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Report of the Finance Committee

1. During the twenty-second session of the International Seabed Authority, the Finance Committee held eight meetings, between 6 and 11 July 2016.
2. The following members of the Committee participated in the meetings during the twenty-second session: Frida Armas-Pfirter, Francesca Graziani, Olivier Guyonvarch, Pavel Kavina, Ye Minn Thein, Duncan Muhumuza Laki, Olav Myklebust, Reinaldo Storani, David C. M. Wilkens and Shinichi Yamanaka.
3. The following members did not attend the session: Aleksey Bakanov, Changxue Chen, Trecia Elliott and Koteswara Rao.
4. The following member informed the Secretary-General that she had resigned: Nicola Smith.
5. Following past practice, Ahila Sornarajah participated in the meetings of the Finance Committee prior to her formal election by the Assembly for the remainder of the term of office of Nicola Smith.
6. The Committee re-elected Olav Myklebust as Chair and Duncan Muhumuza Laki as Vice-Chair.

I. Agenda

7. The Committee discussed and adopted its agenda, as contained in document [ISBA/22/FC/L.1/Rev.1](#).

II. Budget performance and cost-saving measures

8. The Committee took note of the report on the budget performance for the financial period 1 January 2016 to 31 May 2016 after receiving responses to a number of questions. Taking note of the large costs for the Article 154 review, the members of the Committee expressed the wish that they be informed in advance of large expenditures not foreseen in the budget.



9. The Committee expressed its appreciation to the Secretary-General on the efforts being made to effect savings in the budget of the Authority, requested him to continue those efforts and to submit a report thereon in 2017 and also requested that additional efforts be made to save on conference services-related costs. The Committee also requested the Secretary-General to engage the Committee electronically between sessions, as appropriate, to allow members to conduct exchanges on budgetary issues, in particular on additional savings.

III. Audit report on the finances of the International Seabed Authority for 2015

10. The Committee considered the report of KPMG on the audit of the accounts of the Authority for the year 2015. The Committee took note of the report and the opinion of the auditors that the financial statements of the Authority give a true and fair view of the financial position of the International Seabed Authority, as at 31 December 2015, and of its financial performance and cash flows for the year ended, in accordance with the financial regulations of the Authority and the United Nations System Accounting Standards.

11. The Committee commended the Secretary-General for the Authority's proper accounting records as highlighted by the Auditors in the report.

12. The Committee requested the Secretary-General once again to ensure that the auditors use the correct terminology as used in the Financial Regulations and further requested that funds provided for the Working Capital Fund should be referred to as advances rather than as contributions.

13. In reviewing the financial statements for the year ended 31 December 2015, the Committee sought clarification on a number of items, including budget lines with overexpenditures and underexpenditures. The Committee thanked the Secretary-General for the additional information provided.

IV. Status of the International Seabed Authority Endowment Fund and Voluntary Trust Fund

14. The Committee reviewed the report of the Secretary-General entitled "Possibility, from a legal perspective, of considering advances from the Endowment Fund for Marine Scientific Research in the Area to the Voluntary Trust Fund to be grants" ([ISBA/22/FC/2](#)). The Committee agreed with the conclusion contained in the report that the amounts previously transferred in 2003, 2006, 2008 and 2011 from the Pioneer Fund and from the Endowment Fund to the Voluntary Trust Fund shall be treated as grants and are not to be repaid.

15. The Committee reviewed the report of the Secretary-General entitled "Investment options regarding the Endowment Fund of the International Seabed Authority" ([ISBA/22/FC/5](#)), which describes the Authority's consultations with the United Nations Joint Staff Pension Fund, the United Nations Federal Credit Union and the United Nations Treasury on the Treasury-managed cash pool and the low level of interest income earned by the Endowment Fund. It was noted that with respect to the United Nations Treasury cash pool, the funds are readily available

without early withdrawal penalty and the interest earned is competitive. The Committee believed that investment of the Fund with the United Nations Treasury was a safe and appropriate option.

16. The Committee reviewed and took note of the expenditure verification report of the Voluntary Trust Fund for the 2014-2015 financial period prepared by KPMG, the Authority's independent external auditors.

17. The Committee took note of the balance of the Endowment Fund in the amount of US\$ 3,482,623 as at 30 June 2016, including interest accrued in 2016 of \$15,845, intended to be utilized to support the participation of qualified scientists and technical personnel from developing countries in marine scientific research and approved programmes.

18. The Committee expressed its gratitude for the contributions made to the Endowment Fund by IFREMER in the amount of \$2,777 made on 28 October 2015 and to the Government of Mexico for the contribution of \$7,500 made on 6 November 2015.

19. The Committee also took note of the balance of the Voluntary Trust Fund in the amount of \$200,099, as at 30 June 2016.

