

## Proposed Budget for 2020

<b>Submitted by:</b>	Secretary-General
<b>Executive Summary:</b>	This paper provides the proposed budget for 2020 for the approval of the Council on behalf of the Member States.
<b>Reference A:</b>	M-7 Staff Regulations, Edition 8.0.0, January 2017

### Introduction

1. Article VI(g)(iii) of the Convention on the IHO stipulates that the Council ... coordinate during the inter-Assembly period the activities of the Organization within the framework of the strategy, work programme and financial arrangements, as decided by the Assembly.
2. Decision 24.c of the first IHO Assembly... confirmed that the Council is empowered to approve the financial statements and any recommendations for the previous year and the budget estimates and the associated annual work programme for each forthcoming year.

### Discussion

3. The proposed budget estimates for 2020 are presented at Annex A. They are based on the third year of the three-year budget estimates approved by the first session of the IHO Assembly, but propose several variations.
4. The variations between the detailed budget estimates approved by the first Assembly for 2020 within the 3-years budget estimates and those being presented to the Council take actual circumstances into account which have not been foreseeable at the time of the three-year budget estimate approval in 2017.
5. The major variation results from a compelling rearrangement for the compensation of medical expenses for the IHO Secretariat's staff. The health insurance contract to cover reimbursement of medical expenses of the active and retired IHO Secretariat staff according to Reference A was unilaterally cancelled by the contracting partner GAN Assurances because of two consecutive year's lack of profitability with two months advance notice to the end of 2018. GAN Assurances denied negotiation of a renewed contract and the Secretariat had to conduct a European wide market survey for alternatives. A new contracting partner was found with the insurance company CIGNA which offered the most cost effective conditions to cover the granted rights for the Staff members (Reference A refers). However, the premiums to be paid under the CIGNA contract are significantly higher than those of the previous arrangement with GAN. Consequently the budget estimate to cover insurance premiums for medical expenses for 2020 has to be adapted from a total of 157.000 € to 300.000 €. It is assumed that this amount will remain on this level for the Assembly period from 2020 to 2023 since three active locally recruited staff members will retire within this period.
6. The substantial increase of costs to cover reimbursements of medical expenditure will be covered by numerous minor reductions proposed on administrative costs, based on recent expenditure history.
7. Three areas are however affected by proposed reductions in a more substantial way:
  - a. Travel costs are reduced by 60.000 € from 310.000 € to 250.000 €. As a consequence, representatives of the Secretariat will principally participate only in technical meetings, events and plenary Conferences of the Regional Hydrographic Commissions and other events where they are office bearers and bring significant contribution, if these events are not held in Monaco. The IHO Secretariat's premises in Monaco are proposed to be considered as potential venue for upcoming meetings of any kind as a first priority.

Whenever possible, video conferencing should be considered if it is a viable option. It is also proposed to hold annual Council meetings at the IHO Secretariat in Monaco by default.

- b. Contributions to the Retirement Fund is lowered by 40.000 € from 70.000 € to 30.000 €. Thanks to the constant provisions constantly made during the recent decade, this Fund is on a level to cover current and future pension fees for locally recruited staff.
  - c. Provision for bad debts to cover potential arrears of Member States by is lowered by 30.000 € from 50.000 € to 20.000 €, based on recent Member State contribution history. Unexpected debts will be compensated out of the expected surplus.
8. A higher allocation (44.000 €) in comparison with the three-years budget estimate is proposed for the Capacity Building Fund to raise it from 86.000 € to 130.000 €. By this allocation, the Capacity Building Fund reaches approximately the same level as the cumulated Special Project Fund (135.000 € by 1st July 2019).
9. The budget estimates for 2020 remain balanced with an expected surplus of about 0.05% of the real budget by end of the year.

### **Action Required of the Council**

10. The Council is invited to:
  - a. **Approve** the budget estimates for 2020 provided in Annex A to this submission, and
  - b. **Take any other actions** that may be required.

