



**President of the Council of
the International Seabed Authority**

8 March 2021

Excellencies,

I wish to refer to the organization of work of the Council of the International Seabed Authority for the twenty-sixth session, to my letters dated 30 November 2020, 3, 15, 21 and 24 December 2020 concerning the budget of the International Seabed Authority which the Council has agreed to consider as a time-sensitive issue and to my joint letter dated 22 January 2021 with the President of the Assembly of the International Seabed Authority.

While the Council has been able to consider the budget of the Authority for the financial period 2021-2022 as well as the scale of assessed contributions to the budget, the Draft decision of the Council of the International Seabed Authority relating to the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts as contained in ISBA/26/A/10-ISBA/26/C/21, Annex I, remains pending for consideration.

As you recall, some objections were raised to the Draft decision of the Council of the International Seabed Authority relating to the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts. As regards the objections raised, I indicated in my letter dated 15 December 2020 that further consultations, including with the Bureau, were required beyond 31 December 2020.

With the election by the Assembly of Members of the Council on 3 March 2021, the Council is now able to resume consideration of this pending agenda item.

In light of my consultations on the possible way forward, including with the Bureau, and following the proposals and comments made by some delegations, I am pleased to submit a mark-up showing amendments to the Draft decision of the Council of the International Seabed Authority relating to the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts, as annexed to this letter (ISBA/26/C/CRP.4).

I propose to place under silence procedure for adoption the mark-up to the Draft decision of the Council of the International Seabed Authority relating to the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts, as amended in the annex to this letter (ISBA/26/C/CRP.4).

The draft decision as marked-up will be deemed adopted by the Council if no objections are received by 5 pm Jamaica time on 11 March 2021. Objections to the draft decision should be

done in a letter or a note verbale addressed to the President of the Council. Such correspondence should be sent in an email to Council2020@isa.org.jm (cc: ola@isa.org.jm).

I will convey the outcome of the silence procedure concerning the mark-up to the Draft decision of the Council of the International Seabed Authority relating to the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts by a letter addressed to the Members of the Council.

Please accept, Excellencies, the assurances of my highest consideration.



Rear Admiral (Retd.) Md. Khurshed Alam
President of the Council of the International Seabed Authority

Annex I to ISBA/26/A/10-ISBA/26/C/21

Mark-up to the Draft decision of the Council of the International Seabed Authority relating to the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts

The Council of the International Seabed Authority,

Taking into account the recommendations contained in the report of the Finance Committee of the International Seabed Authority,

1. *Decides* to increase the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts from \$60,000 to \$80,000, effective 1 January 2022;
2. *Requests* the Secretary-General to provide on a regular basis a detailed itemized report with respect to the use of the annual overhead charge;
3. *Requests* an independent audit of the methodology that is used to calculate the amount of overhead charges for the contractors for consideration in 2021;
4. *Requests* the Finance Committee to conduct an assessment on a regular basis of changes in costs covered from the annual overhead charge, including those associated with the implementation of the revised methodology; and
5. In case of substantial increase of the amount of the annual overhead charge, requests the Secretary-General to ensure that detailed information is made available to Member States well in advance of the adoption of the budget providing an in-depth overview of the elements leading to such an increase.