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Proposed budget for the International Seabed Authority for the financial period 2005-2006

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 2005-2006. 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 2005 and 2006. Members will, however, be required to make annual contributions for each of the two years of the financial period.

II. Summary of budget proposals for the financial period 2005-2006

2. The Secretary-General estimates that the budgetary requirements of the Authority for 2005 and 2006 will be in the amounts of \$5,337,900 and \$5,478,800, respectively. The estimate for 2005 comprises \$4,647,900 for the administrative expenses of the Authority and \$690,000 for conference-servicing requirements. The estimate for 2006 comprises \$4,768,800 for the administrative expenses of the Authority and \$710,000 for conference-servicing requirements. A summary of the proposed administrative budget for the financial period is contained in annex I.

3. It will be noted that the overall budget for the financial period 2005-2006 represents an increase of 2.9 per cent in nominal terms over the approved budget for the financial period 2003-2004, which averages out to approximately 1.45 per cent per annum. This is below the standard inflation factor of 2.8 per cent per annum used by the United Nations system for the period and the official projection of 9 per

cent for Jamaica. According to the Bank of Jamaica, the inflation factor for 2003 was 14.1 per cent. In real terms, the budget reflects negative growth. Some adjustments are proposed to the allocation of funds under various parts of the budget in order to better reflect the priorities in the work programme of the Authority. On the basis of the standard methodologies used by the United Nations, an increase in the budget for 2005 and for 2006 is projected for salaries, common staff costs and conference-servicing costs.

4. 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). Two posts have been frozen for the time being as a result of streamlining and reallocation of resources. No additional posts have been requested for the financial period. However, the increasingly scientific and technical emphasis in the work of the Authority has resulted in the Secretary-General converting the special assistant position (P-5) into a senior scientific affairs position at the same level. It is to be pointed out that the difficulties encountered in recruiting suitable candidates require that some flexibility be provided to the Secretary-General to enable him to upgrade some posts to attract the experienced and specialized staff that may be required, provided that this is done from the existing budget and the Secretary-General reports to the Finance Committee at its next meeting on any such action. Furthermore, in order to obtain the required expertise for specific functions, the Secretary-General intends to establish a secondment programme whereby experts from institutions and governments may be seconded to the Authority for definite periods. The cost of the programme is to be absorbed within the existing budgetary provisions. As stated in paragraph 44 of the annual report of the Secretary-General (ISBA/10/A/3), the Secretariat has been restructured and streamlined in the light of experience. This is reflected in the revised staffing table contained in annex II to the present report.

5. The proposed budget allows for one two-week session of the Authority in both 2005 and 2006. The requirement for conference-servicing costs for the biennium is budgeted at \$1,400,000, representing an overall increase of \$284,900 for the biennium. The conference-servicing costs have been calculated mainly on the basis of the standard costs used by the United Nations and in the light of the recent requirement by the United Nations Department for General Assembly and Conference Management that the Authority has to pay the replacement cost of staff servicing the sessions.

6. Outputs from the 2003-2004 financial period have been described in the annual report of the Secretary-General (ISBA/10/A/3). The report also describes the progress that has been made in the development of the Authority's central data repository, in particular to make it web-enabled and accessible through the Authority's web site; progress to date with ongoing efforts to assess the available data and information relating to prospecting and exploration for polymetallic nodules in the Clarion-Clipperton fracture zone (CCZ) and the Central Indian Ocean basin; progress in the implementation of an online electronic cataloguing system for the Authority's library; and efforts to systematically preserve and archive the original documents of the Seabed Committee, the third United Nations Convention on the Law of the Sea (UNCLOS III) and the Preparatory Commission.

