

Sixth Session of the Assembly  
29-30 March 2022, Virtual

## Agenda Item 10

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### **Annual Report and Financial Report 2021**

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 2021 provides the summary of engagement and outreach activities, capacity building activities including the training courses, scholarship program, and fellowship program, and highlights of projects.
  - Engagement and Outreach chapter highlights AFoCO's participation at international days including WWF and International Day of Forests, engagement at the 16<sup>th</sup> Session of the UNFF, social media campaign in celebration of the AFoCO Day, organizing of official side event and representation at the P4G Summit, the 2021 Annual Thematic Dialogue "Roles of AFoCO in Unleashing the Full Potential of Forests" and the Fifth Session of the Assembly of AFoCO organized in hybrid mode, partnerships, and collaboration with partners including the development of E-learning Course on Forest Fire Management.
  - Capacity Building chapter updates on the operation of the Regional Education and Training Center, conduct of 10 training courses, scholarship program, Fellowship Program, and provision of forestry equipment to member countries, and.
  - Project Highlights chapter presents activities implemented under the cooperation with the private sector, ongoing projects, and new projects.
3. The Annual Financial Report for FY2021 provides the statement of financial performance for all funds of AFoCO along with the audited financial statements for FY2021 and Independent Auditor's Report on it attached thereto in accordance with the Financial Regulations of AFoCO.
4. Operating budget was managed under the Administrative Account based on the annual budget plan approved by the Fourth Session of the AFoCO Assembly (Decision 40-IV-20R) virtually held on 25-26 November 2020. The total amount of operating budget approved by the Assembly amounted to USD 4,395,662 which is composed of mandatory contributions from the Parties (88%, USD 3,876,530) and funds from other sources (12%, USD 519,132). The revenue actually secured for the operating budget in FY2021 amounted to USD 4,137,397 (94% of the planned budget approved by the Assembly) among which 92% was secured by the Parties' mandatory contribution and 8% was raised from other funding sources.

5. The amount of total expenditures in the operating budget for FY2021 is equivalent to USD 3,715,538 (90% of actual revenue and 85% of planned budget) and the total amount of unobligated balance in the operating budget subject to carryforward to the Working Capital Reserve in FY2021 is equivalent to USD 421,859. Following last year, restrictions on travel and public gathering amid sustained COVID-19 pandemic in 2021 caused a significant amount of budget savings and unobligated balance in the relevant operating budget assigned for overseas travel and meetings/events including training activities at RETC.

6. The total amount of voluntary contributions received to the Special Accounts for financing cooperative activities (Programs and Projects) in FY2021 was USD 4,132,231 which was fully committed by the Korea Forest Service for Landmark Program (USD 167,768), one (1) regional project (USD 82,645), eight (8) on-going projects (USD 1,889,245) and four (4) new projects (USD 1,992,573). The Secretariat disseminated relevant information on the ODA strategy and guidelines of the Korean government under its newly enforced "Act on Contributions to International Organization" to the IAs and encouraged them to pursue results- and impact-oriented approaches on project management in responding to the anticipation of enhanced monitoring requirement of the Korean government on its contributions to the international organizations under the new Act.

7. The total amount of expenditures for cooperative activities under the Special Account in FY2021 is USD 2,123,552 (51% of total amount committed in FY2021) composed of USD 562,120 for the Landmark Program, USD 59,058 for on-going projects, USD 815,010 for five (5) on-going projects, and USD 687,364 for three (3) new projects. The relatively low rate of fund execution under the Special Account in FY2021 is due to unavoidable constraints posed by prolonged COVID-19 pandemic and other country-specific conditions as well under which international transfer of project funds was banned or domestic process for project inception was significantly hindered.

8. Total amount of mandatory contributions assessed by the Fourth Session of the AFoCO Assembly for operational expenditures in FY2021 was USD 3,876,530 for thirteen (13) Parties obligated to pay a mandatory contribution in 2021. A total amount of mandatory contributions actually paid in FY2021 is USD 3,816,530 (98.5% of the total assessed amount for the Parties' mandatory contribution in FY2021) in a form of cash (USD 3,786,530) and in-kind contribution (USD 30,000) from the following ten (10) Parties who fully paid their assessed amount for mandatory contribution in 2021, namely Bhutan, Cambodia, Kazakhstan, Lao PDR, Mongolia, Myanmar, Philippines, Republic of Korea, Thailand, and Vietnam. Brunei Darussalam has fully paid its arrears for 2021 in cash on February 2022. As of February 2022, the Secretariat is still awaiting for the arrears for FY 2021 from Indonesia and Timor-Leste.

9. The remaining balance in the Working Capital Reserve after the carryforward of cash surplus over expenditures under the Administrative Account in FY2021 is USD 2,435,560 as translated from the actual amount of KRW 1,658,013,665 and USD 1,065,300. The remaining balance in the Unearmarked Sub-Account after the carryforward of interest incomes on the Special Account earned in FY2021 is equivalent to USD 235,283 in total as translated from the actual amount of KRW 284,410,388 and USD 233.

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

Annex 1. (Draft) Annual Report 2021

Annex 2. Annual Financial Report FY2021 with external auditor's report

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