

**NAMMCO ANNUAL MEETING 33**

**MEETING OF THE COUNCIL**

*24–26 March 2026*

*Hotel Hans Egede, Nuuk, Greenland*

<b>DOCUMENT 04</b>	<b>Report of the Finance and Administration Committee</b>
Agenda item(s)	3.1
Submitted by	Finance and Administration Committee (FAC)
Action requested	<ul style="list-style-type: none"> <li>• Take note of the report</li> <li>• Consider the recommendations of the FAC</li> </ul>
Background/content	<p>This report presents the work of the Finance and Administration Committee (FAC) from the 32<sup>nd</sup> Annual Meeting in March 2025 to the 33<sup>rd</sup> Meeting of the Council. The finances planned for 2027 and 2028 may change after the FAC meeting that will be held on Thursday 26 March 2026 and after the Council decisions on priorities and workplans of the different committees.</p> <p>Council 32 requested that the Committee continues to monitor the budget and the evolution of expenditures closely. The FAC should inform the Parties should any issues arise.</p>

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## 1 INTRODUCTION

Since the meetings held during the Annual Meeting in March 2025, the Finance Administration Committee (FAC), chaired by Amalie Jessen (Greenland), has held three in-person meetings. These took place in September 2025, February 2026, and during the 33<sup>rd</sup> Meeting of the Council. The Council tasked the FAC with monitoring the budget, tracking expenditure trends, and reporting any issues to the Parties.

The Committee's work has therefore focused on administrative matters, the finances of the Commission, and the follow-up of ongoing projects regarding the expenses incurred. These projects are NASS, MINTAG, the Educational Project, Welfare project, and By-catch project. The present report focuses on the financial results.

## 2 FINANCIAL SITUATION

### 2.1 AUDITED ACCOUNTS 2025

The FAC reviewed the audited accounts for 2025 (NAMMCO/33/05).

The audited accounts for 2025, which include the operating results of NAMMCO and five projects MINTAG, NASS, Educational Project, Welfare project, and By-catch project closed with an overall positive result of NOK 451,151.

The 2025 Audited Accounts and Financial Statements are presented in document NAMMCO/33/05.

Regarding the Commission itself, the accounts closed with a positive operating result of NOK 543,740, compared with the planned result of NOK 128,814, which reflected the anticipated outcome for 2025 following the reallocation approved by Council 32. As a result, the general reserve increased and amounted to NOK 1,958,930 as of 31 December 2025, compared with the anticipated level of NOK 1,544,004.

The positive variance between the reallocated budget and the final accounts is mainly explained by most expenditure items being in line with, or below, the budgeted levels. The following item also supported the positive variance:

- Indirect cost recovery (overhead contribution) from the NASS project, related to the contribution from the Norwegian Ministry of Foreign Affairs, in accordance with the funding agreement. This overhead contribution of NOK 495,000 is intended to cover part of the management and administrative expenses incurred by the Secretariat in relation to the project.

Costs related to staff, office supplies, and accounting and auditing were higher than anticipated in the reallocated budget.

The FAC **recommends** that the Council approve the audited accounts for 2025.

### 2.2 ANTICIPATED RESULTS 2026

The anticipated operating result for 2026, from a reallocation made in March by the FAC, and based on the actual results for 2025, indicates a deficit of NOK 277,399, compared with the deficit of NOK 892,763 in budget 2026. The improvement is mainly due to the removal of the NAMMCO 2026 contribution to NASS of NOK 150,000. Given the funds remaining to complete the project, this contribution will not be necessary. The other budget items for which expenses were decreased are:

- Internship
- Office supply
- Observation scheme

- Committee for hunting methods (the decrease was moved to anticipated results 2027)
- WG on user knowledge
- Other expenses

In addition, there are two items, for which anticipated expenses remain particularly higher than initially budgeted: Scientific Committee and Observation Scheme.

### **2.2.1 Scientific Committee**

Although the expenses for two Working Groups (WGs) initially planned for 2026 have been postponed to 2027 (Coastal Seals and Walrus), two other WGs are expected to reach the maximum permitted expenditure level of NOK 50,000, slightly above the amounts originally budgeted (JCNB Joint WG and SCWG Harbour Porpoise).

