



COUNCIL – 23rd extraordinary session

C/ES.23/SR.2  
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**SUMMARY RECORD OF THE SECOND MEETING**

**held at IMO Headquarters, 4 Albert Embankment, London SE1 7SR  
on Thursday, 17 November 2005 at 2.30 p.m.**

Chairman: Mr. L. DÍAZ-MONCLUS (Venezuela)  
Vice-Chairman: Mr. J. FRANSON (Sweden)  
Secretary-General: Mr. E.E. MITROPOULOS

A list of participants is given in document C.ES/23/INF.1

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**AGENDA ITEM 4 – PROGRAMME FOR CHANGE (continued):**

**(a) ERP AND ORGANIZATIONAL REFORMS (C/ES.23/4(a) and C/ES.23/4(a)/1)  
(continued)**

The CHAIRMAN drew attention to a proposal for the establishment of a Finance and Risk Management Working Group, submitted by Australia, Canada, Japan, the Netherlands and the United Kingdom (C/ES.23/4(a)/1).

Mr. DAVIDSON (Australia) said Australia was a strong supporter of the reform process, which would lead to a better understanding of the Organization and a higher degree of transparency in its work. He was confident that IMO would be at the forefront of organizations of the United Nations system in that regard, and congratulated the Secretary-General and his team on their hard work in implementing the reforms.

However, improvements needed to be made in order to link the reform process with what was being done system-wide in terms of examining governance arrangements. The new working group would complement the work of the *ad hoc* Council Working Group on the Organization's Strategic Plan, but not overlap with it, by examining the entire framework of the Organization's finances. It was suggested that the group should consist of some 10 members, although any Council Member wishing to attend could do so.

The SECRETARY-GENERAL said that the issue of effective governance was high on the agenda of major institutions, whether in the public or private sectors, both at national and international level. Strong organizations benefited from strong leadership and strong governance, and he commended the sponsors of the proposal for their initiative. It chimed well with the new course which the Council had set in establishing the Organization's strategic plan and also fitted well with the reform programme undertaken. He had appreciated the Council's endorsement of the reforms and restructuring he had undertaken in order to promote accountability and improve transparency in IMO's business processes.

The challenge for the Council now was to establish a workable forum which could provide the appropriate oversight and challenge role and which satisfied all the reporting requirements expected of a public body. In that connection, he noted that the United Nations, its funds and programmes, and its specialized agencies had all established a finance and budget committee in one form or another. In some United Nations bodies that committee was also responsible for oversight of the Organization's strategic plan. In some, membership of the committee was limited and in others it was wholly open ended: there was no single model. In the context of UN Secretary General Kofi Annan's reform programme, the General Assembly had now called for an independent external review of prevailing governance arrangements within the United Nations itself and the specialized agencies, which was expected to be commissioned in early 2006 and to report in the summer of that year. He stressed that each organization should develop oversight and governance arrangements which reflected its particular character and mandate.

The second aspect of the proposal concerned the issue of risk and risk management. In some areas of work, IMO had begun to address appropriate strategies, for example in relation to business continuity and support to the IT infrastructure in place. However, it was entirely proper that the Council should wish to ensure that a more formal process was devised, leading to the identification of a wide spectrum of potential risks to the Organization, that those risks were quantified as far as practicable, and that strategies were developed to mitigate them. The process of engagement and collaboration between the Council and the Secretary-General was important, since it would help define respective responsibilities and enable timely remedial action to be

taken if necessary. A comprehensive risk assessment review would range from balance sheet liabilities, such as termination payments and non-insured compensation for death or injury of a staff member, to risks associated with the Organization's dependency on surpluses of the Printing Fund for its core business work, as well as risks to IMO global influence from regionalization of safety, security or environmental instruments. In addition, every financial year that contribution receipts fell and cash flow was adversely affected, the Organization remained at risk.

He would suggest that the Council might wish to instruct him to provide it with a substantive document for consideration at its ninety-sixth session in June 2006, to assist it in any decision it might wish to make on the issue, allowing itself sufficient time for thorough analysis. It was also important that the Council had the opportunity to look at the five milestones set out in the annex to the document, and to ensure that the scope and pattern of the work of the group fitted the agreed budgetary review timescale adopted by it in the strategic plan.

Mr. FRANSON (Sweden) supported the proposal and wholeheartedly endorsed the concept that the new working group should be complementary to the Working Group on the strategic plan. He also welcomed the suggestion by the Secretary-General that a substantive document be put before the Council at its next ordinary session.

