



Assembly Council

Distr.: General
29 May 2008

Original: English

Fourteenth session

Kingston, Jamaica

26 May-6 June 2008

Report of the Finance Committee

1. During the fourteenth session of the International Seabed Authority, the Finance Committee held five meetings, on 26, 27, and 28 May 2008. The Committee re-elected Hasjim Djalal as Chairman.

I. Agenda

2. The Committee adopted the agenda as contained in document ISBA/14/FC/L.1.

II. Budget for the financial period 2009-2010

3. The Committee examined the proposed budget of the International Seabed Authority for the financial period 2009-2010 (ISBA/14/A/3-ISBA/14/C/3) in the amount of \$12,752,400. In examining the budget, the Committee considered current global economic conditions, the overall increase in the proposed budget for 2009-2010 in relation to the budget for 2007-2008 and prevailing inflation rates. It also considered proposed increases in costs related to staffing, communications, training, information technology, building management and conference services.

4. Following discussions in the Finance Committee, the Secretary-General revised the proposed budget by maintaining the same level of expenditure as had been approved in the previous budget period in respect of those items of expenditure over which the secretariat had some measure of control. The increases in the budget for the 2009-2010 period were therefore mainly for items of expenditure that were outside the control of the secretariat. As a result, the increase in the proposed budget for the financial period 2009-2010 was reduced from 8.2 to 6.2 per cent. The revised budget proposal for the financial period 2009-2010, in the amount of \$12,516,500, is contained in document ISBA/14/A/3/Rev.1-ISBA/14/C/3/Rev.1.

5. The Committee, after careful consideration, decided to recommend the approval of the proposed budget for the financial period 2009-2010 in the amount of \$12,516,500. The Committee further noted that, in accordance with the financial

regulations of the Authority, the final assessed amount would be reduced by the application of the remaining accumulated surplus of the General Administrative Fund at the end of the previous financial period (2007-2008). The Committee also decided to recommend that for the financial period 2009-2010, the Secretary-General be authorized to transfer between appropriation sections up to 20 per cent of the amount in each section. The details of the approved budget are set out in annex I to the present report. The staffing table of the secretariat is contained in annex II.

III. Working Capital Fund

6. The Committee recommended that the level of the Working Capital Fund be updated, taking into account the current level of the budget of the Authority, which was higher than the level of the budget at the time the original fund had been established in 1997. Pending further consideration of the appropriate level of the Working Capital Fund, the Committee recommended that the Assembly authorize the Secretary-General to determine interim amounts for new members of their advances to the Working Capital Fund, taking into account their assessment rates for the regular budget of the United Nations, but not exceeding \$84,000.

IV. Scale of assessments for 2009-2010

7. The Committee recommended that, in line with article 160 (2) (e) of the United Nations Convention on the Law of the Sea, the scale of assessments relating to the administrative budget of the International Seabed Authority for 2009 and 2010 be based on the scale of assessments used for the regular budget of the United Nations for 2008 and 2009, taking into account the ceiling assessment rate of 22 per cent and the floor assessment rate of 0.01 per cent. The Committee took note that the agreed annual contribution of the European Community would be increased from \$80,000 to \$100,000 and would be reviewed every four years. The indicative assessed contributions for 2009, without the adjustments arising from the accumulated surplus of the 2007-2008 financial period, are set out in annex III.

V. Audit report on the accounts of the International Seabed Authority for 2007

8. The Committee considered the report of Deloitte & Touche on the audit of the accounts of the Authority for 2007. The view was expressed that the auditor's report should be in the format prescribed in paragraph 5 of the annex to the Financial Regulations of the Authority, and that the scope of the audit should include the administration and management of the Authority in accordance with financial regulation 12.3. The Committee examined and took note of the audit report.

VI. Endowment Fund and Voluntary Trust Fund

9. The Committee took note of the balance of the Authority's Endowment Fund as at April 2008, in the amount of \$2,687,044; the application fee of the Federal

Republic of Germany as at April 2008, in the amount of \$280,994; and the balance of the Voluntary Trust Fund, in the amount of \$32,301. It was suggested that the format of reporting on the Voluntary Trust Fund include the opening balance from the previous calendar year, followed by current transactions and the ending balance.

10. The Committee recommended that an appeal be made to members of the Authority to contribute both to the Endowment Fund and the Voluntary Trust Fund.

11. The Committee decided to recommend that the Voluntary Trust Fund in 2009 be supplemented by a transfer of up to \$60,000 from the interest accrued from the Endowment Fund, and that the advance made by the Pioneer Investor Fund in the amount of \$135,000 be returned to the Endowment Fund. The Committee requested the Secretary-General to report on the management of the Endowment Fund and to make proposals at the fifteenth session on optimizing the returns from that Fund.

