

Information note on

“A Study to Determine the Appropriate Social Discount Rate for the International Seabed Authority”¹

Prepared by the Chair of the Open-Ended Working Group of the Council of the International Seabed Authority on the financial terms of a contract under article 13, paragraph 1, of annex III to the United Nations Convention on the Law of the Sea and section 8 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

In the context of the discussions during the first meeting of the Open-Ended Working Group of the Council (OEWG) in 2019, it was suggested that a study be undertaken to establish a justifiable and appropriate social discount rate (SDR) to consider the value of return to the International Seabed Authority, and to calculate the present value of future contractual payments from exploitation of mineral resources in the Area.²

On this basis and bearing in mind the relevance of such a study for background information purposes for the ongoing work of the OEWG, I have asked the secretariat to issue a call for proposals to commission this study. Accordingly, the secretariat issued a call for proposals to undertake this study in July 2020. A consultant was selected, and the study was completed during 2020, and is now available on the Authority’s website at [A Study to Determine the Appropriate Social Discount Rate for the International Seabed Authority](#).

As indicated, the study is aimed at providing background information for delegations on available methodologies for calculating a possible SDR. This question may be revisited once the OEWG reaches consensus on the system of payment and associated rates.

27 January 2021

¹ By Mark C. Freeman, Ben Groom and Zachary M. Turk, 4 September 2020.

² See paragraph 12 of the Briefing Note of the Chair for the second meeting of the open-ended informal working group of the Council on the financial terms of contracts. Available on the Authority’s website - <https://ran-s3.s3.amazonaws.com/isa.org.jm/s3fs-public/files/documents/brief-payment-mechanism.pdf>