

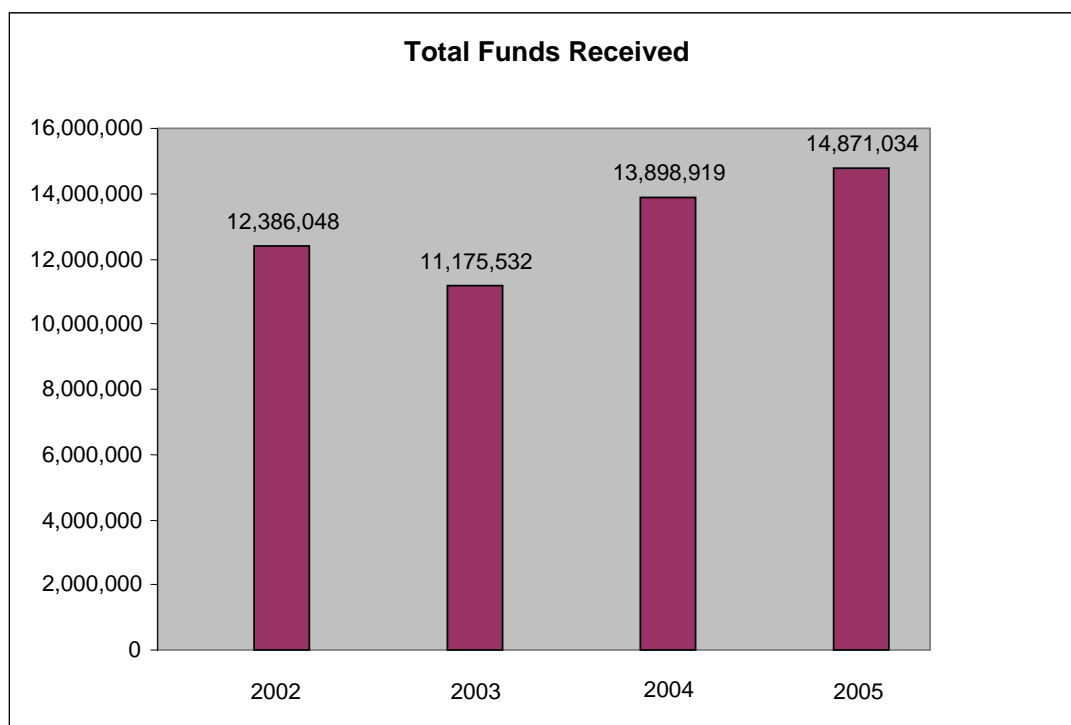
## MRC CASH INCOME AND EXPENDITURES 2005

### I. MRC Cash Income in 2005

1. This note describes the details of the Income and Expenditures<sup>1</sup> for the year 2005 of the Regular Budget and the Technical Cooperation Budget. The budget structure is explained in appendix 1.

2. MRC is funded by the Member States and by the international Donor Community. The funds received contribute to the Technical Cooperation Budget and to the Regular Budget. The figures for 2005 presented in this briefing note are based on the audit reports of the 2005 accounts which have been shared with the donor community.

3. Cash income received in 2005 from the Donor Community (92.6%) and from the Member States (7.2%) amounted to US\$ 14,858,753 in 2005<sup>2</sup>. The details are given in Appendix 2. Income from both Donors and Member States increased with around 6.5% compared to 2004:



### Cash income received by MRC since 2002<sup>3</sup>

<sup>1</sup> MRC uses a modified cash accounting basis. Income is recognized when received rather than earned. Expenditures are recognized when paid rather than incurred.

