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Proposed budget for the International Seabed Authority for the financial period 2015-2016

Report of the Secretary-General

I. Introduction

1. The present report sets out the proposed budgetary requirements for the International Seabed Authority for the financial period 2015-2016. The Secretary-General estimates that taking into account the increased workload of the Authority, the budgetary requirements of the Authority for 2015 and 2016 will be in the amounts of \$8,616,770 and \$8,304,345, respectively. The estimated requirement for 2015 comprises \$7,150,910 for the administrative expenses of the Authority and \$1,465,860 for conference-servicing requirements. The estimated requirement for 2016 comprises \$6,838,485 for the administrative expenses of the Authority and \$1,465,860 for conference-servicing requirements. A summary of the proposed administrative budget for the financial period 2015-2016 totalling \$16,921,115 is contained in annex I.

2. The proposed budget for 2015 represents an increase of 19.3 per cent in nominal terms over the approved budget for 2014, while the proposed budget for 2016 represents a decrease of 3.6 per cent in nominal terms over the proposed budget for 2015. However, it may be noted that the inflation projection of the Government of Jamaica for 2015-2016 is between 10 and 15 per cent, and more than 10 per cent of the budget is subject to local inflation. Taking these factors into account, in real terms, the proposed budget for 2015-2016 shows an increase in the region of 16 per cent compared with the previous biennium.

3. It should be noted that the increase in the budget for the biennium 2015-2016 is mainly attributed to the increased workload of the Authority arising from the applications for approval of plans of work for exploration, the ongoing supervision of exploration contracts and future work on regulations for the exploitation of polymetallic nodules. These elements are captured in 14 objects of expenditure, as set out below.



II. Summary of budget proposals for the financial period 2015-2016

Part I

Section 1

4. **Established posts.** It is proposed that a museum be established to promote the activities of the Authority; consequently, in addition to the 37 established posts, one additional Professional post at the P-3 level and one additional General Service post are requested for the biennium 2015-2016. The additional staff will support the Secretariat in the following capacity:

Administrative Officer (P-3). The operations of the projected International Seabed Authority museum will be undertaken by this Administrative Officer. The Officer's primary function will be to provide administrative services to the museum.

5. **Consultancies.** With the expected increase in the legal, scientific and technical aspects of the work programme of the Authority, in addition to its other specialized requirements necessitating the use of consultants, the Secretary-General proposes to use consultants to provide advice on the scope of the proposed regulatory framework for the exploitation of polymetallic nodules, on a synthesis of commercial norms and precedents found in existing and proposed regulatory regimes for land-based and marine mining; and on the proposed system of payments for exploitation of polymetallic nodules in the Area. Consultants will also be used to assist the Authority with the taxonomic workshops on fauna associated with the mineral resources of the Area and to train the scientists employed by contractors in applying the new standards. Assistance is required to update the polymetallic nodules patent database established in 1996 and to establish similar databases for the exploration, exploitation and processing of cobalt-rich ferromanganese deposits and polymetallic sulphide deposits in the Area. Additionally, consultants will be recruited to provide advice on the establishment of a mining claims register for the Authority, on international monopoly law and on national legislative provisions.

6. **Ad hoc expert groups.** The Authority will convene six workshops during the biennium. In support of contract administration, two workshops will focus on taxonomic standardization. A third workshop will focus on exploration and exploitation technology for cobalt-rich ferromanganese crusts, and another on polymetallic sulphides. The subject of the last two workshops will be article 82 of the United Nations Convention on the Law of the Sea and the environmental management plan for the Clarion-Clipperton Zone, respectively.