20. The Committee expressed its gratitude for the two contributions to the Voluntary Trust Fund received from the Government of China on 6 August 2015 and 3 June 2016, amounting to \$40,000, and the two contributions received from the Government of Argentina on 12 November 2015 and 8 May 2016, amounting to \$10,000.

21. During the discussion on the Voluntary Trust Fund, it was noted that the rules governing the management and operation of the fund were last updated in 2003 and that there might be a need to review and update them. The Committee requested that the Secretary-General prepare a report on the subject for its next meeting.

V. Working Capital Fund

22. The Committee took note of the status of the Working Capital Fund as at 30 June 2016 with advances of \$558,967 out of a ceiling of \$560,000.

23. The Committee reviewed the note by the Secretary-General entitled "Working Capital Fund" ([ISBA/22/FC/4](#)) and considered increasing the level of the Fund to a level closer to the normal level of one twelfth of the estimated annual expenditures of the Authority. The Committee considers that the new appropriate level of the Working Capital Fund would be \$660,000. The Committee recommended that the contributions related to the increase be spread over the next two bienniums.

24. The Committee agreed that each member State's share of the Working Capital Fund should be based on the Authority's scale of assessments for 2017-2018, which should be applied accordingly to the total amount of the Working Capital Fund of \$660,000.

VI. Status of implementation of the International Public Sector Accounting Standards

25. The Committee took note of the report of the Secretary-General on the status of implementation of the International Public Sector Accounting Standards (IPSAS) ([ISBA/22/FC/CRP.1](#)).

26. The Committee recognized the importance of the adoption of IPSAS in view of the Authority's participation in the United Nations common system and noted with appreciation that the implementation of IPSAS is proceeding on schedule.

VII. Budget for the financial period 2017-2018

27. The Committee examined the proposed budget of the International Seabed Authority for the financial period 2017-2018 ([ISBA/22/A/6-ISBA/22/C/9](#)) in the amount of \$17,966,900, representing an increase of 14.1 per cent over the amount for the previous biennium. In examining the budget, the Committee considered the increase in the core work of the Authority and the overall increase in the proposed budget for 2017-2018 in relation to that for 2015-2016. It appreciated the Secretary-General's use of the new programme budget format and the emphasis given to programme 2.1, Development of the regulatory framework in the Area, and programme 2.4, Data management (resource and environment).

28. The Committee appreciated the presentation by the Chair of the Legal and Technical Commission, who informed the Finance Committee of the importance and priority of programme 2.4 and described key items contained in document [ISBA/22/LTC/15](#), entitled "Data management strategy of the International Seabed Authority". The Committee decided to continue its practice of inviting the Chair of the Legal and Technical Commission to report on current matters of the Legal and Technical Commission with financial implications.

29. The Committee considered proposed increases in costs related to staffing, overtime, consultants in both administrative and programme areas, common staff costs, library books, supplies and materials, the United Nations common system, miscellaneous services, information technology related particularly to programme 2.4, audit fees, International Public Sector Accounting Standards and conference services, as well as proposed reductions related to the acquisition of furniture and equipment, and building management. The Committee also considered the addition of a new budget item concerning the Article 154 review.

30. The Committee expressed its concern with regard to the large increase in conference services expenditures in recent years. Following discussions, the Secretary-General and the Committee agreed on the following steps to effect savings with respect to conference services:

(a) The Secretary-General will initiate high-level consultations with the United Nations on the terms and conditions of conference services provided in the future;

(b) The interpretation services for the meetings of the Legal and Technical Commission and the Finance Committee will be procured in the form of an open tender starting in 2017;

(c) New York-based United Nations support staff will be replaced by national personnel in Jamaica beginning in 2017;

(d) The Secretary-General will look into the possibility of reducing the number of languages interpreted during meetings of the Legal and Technical Commission and the Finance Committee in the case where membership of those bodies eliminates the necessity to interpret in any of the six languages from the outset;

(e) The Secretary-General will present a thorough report on conference services costs and possible further cost-saving measures to the Committee in 2017.

31. Following discussions with the Committee, during which different options were proposed, including zero nominal growth, the Secretary-General revised the proposed budget. The Committee recommends for approval the revised budget for the financial period 2017-2018 in the amount of \$17,130,700, as contained in annex I to the present report. The revised budget reflects an increase of 8.81 per cent over the amount for the previous biennium.

32. The Committee expressed its gratitude to the Secretary-General for providing further details, upon request, on several budget items and said that it would welcome receiving further details in the narrative of the budget proposals in future, including the breakdown of projected costs in respect of large items of expenditure, or those items in which a significant variance is proposed.

33. The Committee also recommends that, for the financial period 2017-2018, the Secretary-General be authorized to transfer between appropriations subsections of the administrative budget, and between individual programmes, up to 20 per cent of the amount in each subsection, section or individual programme.

