

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 29TH SESSION:
COUNCIL - PART I**

Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to council@isa.org.jm.

1. Name of Working Group:

IWG ENV

2. Name(s) of Delegation(s) making the proposal:

Federal Republic of Germany

3. Please indicate the relevant provision to which the textual proposal refers.

DR 54

Red bold text indicate Germany's textual proposals

4. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the "track changes" function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.

Regulation 54

Establishment of an Environmental Compensation Fund

~~1. The Authority hereby establishes the Environmental Compensation Fund. Referred to as "the Fund" in the following.~~

2. The rules and procedures of the Fund shall be established by the Council on the recommendation of the Finance Committee before the **approval of a first plan of work for an exploitation contract** ~~beginning of Commercial Production~~ under these regulations.

~~[Those rules and procedures shall include, inter alia:~~

~~— (a) A mechanism for financing the funds in accordance with Regulation 56, including replenishment upon disbursement;~~

~~— (b) A description of how the funds and any interest generated will be managed and by whom;~~

~~— (c) The process for accessing the funds;~~

~~— (d) The type of damages and purposes eligible for claims against the funds in accordance with regulation 55;~~

~~— (e) The standard of proof required for claims against the funds;~~

~~— (f) A policy on refunds of Contractor payments into the funds;~~

~~(g) A process for determining disbursements or refunds from the funds; and~~

~~(h) The promotion of the participation of affected persons or other Stakeholders in decisions about disbursement of funds.]~~

~~3. The Secretary-General shall, in consultation with the Finance Committee, within 90 Days of the end of a Calendar Year, prepare an independently audited statement of the income and expenditure of the Fund for circulation to the members of the Authority.~~

5. Please indicate the rationale for the proposal. [150-word limit]

- As stated during Council discussions by several parties including us, we object to the amendments proposed in square brackets in Paragraph 2 and agree with the facilitator's comments in the explanatory text box on this matter. The rules of the ECF will need to be finalized and adopted before the first plan of work is approved. The simple explanation is that the Contractor, as well as the LTC and the Council need to have knowledge of the financial requirements for the fund before assessing a contractor's intentions and capabilities. We therefore argue for the reinsertion of the original text.