7. **Common staff costs.** The increase in common staff costs is in line with the cost increment for established posts. During the reporting period the secretariat hosted a workshop for the International Civil Service Commission (ICSC) on the review of the human resources management framework in the United Nations system, from 28 October to 1 November 2013. The Chair of ICSC also hosted an ad hoc meeting with representatives from the Authority and other United Nations entities concerning the post adjustment system and local salary survey methodology in Jamaica. As a result of that meeting, a place-to-place survey and a comprehensive local salary survey were scheduled for Jamaica. One was conducted in April 2014 and the other will be conducted in September 2014. It is expected that as a result of

the two surveys there will be an increase in the post adjustment and the salaries of General Service staff.

Section 2

8. **Official travel.** An additional \$180,000 will be needed in connection with the administration and supervision of exploration contracts, and the Secretary-General's consultations regarding overhead charges.

Section 3

9. **Communications.** Communication costs have consistently increased over the years, especially costs related to Internet services, e-mail maintenance and backup. The actual expenditure for 2011-2012 was \$173,940, or 19 per cent over the approved budget. The actual expenditure for 2013 was \$99,723, or 27 per cent over the approved budget. In line with those increases, this item has been adjusted in the amount of \$40,600, or 25.4 per cent, for the biennium 2015-2016.

10. **Training.** In his report to the Assembly of 22 May 2013 (ISBA/19/A/2), the Secretary-General stated that there was minimal provision for staff training and professional development within the regular budget of the Authority. Consequently, a review of staff training requirements was conducted, and delivery options for both mandatory training programmes (such as presentation skills and management development) and core training programmes (such as planning and organizing, and teamwork) were identified. Following the review, training in core competencies is being implemented, within existing resources in 2014, as a three-year development programme to be continued into 2015 and 2016.

11. **Library books.** The annual subscription cost increase over the last five-year period has been on average 8 per cent. To keep within budget, select subscriptions have been cancelled after assessment of usage, purchasing individual articles as required. This change has weakened the resource base available to the staff for research and professional development. Collaboration with the International Tribunal for the Law of the Sea has allowed for an economical method to gain access to a number of resources. The Authority will pay half the cost for the resources accessed through the United Nations System Electronic Information Acquisition Consortium. They include select scientific resources, which would otherwise be prohibitively expensive to acquire within the present budget allocation. The increase of \$36,000 for the biennium 2015-2016 reflects the additional resources needed.

12. **Acquisition of furniture and equipment.** The increase of \$217,800 reflects the need to address the following:

(a) Microsoft announced that it would no longer provide mainstream support for Windows 7 and its family of operating systems, and has launched Windows 8.1 as its new desktop operating system. A portion of the increase in expenditure on hardware and software is related to migration to Windows 8.1;

(b) The lifetime of desktop computers is from three to four years. Most of the Authority's desktop computers will be 5 or more years old in 2015. Part of the increase in this budget line is to replace desktop computers, including the two in the New York office;

(c) The Authority's CCTV system is over 13 years old and needs to be replaced; additionally, a new radio communication system has to be acquired, in compliance with the guidelines of the Department of Safety and Security.

13. **Information technology.** The increase of \$50,600 for the biennium 2015-2016 reflects additional costs for the following:

(a) Integrated Library Management System (second installment \$20,000);

(b) Webpage redesign (second installment \$20,000);

(c) Miscellaneous information technology expenditures (\$10,600), including software updates, specialized training in the use of newly acquired software, the need to provide unforeseen technical support or address urgent system failure, and the replacement of hardware.

14. **International Seabed Authority museum.** The proposed museum is to be located on the ground floor of the headquarters building, covering an area of 6,344 square feet. Capital costs for the demolition of the area to be utilized and construction of the museum are expected to total \$461,311. That amount does not include furniture and fittings for the mezzanine offices, voice, data or security installations, murals and wall decorations in permanent exhibit areas or professional fees. The Government of Jamaica has yet to inform the Authority of the annual fee that the Authority will have to pay as a contribution to maintenance. On the basis of the current contribution made for the space occupied by the secretariat, it is estimated that the cost for the museum would be \$956 per month (6,344 square feet at the rate of \$0.1507 per square foot). It is also expected that one Professional staff and one General Service staff will be required for the day-to-day running of the museum. Permanent exhibits for the museum will be requested from contractors and other sources. It is expected that temporary exhibits will be obtained when it has been established. The cost of the proposed International Seabed Authority museum for the biennium is estimated to be \$750,000.

