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Agenda item 4(d)

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RESOURCE MANAGEMENT

(d) Budget considerations for 2017

Note by the Secretary-General

SUMMARY

Executive summary:	This document provides an update of the Organization's 2017 budget which was presented by the Secretary-General, in document C 118/4(e), at the Council's July session this year. The Council will note that the status of the 2017 budget outturn in this document is consistent with that presented in document C 118/4(e). It is expected that expenditure figures for 2017 will remain within the approved appropriations of the regular budget and other budgetary funds up to the close of the period, with the Termination Benefit Fund and the Working Capital Fund requiring replenishment from funds remaining in the regular budget.
Strategic direction:	4
High-level action:	4.0.1
Planned output:	4.0.1.1
Action to be taken:	Paragraph 37
Related documents:	C 118/4(e); C 117/5(c); A 29/17(c), A 29/17(c)/Add.1; resolutions A.1098(29) and A.1100(29)

Introduction

1 The Secretary-General's initial assessment of budget prospects for 2017 was presented to the 118th session of the Council in document C 118/4(e), on the basis of the expenditure trend during the first four months of 2017. The Council noted that the budget forecast was expected to stay within the approved appropriation for 2017 with the exception of the Termination Benefit Fund, where supplementary funds were forecast. This document presents an updated review of the budget performance and prospects on the basis of actual performance for the year to 30 September 2017.

2 Table 1 shows the approved appropriations for 2016 and 2017, as decided by resolution A.1100(29). Both the regular budget and other related funds of the organization were approved by the Assembly as shown. The figures in the table also incorporate the supplementary funds to the Headquarters Capital Fund for 2016 and 2017 as decided by the Council at its 117th session.

Table 1
Appropriations of regular budget and other Funds of the Organization for 2016 and 2017

		2016		2017	
		£'000	YoY Change (%)	£'000	YoY Change (%)
Regular budget (i)		**32,618**	**0.0%**	**33,154**	**1.6%**
Other Funds total (ii)		**13,467**	**-8.8%**	**13,316**	**-1.1%**
	Trading Fund	5,983	0.7%	6,067	1.4%
	Headquarters Capital Fund	1,200	-57.7%	1,179	-1.8%
	Termination Benefit Fund	1,019	2.2%	1,103	8.2%
	Training and Development Fund	115	-18.4%	117	1.7%
	Technical Cooperation Fund	5,150	6.4%	4,850	-5.8%
TOTAL (i + ii)		**46,085**	**-2.7%**	**46,470**	**0.8%**

Review of externally driven price factors

3 The Council will recall that the regular budget appropriations approved by the last Assembly comprise the costs of regular staff, temporary staff and consultants as part of other personnel, official mission travel and general operating expenses. External factors have an impact on budgeted costs since a number of assumptions are used to build costs, hence the costs are sensitive to changes in external cost. The actual expenditure reflects movements in external pay and price factors in the UK economy and in the salaries and allowance levels set by the International Civil Service Commission (ICSC) and approved by the United Nations General Assembly.

Budgetary assumptions and actual movements

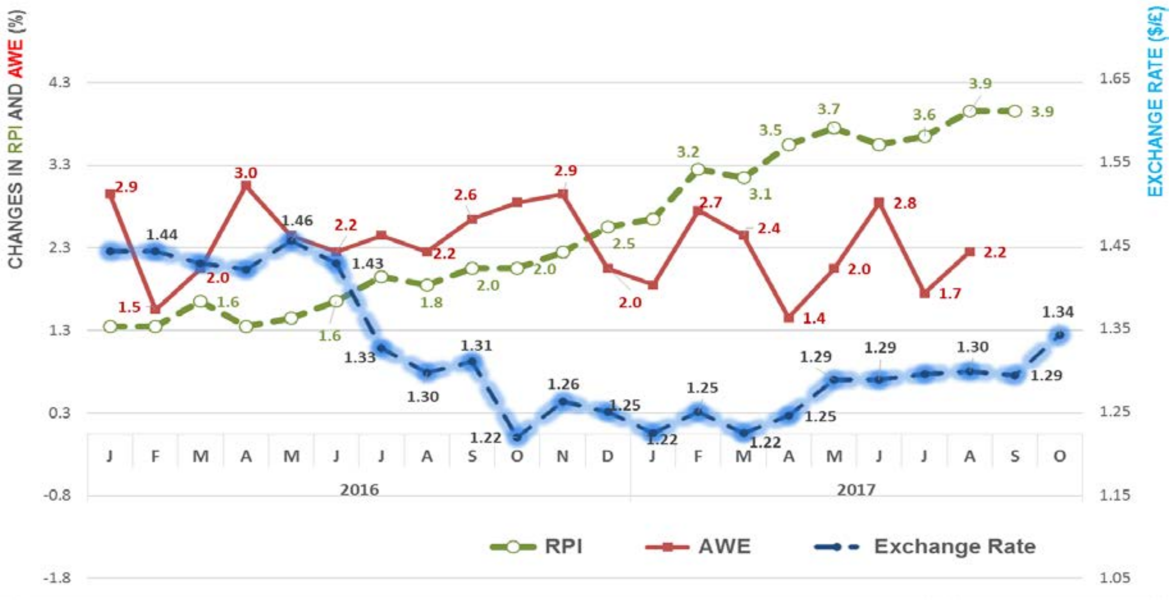
4 The budget for the 2016-2017 biennium was prepared based on the prevailing exchange and inflation rates available at the time of setting the budget in November 2015. Table 2 compares the budgetary assumptions for the 2016-2017 biennium with the latest available indices on the UK economy published by the UK Office for National Statistics and the actual movement of the United Nations Operational Rate of Exchange. Chart 1 illustrates the longer-term movement of those indicators.

