

1ST SESSION OF THE IHO ASSEMBLY

Monaco, 24-28 April 2017



PROPOSED IHO 3-YEAR BUDGET FOR THE PERIOD 2018-2020

Submitted by the Secretary-General

PROPOSED PLURI-ANNUAL BUDGET 2018-2020

Introduction

1. The proposed budget for the period 2018 to 2020, which is considered by the Finance Committee immediately prior to the plenary session of the Assembly, is presented in Annex A in accordance with the requirements of Article 8 (a) of the Finance Regulations of the IHO.
2. The proposed budget reflects the proposed Work Programme presented as Assembly document A1/WP1/02.
3. Diagrams showing the allocation of the budget according to the Chapters of the IHO accounts are shown in Annex B.
4. The following notes are intended to draw attention to the key elements of the budget and the various considerations that have been taken into account in its formulation.

INCOME

5. The IHO Secretariat proposes a conservative baseline budget based on a “worst-case” scenario in terms of anticipated income. It is likely that real income will be greater than is shown in the baseline budget because of the likelihood of new Member States joining the IHO as a result of the relevant amendments to the Convention on the IHO in relation to eligibility and rights of entry.

Member States’ Contributions

6. IHO income is based primarily on the anticipated Member State’s annual financial contributions, which, in turn is based on the total number of shares as determined from the tonnage list. The tonnage list, presented as Assembly document A1/G/03, is based on the responses of Member States to Conference Circular Letter (CCL) 7 dated 1 July 2016.
7. The Secretariat has ensured that the figures in the tonnage list are consistent with the most recent tonnage list adopted by the IMO. In cases where a Member State has not provided up to date figures, the figures that the State has declared to the IMO have been used, noting that these figures do not include naval vessels. The shares for the Member States that joined in early 2017 have been included in the forecast income for 2018-2020.
8. As a result of the revised arrangements for seeking membership of the IHO, it is very likely that several States will join the IHO during the period 2018-2020. This could increase the shares significantly, depending on the declared tonnage of the new Member States. For example, the membership of a single large flag State could increase income by nearly 110k€per annum.

Share Value

9. Considering the satisfactory financial position of the Organization, the Secretariat does not propose any increase in the unit share value for the three year period 2018 to 2020, which will remain at 4,024.32 Euros.

Interest on bank accounts

10. A conservative approach has been taken in forecasting the income from interest on capital investments. This is because the worldwide financial and economic situation does not indicate that there will be significant returns on investments in the near future.
11. Some long-term fixed-interest deposit accounts will mature in 2018. These deposit accounts were initiated when interest rates were comparatively high - resulting in an expected income of 105k€for that

year. As the IHO has no other long-term deposits with the same higher yielding interest rates, the forecast income from interest on deposits is expected to be much less in the other years in the budget period.

EXPENDITURE

12. The expenditure of the IHO can be subdivided into expenses for salaries and associated personnel costs, operating costs and capital expenditure. In the proposed budget, the proportion devoted to personnel costs is 72% of the total budget, 18% corresponds to operating costs, and 1.6% to capital expenditure. The remaining 9.4% will be transferred to the various funds established for specific purposes, such as the Internal Retirement Fund, the Conference Fund, the Renovation Fund, the Capacity Building Fund, the Special Projects Fund, and so on.

13. As has been the case in the past five year budget period, the Secretariat will monitor the finances of the Organization on a monthly basis and continue to pursue efficiencies and economies in order to minimise expenditure, reporting any issues or recommendations to the Member States if and as appropriate.

Chapter I – Personnel costs

14. The following assumptions have been made in forecasting expenditure:

- J The number of employees, counting all categories, will be 20:
 - J one Secretary-General,
 - J two Directors,
 - J four Assistant Directors,
 - J one Manager of Finance and Administration,
 - J three Translators, and
 - J nine Technical and Administrative staff.
- J If the current Directors are re-elected in 2017, their salaries will increase in September 2018 by a seniority increment.
- J In 2020, a change-over of up to two Directors may take place, increasing the salary bill by one month's salary during the two-week hand-over period.
- J If a Secretary-General is elected in 2017 for a six-year mandate, their salary will be increased by a seniority increment in 2020.
- J One internationally recruited member of staff will be eligible for an education grant throughout the period of the budget.
- J An increase in medical insurance premiums in order to obtain a better rate of reimbursement is included in the budget.
- J Miscellaneous (personnel) expenses have been included in the budget to account for expenses such as: the required contributions to the International Labour Organization (ILO), pharmacy and first aid, compulsory medical visits, and recruiting costs.