VII. Other matters

12. The Committee requested that the Secretary-General provide it with an organizational chart of the secretariat, including the mandates and responsibilities of the staff, which would be made available to the Committee by e-mail before the end of the calendar year.

13. The Committee expressed its concern about the outstanding contributions from members for prior periods (1998 to 2007) in the amount of \$291,958, and requested that the Secretary-General continue, at his discretion, to recover the amounts due.

14. The Committee again recommended that the Assembly of the International Seabed Authority encourage observers attending and participating in the meetings of the Authority to make voluntary contributions to the budget of the Authority, considering that they benefited from the facilities of the Authority.

15. The Committee requested that the Secretary-General prepare a document explaining the main lines of the research activities (including seminars) planned by the Authority for the 2009-2010 biennium. It would be made available to the Committee by e-mail before the end of the calendar year.

16. The Committee also requested the Secretary-General to report at its next session on cost-saving measures taken by the secretariat.

17. The Committee expressed its gratitude to the Secretary-General for having supported the work of the Committee over the past years.

VIII. Recommendations of the Finance Committee

18. In the light of the foregoing, the Committee recommends that the Council and the Assembly of the International Seabed Authority:

(a) Approve the budget for the financial period 2009-2010 in the amount of \$12,516,500, as proposed by the Secretary-General;

(b) Authorize the Secretary-General to establish the scale of assessments for 2009 and 2010 based on the scale used for the regular budget of the expenses of the

United Nations for 2008 and 2009, taking into account that the maximum assessment rate will be 22 per cent and the minimum rate 0.01 per cent;

(c) Take note that the agreed annual contribution of the European Community will be increased from \$80,000 to \$100,000 and will be reviewed every four years;

(d) Urge the members of the Authority to pay their assessed contributions to the budget for 2009 on time and in full;

(e) Urge the members of the Authority to pay their assessed contributions to the budget for 2010 on time and in full;

(f) Authorize the Secretary-General to transfer up to \$60,000 from the interest accrued from the Endowment Fund to supplement the Voluntary Trust Fund in 2009, and eventually to return the advance made by the Pioneer Investor Fund in the amount of \$135,000 to the Endowment Fund;

(g) Authorize the Secretary-General to transfer the accumulated surplus from the previous financial period (2007-2008) to reduce the amount of assessed contributions for the financial period 2009-2010.

Annex I**Summary of budgetary requirements for the International Seabed Authority for the period from 1 January 2009 to 31 December 2010**

(Thousands of United States dollars)

	<i>Approved for</i>			<i>Total</i>
	<i>2007-2008</i>	<i>2009</i>	<i>2010</i>	<i>2009-2010</i>
Part 1				
Administrative expenses of the secretariat				
Section 1				
Established posts	5 417.6	2 697.5	2 783.7	5 481.2
General temporary assistance	37.5	18.5	19.0	37.5
Overtime	45.3	22.4	22.9	45.3
Consultants	150.0	75.0	75.0	150.0
Promotion and encouragement of the conduct of marine scientific research	100.0	50.0	50.0	100.0
Ad hoc expert groups	320.0	160.0	160.0	320.0
Central data repository	70.0	35.0	35.0	70.0
Geological model	150.0	75.0	75.0	150.0
Common staff costs	2 264.1	1 136.8	1 173.2	2 310.0
Subtotal (section 1)	8 554.5	4 270.2	4 393.8	8 664.0
Section 2				
Official travel	285.6	145.5	150.1	295.6
Subtotal (section 2)	285.6	145.5	150.1	295.6
Section 3				
Communications	145.6	71.6	74.0	145.6
External printing	100.0	49.1	50.9	100.0
Training	52.1	25.6	26.5	52.1
Library books	100.0	49.2	50.8	100.0
Official hospitality	22.0	11.0	11.0	22.0
Acquisition of furniture and equipment	56.7	27.9	28.8	56.7
Rental and maintenance of furniture and equipment	23.0	11.3	11.7	23.0
Supplies and materials	80.3	40.2	40.1	80.3
Miscellaneous services	84.2	41.5	42.7	84.2
Information technology	80.9	24.8	56.1	80.9
Audit fees	34.6	17.3	17.3	34.6
Subtotal (section 3)	779.3	369.5	409.8	779.3

	<i>Approved for</i>			<i>Total</i>
	<i>2007-2008</i>	<i>2009</i>	<i>2010</i>	<i>2009-2010</i>
Section 4				
Building management	550.0	318.6	328.6	647.2
Subtotal (section 4)	550.0	318.6	328.6	647.2
Total (part 1, sections 1-4)	10 169.5	5 103.8	5 282.3	10 386.1
Part 2				
Conference-servicing costs of the Authority				
Conference services	1 612.9	1 048.4	1 082.0	2 130.4
Total (part 2)	1 612.9	1 048.4	1 082.0	2 130.4
Total administrative budget	11 782.4	6 152.2	6 364.3	12 516.5

