

**PURPOSE OF THIS DOCUMENT**

To inform the Standing Committee on Administration and Finance (SCAF) of the financial aspects of the Commission for the 2024 financial year (1 January to 31 December 2024).

**STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN 2024**

1. The total of contributions due in 2024 for the 2024 budget was \$4,401,862. As of 31 December 2024, a total of \$4,034,630 had been received (Table 1)
2. The cumulative total of outstanding contribution payments (Members and Ex-Members) has increased by around 13%, from \$2,765,321 as of 31 December 2023, to 3,119,984 as of 31 December 2024. Details on the status of contributions are available in IOTC-2025-SCAF22-04.

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

3. As explained in the Contributions Outstanding report to SCAF, contributions are a central tenet of Membership of the FAO, and therefore IOTC.
4. 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 YEAR 2024*****The 2024 budget was underspent by \$1,000,721.***

5. The total budget for 2024 was \$4,401,862 and the Commission spent (actuals) \$3,401,141. The level of under expenditure from the budget amounted to a total of \$1,000,721 (Table 1).
6. Explanatory notes on expenditures in 2024 are as follows:

***Salaries – Professional grade staff (1.1)***

7. Professional Salaries were considerably less than the budgeted figure, with an under-expenditure of \$345,771 (23%). This saving was primarily due to the P4 Stock Assessment post being vacant from February until the end of 2024, and the P4 Data Coordinator post being vacant from March until November. Internal promotions subsequently led to other vacancies. The Data Officer position also remained vacant with the recruitment process still to be completed.

***General Service staff (1.2)***

8. There was a small saving of \$4,959 (6%) in General Service salaries. This resulted from fluctuations in the Seychelles rupee exchange rate compared to the rate used during budget calculations. Table 2 provides additional details on salary-related costs for staff.

***Employer Contributions (1.3 & 1.4)***

9. Despite an overall increase in the pension remuneration scales and health care costs, employer contributions to the Pension Fund and health insurance costs were 19% below budgeted figures, as a direct consequence of the vacant posts. The contributions to the FAO entitlement fund were 31% below budgeted figures. These entitlement

contributions are assessed by FAO for every project (including IOTC) by prorating actual costs of covering these entitlements across FAO. An additional Staff Cost Variance of \$33,112 was credited. Table 2 provides additional details on salary costs related to employer contributions.

**Table 1.** Comparison between actual and budgeted expenditures in 2024 (in US\$).

	Budget Item Description	Budget	Actual	Variance	Percent Diff.
<b>1 Administrative Expenditures - Staff Costs</b>					
1.1	Professional Salaries	1,492,717	1,146,946	-345,771	-23%
1.2	General Service Salaries	89,101	84,142	-4,959	-6%
	<b>Sub-total Salaries</b>	<b>1,581,818</b>	<b>1,231,087</b>	<b>-350,730</b>	<b>-22%</b>
1.3	Employer contributions to Pension Fund and Health Insurance	484,028	393,727	-90,300	-19%
1.4	Employer contribution to FAO Entitlement Fund	700,000	480,668	-219,333	-31%
1.5	ICRU	80,210	58,497	-21,713	-27%
1.6	Adjustment staff cost variance	0	-33,112	-33,112	100%
1.7	<b>Total Administrative Expenditures</b>	<b>2,846,055</b>	<b>2,130,867</b>	<b>-715,189</b>	<b>-25%</b>
<b>2 Operating Expenditures</b>					
2.1	Capacity Building*	65,000	38,813	-26,187	-40%
2.2	Co-funding Science/Data Grants	0	0	0	-
2.3	Co-funding Compliance Grants	0	0	0	-
2.4	Consultants / Service Providers	422,180	275,673	-146,507	-35%
2.5	Duty travel	145,000	141,745	-3,255	-2%
2.6	Meetings	84,000	227,136	143,136	170%
2.7	Interpretation	220,000	65,530	-154,470	-70%
2.8	Translation	105,000	105,966	966	1%
2.9	Equipment	20,000	13,129	-6,871	-34%
2.10	General Operating Expenses	83,350	59,260	-24,090	-29%
2.11	Contingencies	10,000	0	-10,000	-100%
2.12	MPF**	250,000	237,127	-12,873	-
	<b>Total Operating Expenditures</b>	<b>1,404,530</b>	<b>1,164,379</b>	<b>-240,151</b>	<b>-17%</b>
	<b>SUB-TOTAL</b>	<b>4,250,586</b>	<b>3,295,246</b>	<b>-955,340</b>	<b>-22%</b>
3	Additional Contributions Seychelles	-28,750	-30,354	-1,604	6%
4	Deficit Contingency	0	0	0	0%
	<b>TOTAL</b>	<b>4,221,836</b>	<b>3,264,892</b>	<b>-956,944</b>	<b>-23%</b>
5	FAO Servicing Costs	180,026	136,250	-43,776	-24%
6	<b>GRAND TOTAL</b>	<b>4,401,862</b>	<b>3,401,141</b>	<b>-1,000,721</b>	<b>-23%</b>
* Additional voluntary funding from the UK was used					
** Actual MPF expenditures in 2024 were US\$ 237,127 but US\$ 250,000 was transferred into the fund					

