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## **Agenda item 3(b): Financial Update**

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### **Proposed Recommendations:**

The Board is invited to:

- a) **note** the financial update provided by the Secretariat for the period 01 November 2020 to 28 February 2021;
- b) **note** the end of the 3-year funding agreement with New Zealand Ministry of Foreign Affairs and the beginning of discussions for submission of a new proposal to continue the funding for PIDC;
- c) **acknowledge** the continued financial support provided by the PIDC Members and major donors Australia, New Zealand, and Samoa as Host Country;
- d) **acknowledge** the ongoing support by Members through payments of the annual Membership contributions;
- e) **note** the aged debtors; and
- f) **note** the expenditure breakdown provided as at 28 February 2021.

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### **Purpose**

This Agenda item provides a financial update to the Board for the period of 01 November 2020 – 28 February 2021.

### **Background**

2. The financial update is provided at Board Meetings as a normal standard agenda item to inform the Board of the current state of PIDC finances. All figures are represented in Samoan tala (WST) unless stated otherwise.

### **Financial Activity**

#### **Solvency Analysis**

3. As required under the financial regulation 10.7 in mitigating foreign currency risk exposure and to ensure that the Secretariat is able to meet its current and future obligations, a solvency analysis is undertaken in order to measure the ability of an organisation to meet its long term debts. As a general rule of thumb, a solvency ratio that is higher than 20% is considered to be financially sound. Generally, a lower solvency ratio reflects a higher probability of the company or organisation being on default with its debt obligations. A solvency analysis is undertaken using the formula:

**Solvency ratio= (After Tax Net Profit + Depreciation)/Total Liabilities**

4. The solvency ratio for PIDC for the reporting period ending 28 February 2021 was 117%.

Ratio		Comments
Solvency Ratio	117%	Higher than 20% financially sound

Currency Ratio	1.1%	Higher than 1% shows its able to meet its short term obligations
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### Overall Performance

5. For the period 1 November 2020-28 February 2021, the Secretariat received 35% less revenue than budgeted while expenditure remains 38% below budget. The Secretariat maintained a healthy balance of WST 1,510,770 as at 28 February 2021.

REPORTING PERIOD: 1 NOVEMBER 2020 –28 FEBRUARY 2021				
	Notes	Budgeted	Actual	Variance
REVENUE	A	1,130,159	735,118	<b>395,041 (35%)</b>
EXPENDITURE	B	1,009,333	626,556	<b>382,777 (38%)</b>

