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Proposed budget for the International Seabed Authority for the financial period 2007-2008

Report of the Secretary-General

I. Introduction

1. The present report sets out the proposed budgetary requirements for the International Seabed Authority for the financial period 2007-2008. 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 2007 and 2008. Contributions to the budget will be made on an annual basis for each of the two years.

II. Summary of budget proposals for the financial period 2007-2008

2. The Secretary-General estimates that the budgetary requirements of the Authority for 2007 and 2008 will be in the amounts of \$5,813,600 and \$5,968,800, respectively. The estimate for 2007 comprises \$5,018,300 for the administrative expenses of the Authority and \$795,300 for conference-servicing requirements. The estimate for 2008 comprises \$5,151,200 for the administrative expenses of the Authority and \$817,600 for conference-servicing requirements. A summary of the proposed administrative budget for the biennium 2007-2008 totalling \$11,782,400 is contained in annex I.

3. The proposed budget for 2007 represents an increase of 6.1 per cent in nominal terms over the approved budget for 2006, while the proposed budget for 2008 represents an increase of 2.7 per cent in nominal terms over the proposed budget for

2007. However, it may be noted that the United Nations inflation factor for 2007 is 2.8 per cent; the inflation projection of the Government of Jamaica for 2006-2007 is between 11 and 13 per cent; and approximately 10 per cent of the budget is subject to local inflation. Taking these factors into account, in real terms, the increase in the proposed budget for 2007-2008 is in the region of 5 per cent compared with the previous biennium.

4. It will be noted that the increase in the budget for the biennium 2007-2008 is mainly attributed to four objects of expenditure:

(a) A major increase is due to established posts and common staff costs by the International Civil Service Commission;

(b) Building management increased by 16 per cent. The increase derives from the decision by the Office of the United Nations Security Coordinator to categorize downtown Kingston, including the headquarters building of the Authority, as a phase I area in its security categorization of Jamaica, requiring the Secretary-General to upgrade the security at the entrance of the building. This action has resulted in additional costs of \$76,000 for the biennium;

(c) Conference-servicing costs increased by 15 per cent due to the decision by the Department for General Assembly and Conference Management to increase its charges for conference services, document translation and reproduction and to charge the Authority the replacement cost of staff servicing its sessions. The net effect of those decisions is an increase of \$212,900 in expenditure for the biennium;

(d) The Secretary-General is proposing no increase for the rest of the objects of expenditure in the budget, except for general temporary assistance, for which he requests an increase of 3 per cent. In real terms, there is a negative growth in most objects of expenditure, including travel and the transportation element of workshops caused by fare increases owing to the higher prices of oil.

5. The proposed budget makes provision for the full costing of 35 established posts (19 at the Professional level and above and 16 at the General Service level). The two General Service posts that were frozen during the 2005-2006 financial period remain frozen for 2007-2008. One post at the P-2 level has been upgraded to the P-3 level. These are reflected in the staffing table contained in annex II.

6. The proposed budget allows for one two-week session of the Authority in both 2007 and 2008. The requirement for conference-servicing costs for the biennium is budgeted at \$1,612,900, representing an overall increase of \$212,900, or 15 per cent for the biennium.

7. In document ISBA/12/A/3-ISBA/12/C/4 (paras. 11-13) seminars and workshops were discussed. In the present document, the budget line for official travel has been increased by \$40,000 in order to cover the costs (travel and daily subsistence allowance) of attendance of Secretariat personnel at two seminars to be convened during the period, and the budget line for ad hoc experts groups has been reduced accordingly. The purpose of the seminars is:

(a) To inform Government officials, marine policymakers and scientists at national/regional institutions of the work of the Authority;

(b) To promote the participation of scientists from institutions in developing countries in the marine scientific research being undertaken in the Area by international research organizations.

