INTERNATIONAL MARITIME ORGANIZATION

IMO

E

COUNCIL – 24th extraordinary session

C/ES.24/SR.1
15 November 2007
Original: ENGLISH

SUMMARY RECORD OF THE FIRST MEETING

**held at The Royal Lancaster Hotel, London W2 2TY
on Thursday, 15 November 2007 at 9.30 a.m.**

Chairman:	Mr. J. FRANSON (Sweden)
Vice-Chairman:	Mr. D. NTULI (South Africa)
Secretary-General:	Mr. E. E. MITROPOULOS

A list of participants is given in document C.ES/24/INF.1.

N.B. Corrections to the summary record should be submitted in writing, preferably on a copy of the summary record, to the Conference Division, IMO Secretariat, 4 Albert Embankment, London SE1 7SR not later than 18 April 2008.

Corrections to all summary records of the session will be issued in a consolidated corrigendum.

For reasons of economy, this document is printed in a limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

IMO60
60 YEARS IN THE SERVICE OF SHIPPING

CONTENTS

OPENING OF THE SESSION

The CHAIRMAN declared open the twenty-fourth extraordinary session of the Council, and extended a warm welcome to all members.

INVITATION TO NON-MEMBERS OF THE COUNCIL TO ATTEND THE SESSION

The CHAIRMAN said that in accordance with article 20 of the IMO Convention and rule 4 of the Council's Rules of Procedure, a number of Members of the Organization which were not Members of the Council had expressed the wish to participate in the session, namely Angola, Antigua and Barbuda, Barbados, Belize, Benin, Bolivia, Bulgaria, Colombia, Côte d'Ivoire, Cuba, the Democratic Republic of the Congo, the Dominican Republic, Ecuador, Gambia, Ghana, Guatemala, Honduras, Iran (Islamic Republic of), Jamaica, Liberia, the Marshall Islands, Monaco, Morocco, Myanmar, New Zealand, Nigeria, Pakistan, Papua New Guinea, Peru, Poland, Qatar, Saint Vincent and the Grenadines, Senegal, Slovenia, the Syrian Arab Republic, Tonga, Ukraine, Uruguay, Vanuatu, Venezuela and Yemen. He suggested that the representatives of those countries should be invited to attend the session as observers, and that the representative of Hong Kong (China) (Associate Member) should also be invited to attend as an observer.

It was so decided.

AGENDA ITEM 1 – ADOPTION OF THE AGENDA (C/ES.24/1/Rev.1)

The SECRETARY-GENERAL said that the Secretariat had endeavoured to comply with the "Guidelines on the organization and method of work of the Council" (Circular letter No.2601) to the extent possible.

The CHAIRMAN invited the Council to adopt the agenda contained in document C/ES.24/1/Rev.1.

It was so decided.

AGENDA ITEM 2 – REPORT OF THE SECRETARY-GENERAL ON CREDENTIALS (C/ES.24/2)

The SECRETARY-GENERAL reported that credentials had not yet been received from all delegations and invited Members which had not submitted their credentials to do so as soon as possible.

AGENDA ITEM 3 – STRATEGY AND PLANNING:

(a) MONITORING OF PERFORMANCE

Mr. NTULI (South Africa), speaking in his capacity as Chairman of the *Ad Hoc* Working Group on the Organization's Strategic Plan, said that the working group had held its seventh session at Lloyd's Register of Shipping from 24 to 26 September 2007 and its report was set out in the annex to document C/ES.24/3(a).

He recalled that at its sixth session in March 2007, the working group had carried out a detailed review of the Strategic Plan contained in resolution A.970(24), and that the Council had subsequently endorsed a number of recommendations made by the group to update and improve certain sections of the Plan. Subsequently at its seventh session, the group had built on those developments, agreed some further changes to those sections, and finalized the updated Strategic Plan for the Organization for the six-year period from 2008 to 2013 and its related Assembly resolution, which were set out in appendix 1 of the report now before the Council.

With respect to the Organization's High-level Action Plan, the working group had considered the status of outputs actually delivered during the current biennium in relation to those planned in advance under resolution A.971(24). On that point, the group had concluded that IMO had effectively engaged in the delivery of its planned outputs and that it was moving steadily in the direction of its long-term goals. The group had also felt that, following the first biennium of the existence of a High-level Action Plan, the interconnections between the Strategic and High-level Action Plans and the planned biennial outcomes were not yet sufficiently assimilated within IMO. Therefore, to promote a cultural shift throughout the Organization and firmly embed such interconnections within it, the working group had made the nine recommendations set out in paragraph 13 of its report.

The group had then considered IMO's proposed outputs for the future and, having made some changes to them to reflect recent developments, had finalized the updated High-level Action Plan of the Organization and priorities for the 2008-2009 biennium and its related Assembly resolution, which were set out in appendix 2 of the report.

The third major item on the working group's agenda had been the consideration of updated information on progress made against the Strategic Plan's performance indicators. Having examined the data and analyses presented, the group had expressed satisfaction with the progress being made towards achieving IMO's long-term objectives. In that regard, the group had decided to take the action listed under paragraph 24 of its report and concluded that it should advise the Council that greater emphasis needed to be given to the Organization's ongoing efforts in the following areas: addressing the safety of non-Convention ships; monitoring and acting on, as necessary, the unexpected increase in accidents, particularly in the tanker sector, which had occurred in late 2006/early 2007; continually strengthening IMO's role with respect to the human element; improving the PSC non-compliance rate by promoting greater efforts by all parties in the chain of responsibility; addressing the safety of life and navigation in waters affected by acts of piracy and armed robbery; and promoting and raising the profile, quality and environmental consciousness of shipping and ensuring that those were permanent tasks for all concerned.

The working group had then considered its future work, concluding that, subject to the Council's approval of the recommendation to develop guidelines on the application of the Strategic and High-level Action Plans to which he had already referred, it would need to meet twice during the next biennium.

Having completed the tasks assigned to it under its terms of reference, the working group had finally had a comprehensive debate on a submission by five Member States setting out basic principles for the committees' assessment of proposals for new work programme items against the Strategic and the High-level Action Plans. The group had expressed overwhelming support for the proposals in the paper and concluded that they should be taken into account in the development of the guidelines on the application of the Strategic and High-level Action Plans. The group had also decided to seek preliminary views on those proposals from the meeting of the chairmen of committees and subcommittees, held in the margins of MSC 83, and the favourable outcome of that meeting had been reflected in the report now before the Council. To take that matter forward, the group was now inviting the Council to approve the establishment of a correspondence group to develop the aforementioned guidelines, with the terms of reference set out in paragraph 29.2 of the report before it. In that regard, he informed the Council that Mr. K. Polderman of the Netherlands had kindly offered to coordinate the correspondence group.

