

<p style="text-align: center;">FINANCE COMMITTEE CIRCULAR LETTER No. 6/2002 20 December 2002</p>

IHO ANNUAL REPORT, Part 2 - FINANCE (2001)

Dear Hydrographer,

Please find enclosed the IHO Annual Report, Part 2 - Finance for 2001. Two points require further discussion in this covering letter.

First, many issues conspired to delay the circulation of this report - not the least of which was the preparation for this year's IHC and its associated Finance Committee Meeting. However, to be of value as a measure of the health and governance of your Organization, this report must be compiled, audited, discussed by the Finance Committee and provided to Member States in a timely manner. The Directing Committee is committed to expeditiously accomplishing this important task. We have alerted all concerned of our desire to adhere to an aggressive timeline that would provide a completed 2002 Annual Report Part 2- Finance for review by the Finance Committee Officers at the next biannual meeting scheduled for 1 April 2003. Distribution to the Finance Committee members for comment and then to Member States will then follow that review.

Second, the world economic climate continued to impact negatively on the investments of the Internal Retirement Fund (IRF) in 2002. The nearly 800,000 FrF (120,000 Euros) loss in the investments in equities at the end of 2001 has grown to 1,200,000 FrF (180,000 Euros) by the end of November 2002. To address this situation and as stated in the Foreword, the Directing Committee will obtain an actuarial study for the IRF. From this study we will assess the level of funding and the investment strategy that guarantees the IHB's liability for the IRF. This assessment and recommended course of action will be presented at the biannual meeting with the Finance Committee Officers on 1 April 2003 and the resulting outcome reported to Member States.

Due to the lateness of this report, we are forwarding it directly to Member States without first circulating it to the Finance Committee Members for their comments as stipulated in Article 20 of the Financial Regulation. Your comments and the comments of your Finance Committee member are, of course, welcome.

On behalf of the Directing Committee
Yours sincerely,

(original signed)

Vice Admiral Alexandros MARATOS
President

Encl: (1)