Mr. PONOMAREV (Russian Federation), supported by Mrs. SEET-CHENG (Singapore), endorsed the timely proposal put forward by Australia, and thanked the Secretary-General for his offer to provide a document for later consideration.

Mr. BELL (Bahamas) endorsed the views expressed by Australia. In the light of the success of the strategic planning working group under the chairmanship of Mr. Franson, he would suggest that the new working group be open to all Council Members.

Mr. HANSEN (Denmark) joined in supporting the proposal, but noted that there were a number of practical issues to be dealt with before a decision could be taken, notably the criteria on which the 10 members would be selected, whether the group would be open to all IMO Member States and to international organizations, and how to ensure that it did not merely become an extension of the Council.

Mr. AL-OHALI (Saudi Arabia) also supported the proposal, and expressed appreciation of the Secretary-General's offer to submit a substantive document at a later stage.

Mr. CHRYSOSTOMOU (Cyprus) said he could agree in principle to the setting up of a working group to consider budget estimates for the biennium. Since the Secretary-General had already given his approval to the idea of establishing such a group, he noted that it would be legal under the provisions of Article 49 of the Convention.

He had no strong views as to how many members the group should have, but was concerned to ensure that interpretation in all six official languages of the Organization should be provided if necessary. He could not support the suggestion in paragraph 6 of the document that the group should meet in conjunction with the Council, since that would not be practicable for small delegations such as his own. The group would not have the authority to tell the Council what action it should take: the final decision would be for the Council, and ultimately for the Assembly, as provided for under Article 21 of the Convention.

Mr. GASC (France) also supported the proposal and welcomed the Secretary-General's offer to submit a document for further consideration.

He agreed that the question of languages could present a problem, although some working groups, notably the Working Group on the Strategic Plan, operated successfully using only English. Whether the group should have eight, 10 or 12 members, or should be open to all, was not a matter of great concern. The problem was rather to ensure that enough participants with experience of the Organization and the necessary financial expertise attended, which had not always been the case with budgetary working groups in the past.

He supported the views expressed by Cyprus as to the difficulty that would be caused to small delegations by holding the group's meeting simultaneously with the Council.

Mr. YEANG-JUN JANG (Republic of Korea) said that despite having only two meetings a year, the Council had hitherto been very successful in tackling the many challenges facing the Organization. A Council working group with a limited number of Members was not acceptable to his delegation, since the Council itself already represented a selection of Member States. Lastly, he was not sure whether it was appropriate for the Secretary-General to be a member of a working group of a governing body of the Organization.

Mr. FINLEY (Panama) wholeheartedly endorsed paragraphs 1 and 2 of the document under consideration. While it was true that the Council had responsibility for the governance of the Organization, it was not necessarily its role to micromanage. As had been pointed out by the Secretary-General, each United Nations body had governance arrangements which reflected its own character and mandate, and there was no single model. While he appreciated the Secretary-General's comments, he would rather they had been made after the debate, lest they influence Council Members in arriving at a decision.

He believed that IMO was already one of the most productive of the United Nations agencies. He did not wish to see the Council's responsibilities diluted, and was concerned at the implication in paragraph 3 that a membership of 40 was a hindrance to it in fulfilling those responsibilities. All that was needed for success was good organization and good time management. If there was need for further consideration of any issues, the Council could always decide to set up an *ad hoc* group, but he believed that a standing working group with a life of its own should not be authorized.

Mr. OLIMBO (Italy) endorsed the ideas put forward in the document and supported the proposal by the Secretary-General to prepare a substantive document for consideration by the Council at its ninety-sixth session. However, with regard to membership, he shared the concerns expressed by Cyprus and France as to the possible budgetary consequences.

Mr. MARTINEZ (Chile) supported the proposal. The proposed group should include members from every region so that all aspects of financial management could be considered appropriately.

Mr. HILL (observer, Liberia) endorsed the establishment of a standing working group, an idea that had been suggested in the past. Many United Nations organizations had such a group. The group could play a particularly important role in scrutinizing the financial aspects of the refurbishment project. Nevertheless, he shared the concerns expressed by previous speakers at the proposed membership. The group should cover a broad spectrum, including not only Members of the Council but also other Member States, for example those that made a significant financial contribution to IMO.

The CHAIRMAN suggested that, given the importance of the matter and the time constraints of the current session, the Council might wish to conclude that further consideration

of the proposals be deferred to a subsequent session, when a substantive document, which took into account the comments made at the current session, would be available.