## PROPOSED IHO BUDGET DETAILS FOR 2020

**TABLE 1**  
**SUMMARY**

3-Year Budget estimates for 2017-2020 approved by A-1		Proposed budget 2020	Difference
(2020)	Chapters and Items		
<i>Budget triennal</i>	<i>Chapitres et postes budgétaires</i>	<i>Budget révisé</i>	<i>Différence</i>
811	Number of shares - <i>Nombre de parts</i>	818	7
-8	Provision for suspended Member States <i>Provision pour Etats membres suspendus</i>	-7	
803	Final number of shares <i>Nombre de parts définitif</i>	811	8
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<u>(Euros)</u>		<u>(Euros)</u>	<u>(Euros)</u>
3 460 529	Income - <i>Revenus</i>	3 494 724	34 195
3 459 500	Net Expenditure - <i>Dépenses nettes</i>	3 492 700	33 200
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1 029	Budget Excess/Deficit - <i>Excédent/Déficit budgétaire</i>	2 024	
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<b>1 029</b>	<b>Effect on capital - <i>Effet sur le capital</i></b>	<b>2 024</b>	
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**TABLE 2**  
**INCOME**

3-Year Budget estimates for 2017-2020 approved by A-1		Proposed budget 2020	Difference
(2020)	Chapters and Items		
<i>Budget triennial</i>	<i>Chapitres et postes budgétaires</i>	<i>Budget révisé</i>	<i>Différence</i>
<u>(Euros)</u>		<u>(Euros)</u>	<u>(Euros)</u>
3 231 529	CONTRIBUTIONS	3 263 724	32 195
	<i>Contributions</i>		
40 000	INTEREST ON BANK ACCOUNTS <i>Intérêts sur comptes en banques</i>	42 000	2 000
189 000	INTERNAL TAX <i>Imposition interne</i>	189 000	0
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<b>3 460 529</b>		<b>3 494 724</b>	<b>34 195</b>
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**TABLE 3**  
**DETAILED EXPENDITURE**

3-Year Budget estimates for 2017-2020 approved by A-1		Proposed budget 2020	Difference
(2020)	Chapters and Items		
<i>Budget triennial</i>	<i>Chapitres et postes budgétaires</i>	<i>Budget révisé</i>	<i>Différence</i>
<b>Chapter 1 - Personnel Costs</b>			
<b>Chapitre 1 - Dépenses de personnel</b>			
(Euros)		(Euros)	(Euros)
515 000	Salaries - Directing Committee - <i>Salaires - Comité de direction</i>	515 000	0
608 000	- Category A - <i>Personnel de catégorie A</i>	620 000	12 000
220 000	- Translators - <i>Personnel de traduction</i>	225 000	5 000
492 000	- General Services (B & C) - <i>Services généraux (B &amp; C)</i>	520 000	28 000
10 000	Overtime for B & C Categories - <i>Heures supplémentaires pour les catégories B et C</i>	10 000	0
<b><u>Costs dependent on Salaries - Coûts liés aux salaires</u></b>			
41 000	Annual Bonus (B & C Categories) - <i>Gratification annuelle (catégories B &amp; C)</i>	48 000	7 000
392 000	Payment to Retirement schemes - <i>Cotisation patronale de retraite</i>	400 000	8 000
17 000	Insurances based on wages - <i>Assurances assises sur salaires</i>	15 000	-2 000
122 000	Medical (CIGNA premiums) - <i>Primes médicales versées à CIGNA</i>	300 000	178 000
20 000	Family Allowances - <i>Allocations familiales</i>	17 000	-3 000
5 000	Education Grants - <i>Allocations pour frais d'études</i>	11 000	6 000
			0
<b><u>Costs independent of Salaries - Autres charges indépendantes des salaires</u></b>			
			-140 000
140 000	Medical claims paid - <i>Remboursements de soins</i>		105 000
-105 000	Medical refunds from GAN - <i>Remboursements médicaux du GAN</i>		-1 000
7 000	Home rental - <i>Indemnité de logement</i>	6 000	