**ICRU - Improved Cost Recovery Uplift (1.5)**

10. In 2014 FAO brought in 'Improved Cost Recovery Uplift' (ICRU) charges to cover field project personnel costs (for staff and consultants). These charges are to recover the costs of central services provided for security and information technology. The Commission has previously expressed its disagreement with the inclusion of ICRU in the IOTC budget (e.g. SCAF14) and a letter was sent from the Chair to FAO in 2024 requesting a further review. ICRU has continued to be applied by FAO hence there is an expenditure of \$58,497 in 2024 against a budget of \$80,210. This 27% decrease is a consequence of other administrative under-expenditures. Table 2 provides additional details on the allocation of the ICRU to staff.
11. FAO recently reviewed the ICRU rates for field offices such as the IOTC Secretariat and a small decrease of 0.1% will be applied to the IOTC transactions in 2025.

**Support to Capacity Building (2.1)**

12. The budget line on Capacity Building shows \$38,813 of expenditures against the budgeted figure of \$65,000. An additional voluntary contribution from the UK was used to cover some Capacity Building activities.

**Co-funding Science/Data Grants (2.2)**

13. This budget line was included to cover expenditures related to the IOTC co-funding to externally funded grants for science and data activities. The line was set to \$0 in 2024 under the assumption that any necessary co-funding would be taken from the Consultants/Service Provider lines and the line will be removed from future budgets (2025 onwards).

**Co-funding Compliance Grants (2.3)**

14. This budget line is included to cover expenditures related to the IOTC contributions to externally funded projects. It was set to \$0 for 2024 under the assumption that any necessary co-funding would be taken from the Consultants/Service Provider lines and the line will be removed from future budgets (2025 onwards).

**Misc. Contingences (2.4)**

15. This budget line was included to cover any unforeseen expenses specifically related to account lines 2.2 and 2.3 (expenditures related to the IOTC contribution to externally funded projects) and it has been set to \$0 since 2019. This line has been removed from future budgets (2025 onwards).

**Consultants/Service Providers (2.5)**

16. The total expenditure for consultants is made up of a range of expenditures relating to the support provided by consultants and service providers in undertaking workplan activities. The total expenditure for consultants and service providers in 2024 was \$275,673. This represents an under-expenditure of approximately 35%. This under expenditure was largely due to additional funds becoming available from an EC project.

**Duty travel (2.6)**

17. Duty travel mostly includes travel of the Secretariat staff to participate in meetings of the Commission but may include some travel to relevant events hosted by other organisations. A quarterly travel plan is compulsory and is submitted to FAO for approval. Travel continued as normal in 2024 and consequently, a total of \$141,745 was spent, representing a slight under-expenditure of approximately 2%.

