



IHO File No. S1/6200/C-6

COUNCIL CIRCULAR LETTER 01/2022
21 April 2022

IHO ANNUAL REPORT FOR 2021
AND APPROVAL OF THE FINANCE REPORT FOR 2021

References:

- A. IHO Resolution 12/2002 as amended – *Planning Cycle*.
- B. IHO Resolution 2/2018 – *Procedure for considering the annual financial statement and recommendations and the forthcoming budget estimate and work programme*.
- C. FCCL01/2022 dated 14 April 2022 – *Finance Committee Officers' meeting – 8 April 2022*.

Dear Hydrographer,

1. In accordance with the revised procedures in force for the IHO Planning Cycle (See Reference A, *for Assembly Years*) and the consideration of financial statements for the previous year (See Reference B), this letter invites the Council Members:

- to take note of the draft IHO Annual Report for 2021 (Part 1 – General), and provide their comments if any, at their earliest convenience;
- to approve the draft IHO Annual Report for 2021 (Part 2 – Finance).

2. The draft IHO Annual Report for 2021 (Part 1 and Part 2) is available for consultation, as Publication P-7, on the IHO website <https://iho.int/en/draft-publications>.

3. The Finance Report for 2021 and the recommendations of the Secretary-General were reviewed and endorsed by the Chair of the Finance Committee and the Chair of the Council at the Finance Committee Officers' meeting held in a hybrid format in Monaco on 8 April 2022.

4. In accordance with Reference B (Paragraph 7), the report of this meeting, including the Finance Report for 2021, is now under circulation to the Members of the Finance Committee for comments (Reference C). These comments, if any, will be considered and incorporated in the final version of the Part 2 of the IHO Annual Report at the final stage, before publication.

Result of the fiscal year 2021 and recommendations of the Secretary-General for the 2021 surplus

5. The audited financial statements indicate a positive result for 2021 of 229 622.32€ (see Table 9 (English) and 10 (French)). This result comprises a surplus of 70k€ from the budget implementation, an additional income of 150k€, an underspend of 17k€ in capital expenditure and the inclusion of the amount paid for depreciable assets of 7k€.

6. It should be noted that the high surplus in 2021 results from the effects of the COVID-19 pandemic on many fiscally relevant operations, as the Secretariat has been mostly on home office regime in 2021, with VTC meetings and very little travel. Recruitment to replace retired staff members was also delayed.

7. In order to meet the retirement obligations placed on the Secretariat by means of the Staff Regulations (Article 9.6.1), the IHO had a contract with a local insurer, NSM/Neuflize, to provide capital or a pension by event of retirement of the locally recruited members of staff. This contract was a type of life insurance which allowed to accumulate capital with interest, but with no guarantee to pay a pension on a level equivalent to the local pension system (CAR) in place for workers in the Principality. On retirement the Staff Member can choose the accumulated capital or a pension paid by the IHO. In the case of the choice of a pension, the accumulated capital was transferred to the Secretariat, who then paid a pension equivalent to the one provided by the CAR to the new retiree. In February 2021, NSM/Neuflize cancelled this contract without pre-warning.

8. The Secretariat has successfully managed to contract another insurance company, GAN VIE, to fully externalize the obligations set out by the Staff Regulations. The capital or the pension as required by the Staff regulations will now be paid directly by the insurer. The new contract is based on the condition that the capital needed to provide this pension for the duration of the statistic life expectancy is accounted to the insurance depot at the date of retirement of the staff member. A calculation of the provision needed to pay this capital is made and adjusted every year. At the end of 2021, this provision was estimated to be 2M€ in total until the furthest date of retirement of the current staff members within the next 35 years. A provision of 499K€ was made in 2021, which will cover the next 3 years. Further reasonable provisions will be required over the years to come. Though the need for capital is substantial, this contract is advantageous for IHO, as it removes the uncertainty about the expected duration of payment from the IHO budget. This pension insurance contract applies to future retirees only. The current group of retirees will continue to receive payment from the old system of the Internal Retirement Fund.

9. The Finance Committee Officers endorsed the proposals of the Secretary-General that the budget surplus for 2021 of 230k€ is to be distributed to the provision for external retirement (220k€), and the balance should go into the capital. This measure will facilitate the coverage of approximately another three more years needs for extra provision under the new pension arrangements and will eventually lower the burden of the regular provisions to the system for the second decade of the century.

Approval of the Finance Report for 2021

10. Council Members are requested to consider the Finance Report for 2021 as part 2 of the Annual Report together with the recommendations of the Secretary-General and to complete the IHO Online voting form by using the link below as soon as possible and **not later than 31 May 2022**. https://IHO.formstack.com/forms/web_form_ccl_01_202211.

11. Through this Council Circular Letter, announcing the availability of the draft IHO Annual Report for 2021, the IHO Secretariat is also pleased to inform all the IHO Member States simultaneously on the accomplishment of the Work Programme for 2021.

Yours sincerely,



Dr Mathias JONAS
Secretary-General

Distribution: Council Members
Copy: IHO Member States, Finance Committee Members,
Council Chair/Vice-Chair

Annex

A: Voting Form

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VOTING FORM

*(to be returned to the IHO Secretariat **by 31 May 2022**)*

Voting is to be submitted on the IHO Online form system:

https://IHO.formstack.com/forms/web_form_ccl_01_2022

Member States who have difficulty in accessing the Online form system, please submit this form via E-mail: info@iho.int or Fax: +377 93 10 81 40

Council Member:	
Point of Contact:	
Contact E-mail:	

APPROVAL OF THE FINANCE REPORT

Do you agree with the recommendations of the Secretary-General and the Finance Committee Officers regarding the budget surplus for 2021? *Please tick the appropriate box.*

YES	<input type="checkbox"/>
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NO	<input type="checkbox"/>
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Comments if any:

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Name/Signature: Date: