



## Assembly Council

Distr.: General  
29 April 2010

Original: English

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**Sixteenth session**  
Kingston, Jamaica  
26 April-7 May 2010

### **Report of the Finance Committee**

1. During the sixteenth session of the International Seabed Authority, the Finance Committee held five meetings, on 26, 27, and 28 April 2010. The Committee re-elected Hasjim Djalal as Chairman.

#### **I. Agenda**

2. The Committee adopted the agenda as contained in document ISBA/16/FC/L.1.

#### **II. Budget for the financial period 2011-2012**

3. The Committee examined the proposed budget of the International Seabed Authority for the financial period 2011-2012 (ISBA/16/A/3-ISBA/16/C/2) in the amount of \$13,448,200. In examining the budget, the Committee considered current global economic conditions, the overall increase in the proposed budget for 2011-2012 in relation to the budget for 2009-2010 and prevailing inflation rates. It also considered proposed increases in costs related to staffing, communications, training, information technology, building management and conference services.

4. Following discussions in the Finance Committee, the Secretary-General revised the proposed budget by maintaining the same level of expenditure as had been approved in the previous budget period in respect of those items of expenditure over which the secretariat had some measure of control. The increases in the budget for the 2011-2012 period were exclusively for items of expenditure that were outside the control of the secretariat. As a result, the increase in the proposed budget for the financial period 2011-2012 was reduced from 5.6 to 3.98 per cent. The revised budget proposal for the financial period 2011-2012, in the amount of \$13,014,700, is contained in document ISBA/16/A/3/Rev.1-ISBA/16/C/3/Rev.1.

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\* Reissued for technical reasons on 6 May 2010.



5. The Committee, after careful consideration, decided to recommend for approval the proposed budget for the financial period 2011-2012 in the amount of \$13,014,700. The Committee also decided to recommend that for the financial period 2011-2012, the Secretary-General be authorized to transfer between appropriation sections up to 20 per cent of the amount in each section. The Committee also noted that the estimated surplus of \$250,000 for the 2009-2010 biennium would be applied to the 2011-2012 budget. The details of the approved budget are set out in annex I to the present report. The staffing table of the secretariat is contained in annex II.

### **III. Working Capital Fund**

6. The Committee adopted the recommendation in document ISBA/16/FC/4 in the amount of US\$560,000 as new level of the Working Capital Fund. The Committee recommended that the contributions related to the increase of \$105,327 should be spread over the next two bienniums.

### **IV. Scale of assessments for 2011-2012**

7. The Committee recommended that, in line with article 160 (2) (e) of the United Nations Convention on the Law of the Sea, the scale of assessments relating to the administrative budget of the International Seabed Authority for the biennium 2011 and 2012 be based on the scale of assessments used for the regular budget of the United Nations for the biennium 2010 and 2011, taking into account the ceiling assessment rate of 22 per cent and the floor assessment rate of 0.01 per cent. The indicative assessed contributions for 2011 are set out in annex III.

8. The Committee considered the request by the Government of Japan to review the assessment of its contribution to the budget of the Authority. Due to Japan's economic situation its assessed rate based on the prorated contribution to the regular budget of the United Nations for 2010 would not exceed 22 per cent, as was the case in previous years, Japan's percentage contribution to the regular budget of the United Nations for 2010 amounted to 12.53 per cent resulting in a prorated contribution to the budget of the Authority of 16.587 per cent. Consequently, the Committee recommended that the rate of 16.587 per cent shall be applied in assessing Japan's contribution to the budget of the Authority for 2011-2012. In doing so, the Committee clarified that the ceiling rate of 22 per cent is not to be applied automatically to the highest contributor, but only in the circumstances that a member's prorated contribution to the budget of the Authority equals or exceeds this percentage.

### **V. Audit report on the accounts of the International Seabed Authority for 2009**

9. The Committee considered the report of PriceWaterhouseCoopers on the audit of the accounts of the Authority for the year 2009. The Committee took note of the report and the opinion of the auditors that the financial statements of the Authority presented fairly, in all material aspects, the financial position of the Authority, as at

31 December 2009, and of its financial performance, and the cash flows for that year, in accordance with UN system accounting standards.

## **VI. Endowment Fund**

10. The Committee took note of the balance of the Authority's Endowment Fund as at March 2010, in the amount of \$3,338,409.
11. The Committee took note with appreciation of the letter of the Government of Germany accepting the transfer of the German application fee of \$250,000 and the interest accrued so far to the Endowment Fund.
12. The Committee expressed its gratitude to the Government of the United Kingdom for the contribution of \$15,253 made in March 2010.
13. The Committee recommended that an appeal be made by the Council for contributions to the Endowment Fund.

