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INTEGRATED TECHNICAL COOPERATION PROGRAMME

(a) Annual Report for 2018

Annex 2: Overview of financial resource delivery

Note by the Secretariat

SUMMARY

Executive summary: This document provides the overview of financial resource delivery for the Integrated Technical Cooperation Programme during 2018, as annex 2 of the Annual Report for 2018

Strategic direction, if applicable: 1 and 7

Output: 1.1, 1.6, 1.9, 1.10, 7.3, 7.4 and 7.7

Action to be taken: Paragraph 4

Related documents: TC 69/3(a) and TC 69/4(d)

1 Document TC 69/3(a) provided annex 1 of the Integrated Technical Cooperation Programme (ITCP) Annual Report for 2018, which contained the Organization's ITCP implementation results for 2018.

2 That document also informed the Committee that annex 2 to the annual report, on the overview of financial resource delivery, was dependent on the receipt of the 2018 audited accounts, and would be submitted under document TC 69/3(a)/Add.1 once the audited data was available.

3 Accordingly, annex 2 on the overview of financial resource delivery is submitted under this document, and provides a comprehensive review and analysis of the financial data recorded against IMO's technical cooperation activities delivered during 2018.

Action requested of the Committee

4 The Committee is invited to take note of annex 2 to the ITCP Annual Report for 2018 and comment as it deems appropriate.

ANNEX

ANNEX 2

INTEGRATED TECHNICAL COOPERATION PROGRAMME

Annual Report for 2018

Overview of financial resource delivery

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DELIVERY OVERVIEW

Introduction

1 The overview of financial resource delivery provides a comprehensive review of the 2018 financial data recorded against the implementation of IMO's technical cooperation (TC) activities. The data is disaggregated by region, discipline and funding source in order to provide baseline comparators for establishing the trends in the delivery of the Integrated Technical Cooperation Programme (ITCP). This enables detailed analysis and presentation of the achievements from various perspectives, both for the year under review and over a longer period of time.

2 The ITCP structure is comprised of regional and global programmes. The appendix to this annex supplements the information in the financial overview with financial details of the respective programmes operational during 2018. The composite results are collated from the respective activities implemented in 2018 and are presented according to the programmatic structure of ITCP. Some long-term projects operate outside the ITCP annual structure, and are generally multi-year in structure. These are also detailed in the appendix.

3 IMO adheres to International Public Sector Accounting Standards (IPSAS), and thus the baseline comparators for monitoring expenditure ensure precision and transparency. IPSAS also ensures that the figures represent the technical cooperation expenditure of the actual delivery achieved within the allotted time frame, and the results, including any related adjustments, are reflected in this report for 2018. Furthermore, a time lapse between the completion of delivery and receipt of charges through the United Nations Development Programme (UNDP) service-clearing account means that a certain percentage of funds committed during 2018 will be reflected in the budget and final expenditure of 2019.

4 In accordance with technical cooperation operational procedures, although resources are made available in different currencies depending on the donor source, all budgetary and expenditure figures in this report are expressed in United States dollars.

5 It should be noted that the ITCP delivery results presented in this annex provide complementary information to the financial reports submitted to the Council,¹ and may include variances arising from adjustments made subsequent to the completion of the Council documents.

General ITCP implementation trends

6 During 2018, some \$13.5 million was delivered against programmed donor contributions of \$16.2 million, representing a delivery rate of 83%.² This is slightly lower than the \$13.8 million recorded in 2017, when a delivery rate of 85% was reached. However, it should be noted that some activities were not yet fully completed as at the end of the year and consequently some related expenditures were not recorded in the final expenditure of 2018. Table 1 presents these budget and expenditure figures for 2018 as well as the figures for the previous four years for comparative purposes. The expenditure over the five-year period from 2014-2018 is presented visually in chart 1.

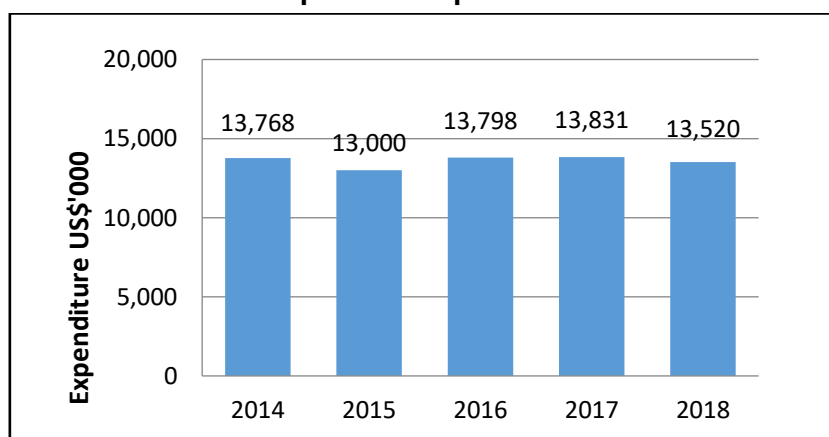
¹ C 122/4(b) – Financial report and audited financial statements for the financial period ended 31 December 2018.