15. **The need for additional permanent staff in the Secretariat.** During the period 2018-2020 consideration will need to be given to increasing the number of locally recruited employees in the Secretariat by up to two, particularly if additional funds become available as a result of new Member States joining the Organization. The need for these positions are as follows

- a. The introduction of an annual session of the Council, the increased frequency of meetings of the RHCs, the increased activity in the representational roles of the Secretary-General and Directors, and the planning, reporting and risk analysis responsibilities explicitly placed upon the Secretary-General all point to a requirement for an additional locally recruited

managerial member of staff to undertake the role of Chief of Staff and Senior Assistant to the Secretary-General. An increase in personnel costs of approximately 125k€ would be required to cover all the expenses of such a position.

- b. The ability of the Secretariat to provide full administrative support to the IHO Capacity Building Programme and to the International Board on Standards of Competence (IBSC) has been raised consistently by the relevant bodies and the provision of additional staff has been endorsed in principle by the IRCC. The recruitment of an experienced administrative assistant to support the clerical, reporting and administrative aspects of the CB and IBSC tasks is warranted. An increase in personnel costs of approximately 90k€ would be required to cover all the expenses of such a position.

Chapter II – Current operating costs

16. 1,844,700 Euros (19%) of the operational budget will cover the operating costs, including:
- J **Contract support:** 5k€ per year has been included to supplement translation through contract support, so as to meet the obligations set out in the IHO General Regulations;
 - J **Administrative support for the Council:** 20k€ per year has been allocated to support the annual sessions of the Council. This will cover the additional expenses of hosting and supporting the sessions of the Council, including the hiring of additional equipment and services, personnel such as stenotypists, translators and domestic cleaners, and printing;
 - J **Travel costs:** The reduction of 15k€ in travel costs, incorporated in the 2017 budget because of anticipated savings brought about by changes to travelling allowances in the Staff Regulations, has been reflected similarly in the 2018-2020 budget;
 - J **Provision for bad debts.** As has been the case since 2014, a provision for bad debts has been included in the budget; and
 - J **Personnel and operating costs.** A cost of living salary increase over the period (historically about 1% per annum) has been included in the budget.

Chapter III – Capital Expenditure

17. 165,000 Euros (1.6%) of the operational budget has been allocated to cover Capital Expenditure. Expenditure included under this chapter includes the purchase of IT equipment, furniture and the depreciation of assets.

FUNDS

Chapter IV - Allocation of funds

18. The proposed allocation to the funds over the three-year period 2018-2020 takes into account the following considerations related to the proposed Work Programme for 2018-2020:

- J **Internal Retirement Fund.** In order to conform to the principles of alignment with the conditions of the Monaco Civil Service, the new edition of the Staff Regulations applicable from 1 January 2017 provides the option for locally recruited employees upon retirement to choose between a payment based on their personalized retirement plan or a pension paid by the IHO based on the minimum requirements in force in Monaco.

Providing the alternative pension rights guarantee described above, potentially increases the financial exposure of the IHO. This additional liability must be met by the Internal Retirement Fund (IRF) that is already being used to support the existing employees and the retirees whose retirement scheme pre-dates the introduction of personalized retirement plans.

- J **GEBCO Fund.** An allocation has been included to support the maintenance of the digital Gazetteer of Undersea Feature Names (SCUFN Gazetteer)
- J **Conference Fund.** The level of allocation to the Conference Fund in the 2018-2020 budget has been reduced by 20k€ per annum, in anticipation of continuing to make cost saving measures in future Assemblies, such as the replacement of precis writers with stenotypists, and to meet the need to offset the 20k€ per annum in operating costs that will be required to support the annual sessions of the Council.
- J **Special Projects Fund.** An allocation has been included to support the maintenance and enhancement of the IHO Data Centre for Digital Bathymetry (DCDB), which is not currently funded by the IHO and relies solely on the financial support of the USA.
- J **IBSC Fund.** An allocation of 20k€ over three years has been made specifically to support the maintenance of the IBSC standards. This is in addition to the self-funding mechanism already in place that supports the running costs of the IBSC through the IBSC Fund.
- J **Capacity Building Fund.** A minimum allocation has been made, which is, in effect, the balance of the budget. It is likely that additional income from donor States, Organizations and new Member States will become available from time to time during the budget period and could be allocated to the CB Fund.