III. Work programme and activities during the financial period 2005-2006

A. Workshops

7. It is proposed to convene two workshops during the financial period. The workshop to be convened in 2005 will have as its objective the standardization of the environmental data and information contained in the exploration code for seafloor massive sulphides and ferromanganese cobalt-rich crusts. The workshop to be convened in 2006 will have as its objective to review and modify, as necessary, the methods proposed for integrating the input (proxy) data into the geological model of polymetallic nodule deposits in the CCZ. The resources requested for these workshops will enable the Authority to invite up to 20 independent scientists and others to prepare and present papers at the workshops and make it possible for the papers and transcripts of the workshop to be edited and published and for audio-visual materials on the workshops to be prepared. In the light of the increasingly scientific and technical nature of the material to be addressed in the workshops, the secretariat has also recognized the need to convene expert group meetings to assist in preparing for the workshops.

8. It is proposed to convene a preparatory meeting of scientists and a workshop to assist the Legal and Technical Commission to standardize the environmental data and information that are required by the exploration code for seafloor massive sulphides and ferromanganese cobalt-rich crusts in 2005. It is estimated that \$200,000 will be required to convene the preparatory meeting (10 participants) and the workshop (25 participants) and to publish the proceedings, and produce archival and presentation videos/DVDs, of the workshop.

9. The outputs expected from these activities will consist of:

- (a) A report of the meeting of scientists on standardization of environmental data and information that are required by the exploration code for seafloor massive sulphides and ferromanganese cobalt-rich crusts;
- (b) Publication of the proceedings of the workshop;
- (c) Production of archival and presentation videos of the workshop.

10. It is proposed to convene in 2006 a preparatory meeting of scientists and specialists on geologic and oceanographic data integration and a workshop to review and modify, as necessary, the methods proposed for integrating input (proxy) data into the geological model of polymetallic nodule deposits in the CCZ. It is estimated that \$200,000 will be required to convene the preparatory meeting (10 participants) and the workshop (25 participants), to publish the proceedings and to produce archival and presentation videos/DVDs of the workshop.

11. The outputs expected from this activity will consist of:

- (a) A report of the preparatory meeting of scientists and specialists;
- (b) Publication of the proceedings of the workshop;
- (c) Production of archival and presentation videos/DVDs of the workshop.

B. Central data repository

12. During the financial period, work on the central data repository will proceed in a number of areas. These include facilitating the dissemination of the results of marine scientific research relevant to the future commercialization of deposits of polymetallic nodules, cobalt-rich ferromanganese crusts, seafloor massive sulphides and gas hydrates. Data dictionary metafiles for the repository will be developed. Web pages will also be developed to provide members of the Authority, the scientific community, prospectors and potential future applicants for plans of work for exploration with relevant information on scientific research and prospecting relating to these mineral resources. Such information will include, inter alia, the type of deposit, geographical location, metal content of the items of commercial interest, information on baseline environmental conditions, associated biota, a bibliographic database and recommendations for general reading, a synthesis of research carried out on each mineral, lists of projects and associated researchers, and links to web sites of other institutions working on related subjects. On the basis of progress with the Kaplan Fund project, the repository will be expanded to incorporate data and information on nematodes, polychaetes and foraminiferal species in the CCZ, including evaluations of species overlap and rates of gene flow for key components of these fauna. It is also expected that as a result of the recommendations that will be forthcoming from the Legal and Technical Commission in relation to the environmental data and information required from the mining code on polymetallic nodules, work can begin in earnest on the database on environmental baselines in the CCZ and in the Central Indian Ocean basin. The costs associated with the central data repository during this financial period comprise, in 2005, \$25,000 for the data dictionary metafiles and web-enabled database on the results of marine scientific research in the CCZ and the Central Indian Ocean basin and \$15,000 for the collection, validation and formatting of cobalt-rich crust data and information; and, in 2006, \$25,000 for assistance in the development of a digitized database on faunal species, their overlap and rates of gene flow in the CCZ and \$10,000 for the development of a preliminary database on environmental baselines in the CCZ and the Central Indian Ocean basin.