Table 2
Trends of economic indicators

All values in %	Assumption	2017					2017	
	2016-2017	Jan	Mar	Jul	Aug	Latest Rate*	Average	Range
UK Average Weekly Earnings (AWE) changes [1/]	2.00	1.80	2.40	1.70	2.20	2.20	2.13	1.40 - 2.80
UK Average Retail Price Index (RPI) changes [2/]	2.00	2.60	3.10	3.60	3.90	3.90	3.39	2.60 - 3.90
USD/GBP exchange rate [3/]	1.50	1.22	1.22	1.30	1.30	1.34	1.28	1.22 - 1.34

1/ 12-month percentage changes of total pay measured monthly for average weekly earnings per job in the UK.
2/ Annual inflation rates – 12-month percentage changes.
3/ United Nations operational exchange rates (1GBP expressed in USD).
** Latest rates: August for AWE, September for RPI and October for exchange rate*

Chart 1
Movement of the budgetary assumption indicators (January 2016 to October 2017)



5 The annual inflation rate measured in terms of the Retail Price Index (RPI) continues to follow an upward trend with the September rate reaching 3.9%. The Average Weekly Earnings (AWE) Index has followed a range between 1.4% and 2.2% this year with the August rate at 2.2%. The annual average of both these measures remain above the budget assumption for 2017. The resulting impact of this is increased inflationary pressures across a number of cost categories, the most material of which is staff costs.

6 The value of the pound sterling against the US dollar has continued to strengthen against the US Dollar to $1.34 in October 2017, from a low of $1.22 in January. This increases the yearly average to $1.28 for £1, this remains below the budgetary assumption of $1.50.

Impact of exchange rate movement and ring-fencing results

7 The Council will recall that the budgetary shortfall or surplus arising from any difference between the United Nations Operational Rate of Exchange and the USD:GBP rate adopted for the calculation of appropriations is accounted for under the Working Capital Fund (WCF), in accordance with the Assembly's decision under resolution A.1100(29). Moreover, the Council, at its 112th session in June 2014, endorsed the Secretary-General's proposal to set the financing capacity of the WCF to a minimum base of £1.5 million and agreed that any depletion below that amount should trigger action by the Council to replenish the WCF to a maximum level of £2 million from any available reserves in the Organization's various Funds.

8 Based on the first nine months of the year and exchange rates to 30 September 2017, the accumulated loss arising as a result of this difference is £530,072, with the latest projection of the full year's exchange rate loss being £675,000.

9 As the Working Capital Fund (WCF) was replenished to £2 million at the start of 2017, the result of this loss would be that the resources available in the Fund would decline to £1.325 million by the end of 2017, and thus trigger the replenishment threshold. As required by the Assembly resolution, the Secretary-General therefore proposes that the WCF be replenished in full. As there are funds carried over in the regular budget for 2016 of £2 million, it is proposed that an estimated £675,000 be applied to replenish the WCF in full, in line with previous practice.

Cost-of-living adjustments and pensionable remuneration

10 For the purpose of budgetary planning, the staff costs budget for 2017 reflected cost-of-living increases of 2% for both staff in the Professional and higher categories and General Service staff.