Mr. CHRYSOSTOMOU (Cyprus) pointed out that delegations attending the forthcoming Assembly would receive a record of the decisions taken by the Council at the current session, although not a full summary record of its deliberations. The Assembly had the right to comment on the proposals and provide further instructions to the new Council, which was to be elected at the Assembly. It would then be for the new Council to take the matter further if appropriate, perhaps considering the proposals at its session in June 2006. The report to the Assembly should therefore include the current Council's views on the matter.

The SECRETARY-GENERAL confirmed that a summary of decisions taken by the Council at its current session would be prepared for submission to the Assembly in the following week; it would not be possible for the full summary records of the current session to be prepared in the time available. He suggested that, rather than raise an additional topic for detailed consideration at the Assembly, with the attendant difficulties of preparing a new Assembly document, it might be preferable to refer the matter directly to the newly elected Council at its ninety-fifth session, which would follow immediately after the Assembly. The new Council could then decide whether it wished to consider the proposals in depth at its ninety-sixth session in June 2006.

Mr. CHRYSOSTOMOU (Cyprus) supported that suggestion.

Mr. VASSALLO (Malta) remarked that, while there might well be room for improvement, there were already mechanisms in place for the scrutiny of financial matters by Member States and the IMO Secretariat, including those related to the refurbishment of the IMO headquarters building. Moreover those mechanisms were working well.

The CHAIRMAN invited the Council to note the information set out in document C/ES.23/4(a)/1 and that provided orally by the Secretary-General; to agree, given the significant importance of the proposal and the limited time available at the session, that, based on the general support, in principle, expressed for the proposal, a thorough discussion on the issue be deferred to its ninety-sixth session on the basis of a substantive document to be submitted by the Secretary-General and that, at its ninety-fifth session, the Council should, in its new composition, be invited to note the outcome of its discussions on that issue; and to request the Secretary-General to take into account the comments and proposals made by Members during the discussion in the preparation of the said document.

**It was so decided.**

**(b) HEADQUARTERS BUILDING REFURBISHMENT (C/ES.23/4(b))**

The CHAIRMAN recalled that, at its ninety-fourth session, the Council had welcomed revised proposals made by the host government for the financing of the proposed refurbishment of the IMO headquarters building and, in particular, its willingness to pay a greater part of the costs. The Council had agreed, in principle, to proceed with a revised programme of works on the basis of the 90:10 cost-sharing formula, had invited the Secretary-General and the host government to continue their negotiations, and had requested the Secretary-General to present more detailed information to the current session.

The SECRETARY-GENERAL said that, in line with the Council's invitation, he had determined, in collaboration with the host government, the proposed programme of work to be undertaken within phase 1 of the refurbishment project, which had a proposed funding limit

of £25 million. Details of the non-financial aspects of the project were provided in document C/ES.23/4(b). Information related to the financing, which formed part of the revised budget proposals for the 2006-2007 biennium, was provided in document C/ES.23/5, to be considered under item 5 of the agenda.

Paragraph 3 of document C/ES.23/4(b) provided information on the management of the refurbishment project by the project steering board, which had been established by the host government to oversee all aspects of planning and delivery, and to provide a forum for ensuring appropriate governance. IMO was represented on the board.

Paragraphs 4 to 8 and annexes 1 and 2 of the document summarized the programme of work. The project had been split into two phases, chiefly because of budgetary limitations on the part of IMO and the United Kingdom Government. Phase 1, costing approximately £25 million, would comprise a major portion of the works previously identified as “unavoidable” (as opposed to “necessary” or “desirable”), but omitting those items that would need to be revised owing to the adoption of a two-phase approach. Some of the items originally identified as “necessary” but which would in any case have had to be undertaken in the near future would also be included.

The highest priority among the items classified as unavoidable would be given to the urgent work required in respect of mechanical and electrical systems and the fabric of the building (annex 1). Immediate priorities among items not considered to be unavoidable included the upgrading of some facilities in the main conference hall, the upgrading of catering and dining facilities, the enhancement of building security, and changes needed to make effective use of the space on the ground floor resulting from the closure of the production unit (annex 2). He hoped that delegations had been able to attend the presentation by the host government’s project managers the previous day, which had described the outline design proposals in greater detail.

