

COUNCIL  
117th session  
Agenda item 10(b)

C 117/10(b)  
1 December 2016  
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**IMO INTERNATIONAL MARITIME LAW INSTITUTE**

**(b) Budget**

**Note by the Secretary-General**

**SUMMARY**

<i>Executive summary:</i>	This document provides information on the IMO International Maritime Law Institute's budget for 2016, together with the proposal for 2017
<i>Strategic direction:</i>	3.1
<i>High-level action:</i>	3.1.3
<i>Output:</i>	3.1.3.1
<i>Action to be taken:</i>	Paragraph 12
<i>Related document:</i>	C 117/10(a)

1 Article 26 of the Statute of the IMO International Maritime Law Institute (IMLI) provides that the Institute's budget, as approved by its IMLI Governing Board (the Board), shall be transmitted to the Council with the Board's comments, if any. The IMLI budget for the current financial year (2016) and proposals for the years 2017 and 2018 were considered by the Board at its meeting at the Organization's Headquarters on 14 July 2016 and, in accordance with article 11(h) of the Statute (whereby the Board reports annually to the Council through the Secretary-General on the work of the Institute), the outcome of its consideration is reported hereunder.

2 In considering the Director's report, the Board reviewed the financial statements for the financial year 2015, at the end of which the Institute had an operating surplus of €248,379 which rises to an overall surplus of €271,437 when exchange gains of €23,058 are included. The Board also considered the budgetary proposals for the years 2017 and 2018. In view of the estimated available funding (2016 forecast income of €1,584,082 and reserves of €2,819,420, totalling €4,403,502) and expenditure for the financial year 2016, the Board approved a revised budget of expenditure for that period (amounting to €1,561,376), taking into account the actual expenditure of the previous year and that anticipated for the current year. The Board commended the Institute's endeavours to improve its medium and long-term financial well-being and expressed its appreciation of the continual efforts of the Director to ensure that the Institute operated on a sound financial basis.

3 The Board approved, in principle, the budgets for the years 2017 (annexes 1 and 2 refer) and 2018 on the understanding that the Director will monitor developments and submit the consequential warranted adjustments for consideration by the Financial and Human Resources Committee, which assist the Board and the Director on the funding and finances of IMLI and on administrative matters, including personnel, and approval by the Board.

4 In considering the External Auditor's report, the Board welcomed the "unqualified" opinion on the Institute's financial position, financial performance and cash flows for the financial period ending 31 December 2015.

5 The Board expressed its appreciation to the Government of Malta for providing facilities as host country. It also registered its gratitude for the support received from:

- .1 the Nippon Foundation, for providing 10 full scholarships annually since the 2003/4 academic year, and increasing them to 15 full scholarships for the 2016/17 and 2017/18 academic years, the sponsoring of two teaching posts from the 2010/11 academic year and the provision of another teaching post from the 2016/17 academic year;
- .2 the IMO, for providing, through its Integrated Technical Cooperation Programme, six full and one partial scholarships for academic year 2014/15, and ten full and one partial scholarships for academic year 2015/16;
- .3 the Lloyd's Register Foundation, for providing three scholarships annually from the academic year 2008/9 to the academic year 2016/17;
- .4 the Government of Switzerland, for its annual financial support of CHF30,000 to the Institute up to the 2016/17 academic year;
- .5 Transport Malta and the Government of Malta, for providing IMLI with an annual contribution of €10,000 and €9,000 respectively;
- .6 the Comité Maritime International (CMI) Charitable Trust, for its annual contribution of up to £5,000 to IMLI's budget; and
- .7 the Institute's Director, Prof. David Attard, who is donating a total of €19,500 to support the Ph.D. Programme which commenced in the 2012/13 academic year.

6 On 10 August 2016, the Government of Switzerland informed the Secretary-General that, with great regret, they were obliged to terminate, as of 31 December 2016, the Donor's Agreement between IMLI and the Federal Ministry of Foreign Affairs which had been signed in August/October 2014. The Swiss contribution, as modest as it may have been, has been very constant in the past decades and, after Malta, the time span of the Swiss financial and in-kind support to IMLI is the longest. The matter will be reported to, and considered by, the Board at its next session which will be held towards the end of the first semester in 2017. The Financial and Human Resources Committee has been made aware of the development and will be discussed issue at its next session on 2 December 2016. Although the IMLI governing bodies have not yet discussed the development, the termination of the Swiss funding does not create any immediate concerns and the likely reduction in the expected revenue for IMLI's Budget for 2017 is manageable. However, it is reasonable to expect that, when considering the development, the IMLI governing bodies will include in their work programme the risks and the consequences stemming from the current approach and the long-term sustainable funding of the operation of IMLI as high priority items.

7 The Organization supports IMLI's operation by funding fellowships for studies at IMLI, through the Integrated Technical Cooperation Programme and, in this respect, US\$ 2,022,000 have been provided between 1 January 2010 and 30 November 2016. However, as the amount of the financial support to IMLI and to the World Maritime University is determined at the end of each year on the basis of the unspent programme funds allocated for use that year, there is no certainty as to how long this may be continued and, as the amount provided is not predictable and varies from year to year, for budget purposes is used for the admission of students for the following academic year.

### **Comments and observations**

8 As reported in paragraph 5, the operation of IMLI is funded by the Nippon Foundation, which continues to provide the major part of the funding required, and by a very small number of other donors. The Secretary-General recognizes and appreciates the contribution of all of them and, at the same time, also wishes to reiterate the Organization's particular gratitude to the Government of Malta for its generous in-kind support to IMLI and the hospitality its students enjoy throughout their stay in Malta.

