



Assembly Council

Distr.: General
2 July 2002

Original: English

Eighth session

Kingston, Jamaica
5-16 August 2002

Proposed budget for the International Seabed Authority for the financial period 2003-2004

Report of the Secretary-General

I. Introduction

1. The present report sets out the proposed budgetary requirements of the International Seabed Authority for the financial period 2003-2004. In accordance with the 1982 United Nations Convention on the Law of the Sea ("the Convention") and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 ("the Agreement"), the administrative expenses of the Authority shall be met by assessed contributions of members of the Authority, until the Authority has sufficient funds from other sources to meet those expenses. The proposed budgetary requirements are for 2003 and 2004. Members will, however, be required to make annual contributions for each of the two years of the financial period.

II. Summary of budget proposals for the financial period 2002-2003

2. The Secretary-General estimates that the budgetary requirements of the Authority for 2003 and 2004 will be in the amounts of US\$ 5,221,900 and \$5,287,800 respectively. The estimate for 2003 comprises \$4,670,900 for the administrative expenses of the Authority and \$551,000 for conference-servicing

requirements. The estimate for 2004 comprises \$4,723,700 for the administrative expenses of the Authority and \$564,100 for conference-servicing requirements. A summary of the proposed administrative budget for the financial period is contained in the annex to the present report.

3. It will be noted that the overall budget for the financial period 2003-2004 represents an increase of less than 1 per cent over the approved budget for the financial period 2001-2002. The standard inflation factor used by the United Nations system for the period is 2.1 per cent. In real terms, therefore, there is a reduction in the overall budget for the period 2003-2004 as compared with the financial period 2001-2002. However, some adjustments are proposed to the allocation of funds under various parts of the budget in order to better reflect the priorities in the work programme of the Authority. While an increase is projected in the budget for 2004 for salaries, common staff costs and conference-servicing costs (calculated on the basis of standard methodologies used by the United Nations) as well as to allow for inflation in the cost of goods and services procured by the Authority, the overall budget for 2004 reflects a decrease over the budget for 2003.

4. The proposed budget makes provision for the full costing of 37 established posts (19 at the Professional level and above and 18 at the General Service level).

No additional posts have been requested for the financial period. However, the increasingly scientific and technical emphasis in the work of the Authority and the difficulties encountered in recruiting suitable candidates require that some flexibility be provided to the Secretary-General to enable him to upgrade some posts to attract the experienced and specialized staff that may be required, provided that this is done from the existing budget and the Secretary-General reports to the Finance Committee at its next meeting on any such action.

5. The proposed budget allows for one two-week session of the Authority in 2003 and in 2004 respectively. The requirement for conference-servicing costs in 2003 represents a reduction of \$199,000 over the previous year's requirement of \$750,000. The requirements for 2004 are in line with inflation and amount to \$564,100. The conference-servicing costs have been calculated mainly on the basis of the standard costs used by the United Nations and in the light of the experience of the Authority in the past years.

6. Outputs from the 2001 and 2002 financial period have been described in the annual report of the Secretary-General (ISBA/7/A/2). These include publications of the proceedings of the Authority's workshops that were convened in 2001 and 2002, a technical report on the prospects as at 2000 for global non-living resources on the extended continental shelf, a compendium of basic documents on the law of the sea, and a volume containing the full text of the documents issued during the informal consultations conducted by the Secretary-General of the United Nations on outstanding issues relating to the deep seabed mining provisions of the Convention.

7. The report of the Secretary-General also describes the progress that has been made in the development of the Authority's Central Data Repository to collect and centralize all public and private data and information on marine mineral resources in the Area (polymetallic nodules, massive seafloor sulphides and cobalt-rich ferromanganese crusts), progress to date in establishing databases on the biodiversity to be found in the nodule provinces of the Clarion-Clipperton Fracture Zone for the purposes of managing impacts from deep seabed polymetallic nodule mining, progress in the implementation of an electronic cataloguing system for the Authority's library, and efforts to systematically preserve and

archive the original documents of the Seabed Committee, UNCLOS III and the Preparatory Commission.