**Meetings (2.7)**

18. The budget for meetings in 2024 was significantly overspent by US\$143,136. This was foreseen due to few members volunteering to host IOTC meetings and it was reported to SCAF21 in May 2024. Upon the SCAF's recommendation, the Commission approved that, should the Meetings budget line need additional funds in 2024, these funds would first be taken from savings in other budget lines, then, only if required, on an exceptional basis, from the Working Capital Fund. In 2024, there were sufficient savings to cover the over-expenditure in meetings. The expenditures under this category included some travel of staff to meetings and the meeting facilities procured in Bangkok (TCAC), Seychelles (WPNT, WPB, WPEB, WPM and WPTT), and Cape Town (WPDCS and SC).

**Interpretation (2.8)**

19. The costs for interpretation included the interpreter fees (\$58,610) and travel costs (\$6,920). Efforts to minimise

the numbers of interpreters required and to hire local staff whenever possible, led to significant savings in recruitment and travel costs. The overall interpretation budget was significantly underspent by \$154,470 (-70%). It must be noted that 2024 may not be a typical year for the hiring and travel of interpreters. The total costs depend on the location of the meetings (DSA and travel costs) and significant savings were possible in 2024 because of the availability of local interpreters at the meeting locations selected. Early planning and continuous liaison with the FAO Interpretation Unit enabled such savings.

#### ***Translation (2.9)***

20. The translation budget line was slightly over-spent in 2024 by \$966 (1%). The upward trend in the volume of documents requiring translation continued and efficiencies in document production enabled the budget to stay on track.

#### ***Equipment (2.10)***

21. The equipment budget was underspent by \$6,871(-34%). This covered the replacement of some new laptops, displays and accessories. Some small items of furniture were also purchased for the Secretariat offices.

#### ***General operating expenses (2.11)***

22. General Operating expenses include a series of expenditures related to the normal functioning of the Secretariat office. Table 3 shows a detail of the costs for 2024. The difference between budgeted (\$83,350) and actual operating costs (\$59,260) represents a 29% saving. The reasons for this saving included a renegotiated contract with the Secretariat internet provider and savings related to the IOTC vehicle, as the Secretariat currently only uses one vehicle (to reduce costs as well as carbon footprint). A new vehicle has been provided by the Government of Seychelles resulting in further efficiencies and reduced operating costs.

#### ***Printing (2.12)***

23. The printing budget line was set to \$0 for 2024. Since IOTC operates with a paperless policy, the printing line has been removed from future budgets, with the provision that any small printing jobs that might be required (posters etc) would be funded from General Operating Expenses.

#### ***Contingencies (2.13)***

24. As required by provisions in the Financial Regulations, a contingency budget line provides for miscellaneous expenditures that are encountered by the Secretariat and do not fit into the pre-defined account structure of the operating expenditures. These funds were not used in 2024.

#### ***Meeting Participation Fund (MPF) (2.14)***

25. A total of \$237,127 was spent from the MPF in 2024, and a transfer of \$250,000 was made from the main IOTC budget to the MPF, as approved by the Commission. Details on the status of the MPF are provided in IOTC-2025-SCAF-05.

#### ***Additional Contributions by Seychelles (3)***

26. The additional contribution from the Government of Seychelles has been negotiated under the IOTC Headquarters Agreement. This contribution is intended to defray some of the costs of operating the Secretariat, including costs of the Secretariat's Information Technology consultant. In 2024, IOTC received a total of \$30,354 from Seychelles. This positive difference from the budgeted amount is due to exchange rate fluctuations.

#### ***FAO Servicing Costs (4)***

27. The FAO Project Servicing Cost in 2024 was \$136,250, representing a reduction of 24% compared to the budgeted amount. The reduction in servicing costs was proportional to the total savings of the project in 2024.

