



Assembly Council

Advance Unedited Version
7 July 2025

English only

Thirtieth session

Kingston, 7-25 July 2025

Item 12 of the provisional agenda of the Assembly*

Report and recommendations of the Finance Committee

Agenda item 17 of the Council

Report of the Finance Committee

Report of the Finance Committee

I. Introduction

1. During the thirtieth session of the International Seabed Authority, the Finance Committee held six formal meetings from 2 to 4 July 2025. In addition, in keeping with its established practice, the Committee held informal webinars on 11 April 2025 and 20 June 2025, during which members of the Committee were briefed on the issues to be discussed in the formal session.
2. The following members of the Committee participated in the formal meetings: Anastasia Francilia Akubor, Chaohong Xing, Didier Ortolland, Jens Benninghofen, Kenneth Wong, Medard Ainomuhisha, Sergey Litvinov, Shoko Fujimoto, Solomon Korbieh, Thiago Poggio Padua. Christopher Hilton and Khurshed Alam resigned on 31 March 2025 and 18 June 2025 respectively.
3. On 2 July 2025, the Committee adopted its agenda ([ISBA/30/FC/1](#)) and elected Kenneth Wong as Chair and Anastasia Francilia Akubor as Vice-Chair of the Committee.

II. Implementation of the budget for the financial period 2023-2024

4. The Committee was provided with a report on the implementation of the budget for the period 1 January 2023 to 31 December 2024. According to the report, total expenditure for the biennium amounted to \$22,697,081, against an approved budget provision of \$22,712,940, resulting in under expenditure of \$15,859. The report indicated over expenditure under administrative costs, primarily due to increases in common staff costs and salaries for established posts. These overruns were partially offset by under expenditure on conference services, particularly in documentation, and across several programme areas due to reduced travel and workshops. The Committee took note of the report and reiterated its request to take appropriate measures to avoid budget overruns during the financial period of 2025 and 2026. The Committee

* ISBA/30/A/L.1/Rev.1

requested the Secretariat to provide an update on the staffing tables regarding staff as well as a breakdown of consultants.

5. The Committee was provided with the report of the Secretary-General on standards of accommodation for air travel ([ISBA/30/FC/2](#)), submitted pursuant to Assembly decision [ISBA/29/A/11](#). The Committee noted that the Authority's travel policies are generally consistent with United Nations standards, including the dual threshold for business class travel. It took note of the detailed breakdown of travel costs for the 2023–2024 financial period, which included 101 staff missions (\$500,159), 63 entitlement trips (\$520,873), 109 expert and delegate trips (\$221,201), and 13 consultant trips (\$32,719). A total of 81 air tickets (\$161,062) were funded through voluntary trust funds.

6. The Committee further took note of structural and market-related challenges affecting the effective management of travel costs. In particular, it observed that, due to cost constraints, the Secretariat does not participate in the United Nations Umoja enterprise resource planning system and currently operates without a dedicated travel module, necessitating manual processing of all travel, which is resource intensive. The Committee also acknowledged that limited competition within the Jamaican travel market and monopolistic conditions on key routes restrict the Authority's ability to negotiate favorable fares. In light of a significant rise in air travel costs over recent years, the Committee noted that staff members have limited incentives to opt for lump sum travel options. While the adoption of a single threshold for business class travel, as recommended by the Secretary-General of the United Nations, could simplify administrative procedures, the Committee considered that such a change would likely result in only marginal savings.

7. The Committee encouraged continued efforts to improve cost-effectiveness in travel procurement and requested the Secretariat to keep this matter as a standing item on the agenda of Finance Committee meetings.

8. The Committee discussed paragraph 19 of the Finance Committee report of the twenty-ninth session ([ISBA/29/A/9–ISBA/29/C/20](#)), regarding the reclassification of posts within the Secretariat. The Committee reiterated its recommendation that, in the future, no reclassification decision be implemented without prior approval of the Assembly on the recommendation of the Finance Committee.

9. The Committee had a debate on the note by the Secretary General contained in document ISBA/30/A/7 regarding the restructuring of the Secretariat and had an exchange of views on the legal framework and condition of the restructuring situation without coming to a conclusion.

10. The Committee also inquired about ongoing litigation before the Joint Appeals Board and the United Nations Appeals Tribunal (UNAT). The Secretariat provided an update and an overview of potential financial scenarios, while noting the confidential nature of the proceedings. The Committee took note of the information and will be kept informed of the outcomes as the legal processes are concluded.

III. Status of the Working Capital Fund

11. On 2 July 2025, the Committee considered a report on the status of the Working Capital Fund. As at 31 May 2025, the balance of the Fund stood at \$760,186, with a remaining amount of \$64,814 to be collected during the financial periods 2025–2026 and 2027–2028. It was recalled that the Assembly had approved an increase of \$75,000 in 2024, bringing the Fund's ceiling to \$825,000, with the increase to be collected in two equal instalments over the next two financial periods. The Committee took note of the report.