13. The outputs expected in connection with the development of the central data repository in 2005 will consist of:

- (a) Data dictionary metafiles to describe the content of the repository;
- (b) Web-enabled databases on marine scientific research and prospecting for polymetallic nodules, cobalt-rich ferromanganese crusts, deposits of seafloor massive sulphides, and gas hydrates in the Area;
- (c) Bibliographic databases on the above, including syntheses of the research carried out on each mineral, lists of projects, associated researchers and links to other web sites;
- (d) Expansion of the database on cobalt-rich ferromanganese crusts.

14. The outputs expected in 2006 will consist of:

- (a) Updates of the items in paragraph 13 (b), (c) and (d) above;
- (b) A digitized database on faunal species to be found in nodule provinces of the CCZ and Central Indian Ocean basin;

(c) A preliminary database on baseline environmental data and information on nodule provinces in the CCZ and Central Indian Ocean basin.

C. Geological model of polymetallic nodule deposits in the Clarion-Clipperton fracture zone

15. During the financial period, the Authority will continue to develop the geological model of polymetallic nodule deposits in the CCZ. Work will continue with the acquisition of proxy data, followed by data analysis. Proxy data that will be sought will include those on nodule types and species, water column factors such as the oxygen minimum zone, the carbon compensation depth, the benthic boundary layer and the evolutionary framework of the Pacific plate that underlies the CCZ. Data are expected to be identified in the public domain, and some contractors have informed the secretariat of their willingness to provide it with some of their data. It is expected that consultants will be required to assist the secretariat in developing model components. It is also assumed that each model component, when finalized, 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 to be established by the secretariat to facilitate the transfer of data sets among all parties working on the project. A report on integration procedures will be prepared and distributed to model component developers for review. After their comments have been incorporated, ground-truth testing of the model's predictions will be undertaken using subsets of nodule grade and abundance data that are different from those used in calibrating input algorithms. The costs associated with the geological model during this financial period comprise, in 2005, \$25,000 for data acquisition, sorting, and formatting, \$20,000 for a meeting of model developers and \$30,000 for consultants to develop model components. In 2006, an additional \$40,000 will be required for consultants to develop model components and to prepare a report on integration procedures, and \$35,000 will be required for ground-truth testing of the model's predictions.

16. In 2005, the outputs expected from work on the geological model of polymetallic nodule deposits in the CCZ will consist of:

(a) A report and database containing available data and information on nodule types and species;

(b) A report and database containing available data and information on the oxygen minimum zone in the CCZ;

(c) A report and database containing available data and information on the carbon compensation depth in the CCZ;

(d) A report and database containing available data and information on the benthic boundary layer in the CCZ;

(e) A report and database containing available data and information on the evolutionary framework of the Pacific plate that underlies the CCZ;

(f) A report of the meeting of model developers to determine the most appropriate way to develop model components. The meeting's purpose will be to

facilitate work in determining algorithms that generate predictions of nodule abundance and/or grade for any location in the CCZ based on each set of proxy data.

17. In 2006, the outputs expected from work on the geological model will consist of:

- (a) A series of reports on each set of proxy data containing clearly defined algorithms that generate predictions of nodule abundance and/or grade;
- (b) A report on integration procedures for proxy data sets;
- (c) A report on the integrated model;
- (d) Ground-truth testing of the geological model's predictions.

D. Promotion and encouragement of the conduct of marine scientific research (Agreement, annex, section 1, paragraph 5 (h))

18. During the financial period, work will be initiated to gather baseline environmental data on promising deposits of seafloor massive sulphides and cobalt-rich ferromanganese crusts. In this regard, the secretariat will endeavour to help coordinate some of the marine scientific research taking place 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 activities in the Area. Support for the Kaplan Fund project will also continue. Finally, the secretariat will begin to explore the possibility of obtaining funding from the Global Environmental Facility (GEF) to assist in furthering the international collaborative work required to manage environmental impacts from deep seabed mining. Such collaboration, building on existing collaborations between contractors and international marine scientific research institutions, will be for the purposes of improving knowledge of the biodiversity associated with polymetallic nodules, seafloor massive sulphides and cobalt-rich crusts, including a common approach to taxonomic identification, and establishing standard sampling protocols. The costs associated with promoting and encouraging the conduct of marine scientific research during the financial period comprise, in 2005, \$25,000 for the Kaplan Fund project and \$25,000 to convene a meeting with interested collaborators for a GEF project; and, in 2006, \$25,000 for assistance in preparing a project that meets the criteria for GEF funding and \$25,000 for the acquisition of data and information on genetic resources associated with hydrothermal vents.

