



BUDGET FOR 2009 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

Note by the Director

Summary:	This document deals with the draft administrative budget of the Supplementary Fund for the financial year 2009. The draft budget set out in the Annex totals £63 600. The need for 2008 contributions to the General Fund is examined.
Action to be taken:	Adopt the administrative budget for 2009.

1 **Introduction**

- 1.1 Under Article 16.2 of the Supplementary Fund Protocol in conjunction with Article 18.5 of the 1992 Fund Convention, the Supplementary Fund Assembly shall adopt the annual budget of the Supplementary Fund.
- 1.2 Financial Regulation 3 of the Organisation provides that the financial period of the Supplementary Fund shall be the calendar year. The draft budget proposed by the Director therefore covers the period 1 January – 31 December 2009.
- 1.3 Article 11 of the Supplementary Fund Protocol provides that the Assembly shall determine the amount of contributions to be levied, if any.
- 1.4 The Supplementary Fund's expenditure consists of:
 - (a) costs and expenses of the administration of the Supplementary Fund and any deficit from preceding years; and
 - (b) payments of claims.

2 **Budget for administrative expenditure in 2009**

- 2.1 At their March 2005 sessions, the 1992 Fund Assembly, the 1971 Fund Administrative Council and the Supplementary Fund Assembly agreed that the three Funds should have a joint Secretariat and that the 1992 Fund Secretariat should administer, in addition to the 1971 Fund, also the Supplementary Fund (documents 92FUND/A/ES.9/28, paragraph 7.3, 71FUND/AC.16/15, paragraph 4.4 and SUPPFUND/A.1/39, paragraphs 11.2 and 11.3).

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2.2 The draft administrative budget for the joint Secretariat, excluding the External Auditor's fee and expenses directly related to the respective Organisations, totals £3 661 225 (document 92FUND/A.13/19, Annex I) for 2009. This figure is £77 225 (2.2%) higher than the 2008 budget figure of £3 584 000.

2.3 A summary of the administrative budget for the joint Secretariat is given below:

CHAPTER	Proposed 2009 Appropriation £	2008 Appropriation £	% Increase/(decrease) Appropriation on 2008
I Personnel	2 197 925	2 152 700	2.1%
II General services	763 300	748 800	1.9%
III Meetings	175 000	175 000	0.0%
IV Travel	150 000	150 000	0.0%
V Miscellaneous expenditure (excluding External Audit fees)	315 000	297 500	5.9%
VI Unforeseen expenditure	60 000	60 000	0.0%
Total Expenditure Chapters I-VI	3 661 225	3 584 000	2.2%

2.4 As set out in document SUPPFUND/A.4/17, the Director proposes that the Supplementary Fund should, in accordance with the approach adopted for the last four financial years 2005 – 2008, pay a management fee for the period 1 January – 31 December 2009 in respect of the costs of running the joint Secretariat. It has been proposed that the management fee should be maintained at £50 000 as in 2008. The draft budget has been prepared on that basis. If the Assembly were to decide on a different apportionment of costs between the three Organisations, the draft budget would have to be revised accordingly.

2.5 The External Auditor has provisionally indicated that the audit fee will be £3 600 for audit of the Supplementary Fund's 2008 Financial Statements which will be payable in 2009. This fee is included in the appropriation for Administrative expenses of £13 600 which covers expenses only attributable to the Supplementary Fund.

2.6 The draft administrative budget for the Supplementary Fund for 2009 totalling £63 600 is set out in the Annex.

3 Estimated balance as at 31 December 2008

3.1 Estimated balance

The surplus at 31 December 2008 is estimated at £1 133 781 and is arrived at as shown in the table overleaf:

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	£	£
Balance brought forward as at 1 January 2008		1 107 016
<i>Plus</i>		
Previous years' General Fund contributions receivable in 2008	25 265	
Interest to be earned in 2008 (estimate)	55 000	
		80 265
<i>Less</i>		
Administrative expenditure in 2008 (cf paragraph 3.3)	53 500	
		53 500
Estimated balance as at 31 December 2008		1 133 781

3.2 Income

Contributions

3.2.1 The Assembly decided at its 3rd session in October 2007 not to levy any 2007 contributions for receipt in 2008.

Interest to be earned in 2008

3.2.2 The income in interest during 2008 from the Supplementary Fund's investment of the assets of the General Fund is estimated at £55 000. This estimated yield is based on an average principal of £1 000 000.

3.3 Expenditure

The administrative expenses for 2008 of £53 500 is as set out below:

- Management fee payable to 1992 Fund (cf document SUPPFUND/A.2/23, paragraph 18.3) of £50 000.
- External audit fees for 2007 Financial Statements payable in 2008 of £3 500.

4 Estimates for 2009

4.1 Income

Interest to be earned in 2009

Interest income during 2009 from the Supplementary Fund's investment of the assets of the General Fund is estimated at £50 000. This estimated yield is based on an average principal of approximately £1 million.

4.2 Expenditure

4.2.1 The administrative expenditure for 2009 totals £63 600 as detailed in paragraphs 2.4 and 2.5.

Working capital

4.2.2 In order to enable the Supplementary Fund to respond to unforeseen expenditure which was expected to be modest, the Supplementary Fund Assembly decided at its October 2007 session, to maintain the working capital at £1 million (document SUPPFUND/A.3/20, paragraph 17.4).

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4.2.3 For the same reason given in paragraph 4.2.2 above, the Director proposes that the working capital should be maintained at £1 million.

4.3 Estimated balance

4.3.1 The General Fund balance as at 31 December 2009 is estimated as follows:

		£	£
	ESTIMATED INCOME		
	Balance as at 31 December 2008	1 133 781	
<i>Plus</i>	Interest to be earned in 2009	50 000	
	Total estimated income 2009		1 183 781
	ESTIMATED EXPENDITURE		
<i>LESS</i>	Administrative expenses including management fee, Budget 2009 (Annex)	63 600	
	Total estimated expenditure 2009		63 600
<i>Plus</i>	Working Capital		1 000 000
	SURPLUS ON GENERAL FUND 31 DECEMBER 2009		120 181

4.3.2 As shown from the estimates in the table above, no contributions will be needed to balance the 2009 budget of the General Fund.

5 Director's proposal

In the light of the estimates set out in paragraph 4.3.1 above the Director proposes that there should be no levy of 2008 contributions to the General Fund.

6 Action to be taken by the Assembly

The Assembly is invited:

- (a) to take note of the information contained in this document;
- (b) to consider for adoption the draft budget for 2009 for the administrative expenses of the Supplementary Fund (paragraph 2.6 and Annex);
- (c) to consider the Director's proposal that the working capital of the Supplementary Fund should be maintained at £1 million (paragraph 4.2.3); and
- (d) to decide in respect of the assessment of 2008 contributions to the General Fund (paragraph 5).

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ANNEX

DRAFT 2009 ADMINISTRATIVE BUDGET FOR THE SUPPLEMENTARY FUND

(Figures in Pounds Sterling)

STATEMENT OF EXPENDITURE		ACTUAL 2007 EXPENDITURE	2007 BUDGET APPROPRIATIONS	2008 BUDGET APPROPRIATIONS	2009 BUDGET APPROPRIATIONS
I	Management fee payable to 1992 Fund	70 000	70 000	50 000	50 000
II	Administrative expenses (including external audit fees)	4 288	15 000	13 500	13 600
Supplementary Fund Budget Appropriation		74 288	85 000	63 500	63 600