IV. Status of contributions and related matters

12. On 2 July 2025, the Committee considered a report on the status of contributions and related matters. The Committee noted that, as at 31 May 2025, 64 per cent of the assessed contributions to the budget of the Authority for 2025, amounting to \$6,872,991, had been received. As at that date, 57 Member States had paid in full and 10 had made partial payments. Contributions outstanding from Member States for the current financial period totalled \$3,835,509. In addition, the Committee noted that outstanding contributions from previous financial periods (1998–2024) amounted to \$599,656. The Committee expressed concern that 43 Member States were in arrears for two years or more and noted that six of those States had never made any contribution since becoming parties to the Convention, with a total outstanding amount of \$84,898.

13. The Committee appreciated the efforts of the Secretary-General to follow up on unpaid contributions through regular notices, bilateral engagement, and awareness-raising, and encouraged continued efforts in this regard, including efforts through coordinators of each regional group, particularly with respect to States that have never contributed to the budget of the Authority.

14. The Committee took note of the request of the Assembly contained in document [ISBA/29/A/15](#), paragraph 52, to define criteria and a process for the assessment of the conditions to allow the Assembly to exercise its discretionary functions under article 184 of the Convention and decided to report to the Assembly in this regard during the 31st session.

V. Status of overhead charges for the administration and supervision of contracts for exploration and their reflection of costs actually and reasonably incurred

15. On 2 July 2025, the Committee took note of the report of the Secretary-General on the status of overhead charges for the administration and supervision of contracts for exploration ([ISBA/30/FC/3](#)). The Committee recalled that overhead charges were initially introduced in 2013 and have been periodically adjusted to reflect actual and reasonably incurred costs. The current overhead charge stands at \$80,000 per contract.

16. The Committee noted that, as at 2025, the Authority manages 30 active exploration contracts. Based on a revised cost assessment methodology, the total cost for administering and supervising those contracts was estimated at \$3,089,833, which includes direct staff costs, contractor engagement activities, cost related to Council and Legal and Technical Commission meetings, and indirect overheads. This equates to \$102,994 per contract.

17. Considering the need to ensure that overhead charges are aligned with actual costs incurred and the timeline which may be required for the contractors to properly schedule the budget for the increase, the Committee decided to recommend that the annual overhead charge be adjusted to \$100,000 per contract, effective 1 January 2027.

VI. Audit report on the accounts of the Authority for 2024

18. On 2 July 2025, the Committee considered the audited financial statements of the Authority for 2024.¹ The Committee noted that, in the opinion of the auditor, the financial statements gave a true and fair view of the financial position of the Authority as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards. No

¹ <https://www.isa.org.jm/wp-content/uploads/2025/06/ISA-Financial-Statements-2024.pdf> .

adverse observations were made by the auditor. The Committee requested the Secretariat to provide a breakdown of the usage of the miscellaneous and interest income.

VII. Appointment of an independent auditor for the financial period 2025–2026

19. On 2 July 2025, the Committee considered the note by the Secretariat on the appointment of an independent auditor for the financial period 2025–2026. It was recalled that CalvertGordon Associates had been appointed as the external auditor for the period 2023–2024. For the 2025–2026 period, the secretariat invited six internationally recognized auditing firms with offices in Kingston to submit bids. Of these, two firms, including CalvertGordon Associates submitted proposals. The financial proposals received were within the budget provision of \$42,000 for the biennium.

20. In view of the satisfactory performance of CalvertGordon Associates during the 2023–2024 financial period, the competitive cost of their services, and with a view to completing a four-year audit cycle with the current auditor, the Committee recommended the reappointment of CalvertGordon Associates for the financial period 2025–2026.

VIII. Status of the trust funds of the Authority and related matters

21. On 2 July 2025, the Committee took note of the updated financial status of the Authority's Partnership Fund, which, as at 31 May 2025, held a balance of \$1,025,679; the trust fund for extrabudgetary support held a balance of \$567,669. It also noted that both the voluntary trust fund for the participation of members of the Legal and Technical Commission and the Finance Committee from developing countries and the voluntary trust fund to support the participation of members of the Council from developing States, had a negative balance, after providing financial support to the members of the Legal and Technical Commission, members of the Finance Committee and the members of the Council for their participation in the meetings of the second part of the 30th session of the Authority.

22. The Committee reiterated the critical role of voluntary trust funds in supporting the participation of members and representatives from developing countries in the work of the Authority and encouraged further contributions from Member States and other stakeholders.