15. **Implementation of International Public Sector Accounting Standards.** A separate report has been provided to the Committee explaining in detail the advantages and disadvantages for the Authority of adopting the International Public Sector Accounting Standards (IPSAS), including the financial implications of adoption ([ISBA/20/FC/3](#)). As set out in that report, the initial cost associated with the adoption and implementation of IPSAS is estimated at \$120,000 for the financial period 2015-2016. Ongoing and recurrent costs thereafter are estimated at \$7,500 per annum, which represents the membership fee for the Authority in the related project being pursued by the Task Force on Accounting Standards throughout the United Nations system.

16. **Administration and supervision of exploration contracts.** At the nineteenth session of the Authority, the Assembly adopted the following decision, in which it, inter alia:

(a) Decided to institute a fixed overhead charge of \$47,000 (or such sum as may be fixed in accordance with paragraph 5 of the present decision (see [ISBA/19/C/16](#), annex)), to be payable annually by each contractor in respect of each of its contracts with the Authority to cover the costs of the administration and supervision of the contract and of reviewing its annual report provided in accordance with the contract;

(b) Also decided to amend the standard clauses for exploration contracts by the addition of sections 10.5 and 10.6, as set out in the annex to the present decision (Ibid.), which shall apply to contracts entered into by the Authority as a result of applications made after the date of adoption of the present decision;

(c) Requested the Secretary-General, in the case of an application for approval of a plan of work submitted prior to the date of adoption of the present decision, to consult with the applicant prior to signature of the contract for exploration, with a view to incorporating the clauses set out in the annex to the present decision;

(d) Urged the Secretary-General to consult as soon as possible with all contractors whose contracts were entered into as a result of applications made before the date of adoption of the present decision, with a view to renegotiating those contracts, in accordance with section 24.2 of the standard clauses for exploration contract, in order to include the provisions set out in the annex to the present decision;

(e) Also decided, subject to the present decision, that such expenditures shall be treated as actual and direct exploration expenditures as referred to in section 10 (c) of the standard clauses for exploration contracts contained in annex 4 to the Regulations;

(f) Further decided that the overhead charges shall be classed as miscellaneous income for credit to the general administrative fund.

17. In the report of the secretariat to the Finance Committee, the costs associated with administering and supervising contracts were identified as salaries and post adjustment, common staff costs, travel, contractor workshops and administrative costs. Those costs have been identified and incorporated into the Authority's budget heads. The revenues have been incorporated into miscellaneous income (see annex II).

18. With regard to revenues, the report of the Secretary-General to the Council (ISBA/20/C/12) covers in detail the status of implementation of Assembly decision ISBA/19/A/12, up to date as of 22 May 2014. At the present time, seven contractors have agreed to make the payment in 2015. The Secretary-General will continue his consultations with the remaining nine contractors (Interoceanmetal Joint Organization (Bulgaria, Cuba, Czech Republic, Poland, Russian Federation and Slovakia), Yuzhmorgeologiya (Russian Federation), the Government of the Republic of Korea, China Ocean Mineral Resources Research and Development Association (China), Institut français de recherche pour l'exploitation de la mer (France), the Government of India, Nauru Ocean Resources, Inc., UK Seabed Resources, Ltd. (United Kingdom of Great Britain and Northern Ireland) and the Government of the Russian Federation), with a view to reporting the status to the Finance Committee in 2015.