As explained in paragraph 7 of document C/ES.23/4(b), after due consideration of the advice given by the project managers, the project steering board had concluded that it would not be possible for the work of IMO and the Secretariat to continue at IMO headquarters during the refurbishment owing to the difficulty of maintaining a safe and healthy operational environment, the extensive scope and number of locations in the building that would be affected by the work, the inevitable noise of the works, and the need to complete according to a reasonable timetable and within budget. Accordingly, within the £25 million budget for phase 1, a provision of £1.9 million had been made to meet the costs of the relocation of the IMO Secretariat to temporary accommodation and the subsequent return to the headquarters building. That allocation would also cover the costs of relocating IMO meetings during the refurbishment period.

The advice of the project managers regarding the timing and duration of phase 1, which had been validated by the independent project adviser, indicated that if the building was made fully available to the refurbishment contractors, the work would take approximately 13 months, inclusive of the time necessary to set up and dismantle the contractor’s site arrangements, and should run from the end of July 2006 to the end of August 2007. The proposed timing offered a number of benefits, including those listed in paragraph 9 of document C/ES.23/4(b), in addition to a return to the headquarters building that would allow time for preparations for the 2007 Assembly.

The United Kingdom Government had proposed offices located at 55 Victoria Street, London, SW1 as the temporary location for the IMO Secretariat during phase 1. The Organization would be responsible for the management and organization of the temporary relocation to Victoria Street and of the meetings programme during the refurbishment period. As noted in paragraph 11 of the document, the market value rent of 55 Victoria Street was substantially

higher than the amount currently paid by IMO under the terms of the lease agreement for the headquarters building. The United Kingdom Government would be obliged to pay the full amount of the rent to the owners of 55 Victoria Street, but IMO rental payments would not change as the Organization would continue to pay at the current level. The Organization would assume responsibility for building security, cleaning and maintenance at 55 Victoria Street, and would maintain certain limited security and maintenance responsibilities for the headquarters building. The selection of appropriate contractors for those services would be determined on the basis of competitive quotations. The Organization would agree to maintain the Victoria Street premises, throughout the relocation period, in no worse state of repair than at the time of occupation.

IMO would pay reduced commercial property taxes (rates) at 55 Victoria Street but the host government would continue responsibility for the insurance of the premises at that address and for the headquarters building. The Organization would be responsible for the insurance of its contents at both locations.

The host government had confirmed that the full range of privileges and immunities would apply to 55 Victoria Street for the duration of the temporary relocation. IMO would take all necessary steps, in consultation with the relevant authorities in the United Kingdom, to ensure that security was commensurate with that expected and provided at the headquarters building.

A temporary addendum to the existing headquarters lease agreement and, as necessary, other agreements between the host government and IMO, would be entered into for the duration of the project to reflect the various issues. The Council would be kept informed in that regard.

The proposals for the meetings programme were aimed at minimizing disruption to the programme and limiting, as far as possible, expenditure on the rental of alternative conference facilities. Expenditure on the hiring of facilities would be met from the project budget and, therefore, would affect the level of funds available for the refurbishment work. Radical solutions, such as holding all the planned meetings in the first half of 2006, had been discounted on operational grounds. Moreover, it had been concluded that it would be prudent to hold as many meetings as possible in London. A revised schedule of meetings for the latter half of 2006 was provided in annex 3, which also gave an indication of approximate cost. Availability of conference facilities in London of the size required for the Organization's major meetings (*i.e.* the MSC and the MEPC) was limited and had to be booked well in advance to secure occupancy. Bookings had therefore been made at the locations indicated. Consultations were under way regarding the hosting of the November/December 2006 MSC session by a Member State. The host government had suggested a suitable location in London for the November 2006 Council session. The meetings schedule for 2007 would be considered in due course in consultation with the relevant chairmen and on the basis of the experience gained during 2006.

Paragraphs 19 and 20 of document C/ES.23/4(b) provided information on the arrangements to ensure access to IMO's information systems during the refurbishment, including contingency back-up, and on the unavoidable temporary limitations to the research and information services provided by the IMO Library.

As indicated earlier, detailed proposals on the financing of the Organization's share of the refurbishment costs were given in document C/ES.23/5. Paragraphs 21 to 24 recorded the host government's confirmation that the IMO contribution to phase 1 could be paid over two bienniums and the fact that a decision on the £21-million phase 2 of the refurbishment project, also financed on the basis of the 90:10 cost-sharing formula, would be subject to a decision by Council, which was not expected to be sought before 2010.



Mr. ALLAN (United Kingdom) thanked delegations that had attended the previous day's presentation on phase 1 of the refurbishment project. He hoped that the question and answer session had helped to clarify the various concerns raised. In introducing the document, the Secretary-General had provided a clear, accurate and comprehensive overview of the main aspects of progress on the project since the previous session of the Council. He expressed appreciation for the personal interest in the project shown by the Secretary-General, particularly with respect to the safety and security of delegates and IMO staff during and after the refurbishment, and for IMO's efforts to minimize the impact of the project on the implementation and costs of the Organization's meetings programme.

