

34th SESSION STANDING COMMITTEE
ON PROGRAMMES AND FINANCE

AGENDA ITEM 6

Financial Report for the year ended
31 December 2023

Joseph S. Appiah

Comptroller / Director

Department of Financial and Administrative Management

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

1. MANAGEMENT REPORT

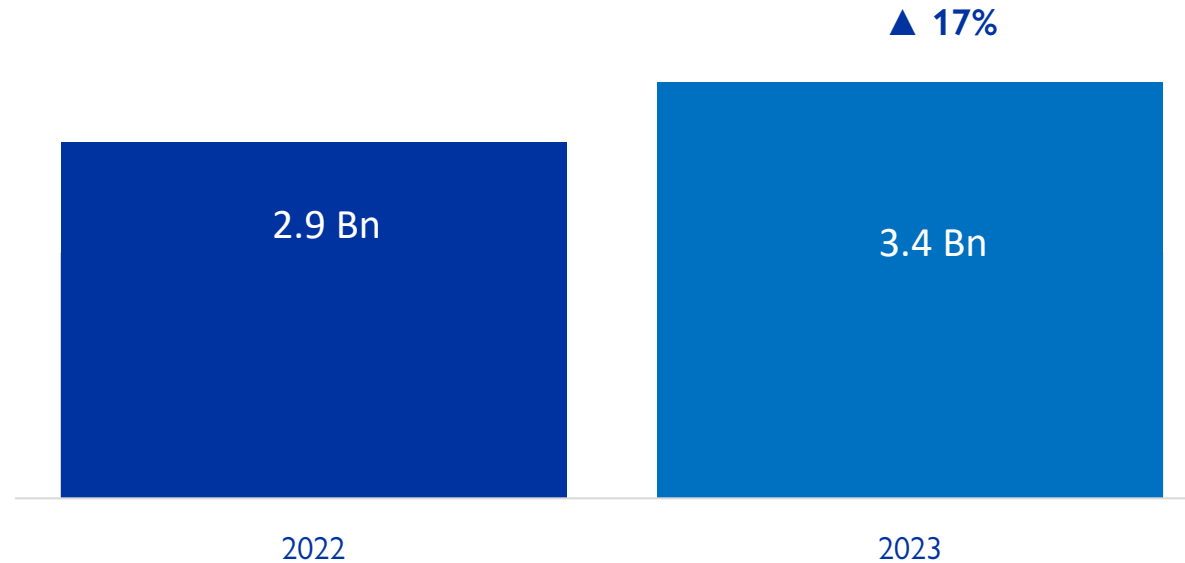
- Records provide reasonable detail and accurately reflects transactions.
- Transactions are executed in accordance with financial regulations.
- Reasonable assurance is provided regarding prevention and detection of unauthorized acquisitions.

2. EXTERNAL AUDITOR OPINION – UNQUALIFIED OPINION

- In forming its opinion, the External Auditor undertook:
 - Performance audits (Implementation of IN/289 Delegation of Authority Policy (DoA)) in Switzerland, Austria, Philippines, Kenya.
 - Compliance audits (15 offices: Bangladesh, Belgium, Cambodia, Colombia, Ethiopia, Gambia, Mauritania, Nepal, Peru, Sierra Leone, Slovakia, Switzerland, Tajikistan, The Netherlands, Zambia).
- The financial report, related notes and other disclosures give a true and fair view of the financial position for the year ended 31 December 2023.