Allocation of any increase in income during the three-year period

19. In the event that income is greater than forecast in the baseline 2018-2020 budget, the Secretariat recommends that, subject to any new or extenuating circumstances at the time, any such additional income be allocated to the recruitment of additional members of Secretariat staff as described in paragraph 15, and the following funds, according to the needs and the priorities at the time:

- J **GEBCO Fund** - for additional maintenance of the SCUFN Gazetteer
- J **Capacity Building Fund** – to support additional capacity building activities
- J **Special Projects Fund** – to advance IHO work programme tasks through contractor/commercial support

Action Requested of the Assembly

20. The Assembly is requested to approve the 2018-2020 budget.

BUDGET FORECAST - BUDGET PREVISIONNEL

Annex A to A.1/F/02

TABLE 1
PROPOSED IHO BUDGET DETAILS FOR 2018-2020
SUMMARY

TABLEAU 1
PROJET DETAILLE DE BUDGET DE L'OHI POUR 2018-2020
RECAPITULATIF

Chapters and Items	Approved budget 2017	Proposed budget 2018	Proposed budget 2019	Proposed budget 2020
<i>Chapitres et postes budgétaires</i>	<i>Budget Approuvé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>
Value of the share - <i>Valeur de la part</i>	4 024,32 €	4 024,32 €	4 024,32 €	4 024,32 €
Number of shares - <i>Nombre de parts</i>	774	811	811	811
Provision for suspended Member States <i>Provision pour Etats membres suspendus</i>	-6	-8	-8	-8
Final number of shares <i>Nombre de parts définitif</i>	768	803	803	803
<hr/>				
	<u>(Euros)</u>	<u>(Euros)</u>	<u>(Euros)</u>	<u>(Euros)</u>
Income - <i>Revenus</i>	3 359 678	3 520 529	3 457 529	3 460 529
Net Expenditure - <i>Dépenses nettes</i>	3 354 100	3 519 400	3 456 400	3 459 500
Budget Excess/Deficit - <i>Excédent/Déficit budgétaire</i>	----- 5 578	----- 1 129	----- 1 129	----- 1 029
Effect on capital - <i>Effet sur le capital</i>	----- 5 578	----- 1 129	----- 1 129	----- 1 029
	=====	=====	=====	=====

TABLE 2
INCOME

TABLEAU 2
REVENUS

Chapters and Items	Approved budget 2017	Proposed budget 2018	Proposed budget 2019	Proposed budget 2020
<i>Chapitres et postes budgétaires</i>	<i>Budget Approuvé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>
	(Euros)	(Euros)	(Euros)	(Euros)
CONTRIBUTIONS <i>Contributions</i>	3 090 678	3 231 529	3 231 529	3 231 529
INTEREST ON BANK ACCOUNTS <i>Intérêts sur comptes en banques</i>	88 000	105 000	40 000	40 000
INTERNAL TAX <i>Imposition interne</i>	181 000	184 000	186 000	189 000
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	3 359 678	3 520 529	3 457 529	3 460 529
	=====	=====	=====	=====