34. In line with paragraph 10.6 of the annex to the Assembly's decision concerning overhead charges for the administration and supervision of exploration contracts (ISBA/19/A/12), the Committee requested the Secretary-General to prepare a first periodic report to the Committee in 2017 on the amount of the annual overhead charge and its reflection of costs actually and reasonably incurred.

35. The Committee noted that the estimate of the miscellaneous income takes into account the expected overhead charges for 2017 and 2018.

36. As mentioned in its 2015 report, the Committee will keep the new budget format under review and may in future recommend changes to further improve accountability, transparency and programme management. The Committee requested the Secretary-General to report on this matter in 2017.

VIII. Scale of assessments for 2017-2018

37. The Committee recommends 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 budget of the International Seabed Authority for 2017 and 2018 be based on the scale of assessments used for the regular budget of the United Nations for 2016 and 2017, respectively, taking into account the ceiling assessment rate of 22 per cent and the floor assessment rate of 0.01 per cent. An indicative table of assessed contributions for 2017 is set out in annex IV to the present report.

38. Taking into account the projected decreased income from sources other than assessed contributions, member States will be required to finance an amount that is estimated to be \$1,477,502 or 12.78 per cent more than the amount financed for the biennium 2015-2016 as set out in annex II to the present report.

IX. Consideration of the interim report of the Review Committee established to oversee the review pursuant to article 154 of the Convention

39. In response to an invitation from the Chair of the Review Committee, the Committee considered the interim report prepared by Seascope Consultants Limited, as well as the comments by the Review Committee, and agreed to transmit the comments set out in annex V to the present report.

X. Other matters

40. The Committee expressed its concern at the increase in the level of outstanding contributions from 30 June 2015 to 30 June 2016, from \$651,531 to \$949,180, from member States in arrears for more than two years for prior periods (1998-2015) and requested the Secretary-General, at his discretion, to prioritize his efforts directed towards the larger debtors and to continue his efforts to recover those amounts.

41. The Committee appreciated the advance publication of its documents on the Authority's website and, recalling article 3.4 of the Financial Regulations, requested the Secretary-General to make the next budget proposal available to Finance Committee members 45 days prior to its meetings.

XI. Recommendations of the Finance Committee

42. In the light of the foregoing, the Committee recommended that the Council and the Assembly of the Authority:

(a) *Approve* the budget for the financial period 2017-2018, in the amount of \$17,130,700 as proposed by the Secretary-General;

(b) *Take note* of the high rate of increase in conference services costs and the cost-saving measures in this regard and request the Secretary-General to initiate high-level consultations with the United Nations on this issue and to prepare a report on conference services costs for the Committee in 2017;

(c) *Approve* the investment of the Authority's Endowment Fund for Marine Scientific Research in the Area with the United Nations Treasury;

(d) *Also approve* an increase in the Working Capital Fund by \$100,000 to a total of \$660,000 and for the increase to be spread evenly over the next two bienniums, to be determined using the Authority's current scale of assessments applied to the total value of the Working Capital Fund;

(e) *Take note* of the Authority's progress in implementing the International Public Sector Accounting Standards (IPSAS);

(f) *Authorize* the Secretary-General to establish the scale of assessments for 2017 and 2018 on the basis of the scale used for the regular budget of the expenses of the United Nations for 2016 and 2017, respectively, taking into account that the ceiling assessment rate will be 22 per cent and the floor rate 0.01 per cent;

(g) *Also authorize* the Secretary-General, for 2017 and 2018, to transfer between appropriation subsections of the administrative budget and between individual programmes, up to 20 per cent of the amount in each subsection, section or individual programme;

(h) *Take into account* the Committee's comments on the interim report on the periodic review of the Authority pursuant to article 154 of the United Nations Convention on the Law of the Sea¹ and comments of the Review Committee established to oversee the review;

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

(j) *Note with concern* the increasing amounts of outstanding contributions, appeal yet again to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and request the Secretary-General, at his discretion, to continue his efforts to recover these amounts;

(k) *Strongly encourage* members to make voluntary contributions to the Endowment Fund and Voluntary Trust Fund of the Authority.

¹ United Nations, *Treaty Series*, vol. 1833, No. 31363.