8. Outputs from the 2007-2008 biennium have been described in the annual report of the Secretary-General (ISBA/12/A/2). The report also describes the progress that has been made in: (a) the development of the Authority's central data repository, in particular to create data dictionary metafiles to describe the content of the repository, web-enabled databases on marine scientific research and prospecting for polymetallic nodules, cobalt-rich ferromanganese crusts and deposits of seafloor massive sulphides, to develop bibliographic databases on the above, including syntheses of the research carried out on each mineral, and to continue to expand the database on cobalt-rich ferromanganese crusts; (b) the development of collaboration with regard to the genetic resources associated with hydrothermal vents that concentrate deposits of polymetallic sulphides to enable the Authority to protect these biological communities from the effects of activities in the Area; and (c) the Kaplan Fund project and the possibility of obtaining funding from the Global Environment Facility (GEF) to assist in furthering the international collaborative work required to manage the environmental impact of deep seabed mining.

III. Work programme and activities during the financial period 2007-2008

A. Workshops

9. It is proposed to convene two workshops during the financial period. The first workshop, to be convened in 2007, will have as its objective standardization of the environmental data and information requested of contractors in the draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts and polymetallic sulphides in the Area. This workshop was originally scheduled to be convened in 2006. The workshop to be convened in 2008 will have as its objective the review and modification, as necessary, of the draft geological model of polymetallic nodule deposits in the Clarion-Clipperton Fracture Zone (CCZ) and its associated prospector's guide.

10. The outputs expected from the workshop to standardize the environmental data and information required in the draft regulations on prospecting and exploration for cobalt-rich ferromanganese crusts and polymetallic sulphides in the Area will consist of:

(a) Publication of the proceedings of the workshop in print and on CD;

(b) Draft recommendations on standards for collecting the biological, chemical, geological and physical data components of the marine environment that are essential for establishing environmental baselines and for environmental impact assessment.

11. The outputs expected from the workshop on the geological model of polymetallic nodule deposits in the CCZ, and its prospector's guide will consist of:

(a) Publication of the proceedings of the workshop in print and on CD;

(b) A prospector's guide for polymetallic nodule deposits in the CCZ;

(c) A resource assessment of the metals of commercial interest in polymetallic deposits in the CCZ;

(d) A geological model of polymetallic nodule deposits in the CCZ.

12. It is estimated that \$160,000 will be required to convene a workshop each year. Workshop activities will comprise convening the workshop (25 participants) and publishing the proceedings of the workshop in print and on CD.

B. Central data repository

13. During the financial period, work on the central data repository will proceed in a number of areas. In addition to the updating of depositary contents, work will be undertaken on its accessibility (a user area for guests to upload non-proprietary data and to query the database) and to expand its contents to include, inter alia, a bibliographic database on scientific papers of relevance to the work of the Authority, an environmental and biological database on the meiofauna in the CCZ, a web-enabled bathymetric database of the nodule provinces in the CCZ and the Central Indian Ocean basin, and a separate webpage for the results, data and reports from the geological model of polymetallic nodule deposits in the CCZ. It is also recalled that the Authority's contribution to UN-Oceans is through provision of its specialized data and information on marine mineral provinces in the Area to the United Nations Atlas of the Oceans. During the financial period 2007-2008, the Authority will make contributions to this effort through the provision of, inter alia, web-enabled maps of the ocean floor and its features, maps showing mineral resource distribution and sampling locations on the ocean floor, other thematic maps on special topics, such as the economic potential of different mineral provinces in the Area and the environmental and biological states of these provinces. The costs associated with the central data repository during the financial period comprise: in 2007, \$10,000 for the web-enabled database on marine scientific research, \$15,000 for the webpage on the geological model and the web-enabled bathymetric database, \$5,000 for the web-enabled maps of the ocean floor and its features and \$10,000 for collecting, validation and formatting of data on cobalt-rich ferromanganese crusts and polymetallic sulphides; and in 2008, \$10,000 for the web-enabled database on the environmental and biological database on meiofauna in the CCZ, \$15,000 for the web-enabled maps of the different mineral provinces and resource distribution, and \$10,000 for updating its mineral resources databases.

14. The outputs expected in connection with the development of the central data repository at the end of the financial period 2007-2008 will consist of:

(a) Web-enabled databases on marine scientific research of relevance to activities in the Area;

(b) A web-enabled environmental and biological database on meiofauna in the CCZ;

(c) A web-enabled bathymetric database of the nodule provinces in the CCZ and the Central Indian Ocean basin;

(d) A separate webpage for the results, data and reports from the geological model of polymetallic nodule deposits in the CCZ;

(e) Web-enabled maps of the ocean floor and its features;

(f) Web-enabled maps showing mineral resource distributions and sampling locations on the ocean floor;

(g) Updates of the databases on cobalt-rich ferromanganese crusts, polymetallic nodules and polymetallic sulphides.

