

**9th IHO CAPACITY BUILDING SUB-COMMITTEE MEETING
Niteroi, Brazil, 23-25 May 2011**

REPORT ON THE CAPACITY BUILDING FUND

I.- Financial situation of the IHO CBFund.

The IHO CBFund INCOME comes from the normal IHO budget; from extraordinary contribution, if so agreed, generated by non-spent resources at the end of a financial year and from resources provided kindly by the Rep. of Korea, earmarked to support the Capacity Building Program according to an MOU signed in 2006. The attached Annex constitutes the situation up to the 13 May 2011.

The first block shows the status of the expenditures corresponding to the 2011 CBWP. It was originally planned a level of expenditure of 294,585.00 euros. This value was increased by 13,000.00 euros due to the course on Technical aspects of maritime Boundaries and by 8,700.00 euros Marine cartography Course, both that having been executed in late 2010, the first one was paid in 2011 and the second one, no invoice has been provided yet to the IHB. This makes a total of **316,285.00** euros and so far the real expenditure has been **40,202.25** euros.

Element 3.4 Capacity Building Assessment.

All technical visits programmed are scheduled to take place in June and after, with the sole exception of Cook Islands (originally planned for 2010), that was visited in February 2011. The technical visit to Syria was postponed at the very last minute and unfortunately this resulted in a small non refundable expenditure.

Element 3.5 Capacity Building Provision.

There is no information for several planned activities. A few are under coordination and preparation, while four, including one funded by IMO have been executed. The IHB is waiting for some pending invoices and that is the reason why a low level of expenditure is shown. Involved CBSC Members might wish to comment on the status presented.

The second block shows the financial statement up to 13 May 2011, with a separate indication for IHO and RoK Funds. The total availability is 474,174.04 euros. Therefore if by any chance the 2011 CBWP is fully completed with the level of expenditure programmed, – a non real scenario - the availability for 2012 would be the difference between 474,174.04 euros minus 276,082.75 euros, that is 198,091.29 euros.

II.- General Comment.

It is still difficult to manage the CBFund due to the difference between what it is planned and what it is really executed. This situation has a couple of factors impossible to anticipate: the final and real number of participants and the real cost of the logistics associated. The accumulation of un-spent resources provides a bad image of the administration of the CBFund. This was carefully assessed at the last FC Officers Meeting where it was agreed that there was no justification to consider an

extraordinary contribution from the 2010 Finance result, as it has been the case in the last two years. The question on Why to allocate more resources to the CBFund if the available resources cannot be spent??? Is still valid and beneficiaries of the CBFund support, mainly the Chairpersons of the RHCs should give serious consideration to this issue.

III.- Problem experienced.

1.- Refund claims.

Not all Project Leaders and /or related institutions provide automatically the relevant documentation justifying the refund claims. For auditing purposes, the IHB needs to receive invoices clearly specifying who the beneficiaries are, including their names which must coincide with the names of the participants in the Report of the related event.

2.- Introduction of new items not considered in the approved request .

Each event has an allocation of resources based on the request, the agreement of the CBSC and the final decision adopted by MSs when approving the WP and Budget. Each request identifies the items considered. In several occasions new items have been added (visa cost, rent of venue, transport, etc.) which is not proper. It has been IHB policy not to accept these introductions.

3.- Slowness in requesting IHB to refund authorized costs.

It has been taken too long to send the IHB the documentation justifying the request of refund. In one case, after six months the IHB still has not received the request. If by any reason any HO kindly decides to support an activity early identified for CBFund support and at the end no demand will be made, the IHB should be officially informed about it in order to close the activity.

IV.- Recommendations.

1.- Recommendation from the Auditor.

The Auditor reviewed particularly the documentation provided to justify the expenses associated to activities funded by the CBFund, and invites to offer documents as completed as possible to avoid any misunderstanding. Also the Auditor was concerned that for some activities late reimbursement request or no request at all was received. It was felt convenient to establish that within one month after the event has finalized, the reimbursement be made.

2.- Recommendation by the IHB DC.

The Directing Committee agrees with the Auditor's recommendation and invites beneficiaries of the CBFund to provide complete documents when requesting reimbursement of expenditures; to make such request no later than one month after the event has finalized and to avoid the inclusion of items not early considered, as the IHB cannot unilaterally decide on funding items not early agreed.

Annex : "Status of the CBFund – 13 MAY 2011".