HIGHLIGHTS FINANCIAL PERFORMANCE

TOTAL COMBINED EXPENDITURES
(in billions of USD)



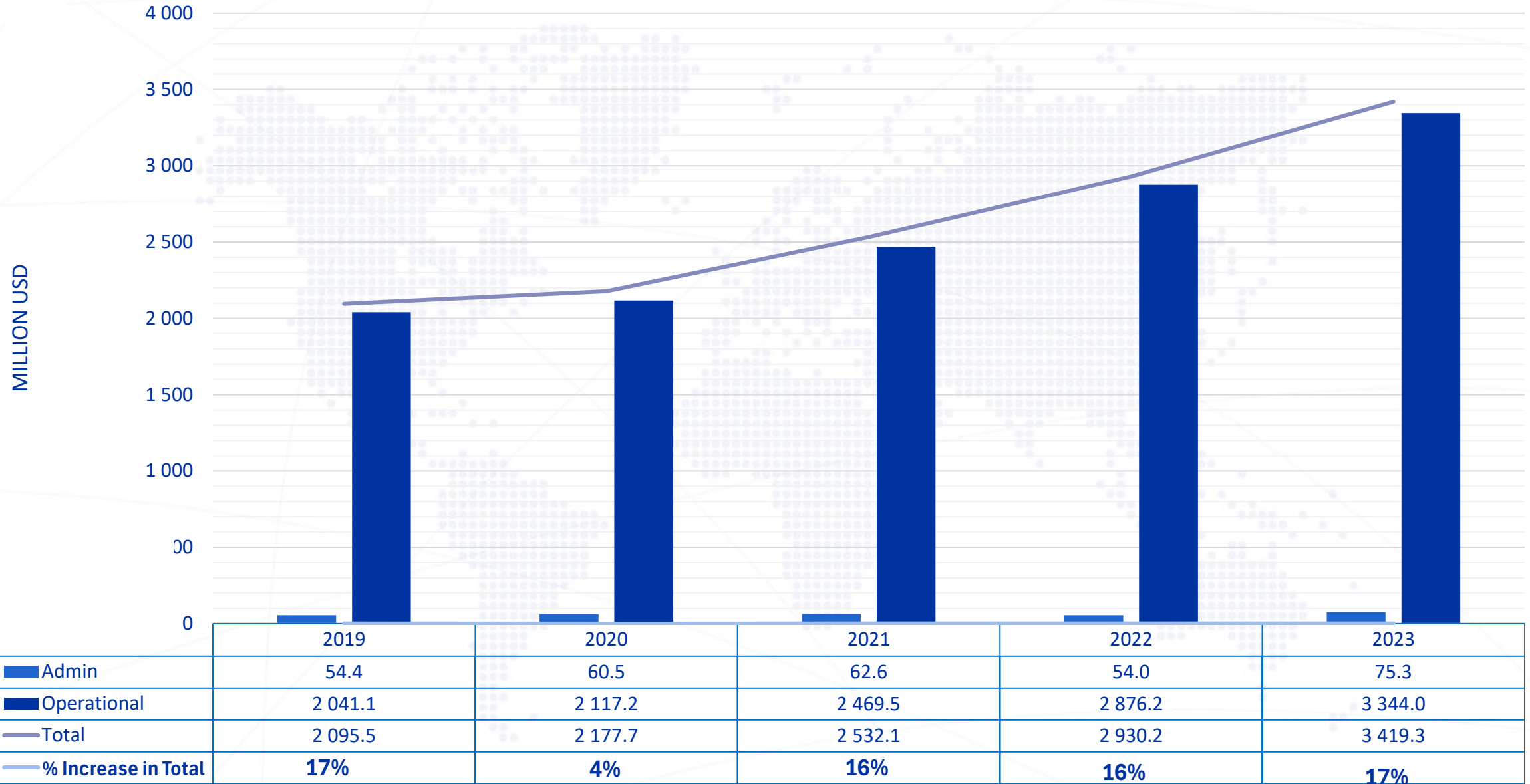
Continued **growth** consistent with past years.

The revenue from voluntary contributions, combined with the **deferred revenue** (contributions secured for projects to be realized beyond 2023) reached **USD 5.3 billion** (2022: 4.5 billion).

3,617 projects active during the year (2022: 3,511), **3 % increase**.

The administrative budget remains at approximately 2% of the total costs.