Having had an extremely productive meeting, the working group now invited the Council to take the action indicated in paragraph 4 of the cover note to document C/ES.24/3(a), and in particular to approve the draft Assembly resolutions on the updated Strategic and High-level Action Plans and to forward them to the Assembly for adoption.

In conclusion, he expressed appreciation to Lloyd's Register of Shipping for their generous hospitality, to the members of the working group for their valuable contributions, and to the Secretary-General and his staff for their support.

The SECRETARY-GENERAL thanked the Chairman of the *Ad Hoc* Working Group on the Organization's Strategic Plan for his succinct account of its seventh session. The working group had been able successfully to complete the important tasks assigned to it by the Council, in particular finalization of two draft Assembly resolutions on the Organization's updated Strategic Plan and High-level Action Plan.

The working group's deliberations continued to demonstrate, through comprehensive analysis of developments and performance within IMO and the maritime community at large, that the links between the Organization's strategic objectives, high-level actions and planned outputs were coherent and robust.

On the basis of detailed examination of biennial outputs and performance data undertaken during its sixth and seventh sessions, the group had been able to conclude that the Organization was effectively engaging in delivery of its planned outputs and was moving steadily towards its long-term goals. That review had also enabled the group to identify where the framework of organizational objectives and priorities required some updating, and the result of that work was now before the Council in the form of the two draft Assembly resolutions, whose approval for adoption by the twenty-fifth Assembly he strongly recommended.

The plans attached to the two resolutions constituted the dual pillars of that strategic framework, and while they had been in place concurrently only during the current biennium, he believed that the improvements identified by the group would help ensure that the framework stood the test of time and served the overall purpose of guiding the Organization towards achieving its targeted results. The development and adoption of guidelines on the application of the two plans would further facilitate that overall purpose by promoting greater consistency throughout the Organization in respect of strategic planning, work programme construction, budgeting, performance monitoring and assessment of results. The group's further recommendations, aimed at instilling a culture of systematic and permanent referral to the Strategic and High-level Action Plans into the Organization's daily work, were in turn also constructive.

Finally, he welcomed the fact that the excellent collaboration that the working group had enjoyed with the Secretariat under the leadership of the current Council Chairman had been maintained throughout the current biennium under Mr. Ntuli's chairmanship. That collaboration had facilitated further substantive improvement of the analytical and programme documentation submitted to the group, which had expressed its appreciation to the Secretariat in that regard, especially concerning the fact that the documentation had facilitated a holistic approach to the group's responsibilities.

Mr. POLDERMAN (Netherlands) welcomed the outcome of the group's seventh session. His delegation concurred fully with the report's observations, conclusions and recommendations. For the reasons given in the report, the Netherlands saw considerable merit in developing guidelines on the application of the Strategic Plan and the High-level Action Plan. However, that would be a challenging task, given the large number of issues and factors relating to strategic planning within the Organization – an integrated and comprehensive approach was essential.

Examples of the many and various issues to be covered by the proposed guidelines could be found in the Council's current agenda: sub-item 3(b) dealing with the report on the second session of the Council Working Group on Risk Review, Management and Reporting, which highlighted the importance of clear and strict linkage between risk management and strategic planning – that linkage would have to be elaborated further; item 6 dealing with the budget proposals for the 2008-2009 biennium – the link between what the Council wished to achieve over time and what the Organization would be allowed to spend was clear, and the challenge involved strengthening and applying that linkage; item 9 addressing the report of MSC 83 – the guidelines would have to take into account that report's ninth action item concerning matters relating to application of the Committee's guidelines, in particular the assessment of proposed new work items; agenda item 10 dealing with the report of the Legal Committee, in particular incorporating the outcome of the meeting of committee chairmen to discuss the committees' working methods, which would have to be incorporated into the proposed new guidelines; item 12(d) to examine the Secretary-General's proposals for entering into agreements of cooperation with the ReCAAP Agreement and the Marine Accident Investigators' International Forum – in particular the question of how to frame such arrangements in the strategic planning process would have to be considered; and finally agenda item 12(e), concerning the report of the Joint Inspection Unit on its review of IMO's management and administration – there was every reason to take advantage of the JIU report in the proposed guidelines.

Mr. ANASTASAKOS (Greece) endorsed the comments of the previous speaker and also the content of document C/ES.24/3(a), which he felt confident would prove acceptable to the twenty-fifth Assembly. Greece considered that development of target performance levels, assessment of new work programme items and the establishment of standardized procedures for monitoring work programme items against proposed outputs would provide a sound basis for the correspondence group's terms of reference. Greece intended to work actively to further that group's objectives. The previous two years of the first revision cycle of the IMO Strategic Plan had made clear its purpose. However, the development of guidelines on the application of the Strategic Plan and the High-level Action Plan should be considered a high-priority component of the *ad hoc* working group's future work programme.

Mr. MOKHTAR (Egypt) welcomed the group's efforts and said his delegation could approve the transmission of the two draft resolutions contained in its report to the Assembly for adoption.

Mr. OLIMBO (Italy) commended the *ad hoc* working group on its progress and said his delegation supported the general content of its report and could approve the transmission of the two draft resolutions therein to the Assembly for adoption.

Mr. CHEOK HONG (Singapore) endorsed the previous speakers' comments, adding that the Strategic Plan was vital for ensuring that the Organization devoted appropriate resources and time to develop its priorities. His delegation endorsed the view that the Strategic Plan must be the work of the whole Organization, that the chairmen of the committees must be involved in reviewing both the Strategic and High-level Action Plans, and that all IMO organs should devote sufficient time to systematic consideration of high-level actions and maintain awareness of interconnections between their own work and those plans.

Mr. USTAOĞLU (Turkey) endorsed the report contained in document C/ES.24/3(a), commended Mr. Ntuli on his chairmanship of the *ad hoc* working group and thanked Lloyd's Register for its generosity in hosting the group's seventh session.

Mr. IKIERA (Kenya) and Mr. ADEWA (Indonesia) endorsed the content of the report and supported transmission of the two draft resolutions it contained to the Assembly for adoption.

Mr. POLDERMAN (Netherlands), referring to the third action point of the document under discussion, which proposed approval of the updated High-level Action Plan, said that some outputs concerning the high-level actions that were relevant to the NAV Sub-Committee, of which he was chairman, were missing from the relevant section (5.2.4) of the Plan as attached to the associated draft resolution. Technically, therefore, the Council's approval would be incomplete, but he would take up the matter with the Secretariat after the meeting.