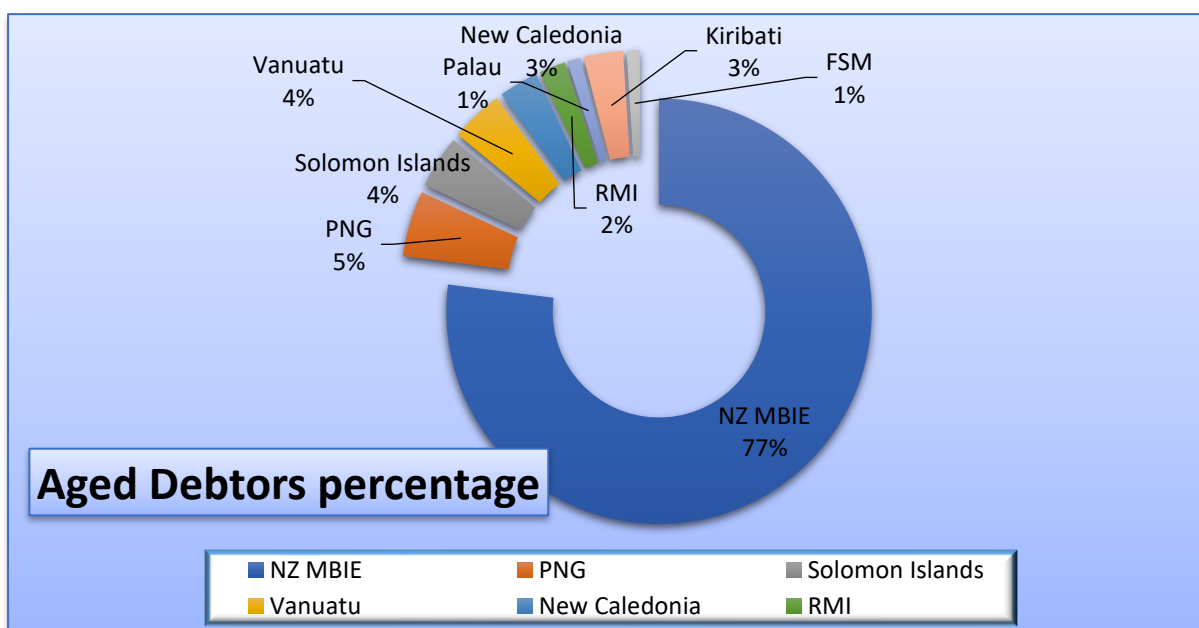
### A. Revenue

6. Donor Funding- The three year funding agreement between New Zealand Ministry of Foreign Affairs and Trade (NZ MFAT) and PIDC will end in June 2021. Currently the Secretariat is in discussion with NZ MFAT and is preparing a draft funding proposal to be submitted to the NZ government before 30 April 2021 for the continuation of funding for an additional three year period. NZ MFAT has advised that while no figures have been finalised, their funding levels are likely to remain at existing levels.

7. The Secretariat has received in February 2021 the first payment from Australia for quarter 1 funding of AUD\$250,000.

8. Outstanding aged debtors as at 28 February 2021 are as follows:

	Total	
	WST (current year)	WST (prior year)
<b>Donors</b>		
NZ MBIE	314,000	
<b>Membership Contributions</b>		
Federated States of Micronesia (FSM)		3,565
Kiribati	5,450	5,347
Palau	3,634	
New Caledonia & Wallis & Futuna	12,717	
Papua New Guinea (PNG)	9,084	9,196
Republic of Marshall Islands (RMI)	3,657	10,359
Solomon Islands	7,267	7,130
Vanuatu	7,267	7,130
<b>Totals WST</b>	<b>363,076</b>	<b>42,727</b>
	<b>\$405,803</b>	



9. Total outstanding for Members' Contribution stands at WST 91,903 of which, WST 42,727 relates to prior years outstanding. The Secretariat will continue to work with individual members in trying to follow up on the outstanding membership fees. The outstanding membership fee stands at 3% of the total budget.

10. The Secretariat is grateful to all member countries who continue to pay their member contributions on time despite the challenges countries are facing during the COVID-19 pandemic and the economic downturn.

### **B. Expenditure**

11. Total actual expenditure incurred for the period 01 November – 28 February 2021 total to WST \$626,556 being 38% less than budgeted. Expenditure breakdown by project are attached (attachment one). The table below shows the expenditure details by each activity compared to the approved budget. The overall expenditure shows a decrease of 24% compared to the allocated budget. Border closures have affected normal programs including face to face workshops, board meetings RAM and other face to face meetings. The other noticeable improvement is the overspend of the COVID-19 funding for this second quarter by 5% more compared to the first quarter.

### **Cash flow and Forecast**

12. Closing bank balance as at 28 February 2021 WST 1,510,770. Expenditure for the next two months is forecasted to be WST390,000. The Secretariat will have sufficient cash flow to meet its obligations for the next quarter.



**Pacific Immigration Development Community**  
2020/2021 Board Meeting No. 1 (Videoconference)  
30 & 31 March 2021, Apia, Samoa

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

1. Breakdown of expenditure for the reporting period 01 November 2020 – 28 February 2021 shown below as follows including the year to date for the current financial year 2020/2021:

	Activities	Budgeted Nov 20 - Feb 21	Actuals Nov 20-Feb 21	Variance	%	Year to date (YTD) 01 July 2020- Feb 21	Compared to approved budget (YTD)	% Variance
1	Secretariat Operational cost	93,334	68,127	25,207	27%	130,476	280,000	53%
2	Salaries & related costs	327,000	293,808	33,192	10%	505,556	930,000	46%
3	COVID-19 Support	150,000	157,827	-7,827	-5%	223,235	440,000	49%
4	Oversight & reporting- Board Meetings & RAM	127,000	5,912	121,088	95%	10,931	380,000	97%
5	Consultancy	77,000	67,354	9,646	13%	140,589	200,000	30%
6	USP Post Graduate Programme- Cohort funding	38,000	22,485	15,515	41%	80,118	115,000	30%
7	Publications- Annual report	3,334	4,287	-953	-29%	4,287	10,000	57%
8	PIDC Staff Capacity Development	10,000	6,756	3,244	32%	9,650	30,000	68%
	<b>Total WST</b>	<b>825,668</b>	<b>626,556</b>	<b>199,112</b>	<b>24%</b>	<b>1,148,842</b>	<b>2,385,000</b>	<b>52%</b>

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