² This document reports on all IMO expenditure related to technical cooperation, including both the core ITCP and extrabudgetary long-term projects.

Table 1: ITCP budget and expenditure 2018 in \$ – comparison with previous years

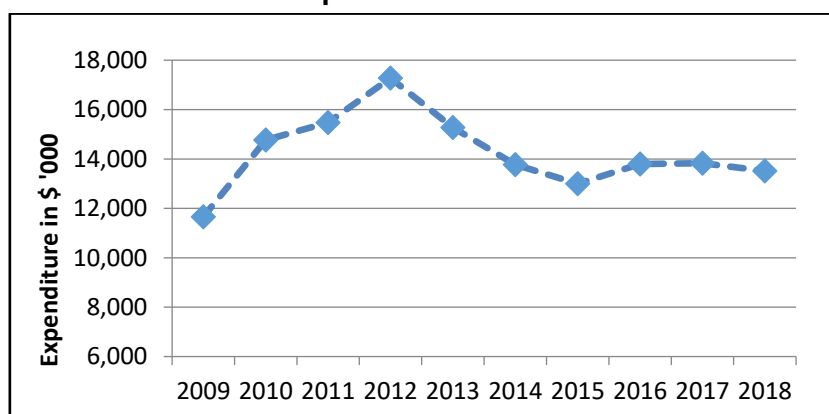
Year	Budget	Expenditure
2018	16,233,798	13,519,814
2017	16,364,752	13,831,273
2016	15,266,703	13,798,322
2015	16,756,516	12,999,949
2014	18,129,341	13,767,582

Chart 1: Comparative expenditure 2014-2018



7 In chart 2, which traces the annual volume of expenditure since 2009, the trend can be viewed over a decade. From a total of \$11.6 million in 2009, the following years showed increases from 2010 to 2012, when the all-time high expenditure of \$17.3 million was reached. The period 2012 to 2015 recorded annual decreases from this high, with a moderate increase to a generally stable level from 2016 through 2018.

Chart 2: Expenditure trend 2009-2018

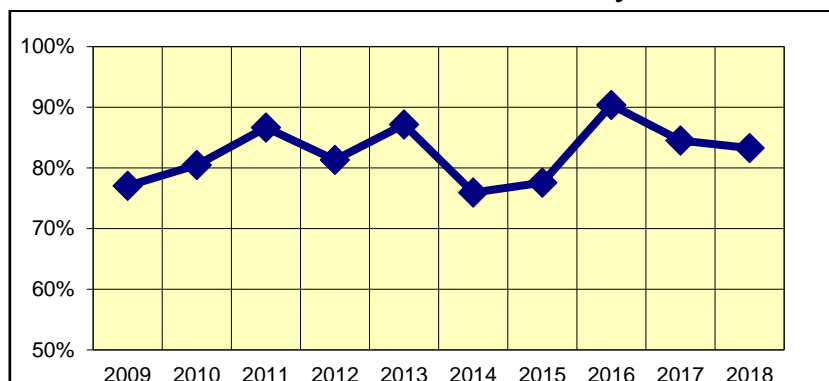


8 From another perspective, chart 3, below, traces the delivery rate over the decade. In percentage terms, the total delivery recorded against funds programmed for 2018 was 83%. This is a slight decrease from the delivery rate recorded in the previous year, but still very much in line with recent trends and an efficient use of resources.

9 During 2018, as was done for the previous two years, funds were, initially, only programmed when host countries had been identified and activities were confirmed. Funds

were then programmed throughout the year as and when preparations were finalized, thus reducing the number of activities which needed to be postponed or cancelled.

Chart 3: Rate of annual financial delivery since 2009



Note: for the years 2009 to 2015, all allocated funds for the given year were programmed at the start of the year, while from 2016, the funds programmed were less than the funds allocated for the year, based on the programming strategy described in paragraph 9 above.