TABLE 3
DETAILED EXPENDITURE

TABLEAU 3
DETAIL DES DEPENSES

Chapters and Items	Approved budget 2017	Proposed budget 2018	Proposed budget 2019	Proposed budget 2020
<i>Chapitres et postes budgétaires</i>	<i>Budget Approuvé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>
	(Euros)	(Euros)	(Euros)	(Euros)
<u>Personnel Costs - Dépenses de personnel</u>				
Salaries - Directing Committee - <i>Salaires - Comité de direction</i>	485 000	493 000	502 000	515 000
- Category A - <i>Personnel de catégorie A</i>	582 000	592 000	600 000	608 000
- Translators - <i>Personnel de traduction</i>	212 000	215 000	218 000	220 000
- General Services (B & C) - <i>Services généraux (B & C)</i>	480 000	485 000	490 000	492 000
Overtime for B & C Categories - <i>Heures supplémentaires pour les catégories B et C</i>	7 500	9 000	10 000	10 000
<u>Costs dependent on Salaries - Coûts liés aux salaires</u>				
Annual Bonus (B & C Categories) - <i>Gratification annuelle (catégories B & C)</i>	40 000	41 000	41 000	41 000
Payment to Retirement schemes - <i>Cotisation patronale de retraite</i>	380 000	385 000	390 000	392 000
Insurances based on wages - <i>Assurances assises sur salaires</i>	17 000	17 000	17 000	17 000
Medical (GAN premiums) - <i>Primes médicales versées au GAN</i>	120 000	120 000	121 000	122 000
Family Allowances - <i>Allocations familiales</i>	20 000	20 000	20 000	20 000
Education Grants - <i>Allocations pour frais d'études</i>	5 000	5 000	5 000	5 000
<u>Costs independent of Salaries - Autres charges indépendantes des salaires</u>				
Medical claims paid - <i>Remboursements de soins</i>	140 000	140 000	140 000	140 000
Medical refunds from GAN - <i>Remboursements médicaux du GAN</i>	-105 000	-105 000	-105 000	-105 000
Home rental - <i>Indemnité de logement</i>	7 000	7 000	7 000	7 000
Home Leave - <i>Congés dans les foyers</i>	15 000	15 000	15 000	15 000
Miscellan. Personnel Expenses - <i>Autres dépenses de personnel</i>	4 000	5 000	5 000	5 000
<u>Controllable Personnel costs - Coûts de personnel modulables</u>				
Salaries - Temporary staff - <i>Personnel temporaire</i>	1 000	1 000	1 000	1 000
IHB Staff training - <i>Formation du personnel du BHI</i>	7 000	7 000	7 000	7 000
TOTAL CHAPTER I - TOTAL CHAPITRE I	2 417 500	2 452 000	2 484 000	2 512 000

Chapters and Items	Approved budget 2017	Proposed budget 2018	Proposed budget 2019	Proposed budget 2020
<i>Chapitres et postes budgétaires</i>	<i>Budget Approuvé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>
Current Operating Costs - Dépenses de gestion courante				
<u>Maintenance, communications, etc - Entretien, communications, etc</u>	(Euros)	(Euros)	(Euros)	(Euros)
Maintenance of building - <i>Entretien des locaux</i>	45 000	46 000	47 000	48 000
Multirisk insurance - <i>Assurance multi-risques</i>	4 000	3 500	3 500	3 600
Maintenance of IT equipment - <i>Entretien des équipements</i>	62 000	63 000	64 000	65 000
Office Stationery - <i>Fournitures de bureau</i>	10 000	10 000	10 500	10 500
Postage, telephone, telefax - <i>Courier, télécommunications</i>	35 000	36 000	37 000	37 500
Local Travel - <i>Déplacements locaux</i>	1 800	2 000	2 000	2 000
Bank Charges - <i>Frais bancaires</i>	8 000	9 000	9 500	10 000
Contract support - <i>Support contractuel</i>	30 000	20 000	20 000	20 000
Administrative support for Council - <i>Support administratif pour le Conseil</i>		20 000	20 000	20 000
Auditors fees - <i>Honoraires du commissaire aux comptes</i>	8 000	10 000	10 000	10 000
Public Relations - <i>Relations publiques</i>	21 000	22 000	22 000	23 000
Miscellan. Operating Expenses - <i>Autres charges d'exploitation</i>	1 000	1 000	1 000	1 000
<u>Travel costs - Frais de déplacements</u>				
Technical Assistance (CB) - <i>Assistance technique (CB)</i>	50 000	50 000	50 000	50 000
Long Distance - <i>Grands déplacements</i>	250 000	253 000	257 000	260 000
<u>Publications costs - Frais de publications</u>				
I.H. Review - <i>Revue hydrographique internationale</i>	10 000	10 000	10 000	10 000
Other publications - <i>Autres publications</i>	1 600	1 700	1 700	1 700
Provision for bad debts - <i>Provisions pour créances douteuses</i>	50 000	50 000	50 000	50 000
TOTAL CHAPTER II - TOTAL CHAPITRE II	587 400	607 200	615 200	622 300