TOTAL EXPENDITURE - 5 YEARS TREND (in USD millions)



Statement of financial performance

Administrative part of the Budget

The Administrative programme accounts for app. 2 per cent of consolidated expenditure in 2023.

Break-even before provision for doubtful receivables for 2023.

Total deficit after factoring in the decrease in provision for doubtful receivables and expenses brought forward at the beginning of the year amounts to CHF 3,495,957.

	BUDGET		ACTUAL	
	2023 CHF	2023 CHF	2022 CHF	2022 CHF
REVENUE				
EXPENSES				
Total: Staff salaries, benefits, travel and representation	52 205 100	50 260 650		42 190 683
Total: General office	4 440 100	4 399 954		4 150 799
Total: Contractual services	2 383 378	2 411 934		2 385 264
Total: Others	6 323 662	6 279 702		4 860 070
Subtotal: Expenses - before provision for doubtful receivables	65 352 240	65 352 240		53 586 816
RESULT BEFORE PROVISION FOR DOUBTFUL RECEIVABLES			0	0
Decrease in provision for doubtful receivables			2 359 505	725 533
Deficit brought forward at the beginning of the year			(5 855 462)	(6 580 995)
DEFICIT AT THE END OF THE PERIOD			(3 495 957)	(5 855 462)

EXPENDITURE PER SERVICE SEGMENT AND REGION

Service Area	Asia	Africa	Europe	Latin America and the Caribbean	Middle East	North America	Global Activities	Administrative Programme	Total 2023	Total 2022	% Increase (Decrease)
Movement, Emergency and Post-Crisis Migration Management	244.7	498.2	401.8	137.1	344.3	30.7	610.6		2267.4	1874.3	21%
Migration Health*	36.4	24.0	14.1	5.3	27.6	0.2	204.7		312.3	282.3	11%
Migration and Sustainable Development	9.7	18.1	10.1	12.6	8.6	9.0	5.1		73.2	52.5	40%
Regulating Migration	43.1	192.4	146.1	37.0	19.4	7.9	38.1		484.0	502.6	(4%)
Facilitating Migration	14.5	8.9	48.1	25.7	2.7	1.2	46.3		147.4	128.4	15%
Land, Property Reparation Programmes	0.2	0.0	0.4	4.5	0.2	0.0	1.9		7.2	7.4	(3%)
Migration Policy, Research and Communications	1.0	4.0	2.0	1.6	1.6	0.2	6.6		17.0	21.8	(22%)
General Programme Support	10.4	21.8	18.9	11.8	8.8	3.6	(39.8)		35.5	6.9	414%
Administrative Programme								75.3	75.3	54.0	39%
Total 2023	360.0	767.4	641.5	235.6	413.2	52.8	873.5	75.3	3419.3	2930.2	17%
Total 2022	368.2	787.6	537.9	202.3	405.2	72.7	502.3	54.0	2930.2		
% Increase (Decrease)	(2%)	(3%)	19%	16%	2%	(27%)	74%	39%	17%		

* Health issues cut across all areas of IOM's work. This figure reflects only specific migrant health activities and does not include the health-related expenditure integrated into other services.