PROFILE OF RESOURCE DISBURSEMENT

Expenditure sources

10 Table 2 records the individual funding sources from donor countries and organizations against the overall expenditure in 2018. Amounts shown reflect the amount programmed and the amount expended in 2018; not necessarily the full contribution. For the purposes of reporting, groupings of merged resources or multi-donor funds are categorized as single donors without listing the individual source of contributions. Such funding amalgams categorized in this manner include, inter alia, the TC Fund, the IMO West and Central Africa Maritime Security Trust Fund, the Djibouti Code of Conduct Trust Fund, the International Maritime Security Trust Fund (IMST Fund) and the LC/LP TC Trust Fund. Details of the full contributions of donors received during 2018 can be found in document TC 69/4(d) on financial contributions to ITCP.

Table 2: Profile of donor³ expenditure for 2018

No.	Source of funding	Funds programmed for 2018	Expenditure 2018	Percentage of 2018 budget spent	Donor percentage of total expenditure
1	TC Fund	7,560,922	7,294,757	96%	54%
2	European Union (represented by the European Commission)	3,240,917	1,893,525	58%	14%
3	UNEP (including external sources) ⁴	838,103	838,103	100%	6%
4	UNDP-GEF	732,792	704,453	96%	5%
5	Djibouti Code of Conduct (DCoC) Trust Fund	469,847	469,848	100%	3%
6	West and Central Africa Maritime Security Trust Fund	425,151	378,953	89%	3%
7	International Maritime Security Trust Fund (IMST Fund)	364,013	364,012	100%	3%
8	Republic of Korea	405,357	307,897	76%	2%
9	Norad	310,658	281,986	91%	2%
10	Norway	680,610	216,246	32%	2%
11	Netherlands	142,906	142,786	100%	1%
12	IMO Model Courses Development Trust Fund	198,576	129,001	65%	1%
13	United Kingdom	124,784	124,715	100%	1%
14	Kingdom of Belgium	147,000	122,674	83%	1%
15	International Search and Rescue (SAR) Fund	101,000	79,405	79%	0.6%
16	LC/LP TC Trust Fund	93,450	41,288	44%	Less than 0.5% each
17	Saudi Arabia	36,215	36,215	100%	
18	Malaysia	31,225	32,221	103%	
19	China	40,000	26,455	66%	
20	Global Industry Alliance (GIA)	257,931	16,792	7%	
21	Australia	19,200	9,040	47%	
22	International Transport Workers' Federation	5,141	5,089	99%	
23	Oman	8,000	4,353	54%	
	Total in \$	16,233,798	13,519,814	83%	

11 Table 2 shows the 23 donor sources of funding and expenditure for 2018, an increase of one from the 22 funding sources recorded in 2017. The figures in table 2 reflect the donor disbursement recorded against activities. They are not intended to provide the cash-flow status of any given trust funds, but represent donor expenditure that has been actually invoiced and registered by IMO during 2018.

³ For the purposes of budgeting and expenditure of ITCP, the TC Fund is categorized as a "donor", as are the other IMO multi-donor trust funds.

⁴ Includes UNEP/MAP funding for REMPEC.

12 As previously mentioned in paragraph 3, a number of activities that were ongoing during 2018 may have a completion date beyond the end of the calendar year and will therefore be reflected in the 2019 annual report, as will any relevant invoices and other adjustments not received before closure of the 2018 accounts. Conversely, it may be noted that the total disbursement of \$13.5 million recorded against programmed donor contributions in 2018 inevitably included a few activities and the related budgets originally programmed for 2017. This minor proportion of expenditure was primarily relevant to activities that were operational in 2017 but whose full implementation was not completed until 2018.

13 Additionally, it should be noted that the 2018 budgets were amended as and when required to accommodate additional funds and activities that were allocated during the course of the year. This was not unique to 2018 but is a regular occurrence each year due to the specific terms and timing of confirmation of funds relating to individual donor contributions.

14 An expenditure level over \$100,000 was credited to the top 14 donor sources out of 23 in 2018 as illustrated in table 2. The highest figure of \$7.3 million was attributed to the TC Fund, representing 54% of the total expenditure, followed by the European Union with an expenditure of some \$1.8 million, accounting for 14% of total expenditure, for the long-term GMN⁵ project. This was followed by UNEP with 6% of overall expenditure, and UNDP-GEF with 5% of total expenditure, for the GloMEEP⁶ and GloFouling⁷ projects. The next three donors on the scale each accounted for 3% of the total expenditure, ranging from \$350,000 to \$475,000, and were all related to Maritime Security: the Djibouti Code of Conduct Trust Fund, the West and Central Africa Maritime Security Trust Fund and the IMST Fund. The following seven donors each comprised between 1% and 2% of total expenditure, with expenditure between \$100,000 and \$300,000, and included the Republic of Korea, Norad, Norway, the Netherlands, the IMO Model Courses Development Trust Fund, the United Kingdom and Belgium. The remaining 2% consisted of expenditure under \$100,000 from nine other donors.

The TC Fund

15 The TC Fund maintains the top position on the scale of donor funding presented in table 2 by supporting implementation in 2018 with expenditure of \$7.3 million. This figure represents 54% of the total expenditure, an increase of 10 percentage points from 2017, clearly demonstrating the importance of and reliance on the TC Fund to the delivery of ITCP.

16 Chart 4 displays TC Fund expenditure over five years, showing general consistency, with highs of some \$7.3 million in 2016 and 2018, and a low of \$5.8 million in 2014. The TC Fund expenditure as a percentage of the overall expenditure, can be seen in chart 5, which compares the years 2014 to 2018. As noted above, the 2018 percentage of 54% shows a marked increase from the 44% recorded in 2017, but is consistent with earlier years.

⁵ Global Marine Technology Cooperation Centres Network.

⁶ Global Maritime Energy Efficiency Partnerships.

⁷ Building Partnerships to Assist Developing Countries to Minimize the Impacts from Aquatic Biofouling (GEF/UNDP/IMO project).

Chart 4: Annual TC Fund expenditure 2014-2018

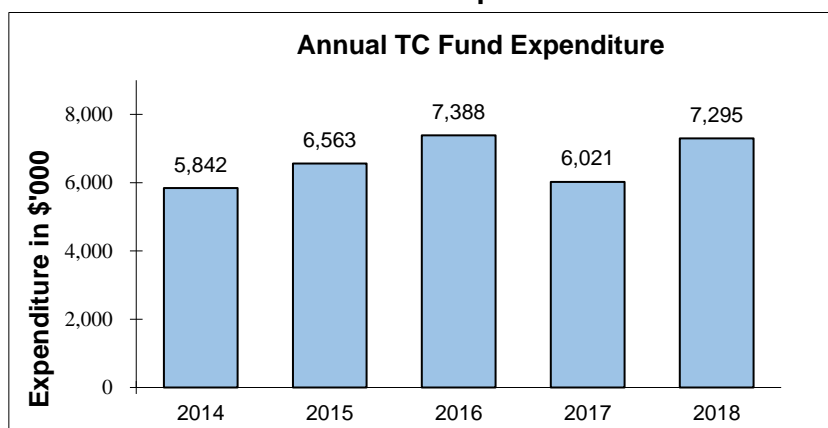
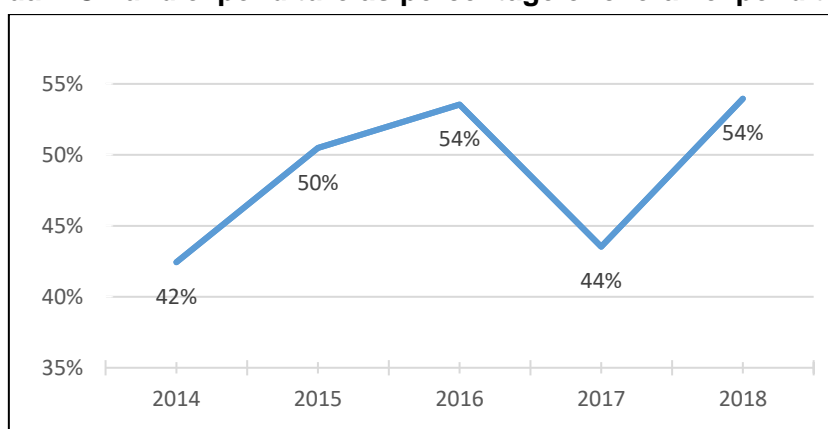


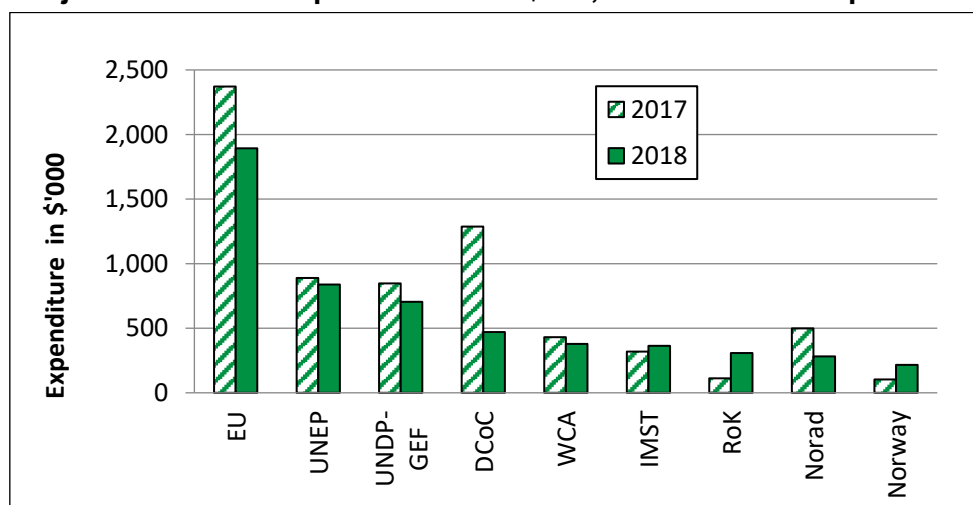
Chart 5: Annual TC Fund expenditure as percentage of overall expenditure 2014-2018