19. Outputs associated with the promotion and encouragement of marine scientific research during 2005 will consist of:

- (a) A report containing proposed strategies to bring relevant environmental data and information that had been acquired by the former registered pioneer investors into line with the standards for environmental data and information recommended by the Legal and Technical Commission;
- (b) A report on the meeting of interested collaborators for a GEF project, indicating areas of collaboration and inputs of resources.

20. Outputs during 2006 will consist of:

(a) A draft project document for GEF funding for review by the Legal and Technical Commission;

(b) A report on genetic resources associated with hydrothermal vents, with recommendations for the establishment of relevant databases.

E. Information technology

21. During the previous financial period, the secretariat migrated the Authority's information technology system server to Windows Server 2003 and workstations to Windows XP. For the financial period 2005-2006, information technology-related expenditure will include the cost of leased lines for Internet access, payments for software licences (Oracle 91, Mapinfo/Mapextreme, Geographic Information System mapping over the Internet, Geovariences and ACCPAC accounting software), preventive maintenance and training. It is estimated that these expenditures will amount to \$39,000 in 2005 and to \$41,900 in 2006.

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

22. 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 2003 and 2004, the scale of assessment of the Authority was based on the scale of assessment for the regular budget of the United Nations for 2002 and 2003, 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.

23. Since the scale of assessment for contributions to the budget of the Authority for 2005 and 2006 would be based on the scale of assessment for the regular budget of the United Nations for 2004 and 2005, 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.

24. 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, savings from the budgets for 2003 and 2004 will be credited against the contributions due from member States in respect of the financial period 2005-2006. The Secretary-General has received a note from Argentina seeking an adjustment in the level of its contribution to the administrative budget of the Authority, in the light of the decision of the United Nations General Assembly concerning Argentina's contribution to the United Nations budget.

V. Status of the Working Capital Fund

25. The amount approved by the Assembly for the level of the Working Capital Fund is \$438,000. As at 31 March 2004, \$428,147, or 97.7 per cent of the approved amount, had been received by the Authority. It is recommended that the shortfall be made up from savings until arrears are paid. No increase in the level of the Fund is requested.

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

26. The Secretary-General recommends the proposed budget for the financial period 2005-2006 to the Council and the Assembly. The Council and the Assembly may wish to:

(a) Approve the budget for the financial period 2005-2006 in the amount of \$10,816,700, as proposed by the Secretary-General;

(b) Authorize the Secretary-General to establish the scale of assessment for 2005 and 2006 on the basis of the scale used for the regular budget of the United Nations for 2004 and 2005, as adjusted by the Authority, respectively, taking into account that the maximum assessment rate for the budget of the Authority for 2005 and 2006 will be 22 per cent;

(c) Authorize the Secretary-General to transfer part of the accumulated surplus from the previous financial period to:

(i) Make up the shortfall in the Working Capital Fund until such time as the arrears of contributions to the Fund have been paid;

(ii) Reduce the amount of assessed contributions for 2005 and 2006;

(d) Request the members of the Authority to pay their assessed contributions to the budget for 2005, on time and in full, no later than 1 January 2005;

(e) Request the members of the Authority to pay their assessed contributions to the budget for 2006, on time and in full, no later than 1 January 2006.