## **VII. Voluntary Trust Fund**

14. The Committee took note of the balance of the Authority's Voluntary Trust Fund, in the amount of \$40,435.
15. The Committee expressed its gratitude to the Government of China for the contribution of \$20,000 made in December 2009.
16. The Committee noted that it had approved in 2008 the transfer of US\$60,000 from the Endowment Fund to the Voluntary Trust Fund and recommended that the Secretary-General should suspend the transfer of the balance of US\$40,000 until such time as necessary.
17. The Committee recommended that an appeal be made by the Council for contributions to the Voluntary Trust Fund.

## **VIII. New members**

18. The Committee considered document ISBA/16/FC/2, entitled "New members of the Authority". The Committee recommended that Dominican Republic and Chad, which had become members of the Authority during 2009, pay the amounts shown below as their contributions to the general administrative budget of the Authority for 2009 and 2010 as well as advances to the Working Capital Fund.

<i>New Member State</i>	<i>Date membership began</i>	<i>United Nations scale of assessment (percentage)</i>		<i>Adjusted International Seabed Authority scale (percentage)</i>		<i>Contributions to the general administrative budget (United States dollars)</i>		<i>Advances to the Working Capital Fund (United States dollars)</i>
		<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>	
Dominican Republic	9 August 2009	0.024	0.024	0.031	0.031	713	1 795	136
Chad	13 September 2009	0.001	0.001	0.001	0.001	175	572	1
<b>Total</b>						<b>888</b>	<b>2 367</b>	<b>137</b>

## IX. Other matters

19. The Committee expressed its concern about the outstanding contributions from members for prior periods (1998 to 2009) in the amount of \$320,026 and requested that the Secretary-General continue, at his discretion, to obtain the amounts due.

20. The Committee again recommended that the Assembly urge observers attending and participating in the meetings of the Authority to make voluntary contributions to the budget of the Authority, considering that they benefit from the facilities of the Authority.

21. The Committee took note of the progress report on International Public Sector Accounting Standards (IPSAS) and requests the Secretary-General to keep the Committee informed on further developments with regard to the adoption by the United Nations Common System.

22. The Committee took note of the Secretary-General's reports on cost-saving measures, budget performance, main lines of research, organizational chart and countries in arrears, and requested him to produce similar reports next year.

23. The Committee took note of the Financial Rules promulgated on 1 December 2008.

## X. Recommendations of the Finance Committee

24. In the light of the foregoing, the Committee recommends that the Council and the Assembly of the International Seabed Authority:

(a) Approve the budget for the financial period 2011-2012 in the amount of \$13,014,700, as proposed by the Secretary-General;

(b) Authorize the Secretary-General to establish the scale of assessments for the biennium 2011 and 2012 based on the scale used for the regular budget of the expenses of the United Nations for 2010. In applying this, the Committee recommended that the rate of 16.587 per cent shall be applied in assessing Japan's contribution to the budget of the Authority for the 2011-2012 biennium. The ceiling of 22 per cent and the floor rate of 0.01 per cent remain the same as in previous bienniums;

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

(d) Recommends an increase in the Working Capital Fund as set out in paragraph 6; and

(e) Take note with appreciation of the efforts being made by the Secretary-General to effect savings in the budget of the Authority during the 2009-2010 financial period.

## Annex I

### Summary of budgetary requirements for the International Seabed Authority for the period from 1 January 2011 to 31 December 2012

(Thousands of United States dollars)

	<i>Approved for 2009/2010</i>	<i>2011</i>	<i>2012</i>	<i>Total 2011/2012</i>
<b>Part 1 — Administrative expenses of the Secretariat</b>				
<b>Section 1</b>				
Established Posts	5 481.2	2 822.3	2 860.9	5 683.2
General Temporary Assistance	37.5	14.8	15.2	30.0
Overtime	45.3	22.7	22.7	45.3
Consultants	150.0	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	320.0	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	2 310.0	1 264.7	1 287.2	2 551.9
<b>Subtotal, section 1</b>	<b>8 664.0</b>	<b>4 519.5</b>	<b>4 581.0</b>	<b>9 100.4</b>
<b>Section 2</b>				
Official travel	295.6	145.4	150.1	295.6
<b>Subtotal, section 2</b>	<b>295.6</b>	<b>145.4</b>	<b>150.1</b>	<b>295.6</b>
<b>Section 3</b>				
Communications	145.6	71.6	74.0	145.6
External printing	100.0	49.6	50.5	100.0
Training	52.1	26.1	26.1	52.1
Library books	100.0	49.2	50.8	100.0
Official hospitality	22.0	11.0	11.0	22.0
Acquisition of furniture and equipment	56.7	31.3	25.4	56.7
Rental & maintenance of furniture & equipment	23.0	11.3	11.7	23.0
Supplies and materials	80.3	39.5	40.8	80.3
Miscellaneous services	84.2	41.5	42.7	84.2
Information technology	80.9	55.4	25.5	80.9
Audit fees	34.6	17.3	17.3	34.6
<b>Subtotal, section 3</b>	<b>779.3</b>	<b>403.7</b>	<b>375.7</b>	<b>779.4</b>