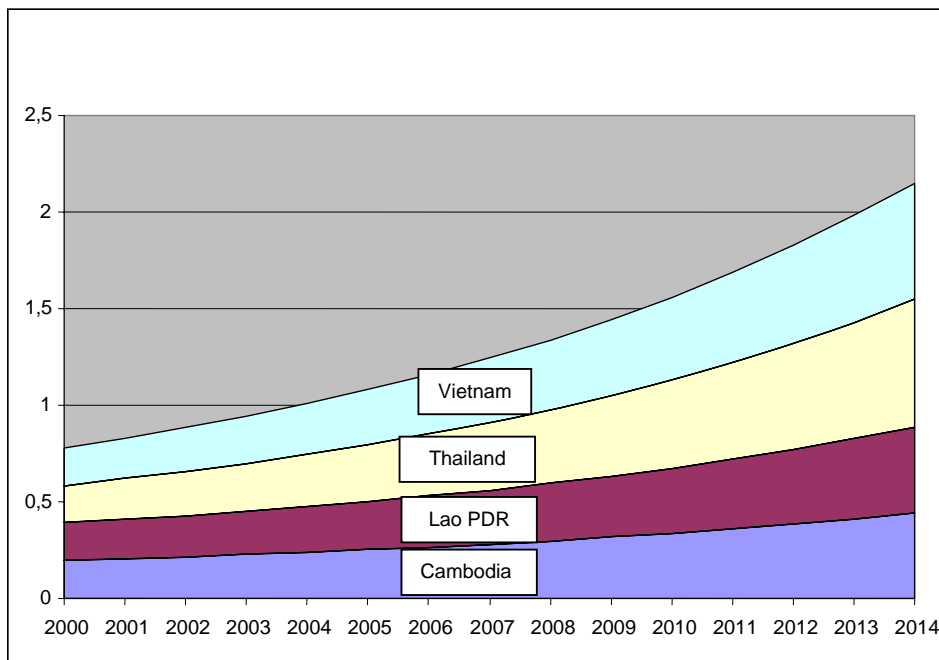
<sup>2</sup> This figure includes interest received and miscellaneous income.

<sup>3</sup> These figures are excluding interest received and miscellaneous income

4. Not included in these figures is the in kind support the MRC has received from its Member States and Donors for the Regular and Technical Cooperation budgets.

- In kind contribution to the programmes (staff, office space)
- Support from NMC's towards the Programmes and Secretariat (coordination role, recruitment, administrative and logistical support, ...)
- Headquarters building and furniture
- Tax exemption on income tax, various import and export duties
- Interest free loan to support relocation costs
- Staff seconded by donors and activities carried out by associated projects

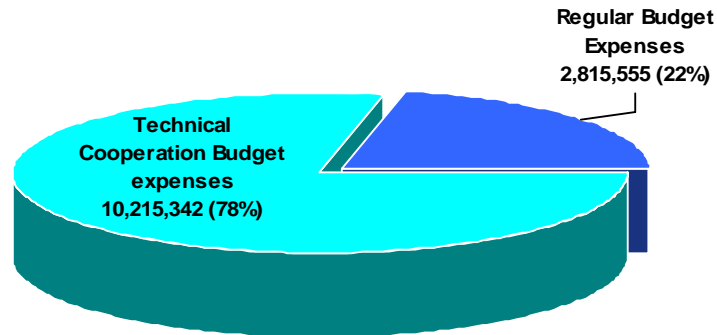
5. The Member States have committed themselves to increase their contribution to the Regular Budget up to US\$ 2,150,048 by the year 2014:



**Contribution Member States**

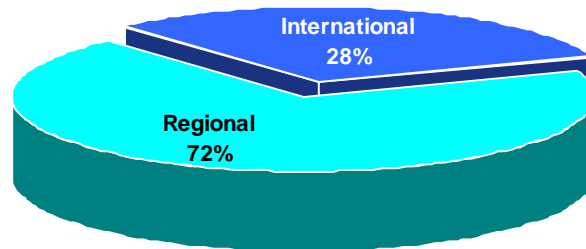
## II. MRC Cash Expenditures in 2005

6. MRC cash expenditures amounted in 2005 to US\$ 13,030,897 composed of US\$ 10,215,342 Technical Cooperation Budget expenditures (78%) and US\$ 2,815,555 Regular Budget expenditures (22%). Cash expenditures increased with 16% compared to 2004.