III. Work programme and activities during the financial period 2003-2004

8. The following sections provide details on specific activities in the financial period 2003-2004.

A. Workshops

9. It is proposed to convene two workshops during the financial period. The workshop to be convened in 2003 will have as its objective the establishment of a programme to develop a geologic model of the Clarion-Clipperton Fracture Zone (CCFZ) in the Pacific Ocean. The workshop to be convened in 2004 will have as its objective the practical implementation of article 82 of the Convention, with specific reference to the development of hydrocarbons on the extended continental shelf. The resources requested for these workshops will enable the Authority to invite up to 20 independent scientists and others to prepare and present papers at the workshops, for the papers and transcripts of the workshop to be edited and published and for audio-visual materials on the workshops to be prepared. In the light of the increasingly scientific and technical nature of the material to be addressed in the workshops, the Secretariat has also recognized the need to convene expert group meetings to assist in preparing for the workshops. For the marine science workshop in 2002, for example, eight scientists were invited to prioritize the recommendations that had been made in previous workshops on managing the impacts of seabed mining on the marine environment.

10. It is proposed to convene a preparatory meeting of scientists and a workshop to develop the geologic/exploration model of the CCFZ in 2003. It is estimated that \$200,000 will be required to convene the preparatory meeting (10 participants) and the workshop (25 participants) and to publish the proceedings of the workshop.

11. The outputs expected from these activities will consist of:

(a) A meeting of scientists on a geologic/exploration model of the CCFZ;

(b) Publication of the proceedings of the workshop.

12. In 2004, it is proposed to convene a preparatory meeting of scientists and specialists on oil and natural gas to be found on the extended continental shelf and a workshop on the practical implications of article 82 of the Convention with specific reference to the development of oil and natural gas resources on the extended continental shelf. It is estimated that \$200,000 will be required to convene the preparatory meeting (10 participants) and the workshop (25 participants) and to publish the proceedings.

13. The outputs expected from this activity will consist of:

(a) A report of the preparatory meeting of scientists and specialists;

(b) Publication of the proceedings of the workshop.

B. Central Data Repository

14. During the financial period, work on the Central Data Repository will proceed in a number of areas. These include the development of web-enabled applications, further collection of nodule and crust data from the institutions identified in the preliminary phase, development of a web-enabled database on biodiversity in the Pacific and Central Indian ocean nodule provinces, and collection, validation and formation of such data. Work will also be undertaken to develop and integrate graphical interfaces to provide visual data analysis tools over the Internet. Based on progress with the geologic model of the CCFZ, it is expected that the Authority's database on exploration and reserved areas for polymetallic nodules can also be expanded. The costs associated with the Central Data Repository during this financial period comprise \$25,000 for a web-enabled database on biodiversity in the CCFZ and the Central Indian Ocean basin and \$20,000 for the collection, validation and formatting of cobalt-rich crust data and information in 2003, and \$25,000 for assistance in the development of a digitized version of the geologic/exploration model of the CCFZ and \$10,000 for the development of a

preliminary database on offshore oil and gas on the outer limits of the continental shelf in 2004.

C. Information bulletin on seabed and ocean floor policy developments

15. During the financial period, the Authority will prepare and publish three volumes of a publication entitled "Information bulletin on seabed and ocean floor policy developments". Each volume is expected to contain 40 pages and 500 copies of each will be printed. It is estimated that \$25,000 and \$25,800 will be required in 2003 and 2004 respectively.

D. Promotion and encouragement of the conduct of marine scientific research (Agreement, annex, section 5 (h))

16. As a result of its workshops, the Authority is more acutely aware of the efforts of non-contractor organizations and scientific institutions in engaging in research that increases the international community's knowledge of the seabed and its associated biodiversity. An example of such research is the work to establish databases for use in managing the impacts of polymetallic nodule mining on deep sea biodiversity started in 2002 with the assistance of the University of Hawaii (United States of America), the British Natural History Museum (United Kingdom of Great Britain and Northern Ireland), the Southampton Oceanography Centre (United Kingdom), the Shizuoka University of Japan and IFREMER (France). The databases will result from a project to study the biodiversity, species ranges and gene flow in the abyssal Pacific nodule province. The Authority has established a relationship with this group, which will make available the result of their work at minimal cost. Such work is outside the normal exploration work undertaken by contractors and is invaluable to both contractors and the Authority. In the case of the former, such work reduces their costs while providing them with basic scientific information to guide them in various aspects of their activities, in particular in equipment design; and for the Authority, such work provides invaluable information for managing impacts from future mining of deep seabed polymetallic nodules. It is proposed that for 2003 and 2004, \$50,000 and \$51,100 respectively will be required to enable the Authority to promote targeted scientific research and to acquire relevant information

and data. The cost to the Authority of acquiring such data and information is relatively small when compared with the initial cost of the scientific project, estimated at \$1 million, which includes cruise work and analysis and evaluation of data.