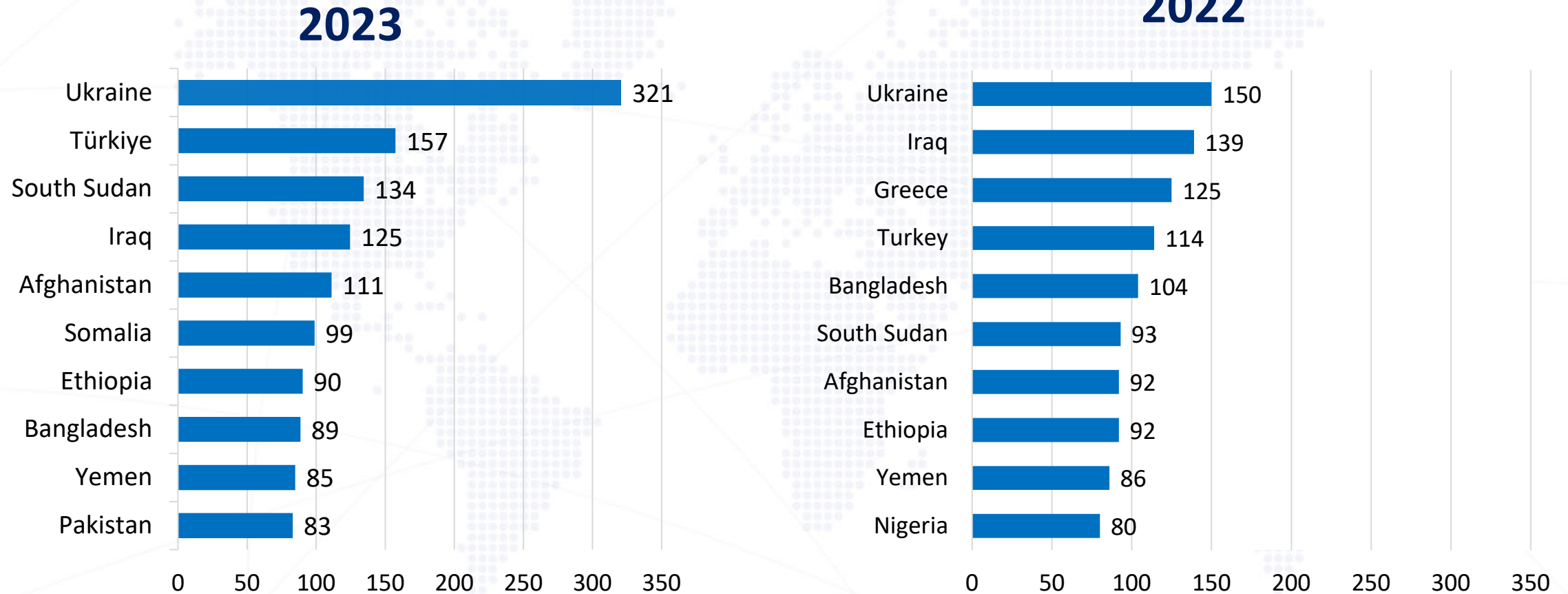
EXPENDITURE PER SERVICE SEGMENT AND REGION

IOM expenditure increased by 17%. The total decrease noted in some regions (Africa, Asia, North America) is actually compensated by the projects conducted in the Regions under the Global Support activities.