11 Considering the impact of changing factors since the update presented in document C 118/4(e), with respect to the ICSC's unified compensation package (see document C 117/4(a)), which was approved by the United Nations General Assembly in December 2015, the necessary changes and updates have now been implemented. The final stage of the implementation entailed the implementation of new scales for education grant entitlements.

12 Further to the initial update provided in C 118/4(e), the increase of 1.018% on pensionable remuneration salary scales from 1 February 2017 resulted in an estimated budgetary impact of £110,000. The ICSC place-to-place cost-of-living survey results for Professional and higher grade staff in all United Nations headquarters duty stations (including London) has now been finalized and promulgated. Based on the new methodology and transitionary arrangements agreed, there is no overall increase resulting from this exercise for London.

13 For staff in the General Service (GS) category, the interim salary scale adjustment was made with effect from 1 May 2017 of 2.1% pay rise, based on the 12-month review of the pay and price indices movements in the UK. This is above the 2% increase budgeted for 2017 and the associated pensionable remuneration scale was also adjusted accordingly. The impact of the increase above the budgetary assumption is expected to be around £6,000.

Summary of externally driven price factors and budgetary implications

14 Using the most up to date financial information, table 3 summarizes the externally driven pay and price factors that impact the Organization's costs, showing the overall impact on the budget. In aggregate these external factors have increased budgeted costs by approximately £1.5 million.

Table 3
Summary of external price factors with regard to the budget for 2017

External factor	Assumed rate	Current estimate	Estimated impact on 2017 (in £'000)	Comments
Staff costs increases				
ICSC – Professional net remuneration change	2%	5%	615	Following the ICSC UN cost of living methodology changes
ICSC – Professional pensionable remuneration	0%	1.018%	110	In line with the New York post adjustment change.
ICSC – unified compensation package	Nil		(17)	£63,000 increase as a result of Phases 1 & 2, £80,000 reduction as a result of Phase 3
ICSC – General Service cost of living and pensionable remuneration	2%	2.1%	6	Based on the ICSC methodology
Health insurance increase	2%	14.62%	120	
Staff costs Total			£834	
Foreign exchange rate				
Exchange rate	$1.50	$1.22 - $1.30	£675	
Overall Total			£1,509	

Overview of the expenditure and forecast position of the regular budget for 2017

15 Despite the extent of the externally-driven cost increases summarized in paragraph 14, the overall expenditure for 2017 is projected to remain within the limits of the regular budget; this is due to staff cost savings achieved through vacant posts. The projected expenditure of £32.1 million for 2017 indicates there will be funds available of approximately £1 million.

Table 4
Forecast of the regular budget outturn by expenditure group as at 30 Sep 2017

2016 Outturn (£'000)	Objects of expenditure	2017 Appropriations (£'000)	2017 Expenditure (£ '000)		
			Actual (Jan-Sept)	Forecast (Oct-Dec)	Total (Jan-Dec)
22,164	Staff costs* (note 1)	24,930	17,496	5,985	23,481
1,921	Other personnel**	1,568	1,484	596	2,080
414	Official missions	597	301	227	528
5,016	General operating expenses	5,179	4,204	942	5,146
970	Funds replenishment	880	0	880	880
30,485	**Total**	**33,154**	**23,485**	**8,630**	**32,115**

** These reflect staff turnover of £550,000 for the 2017 budget*
*** This includes overtime, temporary assistance, consultancy and meetings personnel (interpreters and external translators)*

Staff complement and post management

16 The estimated unspent funds in 2017 as shown in table 4 are mainly attributable to underspends in staff costs resulting from the time-lapse in filling a number of vacant posts after the separation or retirement of staff. The budgetary forecast for the remaining three months of 2017 is based on the latest recruitment plan in place.

17 It should also be noted that the Organization uses every opportunity to review and reform and the Secretariat is committed: to critically assess the need for every vacant post; to transfer or redeploy posts in line with changes and imbalances in workload within and across divisions; to call for secondees and Junior Professional Officers (JPOs) from interested Member States, IGOs and NGOs (the number of JPOs/secondees totalled seven, as at 30 September 2017, from five Member States); to enforce the policy on no extension of contracts beyond normal retirement age; to reclassify every post to its original grade or less when it is vacated by an incumbent with a personal promotion; and, where applicable, to apportion to donor-financed projects the regular budget staff costs associated with their delivery.