Annex II**Staffing table of the secretariat of the International Seabed Authority^a**

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Secretary-General	1 (USG)	
Executive/Protocol Officer	1 (P-2)	
Administrative Assistant (New York office)		1
Deputy to the Secretary-General	1 (D-2)	
Administrative Assistant		1
Legal Adviser	1 (D-1)	
Senior Legal Officer	1 (P-5)	
Legal Officer	1 (P-4)	
Librarian	1 (P-3)	
Protocol/Administrative Assistant		1
Secretary		1
Senior Scientific Officer	1 (P-5)	
Scientific Officer (Marine Geologist)	1 (P-5) ^b	
Scientific Officer (Marine Biologist)	1 (P-4)	
Scientific Officer (Geostatistician)	1 (P-4)	
Scientific Officer (GIS)	1 (P-3)	
Marine Science Assistant		1
Information and Communications Technology Officer	1 (P-4)	
Webmaster/Publications Officer	1 (P-3)	
Database/Information Technology Assistant		1
Executive Officer	1 (P-5)	
Secretary		1
Budget/Internal Oversight Officer	1 (P-4)	
Finance Officer	1 (P-4)	
Human Resources Officer	1 (P-3)	
Human Resources Assistant		1
Procurement Assistant		1
Budget and Treasury Assistant		1
Finance Assistant		1
Senior Security Officer	1 (P-2)	
Security Officer		1
Security Officer		1

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Driver		1
Driver		1
Driver		1
Total posts	19	16

^a Two General Service staff posts have been frozen for the time being.

^b Inadvertently reported as a P-4 in 2005-2006 budget.

Annex III

International Seabed Authority 2009 assessed contributions^{a,b}

<i>Country/organization</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment</i>	
		<i>(Percentage)</i>	<i>(United States dollars)</i>
Albania	0.006	0.010	616
Algeria	0.085	0.113	6 988
Angola	0.003	0.010	616
Antigua and Barbuda	0.002	0.010	616
Argentina	0.325	0.434	26 718
Armenia	0.002	0.010	616
Australia	1.787	2.386	146 910
Austria	0.887	1.184	72 921
Bahamas	0.016	0.021	1 315
Bahrain	0.033	0.044	2 713
Belarus ^c	0.020	0.027	1 644
Bangladesh	0.010	0.010	616
Barbados	0.009	0.010	616
Belgium	1.102	1.471	90 596
Belize	0.001	0.010	616
Benin	0.001	0.010	616
Bolivia	0.006	0.010	616
Bosnia and Herzegovina	0.006	0.010	616
Botswana	0.014	0.019	1 151
Brazil	0.876	1.169	72 016
Brunei Darussalam	0.026	0.035	2 137
Bulgaria	0.020	0.027	1 644
Burkina Faso	0.002	0.010	616
Cameroon	0.009	0.010	616
Canada	2.977	3.974	244 741
Cape Verde	0.001	0.010	616
Chile	0.161	0.215	13 236
China	2.667	3.560	219 256
Comoros	0.001	0.010	616
Cook Islands	0.001	0.010	616
Costa Rica	0.032	0.043	2 631
Côte d'Ivoire	0.009	0.010	616
Croatia	0.050	0.067	4 111
Cuba	0.054	0.072	4 439
Cyprus	0.044	0.059	3 617

<i>Country/organization</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment</i>	
		<i>(Percentage) (United States dollars)</i>	
Czech Republic	0.281	0.375	23 101
Democratic Republic of the Congo	0.003	0.010	616
Denmark	0.739	0.987	60 754
Djibouti	0.001	0.010	616
Dominica	0.001	0.010	616
Egypt	0.088	0.117	7 235
Equatorial Guinea	0.002	0.010	616
Estonia	0.016	0.021	1 315
Fiji	0.003	0.010	616
Finland	0.564	0.753	46 367
France	6.301	8.412	518 009
Gabon	0.008	0.010	616
Gambia	0.001	0.010	616
Georgia	0.003	0.010	616
Germany	8.577	11.450	705 121
Ghana	0.004	0.010	616
Greece	0.596	0.796	48 997
Grenada	0.001	0.010	616
Guatemala	0.032	0.043	2 631
Guinea	0.001	0.010	616
Guinea-Bissau	0.001	0.010	616
Guyana	0.001	0.010	616
Haiti	0.002	0.010	616
Honduras	0.005	0.010	616
Hungary	0.244	0.326	20 059
Iceland	0.037	0.049	3 042
India	0.450	0.601	36 995
Indonesia	0.161	0.215	13 236
Iraq	0.015	0.020	1 233
Ireland	0.445	0.594	36 584
Italy	5.079	6.780	417 547
Jamaica	0.010	0.010	616
Japan	16.624	22.000	1 354 815
Jordan	0.012	0.016	987
Kenya	0.010	0.010	616
Kiribati	0.001	0.010	616
Kuwait	0.182	0.243	14 962
Lao People's Democratic Republic	0.001	0.010	616
Latvia	0.018	0.024	1 480

