



International Oil Pollution  
Compensation Funds

<b>Agenda Item 8</b>	IOPC/NOV24/8/2/1	
<b>Date</b>	14 October 2024	
<b>Original</b>	English	
<b>1992 Fund Assembly</b>	92A29	●
<b>1992 Fund Executive Committee</b>	92EC83	
<b>Supplementary Fund Assembly</b>	SA21	

## 2010 HNS CONVENTION

### HNS DEVELOPMENT BUDGET FOR 2025

#### Note by the Secretariat

**Summary:**

Activities being undertaken to make progress towards the entry into force of the 2010 HNS Convention have increased in volume since 2023 and the trajectory is expected to continue in 2025.

The cost of financing these activities is mainly related to staff and the establishment and maintenance of operational systems, such as reporting and contributions, the HNS Finder and the website.

As a result of the significant increase in activities being undertaken, the Director has amended the vacant Senior Claims Manager job description and utilised the existing P5 budgeted post for an 'HNS Project Manager' at the P5 level. The HNS Project Manager post will lead and direct all HNS activities.

In addition, a discovery exercise has been conducted to capture system requirements and projected development costs for a new HNS reporting platform.

The Director also proposes to increase the management fee to reflect the additional work undertaken by the Secretariat on HNS-related tasks.

**Action to be taken:**

1992 Fund Assembly

- (a) Take note of the new HNS Project Manager post;
- (b) note the Director's proposal, as explained in document [IOPC/NOV24/9/1/1](#) and paragraph 4.3 of this document, that the 1992 Fund should receive an increased management fee of £264 000 to cover additional administrative expenses incurred, including the expanded Secretariat efforts in respect of the preparations for the entry into force of the 2010 HNS Convention;
- (c) note the estimated cost of £300 000 for the development of the new HNS reporting system; and
- (d) note the proposed HNS Fund appropriation of £799 000, which is presented to the 1992 Fund Assembly for approval in document [IOPC/NOV24/9/1/1](#).

## 1 Introduction

- 1.1 The International Convention on liability and compensation for damage in connection with the carriage of hazardous and noxious substances by sea (1996 HNS Convention) was adopted by an International Conference organised by the International Maritime Organization in May 1996<sup><1></sup>.
- 1.2 The same International Conference adopted a Resolution inviting the Assembly of the 1992 Fund to assign to the Director of the 1992 Fund, in addition to his functions under the 1992 Fund Convention, the administrative tasks necessary for setting up the International Hazardous and Noxious Substances Fund (HNS Fund) in accordance with the HNS Convention. In June 1996, the 1992 Fund Assembly instructed the Director to carry out the tasks requested by the HNS Conference (document [92FUND/A.1/34](#), paragraphs 33.1.1–33.1.3), on the basis that all expenses incurred would be repaid by the HNS Fund.

### *Administrative preparations for the setting up of the HNS Fund*

- 1.3 At its sixth session held in October 2001, the 1992 Fund Assembly instructed the Director to develop a system in the form of a website or CD-ROM to assist States and potential contributors in the identification and reporting of contributing cargo under the 1996 HNS Convention. The 1992 Fund Assembly granted an extra appropriation of £150 000 for this purpose, provided that the costs, including interest, would be reimbursed to the 1992 Fund by the HNS Fund when the 2010 HNS Convention entered into force. It was noted that these costs would be paid from the General Fund (document [92FUND/A.6/28](#), paragraphs 28.5 and 28.6).
- 1.4 Since 2002, loans have been provided to the HNS Fund from the General Fund to continue administrative preparations for the setting up of the HNS Fund, and a summary of appropriations, loans and interest per financial year is set out below:

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<sup><1></sup> In April 2010, an International Conference on the revision of the HNS Convention adopted the Protocol of 2010. Once the 2010 HNS Protocol enters into force, the 1996 Convention, as amended by the 2010 Protocol, will be called: 'the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 2010 (2010 HNS Convention)'.