The principal considerations in planning the project had been the reduction of risks to the conduct of IMO's core activities, and the continuity of IMO operations. Those currently responsible for the maintenance of the building and independent experts had indicated that the mechanical and engineering infrastructure of the headquarters building required extensive and urgent repairs. Annual maintenance costs, which currently stood at some £400,000, were increasing, and financial and environmental running costs for the current systems were much higher than for more modern systems. About half of the proposed £25 million would therefore be needed to cover unavoidable works to reduce risks to operations. If undertaken outside the scope of the project, the cost of those works would amount to around £12.5 million which, under the terms of the current lease with the 80:20 formula, would cost IMO £2.5 million and would also involve a long period of disruption. For the same cost to IMO and over a shorter period, phase 1 of the project would cover those works plus extensive improvements, which had been determined after consultation with the Secretariat and Member States. The United Kingdom was confident that, within the physical constraints of the building, the proposals would ensure the most effective and efficient working arrangements possible, and he urged the Council to support the proposed actions set out in paragraph 25 of document C/ES.23/4(b).

Mr. CASTRO RIVAS (Argentina) said that his delegation had welcomed the generous proposal made at the previous session of the Council by the United Kingdom to undertake the refurbishment on the basis of a 90:10 cost-sharing formula. However, it had understood that the temporary offices to be proposed for IMO during the refurbishment period would be sufficiently large to accommodate the Secretariat and delegations to the Organization, in order to reduce the negative impact of the relocation. Drawing attention to paragraphs 16 to 18 of document C/ES.23/4(b), he pointed out that there was a need to ensure the continuation of diplomatic immunities and privileges for delegates as well as IMO staff. Delegates were accredited in London and the holding of meetings elsewhere could cause complications that might reduce participation and therefore affect the outcome of such meetings.

Mr. POLDERMAN (Netherlands) welcomed document C/ES.23/4(b), which described a credible, creative and well-balanced set of proposals that provided a good basis for further work on the refurbishment project by the Secretary-General and the United Kingdom. He therefore supported the programme of work for phase 1.

Mr. GASC (France) said that, while the improvements were not as extensive as hoped for, he supported the refurbishment proposals submitted. However, the host country should be invited to make greater efforts to find practical and cost-effective local solutions for the schedule of meetings. There remained too many uncertainties regarding the locations for and costs of meetings in the second half of 2006. Delegates did not yet know whether they might face additional travelling and travel costs, factors that might affect their ability to participate.

Mr. RANGEL JALLEY (Venezuela) agreed with Argentina regarding diplomatic immunities and privileges and said that Venezuela would be unable to afford any additional costs

incurred should meetings be held outside London. He drew attention to the surprising differences in meeting costs shown in annex 3, with MEPC 55 at the Central Hall estimated at £170,000, while LEG 92 at UNESCO (Paris) and DSC 11 at the Coffee Organization had been estimated at only £37,000 and £35,000, respectively. He called for a detailed cost analysis to be made before endorsing the proposed meetings programme, especially as expensive venues had been suggested.

Mr. PONOMAREV (Russian Federation) concurred with previous speakers that as few as possible meetings should be held outside the United Kingdom, since no such provision had been made in the budget. He endorsed the proposed refurbishment programme but was disappointed that the conference room seating capacity would not be increased significantly, as had originally been planned, and asked for that to be taken into consideration in phase 2.

Mr. ENRIQUEZ ROSAS (Mexico) said that Mexico, like Argentina, had understood the United Kingdom's offer presented to the Council at its ninety-fourth session to include both the cost of refurbishment and the additional expenditure incurred in moving meetings elsewhere. As Member States set their budgets months in advance, no provision would have been made for additional costs and many would be unable to afford to attend meetings outside London, which might affect the validity of committee decisions. Meeting venues should therefore be in, or as close as possible to, London.

Mr. INNAMI (Japan) said that the total cost of refurbishment under phase 1 should not exceed £2.5 million, given the Organization's difficult budget situation.

The SECRETARY-GENERAL, referring to paragraph 17, said that every effort would be made to ensure that as many meetings as possible were held in London. He clarified, however, that any additional expenditure incurred for meetings held outside London would either be met by the Member State government offering to host a meeting or be deducted from the project budget. The Kenyan Government, for example, had already offered to host the Wreck Removal Conference in Nairobi, including an additional cost of £210,000 for the Secretariat to attend. He recalled that IMO had held several successful conferences in other Member States in the past. He said that he would keep the Council informed on the position regarding meetings to be held in 2007. Turning to meetings to be held in the second half of 2006, he informed the Council that the DSC Sub-Committee would take place at the Coffee Organization. However, the higher capacity required for the Legal Committee prevented it from being held in London and IMO was negotiating with UNESCO to hold the meeting at its Paris headquarters. Finally, the host government had offered the Central Hall for the next meeting of the MEPC and the Council's ninety-seventh session. As to the question of increasing the capacity of IMO headquarters' conference rooms, he said that the refurbishment project consultants would look into ways of doing so. Consequently, and in order to review security arrangements, they would visit IMO's twenty-fourth Assembly meeting on 21 November 2005 and attend the Secretary-General's reception.

Mr. CHRYSOSTOMOU (Cyprus) asked if any of the works identified as unavoidable in paragraph 4 could be deferred to phase 2. Turning to meeting venues, he referred to Article 58(c) of the IMO Convention, which stipulated that the Assembly had the right to hold meetings anywhere, provided the Council had informed the Assembly that it was appropriate to do so. Should the Assembly decide to hold a meeting in another place, Article 53 stipulated that the cost should be borne by the Member State. As to the question of diplomatic immunities and privileges raised by Argentina, he recalled that Articles 64 and 65 stated that those would be conferred on Member States irrespective of where meetings took place. Even if the International Convention on Immunities and Privileges was not in force, appendix 2 of the

Convention would come into force on a provisional basis. Finally, he supported France's comments on increasing the conference room seating capacity and said that Cyprus would like to see capacity increased by 100 seats, but acknowledged that IMO was restricted by the fixed boundaries of the building. The only alternative was to move to different premises, at a prohibitive cost of at least £100 million.

Mrs. de OLIVEIRA (Portugal) expressed appreciation for the clarity of the proposals made, particularly the presentation of phases 1 and 2 as one, overall project. She said that Portugal fully supported the proposals but shared the concerns of other Member States about the financial implications of holding meetings outside London and agreed that they should be held in London where possible.

Mr. VASSALLO (Malta) reminded the Council that it had always known that some disruption was inevitable, but urged it to welcome the disruption of having to hold meetings outside London as an opportunity to demonstrate that IMO was a global organization and to generate more interaction between representatives from Member States, as they would be using the same hotel accommodation.

Mr. BELL (Bahamas) requested clarification on whether or not penalty clauses for time and/or cost overruns would be written into the refurbishment contracts and, if not, who would be liable to pay for such overruns.

Mr. OLIMBO (Italy) fully supported the comments of Malta and also the contents of paragraphs 16 and 17 with regard to minimizing disruption and limiting expenditure on the rental of alternative conference facilities by holding as many meetings as possible in London. Italy endorsed the 90:10 cost-sharing formula and the proposed programme of works for phase 1 and also supported the continuation of negotiations with the host government in order to ensure an efficient and cost-effective refurbishment of the headquarters building.

Mr. PACHA VICENTE (Spain) joined in supporting the suggestion that meetings should take place in London where possible and concurred with Argentina's comments that the needs of all parties should be considered. Referring to paragraphs 10 and 11, he requested clarification on whether 55 Victoria Street had the requisite facilities, such as cafeteria, library, parking and printing. He also requested clarification on paragraphs 22 and 24, which seemed to be contradictory, in particular in relation to the commencement of phase 2 in 2010 and the possible need for another temporary relocation of the Secretariat, which he considered would be detrimental to strategic planning.

Mr. ALLAN (United Kingdom) thanked the representative of Cyprus for expertly answering some of the queries raised.

Responding to the query raised by the Bahamas, he apologized for any misunderstanding and confirmed that at the presentation he had not said that there would be no overrun penalties but that, while he could give no guarantee against anything going wrong, a professional consultancy company was managing the contract. He added that the contract would comply with United Kingdom legislation and with the penalty clauses applicable to United Kingdom Government departments. Any penalties would apply to the contractor. He emphasized that the project included the normal contingency plans and redundancy.

In reply to the point raised by the representative of Spain, he said that in the English version of the document under review, paragraph 22 did not state that phase 2 would start in 2010, but that a decision on phase 2 would be sought in 2010. Bearing in mind the time it was

taking to reach a decision on phase 1, the United Kingdom authorities would ensure that a suitable project was prepared for presentation to the Council by approximately 2010 so that the Council could take the proposal forward based on the information provided at that stage and take a decision in association with the host government and the Secretary-General.