C. Geological model of polymetallic nodule deposits in the Clarion-Clipperton Fracture Zone

15. During the financial period, the Authority will continue to develop a geological model of polymetallic nodule deposits in the CCZ. It is anticipated that the project will be completed during the financial period.

16. In the period 2005-2006, work was initiated on developing the proxy variables for the geological model of polymetallic nodules in the CCZ. The variables included chlorophyll, bathymetry, the tectonic and geomorphologic framework, carbonate compensation depth, the benthic boundary layer, sediments and hiatuses. The model to be developed will consist of one or more sets of proxy data and clearly defined algorithms that generate predictions of nodule abundance and/or grade for any location within the CCZ. Model component developers will be provided with data sets on nodule grade and abundance to use in the calibration of their input algorithms through an FTP site that has been established by the secretariat to facilitate the transfer of data sets among all parties working on the project.

17. In addition, the contributions by exploration contractors for polymetallic nodules in the CCZ, in the form of additional data on nodule grade and abundance and on proxy variables, as well as those made by their experts to the development of the model have set the stage for enhanced products during the financial period.

18. During the financial period, work will continue with data acquisition, validation and synthesis. The Authority will also convene a review meeting with model component developers (independent consultants as well as contractor scientists) to review the available data and integration procedures for the model. It is expected that the meeting will make adjustments to the data for use in the model and integration procedures before the final compilation of the prospector's guide and the geological model, as appropriate. The costs associated with the geological model during the financial period comprise, in 2007: \$25,000 for a report on biological data, reports on algorithms that generate predictions of nodule grade and abundance from proxy data and a report on integration procedures for proxy datasets; \$30,000 for a meeting of model developers, \$7,500 for a report of the meeting of model developers, \$7,500 for the first draft of the prospector's guide and \$7,000 for a presentation to the Legal and Technical Commission. In 2008, \$35,000 will be required for ground-truth testing of the geological model's predictions, \$13,000 for consultants to make adjustments to model inputs and incorporate additional data, \$20,000 for the final drafts of the prospectors guide and the geological model and \$7,000 for the presentation of the final results to the Legal and Technical Commission.

19. In 2007, the outputs expected from work on the geological model of polymetallic nodule deposits in the CCZ will consist of:

(a) A report containing a description, interpretation and synthesis of biological data, including Geographic Information System-generated maps of parameter values for incorporation into the prospector's guide;

(b) A series of reports on each set of proxy data containing clearly defined algorithms that generate predictions of nodule abundance and/or grade;

(c) A report on integration procedures for proxy data sets;

(d) A report of the meeting of model developers to determine the most appropriate way to integrate proxy data sets;

(e) A presentation to the Legal and Technical Commission in 2007;

(f) A draft of a 3-D visualization of the prospector's guide with voice-over;

(g) A first draft report/compilation of the prospector's guide;

(h) A report on ground-truth testing of the predictions by the geological model using subsets of nodule grade and abundance data that are different from those used in calibrating input algorithms.

20. In 2008, the outputs expected from work on the geological model of polymetallic nodules in the CCZ will consist of:

(a) A final draft of the prospector's guide following a review by the secretariat and possibly independent experts;

(b) A final draft of the geological model following a review by the secretariat and possibly independent experts;

(c) A workshop to present and discuss the key results of the prospector's guide and the geological model;

(d) Presentation of final results to the Legal and Technical Commission;

(e) Publication of the proceedings of the workshop;

(f) Publication of the prospector's guide and the geological model, including their incorporation into the Authority's central data repository.

