Aide Memoire on
GFMD FINANCIAL ARRANGEMENTS

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Since the establishment of the Support Unit in 2009 and in line with the Memorandum of Understanding (MOU) on the hosting of the GFMD Support Unit (SU) by the International Organization for Migration (IOM), the following financial arrangements have been applied concerning GFMD budget, contributions, payments, audit and reporting:

A. Budget Preparation
   1. The SU helps the annual GFMD Chair in preparing the budget projections for the GFMD, taking into account the planned activities of the GFMD Chair (e.g., operational budget of the SU, preparatory meetings of the Steering Group and the Friends of the Forum, summit meeting, thematic meetings or other preparatory workshops, if applicable).

   2. The operational budget of the GFMD SU is prepared by the Head of the SU in coordination with the IOM Department of Resources Management (DRM) and the GFMD Chair.

   3. From 2009-2010, the SU managed two budgets – one for the operational budget of the SU and the other for GFMD-related activities. In 2011, however, the Swiss Chair integrated the SU’s operational budget into the annual GFMD budget, and a consolidated budget proposal was presented to the Friends of the Forum. This approach was carried on by the succeeding GFMD Chairs.

   4. To ensure predictability and promote the sustainability of the process, the GFMD developed under the Swedish Chairmanship in 2013-2014 a Long-term Financing Framework with the following elements: (a) a multiannual funding mechanism (MFM) that supports a multiannual work plan, with a clear governance and accountability framework; (b) a standardized budget that includes 3 main cost components (preparatory activities, SU operation and Summit Meeting); (c) a pledging mechanism at the start of the Chairmanship; and (c) periodic review (i.e., the first review was supposed to be held in 2017, but it has not materialized.)

   5. At the beginning of its Chairmanship, the GFMD Chair submits to the Steering Group and the Friends of the Forum a budget and enjoins them to provide financial contributions in the spirit of promoting a collective ownership and shared responsibility in sustaining the GFMD process. The budget proposal is periodically adjusted according to the actual requirements of the GFMD Chair and Task Force (e.g., some Chairs, including Bangladesh, needed the help of international advisers).

   6. The Head of SU assists the GFMD Chair in identifying potential donors and in liaising with them to facilitate their contributions.

B. Facilitating Contributions
   1. Contributions to the GFMD process are received and facilitated through the IOM financial systems. At the start of each Chairmanship, the SU coordinates the
preparation of a draft Memorandum of Understanding\textsuperscript{1} on Financial Contributions between the GFMD Chair-in-Office and IOM. This MOU defines the modalities on receiving and managing international contributions.

2. On the basis of the budget projection coordinated between the GFMD Chair/SU and IOM, the latter establishes a project code for “GFMD [Year] - related activities” that include all the projected cost elements for the entire Chairmanship. All GFMD contributions are received with reference to this project code, to set it apart from other IOM projects\textsuperscript{2}. Once all transaction accounts have been fully settled and charged against the annual GFMD budget, this project code will be closed. A new project code is created every year corresponding to each annual GFMD Chair.

3. GFMD financial contributions are governed by different agreements, depending on the donor country. Some are in the form of exchanges of letters between the GFMD Chair/IOM and the donor entity, or formal agreements/arrangements signed by IOM/SU and the donor. In the absence of a formal agreement or exchange of letters, an official Note announcing the donor country’s contribution to the GFMD Chair-in-Office is required at a minimum.

4. Contributions may be non-earmarked or earmarked for specific purposes. While most donors have strict regulations to earmark their financial contributions, non-earmarked contributions afford the annual GFMD Chair more flexibility in applying the contributions where there are gaps in the budget, and avoid having unused funds at the end of the year, such as when excessive contributions are received for the same earmarked purpose.

5. For each contribution, the SU needs to get clearance from the IOM Department of Resources Management and IOM Legal Department before any agreement/letter is signed. The SU also liaises with the donor and provides the necessary banking details for the deposit (depending on the currency of deposit).

6. Since 2010, most donor entities have agreed to channel their financial contributions to the GFMD through the IOM account managed by the SU. There have been some exceptions – in 2010-2011, Australia’s contribution towards the advisory services of Dr. Omelaniuk was deposited into the IOM account and managed directly by IOM; the USA’s contribution to GFMD from 2010 to 2017 formed part of the annual appropriation for IOM activities - thus, it has also been coded under IOM projects. Sometimes, the donor channels through the IOM field office in their country or through the IOM Donor Relations Division. But in all cases, these representative IOM offices need to coordinate with the Head of Support Unit, who acts as the Project Manager of all GFMD international contributions, and is overall responsible for the preparation of reports to the GFMD Chair and supporting structures, as well as to the donors.