Annex I

Summary of budgetary requirements for the International Seabed Authority for the period 1 January 2017 to 31 December 2018

(Thousands of United States dollars)

Budget line	Approved for			Total for 2017/2018	Increase (decrease)	
	2015/2016	2017	2018		Amount	Percentage
Formula	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(4)-(1)	(6)=(5)/(1)
Section 1	Administrative and conference services expenditures					
Subsection 1	Administrative expenditures of the Secretariat					
Established posts	6 081 200	3 100 000	3 100 000	6 200 000	118 800	2.0
General temporary assistance	30 000	15 500	16 000	31 500	1 500	5.0
Overtime	31 600	35 000	36 600	71 600	40 000	126.6
Consultants (non-programme)	315 000	10 300	10 700	21 000	(294 000)	nmf
Common staff costs	2 706 300	1 505 000	1 575 000	3 080 000	373 700	13.8
Training	63 000	31 500	31 500	63 000	–	0.0
Official travel (non-programme)	480 100	91 200	96 600	187 800	(292 300)	nmf
Communications	200 700	100 300	100 400	200 700	–	0.0
Library books and supplies	136 000	68 000	68 000	136 000	–	0.0
External printing (20 per cent will be non-programme-related)	100 000	11 000	11 000	22 000	(78 000)	nmf
Supplies and materials	80 300	40 100	40 200	80 300	–	0.0
Official hospitality	22 000	11 500	12 000	23 500	1 500	6.8
Information technology	171 500	98 000	27 900	125 900	(45 600)	(26.6)
Acquisition of furniture and equipment	262 700	81 000	73 000	154 000	(108 700)	(41.4)
Rental, repairs and maintenance of property and equipment	23 000	12 000	12 000	24 000	1 000	4.3
United Nations common system	166 000	83 000	83 000	166 000	–	0.0
Miscellaneous services	109 600	56 000	56 500	112 500	2 900	2.6
Audit fees	34 600	20 000	20 000	40 000	5 400	15.6
Building management	876 900	410 000	418 000	828 000	(48 900)	(5.6)
Article 154 review and related costs	–	80 000	–	80 000	80 000	nmf
International Public Sector Accounting Standards (IPSAS)	120 000	60 000	60 000	120 000	–	0.0
Ad hoc expert groups workshops	570 900	–	–	–	(570 900)	nmf
Central data repository	130 000	–	–	–	(130 000)	nmf
Promotion and encouragement	100 000	–	–	–	(100 000)	nmf
Subtotal	12 811 400	5 919 400	5 848 400	11 767 800	(1 043 600)	(8.1)

Budget line	Approved for			Total for 2017/2018	Increase (decrease)		
	2015/2016	2017	2018		Amount	Percentage	
	(1)	(2)	(3)		(4)=(2)-(1)	(5)=(3)/(1)	
Subsection 2							
Conference services	2 931 700	1 965 000	1 965 000	3 930 000	998 300	34.1	
Assembly	381 100	255 450	255 450	510 900	129 800	34.1	
Council	586 300	393 000	393 000	786 000	199 700	34.1	
Finance Committee	322 500	216 150	216 150	432 300	109 800	34.1	
Legal and Technical Commission	1 641 800	1 100 400	1 100 400	2 200 800	559 000	34.1	
Subtotal	2 931 700	1 965 000	1 965 000	3 930 000	998 300	34.1	
Total section 1	Administrative and conference services expenditures	15 743 100	7 884 400	7 813 400	15 697 800	(45 300)	(0.3)
Section 2	Programme expenditures						
Programme 2.1	Development of the regulatory framework for activities in the Area						
Consultants	–	45 200	45 200	90 400	–	–	
External printing	–	–	12 400	12 400	–	–	
Travel	–	45 600	45 600	91 200	–	–	
Workshops	–	–	120 800	120 800	–	–	
Subtotal	–	90 800	224 000	314 800	–	–	
Programme 2.2	Protection of the marine environment						
Consultants	–	19 400	19 400	38 800	–	–	
External printing	–	600	11 800	12 400	–	–	
Travel	–	7 600	7 600	15 200	–	–	
Workshops	–	120 800	–	120 800	–	–	
Subtotal	–	148 400	38 800	187 200	–	–	
Programme 2.3	Management of contracts						
Consultants	–	–	–	–	–	–	
External printing	–	–	–	–	–	–	
Travel	–	15 200	15 200	30 400	–	–	
Workshops	–	2 900	3 200	6 100	–	–	
Subtotal	–	18 100	18 400	36 500	–	–	
Programme 2.4	Data management (resource and environment)						
Consultants	–	296 000	10 200	306 200	–	–	
Information technology	–	206 900	2 500	209 400	–	–	
External printing	–	9 600	20 700	30 300	–	–	
Travel	–	24 000	4 000	28 000	–	–	
Central data repository	–	–	–	–	–	–	

Budget line	Approved for			Total for 2017/2018	Increase (decrease)		
	2015/2016	2017	2018		Amount	Percentage	
Formula	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(4)-(1)	(6)=(5)/(1)	
Workshops	-	-	-	-	-	-	
Maintenance and support	-	-	35 900	35 900	-	-	
Subtotal	-	536 500	73 300	609 800	-	-	
Programme 2.5	Promotion and encouragement of marine scientific research in the Area						
Consultants	-	9 700	9 700	19 400	-	-	
External printing	-	-	12 400	12 400	-	-	
Travel	-	7 600	7 600	15 200	-	-	
Workshops	-	-	120 800	120 800	-	-	
Subtotal	-	17 300	150 500	167 800	-	-	
Programme 2.6	Outreach activities						
Consultants	-	11 300	11 300	22 600	-	-	
External printing	-	600	600	1 200	-	-	
Travel	-	15 200	15 200	30 400	-	-	
Workshops	-	-	62 600	62 600	-	-	
Subtotal	-	27 100	89 700	116 800	-	-	
Total section 2	Programme expenditures	-	838 200	594 700	1 432 900	-	
Total administrative, conference services and programme expenditures		15 743 100	8 722 600	8 408 100	17 130 700	1 387 600	8.81

Abbreviation: nmf, not meaningful.