	<i>Approved for 2009/2010</i>	<i>2011</i>	<i>2012</i>	<i>Total 2011/2012</i>
<b>Section 4</b>				
Building management	647.2	368.8	380.5	749.3
<b>Subtotal, section 4</b>	<b>647.2</b>	<b>368.8</b>	<b>380.5</b>	<b>749.3</b>
<b>Total, Part 1 (sections 1-4)</b>	<b>10 386.2</b>	<b>5 437.4</b>	<b>5 487.3</b>	<b>10 924.7</b>
<b>Part 2 — Conference-servicing costs of the Authority</b>				
Conference services	2 130.4	1 020.5	1 069.5	2 090.0
<b>Total, Part 2</b>	<b>2 130.4</b>	<b>1 020.5</b>	<b>1 069.5</b>	<b>2 090.0</b>
<b>Total administrative budget</b>	<b>12 516.6</b>	<b>6 457.9</b>	<b>6 556.8</b>	<b>13 014.7</b>

## Annex II

### Staffing table of the Secretariat of the International Seabed Authority<sup>a</sup>

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
<b>Office of the Secretary-General</b>		
Secretary-General	1 (USG)	
Editor	1 (P-4) <sup>b</sup>	
Associate Protocol Officer	1 (P2)	
Executive Assistant		1
Administrative Assistant		1
Administrative Assistant (New York office)		1
<b>Office of Legal Affairs</b>		
Legal Adviser	1 (D-1)	
Senior Legal Officer	1 (P-5)	
Legal Officer	1 (P-4)	
Librarian	1 (P-3)	
Administrative Assistant		1
<b>Office of Resources &amp; Environmental Monitoring</b>		
Head OREM	1 (D-1)	
Senior Scientific Officer	1 (P-5)	
Scientific Officer (Marine Geologist)	1 (P-5)	
Scientific Officer (Marine Biologist)	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/IT Assistant		1
<b>Office of Administration &amp; Management</b>		
Executive Officer	1 (P-5)	
Administrative Assistant		1
Budget/Internal Oversight Officer	1 (P-4)	
Finance Officer	1 (P-4)	
Human Resources Officer	1 (P-3)	
Human Resources Assistant		1
Procurement Assistant		1
Budget & Treasury Assistant		1
Finance Assistant		1
Senior Security Officer	1 (P-2)	
Security Officer		1
Security Officer		1



<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Driver		1
Driver		1
Driver		1
<b>Total posts</b>	<b>19</b>	<b>16</b>

<sup>a</sup> Two General Service staff posts have been frozen for the time being.

<sup>b</sup> Editor position, against a Scientific Officer (Geostatistician) (P-4) position.

