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## Agenda item 5(b): Financial Update

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### Proposed Recommendations:

PIDC Members are invited to:

- a) **note** the financial update and performance of the Secretariat for the period 1 July 2019 – 20 June 2020;
- b) **thank** and **acknowledge** the continued financial support provided by the Principal Donors, Australia, New Zealand and Host Country Samoa;
- c) **thank** and **acknowledge** Members for making timely payments to their contributions;
- d) **note** the aged debtors;
- e) **note** the underspend by the Secretariat as 20 June 2020; and
- f) **note** the expenditure breakdown provided.

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### Purpose

The purpose of this paper is to brief PIDC Members on the financial performance of the Secretariat for the period 01 July 2019 – 20 June 2020.

### Background

2. The financial update is provided to brief Members on the current state of PIDC finances. All figures are represented in Samoan tala (WST) unless stated otherwise.

### Overall Performance

3. For the period 1 July 2019 – 20 June 2020, the Secretariat received 9% less subscription revenue than budgeted while expenditure remains 20% below budgeted. The Secretariat maintained a healthy balance of WST \$1,389,966

REPORTING PERIOD: 1 JULY 2019 – 20 JUNE 2020					BUDGET
REVENUE	Notes	Budgeted	Actual	Variance	Percentage (%)
<b>DONORS CONTRIBUTION</b>	A				
AUSTRALIA		959,000	1,847,559	- 888,559	61
NEW ZEALAND- MFAT		660,000	657,880	2,120	22
NEW ZEALAND-MBIE		304,000	305,551	-1,551	10
HOST COUNTRY- SAMOA		90,000	90,000	-	3
MEMBERS CONTRIBUTION		105,791	106,433	-642	4
<b>TOTAL INCOME</b>		<b>2,118,791</b>	<b>3,007,423</b>	<b>888,632</b>	<b>100%</b>

### A. Revenue

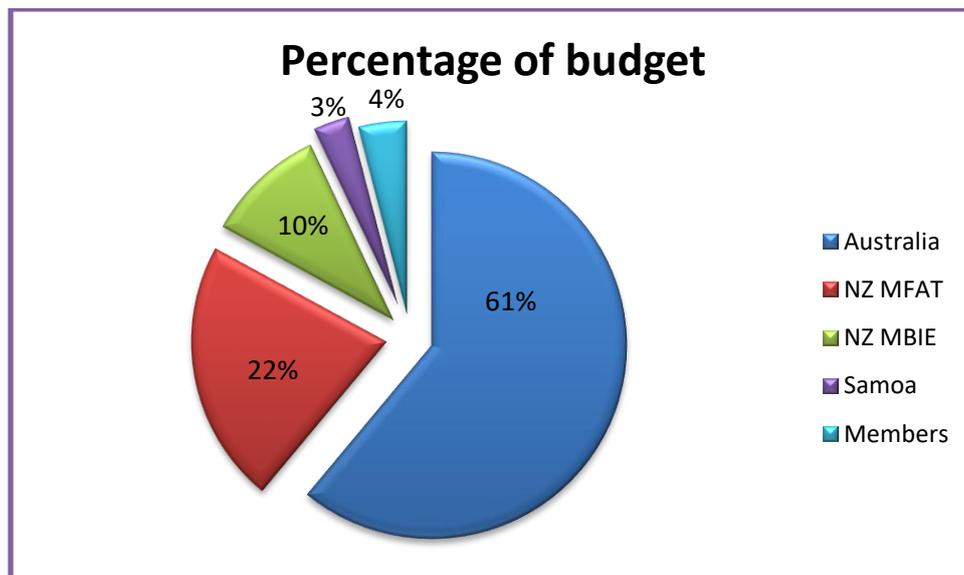
4. Total revenue received for the period 01 July – 20 June 2020 was \$3,007,423 which is 42% more than what was budgeted for. The variance of 888,632 consists of an extra funding assistance of AUD 500,000 (WST \$888,559) from Australia. The additional funding is

for COVID-19 support to be provided to Members for the next two years. This extra-ordinary funding is separate from the normal 3-year funding agreement signed between Australia and PIDC in 2019.