Year	Appropriation £	Loan £	Interest £
2002	150 000	26 182	611
2003	50 000	9 488	1 230
2004	50 000	14 920	1 754
2005	50 000	25 130	3 083
2006	50 000	27 808	4 331
2007	30 000	6 577	6 165
2008	30 000	36 342	6 542
2009	30 000	733	1 312
2010	80 000	8 214	1 123
2011	150 000	41 119	1 263
2012	150 000	22 494	1 570
2013	150 000	22 692	1 690
2014	50 000	18 866	1 861
2015	25 000	17 919	1 999
2016	35 000	26 656	1 877
2017	35 000	9 792	1 685
2018	35 000	22 959	2 765
2019	35 000	29 928	3 905
2020	35 000	32 947	2 047
2021	35 000	21 408	1 449
2022	35 000	29 302	7 502
2023	135 000	101 284	22 571
2024 (expenses and interest to 30 June 2024)	424 000	146 960	15 878
<b>Total</b>	<b>1 849 000</b>	<b>699 720</b>	<b>94 213</b>

1.5 The total amount appropriated since 2002 amounts to £1 849 000. Of that total, an amount of £793 933 (including interest) had been used as at 30 June 2024. Under the budgetary principles applied by the 1992 Fund, any unused portion of an appropriation for a particular financial year may not be carried over to the following year. The balance on the appropriations for the period 2002–2024 relating to the preparations for setting up the HNS Fund can therefore not be used to cover payments during 2025.

## **2 Financing of the 2023 action plan**

2.1 The Secretariat established a plan of actions required to fully prepare for the entry into force of the 2010 HNS Convention. That action plan was presented and noted by the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly in October 2022.

2.2 At the same session, the 1992 Fund Administrative Council approved an increased appropriation for 2023 of £135 000 (document [IOPC/OCT22/11/1](#), paragraph 9.1.15). This appropriation recognised the beginning of an increase in volume of activities undertaken to assist States in their work towards ratification of the 2010 HNS Protocol.

2.3 Operational costs of £101 284 were incurred in 2023 in the implementation of this action plan, details of which can be found in document [IOPC/NOV23/8/2](#).

### 3 Financing of the 2024 action plan

- 3.1 At its November 2023 session, an increased appropriation for 2024 of £424 000 was approved by the 1992 Fund Assembly (document [IOPC/NOV23/11/1](#), paragraph 9.1.16). This appropriation recognised the further increase in volume of activities undertaken to assist States in their work towards ratification of the 2010 HNS Protocol.
- 3.2 The increase in volume of activities undertaken to assist States in their work towards ratification of the 2010 HNS Protocol, as well as work associated with establishing a system for HNS reporting and invoicing of contributions, has given rise to increased levels of staff participation across the IOPC Funds' Secretariat.
- 3.3 In 2023, the Director responded by establishing an additional post in the IOPC Funds' Secretariat, the HNS Project Officer, to provide expertise to the Director on HNS policy matters.
- 3.4 Furthermore, the Director proposed that a management fee be paid by the HNS Fund to the 1992 Fund in respect of the costs incurred by the Secretariat to promote the entry into force of the 2010 HNS Convention. The action plan for 2024 includes outreach activities, provision of technical assistance, participation in workshops and preparatory work on a reporting and contributions system. This work is in addition to the tasks undertaken by the HNS Project Officer.
- 3.5 The Director proposed that the management fee for 2024 be calculated on an estimate of seven working days, which the staff as a whole would devote to tasks relating to the establishment of the HNS Fund.
- 3.6 Between January 2024 and the time of publishing, expenditure on staff costs and the management fee has been incurred in line with the approved budget for 2024.
- 3.7 A discovery exercise has been conducted to develop system requirements and projected development costs for an online system for HNS reporting and contributions. The budget for this exercise was £50 000 and it is expected to come in under budget.
- 3.8 Outreach activities, such as the joint IOPC Funds and IMO workshop in May 2024, technical assistance and operational costs such as maintenance of the HNS Finder and the website are incurring expenditure in line with the 2024 budget of £110 000.