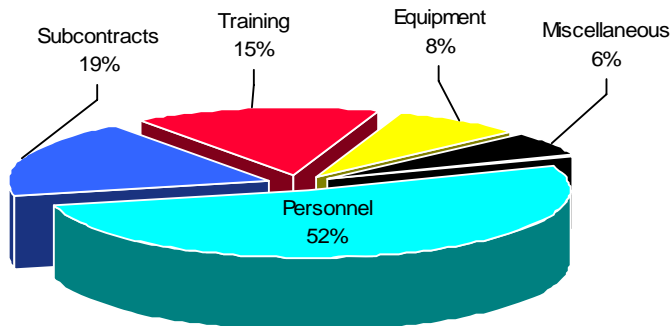
**MRC Cash Expenditures**

7. An estimated 72% of all expenditures were regional expenditures and 28% of the expenditures took place outside the 4 Member States.



**Distribution of Cash Expenditures**

8. The Technical Cooperation cash expenditures are 100% funded by Donors and are mainly used for Personnel, Subcontracting and Training activities:

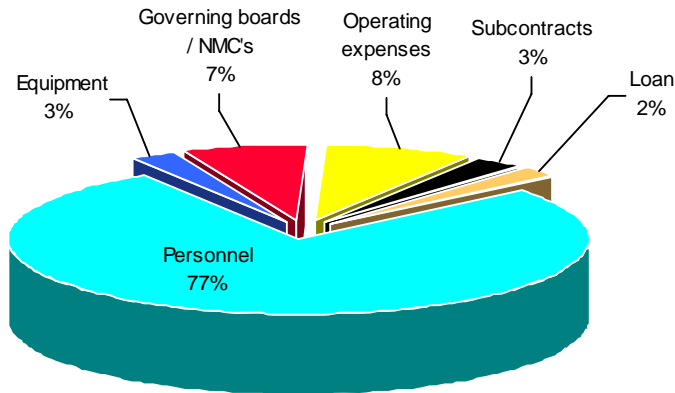


**Technical Cooperation Budget: Cash Expenditures**

9. The Regular Budget finances the services and core functions that the Secretariat provides to its Governing bodies and to its programmes. In 2005 the Secretariat provided:

- Support to regional and international cooperation with the governing bodies of MRC, the donors, dialogue partners, stakeholders and all other external parties
- Management and technical services
- A whole range of project tasks that are executed by the sections Finance and Administration and Human Resources Development:
  - o Most financial and accounting activities (processing of payments, accounting, internal control activities, cash management ...)
  - o Most of the procurement and contract activities
  - o A whole range of administrative and logistical services (visa, custom formalities, office space arrangement, inventory control, vehicle management, travel services, ...)
  - o IT services (PC and software support, intranet services, telecommunications services, ...)
  - o All personnel services (recruitment, selection, contracting, ...)

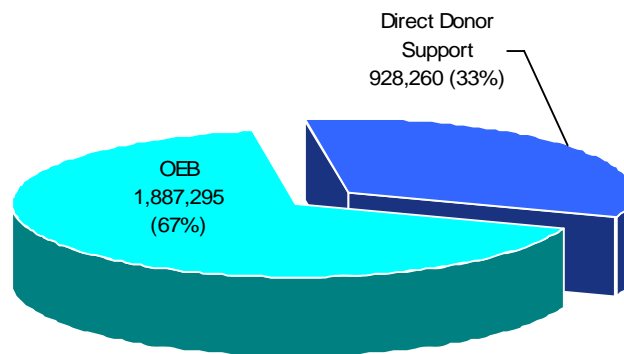
10. The Regular Budget is funded in cash by both the Member States (36%) and the Donors (64%). The funds are in majority used on Personnel costs:



**The Regular Budget: Cash Expenditures**

11. In 2005 the Regular Budget was managed through:

- Operating Expense Budget (OEB) supported by the Member States and by the Donors and funded in three ways:
  - Member States contribution to the OEB: US\$ 1,078,332
  - Revenues from Management and Administration Fee levied as percentage on the Technical Cooperation expenditures and spent through the OEB: US\$ 873,721 in 2005
  - Direct support to the OEB by Donors: US\$ 50,000 in 2005
 Total OEB expenses 2005 amounted to US\$ 1,887,295.
- Direct Donor Support for targeted expenses: US\$ 928,260 in 2005



**Regular Budget Expenditures in 2005**

12. The Direct Donor Support for targeted expenses was used in 2005 mainly to support:

- Two international staff positions: Chief ICCS and Chief FAS, Eight riparian professional staff and two support staff mainly in FAS, ICCS, HRS (Human Resources Development Section) and TSD.