Other personnel

18 The budget for other personnel in table 4 includes the costs of meetings personnel (translators and interpreters), which accounts for approximately 55% of the appropriation, the remaining 45% being attributable to temporary assistance, overtime and consultancy which are constantly under review to ensure costs are minimized. Of the vacant posts, 23 are currently covered by temporary staff, and consequently the savings under staff costs are partly offset by additional expenditure on other personnel.

Mission Travel and General Operating Expenditure

19 Official mission travel enables the Organization to play a full and effective part in global initiatives on relevant issues. Overall, expenditure for 2017 is estimated at £528,000, £69,000 less than projections. The budget for 2017 includes the travel for auditors' under the mandatory Member State Audit Scheme, for which the budgetary amount was £300,000. Member State Audit Scheme expenditure outturn is projected to reach £253,000, in line with the 23 audits planned for 2017, before increasing further for 2018, when 25 audits are planned. For other official mission travel, strengthened efficiency measures have been put in place to reduce cost by utilizing videoconferencing, better forward planning, advance flight/hotel reservation, the use of restricted economy class tickets and limited participation in international forums, where feasible.

General operating expenses and Funds Replenishment

20 General operating expenses include fixed costs for Headquarters premises (rents, rates, utilities and maintenance), office consumables and services (communications, minor equipment, IT maintenance, medical, Maritime Knowledge Centre, meetings and general expenses, etc.) as well as ancillary provisions (public information, shared costs for jointly financed United Nations bodies, etc.). Despite the increasing inflationary pressures, additional efforts were made to achieve better market prices through procurement resulting in this cost component being on course to remain within the approved appropriation.

21 As per the update in C 118/4(e) the Funds replenishment for the Headquarters Capital Fund (£120,000) for capital investments and to the Termination Benefit Fund (£759,900) for After Service Health Insurance (ASHI) costs, accrued annual leave and repatriation benefits has been completed as planned.

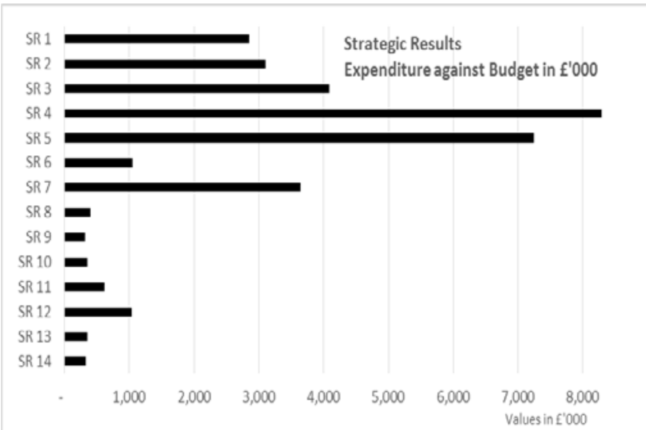
Expenditure details by Strategic Result (SR)

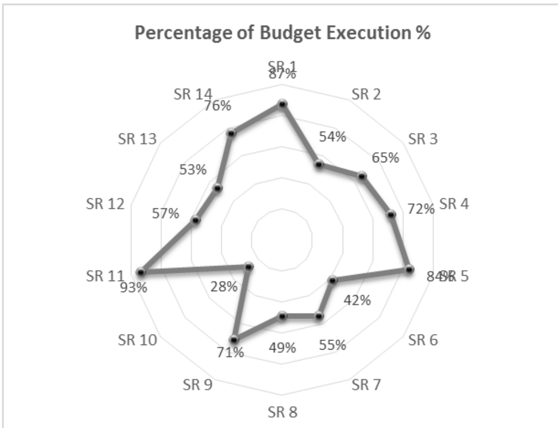
22 A summary of expenditure for each strategic result, which is set out in table 5, shows that total expenditure to 30 September 2017 amounted to £23.485 million, representing 71% of the approved budget for 2017. As can be seen in chart 2, which illustrates the comparison of expenditure with the approved budget for each strategic result, most strategic results show a budget execution rate greater than 65%, with the exception of SRs 2, 6-8, 10 and 12-13, the pattern largely being driven by the progress of the meetings scheduled and implementation plans.