D. Promotion and encouragement of the conduct of marine scientific research

(Agreement, annex, section 1, paragraph 5 (h))

21. At the tenth session of the Authority, the Legal and Technical Commission presented its draft regulations on prospecting and exploration for polymetallic sulphides and cobalt-rich ferromanganese crusts in the Area to the Council for its consideration at the eleventh session.¹ In order to assist the Commission when it considered the environmental issues associated with these two new resources, in September 2004 the Authority held its seventh workshop, entitled "Polymetallic sulphides and cobalt crusts: their environment and considerations for the establishment of environmental baselines and an associated monitoring programme

¹ ISBA/10/C/WP.1.

for exploration”. The results of the workshop were presented to the Commission at the eleventh session.²

22. One of the conclusions of workshop was that not enough was known about the patterns of diversity and endemism at seamounts, where cobalt-rich ferromanganese crusts deposits are found. Therefore, the Authority decided to convene an eighth workshop to investigate the matter further. The workshop, entitled “Cobalt-rich crusts and the diversity and distribution patterns of seamount fauna”, was held from 27 to 31 March 2006 in collaboration with the Seamounts Group (CenSeam) of the Census of Marine Life.

23. As noted in the report of the Secretary-General (ISBA/12/A/2), during 2005 and 2006, the Kaplan Fund project generally made good progress, with some problems due to unanticipated difficulties in molecular analyses of the nematodes. To address those problems, a nematode bar-coding meeting was convened by the Authority in 2005 to aid standardization and promote marine scientific research in the Area as required in article 143 of Part XI of the United Nations Convention on Law of the Sea. The Authority received the third annual progress report on the project on 11 March 2006, which indicated that project activities were concentrated on processing and analysing samples obtained during the field programme carried out over the previous years.

24. The costs associated with promoting and encouraging the conduct of marine scientific research during the financial period comprise, in 2007, \$25,000 for the Kaplan Fund project and \$25,000 for assistance to produce a standard protocol manual for nematode bar-coding; and, in 2008, \$25,000 for a meeting of scientists to review the standard protocol manual for nematode bar-coding, \$25,000 to establish the database on levels of biodiversity, species ranges and gene flow of polychaetes, nematodes and foraminifera in the CCZ and their genetic sequences, and to incorporate that database into the geological model of polymetallic nodules that the Authority is developing for that zone.

E. Information technology

25. During the 2005-2006 financial period, the Authority completed the upgrade of its information technology infrastructure, including its servers, operating systems, networking and database management system and Internet connection. During the financial period 2007-2008, the main task will be the establishment of a disaster recovery system off-site, to ensure continuing operation of the Authority’s website and the protection of its data and information in the event of a major disaster (such as a hurricane).

26. For the financial period 2007-2008, information technology-related expenditures will include the cost of leased lines for Internet access, payment for software licences (Oracle 9i, Mapinfo/Mapextreme, Geographic Information System mapping over the Internet, Geovariances and ACCPAC accounting software), acquisition of new software, preventive maintenance and the establishment of a disaster recovery system off-site at specialized premises to ensure the continuity of operations in adverse circumstances. It is estimated that these expenditures will amount to \$39,000 in 2007 and \$41,900 in 2008.

² ISBA/11/LTC/2.

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

27. 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 2005 and 2006, the scale of assessment of the Authority was based on the scale of assessment for the regular budget of the United Nations for 2004 and 2005, respectively. In adopting the scale of assessment for that financial period, the Assembly and Council decided, on the recommendation of the Finance Committee, that the maximum assessment rate for the budget of the Authority should be 22 per cent and the minimum 0.01 per cent.

28. Since the scale of assessment for contributions to the budget of the Authority for 2007 and 2008 would be based on the scale of assessment for the regular budget of the United Nations for 2006 and 2007, respectively, it is recommended that the maximum assessment rate for the budget of the Authority remain at 22 per cent, with the minimum rate remaining at 0.01 per cent.

29. It should be further noted that, in accordance with regulation 4.3 of the Financial Regulations of the International Seabed Authority, any balance from the appropriations for the previous financial period is to be surrendered. Accordingly, the Secretary-General has applied \$1,475,460 as savings from the previous years' budgets to reduce assessed contributions for 2005 and 2006. Furthermore, having presented the 2004 audited accounts at the eleventh session, the Secretary-General reduced the assessed contributions for 2006 by \$595,500.

V. Status of the Working Capital Fund

30. The amount approved by the Assembly for the level of the Working Capital Fund is \$438,000. As at 31 May 2006, an excess of \$2,686 has been received and credited to miscellaneous income in accordance with financial regulation 6.3 (c).