The CHAIRMAN invited the Council to note the information set out in document C/ES.24/3(a) and that provided orally by the Chairman of the *Ad Hoc* Council Working Group on the Organization's Strategic Plan and by the Secretary-General.

In particular, he invited the Council to note the Group's discussions on the Strategic Plan, the High-level Action Plan, its analysis of data on the performance indicators, its future work programme and other matters and endorse its related recommendations for necessary action by all IMO organs; to approve, as amended, the updated Strategic Plan for the Organization (for the six-year period 2008 to 2013) together with an associated draft Assembly resolution, and forward them to the twenty-fifth regular session of the Assembly for adoption; to approve, as amended, the updated High-level Action Plan of the Organization and priorities for the 2008-2009 biennium, together with an associated draft Assembly resolution, and forward them to the twenty-fifth regular session of the Assembly for adoption; to approve the report in general; to express appreciation to Lloyd's Register of Shipping for hosting the meeting and for its generous hospitality throughout the session; and to thank the chairman and members of the working group, and the Secretary-General and the Secretariat, for the successful outcome of the group's seventh session.

It was so decided.

Mr. CHRYSOSTOMOU (Cyprus) wondered whether the wording of operative paragraphs 2 and 4 of the draft Assembly resolution in appendix 2 to document C/ES.24/3(a) might lead to a further two-year delay before the Organization's updated High-level Action Plan could actually begin being implemented, and asked what could be done to ensure that the committees adhered to their soon to be approved work plans and programmes for the 2008-2009 biennium.

The CHAIRMAN said that there was no question of the high-level actions for the next biennium being postponed.

The SECRETARY-GENERAL said that it would be up to the Council, as coordinator of the committees' work, to ask them to begin implementing the guidelines once they appeared to be making satisfactory progress.

Mr. CHRYSOSTOMOU (Cyprus), satisfied with the answers given, said that the lack of guidance on the manner of implementation meant that there was a chance of the views of the committees differing from those of the Council, especially over action points not necessarily within its purview, such as the tasks they were assigned under their respective conventions. What he wanted, first and foremost, was reassurance that the committees would not diverge from whatever work plans and programmes the Assembly approved the following week.

The CHAIRMAN said that the MSC and the MEPC had always been recognized as having their own convention-related tasks to fulfil, and that it would not prevent the Council from following the usual procedure of working out guidelines and having them accepted.

Ms. BERGLUND (Sweden) recalled that the working group had discussed the matter of deadlines for the adoption of guidelines, and had decided that it would be better if draft guidelines were prepared early in the biennium. As for the second question raised by the representative of Cyprus, the working group needed committee chairmen to play a proactive role and convention-related issues would be dealt with by the Intersessional Correspondence Group.

Mr. NTULI (South Africa) (Chairman of the *Ad Hoc* Council Working Group on the Organization's Strategic Plan) said that the Strategic Plan and High-level Action Plan were already in the process of being implemented and were in no way being shelved in the absence of guidelines. The overriding concern of the working group had been to have an instrument to help accelerate the implementation by providing greater clarity and bringing the work of the various committees into line with the Plans. To that end, it had been vigorously encouraging committee chairmen to become actively involved in its work and in that of the Intersessional Correspondence Group.

(b) RISK MANAGEMENT (C/ES.24/3(b))

The CHAIRMAN recalled that the Council, at its previous session, had received the report of the first session of its Working Group on Risk Review, Management and Reporting (CWGRM), and had considered the draft risk management framework contained therein. It had also approved a work programme to finalize the Risk Management Framework, the first step of which had been to hold a second session of the CWGRM with the objective of further developing the element of the framework dealing with the risk management process.

Mr. NTULI (South Africa), speaking as the Chairman of the CWGRM, said that the working group had met for its second session on 27 and 28 September 2007, and that its report was set out in the annex to document C/ES.24/3(b). Its main tasks had been to review and to further develop the risk management process set out in document CWGRM 2/3, and its discussions had drawn on document CWGRM 2/3/1, submitted by the United Kingdom, which had provided a perspective on a risk management process in operation and on the use of a "risk appetite statement".

In its consideration of the underlying principles of the risk management process to be adopted, the working group had agreed that a fundamental goal of the process must be to embed risk management into the Organization's working practices. To that end, it had taken simplicity and practicality as the guiding principles. The actual development of the process would be iterative, and much would be learned from its first operating cycle, which would, in turn, help further refine it.

Regarding the scope of the risk management exercise, the draft risk management framework had defined three high-level risk event categories: organizational status and effectiveness; financial; and operational. Since much of the discussion to date had focused on risk management as an aspect of "corporate governance", and seeing as that approach had informed the draft risk management process, the general view of the group had been that the process ultimately adopted would be able to deal adequately with the latter two categories. Concerns, however, had been expressed as to its ability to deal with the first: the Organization's status and effectiveness in the light of perceived "external" risks. It was an issue fundamental to the scope of the risk management exercise and to understanding the risks that it behoved the Organization to manage in the realm of maritime affairs.

To explore that complex issue, the working group had considered the risk to the Organization of a ship sinking. Clearly, such a risk would have arisen not from the fact that a ship had sunk but from its having sunk due to the Organization's failure to fulfil its role in some way: because the regulatory environment had been incomplete; because the regulatory environment, although complete, had not yet come into force; or because the regulatory environment, although complete and in force, had not been effectively implemented and enforced. The working group had considered what shortcomings might have led to any, or any combination, of those situations. Those might be: a failure to achieve High-level Action Plan outputs on time; a gap in the Plan itself; too few Member States adopting a convention to bring it into force; a failure by the Organization's technical cooperation programme to identify implementation needs or to deliver activities to address those needs; or a failure by a voluntary Member State audit to identify non-conformities and propose appropriate corrective action. The risks relevant to the Organization's status and effectiveness, therefore, were those that had at first glance appeared "external" but which, on closer inspection, proved to be within its purview and directly affected the fulfilment of its Strategic Plan.

The working group had concluded the draft risk management process to be capable, in principle, of dealing with such risks. The methodology would need revision in order to assimilate the risk management process more fully with the work on the Strategic Plan and High-level Action Plan, and to determine the most appropriate means of harnessing the input of Member States, IMO bodies and other stakeholders in order to ensure as complete a picture as possible of the Organization's risk environment. The group had agreed that external stakeholders should be confined to a supporting role in risk identification work, and play but a limited role in the actual management of risk.