E. Archiving of official documents and conversion to CD-ROM

17. During the financial period, work will continue on the systematic preservation and archiving of the original documents of the Seabed Committee, UNCLOS III and the Preparatory Commission. This entails preservation of the original documents, some of which are badly deteriorated, through copying onto acid-free archival paper and their subsequent binding. Once the documents have been reviewed, catalogued and indexed, it is intended to transfer them onto electronic mass storage media. It is estimated that \$30,000 will be required in 2003 and \$40,000 in 2004.

F. Information technology (migration to Windows XP, Internet services, software licences and maintenance)

18. Microsoft has announced that, with effect from 30 June 2003, it will no longer support two of the operating systems used by the Authority. These are Windows NT (servers and workstations) and Windows 98. Microsoft discontinued support for Windows 95 on 31 December 2001. In 1999, Microsoft introduced the Windows 2000 operating system for workstations, servers and data centres. This is a more reliable system that is faster and more secure than the older systems. Discontinuation of support by Microsoft means that the Authority would not be able to acquire newer versions of software for the operating system and its various applications. It would also compromise the security of the Authority's information technology base. During the financial period, therefore, the Authority will have to migrate its critical applications from the Windows NT server to the Windows 2000 server, and its workstations to Windows XP. This process will require training of information technology staff in the administration of Windows 2000 servers, Windows 2000, Exchange Server 2000 and Windows XP, acquisition of related hardware and software, memory upgrades and system engineering work. It is estimated that \$70,000 will be required for the migration in 2003.

19. Other information technology-related expenditures include the leased lines for access to the Internet, payments for software licences (Oracle 9i, Mapinfo/Mapextreme, GIS mapping over the Internet, Geovariations and ACCPAC accounting software), preventive maintenance and training. In 2003, it is estimated that these expenditures will amount to \$68,500, and to \$80,900 in 2004.

20. To make its web page more accessible to members, the Authority is in the process of concluding an agreement with the United Nations for the Organization to host a mirror of the Authority's web site in New York. This means that visitors to the site will neither have to suffer long delays in accessing the site nor will they be subjected to long download times. The cost of these services will amount to \$8,000 in 2003 and 2004.

IV. Scale of assessment for the contributions of members to the administrative budget

21. In accordance with the Convention and the Agreement, the scale of assessment for contributions to the administrative budget of the Authority is based upon the scale of assessment for the regular budget of the United Nations, as adjusted to reflect the differences in membership between the Authority and the United Nations. For the financial period 2001-2002, the scale of assessment was based on the scale of assessment for the regular budget of the United Nations for 2000 and 2001 respectively. In adopting the scale of assessment for that financial period, the Assembly and Council decided, on the recommendation of the Finance Committee,¹ that the floor and ceiling rate should be maintained at the same level as for 1999. It should be noted, however, that on 23 December 2000, the General Assembly of the United Nations decided that, in respect of the scale of assessment for the regular budget of the United Nations for the period 2001-2003, there shall be a maximum assessment rate of 22 per cent.² Since the scale of assessment for contributions to the budget of the Authority for 2003 and 2004 would be based on the scale of assessment for the regular budget of the United Nations for 2002 and 2003 respectively, it is recommended that the maximum assessment rate for the budget of the Authority should be adjusted to 22 per cent, with the

minimum rate remaining at 0.01 per cent as in previous years.

22. It should be further noted that, in accordance with regulation 4.3 of the Financial Regulations of the International Seabed Authority,³ any balance from the appropriations for the previous financial period is to be surrendered. Accordingly, savings from the budgets for 2001 and 2002 will be credited against the contributions due from member States in respect of the financial period 2003-2004.

V. Status of the Working Capital Fund

23. The amount approved by the Assembly for the level of the Working Capital Fund is \$438,000. As at 31 May 2002, \$377,573 or 86 per cent of the approved amount had been received by the Authority. It is recommended that the shortfall be made up from savings until arrears are paid. No increase in the level of the Fund is requested.

