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Report and recommendations of the Finance Committee

Agenda item 15 of the Council

Report of the Finance Committee

Report of the Finance Committee**

I. Introduction

1. During the twenty-seventh session of the International Seabed Authority, the Finance Committee held two formal in person meetings on 13 and 14 July 2022, in Kingston, Jamaica. The Committee also held informal virtual meetings on 3 March 2022 and 24 May 2022.
2. The following members of the Committee participated in either the formal or informal meetings of the Committee: Andrzej Przybycin (Chair), Abderahmane Zino Izoura, Christopher Hilton, David Wilkens, Didier Ortolland, Frida Armas-Pfirter, Kenneth Wong (Vice-Chair), Kejun Fan, Kerry-Ann Spaulding, Konstantin Muraviov, Kajal Bhat, Medard Ainomuhisha, Shoko Fujimoto, Thiago Poggio Padua.
3. On 13 July 2022, the Committee formally adopted its agenda ([ISBA/27/FC/1](#)) and re-elected Andrzej Przybycin to chair the Committee and Kenneth Wong as Vice-Chair for this session.

II. Implementation of the budget for the financial period 2021

4. The Committee was provided with a report and a presentation on the implementation of the budget for the period January to December 2021. The report showed total expenditure during this period amounted to \$8,600,381 against an approved budget provision of \$9,189,255. The report also indicated under expenditure of \$588,874, reflecting the curtailed in-person meetings of the Council and Assembly in 2021.

III. Status of the Working Capital Fund

5. The Committee took note of a report on the status of the Working Capital Fund ([ISBA/27/FC/4](#)). It noted that on 30 April 2022, the balance of the Working Capital Fund was \$692,695 with an outstanding amount of \$57,305 to be collected in the financial period 2022–2024.

* [ISBA/27/A/L.1](#).

** The present document is being issued without formal editing.



IV. Status of contributions

6. The Committee took note of a report on the status of contributions (ISBA/27/FC/5/Rev.1) and an oral update on the current position. It noted that as at 30 June 2022, 87 per cent (\$6,477,393) of the contributions to the budget of the Authority for 2022 had been received. As of the same date, outstanding contributions from member States for prior periods (1998–2021) amounted to \$1,018,654.¹ The Committee noted that this represented one month's cash flow for the Authority and urged members in arrears to pay their contributions.

V. Indicative scale of assessed contributions to the administrative budget for the financial period 2023–2024

7. With respect to the indicative scale of assessed contributions for the financial period 2023–2024, the Committee took note of the changes to the scale used for the regular budget of the United Nations for the period 2022 to 2024 and the implications for the Authority. The Committee decided to recommend to authorize the Secretary-General to establish the scale of assessments for 2023 and 2024 on the basis of the scale used for the regular budget of the United Nations for the period 2022 to 2024, taking into account that the maximum assessment rate will be 22 per cent and the minimum rate 0.01 per cent.

VI. Audit report on the accounts of the International Seabed Authority for 2021

8. The Committee was provided with the audited financial statements prepared by Ernst and Young. 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 of 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS). No adverse observations had been made by the auditor.

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

9. The Committee took note of a report provided by the secretariat on the status of the trust funds of the International Seabed Authority and related matters.

A. Endowment Fund for Marine Scientific Research in the Area

10. The Committee noted that, as of 30 April 2022, the capital of the endowment fund stood at \$3,573,567, with accumulated interest of \$1,135,700 and expenditure of \$625,279.

¹ The countries with outstanding balances are Albania, Angola, Argentina, Bahrain, Barbados, Belize, Benin, Bolivia, Brazil, Burkina Faso, Cameroon, Chad, Comoros, Congo, Cuba, Democratic Republic of the Congo, Denmark, Djibouti, Dominica, Equatorial Guinea, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Haiti, Honduras, Indonesia, Iraq, Jordan, Kiribati, Kuwait, Lebanon, Lesotho, Liberia, Madagascar, Malawi, Mali, Marshall Islands, Mauritania, Mexico, Mongolia, Montenegro, Myanmar, Namibia, Nepal, Niger, Niue, North Macedonia, Pakistan, Palau, Papua New Guinea, Saint Kitts and Nevis, Saint Lucia, Sao Tome and Principe, Saudi Arabia, Senegal, Serbia, Seychelles, Solomon Islands, Somalia, State of Palestine, Sudan, Suriname, Togo, Tunisia, Uganda, United Republic of Tanzania, Uruguay and Yemen.

B. Voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee

11. The Committee noted that voluntary contributions from Member States and from contractors had enabled the participation of the respective members from developing countries in meetings during the first part of the twenty-seventh session. As of 30 April 2022, the balance of the fund stood at \$180,344.² The Committee reiterated its appeal for more voluntary contributions, including from observers, as a vital means to secure participation from members from developing countries at the meetings of the two subsidiary organs of the Authority.

C. Voluntary trust fund to support the participation of members of the Council of the International Seabed Authority from developing States in the meetings of the Council

12. The Committee noted that the balance of the voluntary trust fund to support the participation of members of the Council of the Authority from developing States in the meetings of the Council stood at \$24,073.

13. The Committee noted that the current terms of reference for this trust fund limited participation to one session of the Council for each year for each eligible country. The Committee considered it necessary to propose an amendment to the terms of reference to allow the secretariat to defray the costs of participation for eligible countries in all parts of the annual sessions of the Council for 2022 to 2024, in view of the ongoing negotiations on the draft exploitation regulations of mineral resources in the Area. The revised terms of reference, as proposed by the Committee, are in annex I to the present report.

D. Trust fund for extrabudgetary support for the International Seabed Authority

14. The Committee noted that the total funds available for extrabudgetary support for the Authority as of 30 April 2022 stood at \$735,565. These extrabudgetary funds are used to support multi-year programmes or projects in accordance with the terms agreed with the respective donors, including reporting and audit requirements.

E. Voluntary trust fund for the purpose of providing the requisite funds related to the work of the Special Representative of the Secretary-General of the International Seabed Authority for the Enterprise

15. The Committee noted that, as of 30 April 2022, the balance of this fund was \$17,083 and that since the fund had been established, expenditures amounted to \$43,572.

² A list of donors to the fund can be found in [ISBA/27/FC/5/Rev.1](#).

VIII. Development of rules, regulations, and procedures on the equitable sharing of financial and other economic benefits derived from activities in the Area pursuant to Article 140 (2) of the United Nations Convention on the Law of the Sea and section 9, paragraph 7 (f), of the annex to the 1994 Agreement

16. The Committee continued discussions on the equitable sharing of financial and other economic benefits derived from activities in the Area. At its remote meeting on 24 May 2022, the Secretary-General provided a summary on the outcomes of discussions from the last meetings of the Council and Assembly on the report of the Committee ([ISBA/27/FC/2](#)).

17. At its meetings, there were exchange of views and questions on the recommendation for the creation of a draft framework for financial regulations on the treatment of funds received from activities in the Area, particularly with respect to the content of the draft framework which could include the following headings (a) use of money; (b) how monies are to be received; (c) potential for reimbursing some of the moneys received against budgetary contributions as well as (d) administrative measures to ensure the money is used and accounted for appropriately. The Committee requested that the Secretariat prepare a proposal for the draft framework.

18. The Committee welcomed the request by the Council and Assembly for it to develop a detailed proposal for the establishment of a seabed sustainability fund as an alternative or adjunct to the direct distribution of monetary benefits derived from activities in the Area, for consideration by the Assembly during the twenty-eighth session of the Assembly. It also took note of the proposal that work be initiated on rules, regulations, and procedures for the distribution of funds received pursuant to article 82, paragraph 4 of the Convention. In this regard, the Committee decided that these matters should be included in the work programme for the Committee for the remainder of 2022 and 2023 and requested the secretariat to proceed to prepare draft proposals for the establishment of a seabed sustainability fund, as well as a study on options for the distribution of funds received pursuant to article 82, paragraph 4 of the Convention, to support its work.

IX. Proposed budget for the financial period 2023–2024

19. The Committee takes its responsibilities as the Authority's financial guardian and advisor on financial policy very seriously. In accordance with its mandate, it thoroughly reviewed and discussed the proposed budgetary requirements for the financial period 2023–2024 ([ISBA/27/A/3-ISBA/27/C/22](#)). In evaluating the justification of the proposed increases, it made reference also to its report [ISBA/26/A/10-ISBA/26/C/21](#), where it had, after equally thorough examination, recommended a budget for the financial period of 2021–2022 in the amount of \$20,301,362, as being justified to meet the Authority's financial needs. In relation to this amount, the revised proposed budget for 2023–2024 would foresee an increase of less than 10% with the current proposal of \$22,256,000.

20. Overall, the Committee noted that the proposed budget was generally in line with the projection contained in the report on future financing of the Authority presented to the Committee in 2021 ([ISBA/26/FC/7](#)).

21. The Committee noted that in relation to conference services, which remained the highest component in the budget, there had been an increase from \$3,000,000 to \$3,360,000 for the financial period. The programme budget reflected zero growth, with an adjustment for inflation of 3.7%.

22. The Committee noted that one of the main reasons for increases in the budget for the financial period 2023–2024 is the increased schedule of meetings. In particular provision is made for 25 days of meetings for the Council in each year. The conferences service costs already being the largest expenses in the Authority’s budget, this intensified schedule of work has significant financial implications. Nevertheless, the Committee sees no alternative in order to complete the important work on the draft exploitation regulations of mineral resources in the Area. The Committee trusts that the Council will make good use of this resource provided for by member states contributions. Although the Committee abstains from proposing a formal sunset clause for these expenditures, it is the Committee’s understanding that the meeting schedule will be reduced again once the exploitation code and connected tasks have been fulfilled.

23. The proposed budget reflected the establishment of three new posts in the Secretariat (1 x Professional and 2 x General Service); the increases in salaries and allowances applied by the International Civil Service Commission; increases imposed by the United Nations common system; a projected increase in electricity costs due to the global increases in energy prices, creation of the Compliance, Assurance and Regulatory Management Unit (CARMU) in the Secretariat, as well as inflationary costs in the General Administrative Fund. It noted that part of the costs attributed to CARMU had been transferred from sections 1 and 3 of the budget but increases in the responsibilities and activities of CARMU were envisaged and justified for 2023 and 2024.

24. The Committee noted the importance of the evolutionary approach as reflected in the 1994 Agreement, which stipulated that the setting up and the functioning of the organs and subsidiary bodies of the Authority shall be based on an evolutionary approach, taking into account the functional needs of the organs and subsidiary bodies concerned in order that they may discharge effectively their respective responsibilities at various stages of the development of activities in the Area. It noted that the current and future needs of the Authority required additional funding if the Authority was to become a proper regulatory body, including the need for the full operationalization of the Compliance and Regulatory Management Unit, additional meetings of the Council and Legal and Technical Commission to complete the regulations and design regional environmental management plans, and subsequently process and consider applications for plans of work. A progressive increase in budgetary requirements was therefore unavoidable.

25. With respect to the Enterprise, the Committee noted that the indicative cost implication of the appointment of an interim Director-General of the Enterprise was assessed by the Secretary-General at \$641,301 for the financial period 2023–2024 and had been included in the budget proposal as requested by the Council at the first part of the twenty-seventh session. The Committee took note of the information but considered that it would need additional guidance from the Council on the nature of the work to be performed by the interim Director-General in order to properly assess the proposed costs.

26. After thorough consideration and evaluation of the budget as proposed by the Secretary-General, the Committee requested the Secretary-General to prepare a revised and reduced budget proposal ([ISBA/27/A/3/Add.1-ISBA/27/C/22/Add.1](#)). The Committee decided to recommend the approval of the proposed budget for the financial period 2023–2024 in the amount of \$22,256,000 as reflected in [ISBA/27/A/3/Add.1-ISBA/27/C/22/Add.1](#) amounting to an increase of 14.6% to the current budget.

X. Estimated cost of the Board of Auditors of the United Nations

27. The Committee noted that the appointed auditor for the financial period 2021–2022 is Ernst and Young. Audit fees of \$23,000 are projected for 2023, and \$25,000 for 2024. The Committee recalled that it had requested the secretariat to investigate the possibility of using the UN Board of Auditors to carry out the audit in future years.³ The secretariat informed the Committee that it had been in contact with the UN Audit Operations Committee and had ascertained that the cost of audit by the UN Board of Auditors would be \$38,820 per year (rates for 2022) which is 76 per cent more than the currently budgeted costs. The Committee will return to this issue in 2023 when it next considers the selection of the auditor.

XI. Review of the Endowment Fund for Marine Scientific Research in the Area

28. The Committee reviewed the report of the Secretary-General on the review of the terms of reference for the Endowment Fund for Marine Scientific Research in the Area (ISBA/27/FC/3). It noted that the review had been requested by the Assembly in its decision ISBA/26/A/18 related to the programmatic approach for capacity development, and that the Assembly had requested the Secretary-General to review the terms of reference of the Fund to address the challenges identified, in particular to allow the use of the capital of the Fund to support training and technical assistance activities. The main challenges faced in the operation of the Endowment Fund included that the Authority is not consulted in the design of capacity-building activities or in the selection of participants; a significant number of training opportunities have focused on oceans law and policy rather than the implementation of article 143, paragraphs 2 and 3, of the Convention; and there is a need to expand the network of institutions receiving grants and to ensure that the network represents institutions from different regions. In terms of financing, limited contributions had been made only by members of the Authority and one contractor, even though the terms of reference allowed for contributions to be received from a large range of entities. One important identified constraint was that only the interest accrued on the capital of the Fund might be used. It was found that this financing modality seemed to have acted as an impediment to the full implementation of the objectives of the Fund.

29. The Committee took note of and endorsed the proposal of the Secretary-General to establish the International Seabed Authority Partnership Fund as a trust fund of the Authority pursuant to financial regulation 5.5. The objective of the partnership fund would be to provide a transparent mechanism through which donors could support the implementation of strategic programmatic priorities, specifically the action plan of the Authority in support of the United Nations Decade of Ocean Science for Sustainable Development (i.e. its marine scientific research action plan) and the strategy for capacity development (subject to its adoption by the Assembly). The current objectives of the Endowment Fund, which are fully compatible with the marine scientific research action plan, would be subsumed under the partnership fund and the annual drawdown from the Endowment Fund used to support relevant activities under the partnership fund. This would provide a greater incentive for donors to invest in the Authority and the outputs identified under the relevant policy framework. The Committee discussed and adjusted the proposed terms of reference for the Fund, including to give a more prominent role to developing country beneficiaries of the Fund in the governance mechanisms and to align the objectives of the Fund with the strategic framework of the Authority. The proposed terms of

³ ISBA/26/A/10/Add.1-ISBA/26/C/21/Add.1, para. 23.

reference for the Fund, as amended by the Committee, are in annex 2 to the present report.

30. The Committee also endorsed the proposal to draw down an amount not exceeding \$400,000 per year, for an initial period from 2022 to 2026, from the capital and accumulated interest of the Endowment Fund as a contribution to the Partnership Fund to be used exclusively for the purposes set out in the terms of reference. It noted that this could be kept under review by the Committee and could be adjusted, if necessary, depending on variations in interest rates. The Committee supported the proposed revised framework on the basis that it would provide a greater incentive for donors to invest in the Authority and the outputs identified under the relevant policy framework as well as allow the use of the capital of the Fund to support training and technical assistance activities.

XII. Other matters

Future financing of the Authority

31. The Committee took note of the efforts undertaken by the secretariat to identify long-term options for the sustainable financing of the organization and the development of a resource mobilization strategy in line with the Authority's strategic plan. It further noted that the Secretariat commissioned a study to develop a strategy on resource mobilization. In this respect, a consultant had been identified and invited to one of the virtual meetings of the Committee to provide an overview of the key findings of the study, as well as the outcomes of the consultation process with different stakeholders. This included the objectives, methodology followed, and major challenges faced by the Authority in expanding its resource base to support implementation of its programmatic mandate particularly in relation to marine scientific research and capacity development. The Committee was invited to take note that the Secretariat had received a report from the consultant on the basis of which some preliminary steps will be taken to prioritize resource mobilisation and targeting donors.

32. On 13 July 2022, the Committee held a joint meeting with members of the Legal and Technical Commission's working group on regional environmental management plans (REMPs). The group informed the Committee of the ongoing work related to the development and implementation of existing and future REMPs, specifically with respect to the financial implications for the development of draft REMPs for the northern Mid-Atlantic Ridge as well as a guidance document on a standardized procedure for the development, approval, and review of REMPs. The Committee noted that funds to support some part of the development of REMPs are provided for in the programme budget for 2023–2024, however there would be increased financial implications which would need to be reviewed over the years as more REMPs are developed.

33. The Committee recalled that in 2021 the Secretary-General had prepared a report on the future financing of the Authority (ISBA/26/FC/7), with a forecast of future budgetary requirements, consistent with the evolutionary approach, as reflected in the 1994 Agreement, Annex, Section 1, Paragraph 3, indicating that the Authority must evolve in order that it may discharge effectively its responsibilities at the various stages of development of activities in the Area (including the establishment of the Enterprise and the Economic Planning Commission; the operationalisation of CARMU; the additional meetings of the LTC and Council to process and consider a plan of work if one is submitted; and the establishment of the inspection mechanism as provided for under 162(2)(z) and 162(2)(m) of the Convention). Noting the

continued evolution in the work of the Authority, and the major impact on its future budgets, the Committee requested the Secretary-General to prepare an update of that report for its consideration in 2023.

XIII. Recommendations of the Finance Committee

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

(a) Approve the budget for the financial period 2023–2024 in the amount of \$22, 256, 000, as proposed by the Secretary-General in [ISBA/27/A/3/Add.1-ISBA/27/C/22/Add.1](#), following review by the Committee, to enable the Authority deliver on its mandate in line with the evolutionary approach and the need to ensure that the Authority is equipped with the capacity and resources necessary to fulfil its obligations under the United Nations Convention on the Law of the Sea 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;

(b) Authorize the Secretary-General to establish the scale of assessments for 2023 and 2024 on the basis of the scale used for the regular budget of the United Nations for the period 2022 to 2024, 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 2023 and 2024, to transfer between sections, subsections, and programmes up to 15 per cent of the amount of each section, subsection or programme;

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

(e) call on members of the Authority with outstanding contributions to the budget of the Authority, including from the period 1998–2021, to pay them as soon as possible, to enable the Authority to deliver effectively on its mandate.

35. The Committee recommends that the Council adopts the revised terms of reference for the voluntary trust fund to enable the participation of members of the Council of the Authority from developing States in meetings of the Council as contained in annex 1 to the present report.

36. The Committee recommends that the Assembly:

(a) Request the Secretary-General to establish the International Seabed Authority Partnership Fund as a trust fund of the Authority pursuant to financial regulation 5.5 for the purposes of and with the terms of reference set out in the annex 2 to the present report;

(b) Authorize the Secretary-General to draw down an amount not exceeding \$400,000 per year, from 2022 to 2026, from the capital and accumulated interest of the International Seabed Authority Endowment Fund for Marine Scientific Research as a contribution to the Partnership Fund to be used exclusively for the purposes set out in the terms of reference;

(c) Call upon the members of the Authority, other States, contractors, relevant international organizations, academic, scientific, and technical institutions, philanthropic organizations, corporations, and private persons to make contributions to the Partnership Fund.

Annex I

Revised terms of reference for the voluntary trust fund to support the participation of members of the Council of the International Seabed Authority from developing States in meetings of the Council

1. Pursuant to the financial regulations of the International Seabed Authority, a voluntary trust fund has been established to support the participation of members of the Council of the Authority from developing States.