After a detailed review of the documents submitted by the Secretariat and the United Kingdom, the working group had made a number of improvements to the draft risk management process in such areas as defining inherent and residual risk, responsibility for initial risk assessment, sub-categorization of the three high-level risk categories, a detailed methodology for risk assessment and, most importantly, overall monitoring and reporting. The updated version of the draft risk management process was set out in appendix 1 to the annex to document C/ES.24/3(b).

The working group had concluded that the work programme, developed by its first session and approved by the ninety-eighth session of the Council with a view to finalizing the Risk Management Framework, was still appropriate. It had also developed terms of reference to support and focus the work of the Intersessional Correspondence Group, identifying those parts of the risk management process that required special consideration, that could not be adequately addressed within the available time, such as a more detailed consideration of risk appetite, or that would be better dealt with by correspondence, such as the tables contained in paragraphs 17, 18 and 19 of the appendix to the annex to document C/ES.24/3(b).

The working group had welcomed the offer by the United States delegation to act as coordinator and focal point for the work of the Intersessional Correspondence Group, and would look forward to receiving its output in time for its third session in April 2008.

In conclusion, he thanked the members of the working group for their helpful input and the Secretary-General and his staff for their continuing support.

The SECRETARY-GENERAL noted the emphasis placed throughout the second session of the CWGRM on producing a practical, pragmatic and realistic process designed to become part of the Organization's operations instead of an additional administrative burden. A proper appreciation of the risk environment in which it operated was an important adjunct to strategic planning and prioritization, and the working group's consideration of the nature of "external" risks and the links to the Strategic Plan were valuable in helping establish the context and scope of that work. It was important to realize that the risks considered in the exercise were risks to the Organization itself and to its endeavours to achieve its strategic objectives. Some such risks could be mitigated while others could not; but all must be seen through the prism of the Organization's purpose and objectives. The loss of a ship, as in the example described in the report, was a tragedy affecting not just the victims and their families but also all the maritime community, the marine environment and the wider world in many ways. In terms of the risk to the Organization, however, it was not the loss itself that was pertinent but the fact that it might have occurred because the Organization had failed to meet its own objectives or, at a more subtle level, that it might be perceived in the world at large as a result of its failure to communicate properly its mission and the scope of its role. It was indeed a complex matter that would no doubt command further attention when the first risk identification exercise took place and crystallized the fruit of theoretical consideration through practical application.

It was to the credit of the CWGRM and its Chairman that beyond such discussions about principles, it had also managed to complete a review of the proposed risk management process, to make some substantive improvements to the process, and to provide a focus for the work of the Intersessional Correspondence Group through the development of detailed terms of reference highlighting the key areas for further work. The progress made by the working group was encouraging and he looked forward to the output of the correspondence group and, in due course, the finalization of a credible, practical and highly valuable risk management framework for the Organization.

Mr. LANTZ (United States) said that his delegation strongly supported the work of the CWGRM and was pleased to be coordinating the Intersessional Correspondence Group.

The CHAIRMAN invited the Council to note the information set out in document C/ES.24/3(b) as well as that provided orally by the Chairman of the Council Risk Review, Management and Reporting Working Group, and the Secretary-General.

In particular, he invited it to note the updated draft risk management process for the Organization, as set out in appendix 1 of the annex to document C/ES.24/3(b); to note the working group's future work programme, as previously agreed by the Council, in particular the terms of reference for the reconvened Intersessional Correspondence Group, to develop further the Risk Management Framework, and the proposed holding of the third session of the working group, possibly in April 2008, to finalize the Risk Management Framework; to approve the report in general; and to express appreciation to Lloyd's Register of Shipping for hosting the meeting and for its generous hospitality throughout the session; and to thank the chairman and members of the working group and the Secretary-General and the Secretariat for the continued good progress during the group's second session, which laid a solid foundation for future work in an especially important area.

It was so decided.

AGENDA ITEM 4 – PROGRAMME FOR CHANGE:

(a) ORGANIZATIONAL REFORMS (C/ES.24/4)

The SECRETARY-GENERAL said that document C/ES.24/4(a) provided a further update on the Organization's efforts to change its financial accounting and reporting standards, moving from the system developed in-house under the United Nations System Accounting Standards (UNSAS) to the more comprehensive, transparent and consistent International Public Sector Accounting Standards (IPSAS). Since approving the shift, in principle, at the ninety-eighth session of the Council, IMO had begun much of the detailed work required for the first phase of IPSAS implementation, including the development of IPSAS-compliant accounting policies and support guidelines, and that work was set to continue through to the following summer. The Organization must have the groundwork in place and a solid grasp of how to respond to the issues it was facing before beginning the process of making the system and process changes required to introduce IPSAS, not least in regard to its Financial Regulations and Financial Rules. One of the key principles underpinning the move to IPSAS was the drive to standardize reporting and management across the United Nations system. Document C/ES.24/4(a) provided a brief introduction to the work being done by the United Nations Development Group (UNDG), in particular through the United Nations, UNICEF, the United Nations Population Fund (UNFPA) and the World Food Programme (WFP), in order to standardize their own financial rules and regulations and adjust them to IPSAS as part of a wider harmonization effort, as discussed during meetings of the United Nations System Chief Executive Board for Coordination (CEB). Those organizations would be identifying the changes required for IPSAS implementation and reporting on progress through the Finance and Budget Network, at which IMO was represented. In view of the time frame, with preliminary findings due before the end of the year and finalization scheduled for 2008, IMO would be drawing heavily on the outcome of that project to support its own work on its Financial Regulations and Financial Rules, with the dual objective of amending them to support IPSAS and garnering best practices from throughout the United Nations system in order to move closer towards harmonization. Some solid foundations had been laid for the upcoming IPSAS project, but much remained to be done.

The CHAIRMAN invited the Council to note the information set out in document C/ES.24/4(a), and that provided orally by the Secretary-General.

It was so decided.

(b) HEADQUARTERS BUILDING REFURBISHMENT (C/ES.24/4(b))

The SECRETARY-GENERAL said that the main works comprising phase 1 of the headquarters refurbishment project had been completed. Additional high-priority work identified for inclusion in the phase 2 programme included the cladding and external areas of the building and replacement or refurbishment of fire and entrance doors, but that would only be undertaken if it could be implemented within the budget and the time available. The work to replace the ventilation ductwork in vertical risers, which had been identified as essential to ensure effective operation of the refurbished air-conditioning services, meant that the contract programme completion date would need to be extended by 28 days, to 31 March 2008. That was regrettable, but unavoidable.