15 000	Home Leave - <i>Congés dans les foyers</i>	12 000	-3 000
5 000	Miscellan. Personnel Expenses - <i>Autres dépenses de personnel</i>	3 000	-2 000
	<b><u>Controllable Personnel costs - Coûts de personnel modulables</u></b>		
1 000	Salaries - Temporary staff - <i>Personnel temporaire</i>	1 000	0
7 000	IHO Secretariat Staff training - <i>Formation du personnel du Secrétariat de l'OHI</i>	7 000	0
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<b>2 512 000</b>	<b>TOTAL CHAPTER I - TOTAL CHAPITRE I</b>	<b>2 710 000</b>	<b>198 000</b>

**Chapter II - Current Operating Costs**

**Chapitre II - Dépenses de gestion courante**

**Maintenance, communications, etc - Entretien, communications, etc**

<u>(Euros)</u>		<u>(Euros)</u>	<u>(Euros)</u>
48 000	Maintenance of building - <i>Entretien des locaux</i>	42 000	-6 000
3 600	Multirisk insurance - <i>Assurance multi-risques</i>	4 000	400
65 000	Maintenance of IT equipment - <i>Entretien des équipements</i>	55 000	-10 000
10 500	Office Stationery - <i>Fournitures de bureau</i>	11 000	500
37 500	Postage, telephone, telefax - <i>Courier, télécommunications</i>	32 000	-5 500
2 000	Local Travel - <i>Déplacements locaux</i>	1 500	-500
10 000	Bank Charges - <i>Frais bancaires</i>	6 000	-4 000
20 000	Contract support - <i>Support contractuel</i>	10 000	-10 000
20 000	Administrative support for Council - <i>Support administratif pour le conseil</i>	15 000	-5 000
10 000	Auditors fees - <i>Honoraires du commissaire aux comptes</i>	10 000	0
23 000	Public Relations - <i>Relations publiques</i>	20 000	-3 000
1 000	Miscellan. Operating Expenses - <i>Autres charges d'exploitation</i>	1 000	0
	<b><u>Travel costs - Frais de déplacements</u></b>		
310 000	Long Distance - <i>Grands déplacements</i>	250 000	-60 000

<b><u>Publications costs - Frais de publications</u></b>			
10 000	I.H. Review - <i>Revue hydrographique internationale</i>	10 000	0
1 700	Other publications - <i>Autres publications</i>	1 000	-700
			0
50 000	Provision for bad debts - <i>Provisions pour créances douteuses</i>	20 000	-30 000
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<b>622 300</b>	<b>TOTAL CHAPTER II - TOTAL CHAPITRE II</b>	<b>488 500</b>	<b>-133 800</b>

**Chapter III - Capital Expenditure**

**Chapitre III - Dépenses d'équipement**

<u>(Euros)</u>		<u>(Euros)</u>	<u>(Euros)</u>
10 000	Purchase of IT equipment - <i>Equipements informatiques</i>	10 000	0
5 000	Furniture & other equipment - <i>Mobilier et autres équipements</i>	5 000	0
1 000	Purchase Publications & Binding - <i>Reliures et publications</i>	1 000	0
10 000	Depreciation of fixed assets - <i>Dépréciation des immobilisations</i>	15 000	5 000
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<b>26 000</b>	<b>TOTAL CHAPTER III - TOTAL CHAPITRE III</b>	<b>31 000</b>	<b>5 000</b>
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<b>3 160 300</b>	<b>Annual Operating Costs - Coût opérationnel annuel</b>	<b>3 229 500</b>	<b>69 200</b>
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**Chapter IV - Asset Allocation**

**Chapitre IV - Immobilisations**

<u>(Euros)</u>		<u>(Euros)</u>	<u>(Euros)</u>
15 000	Purchase of IT equipment - <i>Equipements informatiques</i>	15 000	0
10 000	Furniture & other equipment - <i>Mobilier et autres équipements</i>	10 000	0
<b>25 000</b>		<b>25 000</b>	