### 4 Financing of the 2025 action plan

- 4.1 Implementation of the action plan to prepare for the entry into force of the 2010 HNS Convention will continue in 2025, with a proposed budget presented in the table below:

HNS budget and actual expenditure	2023 actual	2023 budget	2024 budget	2025 budget
Staff costs			£117 000	£125 000
Management fee			£147 000	£264 000
<i># days of 1992 Fund administrative costs</i>			7 days	12 days
System costs for online reporting - scoping, discovery			£50 000	£300 000
Operational costs	£101 284	£135 000	£110 000	£110 000
<b>TOTAL</b>	<b>£101 284</b>	<b>£135 000</b>	<b>£424 000</b>	<b>£799 000</b>

#### 4.2 Staffing for the HNS Fund

4.2.1 In 2024, the Director decided to amend the vacant Senior Claims Manager job description to utilise the existing P5 budgeted post for an HNS Project Manager, who will lead and direct all HNS activities. This post will be filled in December 2024. Unlike the HNS Project Officer post, this post will not be charged directly to the HNS Fund, instead being reflected in the management fee paid by the HNS Fund to the 1992 Fund.

4.2.2 The HNS Project Officer post will remain and is included in the HNS Fund appropriation for 2025 at P3 step 2 level.

#### 4.3 Management fee payable to the 1992 Fund

4.3.1 The Director proposes that a management fee continue to be paid by the HNS Fund to the 1992 Fund in respect of the costs incurred by the Secretariat to promote the entry into force of the 2010 HNS Convention. This work includes outreach activities, provision of technical assistance, participation in workshops and work to implement a reporting and contributions system. This work is in addition to the tasks undertaken by the HNS Project Officer.

4.3.2 The Director proposes that the management fee be calculated on an estimate of twelve working days, which the staff as a whole during 2025 would devote to tasks relating to the establishment of the HNS Fund.

4.3.3 On this basis, the Director has calculated the total costs per working day for the entire Secretariat, based on the joint Secretariat administrative budget for 2025, totalling £5 775 384 (2024 – £5 382 018) and 261 working days during the year. The daily costs of running the joint Secretariat would then be some £22 128. Rounding the daily cost down to £22 000, the HNS Fund should pay a management fee of £264 000 (12 x £22 000).

#### 4.4 System development for online reporting

4.4.1 In 2024, a discovery exercise was conducted to develop a system requirements and projected development costs for an online system for HNS reporting and contributions. The discovery exercise had several important outcomes:

- a full ‘requirements capture’, documenting all the expected requirements of the HNS reporting system;
- identification of key interactions between users and the HNS reporting system; and
- an outline of how the information held in the HNS reporting system would be organised.

4.4.2 The findings were presented in four sections:

- (i) a description of business processes and their connections;
- (ii) recommendations for how users might navigate the system;
- (iii) a plan for the system’s construction and the technology required; and
- (iv) a development proposal that included cost estimates, team roles and a project timeline.

4.4.3 The projected cost of implementing this system was £300 000.

4.5 Operational costs

The costs of maintaining the HNS website, HNS Finder, support provided to States and other operational costs has been maintained at £110 000 in the proposed budget for 2025.

5 Action to be taken

1992 Fund Assembly

5.1 The 1992 Fund Assembly is invited to:

- (a) take note of the new HNS Project Manager post;
  - (b) note the Director's proposal, as explained in document [IOPC/NOV24/9/1/1](#) and paragraph 4.3 of this document, that the 1992 Fund should receive an increased management fee of £264 000 to cover additional administrative expenses incurred, including the expanded Secretariat efforts in respect of the preparations for the entry into force of the 2010 HNS Convention;
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