Other donors

17 Chart 6 displays the group of nine donor entities (excluding the TC Fund) that recorded expenditure between \$200,000 and \$1.9 million in 2018, in comparison with the amounts expended against these donors in the previous year. All funds showed a decrease in spending compared to 2017, except for the IMST Fund, the Republic of Korea and Norway. The decrease in expenditure can be explained in part by the fact that the programmes for both the Djibouti Code of Conduct Trust Fund and the West and Central Africa Maritime Security Trust Fund are winding down. The increase in expenditure from Norway is due to the launch of phase II of the Safe and Environmentally Sound Ship-recycling in Bangladesh Capacity Building (SENSREC) project in 2018.

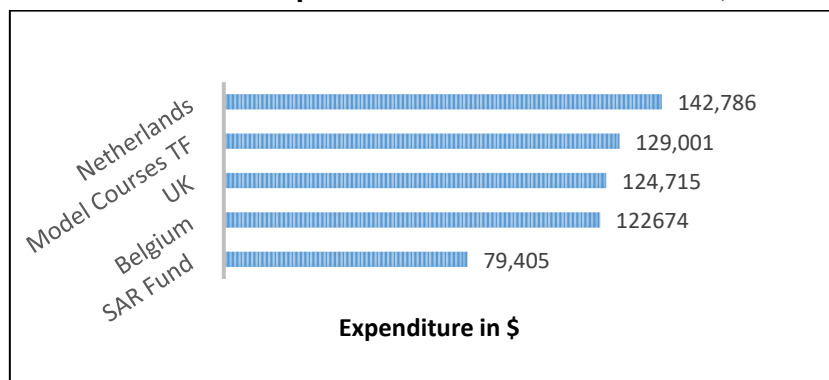
Chart 6: Major donors with expenditure over \$200,000 in 2018 – comparison with 2017



18 Chart 7 illustrates that other donors with expenditure between \$75,000 and \$150,000 were the Netherlands, the IMO Model Courses Development Trust Fund, the United Kingdom, Belgium and the International SAR Fund.

19 Further information on the donor entities and their support to the respective constituent programmes of ITCP and long-term projects is presented in the appendix, together with the related total budget and expenditure recorded against each regional and global programme for 2018.

Chart 7: Other donors with expenditure in 2018 between \$75,000 and \$150,000



DISBURSEMENT BY REGION

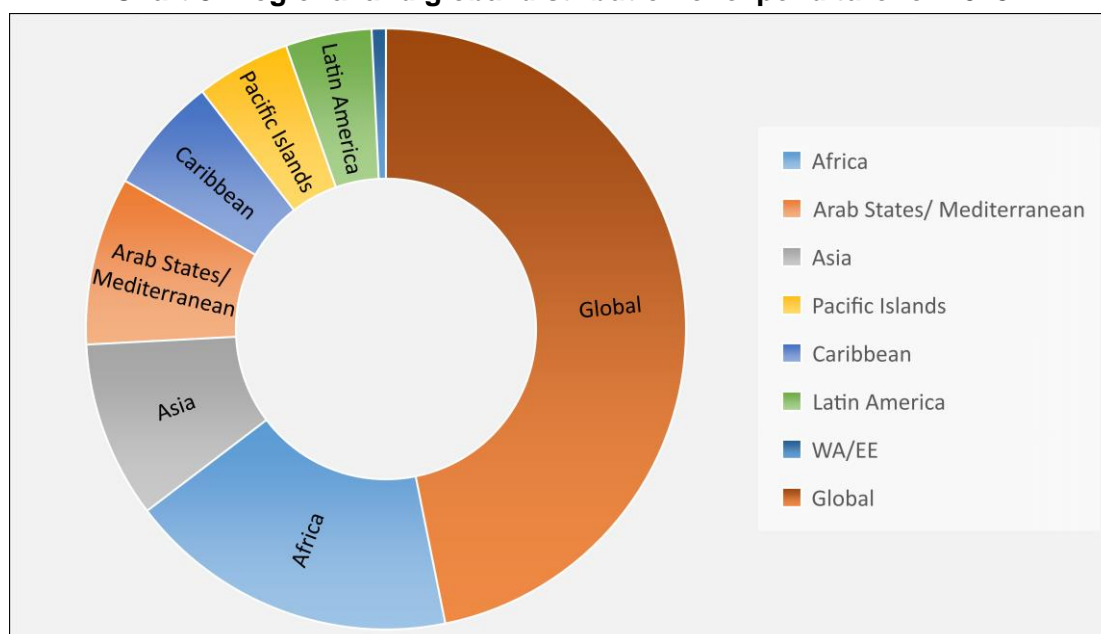
20 The total regional and global expenditure distribution for 2018 is presented in table 3. The figures for 2017 are indicated for comparison only. For the purpose of accuracy, the analysis of the distribution of regional expenditure was not only based on the activities of the regional programmes, but also, as far as possible, on the disaggregated data from the global programmes. For example, many of the activities of the global programmes: Technical Advisory Services; Support to SIDS and LDCs for their shipping needs; SDG 5: Strengthening the maritime sector; Enhancement of maritime security; IMO Member State Audit Scheme; and the West and Central Africa Maritime Security programme, inter alia, are included in the regional statistics. By contrast, those activities providing benefits in more than one region remain categorized as global. Hence, the results expressed in table 3 were identified by the recipient region of the respective activities, and as a consequence, do not correlate to the global and regional programmes summarized in the appendix.