Table 5
Status of regular budget appropriation by Strategic Result as at 30 September 2017

Strategic Results		Approved budget 2017 (a)	Expenditure Jan-Sep (b)	Expenditure % (b/a)	Balance £ c=a-b)
SR 1	Enhanced status as a primary international maritime forum	2,845,200	2,483,990	87%	361,210
SR 2	Enhanced global compliance and uniform implementation	3,097,100	1,681,740	54%	1,415,360
SR 3	Strengthened capacity-building	4,092,700	2,675,690	65%	1,417,010
SR 4	Enhanced governance, management and administration	8,294,600	5,965,050	72%	2,329,550
SR 5	Enhanced safety of human life at sea	7,241,700	6,098,550	84%	1,143,150
SR 6	Enhanced security of the maritime transport network	1,052,600	439,750	42%	612,850
SR 7	Reduced adverse impact on the environment	3,645,300	1,989,020	55%	1,656,280
SR 8	Ensured efficiency of shipping	400,500	196,610	49%	203,890
SR 9	Increased attention to SIDS and LDCs	320,600	229,140	71%	91,460
SR 10	Goal-based standards applied	359,000	100,090	28%	258,910
SR 11	Raised profile of the safety, security and environmental records of shipping	623,900	582,060	93%	41,840
SR 12	Enhanced quality of shipping	1,038,000	596,740	57%	441,260
SR 13	Enhanced environmental awareness	359,000	191,910	53%	167,090
SR 14	Reduced administrative burdens	333,800	254,710	76%	79,090
	Staff turnover	(550,000)			(550,000)
	TOTAL	**33,154,000**	**23,485,050**	**71%**	**9,668,950**

Chart 2
Comparison of expenditure with the approved budget for each Strategic Result





Status of the Organization's other Funds

23 The following paragraphs set out the status of the other budgetary funds of the Organization, namely, the Trading Fund, the Headquarters Capital Fund, the Termination Benefit Fund, the Training and Development Fund and the Technical Cooperation Fund.

Status of the Trading Fund for 2017

24 As at 30 September 2017, income generated under the Trading Fund amounted to £7.96 million, which comprised £7.39 million from publications sales (including interest earnings and miscellaneous income) and £0.57 million from catering and other miscellaneous income, as set out in table 6. Overall income projected for the year is some £1.17 million lower than the 2016 outturn, which is mainly because of the relatively small number of planned new editions in 2017 and the sales cycles of existing editions. Catering sales are forecast to be around the same level as 2016, based on the existing bookings.

Table 6
Status of the Trading Fund as at 30 September 2017

2016 Outturn (£'000)	**Statement**	**2017 Appropriations (£'000)**	**Prospective status for 2017 (£'000)**		
			Actual (Jan-Sept)	**Forecast (Oct-Dec)**	**Total (Jan-Dec)**
11,926	Publication sales	10,949	7,186	3,581	10,767
700	Catering	700	565	124	689
343	Interest earnings/ miscellaneous income	371	204	138	342
12,969	**Income (a)**	**12,020**	**7,955**	**3,843**	**11,798**
1,471	Publishing personnel	1,766	1,161	460	1,621
2,219	Publishing operating expenses	2,458	1,219	1,467	2,686
480	Reimbursement/support costs	549	238	272	510
4,170	**Publication costs subtotal**	**4,773**	**2,618**	**2,199**	**4,817**
507	Catering personnel	522	350	103	453
660	Catering operating expenses	623	480	147	627
152	Reimbursement/support costs	149	108	33	141
1,319	**Catering costs subtotal**	**1,294**	**938**	**283**	**1,221**
5,489	**Expenditure (b)**	**6,067**	**3,556**	**2,482**	**6,038**
7,480	**Net income for the year (c=a-b)**	**5,953**	**4,399**	**1,361**	**5,760**

25 In respect of the Trading Fund expenditure, maximum economies are being sought, wherever possible, both in the delivery of commercial services and in negotiations with external suppliers. Total expenditure is projected at £6.04 million for 2017, resulting in a projected surplus of £5.76 million. The 2016 and 2017 surpluses will be distributed, as shown in table 7, in accordance with the distribution formula in resolution A.1063(28): 80% to the Technical Cooperation Fund (of which 5% will be ring-fenced as a surplus allocation to the World Maritime University to support its finances), 12.5% to the Headquarters Capital Fund, 1.5% to the Training and Development Fund, 1% to the Termination Benefit Fund and 5% to reduce the Member States' assessments for the regular budget.

