



Assembly Council

Distr.: General
16 July 2007

Original: English

Thirteenth session

Kingston, Jamaica

9-20 July 2007

Report of the Finance Committee

1. During the thirteenth session of the International Seabed Authority, the Finance Committee held three meetings, on 12 and 13 July 2007. Neeru Chadha took the chair to complete agenda item 1, and then Hasjim Djalal chaired the rest of meetings of the Committee. Ambassador Djalal and Mrs. Neeru Chadha were Chairperson and Vice-Chairperson respectively of the meetings of the Committee during the thirteenth session.

I. Agenda

2. The Committee adopted its agenda contained in document ISBA/13/FC/L.1, noting that under the item "Other matters" there would be a discussion of the contribution of new members to the administrative budget of the Authority, the terms and conditions of service for the Secretary-General, the estimated cost of an intersessional meeting of the Legal and Technical Commission and the adoption of the International Public Sector Accounting Standards by the Authority in keeping with their proposed adoption by the United Nations system in 2010.

II. Terms of reference, guidelines and procedures for the use of the international seabed authority endowment fund

3. The Committee examined document ISBA/13/FC/1, entitled "International Seabed Authority Endowment Fund: terms of reference, guidelines and procedures", that was prepared by the secretariat in response to a request by the Assembly at the twelfth session following the adoption of resolution ISBA/12/A/11 of 16 August 2006. After examining the document, the Committee made recommendations for adjustments to it. The Secretary-General provided the Committee with a revised document containing the requested adjustments.

4. The Committee decided to recommend to the Assembly the approval of the terms of reference, guidelines and procedures for the International Seabed Authority Endowment Fund as contained in the annex to the present report.

III. Status of the International Seabed Authority Endowment Fund

5. The Committee took note of the balance of the Endowment Fund of US\$ 2,750,523 as at 30 June 2007.

IV. Status of the Voluntary Trust Fund

6. The Committee took note of the balance of the Voluntary Trust Fund of US\$ 65,537 as at 30 June 2007.

7. The Committee recommended that the amount of US\$ 135,000 that had been advanced to the Voluntary Trust Fund from the application fees paid by the registered pioneer investors under resolution II of the Third United Nations Conference on the Law of the Sea since the Fund's establishment, should be considered as a contribution to the fund.

V. Audit report on the finances of the International Seabed Authority for 2006

8. The Committee considered the report of Deloitte and Touche on the audit of the accounts of the Authority for the year 2006. The view was expressed that audit reports should be in the format prescribed in paragraph 5 of the annex to the Authority's Financial Regulations. The Committee took note of the report and the opinion of the auditors that the financial statements of the Authority presented fairly, in all material aspects, the financial position of the Authority, as at 31 December 2006, and of its financial performance, and that the cash flows for the year had ended in accordance with generally accepted accounting standards.

VI. Appointment of an independent auditor

9. The Committee considered the appointment of an auditor for 2007 and 2008. It examined the bids from Ernst and Young, KPMG, Deloitte and Touche and Pricewaterhouse Coopers to undertake the audit for the 2007 and 2008 period. After discussions about the merits of the four bids, including the similarity in the fees being requested, the Committee decided that Deloitte and Touche should be reappointed for two years to audit the 2007 and 2008 accounts.

VII. Other matters

A. New members

10. The Committee considered document ISBA/13/FC/3, entitled "New members for 2007".

11. The Committee recommended that Belarus, Lesotho, Moldova, Montenegro, Morocco and Niue, which had become members of the Authority during 2006 and 2007, pay the amounts shown below towards contributions to the general

administrative budget of the Authority for 2006 and 2007 as well as advances to the Working Capital Fund. Such contributions should be credited as miscellaneous income in accordance with regulation 7 of the Authority's Financial Regulations.

<i>New member States</i>	<i>Date of membership</i>	<i>United Nations scale of assessment (percentage)</i>		<i>Adjusted International Seabed Authority scale (percentage)</i>		<i>Contributions to the general administrative budget</i>		<i>Advances to the Working Capital Fund</i>
		<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	
Belarus	1 October 2006	018	020	0.025	028	253	1 574	31
Lesotho	1 July 2007		001		010		280	22
Moldova	6 February 2007		001		010		503	39
Montenegro	24 November 2006	001	001	0.010	010	41	559	4
Morocco	1 July 2007		042		059		1 653	130
Niue	12 November 2006			0.010	010	55	559	6
Totals						349	5 128	232

12. The Committee expressed its concern at the outstanding contributions from members for prior periods (1998 to 2006) in the amount of US\$ 302,218 and requested the Secretary-General in his discretion to continue his efforts to recover these amounts. The Committee recommended to the Assembly to encourage observers attending and participating in the meetings of the Authority to make voluntary contributions to the budget of the Authority. It also requested the Secretary-General to approach the European Commission about a possible increase in its contributions to the budget of the Authority.