- The strategic planning process

### III. Operating Expense Budget (OEB) in 2005

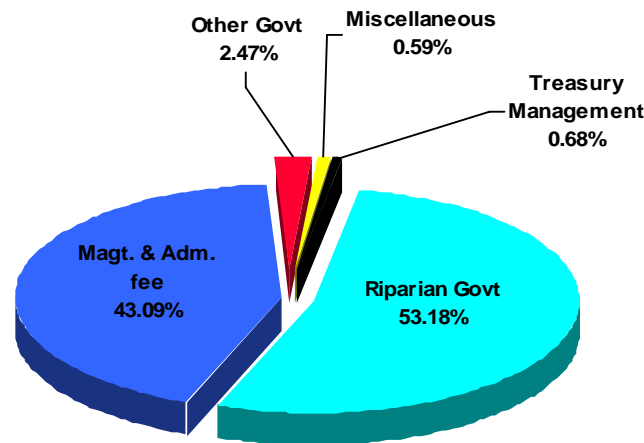
13. The remaining of the Regular Budget was funded through OEB. OEB Income in 2005 amounted to US\$ 2,027,811 and expenditures to US\$ 1,887,295 leading to an operating surplus of US\$ 140,516. The details are given in the table below:

	2005	2004	2005 vs 2004
<b>Income</b>			
<b>Contributions</b>			
Contributions – riparian governments	1,078,332	1,006,586	+ 7%
Contributions – other governments	50,000	145,659	- 66%
	1,128,332	1,152,245	- 2%
<b>Revenue</b>			
Professional revenue	0	43,401	- 100%
Interest	13,883	5,293	+ 162%
MRC services (Management and Administration costs)	873,721	683,015	+ 28%
Miscellaneous revenue	11,875	21,014	- 43%
	899,479	752,723	+ 19%
<b>Total Income</b>	<b>2,027,811</b>	<b>1,904,968</b>	<b>+ 6%</b>
<b>Expenditure</b>			
Salaries and fees	671,086	702,053	- 4%
Common staff costs	402,500	392,080	+ 3%
Official travel	22,047	3,420	+ 545%
Contractual services	81,484	60,826	+ 34%
General operating expenses	180,726	168,343	+ 7%
Supplies	27,571	31,431	- 12%
Furniture and equipment	70,290	18,634	+ 277%
MRC meeting expenses	146,489	157,243	- 7%
Support to the Water Utilisation Programme	167,198	168,997	- 1%
Support to National Mekong Committees	54,614	52,487	+4%
<b>Subtotal Expenditures</b>	<b>1,884,005</b>	<b>1,755,514</b>	<b>+ 7%</b>
Foreign exchange (loss)/gain	3,290	7,756	
<b>Total Expenditures</b>	<b>1,887,295</b>	<b>1,763,270</b>	<b>+ 7%</b>
<b>Operating Surplus</b>	<b>140,516</b>	<b>141,698</b>	<b>- 1%</b>

End of 2005 the cumulative surplus on the operating expense budget (Administrative Reserve Fund) amounted to US\$ 334,065.