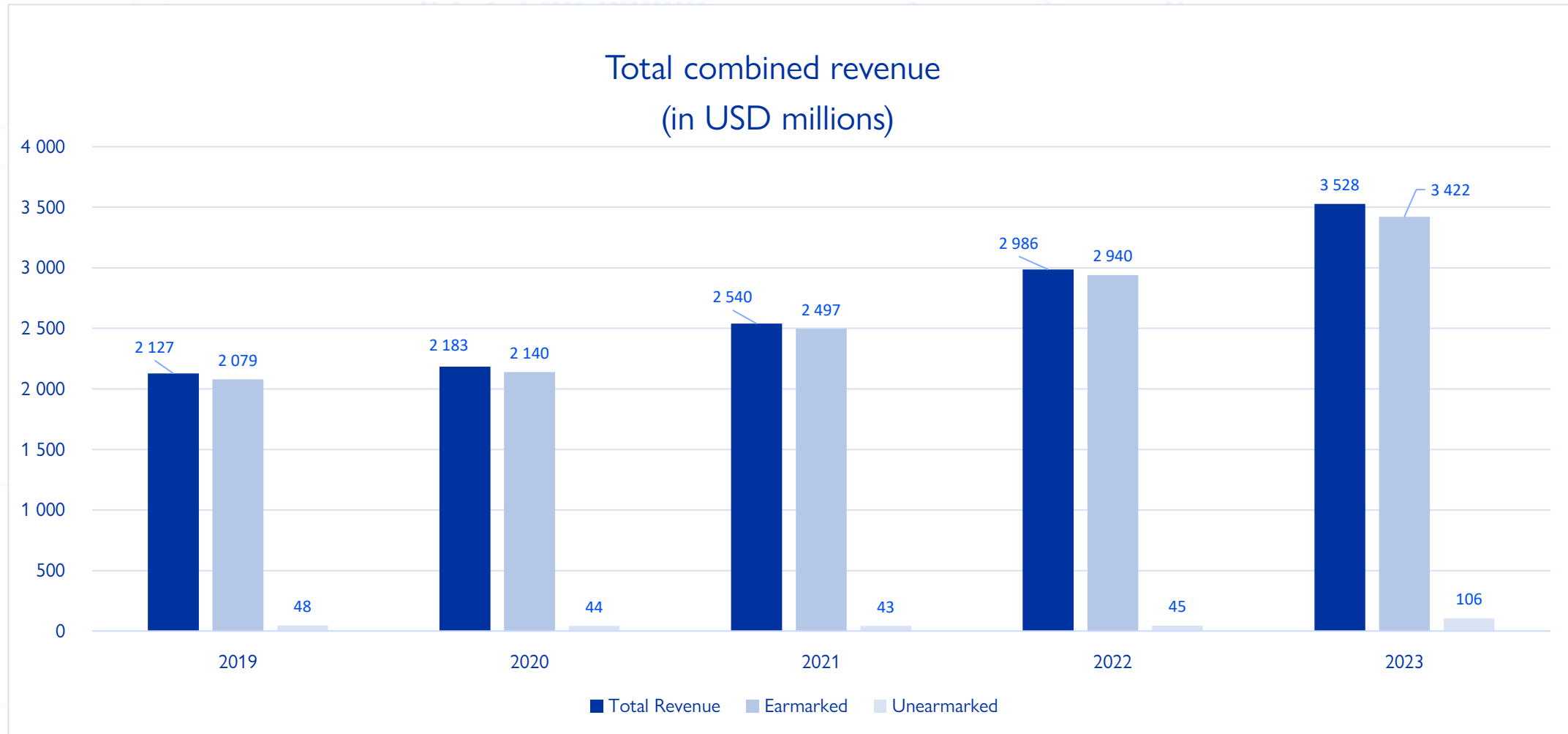
- **Movement, Emergency and Post-crisis Programming expenditure increased by USD 393.1 million**, mainly due to increased resettlement assistance activities, primarily in the Global Support/Services segment; emergency response and assistance to displaced persons activities increasing almost globally, but particularly in **Middle East, North and West Africa, Europe and Latin America**.
- **Migration Health expenditure increased by USD 30 million**, primarily due to increased activities within the Global Support/Services segment related to migration health assessments and travel health assistance, and increased health services for crisis-affected populations activities in **Africa the Middle East and Europe**.
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- **Regulating Migration expenditure decreased by USD 18.6 million** as a result of decreases in return and reintegration assistance for migrants and governments **mostly in Africa**, and to a lesser degree in Latin America, Europe, Asia and the Middle East.
- **Facilitating Migration expenditure increased by USD 19.0 million**, mostly due to increases in labour migration and integration and social cohesion activities mostly through the Global Support/Services segment. **This increase is marginally offset by the decrease of similar activities in Africa**.
- **General Programme Support expenditure increased by USD 28 million**, primarily in the Global Support/Services segment and in Africa, due to higher project-related overhead income generated in 2023 and in-kind contributions.

OFFICES WITH HIGHEST LEVEL OF EXPENDITURE

(in USD millions)



TOTAL COMBINED REVENUE - 5 YEARS TREND



STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2023
(in USD million)

ASSETS

- Increase of cash and cash equivalents, short- and long - term investments.
- Increase in receivable from voluntary contributions
- Decrease in assessed contribution receivable
- Inventory have significantly increased due to the scaleup of central inventory to improve IOM emergency response.
- 21% increase in Intangible Assets due to the upgrade of IOM Contact Relationship Management (Mimosa) and ERP new related work.