Table 3: Distribution of expenditure by region in 2018 – comparison with 2017

Region	2018	2017
Africa	2,410,119	2,349,056
Arab States and Mediterranean	1,221,870	1,177,681
Asia	1,287,298	1,423,709
Pacific Islands	687,907	601,959
Western Asia and Eastern Europe	103,457	83,705
Latin America	627,374	744,113
Caribbean	850,941	722,576
Global	6,330,848	6,728,474
Total in \$	13,519,814	13,831,273

21 Chart 8 illustrates the regional and global distribution for 2018 by percentage. The Africa region accounted for 18% of the total expenditure; Asia for 10%; Arab States and Mediterranean for 9%; Caribbean for 6%; Pacific Islands and Latin America for 5% each; and Western Asia and Eastern Europe for 1% of total expenditure. The remaining activities comprised the balance under the global category with 47% of the total expenditure.

Chart 8: Regional and global distribution of expenditure for 2018



22 IMO's technical cooperation work consists of both the core ITCP, with its regional and global programmes, annual structure and focus on technical assistance and capacity-building activities; and a number of long-term, thematic projects, with a multi-year structure, most of which have an environmental focus. It can be informative to view expenditure on ITCP and on the long-term projects separately, as the budgets of the long-term projects are much larger and often include a staff component. For example, during 2018, REMPEC⁸ comprised 69% of the expenditure attributed to the Arab States and Mediterranean region, while in the Asia region, the MEPSEAS⁹ and SENSREC¹⁰ projects accounted for 22% and 7% of technical

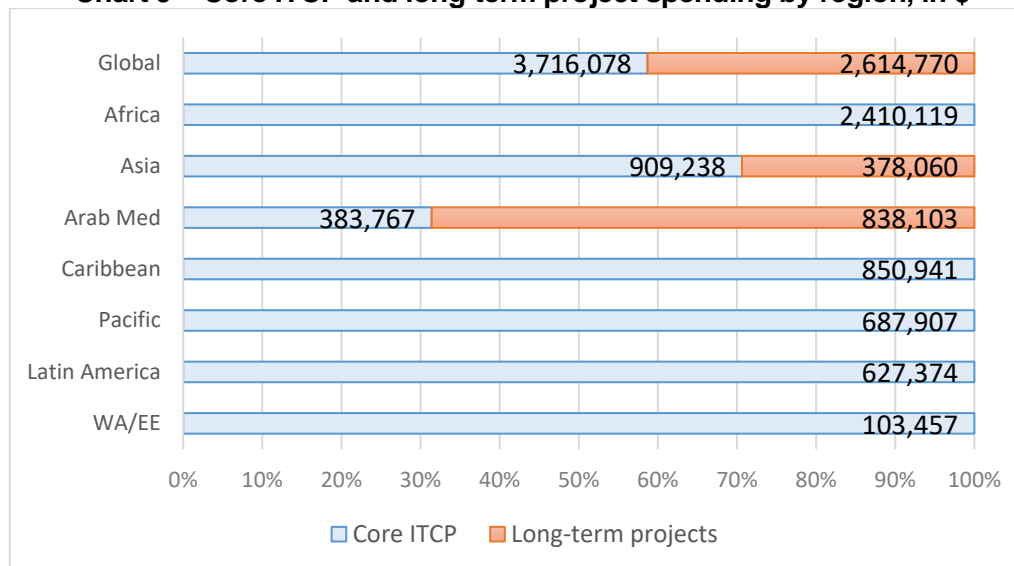
⁸ Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea.

