

International Seabed Authority

Press Release



Twelfth Session
Kingston, Jamaica
7 - 18 August 2006

Council (AM)

SB/12/9
14 August 2006

COUNCIL RECOMMENDS \$11,782,400 BUDGET FOR AUTHORITY'S 2007-2008 OPERATIONS. SUPPORTS NEW ENDOWMENT FUND FOR MARINE RESEARCH

The Council of the International Seabed Authority, meeting in Kingston, this morning recommended a US\$11,782,400 budget for the Authority's operations for 2007-2008 biennium, along with a scale of assessment of members' contributions based on a United Nations model. (A US\$10,816,700 budget was adopted in 2004 for the organization's work in 2005-2006).

The Council also recommended the adoption by the Assembly of a resolution, annexed to the Finance Committee's report (ISBA/12/A/7 - ISBA/12/C/9) to establish a special endowment fund for marine research in the international seabed Area. The fund will also support the participation of qualified scientists and technical personnel from developing countries in international marine scientific research programmes.

Earlier, the Council elected Mariusz-Orion Jędrysek, Under-Secretary of State and Chief National Geologist of Poland, as its President for the Authority's current session (see biographical note in Press Release ISBA/12/10). He was nominated by the Russian Federation on behalf of the Eastern European Group.

Also elected were four Vice-Presidents – Cameroon, nominated by Namibia on behalf of the African Group; Japan, nominated by Fiji on behalf of the Asian Group; Argentina, nominated by Brazil on behalf of the Latin American and Caribbean Group; and Germany, nominated by Canada on behalf of the Western European and Other States. The Council's decisions on the budget, based on the recommendations of the Authority's Finance Committee, will be communicated to the Assembly for action on Wednesday, 16 August. The Assembly is also expected to act on the endowment fund proposal on that day.

Hasjim Djalal, (Indonesia), Chairman of the Finance Committee, introduced its report whose recommendations were based on proposals made by the Authority's Secretary-General, Satya N. Nandan. The budget proposal was the same as the revised figure proposed by the Secretary-General.

The Finance Committee in its recommendations also said that the Secretary-General should be authorized to establish the scale of assessments for 2007-2008 based on that used for the regular budget of the United Nations for 2006-2007, taking into account that the maximum assessment rate will be 22 per cent and the minimum rate 0.01 per cent. The Finance Committee urged members of the Authority to pay their assessed contributions to the budget on time and in full.

The Secretary-General's budget proposals contained in document ISBA/12/A/3/Rev.1-ISBA/12/C/4/Rev.1 provided the Finance Committee with a revised proposal of US\$11,782,400 for the financial period 2007-2008. The estimate for 2007 comprised US\$5,018,300 for the Authority's administrative expenses and US\$795,300 for conference-servicing requirements. The proposal for 2008 comprised US\$5,151,200 for the Authority's administrative expenses and US\$817,600 for conference-servicing requirements.

The proposed budget allowed for one two-week session of the Authority in both 2007 and 2008. The requirement for conference-servicing costs for the biennium was budgeted at US\$1,612,900, representing an overall increase of US\$212,900, or 15% for the biennium.

According to the annual report of the Secretary-General (ISBA/12/A/2), as at 31 May 2006, 78 per cent of the value of the contributions to the 2006 budget due had been received from 31 per cent of the membership. Contributions outstanding for prior periods (1998-2005) totaled \$358,672. The report also states that as at 31 May 2006, 51 members were in arrears for a period of two years or more.

The balance of the Voluntary Trust Fund established in 2002 stood at \$38,985 as at 31 May 2006, the report also states. The Fund was established in 2002 to enhance the participation of members from the developing countries in the meetings of the Legal and Technical Commission and the Finance Committee. There are terms and conditions for its use.

Endowment Fund

The proposed endowment fund based on the Secretary-General's original proposal (document ISBA/12/FC/L.1) would have the Assembly adopt a draft decision to establish an International Seabed Authority Endowment Fund whose purposes shall be to promote and encourage the conduct of marine scientific research in the international seabed Area.

The fund shall support the participation of qualified scientists and technical personnel from developing countries in international marine scientific research programmes and also provide opportunities for international technical and scientific cooperation in activities in the

international seabed Area including through training, technical assistance and scientific cooperation programmes.