Annex II

International Seabed Authority income, expenses and miscellaneous income

(Thousands of United States dollars)

	2015-2016	2017-2018	Change from 2015-2016 to 2017-2018	Change from 2015-2016 to 2017-2018 (percentage)
<i>Biennium budget proposed</i>	15 743 100	17 130 700	1 387 557	8.81
Less income				
Estimated savings (biennium 2013-2014)	(781 400)	–	–	–
Estimated savings (biennium 2015-2016)	–	(40 571)	–	–
Expected contractor overhead charges	(1 081 000)	(2 397 000)	1 316 000	121.7
Contractor extension application processing fees received during 2016 and 2017	–	(469 000)	–	–
Miscellaneous income accumulated during 2013	(2 121 321)	–	–	–
Miscellaneous income accumulated during 2015	–	(987 205)	–	–
Subtotal income	(3 983 721)	(3 893 776)	(89 945)	(2.3)
Total net contributions required	11 759 379	13 236 924	1 477 545	12.6
Net contributions required for each year of the biennium	5 879 690	6 618 462	738 772	12.6
Less: European Union assessment	(100 000)	(100 000)	–	0.0
Total assessed	5 779 690	6 518 462	738 772	12.78

Note: It is expected so far that, in 2017-2018, income will be 2.3 per cent, or \$89,945, less, owing to lower levels of miscellaneous income as a result of fewer applications from contractors and hence lower contractor application processing fees.

The estimated total to be assessed to Member States will increase from \$5,779,690 for each year in the biennium 2015-2016 to \$6,518,462 for each year in the biennium 2017-2018.

Annex III

Secretariat of the International Seabed Authority: staffing table

<i>Functional title</i>	<i>Professional</i>	<i>National Officer</i>	<i>General Service</i>
Office of the Secretary-General			
Secretary-General	1 (USG)		
Webmaster/Publications Officer	1 (P-4)		
Associate Protocol Officer	1 (P-2)		
Executive Assistant			1
Protocol/Administrative Assistant			1
Administrative Assistant (New York office)			1
Office of Legal Affairs			
Legal Counsel/Deputy to the Secretary-General	1 (D-2)		
Senior Legal Officer	1 (P-5)		
Legal Officer	1 (P-4)		
Legal Officer	1 (P-4)		
Librarian	1 (P-3)		
Training Coordinator			
Administrative Assistant		1	
Administrative Assistant			1
Office of Resources and Environmental Monitoring			
Head of office	1 (D-1)		
Scientific Affairs Officer (Mineral Economist)	1 (P-5)		
Scientific Officer (Marine Geologist)	1 (P-5)		
Scientific Officer (Marine Biologist)	1 (P-4)		
Scientific Officer (geographic information system (GIS))	1 (P-3)		
Scientific Affairs Officer			
Data Analyst	1 (P-3)	1	
Data Entry Assistant			
Administrative Assistant			1
Information and Communications Technology Officer	1 (P-4)		
Scientific Officer	1 (P-3)		
Information Technology Assistant			1
Office of Administration and Management			
Executive Officer	1 (D-1) ^a		
Administrative Assistant			1
Budget/Internal Oversight Officer	1 (P-4)		
Finance Officer	1 (P-4)		
Human Resources Officer	1 (P-3)		

<i>Functional title</i>	<i>Professional</i>	<i>National Officer</i>	<i>General Service</i>
Human Resources 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	21	2	18

^a In 2015, an external consultant recommended an upgrade of the Executive Officer post from the P-5 level to the D-1 level, following a review of the duties and responsibilities of the post.