VI. Actions to be taken by the Council and the Assembly

24. The Secretary-General recommends the proposed budget for the financial period 2003-2004 to the Council and the Assembly. The Council and the Assembly may wish to:

(a) Approve the budget for the financial period 2003 and 2004 in the amount of \$10,509,700 as proposed by the Secretary-General;

(b) Authorize the Secretary-General to establish the scale of assessment for 2003 and 2004 based on the scale used for the regular budget of the United Nations for 2002 and 2003, as adjusted by the Authority, respectively, taking into account that the maximum assessment rate for the budget of the Authority for 2003 and 2004 will be 22 per cent;

(c) Authorize the Secretary-General to transfer part of the accumulated surplus from the previous financial period to:

(i) Make up the shortfall in the Working Capital Fund until such time as the arrears of contributions to the Fund have been paid;

(ii) Reduce the amount of assessed contributions for 2003 and 2004;

(d) Request the members of the Authority to pay their assessed contributions to the budget for 2003, on time and in full, no later than 1 January 2003;

(e) Request the members of the Authority to pay their assessed contributions to the budget for 2004, on time and in full, no later than 1 January 2004.

Notes

¹ ISBA/6/A/13-ISBA/6/C/6.

² General Assembly resolution 55/B, para. 1 (h).

³ ISBA/6/A/3, annex.

Annex

Summary of budgetary requirements for the International Seabed Authority for the period from 1 January 2003 to 31 December 2004

(Thousands of United States dollars)

		<i>Total</i> 2001-2002	2003	2004	<i>Total</i> 2003-2004
Part 1. Administrative expenses of the Secretariat					
Section 1	Established posts	4 496.90	2 341.20	2 390.40	4 731.60
	General temporary assistance	56.00	27.60	28.20	55.80
	Overtime	45.50	22.40	22.90	45.30
	Consultants	151.20	80.00	100.00	180.00
	Promotion and encouragement of the conduct of marine research	0.0	50.00	51.10	101.10
	Ad hoc expert groups	383.70	200.00	200.00	400.00
	Central data repository	121.80	45.00	35.00	80.00
	Information bulletin on seabed and ocean floor policy development	50.80	25.00	25.80	50.80
	Common staff costs	1 834.40	934.20	953.80	1 888.00
	Staff assessment	1 113.90	666.90	680.90	1 347.80
	Staff assessment-credit	-1 113.90	666.90	-680.90	-1 347.80
	Subtotal, section 1	7 140.30	3 725.40	3 807.20	7 532.60
Section 2	Official travel	178.60	100.00	110.00	210.00
	Subtotal, section 2	178.60	100.00	110.00	210.00
Section 3	Communications	140.70	72.00	73.50	145.50
	External printing	128.90	63.10	65.40	128.50
	Training	66.40	25.80	26.30	52.10
	Library books	107.60	54.00	55.10	109.10
	Official hospitality	22.10	10.90	11.10	22.00
	Acquisition of furniture and equipment	170.50	33.00	33.70	66.70
	Rental and maintenance of furniture and equipment	66.80	23.40	24.30	47.70
	Supplies and materials	118.00	47.80	49.50	97.30
	Miscellaneous services	72.90	43.80	45.40	89.20
	Information technology (migration to Windows XP, Internet services, software licences and maintenance ^{a)})	83.00	138.50	80.90	219.40
	Audit fees	32.50	16.50	18.00	34.50

	<i>Total</i> 2001-2002	2003	2004	<i>Total</i> 2003-2004
Contingency	22.10	10.90	11.10	22.10
Subtotal, section 3	1 031.50	539.70	494.30	1 034.00
Section 4 Building management	579.00	305.80	312.20	618.00
Subtotal, section 4	579.00	305.80	312.20	618.00
Total, Part 1	8 929.40	4 670.90	4 723.70	9 394.60
Part 2. Conference-servicing costs of the Authority				
Conference services	1 577.00	551.00	564.10	1 115.10
Total, Part 2	1 577.00	551.00	564.10	1 115.10
Total administrative budget	10 506.40	5 221.90	5 287.80	10 509.70
Estimated income				
Bank interest	-80.00	-30.00	-30.00	-60.00
Total net budget	10 426.40	5 191.90	5 257.80	10 449.70

^a Previously classified as "Data-processing services".