IX. Development of rules, regulations and procedures on the equitable sharing of financial and other economic benefits derived from activities in the Area pursuant to section 9, paragraph 7 (f), of the annex to the 1994 Agreement

23. The Committee recalled that, during its twenty-sixth to twenty-ninth sessions, it had engaged in extensive discussions aimed at identifying a suitable mechanism for the equitable sharing of financial and other economic benefits derived from activities in the Area, pursuant to section 9, paragraph 7 (f), of the annex to the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982. During the twenty-eighth session, in 2023, the Committee discussed the proposal of the Secretary-General for the establishment of a seabed sustainability fund as an alternative or adjunct to the direct distribution of monetary benefits. With a view to further discussing the topic, the Finance Committee also developed a tentative draft of the objectives of the fund, proposing that it be referred to as the Common Heritage Fund (initially proposed as the seabed sustainability fund) (Draft financial regulations of the Common Heritage Fund, see

Annex to [ISBA/29/FC/2](#)). The fund was built upon the results of the Authority's technical study No. 31, published in May 2022, on the equitable sharing of financial and other economic benefits from deep-seabed mining, which was conducted under the supervision of the Committee.

24. It also recalled that, at its twenty-ninth session, in 2024, the Committee had exchanged views on the establishment of a Common Heritage Fund as an alternative or complement to the direct distribution of monetary benefits and agreed to continue discussions in light of ongoing discussions on benefit-sharing arrangements.

25. In preparation for the thirtieth session, the Secretariat engaged Professor Dale Squires to prepare a report entitled "Fair, Equitable, Efficient, and Just Sharing Royalties from Deep-Seabed Mining". A dedicated intersessional webinar was held on 20 June 2025, during which Professor Squires presented his findings, including reference to the UN's Multidimensional Vulnerability Index, and responded to questions from Committee members. On 3 July 2025, the Committee was formally informed on the report. The Committee took note of the report and continued its discussions on the way forward regarding the mechanism for benefit-sharing. During the discussions, a member submitted for information purposes an additional formula on the direct distribution of monetary benefit.

26. Following the discussion, the Finance Committee recommends to the Council and Assembly that the Secretariat develops the concept of the Common Heritage Fund as a way for distribution of income from activities in the Area to be shared in accordance with article 140, 148 and 160 (2)(g), as prescribed in article 173 of the Convention. The concept should be accompanied by a comprehensive report describing and explaining the concept and detailing, including inter alia (i) the legal rules applicable to the Fund and specifically the articles of the Convention, 1994 Agreement and rules, regulations and procedures of the Authority which may regulate, limit or restrict the usage or application of the Fund's resources, (ii) an estimate of the resources necessary at the Authority for the management of the Fund consistent with the evolutionary approach (iii) the governance structure applicable to the operation of the fund (iv) whether and how the payments or contributions from article 82 of the Convention could be administered by the Fund, taking into account the interests and needs of developing States, particularly the least developed and landlocked among them.

X. Other matters

27. On 3 July 2025, the Committee took note that San Marino became a member of the Authority on 19 July 2024, following its accession to the United Nations Convention on the Law of the Sea ([ISBA/30/FC/4](#)). In accordance with financial regulations 6.9 and 7, the Secretariat calculated San Marino's assessed contributions to the administrative budget for 2024 and 2025 at \$405 and \$1,061, respectively, and its advances to the Working Capital Fund at \$1.02 and \$1.88. The Committee recommended that the Assembly approve the proposed assessments and advance contributions.

XI. Recommendations of the Finance Committee

28. In view of the foregoing, the Committee recommends that the Council and the Assembly of the Authority:

- (a) Approve the increase of the annual overhead charge for the administration and supervision of contracts for exploration to \$100,000 per contract, effective 1 January 2027;
- (b) Appoint CalvertGordon Associates as the external auditor of the Authority for the financial period 2025–2026;

- (c) Decide that, in respect of San Marino, which became a member of the Authority in 2024, the rate of assessment and the amounts of contribution to the General Administrative Fund and the Working Capital Fund shall be as reflected in paragraph 27 of the report of the Finance Committee;
- (d) Recommend to the Council and Assembly that the Secretariat develops the concept of the Common Heritage Fund as a way for distribution of income from activities in the Area to be shared in accordance with article 140, 148 and 160 (2)(g), as prescribed in article 173 of the Convention. The concept should be accompanied by a comprehensive report describing and explaining the concept and detailing, including *inter alia* (i) the legal rules applicable to the Fund and specifically the articles of the Convention, 1994 Agreement and rules, regulations and procedures of the Authority which may regulate, limit or restrict the usage or application of the Fund's resources, (ii) an estimate of the resources necessary at the Authority for the management of the Fund consistent with the evolutionary approach (iii) the governance structure applicable to the operation of the fund (iv) whether and how the payments or contributions from article 82 of the Convention could be administered by the Fund, taking into account the interests and needs of developing States, particularly the least developed and landlocked among them.
- (e) Appeal to members of the Authority, including those members with contributions in arrears for the period 1998–2024, to pay outstanding contributions to the budget of the Authority as soon as possible, to enable the Authority to deliver effectively on its mandate, and requests the Secretary-General to continue efforts to recover those arrears, including bilateral efforts;
- (f) Express its appreciation to the donors that have made contributions to the voluntary trust funds of the Authority, and encourages members, observers, contractors and other stakeholders to contribute financially to the trust funds.
- (g) Reiterate its recommendation that, in the future, no reclassification decision be implemented without prior approval of the Assembly on the recommendation of the Finance Committee.
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