The SECRETARY-GENERAL recalled that in his introduction he had said that the host government had confirmed that the full range of privileges and immunities would continue to apply at the Victoria Street site for the duration of its occupancy by the IMO Secretariat. He had said that the Organization would take all necessary steps in consultation with the relevant authorities of the United Kingdom to ensure that security measures would continue at the site in the same way as at IMO headquarters and that a temporary addendum to the existing headquarters lease agreement to reflect those issues would be entered into for the duration of the project. The Council would be kept informed and IMO's legal officers would be asked to participate in the exercise.

As the representative of Cyprus had stated, it was not possible to increase the capacity of the headquarters building any more than had been planned due to structural restrictions. He recognized that there would be some disruption during the move, as mentioned by the representative of Malta, but that was unavoidable and, as he had said to the Council in November 2004 and June 2005, it was necessary to make such sacrifices and to go about the project with enthusiasm, in the knowledge that the Organization would leave, as the Transport Minister of the United Kingdom had said, "a building for the twenty-first century" for those who followed. IMO, as a global organization, needed to move outside London, and he had recommended the acceptance of the offer by the Government of Kenya to host the Wreck Removal Conference.

In response to questions raised by the representative of Spain, he said that at Victoria Street there would be neither a restaurant, comprehensive medical facilities nor parking for staff, and the library facilities would be limited. He recognized that the reduced facilities would present unavoidable challenges which the Organization, in particular the Secretariat, would have to face in order to attain future benefits. A minimum amount of office refitting would be undertaken at the temporary location in order to conserve available funding for the headquarters refurbishment work. Paragraph 10 of document C/ES.23/4(b) stated that, when he had visited the temporary offices in Victoria Street with senior management and staff representatives, they had found them adequate for the needs of the Secretariat for the projected period of the refurbishment work, and no more.

Referring to the answer provided by the representative of the United Kingdom, he reaffirmed that a decision on phase 2 would not be sought until 2010 and that it was not yet possible to see if there would again be a need for temporary accommodation until that time.

Mr. SHIREEN (Egypt) agreed with the representative of Malta that the Organization should hold meetings outside London from time to time, even if fewer facilities were available. IMO needed far more exposure to public opinion in other countries so that ordinary people would be made aware of its importance. The activities of the Organization affected other areas, such as oil and tourism, as well as maritime matters. Mr. Mitropoulos' propitious visit to Egypt had made an important contribution to strengthening Egyptian activities in maritime transport. Egypt had been considering hosting an IMO meeting in Alexandria, Sharm-al-Shaikh or Aswan, but the cost was very high, perhaps amounting to Egyptian £2 million. He suggested that IMO should reduce the number of its staff at overseas meetings to keep down the costs. A meeting in Kenya would make an interesting change from London. He supported Kenya, Malta and any other Member State wishing to extend an invitation, provided it included a means of reducing the cost of travel.

The SECRETARY-GENERAL, referring to the text in brackets in the proposed revised meetings programme for 2006, contained in annex 3 of document C/ES.23/4(b), said he was pleased to announce that the Government of Turkey had extended an invitation to hold MSC 82 in Istanbul from 29 November to 8 December 2006, together with an offer to bear the additional costs of about £110,000. Those costs amounted to almost half of the extra costs which would be incurred by holding a full conference in Kenya. He assured the representative of Egypt that he had personally taken care that everything had been done to ensure that not a single member of staff without substantive work to do would go either to Nairobi or Istanbul. He hoped the Council would be prepared to accept the offers made by Kenya and Turkey, and thanked those two governments for their generosity in inviting IMO to hold two meetings for which IMO would have no available facilities.

Mr. PONOMAREV (Russian Federation) apologized for any misunderstanding about his previous statement. He had spoken not about a delegation from Moscow, but about himself and he believed that around 60 of the permanent representatives present at the meeting would also be affected. The budget of the Permanent Mission of the Russian Federation to IMO had gone through a second reading in the Russian parliament and it did not provide for sending the Permanent Representative to MSC 82. The only possibility for him to attend that meeting would be to use the money allocated by the Russian Government to refurbish its Permanent Mission to IMO.

