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WORLD MARITIME UNIVERSITY

(b) 2009 Budget

Note by the Secretary-General

SUMMARY

<i>Executive summary:</i>	This document provides information on the income, expenditure and student fellowship funding of the World Maritime University for the calendar year 2009
<i>Strategic direction:</i>	3
<i>High-level action:</i>	3.1.3
<i>Planned output:</i>	3.1.3.2
<i>Action to be taken:</i>	Paragraph 11
<i>Related document:</i>	C 102/15(a)

Introduction

1 Article 39 of the Charter of the World Maritime University stipulates that the budget of the University for each calendar year should be submitted to the Council together with an annual report for the preceding year*.

2 The University's budget for 2009 has been drawn up at a time of changes and challenges for the University amid a global economic and financial crisis. In its Annual Report for 2008 (document C 102/15(a)), the Board of Governors reported on the financial difficulties faced by the University consequential upon a reduced donor support of the Fellowship Programme and an exceptional calls on its reserves.

* See document C102/15(a).

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Funding the University's core Programme

3 At its 58th session on 8 December 2008, the WMU Executive Council approved the University's budget for 2009, which had been set at a level capable of sustaining its core academic programme, albeit at a reduced level, reflecting the severe cutback in fellowship income. Annex 1 to this document sets out the University's projected income for 2009; annex 2 the anticipated expenditure for 2009 (in comparison to that for 2008); and annex 3 the sources, number and funding of WMU fellowships for the same year. At its 59th session on 17 March 2009, the Executive Council took note that the projected outturn for 2009 was in line with the budgeted provisions and that no budgetary adjustments were foreseen.

4 At its 26th session in June 2008, the Board of Governors decided to adopt the Euro as the University's currency of account and reporting from 1 January 2009. This change was driven by the instability of the dollar versus the Swedish crown. The 2009 budget is constructed accordingly: it is projected at Euro 6,089,000 and a total expenditure of Euro 6,089,000 (i.e. a break-even position), compared to Euro 7,129,000 and Euro 7,097,000 in the 2008 budget. (The 2008 US dollar-denominated budget has been converted to Euros as a basis for comparison.)

5 When reporting to the 100th session of the Council in June 2008, the Secretary-General had noted (document C 100/13(b)) that the depreciation of the dollar had put a considerable strain on the University's finances and on the salaries of professional staff, who had lost one third of their purchasing power. This erosion of the professional pay scale has been an increasingly negative factor in retaining and attracting senior academic staff to the Faculty. Whilst, at present, financial markets remain turbulent, the evidence to date is that the University's adoption of the Euro, together with a restructuring of the professional pay scale, are providing the required financial stability.

6 The 2009 budget strategy, in student enrolment terms, aims at a total student population of some 154 at the Malmö campus, consistent with existing and projected donor fellowship funding for the current calendar year. This level of intake is some 20% below 2008 levels, reflecting the sharp and unforeseen reduction in the fellowship income reported in document C 102/15(a) and causing grave concern to all the University's stakeholders. A key priority of the University, strongly supported by the Executive Council and Board of Governors, is to rebuild the Fellowship Programme to a student population at the Malmö campus of some 200. Steps are, therefore, being taken to rebuild the Fellowship Programme to meet the set target in 2010.

7 However, a total of some 340 degree students is predicted for 2009, taking into account those enrolled in the China-based M.Sc. programmes and the Postgraduate Diploma programme in Marine Insurance delivered by distance learning. Another 500 students are projected to be enrolled in various non-degree professional development courses (PDCs) during the year.

8 Annex 3 shows the amounts and sources of fellowship funding for 2009. In previous years, the University itself was able to make substantial donations for student fellowships, drawn from its reserve funds built up from revenues generated by consultancy, research and other business activities delivered by the University. In 2008, for example, 17% of the student fellowship funding at the Malmö campus was contributed by WMU. However, the use of the University's reserves during 2008 has ruled out the possibility of such contributions being made in 2009.

9 The Board of Governors recognizes with profound appreciation the financial support provided by various donors, especially the Government of Sweden and the City of Malmö; the Nippon Foundation and the Ocean Policy Research Foundation of Japan; the International Transport Workers' Federation (ITF); the Governments of Canada, Denmark, France, the Republic of Korea and the United Kingdom; and Inmarsat Global Limited. Their continued support is indispensable for the University's continued provision of high quality services to the global maritime community.

10 Notwithstanding the financial difficulties and challenges outlined above and in document C 102/15(a), the University's academic programme continues to thrive: the demand for enrolment from good quality candidates increases; and the research and Ph.D. programmes grow. WMU is evidently acknowledged globally as an outstanding and essential provider of postgraduate maritime education and all that remains to be achieved is its long-term financial sustainability.