⁹ Marine Environment Protection for Southeast Asian Seas.

¹⁰ Safe and Environmentally Sound Ship-recycling in Bangladesh.

cooperation expenditure, respectively. Under the global category, the GMN project accounted for 30% of global expenditure, while the GloMEEP and GloFouling projects accounted for 8% and 3% of global expenditure, respectively. Chart 9 below shows the amount of expenditure per region that was spent on core ITCP and long-term projects.

Chart 9 – Core ITCP and long-term project spending by region, in \$



23 For the activities framed under the global programmes which cannot be disaggregated into a single region, the global category remains. This category covers a diverse range of maritime subjects across the globe, and includes, inter alia, the provision of fellowships, inter-regional workshops and many of the long-term projects.

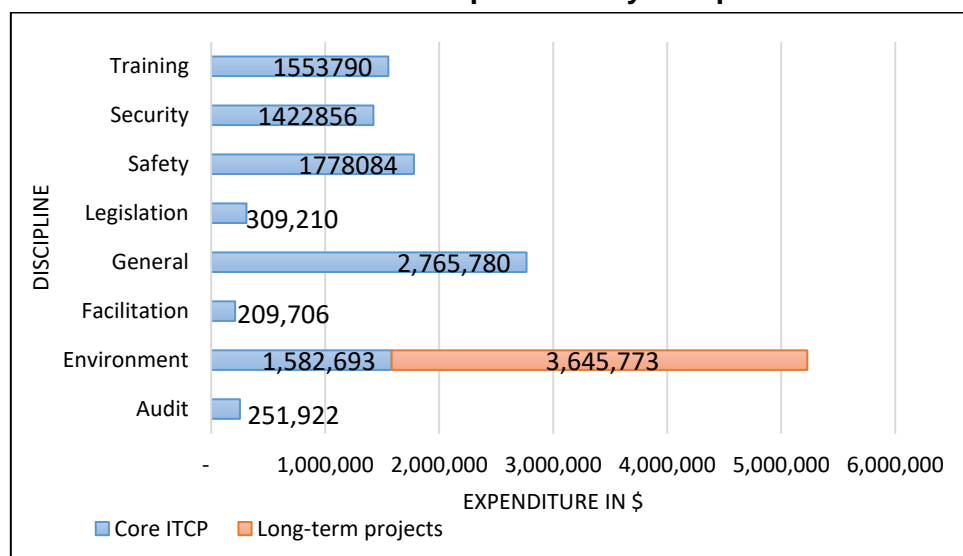
DISBURSEMENT BY DISCIPLINE

24 Table 4 below presents the distribution of delivery by maritime discipline for 2018, as compared with 2017. The 2018 disbursement is shown visually in chart 10 below. For the purpose of this analysis, the discipline of maritime safety and security has been separated into the categories of maritime safety and maritime security to acknowledge the importance attributed to each distinct subject. The activities under the Djibouti Code of Conduct programme, responding to the major threat of piracy facing the maritime world, have been categorized as maritime security.

Table 4: Distribution of expenditure by discipline in 2018 – comparison with 2017

Discipline	2018	2017
Maritime safety	1,778,084	1,518,926
Maritime security	1,422,856	2,289,969
Marine environment protection	5,228,466	6,025,335
Maritime legislation	309,210	353,700
Facilitation of international maritime traffic	209,706	197,450
Member State Audit	251,922	196,612
General maritime sector	2,765,780	1,603,501
Maritime training	1,553,790	1,645,780
Total in \$	13,519,814	13,831,273

Chart 10: Distribution of expenditure by discipline in 2018



25 During 2018, marine environment protection activities registered 39% of delivery, maritime safety 13%, and both maritime security and maritime training 11%. Maritime legislation, Member State Audit and facilitation of international maritime traffic each accounted for 2% of total expenditure. The general maritime sector, which includes activities related to maritime transport policy, integration of women in the maritime sector, the implementation of IMO instruments and meetings of heads of maritime administrations, made up 20% of all 2018 expenditure. It should be noted that the category of maritime training was added in 2017 in order to separate out those activities relating directly to maritime training, namely the provision of fellowships and activities related to STCW and maritime English. These activities were previously categorized under general maritime sector and maritime safety, respectively.