Assets	2023	2022 (restated)	Increase / (Decrease)	%
Cash and cash equivalents	725 742 296	597 727 851	128 014 445	21%
Short term investments	1 319 426 969	1 159 653 772	159 773 197	14%
Voluntary contributions receivables	314 770 821	250 105 412	64 665 409	26%
Assessed contributions receivables	5 670 984	8 245 097	(2 574 113)	(31%)
Other receivables	74 470 670	51 838 483	22 632 187	44%
Inventories	17 926 301	2 147 814	15 778 487	735%
Long term investments	143 090 408	167 757 491	(24 667 083)	(15%)
Property, plant and equipment	81 248 808	75 655 032	5 593 776	7%
Intangible Assets	19 899 662	8 126 629	11 773 033	145%
Other assets	270 132 261	198 285 709	71 846 552	36%
Total Assets	2 972 379 180	2 519 543 290	452 835 890	18%

STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2023
(in USD million)

LIABILITIES

- Increase in Contributions received from donors in advance of performance delivery consistent with IOM's growth.
- The Employee benefit liability under the Operational Budget is fully funded via the TE reserve and by a yearly allotment of CHF 0.7 million under the APOTB.
- Increase in Borrowing due to the Study loan lent by the FIPOI for the preparation of the IOM new Headquarters building

Liabilities and Net Assets/Equity	2023	2022 (restated)	Increase / (Decrease)	%
Funds received in advance :				
- voluntary contributions	1 751 228 189	1 545 799 135	205 429 054	13%
- assessed contributions	4 378 041	1 444 843	2 933 198	203%
- agency relationships	149 745 453	139 360 470	10 384 983	7%
- other	21 483 536	23 906 000	(2 422 464)	(10%)
Separation entitlements, ASHI, repatriation grants and Acc. leave	249 515 727	217 459 457	32 056 270	15%
Payables to suppliers	320 748 782	286 973 118	33 775 664	12%
Borrowings	441 437	399 350	42 087	11%
Refugee Loan Fund – US equity	44 820 334	38 058 562	6 761 772	18%
Other liabilities	38 918 560	38 223 002	695 558	2%
Total Liabilities	2 592 079 374	2 301 792 981	290 286 393	13%
Total Net Assets/Equity	380 299 806	217 750 309	162 549 497	75%
Total Liabilities and Net Assets/Equity	2 972 379 180	2 519 543 290	452 835 890	18%

OPERATIONAL SUPPORT INCOME

(IN USD MILLION)

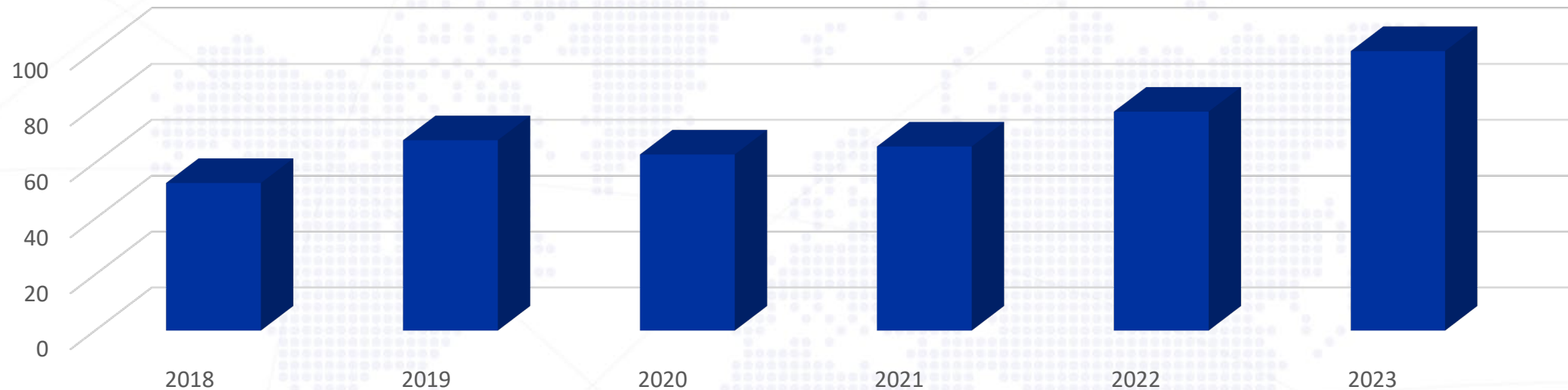
Application of USD 77.4 million additional overheads:

- USD 1.4 million to cover additional core costs.
- USD 31.3 million for unbudgeted project shortfalls and for activities rendered possible due to OSI increase
- USD 44.7 million increase in the OSI reserve

OSI SOURCES	2023 Budget	Actual Sources	Variance
Total project-related overhead	159 900 000	192 369 362	(32 469 362)
Total miscellaneous income	15 000 000	59 887 814	(44 887 814)
TOTAL SOURCES	174 900 000	252 257 176	(77 357 176)

OPERATIONAL SUPPORT INCOME RESERVE BALANCE

(in USD million)



	<u>2021</u>	<u>2022</u>	<u>2023</u>
OSI Carry forward	62,977,812	65,822,345	78,307,481
Additional OSI	8,544,533	25,485,136	44,661,659
% of OSI composed of Interest income	0%	0%	58%*
OSI Reserve Drawdown	(5,700,000)	(13,000,000)	(15,000,000)
OSI Reserve balance 31 December 2023	65,822,345	78,307,481	107,969,140
Threshold - 1% of (Y-1) total expenditure*	(21,776,812)	(25,320,355)	(29,301,629)
Utilization balance	44'045'533	53'987'126	78'667'511

* C/111/RES/1390

*The Interest income, insignificant in previous years reached USD 59.9 million in 2023 due to interest market rates increase
C/115/3 pages 12 to 13, par 29 to 34 and page 69 to 70 Appendix 4

CONTINGENT LIABILITIES

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the entity.

- **Donor Co-Funding** related to projects where IOM has signed agreements without the entire co-funding confirmed upfront. There was a shortfall in obtaining co-funding for four projects amounting to USD 0.9 million which was covered by IOM, and one project has a potential exposure of EUR 0.2 million.
- **Out-of-country voting project (Iraq)** where a claim of USD 57 million has been dismissed in IOM's favour. Following further meetings a verbal agreement was reached in February 2023 and subsequently through exchanges of letters, IOM committed to disburse 57 million through its mission programmes over the period of 2023-2024. The related delivery is currently being coordinated with the Iraqi Prime Minister's Office, enabling a removal of the contingent liability in 2024 AFR. In 2023, USD 120 million have been spent in Iraq.
- **Other contingent liabilities** IOM is subject to a variety of claims and suits arising from time to time in the ordinary course of operation. The total if such contingent liability amounts to USD 2.3 million for the period reported.

SERVICES IN KIND

Donor	Type/Class of services in kind received	Unit/Measure
Audit and Oversight Advisory Committee	Audit advisory services	36 days
Boston University	Personnel services	176 days
CANADEM	Personnel services	680 days
Carlo Schmid Programme	Personnel services	339 days
China Scholarship Programme	Personnel services	1 228 days
CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB	Legal services	10 days
Danish Refugee Council	Personnel services	146 days
Deutscher Akademischer Austauschdienst [German Academic Exchange Service]	Personnel services	182 days
DLA Piper	Legal services	100 days
Duke University	Personnel services	676 days
Erasmus+	Personnel services	406 days
Federal Ministry for Economic Cooperation and Development, Germany	Personnel services	87 days
Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation, Belgium	Personnel services	429 days
Gerald R. Ford School of Public Policy	Personnel services	67 days
Government of Ghana	Audit services	312 days
Harvard Kennedy School	Personnel services	81 days
iMMAP	Personnel services	920 days
Irish Aid	Personnel services	686 days
Kent State University	Personnel services	73 days
Korea International Cooperation Agency	Personnel services	69 days