Annex I**Summary of budgetary requirements for the International Seabed Authority for the period from 1 January 2005 to 31 December 2006**

(Thousands of United States dollars)

		<i>Total</i>			<i>Total</i>
		<i>2003-2004</i>	<i>2005</i>	<i>2006</i>	<i>2005-2006</i>
Part 1	Administrative expenses of the secretariat				
Section 1					
	Established posts	4 731.6	2 417.1	2 484.8	4 901.9
	General temporary assistance	55.8	18.0	18.5	36.5
	Overtime	45.3	22.4	22.9	45.3
	Consultants	180.0	90.0	90.0	180.0
	Promotion and encouragement of the conduct of marine scientific research	101.1	50.0	50.0	100.0
	Ad hoc expert groups	400.0	200.0	200.0	400.0
	Central data repository	80.0	35.0	35.0	70.0
	News digest on seabed and ocean floor policy development	50.8	0.0	0.0	0.0
	Geological model		75.0	75.0	150.0
	Common staff costs	1 888.0	989.4	1 017.1	2 006.5
	Staff assessment	1 347.8	665.1	683.7	1 348.8
	Staff assessment credit	(1 347.8)	(665.1)	(683.7)	(1 348.8)
	Subtotal, section 1	7 532.6	3 896.9	3 993.3	7 890.2
Section 2					
	Official travel	232.0	121.1	124.5	245.6
	Subtotal, section 2	232.0	121.1	124.5	245.6
Section 3					
	Communications	145.5	72.8	72.8	145.6
	External printing	128.5	50.0	50.0	100.0
	Training	52.1	26.0	26.1	52.1
	Library books	109.1	50.0	50.0	100.0
	Official hospitality	22.0	11.0	11.0	22.0
	Acquisition of furniture and equipment	66.7	31.7	35.0	66.7
	Rental and maintenance of furniture and equipment	47.7	11.5	11.5	23.0
	Supplies and materials	97.3	47.8	49.5	97.3
	Miscellaneous services	89.2	41.3	42.9	84.2
	Information technology	219.4	39.0	41.9	80.9
	Audit fees	34.5	17.3	17.3	34.6

		<i>Total</i>		<i>Total</i>	
		<i>2003-2004</i>	<i>2005</i>	<i>2006</i>	<i>2005-2006</i>
Subtotal, section 3		1 012.0	398.4	408.0	806.4
Section 4					
	Building management	618.0	231.5	243.0	474.5
Subtotal, section 4		618.0	231.5	243.0	474.5
Total, part 1		9 394.6	4 647.9	4 768.8	9 416.7
Part 2	Conference-servicing costs	1 115.1	690.0	710.0	1 400.0
Total, part 2		1 115.1	690.0	710.0	1 400.0
Grand total		10 509.7	5 337.9	5 478.8	10 816.7

Annex II**Revised secretariat staffing table***

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Secretary-General	1 (USG)	
Executive assistant		1
Administrative assistant (New York office)		1
Deputy to the Secretary-General	1 (D-2)	
Administrative assistant		1
Legal adviser	1 (P-5 or D-1)	
Senior legal officer	1 (P-5)	
Legal officer	1 (P-3 or P-4)	
Librarian	1 (P-2)	
Assistant protocol officer/administration	1 (P-1)	
Secretary		1
Senior scientific officer	1 (P-5)	
Scientific officer (marine geologist)	1 (P-4)	
Scientific officer (marine biologist)	1 (P-3 or P-4)	
Scientific officer (geostatistician)	1 (P-3 or P-4)	
Scientific officer (GIS)	1 (P-2 or P-3)	
Marine science assistant		1
ICT officer	1 (P-4)	
Webmaster/publications officer	1 (P-3)	
Database assistant		1
Executive officer	1 (P-4 or P-5)	
Secretary		1
Budget/internal oversight officer	1 (P-4)	
Finance officer	1 (P-3)	
Personnel officer	1 (P-3)	
Personnel assistant		1
Procurement assistant		1
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 posts	19	16

* Two General Service staff posts have been frozen for the time being.