26 Regarding the discipline of marine environment protection, it should also be noted that more than half of the expenditure can be attributed to five large-scale, multi-year projects, as well as the annual expenditure towards REMPEC. All were financed through external funding entities, such as UNEP, UNDP-GEF, GIA, the European Union, Norway and Norad, and many included staff cost components. Together these projects accounted for 70% of all expenditure related to the marine environment for 2018, equal to some \$3.6 million, similar to the \$4 million recorded on long-term environmental projects in 2017.

CONCLUSION

27 In conclusion, there was a slight decrease in expenditure related to the protection of the marine environment in 2018 compared with 2017, although it remained significantly higher than other disciplines, due to five large-scale, multi-year projects. Within the core ITCP, expenditure related to maritime safety, the facilitation of maritime traffic, Member State Audit and general maritime sector, all increased as compared to the previous year, while expenditure on maritime security, maritime legislation and maritime training showed a slight decrease from the previous year. In terms of regional allocations, these remained roughly consistent with the previous year, with slight variations. The TC Fund continues to play an important role in the financing of ITCP, as it has done since its creation. However, the implementation of the Long-term resource mobilization strategy, approved by TC 68, is expected to diversify the donor base for technical cooperation activities.

Appendix
Regional and Global programmes of the ITCP in 2018
Executed or sponsored through IMO - in US dollars

Programme Title	Budget	Expenditure	Delivery rate	Donor/s
<u>REGIONAL PROGRAMMES</u>				
Africa				
Support to maritime development, Africa (Anglophone)	1,057,089	989,977	94%	TC Fund, Norway, International SAR Fund
Support to maritime development, Africa (Francophone)	741,147	710,160	96%	TC Fund, Malaysia, International SAR Fund
Arab States and Mediterranean				
Support to maritime development, Arab States and Mediterranean	307,364	264,540	86%	TC Fund, Oman
REMPEC	838,103	838,103	100%	UNEP
Asia and Pacific Islands				
Support to maritime development, Asia	583,140	531,671	91%	TC Fund, China, Malaysia
Support to Marine Environmental Protection for Southeast Asia Seas (MEPSEAS) project	310,658	281,986	91%	Norad
SENSREC phase II	490,615	96,073	20%	Norway
Support to maritime development, Pacific Islands	524,640	439,090	84%	TC Fund, Republic of Korea
Capacity building of the Solomon Islands Maritime Safety Administration	147,000	122,674	83%	Belgium
Enhanced implementation of MARPOL Annex V in the Pacific Islands region	19,200	9,040	47%	Australia
Western Asia and Eastern Europe				
Support to maritime development, Western Asia and Eastern Europe	104,765	93,404	89%	TC Fund
Latin America and Caribbean				
Support to maritime development, Latin America	481,384	466,835	97%	TC Fund, Republic of Korea
Support to maritime development, Caribbean	585,408	549,482	94%	TC Fund, Republic of Korea

GLOBAL PROGRAMMES

Technical advisory services	11,943	11,930	100% TC Fund
Support to SIDS and LDCs for their shipping needs	34,861	33,213	95% TC Fund
SDG 5: Strengthening the maritime sector	771,902	766,340	99% TC Fund, Norway, Saudi Arabia, United Kingdom
Capacity building and training	2,200,520	2,193,541	100% TC Fund, Netherlands, Norway
Partnerships and emerging issues	402,021	372,300	93% TC Fund, Republic of Korea, International Transport Workers' Federation
Enhancement of maritime security	574,054	574,054	100% TC Fund, Republic of Korea, United Kingdom, IMST Fund
IMO Member State Audit Scheme	257,220	251,922	98% TC Fund, Netherlands, Republic of Korea
Effective implementation and enforcement of energy efficiency measures for ships	208,493	167,179	80% TC Fund, Norway
Model Courses	198,576	129,001	65% IMO Model Courses Development Trust Fund
Promotion of the London Protocol	158,450	67,976	43% Republic of Korea, LC/LP TC Trust Fund
Support to WMU and IMLI	43,857	43,283	99% TC Fund, United Kingdom
Djibouti Code of Condcut	469,847	469,848	100% Djibouti Code of Condcut Trust Fund
West and Central Africa Maritime Security	425,151	378,953	89% West and Central Africa Maritime Security Trust Fund
Support to the response to the 2030 Agenda for Sustainable Development and the Blue Economy	54,750	52,469	96% TC Fund
<u>LONG-TERM PROJECTS</u>			
Global Maritime Energy Efficiency Partnerships (GloMEEP) project	791,463	536,085	68% GIA, UNDP-GEF
GloFouling project	199,260	185,160	93% UNDP-GEF
Global Marine Technology Cooperation Centres Network (GMN) project	3,240,917	1,893,525	58% European Union