

## COORDINATING COMMITTEE MEETING – 6 MARCH 2015

### UPDATE ON ISU FINANCES

#### 2014 Finances<sup>1</sup>

- The ISU's 2014 budgeted costs totalled CHF 977,293. The ISU's actual costs totalled CHF 884,128. When actual costs were combined with a CHF 19,822 negative carry-over from 2013, the ISU's total requirements in 2014 were CHF 903,950.
- In 2014, the ISU received CHF 705,297 from States Parties and CHF 21,362 in other income.
- The ISU ended 2014 with a CHF 177,291 deficit. On 18 February 2015, the President of the GICHD wrote to the Convention's President to indicate that, "after due consideration, and in an effort to favour a conducive environment towards identifying and implementing measures to prevent a deficit from re-occurring in 2015 and beyond, the GICHD has decided, as an exceptional and one-off measure, to cover the ISU deficit of around CHF 180,000 with its own means."

<i>2014 EXPENSES</i>	2014 Budget	2014 Actual
Staff costs	CHF 838'293	CHF 817'230
Staff travel	CHF 75'000	CHF 58'560
Consultants' costs and travel	CHF 50'000	CHF 0
Publications	CHF 5'000	CHF 3'202
Translations	CHF 2'000	CHF 145
Other	CHF 7'000	CHF 4'991
Subtotal	CHF 977'293	CHF 884'128
Negative carry-over from 2013		CHF 19'822
Total 2014 requirements		CHF 903'950
<i>2014 REVENUE</i>		
States Parties		CHF 705'297
Other income		CHF 21'362
Total 2014 revenue		CHF 726'659

#### 2015 Finances

At the 20 February 2015 meeting of the Coordinating Committee, the ISU Director recalled that in December he had communicated to the Coordinating Committee and, subsequently, to all States Parties, that, by 15 March 2015, the ISU will reassess the status of received / expected revenues, with three possible scenarios existing at that time:

- i. If funding permits monthly expenditures in excess of an average of CHF 58,087 per month, the ISU will return to activity levels indicated in the agreed work plan, with the magnitude of these activities subject to actual received / expected revenues. This scenario would require revenue in 2015 totalling approximately CHF 700,000 to CHF 800,000.

<sup>1</sup> Unaudited and subject to final corrections.

- ii. If funding permits continued expenditures at a level of an average of CHF 58,087 per month, the ISU will further delay the staffing the ISU's vacant half-time support position and continue to defer any mission activity. This scenario would require revenue in 2015 totalling approximately CHF 700,000.
- iii. If funding warrants expenditure levels below an average of CHF 58,087 per month, the ISU will present options to the Coordinating Committee on the further reduction in costs, which naturally would mean a reduction in the cost of human resources, which in turn would have a more significant impact on the ability of the ISU to deliver on its mandate.

On 20 February, the ISU Director informed the Coordinating Committee that the ISU's revenue forecast for 2015, as of that date, was approximately CHF 685,000, i.e., approximately CHF 15,000 less than required to continue at already reduced levels, and, that this was simply a forecast, with the vast majority of this forecast not secured. The ISU Director noted that, as a result of this forecast, reassessing the status of received / expected revenues "by 15 March 2015" may need to mean by the end of February. The ISU Director also informed the Coordinating Committee that the options available to him included the termination of contracts, salary reductions, leave without pay, or combination of these measures.

A similar message regarding limited cost cutting options was expressed by the ISU Director to Coordinating Committee members at an informal meeting convened by the Belgian Presidency on Friday 13 February. Moreover, all Coordinating Committee members have been subject to the ISU's resource mobilisation efforts and have been well sensitized to the reality that there would be implications if the ISU did not receive timely information from States Parties on contributions or intended contributions. As well, on 3 February, the ISU Director invited the ten largest 2014 contributors to the ISU to a meeting to further sensitise them to this situation. In this regard, the ISU Director believes he has been highly transparent and inclusive with the Coordinating Committee, as well as with other States Parties, on this matter.