I. Object and purpose of the trust fund

2. In its decision [ISBA/23/A/13](#) dated 18 August 2017 relating to the final report on the first periodic review of the international regime of the Area pursuant to article 154 of the United Nations Convention on the Law of the Sea, the Assembly requested the Secretary-General to establish a voluntary trust fund to support the participation of members of the Council from developing States in the second annual meeting of the Council.

3. The objective of the fund is to defray the cost of participation of members of the Council from developing States in the annual session of the Council scheduled for 2022 to 2024 in the Council per year.

II. Establishment

4. The fund is established pursuant to financial regulation 5.5 and shall be administered in accordance with the financial regulations of the Authority, as provided in financial regulation 5.6.

III. Contributions to the fund

5. Member States, observers and other stakeholders are encouraged to contribute financially to the voluntary trust fund. Other stakeholders may include but are not limited to: other States; contractors with the Authority; relevant international organizations; academic, scientific and technical institutions; philanthropic organizations; corporations and private individuals; and non-governmental organizations.

IV. Implementing office

6. The Office for Administrative Service of the Secretariat is the implementing office for the fund and provides the services for its operation.

V. Report on the status of the fund

7. The Secretary-General shall report annually to the Finance Committee for its review of the use and status of the fund. The Secretary-General shall also report annually to the Assembly on the status of the fund.

VI. Terms of reference for the administration of the fund

8. The use of the fund is subject to the following conditions:

(a) A formal request by the Government of the State, containing the name of the delegate to be supported, must be communicated to the Secretariat preferably three months but no later than one month prior to the opening of the respective meeting of the Council. Late requests shall not be considered;

(b) Only members of the Council from developing States are eligible for support from the fund. However, if the amount available in the fund is not sufficient to meet all requests for support, priority shall be given to members of the Council from least developed countries;

(c) The fund shall be used to support the participation of one member of the delegation of a developing State member of the Council the Council per year;

(d) For each member of the Council, only one delegate may benefit from support from the fund;

(e) Support shall be limited to economy class airfare by the most economical and direct route from either the capital or the official place of posting and to a daily subsistence allowance for up to a maximum of fourteen days;

(f) The Secretary-General should inform the Government concerned of the outcome of the request in a timely manner.

Annex II

Revised Terms of reference for the International Seabed Authority Partnership Fund

1. The International Seabed Authority Partnership Fund is created as a multi-donor trust fund pursuant to regulation 5.5 of the Financial Regulations of the International Seabed Authority.

Objectives

2. The objectives of the Partnership Fund are to:

(a) Promote and encourage the conduct of marine scientific research in the Area for the benefit of humankind as a whole.

(b) Provide qualified scientists and technical personnel from developing States with opportunities to participate in international marine scientific research programmes, including through training, technical assistance and scientific cooperation programmes.

(c) Contribute to the implementation of the action plan of the Authority in support of the United Nations Decade of Ocean Science for Sustainable Development.

(d) Contribute to the design, development and implementation of dedicated capacity development programmes and activities aligned with the priority needs identified by developing States members of the Authority.

(e) Enhance the Authority's contributions to the implementation of the 2030 Agenda for Sustainable Development and the achievement of the Sustainable Development Goals.

Activities

3. The activities to be financed by the Partnership Fund could include:

(a) The development and implementation of marine scientific research programmes in the Area, in line with the strategic research priorities identified in the action plan of the Authority in support of the United Nations Decade of Ocean Science for Sustainable Development, which will benefit qualified scientists and technical personnel as well as relevant national and regional institutions from developing countries and regions.

(b) The development and implementation of training programmes in line with the decision of the Assembly relating to the implementation of a programmatic approach to capacity development, in particular addressing the priority needs for capacity development identified by developing States members of the Authority.

(c) The development and implementation of technical assistance programmes and activities that will enhance the implementation of the strategic plan of the Authority for the period 2019–2023 and its high-level action plan, marine scientific research action plan and programmatic approach to capacity development.