**a. Income OEB 2005**

14. The different sources of Income to OEB are:

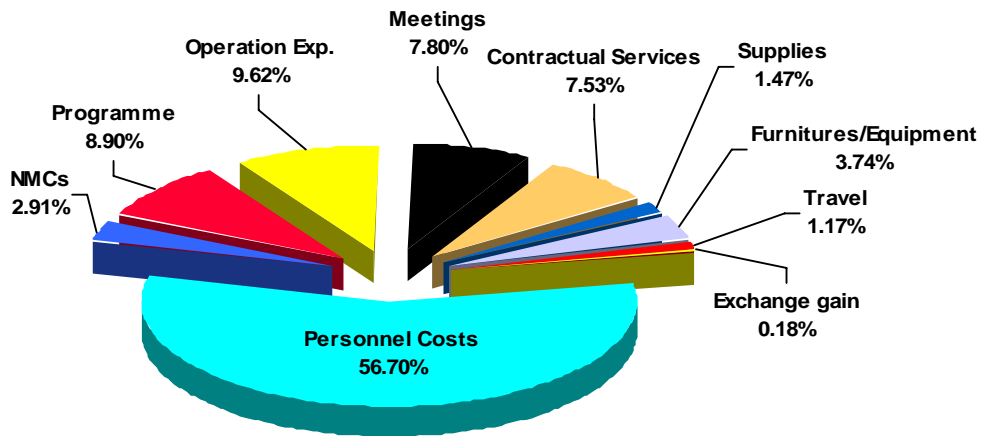


**Income OEB 2005**

15. The total income amounted to US\$ 2,027,811 with more than half of the income (53.18%) received from the Member States.

16. The Management and Administration fee levied on the programme expenses amounted to 43.09 % of the income. The direct support from the Donors to the OEB (Contribution other governments) accounted for 2.47%.

**b. Expenditures**



**Expenditures OEB 2005**

17. *Personnel costs.* The main expenses are related to personnel costs (“Salaries and fees” and “Common staff costs”), these account for almost 57% of the total expenditures. The personnel costs contain the salaries, allowances, recruitment costs, provident fund contributions, insurance costs, training costs and other related costs charged to the OEB. In addition, around 9% of the OEB was used to pay for 75% of the salaries of the Management and Administration team of the Water Utilization Programme.

The following staff members were charged to OEB in 2005:

*1 International staff*

CEO: full time

*10.5 Riparian Professional Staff*

4 Division Directors

2 Programme Officers (ICCS, Navigation)

1 Hydrologist (TSD)

3 Administrative Staff (Procurement, Personnel Programme Officer OCEO)

6 months equivalent of various riparian professionals (FAS, TSD, AIFP)

*39.5 General Support Staff*

The majority of the General Support Staff mainly from FAS, ICCS, Communications as well as division secretaries and some programme staff are charged to OEB.

75 % of the costs related to 4 WUP Riparian professionals and 1 accountant.

18. *Official Travel.* This budget series is mostly used for official mission costs of the CEO and senior staff or other travel costs outside the scope of the programmes (official visits to other countries, fundraising activities etc).

19. *Contractual Services* The following services were incurred:

- Printing costs: for general documents related to MRC (work programme 2005, name cards staff, administrative manuals etc.)
- EDP system Development: mainly the costs for the maintenance contract for the Secretariat's financial software (Solomon)
- External Audit costs: all audit costs for the audit accounts 2004 excluding the audit costs for projects with specific audit requirements (Challenge programme, WUP)
- Security guards: all costs related to the security of the compound
- Miscellaneous contractual services: this encompasses costs like pest control of the building, maintenance services
- Reimbursement of the relocation loan: a first instalment of US\$ 60,000 (10%) has been repaid in 2005.

20. *General Operating Expenses.* This category contains the following expenses:

- All utilities costs (water, electricity, towels, ....) (a)
- Fuel and maintenance of all MRC vehicles (b)
- Maintenance costs of the building (air conditioners, elevators, cleaning materials, lamps, necessary repairs in the building, painting) (a)
- Telephone costs (b)
- Courier costs (b)
- Bank costs (b)
- Non-personnel Insurance costs (a)
- Internet costs (b)
- Storage costs (carton boxes) (a)
- Hospitality costs, new years gifts etc. (a)

(a): All costs are charged to OEB



(b): Direct costs are charged to the Programmes. The indirect costs and the direct costs of Programmes with no funding are charged to OEB.

21. *Supplies.* This item contains all supplies for the OCEO, Sections and Programmes without funding, subscription of newspapers and news magazines etc.

22. *Furniture and Equipment.* All purchases for the sections PCS, FAS, OCEO (shelves, furniture, EDP equipment and software etc.)