Mr. FINLEY (Panama) thanked the United Kingdom for the excellent presentation, and in particular Mr. Allan and the Secretary-General for leading the project and so ably answering the questions raised. However, he wished it to be noted that his delegation had concerns regarding the adequacy of the investment for the future needs of IMO. He was sure that the project team and the consultants would find it interesting to see the Assembly meeting on Monday. A building twice the size of the present headquarters might be needed to provide sufficient capacity for the Assembly. Most permanent representatives and regular attenders knew that attendance at sessions of the MSC and the MEPC had continued to increase. The provision of an additional 30 desks did not represent a real investment in the medium- to long-term future.

A number of representatives had mentioned that during the refurbishment programme there should be meetings held in locations outside London. While he appreciated the offers by Member States to host meetings, he agreed with the representative of the Russian Federation that such a move did not take account of the needs of permanent missions in London. The Secretary-General had earlier mentioned the examples of the Athens Convention and the Torremolinos Convention, but those conferences had been held at a time when few Member States had a permanent mission in London. His delegation had a permanent mission based in London and, like the Russian Federation, it had not budgeted for Kenya and Istanbul, or even Rome or Venice, as much as it would be agreeable to travel to all those places. The comments by the representatives of Malta and Egypt went further, begging the question why IMO should not have a roving commission in the future. Such a change would affect the budget and bring into question the need for a headquarters.

The Secretary-General had pointed out that owing to a lack of space at Victoria Street only reduced facilities would be available, and that the cost to IMO would not be more than that paid for the headquarters building. However, the question that remained was whether IMO would be receiving like for like. The strength of the Organization, apart from the participation by Member States, lay in the staff of the Secretariat. He asked whether there would be room for all of them at 55 Victoria Street, and what would happen to translators and non-permanent staff if meetings were held abroad.

He asked whether the representative of the United Kingdom could further clarify the question raised by the representative of the Bahamas on penalty clauses, so as to confirm that there would be no additional financial exposure to the Organization and its Member States in the event of an overrun.

Mr. AZUH (Nigeria) supported the comments made by the representative of Malta on holding meetings in various places. It would be educational for the Organization to see the world, budgetary restraints notwithstanding.

The SECRETARY-GENERAL said that the offer by Kenya to host a conference should not be left without further elaboration. While he understood the comments by the representative of Panama, his main concern was whether, by accepting the offers by Kenya and Turkey, the Organization would have to bear extra costs. That was not the case and there should be no implications for the budget of IMO. He appreciated that the permanent representatives would have to bear additional costs themselves, but he was sure that, with good will and good faith, they would be able to overcome the problem. However, it was beyond doubt that there would be a political element in a refusal by IMO to accept the offer by an African country to host a conference in its capital and to bear costs of more than £200,000. Such a refusal would have a specific bearing on Africa and the special emphasis currently placed on Africa by the whole world through the Millennium Development Goals. He therefore recommended that the offer by Kenya should be accepted. He also recommended that the offer made by Turkey should be accepted, though for different reasons.

In response to the question by the representative of Panama, he replied that there would be space for all IMO staff at Victoria Street, but that everyone would have to put up with some inconvenience. He voiced his appreciation of the concern expressed for the staff, adding that the Council would equally appreciate his concern for the staff, of which he was a long standing member.

With regard to costs, as he had remarked in his introduction, the market value rent of 55 Victoria Street was substantially higher than that currently paid by IMO to the United Kingdom Government under the headquarters lease agreement, and, while the United Kingdom Government would be obliged to pay the full amount of the rent to the owners of 55 Victoria Street, it had confirmed that it would continue to accept the same payments from IMO for the duration that the IMO Secretariat occupied 55 Victoria Street.

Mr. IKIARA (observer, Kenya) said he had listened to the debate on holding meetings outside London, and he associated his delegation with the remarks of Malta, Cyprus, Egypt, Nigeria and others. Kenya hosted the headquarters of the United Nations Environmental Programme (UNEP), and sometimes its meetings were moved from Nairobi to Rio de Janeiro and other locations. Kenya regarded it as part of the obligations of international organizations to be seen as belonging to all Member States. Kenya's offer to host a conference was, therefore, based on the understanding that IMO was an international organization sufficiently flexible and to adjust to holding meetings elsewhere, despite budgetary constraints. Pointing out that many African countries were unable to send delegations to London because it was so expensive, he said that IMO might find that Nairobi was not so costly, once they had dealt with the admittedly higher travel costs. He confirmed that his Government had written to IMO to make a formal offer. The President of Kenya had shown a personal interest in the matter and spoken to the Secretary-General. The Kenyan Government looked forward to hosting the Diplomatic Conference on Wreck Removal in Nairobi.

**The meeting rose at 5.35 p.m.**