## Annex III

### International Seabed Authority 2011 assessed contributions

<i>Country</i>	<i>UN ASSESSMENT %</i>	<i>ISA ASSESSMENT %</i>	<i>Assessed contribution<sup>a</sup> US\$</i>
1 Albania	0.010%	0.010%	641
2 Algeria	0.128%	0.169%	10 857
3 Angola	0.010%	0.010%	641
4 Antigua and Barbuda	0.002%	0.010%	641
5 Argentina	0.287%	0.380%	24 343
6 Armenia	0.005%	0.010%	641
7 Australia	1.933%	2.559%	163 955
8 Austria	0.851%	1.127%	72 181
9 Bahamas	0.018%	0.024%	1 527
10 Bahrain	0.039%	0.052%	3 308
11 Belarus	0.042%	0.056%	3 562
12 Bangladesh	0.010%	0.010%	641
13 Barbados	0.008%	0.010%	641
14 Belgium	1.075%	1.423%	91 181
15 Belize	0.001%	0.010%	641
16 Benin	0.003%	0.010%	641
17 Bolivia	0.007%	0.010%	641
18 Bosnia and Herzegovina	0.014%	0.019%	1 187
19 Botswana	0.018%	0.024%	1 527
20 Brazil	1.611%	2.133%	136 644
21 Brunei Darussalam	0.028%	0.037%	2 375
22 Bulgaria	0.038%	0.050%	3 223
23 Burkina Faso	0.003%	0.010%	641
24 Cameroon	0.011%	0.015%	933
25 Canada	3.207%	4.245%	272 015
26 Cape Verde	0.001%	0.010%	641
27 Chad <sup>c</sup>	0.002%	0.010%	641
28 Chile	0.236%	0.312%	20 017
29 China	3.189%	4.222%	270 488
30 Comoros	0.001%	0.010%	641
31 Congo	0.003%	0.010%	641
32 Cook Islands	0.001%	0.010%	641
33 Costa Rica	0.034%	0.045%	2 884
34 Cote d'Ivoire	0.010%	0.010%	641
35 Croatia	0.097%	0.128%	8 227
36 Cuba	0.071%	0.094%	6 022

<i>Country</i>	<i>UN ASSESSMENT %</i>	<i>ISA ASSESSMENT %</i>	<i>Assessed contribution<sup>d</sup> US\$</i>
37 Cyprus	0.046%	0.061%	3 902
38 Czech Republic	0.349%	0.462%	29 602
39 Democratic Republic of the Congo	0.003%	0.010%	641
40 Denmark	0.736%	0.974%	62 427
41 Djibouti	0.001%	0.010%	641
42 Dominica	0.001%	0.010%	641
43 Dominican Republic <sup>c</sup>	0.042%	0.056%	3 562
44 Egypt	0.094%	0.124%	7 973
45 Equatorial Guinea	0.008%	0.010%	641
46 Estonia	0.040%	0.053%	3 393
47 Fiji	0.004%	0.010%	641
48 Finland	0.566%	0.749%	48 008
49 France	6.123%	8.105%	519 347
50 Gabon	0.014%	0.019%	1 187
51 Gambia	0.001%	0.010%	641
52 Georgia	0.006%	0.010%	641
53 Germany	8.018%	10.614%	680 080
54 Ghana	0.006%	0.010%	641
55 Greece	0.691%	0.915%	58 610
56 Grenada	0.001%	0.010%	641
57 Guatemala	0.028%	0.037%	2 375
58 Guinea	0.002%	0.010%	641
59 Guinea-Bissau	0.001%	0.010%	641
60 Guyana	0.001%	0.010%	641
61 Haiti	0.003%	0.010%	641
62 Honduras	0.008%	0.010%	641
63 Hungary	0.291%	0.385%	24 682
64 Iceland	0.042%	0.056%	3 562
65 India	0.534%	0.707%	45 293
66 Indonesia	0.238%	0.315%	20 187
67 Iraq	0.020%	0.026%	1 696
68 Ireland	0.498%	0.659%	42 240
69 Italy	4.999%	6.618%	424 011
70 Jamaica	0.014%	0.019%	1 187
71 Japan	12.530%	16.587%	1 062 783
72 Jordan	0.014%	0.019%	1 187
73 Kenya	0.012%	0.016%	1 018
74 Kiribati	0.001%	0.010%	641
75 Kuwait	0.263%	0.348%	22 307

<i>Country</i>	<i>UN ASSESSMENT %</i>	<i>ISA ASSESSMENT %</i>	<i>Assessed contribution<sup>d</sup> US\$</i>
76 Lao People's Democratic Republic	0.001%	0.010%	641
77 Latvia	0.038%	0.050%	3 223
78 Lebanon	0.033%	0.044%	2 799
79 Lesotho	0.001%	0.010%	641
80 Liberia	0.001%	0.010%	641
81 Lithuania	0.065%	0.086%	5 513
82 Luxembourg	0.090%	0.119%	7 634
83 Madagascar	0.003%	0.010%	641
84 Malaysia	0.253%	0.335%	21 459
85 Maldives	0.001%	0.010%	641
86 Mali	0.003%	0.010%	641
87 Malta	0.017%	0.023%	1 442
88 Marshall Islands	0.001%	0.010%	641
89 Mauritania	0.001%	0.010%	641
90 Mauritius	0.011%	0.015%	933
91 Mexico	2.356%	3.119%	199 834
92 Micronesia (Federated States of)	0.001%	0.010%	641
93 Moldova	0.002%	0.010%	641
94 Monaco	0.003%	0.010%	641
95 Mongolia	0.002%	0.010%	641
96 Montenegro	0.004%	0.010%	641
97 Morocco	0.058%	0.077%	4 920
98 Mozambique	0.003%	0.010%	641
99 Myanmar	0.006%	0.010%	641
100 Namibia	0.008%	0.010%	641
101 Nauru	0.001%	0.010%	641
102 Nepal	0.006%	0.010%	641
103 Netherlands	1.855%	2.456%	157 339
104 New Zealand	0.273%	0.361%	23 156
105 Nicaragua	0.003%	0.010%	641
106 Nigeria	0.078%	0.103%	6 616
107 Niue	0.001%	0.010%	641
108 Norway	0.871%	1.153%	73 877
109 Oman	0.086%	0.114%	7 294
110 Pakistan	0.082%	0.109%	6 955
111 Palau	0.001%	0.010%	641
112 Panama	0.022%	0.029%	1 866
113 Papua New Guinea	0.002%	0.010%	641
114 Paraguay	0.007%	0.010%	641