5. At the request of the New Zealand Ministry of Foreign Affairs and Trade, the Secretariat has issued the last indicative funding payment invoice of NZD400,000 in June 2020. This is three months earlier than normal to allow for the tranche payment to be paid utilising funds from the current financial year. The Secretariat will still submit the deliverables as per the contract agreement which in September 2020 and a completion report covering the full funding by September 2021.

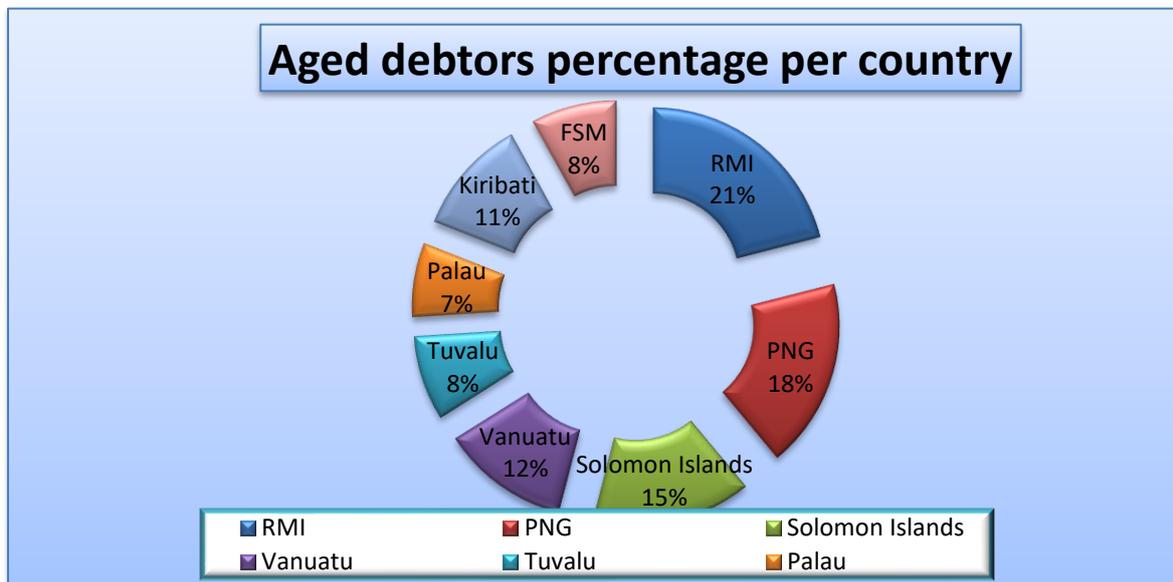
6. The annual funding agreement received from New Zealand’s Ministry of Business and Innovation and Employment (NZ MBIE) has concluded at the end of June 2020. NZ MBIE funding agreement is normally renewable yearly and currently the Secretariat is working with NZ MBIE on a possible multi-year funding agreement.

7. The Secretariat acknowledges the continued support provided by the Host Country under the Headquarters agreement to continue to pay for the Secretariat’s office space rent and utilities housed under the Development Bank of Samoa building. The total financial support assistance for the Financial Year 2019/2020 is WST90,000 which is in addition to Samoa’s annual Member Contribution paid yearly.



8. Outstanding contribution aged debtors as at 20 June 2020 are as follows:

Membership Contribution	Total
Over 180 days	WST
Federated States of Micronesia (FSM)	3,798.00
Kiribati	5,518.00
Palau	3,679.00
Papua New Guinea (PNG)	9,196.00
Republic of Marshall Islands (RMI)	10,790.00
Solomon Islands	7,357.00
Tuvalu	4,040.00
Vanuatu	5,883.00
<b>Total (WST)</b>	<b>50,261.00</b>



9. Total outstanding for Member's Contribution stands at WST 50,261 of which, WST 12,831.02 relates to prior years outstanding.