In addition, the By-Catch WG intends to hold not only an online meeting in 2026, as originally planned, but also an in-person meeting, resulting in an additional anticipated cost of NOK 50,000.

A new project is also planned for 2026: Sustainable Archiving of NAMMCO Data (SAND). The financial implications of this project were not included in the 2026 budget and are expected to add an estimated cost of NOK 165,000.

As a result, the total anticipated expenses for 2026 amount to NOK 406,000, which is substantially higher than the approved budget of NOK 260,000 (a difference of NOK 146,000).

However, the 2025 accounts show actual expenses of NOK 70,697 compared with a reallocated budget of NOK 200,000, representing an underspent of NOK 129,303. This almost offsets the higher anticipated expenses for 2026.

Consequently, although the projected expenses of the scientific committee budget item for 2026 appear significantly higher than budgeted, it should be noted that the expenses for 2025 were considerably lower than expected.

### **2.2.2 Observation Scheme**

Following the postponement of the 2026 observation activity in West Greenland to 2027, and with the intention instead to conduct observation activities in Norway in 2026, the anticipated expenses were reduced from NOK 200,000 to NOK 150,000.

However, new observers are expected to join the Observer Corps in 2026, and a training course is to be planned for the autumn for new and existing members. As this will require travel costs, an additional NOK 150,000 is anticipated for this budget item. A further NOK 30,000 is expected to be required for communication material and its translation.

### **2.2.3 Overhead Contribution from the MINTAG project**

Indirect cost recovery (overhead contribution) from the MINTAG project was added to the anticipated results 2026. This overhead contribution of NOK 550,621 is intended to cover part of the management and administrative expenses incurred by the Secretariat in relation to the project. The amount relates to contributions from Japan (Japanese fiscal years 2021–22 to 2025–26), in accordance with the funding agreement. It had not been included in previous budgets because some of the Japanese contributions to MINTAG were lower than expected.

### **2.2.4 General reserve**

Overall, the general reserve at the end of 2026 is anticipated to amount to NOK 1,681,531, which is higher than the budgeted level of NOK 651,241.

The FAC **recommends** that the Council approves the reallocation for 2026.

### 2.3 DRAFT BUDGET AND EXPECTED RESULTS 2027, AND FORECAST BUDGET 2028 (2 CASES)

The draft budget and expected results 2027 as well as the forecast budget 2028 show two cases. The reason is that the Secretary General (SG) will be retiring in 2027 and the Commission needs to plan for a transition period in which the retiring SG and the new one will both be employed. Therefore, the first case is based on an employment period of 10 months for the new SG and 4 months for the retiring one. The second scenario is based on an employment period of 8 months for the new SG and 6 months for the retiring one.

#### 2.3.1 First Case

Based on an employment period of:

- New SG: 10 months
- Retiring SG: 4 months

In this scenario, the general reserve is expected to be NOK 973,600 at the end of 2027, and NOK 637,235 at the end of 2028.

#### 2.3.2 Second Case

Based on an employment period of:

- New SG: 8 months
- Retiring SG: 6 months

In this scenario, the general reserve is expected to be NOK 924,600 at the end of 2027, and NOK 588,235 at the end of 2028.

The FAC **recommends** that the Council considers the two cases in relation to the expected results 2027 and their consequences for the forecast budget 2028 and **make a decision** on either case or any other case to be explored.

## 3 OVERVIEW OF FAC RECOMMENDATIONS TO COUNCIL 33

Below is a list of the provisional recommendations of FAC to Council 33, however some may be added after the decision of the Council regarding the work priority of the committees.

FAC provisionally recommends that Council 33:

- Approve the 2025 audited accounts
- Approve the reallocation for 2026
- Consider the two cases in relation to the expected results 2027 and their consequences for the forecast budget 2028 and **make a decision** on either case or any other case to be explored.
- Recommend that the necessity for physical meetings contra virtual meetings continue to be carefully weighed by committees and subsidiary bodies, both from a financial and an environmental perspective.
- Continue seeking external funding for meetings for which expenses are expected to be higher than 50,000 NOK.