Phase 1 of the refurbishment project included budgetary provision for enhanced building security. While it had proved difficult to address fully all of the recommendations made in the security consultants' reviews, because of the location and design of the front of the building, appropriate security provisions had been identified to enhance security at the entrance and exit of the underground car park and to improve both the look and performance of the security at the front of the building at ground level.

As part of the refurbishment work, the design, equipment and future operation of the building had been subject to an environmental assessment using the United Kingdom Building Research Establishment Environmental Assessment Method. The outcome would set a benchmark for the environmental performance of the building and allow IMO to contribute to the United Nations' wider efforts to reduce adverse environmental effects. It would also reduce energy consumption, and thus eventually have a beneficial impact on IMO's budget.

As a result of the revised completion date, the number of meetings scheduled to be held outside headquarters would be extended by one meeting week only, since IMO meetings in March 2008, in particular MEPC 57 (31 March to 4 April 2008), had previously been scheduled to be held at the Royal Horticultural Halls. On the assumption that the Council agreed to the cancellation of the Legal Committee's planned meeting in April, the only meeting expected to be affected by the contract extension was COMSAR 12 in the week commencing 7 April 2008. The additional meetings expenditure incurred by the revised completion date would be met from the existing refurbishment project budget.

Work had commenced on planning space allocation for the return of staff to the building. A tender had been issued for the provision of new office furniture and a preferred supplier identified. The installation of furniture and equipment would necessitate access to the building being provided in advance of the new completion date.

Mr. HUNTER (United Kingdom) expressed his appreciation of the efforts of Member States that had hosted meetings of IMO outside the United Kingdom, and looked forward to welcoming representatives and IMO staff back to the refurbished building. Work was progressing well, and he was confident that the revised completion date of 31 March 2008 would be met. He thanked the IMO Secretariat for the efficient way in which it had continued to conduct business at the alternative meeting venues.

Mrs. TIEMENS-IDZINGA (Netherlands) expressed her delegation's sincere thanks to the Secretary-General, his staff and the United Kingdom Government for their efforts to ensure that the complex building refurbishment programme was handled in the Organization's best interests. She also expressed her appreciation to the Governments of Denmark and Panama for hosting MSC 83 and Legal 93, respectively, and to the Governments of Germany and Japan for hosting the Intersessional Working Group on Air Pollution and the ESPH Working Group, respectively.

Mr. DOMÍNGUEZ (Panama) expressed his satisfaction with the progress of the refurbishment work and thanked those Member States that had hosted meetings outside the United Kingdom. He was gratified to note the confidence expressed by the United Kingdom representative that the revised completion date would be met.

The CHAIRMAN also invited the Council to note the information set out in document C/ES.24/4(b) and that provided orally by the Secretary-General, to note the progress of the works under phases 1 and 2; the revised contract completion date of 31 March 2008; and the contingent arrangements made for the holding of COMSAR 12. He further invited the Council to express its appreciation to the host government, the Secretary-General and his staff for the work done to date, and to urge all involved to ensure that the revised completion date was duly met.

It was so decided.

AGENDA ITEM 5 – RESOURCE MANAGEMENT:

(a) PERSONNEL MATTERS, INCLUDING AMENDMENTS TO THE STAFF REGULATIONS AND STAFF RULES (C/ES.24/5(a) and Add.1; C/ES.24/5(a)/1)

The SECRETARY-GENERAL recalled that the United Nations common system of conditions of service, applicable to the IMO staff, was determined by the International Civil Service Commission (ICSC) and the General Assembly of the United Nations. The ICSC had recently recommended consolidating several classes of post adjustment into the base salary scale for staff in the Professional and higher categories with effect from 1 January 2008, which would result in an increase in base net salaries of 1.97 per cent. However, the overall result would be neutral in income terms, since there would be a corresponding decrease in the post adjustment for London.

The ICSC had also announced an average 3.19 per cent increase in pensionable remuneration for staff members in the Professional and higher categories to be applied from 1 September 2007. The increase was an automatic consequence of the change made in the post adjustment classification in New York. The necessary amendments had been made to the Professional and higher category salary scale and the additional cost to the Organization (approximately £17,500 in 2007) would be contained within the approved appropriation. The relevant amendment to the Staff Regulations was contained in annex 1 to document C/ES.24/5(a).

The net remuneration of United Nations staff members in the Professional and higher categories was based on that of employees in comparable positions in the United States' federal civil service, within a margin varying between 110 and 120. For 2007 the actual margin had been estimated at 113.9 per cent, which was 1.1 points lower than the preferable mid-point of 115.

The Council would recall that a salary survey for General Service salaries had been carried out in London. Although the data collection phase had started in November 2006, owing to lack of participation on the part of employers the results had not been available until the ICSC had made its recommendation at its 2007 summer session. The Organization had always respected the recommendations of the ICSC concerning salary surveys and, in accordance with the authority delegated to him by the Council at its ninety-eighth session, he had approved the implementation of a new salary scale which represented a 1.24 per cent increase on the previous salary scale with a reference date of 1 October 2005, as shown in annex 2 of document C/ES.24/5(a). The ICSC had also recommended a new level of dependency allowances amounting to £1,221 per annum for the first dependent child and £952 for each additional dependent child. After 1 August 2007, the spouse allowance would no longer be payable to staff who would have become entitled to that allowance after that date. Those changes were reflected in the August 2007 payroll, and their budgetary consequences were reported under agenda items 5(d) and 6.

In accordance with United Nations common system procedures, an interim adjustment to the salary scale for staff in the General Service category had been made with effect from 1 October 2007 and had resulted in a net increase of 3.4 per cent over the October 2006 scale. The new salary scale was attached to document C/ES.24/5(a)/Add.1. The budgetary implications were noted in paragraph 4 of document C/ES.24/5(d), with the advice that the additional cost for 2007 would be absorbed within the approved appropriation.

The United Nations Joint Staff Pension Board, which had met in New York from 9 to 13 July 2007, had agreed to modify the United Nations Joint Staff Pension Fund Regulations so that periods on disability benefit for participants who returned to active contributory service could be considered as part of the participant's total contributory service without requiring the payment of contributions for that period. The relevant changes to the Regulations would be presented to the Pension Board at its next session. The Pension Board had also requested a new in-depth study to find solutions aimed at minimizing the impact of currency fluctuation on pension benefits.

The Pension Board had also decided to amend the Fund's Regulations to allow the option of voluntarily payment of full pension contributions, for a maximum period of three years, for staff members on part-time employment, which would enable them to accumulate a full pension benefit during that period. The relevant amendments to the Fund's Regulations would be reviewed at the next session of the Pension Board, in 2008, prior to their submission to the United Nations General Assembly for approval.