Annex IV

Indicative scale of assessed contributions for 2017

Based on regular budget scale of the United Nations for 2016

(United States dollars)

Biennium budget approved (see annex I)	17 130 700
Less: estimated surplus of biennium 2015-2016 and income (see annex II)	(3 893 776)
Total net requirements	13 236 924
Net requirements for each year	6 618 462
Total assessed less European Union (100 000)	6 518 462
Total fixed floor rate	41 718

No.	Member State	United Nations assessment (percentage)	International Seabed Authority assessment (percentage)	United States dollars
1.	Albania	0.008	0.011	717
2.	Algeria	0.161	0.217	14 145
3.	Angola	0.010	0.013	847
4.	Antigua and Barbuda	0.002	0.010	652
5.	Argentina	0.892	1.202	78 352
6.	Armenia	0.006	0.010	652
7.	Australia	2.337	3.148	205 201
8.	Austria	0.720	0.970	63 229
9.	Bahamas	0.014	0.019	1 239
10.	Bahrain	0.044	0.059	3 846
11.	Bangladesh	0.010	0.013	847
12.	Barbados	0.007	0.010	652
13.	Belarus	0.056	0.075	4 889
14.	Belgium	0.885	1.192	77 700
15.	Belize	0.001	0.010	652
16.	Benin	0.003	0.010	652
17.	Bolivia (Plurinational State of)	0.001	0.010	652
18.	Bosnia and Herzegovina	0.013	0.018	1 173
19.	Botswana	0.014	0.019	1 239
20.	Brazil	3.823	5.150	335 701
21.	Brunei Darussalam	0.029	0.039	2 542
22.	Bulgaria	0.045	0.061	3 976
23.	Burkina Faso	0.004	0.010	652
24.	Cabo Verde	0.001	0.010	652

<i>No.</i>	<i>Member State</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>United States dollars</i>
25.	Cameroon	0.010	0.013	847
26.	Canada	2.921	3.935	256 501
27.	Chad	0.005	0.010	652
28.	Chile	0.399	0.537	35 004
29.	China	7.921	10.670	695 520
30.	Comoros	0.001	0.010	652
31.	Congo	0.006	0.010	652
32.	Cook Islands	0.001	0.010	652
33.	Costa Rica	0.047	0.063	4 107
34.	Côte d'Ivoire	0.009	0.012	782
35.	Croatia	0.099	0.133	8 670
36.	Cuba	0.065	0.088	5 736
37.	Cyprus	0.043	0.058	3 781
38.	Czech Republic	0.344	0.463	30 180
39.	Democratic Republic of the Congo	0.008	0.011	717
40.	Denmark	0.584	0.787	51 300
41.	Djibouti	0.001	0.010	652
42.	Dominica	0.001	0.010	652
43.	Dominican Republic	0.046	0.062	4 041
44.	Ecuador	0.067	0.090	5 867
45.	Egypt	0.152	0.205	13 363
46.	Equatorial Guinea	0.010	0.013	847
47.	Estonia	0.038	0.051	3 324
48.	Fiji	0.003	0.010	652
49.	Finland	0.456	0.614	40 023
50.	France	4.859	6.545	426 633
51.	Gabon	0.017	0.023	1 499
52.	Gambia	0.001	0.010	652
53.	Georgia	0.008	0.011	717
54.	Germany	6.389	8.606	560 979
55.	Ghana	0.016	0.022	1 434
56.	Greece	0.471	0.634	41 327
57.	Grenada	0.001	0.010	652
58.	Guatemala	0.028	0.038	2 477
59.	Guinea	0.002	0.010	652
60.	Guinea-Bissau	0.001	0.010	652
61.	Guyana	0.002	0.010	652
62.	Haiti	0.003	0.010	652
63.	Honduras	0.008	0.011	717

<i>No.</i>	<i>Member State</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>United States dollars</i>
64.	Hungary	0.161	0.217	14 145
65.	Iceland	0.023	0.031	2 021
66.	India	0.737	0.993	64 728
67.	Indonesia	0.504	0.679	44 260
68.	Iraq	0.129	0.174	11 342
69.	Ireland	0.335	0.451	29 398
70.	Italy	3.748	5.049	329 117
71.	Jamaica	0.009	0.012	782
72.	Japan	9.680	13.039	849 942
73.	Jordan	0.020	0.027	1 760
74.	Kenya	0.018	0.024	1 564
75.	Kiribati	0.001	0.010	652
76.	Kuwait	0.285	0.384	25 031
77.	Lao People's Democratic Republic	0.003	0.010	652
78.	Latvia	0.050	0.067	4 367
79.	Lebanon	0.046	0.062	4 041
80.	Lesotho	0.001	0.010	652
81.	Liberia	0.001	0.010	652
82.	Lithuania	0.072	0.097	6 323
83.	Luxembourg	0.064	0.086	5 606
84.	Madagascar	0.003	0.010	652
85.	Malawi	0.002	0.010	652
86.	Malaysia	0.322	0.434	28 290
87.	Maldives	0.002	0.010	652
88.	Mali	0.003	0.010	652
89.	Malta	0.016	0.022	1 434
90.	Marshall Islands	0.001	0.010	652
91.	Mauritania	0.002	0.010	652
92.	Mauritius	0.012	0.016	1 043
93.	Mexico	1.435	1.933	126 002
94.	Micronesia (Federated States of)	0.001	0.010	652
95.	Monaco	0.010	0.013	847
96.	Mongolia	0.005	0.010	652
97.	Montenegro	0.004	0.010	652
98.	Morocco	0.054	0.073	4 758
99.	Mozambique	0.004	0.010	652
100.	Myanmar	0.010	0.013	847
101.	Namibia	0.010	0.013	847
102.	Nauru	0.001	0.010	652