<i>Country</i>	<i>UN ASSESSMENT %</i>	<i>ISA ASSESSMENT %</i>	<i>Assessed contribution<sup>d</sup> US\$</i>
115 Philippines	0.090%	0.119%	7 634
116 Poland	0.828%	1.096%	70 230
117 Portugal	0.511%	0.676%	43 343
118 Qatar	0.135%	0.179%	11 451
119 Republic of Korea	2.260%	2.992%	191 691
120 Romania	0.177%	0.234%	15 013
121 Russian Federation	1.602%	2.121%	135 880
122 Saint Kitts and Nevis	0.001%	0.010%	641
123 Saint Lucia	0.001%	0.010%	641
124 Saint Vincent and the Grenadines	0.001%	0.010%	641
125 Samoa	0.001%	0.010%	641
126 Sao Tome and Principe	0.001%	0.010%	641
127 Saudi Arabia	0.830%	1.099%	70 400
128 Senegal	0.006%	0.010%	641
129 Serbia	0.037%	0.049%	3 138
130 Seychelles	0.002%	0.010%	641
131 Sierra Leone	0.001%	0.010%	641
132 Singapore	0.335%	0.443%	28 414
133 Slovakia	0.142%	0.188%	12 044
134 Slovenia	0.103%	0.136%	8 736
135 Solomon Islands	0.001%	0.010%	641
136 Somalia	0.001%	0.010%	641
137 South Africa	0.385%	0.510%	32 655
138 Spain	3.177%	4.206%	269 470
139 Sri Lanka	0.019%	0.025%	1 612
140 Sudan	0.010%	0.010%	641
141 Suriname	0.003%	0.010%	641
142 Sweden	1.064%	1.409%	90 248
143 Switzerland <sup>e</sup>	1.130%	1.496%	95 846
144 The former Yugoslav Republic of Macedonia	0.007%	0.010%	641
145 Togo	0.001%	0.010%	641
146 Tonga	0.001%	0.010%	641
147 Trinidad and Tobago	0.044%	0.058%	3 732
148 Tunisia	0.030%	0.040%	2 545
149 Tuvalu	0.001%	0.010%	641
150 Uganda	0.006%	0.010%	641
151 Ukraine	0.087%	0.115%	7 379
152 United Kingdom of Great Britain and Northern Ireland	6.604%	8.742%	560 145

<i>Country</i>	<i>UN ASSESSMENT %</i>	<i>ISA ASSESSMENT %</i>	<i>Assessed contribution<sup>d</sup> US\$</i>
153 United Republic of Tanzania	0.008%	0.010%	641
154 Uruguay	0.027%	0.036%	2 290
155 Vanuatu	0.001%	0.010%	641
156 Viet Nam	0.033%	0.044%	2 799
157 Yemen	0.010%	0.010%	641
158 Zambia	0.004%	0.010%	641
159 Zimbabwe	0.003%	0.010%	641
	<b>75.22%</b>	<b>100.00%</b>	<b>6 407 350</b>
<b>International organizations in accordance with annex IX</b>			
160 European Union <sup>b</sup>			100 000
			<b>6 507 350</b>

<sup>a</sup> Based on the scale of assessments for the apportionment of the expenses of the U.N. (A/64/482/Add.1) of 28 Dec. 2009.

<sup>b</sup> This amount will be reviewed and determined from time to time by the Authority, taking into consideration the total amount of the budget.

<sup>c</sup> Member State as of 2009.

<sup>d</sup> Assessed contributions based on 1/2 of the biennium budget (less any surplus from the 2009-2010 biennium).