



Finance Committee

Distr.: Limited
21 June 2017

Original: English

Twenty-third session

Kingston, 7-18 August 2017

Agenda items 8 and 9

Status of the Endowment Fund for Marine Scientific Research in the Area, the Voluntary Trust Fund and related matters

Status of the Working Capital Fund

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Report of the Secretary-General

I. Endowment Fund for Marine Scientific Research in the Area

1. Article 143, paragraph 2, of the United Nations Convention on the Law of the Sea provides that the International Seabed Authority shall promote and encourage the conduct of marine scientific research in the Area. Paragraph 3 of the same article provides that States Parties shall promote international cooperation in marine scientific research in the Area by, inter alia, ensuring that programmes are developed through the Authority or other international organizations as appropriate for the benefit of developing States and technologically less developed States.

2. In its resolution [ISBA/12/A/11](#), the Assembly decided to create a special account, to be known as the Endowment Fund for Marine Scientific Research in the Area, for the purposes of promoting and encouraging the conduct of marine scientific research in the Area for the benefit of mankind as a whole, in particular by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes and by providing them with opportunities to participate in international technical and scientific cooperation, including through training, technical assistance and scientific cooperation programmes.

3. The initial capital of the Fund consisted of the balance remaining as at 18 August 2006 from the application fees paid by the registered pioneer investors, under resolution II of the Third United Nations Conference on the Law of the Sea, to the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea, pursuant to paragraph 7 (a) of



resolution II, together with interest accrued thereon. The Assembly also invited members of the Authority, other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations and private persons to make contributions to the Fund. The Assembly also decided that only accumulated interest earned on the capital should be used to finance marine scientific research.

4. As at 31 May 2017, the capital of the Endowment Fund stood at \$3,473,315. During the financial period 2015-2016, only two contributions were made to the Fund, by the French Research Institute for the Exploitation of the Sea (Ifremer) (\$2,777) and by Mexico (\$15,000). During the same period, financial assistance was provided from the Fund to the Rhodes Academy of Oceans Law and Policy (\$22,000), the International Network for Scientific Investigations of Deep-Sea Ecosystems (\$14,880) and the Marco Polo-Zheng He Academy of International Oceans Law and Policy (\$7,000). The status of the Fund as at 31 May 2017 is summarized in table 1.

Table 1
Status of the Endowment Fund for Marine Scientific Research in the Area as at 31 May 2017

(United States dollars)

Total capital	3 473 315
Accumulated interest income	554 747
Total income	4 028 062
Total expenditure	(528 053)
Total available funds (interest less expenditure)	26 694

5. A significant problem for the Fund is that the average interest rate earned from investing the capital of the Fund is very low. In the first four months of 2017, the rate was 0.4 per cent, with an average rate of 1.5 per cent over the period 2006-2017. In 2016, the Finance Committee had requested the Secretary-General to make arrangements to reinvest the Fund to produce a higher rate of return ([ISBA/22/A/7/Rev.1-ISBA/22/C/19/Rev.1](#), para. 42), which was accomplished on 14 June 2017, by investing \$3,500,000 with Jamaica Money Market Brokers Limited at an interest rate of 2.25 per cent. That investment is expected to produce a yield of \$38,838 over 180 days.

II. Voluntary Trust Fund

6. In its decision [ISBA/8/A/11](#), the Assembly requested the Secretary-General to establish, as an interim measure, a 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. Attendance of members at those meetings has played an important role in supporting the decision-making and proper administration of the Authority.

7. As at 31 May 2017, total contributions to the Voluntary Trust Fund amounted to \$654,584. During the financial period 2015-2016, contributions were made by China (\$60,000) and Argentina (\$10,000). During the same period, the total expenditure from the Voluntary Trust Fund amounted to \$240,543. The status of the

Fund as at 31 May 2017 is summarized in table 2. The Secretary-General has also provided a separate report to the Finance Committee on issues arising with respect to the use of the Voluntary Trust Fund ([ISBA/23/FC/4](#)).

Table 2

Status of the Voluntary Trust Fund as at 31 May 2017

(United States dollars)

Contributions	654 584
Transfers from Pioneer Fund ^a	135 000
Allocations from Endowment Fund	60 000
Interest income	11 596
Total income	861 180
Expenditure	(767 669)
Bank charges	(618)
Total expenditure	(768 288)
Total available funds (interest less expenditure)	92 893

^a See [ISBA/22/FC/2](#).

III. Working Capital Fund

8. In its resolution [ISBA/3/A/9](#), the Assembly decided that:

(a) A Working Capital Fund should be established in the amount of \$392,000, being approximately one twelfth of the approved budget for 1998, with \$196,000 to be paid in 1998 and \$196,000 dollars to be paid in 1999;

(b) Members of the Authority should make advances to the Working Capital Fund in accordance with the scale of assessments adopted by the Assembly of the Authority for contributions of members to the budget for the year 1998.

9. The Working Capital Fund is intended to meet the day-to-day budgetary expenses of the Authority in the event that member State contributions at the time of use are insufficient to cover its expenses. As soon as sufficient funds are available, the borrowed funds are to be reimbursed to the Working Capital Fund. Payments made by member States of the Authority are to be credited first to the Working Capital Fund and then to the contributions due, in the order in which the members were assessed.

10. Over the years, the level of the Working Capital Fund has increased to \$660,000, with the most recent increase of \$100,000 approved by the Assembly in 2016, on the basis that the increase would 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 ([ISBA/22/A/13](#), para. 4). As at 31 May 2017, the balance of the Working Capital Fund was \$581,983, with a further \$78,017 to be collected between 2017 and 2020.