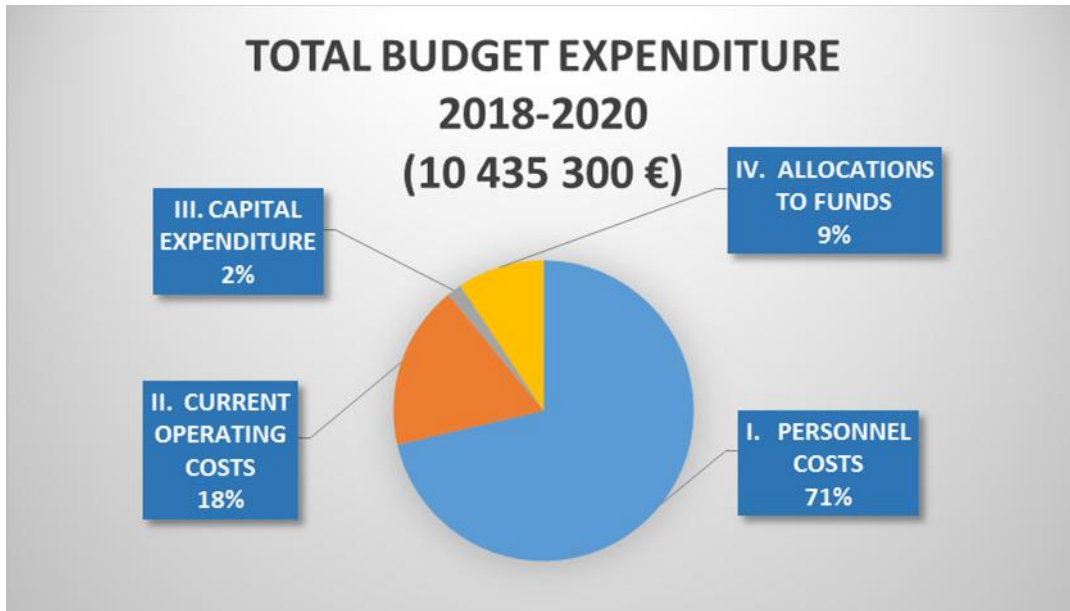
Chapters and Items	Approved budget 2017	Proposed budget 2018	Proposed budget 2019	Proposed budget 2020
<i>Chapitres et postes budgétaires</i>	<i>Budget Approuvé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>
Capital Expenditure - Dépenses d'équipement	(Euros)	(Euros)	(Euros)	(Euros)
Purchase of IT equipment - <i>Equipements informatiques</i>	10 000	10 000	10 000	10 000
Furniture & other equipment - <i>Mobilier et autres équipements</i>	5 000	5 000	5 000	5 000
Purchase Publications & Binding - <i>Reliures et publications</i>	1 000	1 000	1 000	1 000
Depreciation of fixed assets - <i>Dépréciation des immobilisations</i>	20 000	20 000	12 000	10 000
TOTAL CHAPTER III - TOTAL CHAPITRE III	36 000	36 000	28 000	26 000
Annual Operating Costs - Coût opérationnel annuel	3 040 900	3 095 200	3 127 200	3 160 300
Asset Allocation - Immobilisations	(Euros)	(Euros)	(Euros)	(Euros)
Purchase of IT equipment - <i>Equipements informatiques</i>	15 000	15 000	15 000	15 000
Furniture & other equipment - <i>Mobilier et autres équipements</i>	10 000	10 000	10 000	10 000
	25 000	25 000	25 000	25 000
Allocation to Funds - Dotations aux fonds dédiés	(Euros)	(Euros)	(Euros)	(Euros)
GEBCO Fund - <i>Fonds pour la GEBCO</i>	8 200	8 200	8 200	8 200
GEBCO SCUFN Gazetter		30 000	30 000	30 000
Renovation and Enhancement Fund - <i>Fonds de rénovation et d'amélioration</i>	0	0	0	0
Conference Fund - <i>Fonds pour les conférences</i>	20 000	20 000	20 000	20 000
Relocation Fund - <i>Fonds pour les déménagements</i>	5 000	5 000	5 000	5 000
Capacity Building Fund - <i>Fonds pour le renforcement des capacités</i>	160 000	206 000	116 000	86 000
Special Project Fund - <i>Fonds pour les projets spéciaux</i>	20 000	50 000	50 000	50 000
IBSC Fund - <i>Fonds IBSC</i>	10 000	10 000	5 000	5 000
Internal Retirement Fund - <i>Fonds de Retraite Interne</i>	65 000	70 000	70 000	70 000
TOTAL CHAPTER V - TOTAL CHAPITRE V	288 200	399 200	304 200	274 200
TOTAL EXPENDITURE - Dépense totale	3 354 100	3 519 400	3 456 400	3 459 500