As the situation remained the same at the beginning of the week of 23 February, it did not give the ISU Director confidence that a deficit situation could be avoided in 2015 and, in accordance with his December 2014 approach to prudent and responsible implementation of the ISU's 2015 work plan, he concluded that spending cuts would have to be made. The ISU Director, in accordance with the agreement between the States Parties and the GICHD on implementation support, consulted the President by email and in person on his intended cost-cutting measures. The President indicated to the ISU Director that he supports any efforts to reduce costs, he did not ask for consideration regarding any additional measures, and he did not suggest any alterations to the ISU Director's intended course of action. These cost-cutting measures, which now have been acted upon, are as follows:

- The ISU Director has suppressed one full-time expert position, with contract termination to take effect as of 31 May 2015.
- The ISU Director sought and received the agreement of the GICHD Director to deviate from the application of the GICHD's internal rules and regulations as concern the salary scale with a view to seeing that ISU expert staff salaries would be capped.
- As the change in the application of the rules and regulations as concerns the salary scale affects two other experts, the two individuals in question were offered new contracts at reduced salaries, to take effect on 1 June 2015.

The main impacts as concerns the implementation of the ISU's 2015 work plan are as follows:

- Support to individual States Parties in fulfilling commitments under the victim assistance section of the Maputo Action Plan will largely no longer be possible.
- There will be a reduction in activities to ensure good liaison with other actors in the field of victim assistance.
- There will be reduced responsiveness vis-à-vis the needs of the Committee on Victim Assistance.
- There will be further reductions in the timely completion of reporting requirements (given that, with the ISU's half-time support position remaining vacant, the fulfilment of administrative tasks has been spread amongst other staff).

In addition, previous actions taken to reduce costs (i.e., deferring the staffing of the ISU's half-time support position and refraining from any activity spending during the first three months of 2015) have had the following impacts:

- The ISU had planned to carry-out three missions to States Parties to provide in-depth advisory services related to Maputo Action Plan victim assistance commitments. All three missions in intended to take place during the first quarter of 2015 in order to support the provision of high quality information in response to Actions #12 - #14. These missions have not taken place.
- The ISU had planned to carry-out five missions to States Parties to provide in-depth advisory services related to Article 5 implementation. Two missions were intended to take place during the first quarter of 2015 in order to support the preparation of Article 5 extension requests, including by supporting national stakeholders' meetings. These missions have not taken place.
- No work has been carried out on enhancing the *Platform for Partnerships*.
- The ISU has stopped updating the Convention's presence on some social media. No press releases have been issued, no contact has been made with journalists and no maintenance has taken place with respect to media contact lists.
- Changes to the Convention's homepage have been reduced from approximately one per week to approximately one per month. Efforts to mirror English-language changes to the website in French and Spanish have slowed or in some instances have not taken place.

In keeping with his 16 December 2014 approach to the prudent and responsible implementation of the ISU's 2015 work plan, the ISU Director will now continue to closely monitor spending relative to a conservative estimate of expected revenue. This will involve either (a) taking action if possible to return to carrying out activities contained in the work plan, (b) continuing to spend only on human resource costs, or (c) exploring further cost reductions.

With respect to the spending cuts already made and the prospect of further cuts, the States Parties should again be clear that spending cuts will not resolve the fundamental issue concerning ISU finances. The fundamental issue is that prudent and responsible implementation of an ISU work plan requires that States Parties provide timely information on intentions to contribute to the ISU. States Parties, for the most part, are not providing this information or are unable to do so, or, in some cases, simply do not wish to contribute to the ISU.