B. Terms and conditions of service for the Secretary-General

13. The Committee reviewed the terms and conditions of service for the Secretary-General. It recommended that the four-year term of office commence on 1 January in the year following election and end on 31 December of the fourth year, in order to bring the term of office of the Secretary-General into line with other elected positions within the Authority.

C. Estimated cost of an intersessional meeting of the Legal and Technical Commission

14. The Committee considered the financial implications of the request by the Legal and Technical Commission to hold an intersessional meeting in 2008. It was noted that additional meeting time had been requested in order to enable the Commission to complete its work on the draft regulations on prospecting and exploration for cobalt-rich crusts. Considering the cost involved, the Committee thought that it would be more prudent at this stage to have an extended session for the Legal and Technical Commission immediately prior to the fourteenth session rather than a separate meeting.

D. International Public Sector Accounting Standards

15. The Committee noted that all of the entities of the United Nations system planned to adopt the International Public Sector Accounting Standards effective no later than 2010.

16. The Committee requested the Secretary-General to follow the development of the Standards and to report on their implementation when appropriate.

Annex

International Seabed Authority Endowment Fund: terms of reference, guidelines and procedures

I. Reasons for establishing the Fund

1. Article 143, paragraph 2, of the United Nations Convention on the Law of the Sea provides that the Authority shall promote and encourage the conduct of marine scientific research in the Area.

2. Article 143, paragraph 3, of the Convention provides that States parties shall promote international cooperation in marine scientific research in the Area by, inter alia, ensuring that programmes are developed through the Authority or other international organizations as appropriate for the benefit of developing States and technologically less developed States with a view to (a) strengthening their research capabilities; (b) training their personnel in the techniques and applications of research; and (c) fostering the employment of their qualified personnel in research in the Area.

II. Object and purposes of the Fund

3. The International Seabed Authority Endowment Fund (“the Fund”) is established by the Secretary-General of the Authority pursuant to the resolution adopted by the Assembly of the Authority on 16 August 2006 (ISBA/12/A/11) and in accordance with the Financial Regulations of the Authority. Only the income from the Fund shall be used for the purposes of the Fund.

4. The purposes of the Fund are to promote and encourage the conduct of marine scientific research in the Area for the benefit of mankind as a whole by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes and by providing them with opportunities to participate in international technical and scientific cooperation, including through training, technical assistance and scientific cooperation programmes.

III. Contributions to the Fund

5. Contributions to the Fund may be made by the Authority, members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private persons.

6. The initial capital of the Fund shall consist of sums transferred in accordance with paragraph 3 of resolution ISBA/12/A/11 of 16 August 2006.

IV. Applications for assistance

7. An application for assistance from the Fund shall normally be submitted by a developing country that is a member of the Authority, but the Secretary-General

may accept an application from any other country provided that the Secretary-General is satisfied that the application will benefit scientists from developing countries.

8. The purpose of the financial assistance applied for should be specified. Financial assistance may be sought for the following purposes:

(a) participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes or scientific cooperation;

(b) training programmes;

(c) technical assistance.

9. Detailed information under each of these purposes should be provided as follows:

(a) *Participation in marine scientific research programmes or scientific cooperation*

The application shall be accompanied by:

(i) A specification of the nature and objectives of the marine scientific research programme;

(ii) An outline of the method and means to be used;

(iii) The name of any sponsoring or participating institution(s) and the person(s) in charge of the project;

(iv) A statement on the extent to which it is considered that individuals from developing countries will be able to participate in and benefit from the project;

(v) The curricula vitae of all developing country personnel who are proposed to benefit from assistance from the Fund;

(vi) Information on the duration and location of the marine scientific research programme or scientific cooperation;

(vii) An itemized statement of the estimated costs for which assistance is requested;

(viii) A statement on the extent to which the proposed activity is consistent with the purposes and objectives of the Fund.

(b) *Training programmes*

The application shall be accompanied by:

(i) A specification of the goal of the training and the positions the trainees are intended to fill afterwards;

(ii) Information on the training institute(s) or entity in question;

(iii) A copy of the training course(s);

(iv) A schedule for the training programme;

(v) The curricula vitae of the trainees;

(vi) An itemized statement of the estimated costs for which assistance is requested;

(vii) A statement from the candidate as to how he or she expects to benefit from the training programme and how it would assist in the development of his or her career or vocation;

(viii) A statement on the extent to which the proposed activity is consistent with the purposes and objectives of the Fund.