(d) The engagement of multilevel partnerships on the conduct of marine scientific research programmes in the Area and dissemination and sharing of their results, with interested member States, contractors, relevant ocean industry sectors, the United Nations and its funds and programmes, relevant subregional, regional and international organizations, scientific communities, and relevant civil society groups.

Eligible expenditures

4. For Authority-executed activities, the Partnership Fund may be used to finance:
 - (a) Staff costs (excluding short term consultants and temporaries).
 - (b) Short-term consultants and temporaries.
 - (c) Contractual services.
 - (d) Equipment and office premises lease cost.
 - (e) Media, workshops, conferences and meetings; and
 - (f) Travel expenses.
5. For purposes of this paragraph “staff costs (excluding short term consultants and temporaries)” includes salaries and benefits charged to the Partnership Fund as applicable under the policies and procedures of the Authority; and “short term consultants and temporaries” includes fees charged to the Fund as applicable under the policies and procedures of the Authority.
6. For recipient-executed activities, the Partnership Fund may be used to finance eligible expenditures in accordance with the applicable policies and procedures of the Authority.

Indicative results framework

7. An indicative results framework for the activities financed by the Partnership Fund prepared by the secretariat, in consultation with the donors, shall be available on the Partnership Fund website. This framework may be revised by from time to time in consultation with the donors and shall be used for monitoring and evaluation purposes only.

Indicative budget

8. The Authority shall provide indicative budget information for the Partnership Fund on the Fund website, which may be updated periodically by the secretariat in consultation with the donors. This information is for informational purposes only.

Accounting and financial reporting

9. The secretariat shall maintain separate records and ledger accounts in respect of the funds deposited in the Partnership Fund and disbursements made therefrom. Accounting, internal control and audit shall be in accordance with the financial regulations and rules of the Authority.

Grants to recipients

10. As the administrator of the Partnership Fund on behalf of the donors, the Authority shall enter into grant agreements with recipients consistent with the purposes of the Fund and on the terms and conditions set forth in the grant agreements. Such agreements may be entered into up to the maximum amount of the contributions that all donors have agreed to make available under the administration agreements between the secretariat and the donors. The secretariat shall be responsible for the supervision of the activities financed under any grant agreement.

Governance

11. A partnership board shall be established to:
 - (a) Provide strategic guidance and direction on the implementation of the Partnership Fund activities and endorse strategic priorities:
 - (b) Endorse annual work plans and budgets presented by the secretariat: and
 - (c) Review progress reports provided by the secretariat on the basis of the indicative results framework described in paragraph 7.
12. The Partnership Board will be expected to meet annually as convened by the ISA Secretariat. Meetings may be conducted physically or virtually, with decisions made by consensus. The ISA Secretariat may agree to hold ad hoc meetings of the Partnership Board at the request of its members.
13. The Partnership Board will comprise the following members designated by the Secretary-General:
 - (a) Two representatives from the ISA Secretariat,
 - (b) The chairs of the Finance Committee and the Legal and Technical Commission.
 - (c) Eight representatives of member States, which will consist of representatives of the major donors to the ISAPF and representatives of developing countries who may be beneficiaries of the activities of the ISAPF, including LDCs, LLDCs and SIDS.
14. Each member State representative may be accompanied by a technical expert as an observer. Donors contributing to other Authority-administered trust funds that, at the secretariat's discretion, support the achievement of the objectives of the Partnership Fund may also be invited by the secretariat to participate in the discussions of the Partnership Board.
15. The secretariat may, in consultation with the donors, invite other relevant stakeholders, including technical experts, partner countries and institutions, such as the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization, the Organisation for Economic Co-operation and Development, the International Maritime Organization and other relevant United Nations and international organizations, to attend meetings of the Partnership Board.
16. The secretariat shall endeavour to make arrangements with universities, scientific institutions, contractors and other entities for opportunities for scientists from developing countries to participate in marine scientific research activities in the Area. This shall include arrangements for the reduction or waiver of fees for training. The secretariat shall publish a list of such institutions from time to time for the information of members.