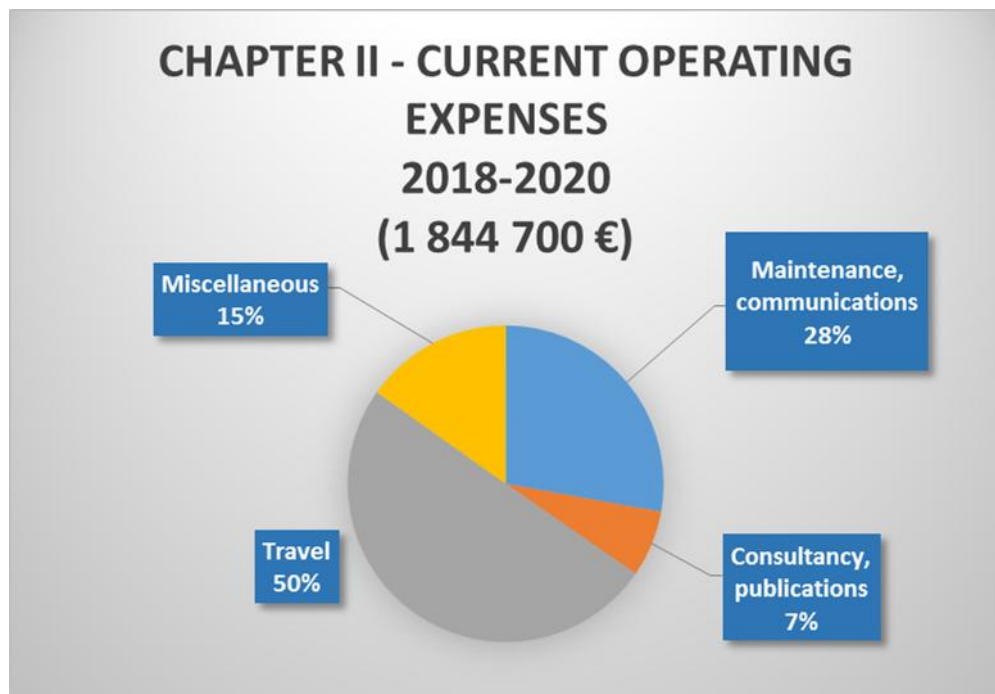
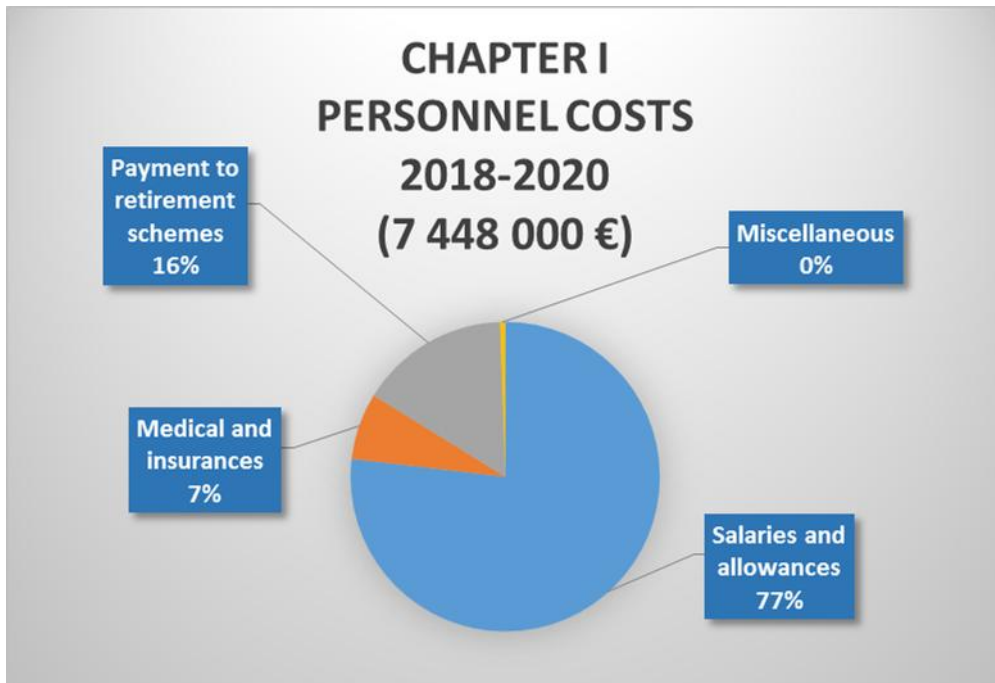
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TABLEAU 3A