<i>No.</i>	<i>Member State</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>United States dollars</i>
103.	Nepal	0.006	0.010	652
104.	Netherlands	1.482	1.996	130 109
105.	New Zealand	0.268	0.361	23 532
106.	Nicaragua	0.004	0.010	652
107.	Niger	0.002	0.010	652
108.	Nigeria	0.209	0.282	18 382
109.	Niue	0.001	0.010	652
110.	Norway	0.849	1.144	74 571
111.	Oman	0.113	0.152	9 908
112.	Pakistan	0.093	0.125	8 148
113.	Palau	0.001	0.010	652
114.	Panama	0.034	0.046	2 998
115.	Papua New Guinea	0.004	0.010	652
116.	Paraguay	0.014	0.019	1 239
117.	Philippines	0.165	0.222	14 471
118.	Poland	0.841	1.133	73 854
119.	Portugal	0.392	0.528	34 417
120.	Qatar	0.269	0.362	23 597
121.	Republic of Korea	2.039	2.747	179 062
122.	Republic of Moldova	0.004	0.010	652
123.	Romania	0.184	0.248	16 166
124.	Russian Federation	3.088	4.160	271 168
125.	Saint Kitts and Nevis	0.001	0.010	652
126.	Saint Lucia	0.001	0.010	652
127.	Saint Vincent and the Grenadines	0.001	0.010	652
128.	Samoa	0.001	0.010	652
129.	Sao Tome and Principe	0.001	0.010	652
130.	Saudi Arabia	1.146	1.544	100 645
131.	Senegal	0.005	0.010	652
132.	Serbia	0.032	0.043	2 803
133.	Seychelles	0.001	0.010	652
134.	Sierra Leone	0.001	0.010	652
135.	Singapore	0.447	0.602	39 241
136.	Slovakia	0.160	0.216	14 080
137.	Slovenia	0.084	0.113	7 366
138.	Solomon Islands	0.001	0.010	652
139.	Somalia	0.001	0.010	652
140.	South Africa	0.364	0.490	31 940
141.	Spain	2.443	3.291	214 523

<i>No.</i>	<i>Member State</i>	<i>United Nations assessment (percentage)</i>	<i>International Seabed Authority assessment (percentage)</i>	<i>United States dollars</i>
142.	Sri Lanka	0.031	0.042	2 738
143.	State of Palestine	0.0035	0.010	652
144.	Sudan	0.010	0.013	847
145.	Suriname	0.006	0.010	652
146.	Swaziland	0.002	0.010	652
147.	Sweden	0.956	1.288	83 958
148.	Switzerland	1.140	1.536	100 124
149.	Thailand	0.291	0.392	25 552
150.	The former Yugoslav Republic of Macedonia	0.007	0.010	652
151.	Timor-Leste	0.003	0.010	652
152.	Togo	0.001	0.010	652
153.	Tonga	0.001	0.010	652
154.	Trinidad and Tobago	0.034	0.046	2 998
155.	Tunisia	0.028	0.038	2 477
156.	Tuvalu	0.001	0.010	652
157.	Uganda	0.009	0.012	782
158.	Ukraine	0.103	0.139	9 061
159.	United Kingdom of Great Britain and Northern Ireland	4.463	6.012	391 890
160.	United Republic of Tanzania	0.010	0.013	847
161.	Uruguay	0.079	0.106	6 910
162.	Vanuatu	0.001	0.010	652
163.	Viet Nam	0.058	0.078	5 084
164.	Yemen	0.010	0.013	847
165.	Zambia	0.007	0.010	652
166.	Zimbabwe	0.004	0.010	652
		73.92	100.00	6 518 592
International organizations in accordance with annex IX				
167.	European Union			100 000
				6 618 592

Annex V

Comments by the Finance Committee on the interim report on the periodic review of the International Seabed Authority pursuant to Article 154 of the United Nations Convention of the Law of the Sea and the comments by the Review Committee

To: Ambassador Helmut Tuerk,
Chair of the Review Committee

Thank you for your letter of 25 May 2016 forwarding the interim report prepared by Seascope Consultants Ltd. pursuant to the decision of the Assembly of the International Seabed Authority (the “Article 154 report”) and the comments of the Review Committee on that report (the “Review Committee comments”). The Finance Committee discussed both documents at its latest session, held from 6 to 11 July 2016.

As a preliminary point the Committee noted that the response rate to the questionnaire prepared by the authors of the Article 154 report was relatively low, with 56.5 per cent of responses originating from one geographical group only. It also noted the conclusion on page 69 of the report that “very few comments were contributed regarding the Finance Committee”, and that not all members of the Finance Committee had received the questionnaire.