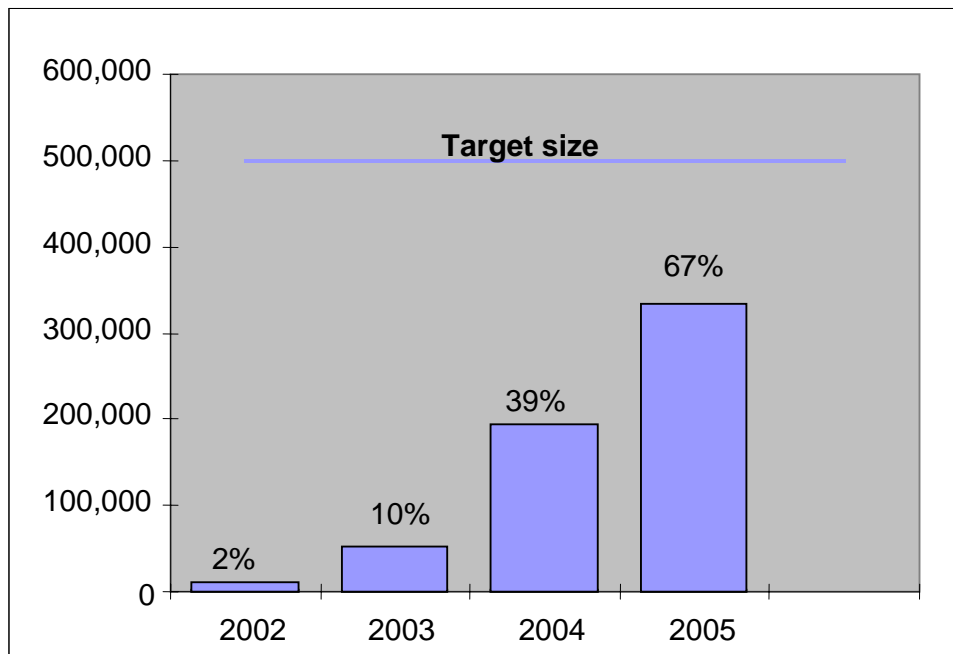
23. *MRC Meeting Expenses.* All costs related to the organization of the meetings of the MRC governing bodies (Joint Committee, Council), Dialogue meetings, Donor Meetings, MRCS-JC consultation meetings.

24. Support to NMC's. The Secretariat provides a yearly support towards the operational expenses of the National Mekong Committees (a budget of US\$ 15,000 per year per NMC)

**IV. Administrative Reserve Fund**

25. The accumulated surplus on OEB at the end of 2005 amounted to US\$ 334,063. This reserve is called Administrative Reserve Fund (ARF). The Secretariat targets at an ARF size of around US\$ 500,000 which provides the Secretariat with a safety margin of around three months of OEB expenditures.