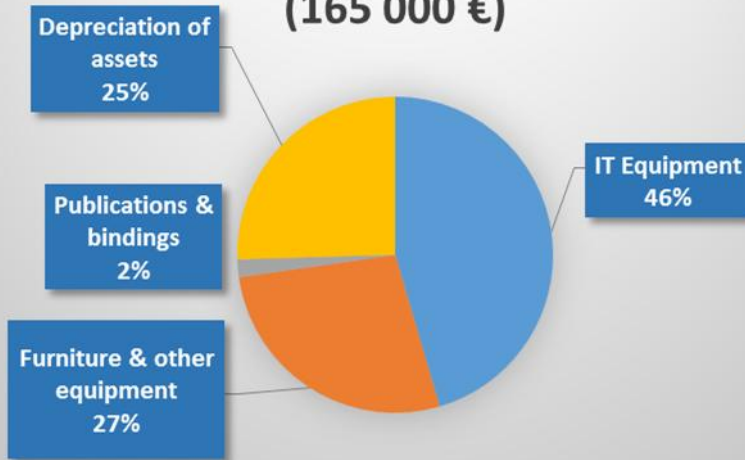
Chapters and Items	Approved budget 2017	Proposed budget 2018	Proposed budget 2019	Proposed budget 2020
<i>Chapitres et postes budgétaires</i>	<i>Budget Approuvé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>	<i>Budget Proposé</i>
PERSONNEL COSTS - DEPENSES DE PERSONNEL	(Euros)	(Euros)	(Euros)	(Euros)
Salaries Directing Committee - <i>Salaires Comité de direction</i>	2 417 500	2 452 000	2 484 000	2 512 000
Salaries Other staff - <i>Salaires autres membres du personnel</i>				
Social charges - <i>Charges sociales</i>				
Benefits and Pensions - <i>Prestations de retraite</i>				
Controllable Personnel cost - <i>Coûts de personnel modulables</i>				
CURRENT OPERATING COSTS - DEPENSES DE GESTION COURANTE	587 400	607 200	615 200	622 300
Maintenance, communications, etc.. - <i>Entretien et communications</i>				
Contract support - <i>Support contractuel</i>				
Travels - <i>Déplacements</i>				
Publications - <i>Publications</i>				
CAPITAL EXPENDITURE - DEPENSES DE CAPITAL	36 000	36 000	28 000	26 000
ASSET ALLOCATION - IMMOBILISATIONS	25 000	25 000	25 000	25 000
ALLOCATIONS TO FUNDS - DOTATIONS AUX FONDS DEDIES				
GEBCO Fund - <i>Fonds pour la GEBCO</i>	8 200	8 200	8 200	8 200
GEBCO SCUFN Gazetter		30 000	30 000	30 000
Renovation and Enhancement Fund - <i>Fonds de rénovation et d'amélioration</i>	0	0	0	0
Conference Fund - <i>Fonds pour les conférences</i>	20 000	20 000	20 000	20 000
Relocation Fund - <i>Fonds pour les déménagements</i>	5 000	5 000	5 000	5 000
Capacity Building Fund - <i>Fonds pour le renforcement des capacités</i>	160 000	206 000	116 000	86 000
Special Projects Fund - <i>Fonds pour les projets spéciaux</i>	20 000	50 000	50 000	50 000
IBSC Fund - <i>Fonds IBSC</i>	10 000	10 000	5 000	5 000
Internal Retirement Fund - <i>Fonds de Retraite Interne</i>	65 000	70 000	70 000	70 000
Net Expenditure - Dépenses nettes	3 354 100	3 519 400	3 456 400	3 459 500

Diagrams Showing the Allocation of the Budget According to the Chapters of the IHO Accounts





CHAPTER III - CAPITAL EXPENDITURE 2018-2020 (165 000 €)



CHAPTER IV - ALLOCATIONS TO FUNDS 2018-2020 (977 600 €)