7. The Head of SU undertakes follow-up with donor states and other donors to ensure payment of contributions. The SU informs IOM of expected GFMD

\textsuperscript{1} This has been the practice since 2010.
\textsuperscript{2} IOM uses the same bank accounts in different currencies for all its projects. Deposits are identified according to the corresponding Project Code.
contributions, and the latter advises the SU when a contribution has been received.

C. Procurement
1. All payments and disbursements are made in accordance with the IOM Rules on Procurement.

2. The Head of SU signs payment requests for the operational costs of the SU and other GFMD-related activities. These are submitted to IOM, which then ensures payment to vendors. The SU follows up as necessary with outside contractors to ensure provision of goods and services.

3. Payment requests (PRs) may be classified as -
   a) Expenses that are necessary and incidental for the regular upkeep of the GFMD SU office.
   b) Expenses related to GFMD activities, including –
      o Organizational costs of the preparatory meetings in Geneva (i.e., Steering Group, Friends of the Forum, Assessment Team, ad hoc Working Groups, Platform for Partnerships);
      o Advisory services and travel, thematic meetings/workshops, Task Force-related activities,
      o Organizational costs of the final/summit meeting, contribution to the civil society, others.

   For (a), the SU submits PRs without need of written authorization from the Chair. For (b), a written authorization is secured from the Chair or his representative.

4. The IOM charges the standard 5 percent (5%) overhead for services rendered to support the GFMD. This fee applies to the operational budget of the GFMD Support Unit and IOM travel facilitation services to the Chair and/or its designated Taskforce members (e.g., international advisers).

D. Audit
1. While the MOU on the SU hosting provides that “Auditing of the use of the funds will be undertaken annually and in line with procedures applicable to other IOM accounts”, a GFMD-dedicated external audit was first done only in 2011. During the first two years operation of the SU in 2009 and 2010, GFMD accounts formed part of the overall IOM audit.

2. Since 2011 to date, GFMD accounts have been examined by the IOM External Auditor (currently Ghana). The GFMD audit is usually conducted within three (3) months after the end of a Chairmanship, to allow time for the finalization and dissemination of the GFMD narrative and financial reports, which are then submitted to the donors the following month. To complete the audit on time, it is imperative for all related costs to be posted immediately after (i.e., no later than two weeks) the end of the Chairmanship.
3. The schedule of the audit is arranged between the IOM-DRM and the GFMD about 3 months before the Chairmanship ends. The costs associated with the external audit include the return economy flight ticket(s), hotel accommodation and DSA. If the audit is held back-to-back with the IOM external audit (i.e., same auditor), then the flight ticket expenses are picked up by IOM, and GFMD only covers the hotel and DSA costs for the extra days needed to do the GFMD audit.

E. Reporting

1. The IOM-DRM prepares the monthly transaction reports of the GFMD, which are then reviewed by the SU, to ensure correct posting of entries and monitor the inflow of contributions. Based on these monthly transaction reports, a quarterly interim report is prepared by IOM, which is likewise reviewed by the GFMD SU.

2. The Head of SU keeps the GFMD Chair informed of the budget situation and endorses the quarterly interim financial report w(i.e., quarterly), showing projected revenues from donor entities (governments and non-governments) versus projected expenses for the year, as indicated in the annual GFMD budget. This report is updated regularly, as new contributions come in, and transaction reports received by the SU.

3. The SU also advises the Chair about expenses that are obligatory in nature (e.g., staff salaries, office venue, costs incidental to preparatory activities and Summit Meetings) and those that need to be considered subject to availability of financial resources (e.g., requests for travel support to participate in GFMD activities).

4. Interim financial reports showing revenues received and expenses incurred may be shared with donors upon request, after coordination with IOM.

5. The Chair acknowledges, in writing and during meetings, if appropriate, all contributions offered to the GFMD process during the Chairmanship, including financial and in-kind.

6. At the end of each Chairmanship, the Head of SU prepares the narrative and financial report of all GFMD international contributions in coordination with IOM and under the supervision of the GFMD Chair. This report shows actual disbursements against total contributions received by the annual Chair. It is then reviewed by an external auditor and, once cleared, submitted to all the donors. In a few cases, the SU and the GFMD Chair have requested for extension of time within which to submit the report because of delay in closing transactions and completing the audit.