9 However, whilst financial and in-kind contributions from other Member States, the shipping industry stakeholders and the international community in support of IMLI has been and is always welcomed, the absence of new donors has prevented and is preventing IMLI's growth as a higher education provider for the benefit of the shipping industry.

10 The Secretary-General wishes to express his appreciation to all Members of the Governing Board, of the Finance and Human Resources Committee and of the Academic Committee for their contribution to the work of IMLI during the period under review.

11 The Secretary-General appreciates the prudent management of IMLI's financial affairs and the building of IMLI's reserves, as well as the continuing efforts of IMLI's Director and personnel to develop other revenue-generating activities for the benefit of IMLI.

### **Action requested of the Council**

12 The Council is invited to consider the information provided in this document and comment as it may deem appropriate and in particular:

- .1 to note IMLI's revised Budget for 2016 and proposed Budget for 2017;
- .2 to express its thanks to the Government of Switzerland for supporting IMLI, since its establishment, financially and in kind and to note that the financial support provided by Switzerland to IMLI will end on 31 December 2016;
- .3 to note the financial support the Organization provided since 2010 to IMLI through the Integrated Technical Cooperation Programme; and
- .4 to note that, although the end of the Swiss financial support does not create any immediate concerns, the development has highlighted the need for the IMLI governing bodies to consider the risks and the consequences stemming from the current approach and the long-term sustainable funding of the operation of IMLI; and
- .5 to express its thanks to those who through their financial contributions have made possible the operation of IMLI during the period under review and to the Government of Malta for its continuing generous in-kind support to IMLI.

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**ANNEX 1**

**Income (in Euros)**

	<b>2015</b> Audited F.S. (1)	<b>2016</b> Revised Budget (2)	<b>2017</b> Proposed Budget (3)
<b>Donations</b>	301,061	351,744	431,182
<b>Fellowships/Additional Financing</b>	1,000,123	1,072,522	1,036,500
<b>Ph.D. Programme/Other Courses</b>	64,785	85,833	109,950
<b>Interest</b>	46,544	33,983	40,000
<b>Miscellaneous Income</b>	30,387	40,000	40,000
<b>GRAND TOTAL</b>	<b>1,442,900</b>	<b>1,584,082</b>	<b>1,657,632</b>

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**ANNEX 2**  
**Expenditure (in Euros)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
	Audited F.S. (1)	Revised Budget (2)	Proposed Budget (3)
<b>I) PERSONNEL COSTS</b>			
<b>A) Professional Staff</b>	483,751	653,404	717,539
<b>B.1) Visiting Fellows</b>	19,363	20,000	20,500
<b>B.2) Ph.D. Supervisors</b>	7,546	10,000	10,250
<b>C) Support Staff</b>	369,615	452,530	456,256
<b>D) NF Ocean Governance Project</b>	0	105,962	141,282
<b>TOTAL SECTION 1) PERSONNEL COSTS</b>	<b>880,275</b>	<b>1,241,896</b>	<b>1,345,827</b>
<b>II) STUDENT COSTS</b>			
1 Travel to/from Home Country	0	0	0
2 Stipend	64,585	69,930	75,600
3 Students' Allowances	4,050	4,200	4,500
4 Field Trip	14,058	15,000	15,000
5 Insurance	766	0	0
6 Posting of Books	3,533	4,000	4,000
7 Other Costs and Hospitality	13,290	14,000	14,000
<b>TOTAL SECTION II) STUDENT COSTS</b>	<b>100,282</b>	<b>107,130</b>	<b>113,100</b>
<b>III) MISSION TRAVEL</b>	<b>12,780</b>	<b>20,000</b>	<b>14,500</b>
<b>IV) LIBRARY</b>	<b>36,953</b>	<b>30,000</b>	<b>30,000</b>
<b>V) ADMINISTRATIVE EXPENSES</b>			
1.1 (a) Capital Equipment – Admin.	83	3,000	3,033
(b) Capital Equipment – Flats	0	3,000	3,033
(c) Security	0	0	0
1.2 Maintenance & Servicing	24,098	9,350	9,453
2 Communications	10,482	11,000	11,121
3 Stationery & Office Supplies	9,149	10,000	10,110
4 Transport, Fuel & Servicing	7,754	8,000	8,088
5 Utilities	23,343	24,000	24,264
6 Insurance	1,180	1,500	1,517
7 Publicity	3,221	3,500	3,539
8 Graduation	6,680	7,000	7,077
9 Hospitality	5,534	6,000	6,066
10 Auditor's & Accountancy Fees	31,019	31,000	31,341
11 Casual Works & Services	6,365	6,500	6,572

	<b>2015</b>	<b>2016</b>	<b>2017</b>
	Audited F.S. (1)	Revised Budget (2)	Proposed Budget (3)
12 Misc. Admin. Expense	4,065	3,500	3,537
13 Depreciation	24,906	0	0
<b>TOTAL SECTION V) ADMIN. EXPENSES</b>	<b>157,879</b>	<b>127,350</b>	<b>128,751</b>
<b>VI) RESERVE FUND</b>			
1) IT Fund	6,352	5,000	5,000
2) Publishing Fund	0	0	0
3) Building & Capital Fund	0	*30,000	0
4) Promotional/Printing Fund	0	0	0
<b>TOTAL SECTION VI) RESERVE FUND</b>	<b>6,352</b>	<b>35,000</b>	<b>5,000</b>
<b>GRAND TOTAL</b>	<b>1,194,521</b>	<b>1,561,376</b>	<b>1,637,178</b>

Note:

\* Expenditure allocated for the replacement of a 14-year old vehicle.