid-term review.

**15% of the 'Consultants/service providers' budget line has been transferred to the 'Co-Funding Science' budget line to pay for IOTC's contribution to a project being funded primarily from new extra-budgetary funds**

10. In the 2020 budget, funds to undertake work in support of the IOTC Scientific Committee's Programme of Work on age, growth and reproduction of IOTC species were allocated to the 'Consultants/service providers' budget line.

11. However, the European Union has provided US\$318,986 in extra-budgetary funds to contribute to this work by way of a new project to be managed by the Secretariat. In accordance with the project agreement, the IOTC is expected to contribute around US\$181,000 or 36% to the total cost of the work.

12. Consequently, the Executive Secretary, with approval from the Chairperson of the Commission has transferred US\$85,290 (15%) of the 'Consultants/service providers' budget to the Co-Funding Science budget line to supplement that line and thereby cover IOTC's contribution to the new project.

## OTHER FINANCIAL ELEMENTS

### ***IOTC has received extra-budgetary funds in 2020***

13. The IOTC benefits from work undertaken using extra-budgetary funds provided by some Members. In 2020, the Secretariat is managing six multi-year projects funded by the European Union (DG Maritime Affairs and Fisheries) that are in various stages of completion. These projects supported technical assistance to developing countries to improve implementation of at sea observer scheme, data collection; and the work of the both the Scientific Committee and Compliance Committee.
14. The Regional Observer Programme (ROP) has received US\$285,649 of contributions in 2020 from the fleets participating in the programme.
15. No additional funds have been received for the Meeting Participation Fund in 2020 and this can be expected given the restrictions on travel.
16. Australia provided the second tranche of an AUD300,000 extra-budgetary contribution to carry out a Management Strategy Evaluation for Bigeye, yellowfin and Albacore tuna. The second tranche was US\$ 100,604 and to date the expenditures are US\$41,965.
17. The Commission is also benefitting from IOTC-relevant compliance activities being undertaken and paid for through the World Bank's SWIOFISH 2 Project being implemented by the Indian Ocean Commission, with technical input from the IOTC Secretariat.

### ***IOTC has a balance of funds of around +\$2 million (Working Capital Fund)***

*In accordance with the IOTC Financial Regulations (2019), the Commission has established a working capital fund for the purpose of accommodating operating expenditures prior to the receipts of funds from members of the Commission. The source of this working capital fund shall be surplus appropriations accumulated over the years. The Commission shall consider establishing a rules of procedure for the operation of the working capital fund which will include a mechanism to fund the working capital fund if there are no surplus appropriations. The Contracting Parties shall not interpret the funds in working capital as a means of avoiding contributions.*

18. According to the FAO financial system, as of 30 June 2020 the IOTC has a balance of funds of US\$2.34 million plus an additional amount of US\$225,000 available in the Meeting Participation Fund. These accumulated funds have built up as a result of some underspending, savings, vacant posts and because there was a sizeable contingency deficit allocation in the respective budgets of 2016,2017,2019 and 2020.

**Appendix 1.****Status of Member contributions to the IOTC autonomous budget (in US\$) - 30 June 2020**

<b>Member</b>	<b>Outstanding Contribution 1 January 2020 (all years prior to 2020)</b>	<b>Contribution due for 2020</b>	<b>Received Contributions in 2020</b>	<b>Total Outstanding Contributions</b>
AUSTRALIA	0	192,075	192,075	0
BANGLADESH	0	68,820		68,820
BELIZE*	47,092			47,092
CHINA	0	116,792	116,792	0
COMOROS	62,719	75,763	52,000	86,482
ERITREA	264,944	14,230		279,174
EUROPEAN UNION	0	864,649	864,649	0
FRANCE	0	156,693	156,693	0
GUINEA*	155,866			155,866
INDIA	0	173,127		173,127
INDONESIA	0	305,337	305,337	0
IRAN	1,469,187	227,722		1,696,909
JAPAN	0	224,965	224,965	0
KENYA	0	68,412		68,412
KOREA, Rep. of	0	245,793	245,793	0
MADAGASCAR	47,888	37,876	43,068	42,696
MALAYSIA	0	81,151	81,151	0
MALDIVES	0	152,691	152,691	0
MAURITIUS	0	76,869	76,869	0
MOZAMBIQUE	66,232	35,093		101,325
OMAN	0	207,374	207,374	0
PAKISTAN	88,285	106,339	101,623	93,002
PHILIPPINES	0	49,897	49,897	0
SEYCHELLES	0	251,567		251,567
SIERRA LEONE	38,391	14,088		52,479
SOMALIA	40,260	14,088		54,348
SOUTH AFRICA	0	68,258		68,258
SRI LANKA	0	127,899		127,899
SUDAN	297,130	49,761		346,891
TANZANIA	0	37,045		37,046
THAILAND	0	76,221	76,221	0
UNITED KINGDOM	0	156,705	156,705	0
VANUATU*	26,251			26,251
YEMEN	558,097	89,984		648,081
<b>Total</b>	<b>3,162,341</b>	<b>4,367,285</b>	<b>3,103,902</b>	<b>4,425,724</b>

\* = Ex Members