Table 7
Distribution of Trading Fund surpluses

	In-year surplus amount	Technical Cooperation Fund		Headquarters Capital Fund	Training and Development Fund	Termination Benefit Fund	Reduction in Member States' assessments
	100%	80%	(WMU support)	12.5%	1.5%	1.0%	5.0%
Actual distribution of 2016 surplus	**£7,480,867**	**£5,984,693**	**£299,235**	**£935,108**	**£112,213**	**£74,809**	**£374,044**
Prospective distribution of 2017 surplus	£5,760,000	£4,608,000	£230,400	£720,000	£86,400	£57,600	£288,000

Headquarters Capital Fund

26 The Council will recall from its 117th and 118th sessions that a number of urgent and unavoidable major works arose during late 2016, in the areas of building infrastructure, IT infrastructure (specifically in relation to the Wi-Fi connectivity) and the ERP costs associated with the adoption of the new ICSC compensation package, with additional funds being allocated by Council at its 117th session. Work on the ICSC implementation and urgent building management works has been completed, whilst work on the Wi-Fi is expected to complete over the coming weeks. The overall resource requirement for this year under the Headquarters Capital Fund is projected to remain within the revised budget, as shown in table 8.

Table 8
Status of the Headquarters Capital Fund as at 30 September 2017

2016 Outturn £'000	Expenditure statement	2017 Appropriation £'000	Prospective status for 2017 (£'000) Actual (Jan-Sept)	Forecast (Oct-Dec)	Total (Jan-Dec)
202	Major building repairs	297	118	177	295
23	Equipment/furniture/vehicles	20	3	13	16
900	IT/IS and SAP system	862	502	357	859
1,125	**Expenditure total**	**1,179**	**623**	**547**	**1,170**

Termination Benefit Fund

27 As noted previously in both the 117th and 118th sessions of the Council, it is expected that expenditure on the Termination Benefit Fund will exceed the appropriated amounts as a result of the increase in ASHI premiums during 2017 and termination payments made. As shown in table 9, the projection amounts to £438,000. The Secretary-General therefore proposes a transfer of £438,000 from the regular budget to the Termination Benefit to cover these mandatory expenses.

Table 9
Status of the Termination Benefit Fund as at 30 September 2017

2016 Outturn £'000	Expenditure statement	2017 Appropriation £'000	Prospective status for 2017 (£'000) Actual (Jan-Sept)	Forecast (Oct-Dec)	Total (Jan-Dec)
347	Termination and repatriation	470	18	697	715
658	After-service health insurance (ASHI)	618	576	235	811
10	Replacement of long-term sick leave	15	2	13	15
1,015	**Expenditure total**	**1,103**	**596**	**945**	**1,541**

Training and Development Fund

28 Following a learning and development needs assessment in 2016, implementation of the training and development plan is in progress. Various training programmes for leadership, personal development and ICT proficiency are being undertaken through a special arrangement with commercial training providers, while other needs will be met through the use of in-house expertise. The language training and induction programme for translators is planned as usual with delivery expected towards the end of the year.

Table 10
Status of the Training and Development Fund as at 30 September 2017

2016 Outturn £'000	Expenditure statement	2017 Appropriation £'000	Prospective status for 2017 (£'000) Actual (Jan-Sept)	Forecast (Oct-Dec)	Total (Jan-Dec)
38	Performance/HR Management	71	33	32	65
38	Language training	38	27	8	35
7	Induction programme for translators	8	2	6	8
83	**Expenditure total**	**117**	**62**	**46**	**108**

Technical Cooperation Fund

29 The Technical Cooperation Fund budgets for the current biennium are split by geographical regions and were approved by the Assembly in resolution A.1100(29). The Fund's actual expenditure in delivering the Organization's Integrated Technical Cooperation Programme (ITCP) is £1.95 million to September. Taking into account planned activities and commitments incurred and the impact of the exchange rate for the year, delivery is forecast to reach £4.3 million by the end of the year.

Table 11
Status of the Technical Cooperation Fund as at 30 September 2017

2016 Outturn £'000	Expenditure region	2017 Appropriation £'000	2017 Actual (Jan-Sept)	Forecast (Oct-Dec)	Total (Jan-Dec)
1,026	Africa	1,213	421	566	987
114	Arab States/Mediterranean	340	25	35	60
285	Asia	430	151	96	247
141	Pacific Islands	200	20	117	137
17	Eastern Europe	65	28	9	37
309	Latin America	356	94	204	298
282	Caribbean	323	119	59	178
2,644	Global programmes	1,923	1,092	1,268	2,360
4,818	**Expenditure total**	**4,850**	**1,950**	**2,354**	**4,304**

