



Assembly Council

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Report of the Finance Committee

1. During the twelfth session of the International Seabed Authority, the Finance Committee held seven meetings, from 7 to 11 August 2006. The Committee re-elected Mr. Hasjim Djalal as Chairman.

I. Agenda

2. The Committee adopted its agenda as contained in document ISBA/12/FC/L.2.

II. Audit report for 2005

3. The Committee considered the audit report for 2005, the accompanying financial statements and a management letter. The Committee examined and took note of the audit report and management letter. The Committee requested that in future the audit report be made available to the members of the Committee well in advance of their meeting.

III. Proposed budget for 2007 and 2008

4. The Committee examined the proposed budget for the International Seabed Authority for the two-year financial period 2007-2008 (ISBA/12/A/3-ISBA/12/C/4) in the amount of 12,198,000 United States dollars. In examining the budget, the Committee considered the overall increase in relation to the budget for 2005-2006, the increase in salaries and common staff costs by the International Civil Service Commission, the increase in building management costs and the increased charges for conference services levied by the United Nations.

5. Following the provision of some supplementary information, including clarification of the staffing table, and discussion in the Committee, the Secretary-General provided the Finance Committee with a revised budget proposal for the financial period 2007-2008 in the amount of \$11,782,400, which is contained in document ISBA/12/A/3/Rev.1-ISBA/12/C/4/Rev.1.

6. The Committee, after careful consideration, decided to recommend the approval of the proposed budget for the financial period 2007-2008 in the amount of \$11,782,400. The Committee noted that, in accordance with the Authority's Financial Regulations, the final assessed amount would be reduced by the application of the remaining accumulated balance of the General Administrative Fund at the end of the previous financial period (2005-2006). The Committee also decided to recommend that, for the financial period 2007-2008, the Secretary-General be authorized to transfer between appropriation sections up to 20 per cent of the amount in each section. The Secretary-General was requested to consider what the appropriate percentage should be for the next budget. The details of the approved budget are set out in annex I to the present document.

IV. Scale of assessments for 2007-2008

7. The Committee recommends that, in line with article 160 (2) (e) of the United Nations Convention on the Law of the Sea, the scale of assessments used for the administrative budget of the International Seabed Authority for 2007 and 2008 be based on the scale of assessments used for the regular budget of the United Nations for 2006 and 2007, respectively, taking into account the ceiling assessment rate of 22 per cent and the floor assessment rate of 0.01 per cent, differences in membership, and the contribution of the European Community.

V. Voluntary trust fund

8. The Committee expressed appreciation for the assistance provided through the Voluntary Trust Fund to enhance the participation of members from developing countries in the meetings of the Legal and Technical Commission and the Finance Committee. The Committee recommended that a strong appeal be made to members of the Authority to contribute to the Fund.

9. Noting the residual balance of the Voluntary Trust Fund (US\$ 66,711.00) inclusive of an advance of US\$ 60,000.00 from the Pioneer Investors Fund made by the Secretary-General for 2006, the Committee decided not to recommend any further advances to the Voluntary Trust Fund for 2007.

10. The Committee noted with appreciation the contribution of Trinidad and Tobago to the Fund in the amount of US\$ 10,000.

VI. Proposal to establish an endowment fund

11. The Committee considered the draft proposal to establish an endowment fund as contained in document ISBA/12/FC/L.1. Following its review of the proposal, the Committee decided to recommend the establishment of the fund. In this regard, the Committee proposes that the Assembly adopt the draft resolution contained in annex II to the document.

VII. Recommendations of the Finance Committee

12. In light of the foregoing, the Committee recommends that the Council and the Assembly:

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

(b) Authorize the Secretary-General to establish the scale of assessments for 2007 and 2008 based on the scale used for the regular budget of the United Nations for 2006 and 2007, taking into account that the maximum assessment rate will be 22 per cent and the minimum rate 0.01 per cent;

(c) Also authorize the Secretary-General, for 2007 and 2008, to transfer between appropriations sections up to 20 per cent of the amount in each section;

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

(e) Adopt the draft resolution establishing an endowment fund for marine scientific research in the area.

Annex I

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

(In thousands of United States dollars)

	<i>Approved for</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	592.3	608.9	1 201.2
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
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

	<i>Approved for</i>			<i>Total</i>
	<i>2005-2006</i>	<i>2007</i>	<i>2008</i>	<i>2007-2008</i>
Part 2 Conference-servicing costs of the Authority				
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

Draft resolution establishing an Endowment Fund for Marine Scientific Research in the Area

The Assembly of the International Seabed Authority,

Recalling article 143, paragraph 2, of the United Nations Convention on the Law of the Sea,¹ which provides that the International Seabed Authority shall promote and encourage the conduct of marine scientific research in the Area,

Recalling also article 143, paragraph 3, of the Convention, which 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,

1. *Requests* the Secretary-General to establish, in accordance with the Financial Regulations of the International Seabed Authority, a special account to be known as the Endowment Fund for Marine Scientific Research in the Area;

2. *Decides* that the purposes of the Fund shall be to promote and encourage the conduct of marine scientific research in the Area for the benefit of mankind as a whole, in particular 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;

3. *Also decides* that the initial capital of the Fund shall consist of the balance remaining as at 18 August 2006 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, to the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea, pursuant to paragraph 7 (a) of resolution II, together with interest accrued thereon;

4. *Invites* members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations and private persons to make contributions to the Fund;

5. *Confirms* that the Financial Regulations of the International Seabed Authority apply to the Fund;

6. *Decides* that, except as provided for in paragraph 7, the income of the Fund shall be used only for the purposes of the Fund as set out in paragraph 2; that any balance of income not expended in any year shall be carried forward to the following year and shall remain available for distribution for a period of two years thereafter; and that at the end of such period, any unexpended income shall be added to the capital of the Fund and shall not be available for distribution;

7. *Also decides* that the Assembly, on the recommendation of the Finance Committee and the Council, may decide in any year to allocate, to the extent

¹ United Nations, *Treaty Series*, vol. 1833, No. 31363.

necessary, up to 60,000 United States dollars from the income of the Fund, to supplement the Voluntary Trust Fund for the purpose of defraying the cost of participation of the members of the Legal and Technical Commission from developing countries and the members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee;

8. *Requests* the Secretary-General to prepare, for consideration by the Council and the Assembly, rules and procedures for the administration and utilization of the Fund, together with proposals for the Fund pursuant to paragraph 2;

9. *Decides* that, pending the approval of such rules and procedures, the income of the Fund shall not be utilized except in accordance with a decision of the Assembly pursuant to paragraph 7.
