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**PREVIEW OF 2010 FINANCIAL RESULTS AND THE REVISION OF
THE PROGRAMME AND BUDGET FOR 2011**

5 April 2011

PREVIEW OF 2010 FINANCIAL RESULTS AND THE REVISION OF THE PROGRAMME AND BUDGET FOR 2011

1. This document provides a preview of the 2010 financial results and of the Revision of the Programme and Budget for 2011.

2010 FINANCIAL RESULTS

2. Combined total expenditure for the administrative and operational programmes once again exceeded USD 1 billion in 2010, representing an overall increase of USD 332.1 million (or 32.3%) over the 2009 result of USD 1.027 billion.

Expenditure	2010 USD million
Administrative programme	37.3
Operational programmes	1 322.1
Total expenditure for the year	1 359.4

3. IOM received an opinion from the Comptroller and Auditor General of India, stating that the financial statements and related notes and other disclosures give a true and fair view of the financial position for the year ended 31 December 2010.

Administrative programme

4. The administrative programme remains a very small part of total expenditure, this year accounting for only 2.7 per cent of consolidated expenditure.

5. Outstanding assessed contributions being less than the previous year, the provision for doubtful receivables was decreased in 2010 by CHF 562,382. The total outstanding assessed contributions requiring a provision decreased to CHF 5,160,236 at 31 December 2010.

6. The approved budget for the 2010 administrative programme was CHF 39,388,000. Programme expenditures during the course of the year of CHF 39,486,295 resulted in an over-expenditure of CHF 98,295. This was offset by the above-mentioned decrease in the provision for doubtful receivables of CHF 562,382. After absorbing the over-expenditure from 2009 of CHF 88,939, the administrative programme ended with a surplus of CHF 375,148, which will be carried forward for use in accordance with Council Resolution No. 1077 of 4 December 2002 (Systemic solution for the use of surplus in the Administrative Part of the Budget).

Operational programmes

7. The Summary Update on the Programme and Budget for 2010 (MC/2296) estimated expenditure of USD 1.2 billion at that time. Actual expenditure under the operational programmes was USD 1.3 billion, USD 132 million higher than that budget estimate.

8. The operational programmes ended 2010 as follows:
- (a) A carry-forward relating to the staff security mechanism of USD 6.0 million, slightly below last year's level of USD 6.2 million;
 - (b) An increase in the Discretionary Income reserve of USD 3.2 million, bringing the cumulative balance in the reserve to USD 4.3 million.

9. Discretionary Income is composed of project-related overhead and miscellaneous income. It is used to cover core structures and other priority needs of the Organization which are not covered by the Administrative Part of the Budget.

10. Using the formula adopted by the Member States to estimate the level of Discretionary Income on the basis of a three-year average, Discretionary Income was set for the year at USD 41 million. Discretionary Income fluctuates from year to year, depending on the activities carried out. Thus, funds will need to be drawn from the Discretionary Income reserve should the amount of Discretionary Income available at the end of a financial year be less than the three-year average. Actual Discretionary Income, excluding staff security, amounted to USD 43.3 million, while staff security-related overhead amounted to USD 8.8 million, bringing the total Discretionary Income during 2010 to USD 52.1 million. This increase was due to higher project-related overhead.

11. In line with the provisions of the Discretionary Income projection and reserve mechanism, the surplus is credited to a Discretionary Income reserve after: (a) applying the Council resolutions relating to the 1035 Facility and the staff security mechanism; and (b) covering any unbudgeted and unforeseen shortfalls during the year. Based on these criteria, the additional Discretionary Income of USD 11.1 million has been applied as outlined below:

- In compliance with Council Resolution No. 1150 of 7 June 2007, which approved the IOM Strategy and included provisions for an expanded 1035 Facility, an additional USD 1.5 million was allocated to Support for developing Member States and Member States with economy in transition (Line 2 of the 1035 Facility), for use in 2011.
- The miscellaneous income component of Discretionary Income was insufficient to meet the multiple requirements of funding the 1035 Facility, staff and services in Country Missions and global activities/support normally covered by this component. This was because the 1035 Facility fully utilized miscellaneous income.
- During 2010, certain project activities undertaken did not have adequate confirmed funding for their completion. In the absence of other sources of income, an additional USD 2.8 million had to be applied for unbudgeted and unforeseen shortfalls. The largest was for a project in Angola, for which repayment of the amount owing by the donor is currently in doubt. Discretionary Income has also been applied to cover co-funding shortfalls for projects funded by the European Commission and budget overruns.
- In compliance with Council Resolution Nos 1111 of 3 December 2004 and 1129 of 2 December 2005, USD 2.4 million was applied to the staff security mechanism.
- An amount of USD 1.1 million has been set aside for restructuring costs.
- The balance of USD 3.2 million has been added to the Discretionary Income reserve.

REVISION OF THE PROGRAMME AND BUDGET FOR 2011

12. The Revision of the Programme and Budget for 2011 provides an update to the Programme and Budget for 2011 (MC/2297) and captures all programmes and projects that have been started or revised since the Programme and Budget for 2011 was approved by the Council in November 2010.

Administrative Part of the Budget

13. The Administrative Part of the Budget remains unchanged at CHF 39,388,000.

14. The scale of assessment and contributions have been updated with the addition of the five new Member States admitted in November 2010, namely Botswana, the Central African Republic, Lesotho, Swaziland and Timor-Leste.

Operational Part of the Budget

15. The Operational Part of the Budget as per the Programme and Budget for 2011 approved in November 2010 was USD 619.0 million. This has been increased by USD 321.4 million to USD 940.4 million due primarily to new activities and the expansion of various ongoing activities. The increase is notably significant in the areas of Emergency and Post-emergency Operations Assistance; Repatriation Assistance; Technical Cooperation on Migration Management and Capacity-building; Elections Support; and Counter-trafficking.

16. Based on the level of activities, the projected overhead at this stage is USD 34.7 million, which is close to the established target of USD 35.4 million. An additional USD 0.7 million overhead is required to reach the target. The application of any additional Discretionary Income will be guided by the provisions of the Discretionary Income projection and reserve mechanism (MC/EX/698).