Introducing document C/ES.24/5(a)/1, he said that, in view of the increased responsibilities allocated to the Office of the London Convention, he had decided to upgrade the post of Head, Office of the London Convention to the level of Deputy Director. The incumbent, Mr. R. Coenen, had been promoted to this grade from 1 July 2007. He had also made two personal promotions, on merit, to the D.1 level, with effect from 1 July 2007: Mr. S.J. Kim, Head, Management Accounting Services; and Mr. H. O'Neill, Chief, Office of General Services. The cost of implementing the promotions, which would be in the order of £2,000 per year, would be contained within the approved appropriations. The total number of staff on personal promotions to D.1 now stood at 7.

Turning to the situation with regard to the recruitment of women at IMO, he said that on 31 August 2007, the proportion of women employed in the Professional and higher categories was 41.6 per cent. In grades P.1 to P.5, it was 47.1 per cent, while in D.1 and above it was 15.4 per cent. He encouraged governments to continue proposing well-qualified female candidates for vacant posts whenever possible. The annex to document C/ES.24/5(a)/1 showed the geographical distribution of posts on 31 August 2007. At headquarters, of the 111 Professional and higher category posts that were subject to geographical distribution and which were filled, staff came from 53 Member States. As the Council had requested at its ninety-fourth session, that annex also contained data on IMO staff members in the field, which further demonstrated the Organization's geographical diversity. Since the document had been issued, one Professional vacant post had been filled at the P.4 level by a male candidate from the United Kingdom.

Ms. LUFTIG (United States) expressed concern at the two personal promotions recently made by the Secretary-General. Despite the ICSC's recommendation that the use of personal promotions should be restricted to 5 per cent of posts at a given level, the percentage at IMO, particularly at the D.1 level, was far higher. Her country was opposed to the use of personal promotions in the common system, in which pay was supposed to correspond to the level of duties and responsibilities, and believed that promotions should be linked directly to an accretion of higher-level duties and should be given only as a result of fair, open and transparent competition for positions. Merit-recognition schemes were a more appropriate way to recognize outstanding performance. She welcomed the increase in the overall percentage of female staff in the Professional and higher categories and urged the Secretariat to maintain its efforts in that direction.

The SECRETARY-GENERAL considered that it was in the best interests of the Organization to reward those who worked hard, and personal promotion on merit was an appropriate way of recognizing the exemplary work that had been done by those mentioned. His decision to promote them had also been based on an increase in the higher-level duties that they were required to perform. Personal promotions on merit also provided an example for others to follow. As IMO was a small organization, there were few opportunities for staff to advance. However, the introduction of the performance-related appraisal system would enable the performance of staff members to be better recognized and rewarded by promotion.

Mr. LIM (Republic of Korea) considered that the Secretary-General's decision to promote the two staff members concerned was based on a fair assessment of their performance.

Mr. OLIMBO (Italy) observed that the Secretary-General's action in promoting two staff members on merit was in line with the Organization's tradition of taking into account the merit of staff and the need to reward them for their efforts, especially when they were approaching retirement. Moreover, the cost involved was too low to affect IMO's financial resources.

Mr. SHAFIQULLAH (Bangladesh), referring to the annex to document C/ES.24/5(a)/1, suggested that, in order to assess more easily the degree of progress that had been made in each geographical area in terms of geographical diversity, the data should be presented in graphical form, such as a pie diagram, as well as in tabular form.

The CHAIRMAN said that the Secretariat would look into that proposal.

Mr. AZUH (Nigeria, observer) observed that it was natural for any organization, regardless of its size, to reward staff for hard work, either by promoting them or by increasing their salaries. Staff at IMO worked extraordinarily hard, and it was right that they should be compensated. He therefore fully supported the Secretary-General's action.

The CHAIRMAN invited the Council to take note of the information set out in documents C/ES.24/5(a) and its addendum, and that provided orally by the Secretary-General; and to approve the implementation of the decisions of the United Nations General Assembly with respect to the recommendations contained in the 2007 report of the International Civil Service Commission, with effect from the dates determined by the General Assembly. He further invited the Council to note the information contained in document C/ES.24/5(a)/1, as well as that provided orally by the Secretary-General, and to instruct the Secretariat to review the tables in the annex to the document with a view to enhancing their clarity of presentation at future sessions.

It was so decided.

(b) REPORT ON ARREARS OF CONTRIBUTIONS AND OF ADVANCES TO THE WORKING CAPITAL FUND AND ON THE IMPLEMENTATION OF ARTICLE 56 OF THE IMO CONVENTION (C/ES.24/5(b) and Add.1-3)

The SECRETARY-GENERAL said that document C/ES.24/5(b) with its three addenda reported on the situation as at the dates specified therein with respect to the payment of contributions and to the implementation of article 56 of the IMO Convention.

Council Members would note a considerable improvement in the collection of assessments following the initiatives taken by the Secretariat, with the strong support of the Council. To date, nearly 99 per cent of the 2007 assessment had been received, which compared favourably with the final year-end contribution levels of 99.03 per cent and 97.64 per cent for 2005 and 2006 respectively. Details of individual Member States' and Council Members' contributions were provided in annexes 1 and 2 respectively. Since the issue of addendum 3, Bahrain, the Democratic People's Republic of Korea and Panama had paid their contributions in full for 2007. Myanmar had partially paid its contribution for 2007, Dominica had cleared its arrears for 2006 and made a partial payment for 2007, and Lebanon had also cleared its arrears for 2006.

Turning to the implementation of article 56 of the IMO Convention, he recalled that rule 56*bis* of the Rules of Procedure of the Assembly had been applied for the first time at the eighteenth session of the Assembly, on the basis of a report from the Council, and at all subsequent sessions of the Assembly. Annex 1 to document C/ES.24/5(b)/Add.3 provided a status report on each Member State as at 31 October 2007, with reference to their status under the terms of article 56. Following the payments made since that date, Dominica and Lebanon no longer fell under article 56, and their voting rights had thus been restored.

Of the two Member States that had been granted a waiver at the twenty-fourth session of the Assembly, Bolivia had cleared its arrears in accordance with its undertaking and had partly paid its contributions for 2007. Peru had cleared its arrears in accordance with its undertaking and had fully paid for 2007. Consequently, both no longer fell under article 56.