Status of extra-budgetary programmes

30 The extra-budgetary activities and resources are a vital part of delivering the strategic objectives of the Organization as well as the successful implementation of IMO's treaties and technical instruments by Member States. A number of major projects/programmes are underway, with numerous major milestones being achieved, including:

- Capacity-Building for Climate Mitigation in the Maritime Shipping Industry via the network of Regional Maritime Technology Cooperation Centres (MTCCs) or the Global MTCC Network (GMN) Project in short. The GMN project is funded (€10 million) by the European Union and is implemented by IMO. As at October 2017, five MTCCs have been established and four of them have become fully operational. These MTCCs have made significant progress in delivering the initial milestones and have started building the regional capacities through national and regional workshops and training activities. The MTCCs are expected to conclude a memorandum of understanding in December 2017 for forming a global network of MTCCs to promote cooperation and collaboration among the MTCCs thus making a significant contribution to IMO's continuing widespread efforts to ensure effective implementation and enforcement of the global energy efficiency regulations for international shipping;

- Transforming the Global Maritime Transport Industry towards a Low Carbon Future through Improved Energy Efficiency (GloMEEP). The GloMEEP project, being executed by IMO in partnership with UNDP, is mainly funded ($2 million) by the Global Environment Facility (GEF). The overall goal of the Project is to strengthen the national capabilities for countries to become party to and effectively implement MARPOL Annex VI. The project supports a number of Lead Pilot Countries (LPCs) in taking a fast-track approach to pursuing relevant legal, policy and institutional reforms, driving national government action and industry innovation to support the effective implementation of IMO's energy efficiency requirements. The GloMEEP Project has implemented, during the reporting period, a number of activities at global, regional and national levels. These activities included development of guidance documents and training materials, assistance with the development of policies, strategies and regulations to support implementation of IMO's energy efficiency measures for shipping, delivering global, regional and national training activities and the establishment of a public-private sector partnership namely, the Global Industry Alliance to Support

Low Carbon Shipping (GIA) within the project framework. The project also completed the development of an Energy Efficiency Technologies Information Portal, based on the scoping document developed by the Ad Hoc Expert Working Group on Facilitation of Transfer of Technology for Ships (MEPC 69/5); and

- Enhancing the capacity of countries to prepare for and respond to marine oil spills in West, Central and Southern Africa through the Global Initiative for West, Central and Southern Africa (GI WACAF) Project. Launched in 2006, the Project is a partnership between IMO and IPIECA, the global oil and gas industry association for environmental and social issues, and is currently funded by IMO and seven oil companies at approximately $500,000/year. The Project covers 22 countries and its scope is to organize workshops, trainings, seminars and exercises in collaboration with national authorities with responsibilities in oil spill preparedness and response and in partnership with local oil industry business units. The Project also aims to promote cooperation between government agencies, both nationally and regionally, as well as with the oil and gas industry in order to encourage effective and sustainable progress. For more than 10 years since its launch, the Project has overseen significant advancements in the oil spill preparedness and response capacity in the region and continues to demonstrate its capacity to adapt and to innovate, enabling it to respond to the various needs of its many partner countries. It reached the significant milestone of implementing its 100th capacity-building activity in June this year. The Project falls under the Global Initiative (GI) Programme established between IMO and IPIECA to facilitate the ratification and implementation of the OPRC 90 Convention and the international liability and compensation regime in many regions worldwide.

31 The financial outturn under the various donor/trust Funds of the Organization stands at $5.2 million as at 30 September 2017, based on the current plans and delivery rate the projected outturn for the year is project at $8.4 million.

Table 12
Status of extra-budgetary programmes as at 30 September 2017

2016 Outturn US$'000	**Expenditure region**	**2017 Budget* US$'000**	**2017 Actual (Jan-Sept)**	**2017 Forecast (Oct-Dec)**	**2017 Total (Jan-Dec)**
621	Africa	286	145	41	186
760	Arab States/Mediterranean	800	419	296	715
560	Asia	551	148	232	380
5,862	Global programmes	14,077	4,477	2,672	7,149
7,803	**Expenditure total**	**15,714**	**5,189**	**3,241**	**8,430**

** The expenditure budget for 2017 is based on the Programme Implementation Documents (PIDs) formulated / revised by 30 Sept 2017*

Summary

32 Table 13 summarizes the forecast expenditure status of all budgetary Funds (other than donor/trust Funds) for 2017, showing total expenditure forecast to be £45.2 million by the end of the year, an increase of 5.25% on the 2016 outturn of £43.0 million.

