

**Budget Notes**

* **2019 Actual Expenses**
* **2020 Proposed Budget**
* **2021 – 2022 Proposed Forecast Budget**



**CTI Learning Centre Manado**

 **North Sulawesi, Indonesia**

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**CTI-CFF Regional Secretariat**

**Cover photo**: *CTI-Regional Secretariat office in Manado, Indonesia*

(Photo: CTI-CFF Regional Secretariat)

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# 2019 Actual Expenses (Unaudited)

Based on CTI-CFF 2018 expenditures, the total amount of actual expenses (unaudited) were **USD 1,006,730**. Such amount represents 48,52% of the 2019 budget approved by the CSO on 21 June 2019, which was **USD** **2,074,742**. Summary of the expenses can be found in the Table 1 below.

**Table 1 – Summary of 2019 Expenses Report and 2018 Financial Projection**



## Operating Expenses

The total of operating expenses as of 25 October 2019 was **USD 51,162**, which is 60% utilization of the respective budget. Summary of expenses can be found in the Table 2.

Below are explanations on the Operating Expenses:

1. **Electricity & Water***: $11,084 (53% utilization of budget $20,951)* – The electricity bills were fully paid by the CTI-CFF Regional Secretariat at average $1,232 per month. Per agreement with the Ministry of Maritime Affairs and Fisheries, we are obligated to pay the building electricity for the next two years (2019 and 2020).
2. **Communication & Internet**: *$6,584 (81% utilization of budget $8,130)* – The subsription of internet connection, landline phones, TV cable, office email and antivirus (Kaspersky).
3. **Office Supplies**: *$3,373 (76% utilization of budget $4,433)* – The costs cover the office supplies (i.e. stationary, etc) and kitchen/cleaning supplies expenses (i.e. soap, tissue, etc).
4. **Publication and Printing**: *$5,670 (29% utilization of budget $19,267)* – This relatively low utilization is much due to some planned publication, such as for the regulation and procedures manual, that are still waiting to be approved. Also, some more printing will be done toward the end of the year.
5. **Website and Maintenance**: *$619 (94% utilization of budget $661)* – The cost for CT Day website maintenance and its 2-year domain subcription.
6. **Audit**: *$6,643 (95% utilization of $7,000)* – Audit fee for 2018 Financial Audit by Moores Rowland Indonesia audit firm.
7. **Postage & Courier**: *$733 (214% utilization of budget $342)* – The overspent is due the shipping cost of souvenir items from Jakarta to Manado. Due to the lack of available vendors in Manado, we procured CTI-CFF souvenirs from Jakarta (i.e. printed pens, flashdisks, bags, etc).
8. **Vehicle Rental**: *$4,657 (77% utilization of budget $6,000)* – The rental costs of two office vehicles until the purchase of two new office vehicles in April 2019.
9. **Copy Machine Rental**: *$595 (71% utilization of budget $842)* – The rental cost of one heavy duty copying/printing/scanning machine. To better accommodate staff printing needs across two floors, we look forward to renting an additional machine for next year, given the budget being approved.
10. **Vehicle Fuel:** *$1,783 (71% utilization of budget $2,518)* – Fuel and parking expenses incurred on the two office vehicles.
11. **Hospitality**: *$883 (112% utilization of budget $792)* – The budget is overspent to cover costs when hosting guests and meetings at the Regional Secretariat (e.g. meals, snacks). We look forward to increasing the budget to better accommodate guest hosting and capacity building activities.
12. **Miscellaneous (Visa, Permit, etc.)**: *$2,485 (24% utilization of budget $10,247)* – Low utilization, mainly incurred to cover for visa related expenses of our three expatriate staffs (e.g. visa and working permit, airfare to home base to arrange diplomatic passport).
13. **Other Expenses**: *$1,244 (62% utilization of budget $2,000)* – Mainly bank service charges and Microsoft Office annual subscription.
14. **Repair & Maintenance:** *$4,811 (188% utilization of budget $2,566)* – The overspent was much due to the renovation expense to fix the lobby ceiling ($2,824).

