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Agenda item 17(c)

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RESOURCE MANAGEMENT

(c) Report on investments

Note by the Secretary-General

SUMMARY

<i>Executive summary:</i>	This document reports on the investment of the Organization's monies during 2002.
<i>Action to be taken:</i>	Paragraph 10
<i>Related documents:</i>	None

1 Article IX of the IMO Financial Regulations provides that the Secretary-General shall report periodically to the Council on the investment of monies not needed for immediate requirements.

2 The cash balance in the General Fund as at 1 January 2002 was £2,872,648 which included advance payments of 2002 assessments of £395,119. The level of funds available in the General Fund for short-term investments as bank deposits throughout the year depends on the monthly flow of contributions from Member States, actual monthly disbursements incurred for approved expenditure and transfers to other funds approved by the Assembly. The level of funds available in the General Fund for short-term investments is shown in the annex to this document.

3 The Printing Fund commenced the year 2002 with a cash balance of £7,049,636. During 2002 total transfers amounting to £6,350,000 were made to the General Fund and Technical Cooperation Fund in accordance with Assembly resolution A.906(22). Sales of publications remained at a high level throughout the year.

4 The bank base interest rate at 1 January 2002 was 4.00%. It remained at the same level throughout the year. The average interest rate paid for short-term sterling deposits during 2002 was 1.10%, which represented a decrease on the average of 2.33% during 2001.

5 The annex attached shows the amount held in interest earning accounts at the end of each month during 2002.

6 The table below sets out the interest earned in 2002 in respect of the various funds of the Organization with comparative figures for the previous four years.

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		1998	1999	2000	2001	2002
(a) General Fund*	£	450,018	367,327	366,716	324,131	280,748
(b) Headquarters Capital Fund	£	136,424	99,993	105,081	81,959	66,733
(c) Printing Fund	£	224,255	210,179	229,633	247,470	107,733
(d) Technical Co-operation Fund	£	425,795	328,823	423,429	373,240	407,724
(e) Termination Benefit Fund	£	85,214	60,784	68,840	60,960	50,988
(f) Train. & Devel. Fund						5,312
Total	£	1,321,706	1,067,106	1,193,699	1,087,760	919,238

* The General Fund maintains all investments in respect of the regular budget and the Working Capital Fund.

7 The total interest earned for 2002 in the General Fund amounted to £280,748 and comprised:

	£
(a) interest on contributions receipts	194,724
(b) interest on opening cash balances	2,381
(c) interest on Working Capital Fund Cash balance	<u>83,643</u>
Total	<u>280,748</u>

8 The Contributions Incentive Scheme which commenced in 1988 provides for interest earnings on contributions to be returned to Member States in proportion to the timing of payment of their current year's contributions. The interest earned on contributions receipts during 2002 of £194,724 is available for distribution in the year 2004 and is dependent on the availability of a cash surplus in the General Fund as at 31 December 2003.

9 The External Auditor recommended, in his 2001 report, the constitution of an Investment Committee, with a view to ensuring that the Organization received the best returns on its investments. Following consideration by the Council Intersessional Working Group on Accounts and Audit, and as recommended by the Group and endorsed by the Council, the Secretary-General has engaged an International Oil Pollution Compensation Fund (IOPCF) Treasury Management Adviser to give periodic advice on the management of the Organization's monies. The Organization's investments continue to be made with the United Kingdom Major Banks, with Triple A ratings, on the basis of a listing of institutions recommended by the Adviser.

Action requested of the Council

10 The Council is invited to take note of the information contained in this document.

ANNEX

TOTAL AMOUNT INVESTED IN 2002

	General Fund*	Headquarters Capital Fund	Printing Fund	Technical Co-operation Fund	Termination Benefit Fund	Training & Development Fund
2002	£**	£	£**	£	£	£
31 January	6,293,224	2,053,838	2,769,909	9,729,567	1,129,993	200,132
28 February	5,593,223	2,060,449	2,974,318	9,760,885	1,133,630	200,776
31 March	7,133,231	1,918,323	3,258,025	9,455,505	1,128,862	201,356
30 April	7,163,231	1,924,612	3,462,477	9,486,504	1,132,563	202,016
31 May	7,589,760	1,968,453	1,250,000	10,537,164	1,356,996	202,681
30 June	8,861,760	1,974,806	1,550,000	11,022,036	1,361,379	203,334
31 July	8,049,760	1,728,036	1,550,000	9,727,080	1,361,910	204,008
31 August	7,139,682	1,199,808	1,550,000	9,041,666	1,346,107	202,913
30 September	7,150,000	1,000,000	1,550,000	8,450,000	1,200,000	0
31 October	6,450,000	1,000,000	1,550,000	8,450,000	1,200,000	0
30 November	5,950,000	1,000,000	1,550,000	8,450,000	1,200,000	0
31 December	4,370,900	1,021,308	2,350,000	8,814,618	1,193,750	0
Interest Earnings 2002	280,748	66,733	107,733	407,724	50,988	5,312

* The General Fund maintains all investments in respect of the regular budget and the Working Capital Fund.

** US Dollar deposits have been converted at the UN operational rates of exchange.