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BUDGET FOR 1997

Note by the Director

1 Introduction

1.1 Article 18.5 of the 1992 Fund Convention requires the Assembly to adopt the annual budget of the 1992 Fund. The draft budget 1997 for the administrative expenses of the 1992 Fund, as prepared by the Director, is hereby submitted.

1.2 As decided by the Assembly at its 1st session and by the Assembly of the 1971 Fund at its 2nd extraordinary session, the 1971 Fund and the 1992 Fund should have a joint Secretariat and the Secretariat of the 1971 Fund should also administer the 1992 Fund. The draft budget for the administrative expenses of the 1992 Fund are therefore included in the cost of administering the 1971 Fund. The draft 1997 budget of the 1971 Fund is attached at the Annex for reference.

1.3 The presentation of the budget follows the requirements of Financial Regulations 5.2 and 5.3.

1.4 The estimates as regards the payments to be made by the 1992 Fund for the satisfaction of claims for compensation are contained in document 92FUND/A/ES.1/18.

2 Draft budget for 1997 for the 1992 Fund – General Fund

The draft budget for 1997 for the administrative expenses of the 1992 Fund is proposed as follows:

Statement of Expenditure			
			£
A	Secretariat		
	(a)	1996 Administrative expenses (Budget 1996)	338 508
	(b)	1997 Administrative expenses (1971 Fund's draft Budget 1997)	583 716
	Total		922 224
B	Minor claims – See document 92FUND/A/ES.1/18		
Statement of Income			
	(a)	Surplus as at 31.12.96	0
	(b)	Any other income	160 000
	Total		160 000

2.1 1996 administrative expenditure

2.1.1 The budget appropriation of £338 508 for administrative expenses for the period to 31 December 1996 was adopted by the Assembly at its 1st session (document 92FUND/A.1/34, paragraph 26). This amount was calculated on the basis of the costs of running the joint Secretariat of the 1971 Fund and the 1992 Fund being distributed with 75% to be paid by the 1971 Fund and 25% by the 1992 Fund.

2.1.2 The Assembly of the 1971 Fund decided at its 2nd extraordinary session that the 1971 Fund should make funds available to the 1992 Fund, as required, to cover the 1992 Fund's administrative expenses for 1996 until the 1992 Fund received contributions in February 1997, and that the 1992 Fund would be invoiced on 1 February 1997 in respect of such funds, for immediate payment (document 71FUND/A/ES.2/22, paragraphs 17.2 and 17.3).

2.2 1997 administrative expenditure

2.2.1 The draft budget appropriation for the 1997 administrative expenditure of the 1992 Fund amounts to £583 716.

2.2.2 The 1971 Fund will initially pay the total expenditure of the administration of the two Organisations, and the 1992 Fund will reimburse the 1971 Fund for its share. For this reason the total cost of running the joint Secretariat is included in the draft budget of the 1971 Fund (reproduced in the Annex).

2.2.3 As indicated in document 92FUND/A/ES.1/15, the Director takes the view that, for the period 1 January to 31 December 1997, the costs of running the joint Secretariat of the 1971 Fund and the 1992 Fund should be distributed with 70% to be paid by the 1971 Fund and 30% by the 1992 Fund. In the 1971 Fund's draft budget, the distribution of these costs has been made on the assumption that the Director's proposal for a 70:30 apportionment would be adopted, except where a different distribution is indicated (cf paragraphs 2.2.4 –2.2.8 below). If the Assembly were to decide on a different apportionment between the two Organisations, the distribution, and therefore the 1992 Fund's 1997 draft budget, would have to be revised accordingly.

2.2.4 The appropriations in the 1971 Fund's draft budget for meetings have been apportioned on the basis of the expected duration of the respective meetings of the 1992 Fund and the 1971 Fund, and not on the basis of the above-mentioned 70:30 formula.

2.2.5 It should be recalled that at its 17th session, the Assembly of the 1971 Fund instructed the Director to make all possible efforts to encourage States to become Parties to the 1992 Protocol to the Fund Convention (document FUND/A.17/35, paragraph 15.17). As a consequence, it might be necessary for members of the Secretariat to undertake additional missions to various States, and it is suggested that the cost of such missions should fall only on the 1992 Fund. The appropriation for missions in the 1971 Fund's draft budget has therefore been distributed equally between the two Organisations, and not apportioned on the basis of the 70:30 formula.

2.2.6 The appropriation in the 1971 Fund's draft budget for external audit has not been apportioned in accordance with the 70:30 formula, since it is expected that the amount of work to be carried out by the auditors would be considerably less for the 1992 Fund than for the 1971 Fund.

2.2.7 It is possible that the Director may have to continue to use consultants for various studies relating to the 1992 Fund's operations. The appropriation for consultant's fees in the 1971 Fund's draft budget has therefore been distributed equally between the two Organisations, and not apportioned on the basis of the 70:30 formula.

2.2.8 As for unforeseen expenditure in the 1971 Fund's draft budget, the appropriation has been distributed equally between the two Organisations, and not apportioned on the basis of the 70:30 formula.

