



**MINISTERIO
DE RELACIONES
EXTERIORES**



UN-OHRLS

Workshop on the Participation of LLDCs in the Regime of the Area and the Benefit-Sharing Mechanism under UNCLOS



13 - 15 October 2026



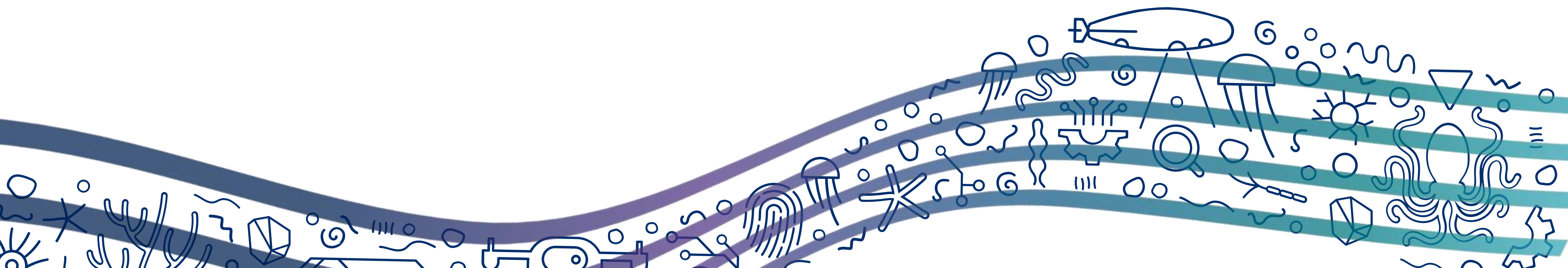
**Santa Cruz de la Sierra,
Plurinational State of Bolivia**





BENEFIT-SHARING MECHANISM UNDER CONSIDERATION BY THE FINANCE COMMITTEE OF THE ISA

BY: SOLOMON KORBIEH, ESQ





- The Finance Committee was created under Part XI of the 1994 Agreement to **oversee the financing and financial management of the ISA.**
- The **Finance Committee** is to assist the Assembly and the Council in overseeing the organization's financial administration, budgetary arrangements, and financial management.





Core Functions and Responsibilities

- Review and make recommendations to the **Council** and **Assembly** on the proposed annual or biennial **ISA budget** and work programs.
- **Financial Rules and Procedures:** Draft and advise on financial regulations, administrative rules, and procedures for all organs of the ISA.



Core Functions and Responsibilities (continued)

- Recommend an assessment scale for Member States' contributions and monitor the status of state payments and arrears.
- **Benefit-Sharing Mechanisms:** Formulate recommendations on the rules and procedures for the equitable sharing of financial and economic benefits derived from activities in the international seabed Area.





Committee Structure

- **Composition:** Consists of 15 expert members elected by the ISA Assembly for five-year terms, ensuring equitable geographical distribution.
- **Decision-Making:** Operates by consensus on substantive financial and budgetary matters.

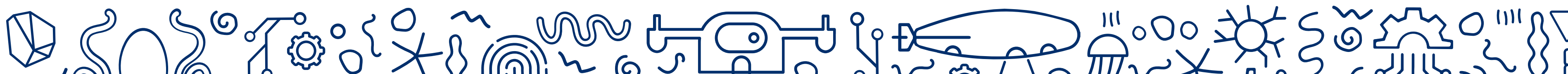


Benefit Sharing under UNCLOS

Under UNCLOS (Part XI) and the 1994 Agreement, the International Seabed Authority (ISA) Finance Committee plays a central role in designing the rules, regulations, and procedures for the equitable sharing of financial and economic benefits derived from deep-seabed mining in "the Area" (the seabed beyond national jurisdiction).

Since 2019, the Finance Committee has commissioned a series of studies examining direct distribution formulae, equitable-sharing criteria, and more recently fund-based approaches to implement Article 140 of UNCLOS.

The benefit-sharing mechanism under consideration by the ISA Finance Committee consists of several core elements and approaches:





Evolution of FC Consideration of Benefit-Sharing

- 2012: Beijing Workshop (Article 82) - ISA Technical Study No. 12 examined equitable distribution criteria for payments and contributions from non-living resources of the Continental Shelf beyond 200 M. Fund concept mentioned.
- 2019: Initial quantitative studies on direct revenue distributions.
- 2021: ISA Technical Study No. 31 evaluated alternative allocation formulae.
- 2025: Further refinement incorporating multidimensional vulnerability indicators.
- 2023-present: Development of the Common Heritage Fund concept and related governance options.

All approaches remain under consideration.





1. Direct Distribution Formulae (continued)

- **Core Criteria:** Distribution models incorporate factors such as population size, Gross National Income (GNI) per capita, human development metrics, and inequality measures (e.g., Atkinson inequality parameter, Gini coefficient).
- **Priority Groups:** In line with UNCLOS Article 140, the formulae place special weighting on the needs of developing nations, including Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS).
- **Distribution Functional Forms:** The committee has evaluated multiple mathematical models—including an ***original functional form***, a *geometric mean functional form* (to avoid distortions from combined indices), and baseline share allocations.
- **Recent Updates:** examined whether the Multidimensional Vulnerability Index (MVI) can improve outcomes for vulnerable States, including many LLDCs and SIDS



2. The Common Heritage Fund (Global Fund Approach)

Recognizing that direct monetary payouts to individual states might produce very small, highly diluted per-capita sums, the Finance Committee is considering a complementary or alternative mechanism:

- **Purpose:** A possible mechanism for ensuring that benefits derived from activities in the Area are used for the benefit of humankind as a whole, with particular consideration for the interests and needs of developing States.
- **Illustrative Focus Areas:** Capacity development, scientific research, marine technology assistance, environmental stewardship, and institutional strengthening, with priorities to be determined by ISA Member States.





2. The Common Heritage Fund (Global Fund Approach)

(continued)

- **Intergenerational Equity:** Intended to generate lasting benefits through investments in people, knowledge, scientific capacity, and institutional development. The concept under discussion has generally been framed as an active benefit-sharing mechanism rather than a traditional sovereign wealth fund focused on indefinite capital accumulation.
- **Status:** The Common Heritage Fund remains one of several approaches under consideration and has generally been discussed as potentially complementary to direct distribution mechanisms.



3. Non-Financial & Capacity-Building Benefits

The financial distribution mechanism is tied to non-monetary benefit-sharing frameworks currently managed by the ISA:

- Training programs and capacity development offered by contractors.
- Marine scientific knowledge, open-access deep-sea data, and technology transfers.





The Three Mathematical Distribution Models Evaluated

Technical Study 31 formulates three distinct distribution formulas to calculate each member state's share of the payout.

These models were developed to explore different methods of implementing equitable sharing under Article 140 while balancing considerations of population, development needs, and distributive equity.



1. Original Functional Form

- Directly multiplies a state's global population share by its relative income weight based on GNI per capita.
- **Limitation:** Can result in extreme concentration of payout shares toward a few highly populous, low-income nations.





2. Geometric Mean Formula

- Takes the geometric mean of the population share and the GNI-weighted income share.
- **Purpose:** Smooths out extreme outliers so that population alone does not overly distort the shares of smaller developing countries (e.g., Small Island Developing States).



3. Formula with Floors and Ceilings

- Applies minimum bounds (floors, e.g., 0.001%) and maximum caps (ceilings, such as limiting any single state's maximum share to around 16–22%) to the distribution.
- **Purpose:** Guarantees that small states (SIDS/LLDCs) receive a meaningful baseline payment while preventing a single large country from taking the majority of the fund.





Illustrative Distribution from a US\$500M Royalty Pool

Country	Original Art. 140 Model	Art. 82 Model	Geometric Mean Model
India	\$153.9M	\$148.1M	\$81.6M
China	\$32.0M	\$30.8M	\$34.0M
Bangladesh	\$24.1M	\$23.2M	\$22.6M
Nepal (LLDC)	\$6.9M	\$8.9M	\$6.8M
Uganda (LLDC)	\$10.8M	\$14.1M	—
Zambia (LLDC)	\$1.9M	\$2.2M	—
Bolivia (LLDC)	—	—	\$0.77M
Lesotho (LLDC)	\$0.29M	\$0.36M	—
Botswana (LLDC)	\$0.06M	\$0.06M	—

(Illustrative results derived from various FC-commissioned studies using a hypothetical US\$500M distributable pool.)



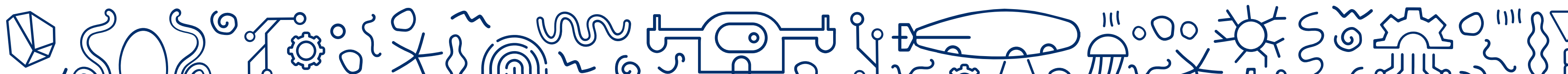
Conclusion: The Common Heritage Fund Alternative

Exploring Additional Mechanisms: Some studies have noted that direct distributions may result in relatively modest allocations for many States, prompting discussion of whether a portion of revenues could also be deployed through a **Common Heritage Fund** or similar mechanism.

Project-Based Utility: Funding would support global public goods rather than the consolidated revenues of national treasuries.

Primary Targets: Global ocean conservation initiatives.

- Deep-sea climate change impact tracking.
- Enabling multinational marine research networks for scientists from the Global South.





Conclusion: The Common Heritage Fund Alternative (continued)

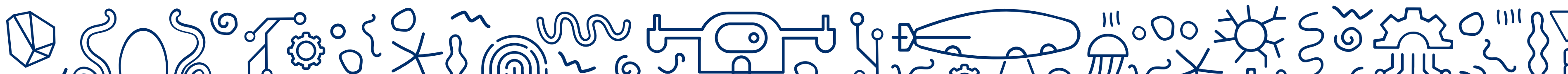
Under the various formulae examined by the FC, a small number of highly populous developing States receive a large share of total distributions, while many LLDCs receive substantially smaller allocations. This distributional reality has contributed to discussion of both direct-distribution and fund-based approaches to implementing Article 140.

Many Member States have emphasized that all benefit-sharing options, including direct distributions, fund-based approaches, and combinations thereof, should remain under consideration pending consensus.



It may be noted that some Member States have requested that all the options of benefit sharing should still be on the table until we arrive at a consensus. In that regard, the Committee has not limited its work to any one approach. As stated earlier, we have examined direct distribution formulae, refinements based on vulnerability indicators, and fund-based approaches.

Let me state that this workshop is part of the consensus building process where your views will help in shaping the final outcome of our decision as a Committee. Nothing is agreed until all hands are on deck as has been the hallmark of the ISA, that is consensus and we only vote to elect the Secretary-General.





Thank you
Merci
Gracias