 **Table 2 – 2019 Operating Expenses**

**Actual Expenses (Unaudited)**

**CTI-CFF Regional Secretariat**



## Staffing

The total expenses under personnel and contract are $379,296 as of 25 October 2019, which reflect 62% utilization of the total budget of $613,466. Summary of expenses can be found in the Table 3.

Below are explanations on the staffing:

1. **ED and DED**: *$128,851 (55% utilization of budget $234,564)* – Salaries of Interim Executive Director (including income tax expense for Indonesian national) and Deputy Executive Director for Program Services (tax exempt for expatriate).
2. **Expat &Professional staff**: *$72,403 (65% utilization of $112,320 budget)* – Salaries of Program Services Senior Manager, Communication and Information Manager (tax exempt for expatriate) and Finance and Operation Manager recruited in February 2019 (including income tax expense for Indonesian national).
3. **Local hires**: *$26,630 (81% utilization of budget $32,844)* – Salaries of five Indonesian national staffs: Assistant Finance Manager, Program Support Officer, Operation Assistant (recruited per February 2019), Assistant Communication Manager (recruited per April 2019) and IT Officer (recruited per September 2019). The expenses include income tax expenses as per compliance to Indonesian manpower law.
4. **THR or Festive Holiday Allowance**: *$23,167 (73% utilization of budget $31,644)* – Per compliance to the Indonesian manpower law, Indonesian staffs were entitled an additional monthly salary for the festive holiday allowance (given a full-year working tenure or otherwise prorated based on the months worked). Per additional discretion, this allowance has been extended to expatriates.
5. **Benefit (BPJS - National Health Insurance and Social Security)**: *$18,410 (57% utilization of budget $32,361)* – Per compliance to the Indonesian manpower law, all Indonesian staffs are required to be covered under the national social security program. In addition, national health insurance program is also applied to both Indonesian and expatriate staffs.
6. **Other Benefits**: *$33,493 (111% utilization of $30,333 budget)* – Additional healh insurance (BNI Life), housing IED and DED PS, monthly housing allowance for staff, monthly communication allowance, glasses, overtime (for staff below manager level), relocation, home leave airfares (IED, DED PS, expatriate staffs).
7. **Contract**: *$36,878 (41% utilization of budget $89,400)* – Contracts granted to Executive Officer, Outsourced Services (Receptionist, two Cleaning Services, one Driver) and Tax Consultant (to process our monthly and annual tax reporting).
8. **Contract RCTNO**: *$36,878 (79% utilization of budget $50,000)* – RCTO monthly stipends, accommodation, office and travel expenses (including for SOM15 in Honiara, Solomon Islands).

**Table 3 – 2019 Staffing**

**Actual Expenses (Unaudited)**

**CTI-CFF Regional Secretariat**



## Recruitment Cost

The recruitment costs were incurred in relation to the recruitment of the new Executive Director (ED) and Deputy Executive Director for Corporate Services (DED CS). The total cost is $34,891, which reflects 99% utilization of the budget of $35,000. This covers expenses related to advertisement, logistics and travel arrangements for the interview conducted in Kuala Lumpur, Malaysia. In addition, it also covers the travelling expenses for the new ED and DED CS to SOM15 in Honiara, Solomon Islands, on 4-8 November 2019. Summary of the expenses can be found in the Table 4 below.

## Travel and Meetings

1. **Staff Travel and Meeting**: *$52,623 (64% utilization of budget $82,100)* – Travel and meeting expenses as of 25 October 2019 (i.e. airfare, per diem, accommodation) on various events and courtesy visits.
2. **SOM 15 Travel and Meeting**: *$8,260 (17% utilization of budget $50,000)* – Airfare expenses as of 25 October 2019 to Honiara, Solomon Islands. More expenses are to be incurred.

Summary of the travel and meetings expenses can be found in the Table 4 below.