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

31. The Secretary-General recommends the proposed budget for the financial period 2007-2008 to the Council and the Assembly. The Council and the Assembly may wish to:

(a) Approve the budget for the financial period 2007-2008 in the amount of \$11,782,400, as proposed by the Secretary-General;

(b) Authorize the Secretary-General to establish the scale of assessment for 2007 and 2008 on the basis of the scale used for the regular budget of the United Nations for 2006 and 2007, as adjusted by the Authority, respectively, taking into account that the maximum assessment rate for the budget of the Authority for 2007 and 2008 will be 22 per cent;

(c) Authorize the Secretary-General to transfer part of the accumulated surplus from the previous financial period to reduce the amount of assessed contributions for 2007 and 2008;

(d) Authorize the Secretary-General, for 2007 and 2008, to transfer between appropriation sections up to 20 per cent of the amount in each section;

(e) Urge the members of the Authority to pay their assessed contributions to the budget for 2007, on time and in full, no later than 1 January 2007;

(f) Urge the members of the Authority to pay their assessed contributions to the budget for 2008, on time and in full, no later than 1 January 2008.

Annex I

Summary of budgetary requirements for the International Seabed Authority for the period from 1 January 2007 to 31 December 2008

(In thousands of United States dollars)

		<i>Total</i>		<i>Total</i>	
		<i>2005-2006</i>	<i>2007</i>	<i>2008</i>	<i>2007-2008</i>
Part 1	Administrative expenses of the secretariat				
Section 1	Established posts	4 901.9	2 671.4	2 746.2	5 417.6
	General temporary assistance	36.5	18.5	19.0	37.5
	Overtime	45.3	22.4	22.9	45.3
	Consultants	180.0	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	400.0	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	2 006.5	1 116.4	1 147.7	2 264.1
	Staff assessment	1 348.8	616.5	633.8	1 250.3
	Staff assessment credit	(1 348.8)	(592.3)	(608.9)	(1 201.2)
Subtotal, section 1		7 890.2	4 223.7	4 330.8	8 554.5
Section 2	Official travel	245.6	141.1	144.5	285.6
Subtotal, section 2		245.6	141.1	144.5	285.6
Section 3	Communications	145.6	72.8	72.8	145.6
	External printing	100.0	50.0	50.0	100.0
	Training	52.1	26.0	26.1	52.1
	Library books	100.0	50.0	50.0	100.0
	Official hospitality	22.0	11.0	11.0	22.0
	Acquisition of furniture and equipment	66.7	26.9	29.8	56.7
	Rental and maintenance of furniture and equipment	23.0	11.5	11.5	23.0
	Supplies and materials	97.3	40.2	40.1	80.3
	Miscellaneous services	84.2	41.3	42.9	84.2
	Information technology	80.9	39.0	41.9	80.9
	Audit fees	34.6	17.3	17.3	34.6
Subtotal, section 3		806.4	386.0	393.4	779.4

		<i>Total</i>		<i>Total</i>	
		<i>2005-2006</i>	<i>2007</i>	<i>2008</i>	<i>2007-2008</i>
Section 4, Building management		474.5	267.5	282.5	550.0
Subtotal, section 4		474.5	267.5	282.5	550.0
Total, part 1		9 416.7	5 018.3	5 151.2	10 169.5
Part 2	Conference-servicing costs				
	Conference services	1 400.0	795.3	817.6	1 612.9
Total, part 2		1 400.0	795.3	817.6	1 612.9
Total administrative budget		10 816.7	5 813.6	5 968.8	11 782.4

Annex II

Secretariat staffing table^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-4)	
Scientific officer (marine biologist)	1 (P-4)	
Scientific officer (geostatistician)	1 (P-4)	
Scientific officer (GIS)	1 (P-3)	
Marine science assistant		1
ICT officer	1 (P-4)	
Webmaster/publications officer	1 (P-3)	
Database assistant		1
Executive officer	1 (P-5)	
Secretary		1
Budget/internal oversight officer	1 (P-4)	
Finance officer	1 (P-4)	
Personnel officer	1 (P-3)	
Personnel assistant		1
Procurement assistant		1

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Budget and treasury assistant		1
Finance assistant		1
Senior security officer	1 (P-2)	
Security officer		1
Security officer		1
Driver		1
Driver		1
Driver		1
Total	19	16

^a Two General Service staff posts are frozen during this financial period.