Table 13
Summary of Fund status as at 30 September 2017

	2016	2017			
	Expenditure outturn	**Budget (a)**	**Projection (b)**	**Balance (c) (a) - (b)**	**Projected Balance as % of Budget (c) / (a)**
Regular budget (i)	**30,485**	**33,154**	**32,115**	**1,039**	**3.1%**
Other Funds total (ii)	**12,530**	**13,316**	**13,161**	**155**	**1.2%**
Trading Fund	5,489	6,067	6,038	29	0.5%
Headquarters Capital Fund	1,125	1,179	1,170	9	0.8%
Termination Benefit Fund	1,015	1,103	1,541	(438)	(39.7%)
Training and Development Fund	83	117	108	9	7.7%
Technical Cooperation Fund	4,818	4,850	4,304	546	11.3%
TOTAL (i+II)	**43,015**	**46,470**	**45,276**	**1,194**	**2.6%**

33 The overall expenditure outturns for 2017 of the regular budget, other Funds, with the exception of the Working Capital and Termination Benefit Funds (as detailed in paragraphs 6 to 7 and 25 respectively), are expected to remain within the approved appropriations for the year.

Budgetary transfers in 2017

34 On the basis of the review of the status of the regular budget for 2017, it is assessed that significant budget transfers between Strategic Results will not be required. Nevertheless, in order to be prepared for unforeseen circumstances, the Secretary-General seeks the Council's authorization to make timely transfers as necessary between strategic results to the extent that balances are available to cover or reduce deficits in each strategic result appropriation balance, provided that such transfers are in accordance with the Organization's Financial Regulations and Financial Rules.

35 As noted in paragraphs 7 to 9, it is necessary to replenish the Working Capital Fund, and the Secretary-General proposes that this be done effective 1 January 2018 from resources available in the regular budget for the current biennium, the required amount is currently estimated to be £675,000.

36 To address the additional funds required under the Termination Benefit Fund for 2017, the Secretary-General proposes a revised budget as summarized in table 14 below to be financed from available funds in the regular budget.

Table 14: Revised budget proposal of the Termination Benefit Fund for the 2016-2017 biennium

(All amounts in £'000)	Approved		Revised Proposal		Biennial Totals		
	2016 (a)	**2017 (b)**	**2016 (c)**	**2017 (d)**	**Approved (e=a+b)**	**Revised (f=c+d)**	**Change (f-e)**
Termination and repatriation	415	470	415	715	885	1,130	245
After-service health insurance (ASHI)	589	618	589	811	1,207	1,400	193
Replacement of long-term sick leave	15	15	15	15	30	30	0
Expenditure total	**1,019**	**1,103**	**1,019**	**1,541**	**2,122**	**2,560**	**438**

Action requested of the Council

37 The Council is invited to:

.1 **note** the review on external pay and price factors and their budgetary impacts (paragraphs 3 to 14, tables 2 and 3, and chart 1);

.2 **note** the impact of exchange rates movements (paragraphs 7 to 9) and **authorize** the Secretary-General to replenish the Working Capital Fund up to £2 million through transfer the differential amount (currently assessed to be £0.675 million), as of 1 January 2018, from the resources available in the regular budget (paragraph 35);

.3 **note** the forecast outturn of regular budget expenditure for 2017, assessed to be kept within the approved appropriation for 2017 (paragraphs 15 to 22, tables 4 and 5 and chart 2);

.4 **note** the income and expenditure outturn and forecast in the Trading Fund (paragraphs 24 and 25 and tables 6 and 7);

.5 **note** the expenditure status of the Headquarters Capital Fund (paragraph 26 and table 8); the Training and Development Fund (paragraph 28 and table 10); the Technical Cooperation Fund (paragraph 29 and table 11); and extra-budgetary programmes (paragraphs 30 to 31 and table 12);

.6 **note** the Termination Benefit Fund (paragraph 27 and table 9); and **approve** the Secretary-General's proposal of the revised budget of the Termination Benefit Fund for the 2016-2017 biennium and its financing source of the supplementary funds from the resources available in the regular budget for the current biennium (paragraph 36 and table 14);

.7 **authorize** the Secretary-General to make, as and when necessary, timely transfers between Strategic Results in the regular budget to the extent that balances are available to cover or reduce deficits in Strategic Results appropriation balances, provided that such transfers are in accordance with the Organization's Financial Regulations and Financial Rules (paragraph 33).

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