By the draft text, the Assembly would decide that the initial capital of the Endowment Fund shall comprise the balance remaining as at 18 August 2006 from the application fees of the pioneer investors and Germany together with the interest accrued on them (Germany's application to become a registered contractor was approved at the last session) organizations and individuals shall be invited to make contributions to the Fund.

Discussions of Finance Committee report

Argentina requested a brief suspension of the meeting to allow members from the Group of Latin American and Caribbean States to confer on the report of the Finance Committee. Brazil and Jamaica re-emphasized Argentina's concern that adequate time between meetings of the two expert bodies – the Legal and Technical Commission and the Finance Committee – was not given to delegates to analyse their reports.

Jamaica led the debate on the report of the Finance Committee by seeking to establish clarity with respect to the Voluntary Trust Fund and its relationship to the proposed endowment fund. The draft resolution establishing the Endowment Fund for Marine Scientific Research in the Area (Annex II ISBA/12/A/7-ISBA/12/C/9) contains 9 paragraphs. Paragraph 7 reads:

“Also decides that the Assembly, on the recommendation of the Finance Committee and the Council, may decide in any year to allocate, to the extent necessary, up to 60,000 United States dollars from the income of the Fund, to supplement the Voluntary Trust Fund for the purpose of defraying the cost of participation of the 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 Committee:”

Jamaica sought to amend the phrase “to the extent necessary” to read: “**to the extent possible,**” to ensure that the proposed fund would not be depleted but would be used primarily for the purpose for which it was intended. Brazil, Trinidad & Tobago, Mexico, Senegal, India and Fiji supported the wording proposed by Jamaica. Delegations agreed on the importance of the endowment fund to promote and encourage wide participation in marine scientific research in the Area, and called for restrictions in the transfer of portions of the endowment fund to the Voluntary Trust Fund.

Brazil endorsed the endowment fund and announced it would contribute 10,000 United States dollars to the Voluntary Trust Fund. Trinidad & Tobago, which had made a similar donation last year, said increased contributions to the Voluntary Trust Fund would prevent the need for advances from the endowment fund.

Egypt, with support from Sudan, felt the wording in paragraph 7 should remain unchanged and said it was highly important to ensure participation of members from developing countries in the work of the Authority. The Netherlands supported the establishment of the endowment fund

but expressed concern about creating a situation where the Voluntary Trust Fund and the endowment fund would be seen as competing funds, as each had a very important and distinct purpose.

The Finance Committee Chairman, Mr. Djalal noted that this year the Voluntary Trust Fund was able to support the participation of eight members of the Legal and Technical Commission and the Finance Committee, at a cost of some \$32,000. He said that \$60,000 had been drawn from interest accrued to the pioneer investor fund, but that this amount had not been utilized as there was sufficient money in the fund from contributions. This unused amount would be retained in the Trust Fund where it could grow interest to be used in the future.

Responding to concerns raised by Nigeria and Senegal about the recommendation for no further advances to be made from the pioneer investors fund for 2007, the Finance Committee Chairman explained that, with this morning's pledge of \$10,000 from Brazil, the fund now stood at over \$76,000, which placed it in a good position to avoid drawing any further advances for the coming year.

Addressing some issues raised in the discussion, Secretary-General Nandan agreed that delegations needed more time to consider the recommendations of the Finance Committee, and assured the Council that efforts would be made to schedule meetings accordingly in the future.

The Secretary-General urged members to recall the genesis of the Voluntary Trust Fund, and its stated purpose of facilitating the participation of members from developing countries in the LTC and the Finance Committee. He reminded the Council that access to the fund was not an automatic right and that application and disbursement had been clearly set out in the relevant document. On the other hand, the endowment fund was not related to membership in any organ of the Authority. With regard to the transfer of funds from the endowment fund to the Voluntary Trust Fund he emphasized that this option was only to be used as "back-up" in case of a shortfall in the latter fund. He suggested that the wording "**where possible, and to the extent necessary**" be used for paragraph 7, relating to this issue.

The Secretariat would develop a comprehensive set of rules and procedures for the operation of the endowment fund in time for the Council's consideration at the thirteenth session in 2007.

Concluding the debate, Argentina said while it understood Jamaica's concern, it would support the wording proposed by the Secretary-General. This was also supported by the United States observer who suggested that the draft resolution establishing the endowment fund should reflect the spirit of Article 143 of the United Nations Convention on the Law of the Sea which required the Authority to "coordinate and disseminate" the results of marine scientific research and analysis where possible.