**Table 4 – Recruitment, Travel and Meetings**

**2019 Actual Expenses (Unaudited)**

**CTI-CFF Regional Secretariat**



## Program Services

Overall spending of the program services is $413,478 or 65% utilization of the budget of $639,259. Highlight of the expenses under program services:

1. **RPOA Review**: *$111,755 (131% utilization of budget $85,339)* – Overspending is due to the additional funding in the amount of $28,000 not being received from the U.S Department of Interior (expected to receive in Q1 of 2020). The activities include the RPOA review in Manado, Communication workshop in Manila, Financial Resource Strategy workshop in Singapore and Institutional Change workshop in Bali.

The Table 5 below provide the detail of this expense category.

**Table 5 – Program Services**

**2019 Actual Expenses (Unaudited)**

**CTI-CFF Regional Secretariat**



## Capital Expenditures

The total capital expenditures is $65,178 or 96% utilization of the budget of $67,320. Details of the expenditures are as follows:

1. **Office Vehicles**: *$40,234* – Two office vehicles (Toyota Avanza 2019 and Toyota Innova 2019)
2. **Equipment – CCTV & Access System**: *$9,342* – Eleven security access points (via ID cards and finger prints and thirteen CCTV cameras (24/7 recording).
3. **Equipment – Office**: *$6,314* – Various office equipments (i.e. refrigerator, mobile printer, whiteboards and flipcharts, camera, voice recorder, etc).
4. **Equipment – IT**: *$3,723* – IT network infrastructure (i.e. firewall, switches, server rack, etc).
5. **Equipment – Sign Board**: *$4,943* – One neon box (outdoor), reception area sign board.
6. **Furniture**: *$622* – Shelves, Chairs.

## Appropriation

The total expense amount under appropriation is $1,842, which is only 3% utilization of the budget of $75,785. It incurred to cover the travel expense of the resigning Finance and Operation Manager.

## Restricted Fund from Surplus (Investment)

A portion of cash surplus in the amount of $426,063 is restricted but approved to be invested in a no risk financial instrument, namely Mandiri Deposit Swap, in Juy 2019. The financial instrument was chosen because it bears no risk and is maintained by our custody bank, Bank Mandiri. Per 23 October 2019, the deposit has yielded an interest in the amount of $1,283, raising our deposit to a total of $427,349 after tax and service charge.

## Overall 2019 Actual Expenses

The overall 2019 actual expenses can be found the Table 6 below.

**Table 6 – Detail of 2019 Actual Expenses Report**



# 2020 Proposed Budget

## 2020 Budget

The summary of the 2019 budget can be found in Table 7 below and the detail explanation for each expenses categories shall be provided in this section.

**Table 7 – Summary of 2020 Budget**



The proposed total budget of 2020 is USD 2,756,016 which consists of expenses covered with Country Contribution fund and any unallocated cash surplus remains as an emergency fund.

### 2020 Proposed Budget: Operating Expenses

*Funding sources: Country Contribution*

The total proposed 2020 budget of Operating Expenses is covered by Country Contribution fund in the amount of USD 129,229. The details of the proposed 2020 budget of operating expenses can be found in Table 8 below.

**Table 8 – 2020 Operating Expenses Budget**



Below is the explanation:

1. **Electricity and Water**: *$20,951 to $18,960* – We decrease to properly reflect the actual historical costs incurred in 2019.
2. **Comm./Tel. and Internet Connection**: *$8,130 to $9,500* – To adequately accommodate our current internet subscription (via Telkom and Crossnet internet providers), landline phone charges (four office numbers), office email and zoom subscription and TV cable subscription (news).
3. **Office Supplies**: *$4,433 to $6,000* – Our current monthly office supplies expense runs at approximately $400 per month. To give an adequate spare, we propose $500 per month, raising the annual budget to $6,000.
4. **Publication and Printing:** *$19,267 to $43,325* - Budgeted for full communication materials lead by the Communication and Information Manager (CIM), consist of communication material info packets, corporate merchandises, printing of corporate documents, website hosting, exhibit materials, digital asset depository, website hosting (CTICFF website, CTDay website), Software licenses (Microsoft Azure, Adobe Creative Suite, Google packages), CTDay and communication activities.
5. **Software Licenses**: *$8,922 to $9,814* – Subscription of Xero accounting software, Windows Server Active Directory, Windows 10 Pro, Microsoft Office 365, Antivirus, Adobe Acrobat Professional.
6. **Audit**: *$7,000 to $10,000* – Audit fee for 2019 Financial Report.
7. **Postage/Courier**: *$342 to $1,390* – To properly accommodate based on 2019 actual costs.
8. **Photocopy Machine Rental**: *$842 to $1,603* – To add from one to two photocopy/printing/scanning machines to better serve staff across two floors.
9. **Transportation**: *$2,518 to $5,230* – To cover for vehicle insurance, plate permit, fuel, parking and other transportation expenses incurred by the two new office vehicles.
10. **Hospitality**: *$792 to $4,800* – To allocate approximately $400 per month for hosted meeting costs and team building activities.
11. **Miscellaneous (Visa, Permit, etc.)**: *$10,247 to $6,000* – We decrease the budget due to low utilization in 2019.
12. **Other Expenses**: *$2,000 to $4,800* – Budgeted for other unforeseen operational expenses.
13. **Repair and Maintenance**: *$2,566 to $8,700* – Based on the overspending in 2019, we increase the budget for building, equipment and vehicle maintenance in 2020.

### 2020 Proposed Budget: Personnel and Contract

*Funding sources: Country Contribution*

The total amount of 2020 budget for Personnel and Contract is USD 717,702 and is covered fully by Country Contribution fund. The details of Personnel and Contract budget can be found in Table 9 and points below.

T**able 9 – 2020 Operating Expenses Budget**



#### **Organization Chart**

In 2019, the Secretariat have very lean organization structure with only eleven (11) full-time staff. The Chart 1 below provides the detailed structure of the Secretariat in 2019.

**Chart 1 – 2019 Organization Chart**

#### **Salary Scale**

The salary scale applied in the 2019 Budget is the salary scale that had been adopted in the 2018 Budget process. This salary scale has been endorsed by the Internal Resource Committee (IRC) in the Chair’s Summary of the IRC meeting session 3.3. This scale can be found in the Table 10 below.

T**able 10 – Salary Scale**

|  |
| --- |
| **Current Scale** |
| **Job Rank** | **Grade** | **USD** |
| **Min** | **Max** |
|  |  |  |  |
| Executive Director | 24 | 11.200 | 16.000 |
| 23 | 8.820 | 12.600 |
| Deputy Executive Director | 22 | 6.887 | 9.837 |
| 21 | 4.947 | 7.067 |
| 20 | 3.010 | 4.300 |
| Manager | 19 | 2.625 | 3.750 |
| 18 | 2.240 | 3.200 |
| 17 | 1.848 | 2.640 |
| 16 | 1.380 | 1.957 |
| 15 | 819 | 1.170 |
| Assistant Manager | 14 | 700 | 1.000 |
| 13 | 587 | 837 |
| 12 | 467 | 667 |
| Assistant | 11 | 350 | 500 |
| 10 | 315 | 450 |
| Operator | 9 | 217 | 310 |
| 8 | 119 | 170 |

#### **Benefits**

The budget for benefits for staff includes mandatory employee benefits as prescribed by Staff Policies and Procedures Manual (currently awaiting final endorsement) and other benefits set by the Secretariat.

T**able 11 – Staff Benefits**

|  |  |  |
| --- | --- | --- |
| **Benefits** | **Calculation** | **Applicability** |
| **A. Allowances** |  |  |
|  THR (Religious Holiday Allowance) | 1 month salary/year |  All staff |
| **B. Social Security and Health Care Program**  |  |  |
|  JHT (Old Age) | 3,70% of monthly salary | All staff |
|  JP (Pension) | 2% of monthly salary | Not applicable for Expatriate |
|  JKK (Accident) | 0,24% of monthly salary | All staff |
|  JKK (Death) | 0,30% of monthly salary | All staff |
|  *BPJS Kesehatan* (Medical) | 4% of monthly salary | All staff |
| **C. Other Benefits** |  |  |
|  Housing | Based on position | All staff |
|  Relocation | Based on position | All staff |
|  Home Leave | Actual expenses | For Expatriate only |
|  Medical Insurance | Actual expenses | All staff |
|  |  |  |
|  |  |  |

### 2020 Proposed Budget: Travel and Meetings, Leader Summit & HCA Meeting

*Funding sources: Country Contribution*

The travel and meetings budget is a significant increase in 2020 with the following major assumption: High cost of travel, especially for airfare for the next SOM 16 MM in Honiara, Solomon Island, and the cost related to the Leader Summit & HCA Meeting.