10. The Secretariat is grateful to all Member countries who continue to pay their Member Contributions on time despite the individual challenges faced by each country from COVID-19.

### **B. Expenditure**

11. Total actual expenditure incurred for the period 01 July – 20<sup>th</sup> June 2020 total to WST \$1,626,457 being 20% less than budgeted. Expenditure breakdown by project are attached as Attachment One. One reason of the underspent is because the border closures have affected programme activities and major component as you can see in the table is output four which is the cost of the Regular Annual Meeting. Secondly, the Secretariat Operational costs was also underspent in the budget mainly because of a major component of the savings is the allocation cost for the salary review which factors in the inflation and performance based backpay for staff. This is in addition to continuing Secretariat efforts to always seek savings

and maximise use of resources within the budget allocation and monitoring expenditure closely as per the budget allocation in each project activity.

12. The table below shows the expenditure details by Result Management Output comparing with the same period last year. The overall expenditure shows a decrease of 20 % compared to the same period last year. This indicates that there was less programme activity expenditure this year compared to last year as most programme activity have been placed on hold or have been replaced by activities that can be undertaken during the COVID-19 impacted period.

#### **Expenses by Result Management Output**

	<b>Output</b>	<b>Budget</b>	<b>2019/2020</b>	<b>2018/2019</b>	<b>Variance</b>
1	Centre for advice, research information sharing and analysis on related immigration issue	342,600	297,985	459,749	44,615
2	A regional coordination point for immigration liaison, advocacy/representation and agenda setting.	56,600	90,080	59,172	-33,480
3	Programme of Immigration capacity building	254,000	259,584	171,374	-5,584
4	Internal Governance and running functioning organisation	379,000	120,381	420,051	258,619
	Secretariat Operational Expenses	1,010,000	858,427	935,382	151,573.
	<b>Total</b>	<b>2,042,200</b>	<b>1,626,457</b>	<b>2,045,729</b>	<b>415,743</b>

#### **Cash flow and Forecast**

13. Closing bank balance as at 20 June 2020 was WST 1,389,966. Expenditure for the next two months is forecasted to be WST350, 420. The Secretariat will have sufficient cash flow to meets its obligations for the transition to the new financial year.



**A. Expenditure by Projects shown below:**

1. Breakdown of expenditure for the reporting period 01 July 2019 – 20 June 2020 shown below as follows:

	<b>Projects</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>	<b>Percentage</b>
1	Secretariat Operational cost	225,000	237,134	-12,134	-5%
2	Salaries & related costs	770,000	621,293	148,707	19%
3	Capital Expenditure	15,000	15,987	-987	-7%
3	Oversight & reporting- Board Meetings & Ram	265,00	120,381	144,619	55%
	Consultancy	174,000	112,390	61,610	35%
3	USP Post Graduate Programme	186,000	151,894	34,106	18%
4	Support for In country Technical Mission	18,000	17,000	1,000	6%
5	Publications	9,700	7,750	1,950	20%
6	Secondment	30,000	30,000	-	
7	Data Collection – PEDCT rollout	22,000	22,500	-500	-2%
8	IBCP Support – Vessel Search	50,000	50,000	-	
9	Regional workshop- Contact Points Network training /information sharing group	172,000	159,000	13,000	8%
11	Legislation Modernisation Support Mission	55,000	56,128	-1528	-3%
12	Secretarial Travel- representation and advocacy	50,500	25,000	25,500	50%
	<b>Total WST</b>	<b>2,042,200</b>	<b>1626,457</b>	<b>415,743</b>	<b>20%</b>

**Note:**

1. Negative percentage means budget project activity is overspend and the positive means budget underspend.