The ISU Director regrets that the ISU's ambitious resource mobilisation efforts have not resulted in the ISU having obtained sufficient information from the States Parties to give him confidence that a

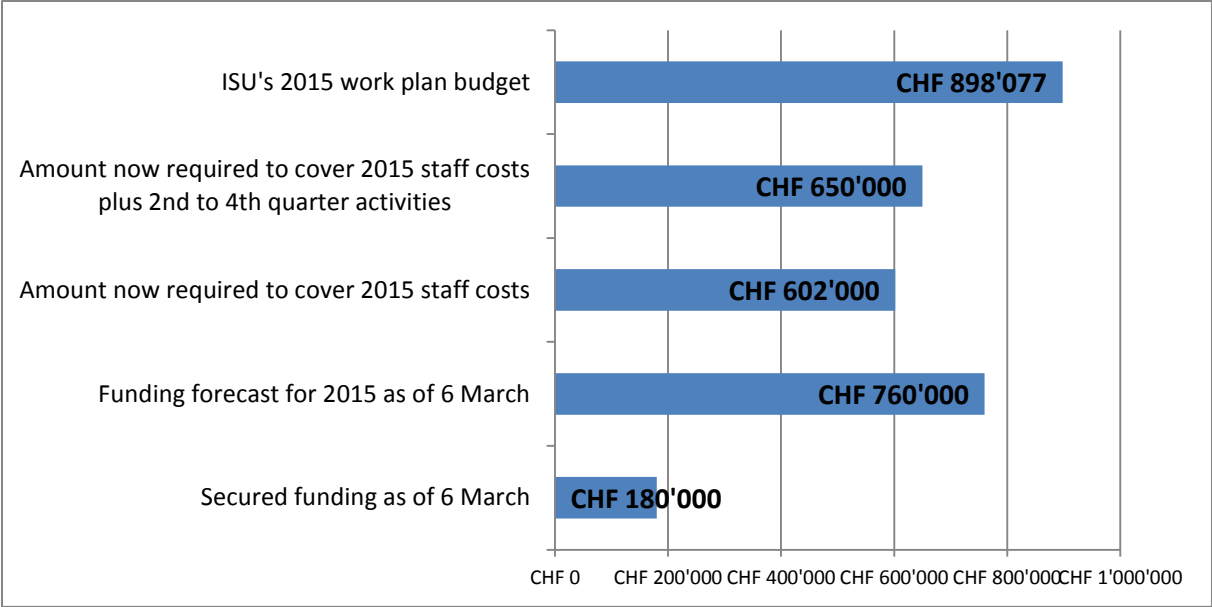
deficit would not again result in 2015. The ISU has had multiple contacts with over 50 States Parties with few providing certainty regarding contributions or intentions to contribute in 2015. As well, in responding to a sentiment expressed at the 20 February meeting of the Coordinating Committee that the donor base should be expanded, the ISU has made initial contact concerning 2015 support with an additional 20 States Parties.

The matter of resource mobilisation, however, clearly is something that the ISU should only be supporting, not leading. States Parties themselves are much better placed to mobilise the support necessary and unless the States Parties make concerted efforts to ensure a higher level of predictability of contributions, the ISU could very likely find itself in a situation warranting further cuts in spending to ensure that it does not incur a deficit.

On the basis of over 100 contacts (i.e., letters, phone calls, emails, meetings) with States Parties, as of 6 March, the ISU concludes that contributions received, funding agreements in place, strong expectations of contributions to be received and reasonable expectations of contributions to be received amount to CHF 761,577. In particular:

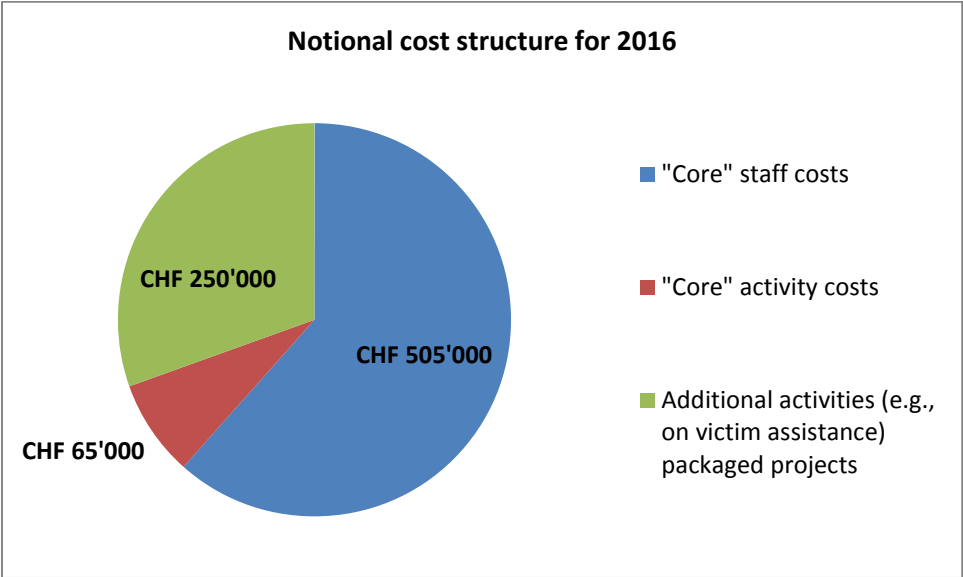
- Funds totalling CHF 48,177 have been received from three (3) States Parties: Germany (CHF 42,275), Jordan (CHF 902) and Mozambique (CHF 5,000).
- Agreements are in place with two (2) States Parties totalling approximately CHF 130,000: Australia (AUD 120,000) and Denmark (DKK 300,000).
- The ISU has strong expectations that 17 States Parties combined will contribute approximately CHF 474,200. A “strong expectation” results when a State Party has expressed with confidence, by email or orally, that it will contribute to the ISU. In some instances when States Parties are not indicating the likely amount of the contribution, the ISU has made an estimate.
- The ISU has reasonable expectations that 14 States Parties combined will contribute approximately CHF 105,200. A “reasonable expectation” is based on either an intention to contribute having been made, albeit with a degree of uncertainty, or recent historic contributions to the ISU.
- The ISU has now approached an additional 29 States Parties, some of which are investigating the possibility of funding the ISU or have not ruled it out.
- The Presidency has informed the ISU that two States Parties will not contribute to the ISU in 2015. The ISU also knows of one other State Party that will not contribute to the ISU in 2015.

Should the ISU be able to acquire approximately CHF 760,000, much of the ISU’s 2015 work plan can still be implemented in at least the second half of the year. However, from the point of view of prudent planning, the ISU must be conscious of the fact that, of the current forecast of approximately CHF 760,000 in revenue, only approximately CHF 180,000 has been secured. Until more States Parties either provide contributions or clarity regarding intentions to contribute, the ISU will continue to proceed in an extremely cautious matter as concerns expenditures.



**2016 Finances**

Assuming the full-time expert position and the half-time support position are not re-staffed, estimated human resources costs for the remaining 2.6 full-time equivalent positions would amount to CHF 505,000 in 2016. With a modest amount allocated for activities, this could mean that the ISU’s 2016 costs could be estimated to total between CHF 550,000 and CHF 575,000. This may be the type of cost structure that could contribute to a more sustainable approach to ISU finances. Additional activities consistent with the ISU’s mandate could be packaged as projects that could be supported by interested parties through means other than contributions to down-sized core costs. In this regard, the ISU Director wishes to inform the Coordinating Committee that he has commenced with preliminary discussions with the European Union on the possibility of the ISU implementing a “Council Decision” in follow up to the 2012-2014 effort carried out by the ISU.