Of the 14 Members which had lost their voting rights at the twenty-fourth session of the Assembly, Cameroon had cleared its arrears for 2003 to 2006 and had paid in full for 2007, and consequently no longer fell under article 56. Cambodia had cleared its arrears in accordance with its undertaking for 2004 and 2005 and Paraguay had cleared its arrears in accordance with its undertaking for 2002 to 2005. However, Cambodia and Paraguay had again fallen under article 56, as their contributions for 2006 had only been partially paid. They were thus included under category ii of annex 1. Of the 11 Member States remaining under article 56 at the twenty-fourth session of the Assembly, Côte d'Ivoire, and the Solomon Islands had made partial payments of their arrears.

At its ninety-eighth session the Council had reiterated its decision that the terms of article 56 should be strictly enforced between Assembly years. In July 2007, the Director, Administrative Division, had written to those Member States that fell under article 56 at that time, informing them of their status and the loss of their right to vote, pending payment of any outstanding contributions. It seemed that the Council's firm stance was showing positive returns.

In recognizing the efforts of Members States to settle their arrears, he thanked those Council Members which, in their overwhelming majority, had paid their contributions in full, thus setting a commendable standard for all Members to follow. The application of article 56 at the forthcoming Assembly would be discussed under the next agenda sub-item.

Mr. POLEMANN (Argentina) said that a part payment deducted from the relevant account in Argentina in July 2007 had not been duly credited to IMO. He had just received notice that the total amount would be credited on Monday, and Argentina should then no longer appear in annex 2.

Mr. OLIMBO (Italy) said that the improvement to nearly 99 per cent showed that the contribution incentive scheme worked well. He extended his congratulations to those countries which had cleared their arrears, and encouraged delegations that remained in arrears to discharge their financial obligations in order to allow the Organization to properly carry out its financial management and work programme. He welcomed the Secretary-General's comments and the document confirming the firm stance taken on the strict enforcement of article 56 in order to provide the Organization with positive returns, and expressed support for the actions requested of the Council, and the draft resolution contained in the document under review.

The CHAIRMAN invited the Council to note the information provided in document C/ES.24/5(b) and its addenda, as amplified by the Secretary-General.

In particular, he invited the Council to commend the Secretary-General on his continuing strenuous efforts to improve the Organization's financial position; to urge all Member States to fulfil their financial obligations; to reiterate its firm stance on the strict enforcement of article 56 of the IMO Convention; to recommend that the forthcoming Assembly adopt the draft resolution annexed to document C/ES.24/5(b)/Add.2 as an expression of the importance of timely contributions and the risks from the late payment of contributions; to note the contribution position of those Member States which had been granted a waiver of the application of article 56*bis* at the twenty-fourth session of the Assembly, and to welcome the efforts made by those Member States which had discharged their obligations; and to welcome the payments made by those Member States which had not been granted a waiver.

It was so decided.

(c) CONSIDERATION OF REQUESTS BY MEMBERS FOR WAIVER OF THE APPLICATION OF ARTICLE 56 OF THE IMO CONVENTION (C/ES.24/5(c))

The SECRETARY-GENERAL, introducing document C/ES.24/5(c), said that the document reported on requests by Member States for waiver of the application of article 56 of the IMO Convention, also providing a background to article 56 of the Convention and a summary of the present arrears position to enable the Council to report to the Assembly. Annex 1 to document C/ES.24/5(c) showed the status of Member States falling within the provision of article 56 on 31 August 2007.

He recalled that, at its twenty-fourth regular session in November 2005, the Assembly had considered applications for waiver of the provisions of article 56 in accordance with rule 56*bis* of its Rules of Procedure and had granted waivers to two Member States on the basis of payment schedules and pledges provided by them. Those Member States, namely Bolivia and Peru, had since made full payment of their arrears in accordance with the undertakings given.

Since the issue of document C/ES.24/5(c), Uruguay, which had not claimed waiver status during the last session of the Assembly, had made full payment of its arrears. Additionally, Dominica, the Dominican Republic, Guatemala, Lebanon and the Libyan Arab Jamahiriya had paid their arrears in full up to 2006, and consequently their voting rights had been restored. Cape Verde had made a partial payment of its 2006 arrears and thus remained under article 56.

In accordance with the advice from the United Nations, it was deemed appropriate to regard the pre-dissolution arrears relating to the former Socialist Federal Republic of Yugoslavia (SFRY) as exempt from article 56, but as remaining arrears due collectively from all five successor States of the former Yugoslavia. The exact amount owed by each of the SFRY's five successor States had not yet been decided by the United Nations.

Rule 56*bis*, adopted by the Assembly at its nineteenth session, had introduced a deadline according to which any Member States wishing to request a waiver should submit a written application to the Secretary-General at least one month before the Assembly. Rule 56*bis*, subparagraph (vii), provided that a Member which had not settled an earlier undertaking should not be entitled to a fresh waiver. To date the Organization had received no formal applications for waiver.

The CHAIRMAN invited the Council to note the information contained in document C/ES.24/5(a)/1 and that provided orally by the Secretary-General, and to recommend to the Assembly not to waive the application of article 56 of the IMO Convention for Cambodia, Cape Verde, the Republic of the Congo, the Democratic Republic of the Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Guinea-Bissau, Haiti, Iraq, Madagascar, Malawi, Mauritania, Namibia, Nicaragua, Paraguay, São Tomé and Príncipe, Serbia, the Solomon Islands, Somalia, the former Yugoslav Republic of Macedonia, Togo, Turkmenistan and Zimbabwe. He invited the Council to strongly encourage Cambodia, Cape Verde, Madagascar and the former Yugoslav Republic of Macedonia to pay the small amounts outstanding for 2006, so that there would be no question of application of article 56 and rule 56*bis* as far as they were concerned, and that consequently they would regain the right to vote.

It was so decided.

(d) BUDGET CONSIDERATIONS FOR 2007 (C/ES.24.5/(d))

The SECRETARY-GENERAL recalled that at the ninety-eighth session of the Council he had presented an initial overview of budget prospects based on the first three months of 2007, in which he had expressed the view that the out-turn expenditure for 2007 was attainable within the approved budgets, except for the budget under the Termination Benefit Fund, which required a transfer from the budget unspent in 2006. The present update was based on the further expenditure incurred since that time.

The trends in the economic indicators for the United Kingdom economy were shown in Table 1 and Chart 1 of document C/ES.24/5(d). The updated figures currently available showed further movement, but the averages for 2007 had remained the same as those shown in Table 1. The review of movements in pay and price factors indicated that their overall combined impact on the Organization's expenditure for 2007 would be positive.

He noted that, in line with his firm commitment to containing annual expenditure within the approved budget to the extent possible, the direct programme costs under the six major programmes, as presented in Table 2, were expected to generate a budgetary saving of approximately £270,000. In addition, indirect programme costs were forecast to show savings of some £520,000, as shown in Table 3, which provided an analysis by object of expenditure. In summary, the year-end balance of the regular budget programme was forecast to stand at approximately £790,000, representing 3.1 per cent of the total approved budget for 2007.