(c) *Technical assistance*

The application shall be accompanied by:

(i) A specification of the nature and objectives of the technical assistance and the benefits to be derived therefrom;

(ii) An outline of the technical assistance programme;

(iii) The name of any sponsoring or participating institution(s) and the person(s) in charge of the project;

(iv) The curricula vitae of all consultants who are proposed to provide the technical assistance;

(v) An itemized statement of the estimated costs for which assistance is requested;

(vi) A statement on the extent to which the proposed activity is consistent with the purposes and objectives of the Fund.

V. General

10. The secretariat of the Authority will act as the secretariat of the Fund.

11. The secretariat shall endeavour to make arrangements with universities, scientific institutions, contractors and other entities for opportunities for scientists from developing countries to participate in marine scientific research activities in the Area. Such arrangements shall include arrangements for the reduction or waiver of fees for training. The secretariat shall publish a list of such institutions from time to time for the information of members.

VI. Advisory Panel

12. An Advisory Panel of six to nine eminent persons in the law of the sea and its implementation shall be appointed by the Secretary-General of the Authority for periods of three years for the purpose of evaluating applications and making recommendations for the award of assistance from the Fund. The members of the Panel shall be appointed with due regard to equitable geographic representation. The Panel shall be composed of:

(a) Permanent representatives to the Authority;

(b) Representatives of educational institutions or organizations of an international character;

(c) Individuals closely associated with the work of the Authority.

The Secretary-General shall on an annual basis provide a list of the members of the Advisory Panel as an annex to the annual report of the Secretary-General.

13. On the basis of the applications received, a short list of eligible candidates and proposals will be established by the secretariat of the Authority and will be submitted to the Advisory Panel for evaluation. The Advisory Panel will be provided with a summary of each application and, where relevant, the qualifications of each candidate for assistance; the sponsorship, if any, by any Government or governmental agency or other institution or entity; where relevant, information concerning the means or absence thereof for the advancement of the candidate's career or vocation or for acquiring specialized training or experience; a summary of the nature and objectives of the marine scientific research programme, scientific cooperation or technical assistance and a statement of the expected benefits to the individual or developing country concerned.

VII. Granting of assistance

14. The Secretary-General will provide financial assistance from the Fund on the basis of the recommendations of the Advisory Panel. Assistance shall be provided subject to the availability of funds.

VIII. Special provisions for training programmes

15. An award from the Fund for the purposes of training or a fellowship may cover course fees, unless such fees are waived by the partner institution or entity, as well as travel, maintenance and accommodation allowances, and medical insurance. Payments for maintenance are intended to cover only normal living expenses and shall be made in accordance with the policies and practices governing the administration of United Nations fellowships and training.

16. Awards will not, in principle, be granted for the pursuit of academic studies leading to degrees or diplomas. Training programmes may incorporate, when appropriate, instruction that is both general and specialized, and theoretical and practical.

17. A candidate who is awarded a traineeship or fellowship shall submit a brief report on the usefulness of the training programme at the end of the programme. The supervisor should also provide a report to the Authority on the participant's performance. The developing country which proposed the trainee shall also provide a brief report on the extent to which the training benefited the trainee and the developing country concerned.

18. The secretariat could also develop a register of qualified candidates from developing countries who may be proposed for training by scientific institutions or entities engaged directly or indirectly in marine scientific research. For this purpose, the secretariat will periodically circulate notices to governments and scientific

institutions in developing countries inviting them to nominate suitable candidates who may benefit from opportunities for training.

IX. Dissemination and reporting of the outcomes of the provision of financial assistance for marine scientific research programmes, scientific cooperation and technical assistance

19. Where financial assistance is provided for the purposes of participation in marine scientific research programmes, scientific cooperation or technical assistance, the recipient of such assistance shall report to the secretariat on the use of the funds provided, the outcomes of the assistance provided and, subject to the need to maintain confidentiality on any aspect of the research programme, scientific cooperation or technical assistance concerned that may be requested by the institution or entity concerned, on the results obtained.

20. The secretariat shall disseminate information on the outcomes of marine scientific research programmes, scientific cooperation and technical assistance for the benefit of the members of the Authority, subject to the need to maintain confidentiality on any aspect of the results that may be requested by the institution or entity concerned.

X. Reporting

21. The Secretary-General shall provide an annual report on the activities of the Fund, including details of the contributions to and the disbursements from the Fund, and the extent to which the activities of the Fund are consistent with its objective. The report shall be submitted to the Finance Committee and the Assembly.