Action requested of the Council

11 The Council is invited to take note of the information contained in this document and to comment, as it may deem necessary.

ANNEX 1

BUDGET PROJECTED INCOME: 2008 AND 2009
(Euros '000)

	2008 Budget	2009 Budget	Increase/ Decrease (-)
A. BUDGET CONTRIBUTIONS			
Government of Sweden ⁽¹⁾	2,366	2,030	-336
Outreach Programme	226	462	236
Nippon Foundation, Japan	194	280 ⁽²⁾	86
Government of France	100	100	0
Government of Canada	97	97	0
Inmarsat Global Limited	65	65	0
Government of Denmark	45	45	0
International Transport Workers' Federation	74	0	-74
TOTAL BUDGET CONTRIBUTIONS	3,167	3,079	-88
B. FELLOWSHIP INCOME ⁽³⁾	3,046	2,460	-586
C. INTEREST	226	150	-76
D. OTHER INCOME	400	400	0
E. EXTRAORDINARY MISC. INCOME	290	0	-290
GRAND TOTAL INCOME	7,129	6,089	-1,040

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- (1) The size of the Swedish contribution to the WMU budget is calculated as one-third of the total budget expenditure for 2009 (see annex 2).
- (2) Includes transfer from the Nippon Foundation Special Fund held by the University.
- (3) The fellowship contributions of individual donors are listed in annex 3.

ANNEX 2

BUDGET ANTICIPATED EXPENDITURE: 2008 AND 2009

(in Euros '000)

EXPENDITURE CATEGORY	Budget Expenditure 2008	Budget Expenditure 2009
A. OPERATIONAL BUDGET		
Section I: PERSONNEL COSTS		
1. Resident academic staff	1,621	1 769
2. Resident administrative staff	630	426
3. General Service staff	536	553
4. Visiting professors	58	58
5. External consultants	74	37
6. Short-term language lecturers	37	17
7. Official travel	123	125
TOTAL PERSONNEL COSTS	3,079	2,985
Section II: ACADEMIC COSTS		
1. Library	128	128
2. Field Study Programme	436	300
3. Academic Development Cost	93	93
TOTAL ACADEMIC COSTS	657	521
Section III: ADMINISTRATIVE COSTS		
1. Computer equipment	154	97
2. Other equipment and printing	112	82
3. Cafeteria	45	45
4. Communications	91	91
5. Vehicles	13	13
6. Published material	56	56
7. Hospitality	47	47
8. Governing body meetings	21	21
9. External Auditors	34	34
10. Misc. Admin. Cost	44	35
11. Extraordinary Cost	290	0
TOTAL ADMINISTRATIVE COSTS	907	521
TOTAL OPERATIONAL BUDGET	4,643	4,027
B. STUDENT COSTS BUDGET		
1. Student travel	269	205
2. Student hostel: Rent & cleaning	883	909
3. Student hostel: Support staff	30	31
4. Catering	5	7
5. Allowances	949	682
6. Study materials	54	35
7. Graduation	63	63
8. Other student costs	201	130
TOTAL STUDENT COSTS BUDGET	2,454	2,062
GRAND TOTAL OPERATIONAL AND STUDENT COSTS BUDGET	7,097	6,089

ANNEX 3

STUDENT FELLOWSHIPS IN 2009

A. MASTER OF SCIENCE (M.Sc.) PROGRAMME (Malmö)				
SOURCES/DONORS OF STUDENT FELLOWSHIPS	Number of Fellowships/ Tuition fees			Total Contribution (Euro '000)
	2008 intake	2009 intake	Total Number	
1. THIRD-PARTY DONORS				
Ocean Policy Research Foundation, Japan	25	27	52	892
United Kingdom	4	4	8	195
International Transport Workers' Federation (ITF)	4	5	9	165
Republic of Korea	3	5	8	130
Other donors	12	9	21	357
TOTAL THIRD-PARTY DONORS	48	50	98	1,739
2. USER FUNDING (Students' employer, government or self)	11	15	26	326
3. WMU FUNDS	13		13	202
4. IMO TECHNICAL CO-OPERATION PROGRAMME	3	5	8	139
M.Sc. TOTAL	75	70	145	2,406
B. DOCTORAL (Ph.D.) PROGRAMME				
1. USER FUNDING			6	36
2. WMU FUNDS			3	18
Ph.D. TOTAL			9	54
GRAND TOTAL (M.Sc. and Ph.D.)			154	2,460

NOTE:

- (1) 200 students are projected to be enrolled in the M.Sc. programmes offered on the Shanghai and Dalian campus.
- (2) The financial total of USER-FUNDING (from students' employer, government or self) is understated because it does not always include the living costs, which the donors may provide separately and directly to the students.