Expenses are covered by Country Contribution fund. Below is the explanation of the division of expenses coverage:

1. **Staff Travel and Meetings**: *$82,100 to $60,000* – Covered by Country Contribution.
2. **SOM 16 (Honiara, Solomon Islands)**: *$200,000 -* Covered by Country Contribution.
3. **Leader Summit & HCA Meeting**: *$250,000* – Covered by Country Contribution.

The detailed figures for both budget line item can be found in Table 12 below.

T**able 12 – Travel and Meetings**



### 2020 Proposed Budget: Program Services

*Funding sources: Country Contribution*

The total budget for Program Services increases from $639,259 to $1,300,000. This amount is funded through both Country Contribution.

The budget of program services is dominated by four (4) major activities:

1. Technical working groups from $250,000 to $400,000
2. Cross-cutting themes/GWG from $51,160 to $600,000
3. RPOA Review from $209,839 to $150,000
4. CT Atlas from $112,000 to $150,000

The detail budget of Program Services can be found in the Table 13 below.

**Table 13 – Program Services Budget**



### 2020 Proposed Budget: Capital Expenditure

*Funding sources: Country Contribution*

With the current condition of IT resources (i.e. laptops, desktops) that are quite outdated (i.e. more than 4 years old), we propose $20,000 to procure new IT equipments.

### 2020 Proposed Budget: Appropriation

*Funding sources: Country Contribution*

Budget for 2020 appropriation is fully funded by the surplus cash amounting at USD 75,785.The detail of the Appropriation can be found in the Table 14 below.

**Table 14 – Appropriation**

###

### Detail Budget 2020

The overall detail budget 2020 is described as Table 15 below.

**Table 15 – Detail 2020 Budget**



### Country Contribution

The calculated Country Contribution for 2020 is amounting at USD 2,756,016 based on both GDP 2013 and 2017 calculation. There were overpayments of country contribution from Indonesia, Malaysia and Philippines, which are converted as deduction for this year country contribution. The detailed calculation can be found in table 16.

**Table 16 – Countries Contributions**



*GDP Source: World Bank Database [https://data.worldbank.org/indicator/NY.GDP.MKTP.CD]*

# 2021 Forecast Budget

The total amount for forecast budget 2021 is USD 2,301,618. Several assumptions are made as described below:

1. Additional 10% incremental from the previous year is made for operating expenses.
2. Additional 10% incremental for personnel and contract expenses.
3. Additional 10% incremental from the previous year is made for travel and meetings expenses. This also include the expenses for SOM 17 in Timor Leste.
4. No leader summit budgeted in 2021.
5. Allocation of $1,050,000 for Program Services, a decrease from $1,300,000 budget for 2020.
6. Additional 10% incremental from the previous year is made for appropriation and capital expenditures.

Division of expenses coverage (by Country Contribution or surplus cash) will be decided in due course.

The summary of the 2021 budget can be found in Table 17 below.

**Table 17 – Forecast Budget 2021**



# 2022 Forecast Budget

The total amount for forecast budget 2022 is USD 2,456,779. Several assumptions are made as described below:

1. Additional 10% incremental from the previous year is made for operating expenses.
2. Additional 10% incremental for personnel and contract expenses.
3. Additional 10% incremental from the previous year is made for travel and meetings expenses.
4. No leader summit budgeted in 2021.
5. Allocation of $1,050,000 for Program Services, the same as that for 2021.
6. Additional 10% incremental from the previous year is made for appropriation and capital expenditures.

The summary of the 2022 budget can be found in Table 18 below.

**Table 18 – Forecast Budget 2022**