Variances in the anticipated expenditure out-turn for the year and possible impacts on the 2007 budget were described in detail in paragraphs 3 to 10. As explained in paragraphs 4, 5 and 6 on personnel costs, in addition to the 9.2 per cent salary increase for Professional staff from April 2006 onwards awarded by the International Civil Service Commission (ICSC), which had caused a considerable knock-on effect in 2007, more adjustments had been made by the ICSC to both Professional and General Service salary scales in 2007: an interim cost-of-living adjustment of a 1.4 per cent increase for the Professional category in April 2007, a 3.19 per cent increase in pensionable remuneration scale for Professional staff from September 2007, a 1.24 per cent salary-scale increase for General Service staff, announced in July 2007 but with retroactive effects from October 2006, and another interim salary increase for the General Service category of 3.4 per cent from October 2007. Those details had been reported under a previous agenda item. However, through the prudent management of vacant posts and by reprioritizing programme demands and reallocating and redeploying resources within the Secretariat, including use of short-term assistance, the total personnel costs were, as shown in Table 3, expected to be kept within the approved budget level.

Referring to paragraph 7 on the meetings programme, he again thanked the Governments of Kenya, Denmark, Panama and the United Kingdom for hosting IMO meetings in 2007, and expressed deep appreciation to his colleagues in all the divisions directly and indirectly involved on their dedicated contribution to the success of those meetings. His colleagues in the Conference Section had been working since 2.30 a.m. in order to prepare for the start of the current meeting. That was an indication of how the refurbishment programme affected the work of some IMO staff, and he thanked them on behalf of the Council.

Referring to paragraph 8, he drew attention to the Organization's official mission programme, which had not only been carried out within budget but had achieved considerable cost savings through the application of a stringent air travel policy.

Paragraphs 9 and 10, on indirect programme costs, showed that some cost overruns were expected under "ancillary provision", notably due to increases in actual medical costs for retired staff members and in the Organization's share of the costs of jointly financed United Nations agencies. However, the overrun would be fully offset by cost savings generated from the prolonged relocation of the Secretariat to smaller premises.

He was pleased to report that the possible transfer of the unspent regular budget balance from 2006 to 2007, which had been foreshadowed in the Council's previous sessions, would no longer be necessary. However, as shown in Tables 2 and 3, transfers between major programmes, in accordance with the Organization's Financial Regulation 4.4, seemed to be inevitable. He would present his assessment and proposals in the final accounts for 2007 for the Council's consideration at its June session in 2008.

Table 4 on the General Fund status at the end of 2007 showed that the Organization's "in-year" cash surplus, i.e., net income over expenditure, was expected to be around £310,000. The year-end cash balance, taking into account accumulated surpluses, transfers and estimated arrears, was forecast to be approximately £2.97 million, on the basis of an average receipt of 97.8 per cent of assessed contributions which had increased to almost 99 per cent, and some further settlement of previous arrears by the end of the year.

Publications sales in 2007 were forecast to outperform the approved target, as shown in Table 5, thanks to strong demand, in particular for the IMDG Code. The increase in sales, together with the continued economy in publishing expenditure, would generate a net income of approximately £4.6 million for the Printing Fund for the year. The accumulated year-end surplus was forecast to be around £7 million, including the in-year surplus. That would benefit mostly the Technical Co-operation Fund, under the requirement in resolution A.986(24) that not less than 75 per cent of the surplus in the Printing Fund should be paid into it.

Table 6 showed that the year-end fund balance of the Headquarters Capital Fund was forecast to be around £2.2 million, a much higher level than planned. That was as a result of a reassessment, and a reduction in capital investment for 2007 in order to address only key organizational investment needs, thus preserving funds to meet the Organization's remaining liability arising from the refurbishment of the headquarters building.

In Table 7 the forecast expenditure in the Termination Benefit Fund was expected to incur a budgetary shortfall of some £60,000 by the year-end. That was due to changes to staff separation and retirement, which had originally been planned for 2006, then delayed until 2007 to ensure the smooth running of the Secretariat during the relocation period. In that context the Council had approved at its ninety-seventh session the transfer to 2007 of any uncommitted balance in 2006, in accordance with the Organization's Financial Regulations. He would continue monitoring the separation and retirement position and carry out the appropriate transfer when necessary.

Programme delivery under the Training and Development Fund had been low in 2007, since training had largely been deferred until 2008, in particular in preparation for IPSAS implementation.

The Technical Co-operation Fund status as shown in Table 9 indicated that the delivery level in 2007 would be lower than in 2006, largely owing to the lack of sufficient matching funds from donors to undertake the Integrated Technical Co-operation Programme (ITCP). The year-end balance was forecast to be £3.4 million, a level just sufficient to support the ITCP for another year.

Financial delivery under the extra budgetary donor programmes, summarized in Table 10, was forecast to reach $7.7 million for 2007, representing 95 per cent of the actual out-turn in 2006. As shown in Chart 2A, more than half, i.e., $9 million, of the financing of extra budgetary programmes for 2007 was planned to come from other UN agencies and the World Bank. Member States and their aid agencies provided funds of $4 million; institutions and industries, including the EC, financed $3 million; and multi-donor programme funds supported $1.4 million. Most recently, the GloBallast Partnership Project (GBP), aiming to build partnerships to assist developing countries to reduce the transfer of harmful aquatic organisms in ships' ballast water, had been launched with a $5.6 million grant from the UNDP/Global Environment Facility (GEF) for five years.

He had recently established a "research and development fund" to finance comprehensive research and development work. One project, approved by MEPC 56, was intended to evaluate the effects of the different fuel options proposed in the context of the revision of MARPOL Annex VI by an informal cross-government/industry scientific group of experts. The initial financial base of the new fund included $2,200 remaining from the 'Onassis Fund' established with the prize monies awarded to the Organization for its work on the environment in 1997. Pledges received from Member States and NGOs towards the new research and development fund now amounted to $67,000, all of which had been redeemed.

In conclusion, the review of the overall budget prospects for 2007 indicated that, although there had been some unavoidable cost increases, the Organization's continuing downward pressure on costs had maintained its annual expenditure within the approved appropriation and also generated some savings. He thanked all the directors for their prudence in handling the financial affairs pertaining to their divisions, in particular the Director of the Administrative Division, Mr. Winbow, and his able staff, for their meticulous care of IMO's finances and their guidance and support.

The meeting closed at 12.30 p.m.