**Chapter V Allocation to Funds**

**Chapitre V Dotations aux fonds dédiés**

<u>(Euros)</u>		<u>(Euros)</u>	<u>(Euros)</u>
8 200	GEBCO Fund - <i>Fonds pour la GEBCO</i>	8 200	0

30 000	GEBCO SCUFN Gazetter	10 000	-20 000
0	Renovation and Enhancement Fund - <i>Fonds de rénovation et d'amélioration</i>	0	0
20 000	Conference Fund - <i>Fonds pour les conférences</i>	20 000	0
5 000	Relocation Fund - <i>Fonds pour les déménagements</i>		-5 000
86 000	Capacity Building Fund - <i>Fonds pour le renforcement des capacités</i>	130 000	44 000
50 000	Special Project Fund - <i>Fonds pour les projets spéciaux</i>	40 000	-10 000
5 000	IBSC Fund - Fonds IBSC	0	-5 000
70 000	Internal Retirement Fund - <i>Fonds de Retraite Interne</i>	30 000	-40 000
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<b>274 200</b>	<b>TOTAL CHAPTER V - TOTAL CHAPITRE V</b>	<b>238 200</b>	<b>-36 000</b>
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<b>3 459 500</b>	<b>TOTAL EXPENDITURE - <i>Dépense totale</i></b>	<b>3 492 700</b>	<b>33 200</b>
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**TABLE 3A**  
**SUMMARY OF EXPENDITURE**

3-Year Budget estimates for 2017-2020 approved by A-1	Chapters and Items	Proposed budget 2020	Difference
(2020)			
<i>Budget triennial</i>	<i>Chapitres et postes budgétaires</i>	<i>Budget révisé</i>	<i>Différence</i>
<u>(Euros)</u>		<u>(Euros)</u>	<u>(Euros)</u>
	<b>PERSONNEL COSTS</b>		
	<i>DEPENSES DE PERSONNEL</i>		
2 512 000	Salaries Directing Committee - <i>Salaires Comité de direction</i>	2 710 000	198 000
	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>		
622 300	<b>CURRENT OPERATING COSTS</b>	488 500	-133 800
	<i>DEPENSES DE GESTION COURANTE</i>		
	Maintenance, communications, etc.. - <i>Entretien et communications</i>		
	Contract support - <i>Support contractuel</i>		
	Travels - <i>Déplacements</i>		
	Publications - <i>Publications</i>		
26 000	<b>CAPITAL EXPENDITURE</b>	31 000	5 000
	<i>DEPENSES DE CAPITAL</i>		
25 000	<b>ASSET ALLOCATION</b>	25 000	0
	<i>IMMOBILISATIONS</i>		

**ALLOCATIONS TO FUNDS****DOTATIONS AUX FONDS DEDIES**

8 200	GEBCO Fund - <i>Fonds pour la GEBCO</i>	8 200	0
30 000	GEBCO SCUFN Gazetter	10 000	-20 000
0	Renovation and Enhancement Fund - <i>Fonds de rénovation et d'amélioration</i>	0	0
20 000	Conference Fund - <i>Fonds pour les conférences</i>	20 000	0
5 000	Relocation Fund - <i>Fonds pour les déménagements</i>		-5 000
86 000	Capacity Building Fund - <i>Fonds pour le renforcement des capacités</i>	130 000	44 000
50 000	Special Projects Fund - <i>Fonds pour les projets spéciaux</i>	40 000	-10 000
5 000	IBSC Fund - Fonds IBSC	0	-5 000
70 000	Internal Retirement Fund - <i>Fonds de Retraite Interne</i>	30 000	-40 000
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<b>3 459 500</b>	<b>Net Expenditure - <i>Dépenses nettes</i></b>	<b>3 492 700</b>	<b>33 200</b>