<i>Country/organization</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment</i>	
		<i>(Percentage) (United States dollars)</i>	
Lebanon	0.034	0.045	2 795
Lesotho ^c	0.001	0.010	616
Lithuania	0.031	0.041	2 549
Luxembourg	0.085	0.113	6 988
Madagascar	0.002	0.010	616
Malaysia	0.190	0.254	15 620
Maldives	0.001	0.010	616
Mali	0.001	0.010	616
Malta	0.017	0.023	1 398
Marshall Islands	0.001	0.010	616
Mauritania	0.001	0.010	616
Mauritius	0.011	0.015	904
Mexico	2.257	3.013	185 549
Micronesia (Federated States of)	0.001	0.010	616
Moldova ^c	0.001	0.010	616
Monaco	0.003	0.010	616
Mongolia	0.001	0.010	616
Montenegro ^c	0.001	0.010	616
Morocco ^c	0.042	0.056	3 453
Mozambique	0.001	0.010	616
Myanmar	0.005	0.010	616
Namibia	0.006	0.010	616
Nauru	0.001	0.010	616
Nepal	0.003	0.010	616
Netherlands	1.873	2.500	153 980
New Zealand	0.256	0.342	21 046
Nicaragua	0.002	0.010	616
Nigeria	0.048	0.064	3 946
Niue ^c	0.001	0.010	616
Norway	0.782	1.044	64 289
Oman	0.073	0.097	6 001
Pakistan	0.059	0.079	4 850
Palau	0.001	0.010	616
Panama	0.023	0.031	1 891
Papua New Guinea	0.002	0.010	616
Paraguay	0.005	0.010	616
Philippines	0.078	0.104	6 412
Poland	0.501	0.669	41 187
Portugal	0.527	0.704	43 325

<i>Country/organization</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment</i>	
		<i>(Percentage) (United States dollars)</i>	
Qatar	0.085	0.113	6 988
Republic of Korea	2.173	2.901	178 644
Romania	0.070	0.093	5 755
Russian Federation	1.200	1.602	98 653
Saint Kitts and Nevis	0.001	0.010	616
Saint Lucia	0.001	0.010	616
Saint Vincent and the Grenadines	0.001	0.010	616
Samoa	0.001	0.010	616
Sao Tome and Principe	0.001	0.010	616
Saudi Arabia	0.748	0.999	61 493
Senegal	0.004	0.010	616
Serbia	0.021	0.028	1 726
Seychelles	0.002	0.010	616
Sierra Leone	0.001	0.010	616
Singapore	0.347	0.463	28 527
Slovakia	0.063	0.084	5 179
Slovenia	0.096	0.128	7 892
Solomon Islands	0.001	0.010	616
Somalia	0.001	0.010	616
South Africa	0.290	0.387	23 841
Spain	2.968	3.962	244 001
Sri Lanka	0.016	0.021	1 315
Sudan	0.010	0.010	616
Suriname	0.001	0.010	616
Sweden	1.071	1.430	88 047
The former Yugoslav Republic of Macedonia	0.005	0.010	616
Togo	0.001	0.010	616
Tonga	0.001	0.010	616
Trinidad and Tobago	0.027	0.036	2 220
Tunisia	0.031	0.041	2 549
Tuvalu	0.001	0.010	616
Uganda	0.003	0.010	616
Ukraine	0.045	0.060	3 699
United Kingdom of Great Britain and Northern Ireland	6.642	8.867	546 043
United Republic of Tanzania	0.006	0.010	616
Uruguay	0.027	0.036	2 220
Vanuatu	0.001	0.010	616

<i>Country/organization</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment</i>	
		<i>(Percentage) (United States dollars)</i>	
Viet Nam	0.024	0.032	1 973
Yemen	0.007	0.010	616
Zambia	0.001	0.010	616
Zimbabwe	0.008	0.010	616
Total	74.70	100.00	6 158 250
European Community ^{d,e}			100 000
Total net requirements			6 258 250

^a Does not take into account adjustments arising from the accumulated surplus of the 2007-2008 financial period.

^b Based on the scale of assessments for the apportionment of the expenses of the United Nations (see General Assembly resolution 61/237).

^c Member State as from 2007.

^d In accordance with annex IX of the United Nations Convention on the Law of the Sea.

^e Will be reviewed every four years.