**Table 2.** Detail of Staff-Related Costs During 2024 (in US\$)

	General Service Staff	Professional Staff
Base Salary Actual	82,295	744,005
Overtime / Secondment	1,847	-
Basic Medical Insurance Plan	29,092	55,930
Contribution to FAO entitlement fund	37,669	442,999
Pension plan	16,053	292,652
Post Adjustment	-	402,940
ICRU	4,387	54,110
Adjustment Staff Cost Variance	(9,892)	(23,221)
Total	<b>161,451</b>	<b>1,969,416</b>
<b>Grand Total</b>		<b>2,130,867</b>

**Table 3.** Detail of General Operating Expenditures in 2024 (in US\$)

Category	Actual Costs
Telephone	3,121
Internet	30,841
Postage	355
Office Supplies	3,573
Subscriptions and recruitment advertisements	2,259
Water	610
Cleaning	5,350
Vehicle operating and maintenance	247
Website hosting, software licenses and	9,948
Photocopier and printer maintenance and	2,147
Miscellaneous/Environmental and Social Risk	808
<b>TOTAL GOE</b>	<b>59,260</b>

## SUMMARY OF FINANCIAL STATUS – AS OF 31 DECEMBER 2024

28. An overview of IOTC's financial status as of 31 December 2024 is provided in Table 4.

**Overall, the 2024 budget was underspent by 23%.**

29. A total of \$3,401,141 was spent in 2024 against the budget of \$4,401,862.

**The total of outstanding contributions has increased by around 13% to \$3,119,984.**

30. The cumulative total of outstanding contribution payments increased from \$2,765,321 as of 31 December 2023, to \$3,119,984 as of 31 December 2024 (an increase of around 13%).

31. The IOTC Secretariat continues to pursue payment of outstanding arrears and has been taking action in the form of general reminder circulars and letters addressed directly to CPCs.

### **The Working Capital Fund**

32. The [IOTC Financial Regulations \(2019\)](#) established a 'working capital fund' to provide a transparent and strategic mechanism for the Commission to manage the use of any accumulated funds into the future. The arrears payment from Iran in 2022 added a significant amount to the fund.

33. No expenditures were charged to the WCF in 2024.

34. As of 31 December 2024, the WCF had a balance of \$7,290,330, which is an increase of \$944,706 from the balance at the end of 2024. The additional amount added to the WCF was possible through savings in the 2024 budget and interest added to the account (\$324,091).

#### **Meeting Participation Fund**

35. In 2024, the IOTC Meeting Participation Fund (MPF) was augmented by a transfer of \$250,000 from the main IOTC budget, \$18,000 of extra-budgetary contributions received from China and \$52,288 of extra-budgetary contributions received from Australia. As of 31 December 2024, the MPF had a balance of funds of \$100,022.

36. Details on the MPF are provided in IOTC–2025–SCAF22–05.

#### **Regional Observer Programme**

37. The Regional Observer Programme (ROP) continued in 2024. The ROP contract underpinning this programme is managed on a May to April calendar cycle. Contributions, based on estimates of activities in 2024-25, amounting to \$696,821 were received from seven ROP participants in 2024; in addition, \$24,109 was received as interest. A contract for ROP services in 2024-25 valued at \$702,497 was placed with the service provider. As of 31 December 2024, the ROP had a balance of \$77,436 including funds already committed to the ongoing contract.

38. Details on the ROP are provided in IOTC–2025–CoC22–04a.

**Table 4.** Overview of IOTC’s financial status as of 31 December 2024 (in US\$)

	<b>2024 Budget / Proposed Usage</b>	<b>2024 Actual Expenditure</b>	<b>Balance as of 31 December 2024</b>	<b>Comments</b>
<b>2024 budget</b>	\$4,401,862	\$3,401,141	\$1,000,721	
<b>Working Capital Fund</b>	\$0	\$0	\$7,290,330	Total includes USD 324,091 of interest for 2024
<b>Meeting Participation Fund</b>	\$250,000 plus extra-budgetary (\$70,288)	\$237,127	\$100,022	An extra-budgetary contribution to the MPF of \$18,000 was received from China and \$52,288 was received from Australia
<b>Regional Observer Programme</b>	N/A	\$695,837	\$77,436	The contract underpinning this programme is managed on an April to May cycle
<b>Contributions outstanding</b>			(\$3,119,984)	Increase of 13%

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

That the SCAF:

- a) **NOTE** paper IOTC-2025-SCAF22-06 which includes the Financial Statement and supporting documentation for the financial period 1 January to 31 December 2024.