In that context, the Committee had the following comments for transmission to the Assembly for consideration at its twenty-second session:

Timing/scheduling of Finance Committee meetings

Recommendation 29 of the Article 154 report states that the Authority should “review the timing of the Finance Committee meetings within the annual session cycle”. The Review Committee comments also suggest that the “Finance Committee should be in a position to consider issues with financial implications arising during the meetings of the respective organs”.

The Finance Committee considers that it would be both impractical and expensive to meet both before and throughout the entire duration of the session of the Authority, and that it has been able to effectively deal with the financial implications of the decisions of the Legal and Technical Commission through pragmatic interaction, so that the Council is presented with the opinion of both the Legal and Technical Commission and the Finance Committee on the same issue during the same session. For example, it has asked the Chair of the Legal and Technical Commission to brief the Finance Committee on issues with financial implications, such as data management. Furthermore, it would be difficult to respond, within a short period during the session, to requests for recommendations of the Finance Committee; such recommendations must be based on relevant data and information provided by the Secretariat and thorough consideration of the issue at hand. This does not seem achievable within the duration of one session. In addition, while the Committee acknowledges that it will have more work in future, this is not yet the case.

Accordingly, the Committee considers the current timing and duration of meetings fit for purpose. Any changes now would only lead to the incurring of unnecessary cost and be contrary to the requirement in section 1(2) of the 1994 Agreement on Implementation of the Seabed Provisions of the Convention on the Law of the Sea that “the frequency, duration, and scheduling of meetings of all organs of the Authority be cost effective”.

Transparency

Recommendation 29 of the report also states that the Authority “should publish the proposed budget as well as a final proposal to the Assembly to ensure transparency”.

The Committee underlines that regulation 3.4 of the Financial Regulations of the International Seabed Authority already requires the Secretary-General to transmit his proposed budget to the Finance Committee “at least 45 days prior to the meeting of the Finance Committee at which it is to be considered”, and that the proposed budget also be transmitted to all members of the Authority “at least 45 days prior to the opening of the session of the Council and the Assembly”. Although we note the proposed budget has been published by the Secretariat, the Committee considers that the Secretary-General should comply with the regulations regarding the time frame for transmitting the proposed budget to both the Finance Committee and the wider membership.

The Finance Committee budget proposal is published as soon as it is translated into the official languages, along with the Committee’s final report.

Voluntary Trust Fund

Recommendation 30 of the report states that “consideration should be given to any implications for the sustainability of the Voluntary Trust Fund if and when the increased workload of the Authority results in more meetings and an increased requirement for voluntary contributions”.

The Committee considers that the funds available in the Voluntary Trust Fund to date have been sufficient for current needs. It is also not yet certain that the Authority will have to hold more meetings. The Committee always recommends that the Assembly request Member States to make further voluntary contributions, and will keep the sufficiency of the Voluntary Trust Fund under review in the case where applications to the Fund increase.

Impartiality of Finance Committee members

The Review Committee states that “it would be desirable that members of the Finance Committee do not act as delegates from their respective country in other organs of the Authority in respect of matters that are within the competence of that Committee”.

The Committee members disagree with this point, and consider that Finance Committee membership does not raise conflicts of interest with participation in other

organs of the Authority. As the Article 154 report reflects, Member States provide the bulk of the Authority's financing. Accordingly, it is appropriate, and to be expected, that they should be in a position to scrutinize the way in which that money is managed, and make recommendations on how spending should be prioritized. In addition, requiring that members not act as delegates in other meetings of the Authority would present difficulties for smaller delegations. The Committee considers that the issue of impartiality of members of the Finance Committee is already appropriately addressed in rule 10 of the Rules of the Finance Committee, which states that "members of the Committee shall have no financial interest in any activity relating to matters upon which the Committee has the responsibility to make recommendations".

Strategic planning

The Article 154 report records perceptions that the Finance Committee is concerned more about the bottom line or total budget level than about directing its attention to programme delivery or efficiency. These perceptions do not reflect the Committee's approach. The Committee points to its recent reform of the format of the budget to include introduction of a new section for programmes of the Authority. In recommending the new format, the Finance Committee has already noted that this would enhance accountability, transparency and strategic decision-making and enable detailed reporting on the results achieved in each programme area.

Financial implications of Article 154 report recommendations

The Committee notes that many of the recommendations in the Article 154 report would lead to the incurring of financial implications if implemented, which would have to be reviewed by the Committee in the light of the current priorities of the Authority.

I would be grateful if you would forward these comments of the Finance Committee on the interim Article 154 report, as well as on the Review Committee comments, to the Assembly for consideration at its twenty-second session.

(Signed) Olav Myklebust
Chair, Finance Committee