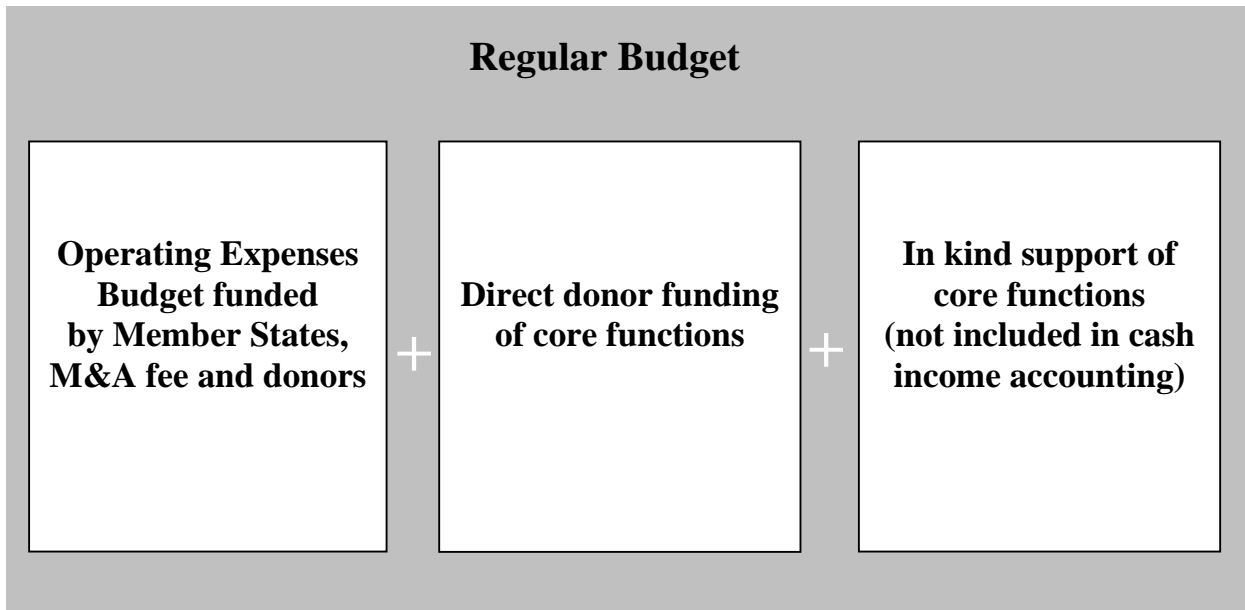
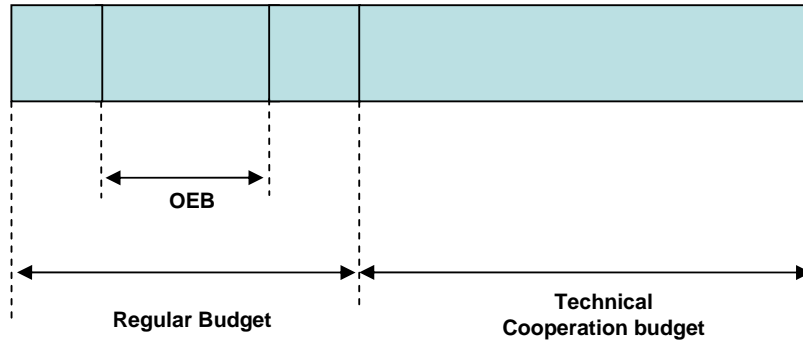
Year	Annual Surplus	Accumulated Surplus
2002	10,453	10,453
2003	41,398	51,851
2004	141,698	193,549
2005	140,514	334,063



**Administrative Reserve Fund**

## Appendix 1: MRC Regular Budget and Technical Cooperation Budget

1. The *Regular Budget* finances the services and core functions that the Secretariat provides to its Governing bodies and its programmes. The Operating Expense Budget (OEB) is a part of the Regular Budget. The OEB does not include Regular Staff positions supported by donors (e.g. Chief of International Cooperation and Communication).
2. The *Technical Cooperation Budget* covers all programme activities in which MRC plays an execution or co-execution role.



## Appendix 2: Cash Income Contribution

The following table contains the cash contributions from the Donors and Member States to MRC in 2005<sup>4</sup>. It does not include the programme support which is not financially managed by MRC.

<i>Cash Contribution from</i>	<i>2005</i>	<i>(%)</i>
Denmark	4,089,929	27.7
Sweden	1,852,237	12.5
GEF/World Bank	1,801,067	12.2
Finland	1,294,611	8.8
Belgium	1,178,161	8.0
Japan	660,103	4.5
USAID	448,215	3.0
Australia	432,588	2.9
ADB	400,000	2.7
Switzerland	320,000	2.2
GTZ	300,239	2.0
The Netherlands	290,000	2.0
Others	256,357	1.7
European Union	221,755	1.5
Murray Darling Basin Commission	94,209	0.6
UNDP	47,612	0.3
New Zealand	15,620	0.1
<i>Member States</i>	<i>1,078,331</i>	<i>7.2</i>
<b>TOTAL</b>	<b>14,781,034</b>	<b>100</b>

<sup>4</sup> Excluding interest received on the donor bank accounts. Based on rectified note 9 from Auditors report "Financial Statements for the year ended 31 December 2005".