Donor	Type/Class of services in kind received	Unit/Measure
Kühne Foundation	Personnel services	182 days
Munk School of Global Affairs and Public Policy (University of Toronto)	Personnel services	182 days
Norwegian Refugee Council	Personnel services	3 937 days
RedR Australia	Personnel services	438 days
Rijksdienst voor Ondernemend Nederland [Netherlands Enterprise Agency]	Personnel services	622 days
Smith College	Personnel services	102 days
Swedish Civil Contingencies Agency	Personnel services	3 343 days
Swiss Agency for Development and Cooperation	Personnel services	723 days
Tokyo University for Foreign Studies	Personnel services	42 days
United Nations Association in Canada	Personnel services	313 days
Università degli Studi di Catania [University of Catania]	Personnel services	182 days
University of Greenwich	Personnel services	129 days
University of Westminster	Personnel services	438 days

SUMMARY OF APPENDIXES

Appendix 1 – Assessed Contributions for the period ended 31 December 2023

Appendix 2 – Outstanding Assessed Contributions for the period ended 31 December 2023

Appendix 3 – Statement of Financial Performance by Service for the period ended 31 December 2023

Appendix 4 – Sources and Application of Operational Support Income

Appendix 5 – Expenditure by Location for the period ended 31 December 2023

Appendix 6 – Refugee Loan Fund

Appendix 7 – List of Voluntary Contributions by Donor (Operational programmes)

Appendix 8 – List of Voluntary Contributions by Donor and Programme/Project (Operational programmes)

Appendix 9 – List of Services in Kind Received

Outstanding Recommendations

	Audited financial year						Total
	2018 and prior years*	2019 S/26/CRP/1	2020 S/28/CRP/1	2021 S/30/CRP/1	2022 S/32/CRP/1	2023 S/34/CRP/1	
Number of recommendations made	216	56	38	35	57	45	447
Implemented Recommendations	211	56	37	31	47	-	382
Outstanding at the current update	5	0	1	4	10	45	65

* Reports of the External Auditor (2018 and prior years: 2018 (S/22/CRP1), 2017 (S/20/CRP1), 2016 (S/18/CRP/10), 2015 (S/16/CRP/15), 2014 (S/14/CRP11))

Recommendations are addressed by management as soon as received and implemented in priority by the relevant IOM Department/Mission to ensure continuous improvement. The ongoing implementation of the new ERP is delaying action on several recommendations, which will be addressed after go-live.

Recommendations Overview - Management comments

Recommendations outstanding are mainly due to:

- Certification: higher number of long-term strategic recommendations with focus on the implementation of the new ERP flagged as critical.
 - Further recommendations are focusing on Internal Governance Framework, Institutional Resource Mobilization Strategy, Statement of Internal Control, and cybersecurity.
- Compliance: operational recommendations following the auditors audit on site with chosen Missions. The detail by Regions is presented on next slide.
- The implementation timeline of some recommendations is impacted by the on-going ERP replacement.
 - This include the 2023 performance audit regarding the DoA policy implementation, as IOM is rolling out its Global Payroll.

Outstanding Recommendations – Regional View

	Outstanding Recommendations by Category and Region						
	Global	Africa	Americas and the Caribbean	Asia	Middle East	Europe and Central Asia	Total
Certification	26						26
Performance	3						3
Compliance		11	6	9	1	9	36
Outstanding as at yearly update to the Member States	29	11	6	9	1	9	65

A detailed update on the implementation of the external auditors recommendations will be presented in the fall SCPF to include the progress done on the 45 new recommendations done during the 2023 audit.

THANK YOU

Joseph Appiah

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