Considering the States Parties’ 2011 decision “to work to improve the present funding model and to ensure sufficient contributions are provided to the ISU as long as the financing model remains

unchanged” and the mandate of the ISU to “assist” with matters concerning ISU financing, the ISU would like to offer the following ideas:

1. *Convert diffuse voluntary responsibility to fund the ISU, in how or in part, into a specific voluntary responsibility to fund the ISU:*

The good produced by the ISU is available to all but the responsibility to pay for the good is diffuse (i.e., “the States Parties”) rather than specific. This could be done, still with a voluntary funding model, by one State Party or some States Parties making a commitment to cover the entire minimum costs of the ISU for a certain period of time. Other States Parties could still be encouraged to contribute to expand ownership and ensure that ISU activities go beyond a bare minimum.

2. *Convert the ISU from a public-good-model to a market model*

The public good model (i.e., one where the good is available to all but the responsibility to pay for the good is diffuse) to a market model (i.e., one where a good is provided that exactly matches up with the what a specific “consumer” or set of consumers want to purchase at a specific cost). For instance, the ISU could cease to be an instrument providing a good available to all States Parties and become an entity producing a good desired by and purchased by mine-affected States Parties (either exclusively with their resources or with a combination of their resources and those provided by partners). The mine-affected States Parties could, if they wish, offer some of the goods provided by the ISU to other States Parties, but ultimately as the one purchasing the goods, it would be up to the “consumer” to decide.

3. *Convert the ISU into an entity that primarily provides the type of support that some consider to be most likely to be funded*

It was suggested at the Coordinating Committee that “donors” currently have a preoccupation with supporting country-specific interventions that produce tangible results and have grown disinterested in support multilateral structures (or at least those that are funded voluntarily). The ISU’s mandate already foresees that a significant amount of its activities would be focused on supporting individual States Parties with implementation. For mine-affected States Parties, this is probably the most important part of the ISU’s mandate. The ISU could be converted into an entity that almost exclusively carries out this type of country-specific implementation support.

4. *Assign the both supervision of the preparation of the ISU’s annual work plan with and its resource mobilisation to the President-Designate*

The financing of the ISU’s activities (no matter what the cost) requires both sufficient resources and sufficient predictability that these resources will be provided. Given the voluntary model of funding the ISU, a degree of ambition is required in mobilising resources and obtaining information in a timely manner regarding contributions. It may make sense that the effort to mobilise resources and to obtaining necessary information is aligned closer to the timing of the preparation of the ISU’s annual work plan. And it may make sense that the actor assigned to lead these activities would be one with a greatest interest regarding the particular work plan in question.

For instance, the presumed Presidency and host of the Convention’s formal meeting in 2016 obviously has a great interest in implementation support to be provided in 2016 and, hence in ensuring that sufficient resources and information are available. In September 2015, the incoming Presidency could both collaborate with the ISU Director on the preparation of a draft

2016 work plan and budget and lead efforts to mobilise resources for 2016. He or she would also then be well placed to follow-up at the beginning of 2016 on pledges made during the last trimester of 2015.

5. *Request that a multi-year work plan and budget be prepared*

Some States Parties may be in a position to enter into multiyear funding agreements. This may be more likely if the ISU was packaged as a multiyear project. As the overarching direction (i.e., the Maputo Action Plan) for ISU activities during the period 2015-2019 is unlikely to change, it should be a simple task of projecting costs over a period of three to four years. While the ISU would no longer be called upon annually to propose a work plan, annual accountability mechanisms would continue to be in force.

6. *Appoint a regionally-representative working group on ISU resource mobilisation*

The task of mobilising resources for the ISU could be shouldered by a variety of States Parties that have an interest and a comparative advantage in broadening the ISU donor base. In each region, there are a number of States Parties that regularly contribute to the ISU. They could be recruited to carry out peer-to-peer resource mobilisation efforts.

7. *Expand the donor base beyond the States Parties*

Some States not party to the Convention have expressed support for the basic principles of the Convention, act in solidarity with mine-affected States Parties and appreciate the role provided by the ISU. These could be asked to contribute.