

Fifth Session of the Assembly
25-27 October 2021, Hybrid

Agenda Item 21

Annual Report and Financial Report 2020

1. As provided in Article 9 of the Agreement, the Secretariat reports to the Assembly on the budget and progress of the implementation of the programs on a regular basis.
2. The Annual Report 2020 provides the summary of engagement and outreach activities, capacity building activities including the training courses, scholarship program, and fellowship program, and highlights of 14 projects in 2020.
 - Chapter I Engagement and Outreach highlights the official visits to the Parties, briefing reception for ambassadors and partners based in Seoul, global consultation on Peace Forest Initiative, signing of the Agreement for the Landscape Partnership for Asia, Fourth Session of the Assembly of AFoCO, partnerships, and meetings with diplomatic missions, partners, and participation in relevant events.
 - Chapter II Capacity Building includes updates on the operation of the Regional Education and Training Center, training courses, scholarship program, Fellowship Program, and provision of forestry equipment to member countries.
 - Chapter III Project Highlights presents activities implemented under the cooperation with the private sector, ongoing projects, and new projects.
 - Chapter IV Financial Highlights is a concise summary of the status of the administrative account for operational expenditures and the status of the special account.
 - Chapter V Partnership and communication lists the responsible ministries in the member countries, strategic partners, and publications.
3. The audited Financial Report was prepared for FY2020 started on 1 January 2020 and ended on 31 December 2020, and includes the status of administrative accounts, special accounts, and independent auditor's report in accordance with paragraph 7.5 under the Financial Regulations of AFoCO.
4. The revenue secured for the operating cost in FY2020 amounted to 95.2% (USD 4,256,357) of the planned budget (USD 4,469,538) approved by the 3rd Session of the Assembly. Around 90.3% (USD 3,845,524) of the total revenue for operating cost in FY2020 was secured

by the mandatory contributions from the Parties which were paid in a form of cash (99.2%) and in-kind contribution (0.8%). Around 9.7% of the total amount secured for 2020 operating cost was secured by voluntary contributions from the Parties and others including private sectors.

5. The budget execution rate for the operating cost in FY2020 was relatively low (74.9% which amounts to USD 3,188,030) compared to previous years due to the restrictions on organizational intervention related to the COVID-19 pandemic. The postponement and/or virtual substitution of scheduled events/meetings attributable to the ban on international travel and public gathering resulted in a significant amount of unobligated balance in the operating budget scheduled for official travel and special activities in FY2020.

6. The total amount of voluntary contributions received to the Special Accounts for financing cooperative activities (Programs and Projects) in FY2020 amounted to USD 4,201,681 which were committed by the Korea Forest Service for on-going Landmark Program (USD 17,463,887) and regional projects (USD 252,101) and the eight (8) new projects (USD 2,294,118).

7. The total amount of expenditures for cooperative activities from the Special Account in FY2020 was 31% (USD 1,299,880) of the total amount committed in FY2020. The ratio of fund execution to the amount committed for each project/program is 33% for the Landmark Program, 58% for two (2) on-going regional projects, and 26% for eight (8) new projects approved by the Assembly since 2018.

8. The relatively low rate of fund execution under the Special Account in FY2020 is mainly attributable to the delay of inception arrangements for newly approved projects and restriction in field verification activities for on-going projects which are difficult to be replaced with virtual meetings amid the COVID-19 pandemic sustained throughout the year.

9. The Secretariat, following the comprehensive analysis on the impacts and challenges of COVID-19 pandemic on project implementation and inception arrangements, developed the "General Guidelines on COVID-19 Coping-up Measures" to devise catch-up plans and alternative activities in 2021 for achieving project goals.

10. The Annual Report 2020 and the Financial Report 2020 have been circulated on 27 September with reference number GS-590, as attached in Annex-1 and Annex-2 respectively.

11. The Assembly may wish to take note of the information.