2.3 Surplus as at 31 December 1996

The 1992 Fund has not yet levied any contributions, but is operating on the basis of funds being made available by the 1971 Fund, to be repaid on 1 February 1997 when the 1992 Fund has received contributions (cf document 92FUND/A.1/34, paragraph 28.3). There is therefore no surplus (or deficit) at the end of 1996 to be taken into account for the purpose of the assessment of contributions.

2.4 Any other income

It is estimated that interest will be earned in 1997 on an average principal of £3 million, generating a return of around £160 000 during the calendar year.

3 Action to be taken by the Assembly

The Assembly is invited to consider for adoption the draft budget 1997 for the administrative expenses of the 1992 Fund.

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ANNEX

DRAFT BUDGET FOR 1997 FOR THE 1971 FUND - GENERAL FUND

STATEMENT OF EXPENDITURE			Actual 1995 expenditure for 1971 Fund		1995 budget appropriations for 1971 Fund		1996 budget appropriations for 1971 Fund		1997 budget appropriations			
									Total		Distribution	
											1971 Fund	1992 Fund
A	SECRETARIAT		£		£		£		£		£	£
	I	Personnel										
	(a)	Salaries	400 329		447 650		515 140		652 140		456 498	195 642
	(b)	Separation and recruitment	12 160		46 850		19 430		131 020		91 714	39 306
	(c)	Staff benefits and allowances	145 420		194 390		219 050		246 530		172 571	73 959
	(d)	Temporary assistance	19 340		15 000		15 000		30 000		21 000	9 000
	(e)	Staff training	5 594		5 000		10 000		10 000		7 000	3 000
	Sub-total		582 843		708 890		778 620		1 069 690		748 783	320 907
	II	General services										
	(a)	Rent of office accommodation (including common services, security services and rates)	69 411		66 500		93 710		100 580		70 406	30 174
	(b)	Office machines, including maintenance	34 336		21 000		25 000		38 000		26 600	11 400
	(c)	Furniture and other office equipment	6 716		8 000		8 000		12 000		8 400	3 600
	(d)	Office stationery and supplies	12 326		18 000		23 000		20 000		14 000	6 000
	(e)	Communications (telephone, telefax, telex, postage)	23 133		26 000		40 000		40 000		28 000	12 000
	(f)	Other supplies and services	23 457		25 000		25 000		27 500		19 250	8 250
	(g)	Representation (hospitality)	8 096		13 000		14 000		14 000		9 800	4 200
	(h)	Printing and publication	64 736		65 000		90 000		90 000		63 000	27 000
	Sub-total		242 211		242 500		318 710		342 080		239 456	102 624
	III	Meetings										
	(a)	Autumn sessions of 1971 Fund Assembly, 1992 Fund Assembly and 1971 Fund Executive Committee	21 147		17 640		21 075		25 000		15 000	10 000
	(b)	Further meetings of 1971 Fund Executive Committee (4 sessions)	21 960		19 910		31 720		40 000		40 000	0
	(c)	Intersessional Working Group (1 session per Organisation)	-		6 640		7 930		20 000		10 000	10 000
	(d)	Extra session of 1971 Fund Assembly	-		-		21 075		10 000		10 000	0
	(e)	Two extra sessions of 1992 Fund Assembly	-		-		-		20 000		0	20 000
	Sub-total		43 107		44 190		81 800		115 000		75 000	40 000

STATEMENT OF EXPENDITURE			Actual 1995 expenditure for 1971 Fund		1995 budget appropriations for 1971 Fund		1996 budget appropriations for 1971 Fund		1997 budget appropriations				
									Total		Distribution		
											1971 Fund	1992 Fund	
B	IV	Conferences and travel											
		(a) Conferences and seminars	14 326		20 000		20 000		20 000		14 000	6 000	
		(b) Mission	1 437		20 000		20 000		20 000		10 000	10 000	
		Sub-total	15 763		40 000		40 000		40 000		24 000	16 000	
	V	Miscellaneous expenditure											
		(a) External audit	17 400		18 000		18 500		21 000		19 000	2 000	
		(b) Payment to IMO for general services	5 300		5 300		5 300		6 000		4 200	1 800	
		(c) Consultants' fees	57 885		50 000		80 000		100 000		50 000	50 000	
		(d) Payment to IMO for translator	42 012		42 000		45 000		49 950		34 965	14 985	
		(e) Investment Advisory Body	12 000		12 000		18 000		18 000		12 600	5 400	
		Sub-total	134 597		127 300		166 800		194 950		120 765	74 185	
	VI	Unforeseen expenditure (such as consultants' and lawyers' fees, cost of extra staff and cost of equipment)									30 000	30 000	
			6 281		50 000		50 000		60 000				
	Total Expenditure I-VI			1 024 802		1 212 880		1 435 930		1 821 720		1 238 004	583 716
	B CLAIMS - See document 71FUND/A.19/22												
STATEMENT OF INCOME			Funds actually accumulated by 1971 Fund at 31.12.95		1971 Fund's 1995 budget estimates		1971 Fund's 1996 budget estimates		1997 budget estimates				
I	Surplus funds from preceding years		15 388 781		11 100 396		10 014 708		15 184 524				
II	Any other income				600 000		600 000		1 692 224				
Total					11 700 396		10 614 708		16 876 748				