Section 4

19. **Building management.** The \$139,800 increase in the proposed budget reflects the cost of refurbishing the second floor of the secretariat office, which includes painting and replacement of the carpet. The previous carpet replacement, which took place in 1999, cost \$110,000. Rental charges for the museum have been estimated as \$956 per month and are included in the increase (see para. 11). The Authority's contribution to the maintenance of the building is estimated to be \$5,000 per month.

Part 2

20. **Conference services.** The \$412,800 of additional funds requested reflects mainly the projected increase in the cost of conference services, as follows:

(a) Documentation services (\$78,900);

(b) Meeting services (\$323,700). The provision of full United Nations interpretation services for the annual sessions of the Authority and the meetings of the Legal and Technical Commission (two two-week sessions per year) has been requested.

21. The proposed budget makes provision for the full costing of 38 established posts (21 at the Professional level and above and 17 at the General Service level).

22. The proposed budget allows for a single session of the Assembly and the Council and two two-week sessions for the Legal and Technical Commission in both 2015 and 2016.

III. Scale of assessments for the contributions of members of the Authority to the administrative budget

23. In accordance with the United Nations Convention on the Law of the Sea and the Agreement relating to the Implementation of Part XI of the Convention, the administrative expenses of the Authority are to be met by assessed contributions of members of the Authority, until the Authority has sufficient funds from other sources to meet those expenses. The scale of assessment is based upon the scale of assessment for the regular budget of the United Nations, as adjusted to reflect the differences in membership between the Authority and the United Nations.

24. Since the scale of assessment for contributions to the budget of the Authority for 2015 and 2016 would be based on the scale of assessment for the regular budget of the United Nations for 2013, it is recommended that the maximum assessment rate for the budget of the Authority remain at 22 per cent, with the minimum rate remaining at 0.01 per cent.

Annex I

Summary of budgetary requirements for the International Seabed Authority for the period 1 January 2015 to 31 December 2016

(Thousands of United States dollars)

		Approved for			Total for 2015/2016	Increase/(decrease)	
		2013/2014	2015	2016		Amount	Percentage
Part 1. Administrative expenses of the secretariat							
Section 1							
	Established posts	6 023.6	3 125.6	3 125.6	6 251.1	227.5	3.8
	General temporary assistance	30.0	14.8	15.2	30.0	0.0	0.0
	Overtime	31.6	15.8	15.8	31.6	0.0	0.0
	Consultants	190.0	175.0	175.0	350.0	160.0	84.2
	Promotion and encouragement of the conduct of marine scientific research	100.0	50.0	50.0	100.0	0.0	0.0
	Ad hoc expert groups	450.9	286.9	324.0	610.9	160.0	35.5
	Central data repository	130.0	65.0	65.0	130.0	0.0	0.0
	Common staff costs	2 706.3	1 385.9	1 411.4	2 797.3	91.0	3.4
	Subtotal (section 1)	9 662.5	5 119.0	5 182.0	10 301.0	638.5	6.6
Section 2							
	Official travel	325.1	250.2	254.9	505.1	180.0	55.4
	Subtotal (section 2)	325.1	250.2	254.9	505.1	180.0	55.4
Section 3							
	Communications	160.1	98.8	102.0	200.7	40.6	25.4
	External printing	100.0	49.9	50.1	100.0	0.0	0.0
	Training	52.1	33.0	30.0	63.0	10.9	20.9
	Library books	100.0	68.0	68.0	136.0	36.0	36.1
	Official hospitality	22.0	11.0	11.0	22.0	0.0	0.0
	Acquisition of furniture and equipment	60.9	186.4	92.2	278.7	217.8	357.6
	Rental and maintenance of furniture and equipment	23.0	11.3	11.7	23.0	0.0	0.0
	Supplies and materials	80.3	39.5	40.8	80.3	0.0	0.0
	Miscellaneous services	109.6	54.0	55.6	109.6	0.0	0.0
	Information technology	120.9	105.6	65.9	171.5	50.6	41.9
	Audit fees	34.6	17.3	17.3	34.6	0.0	0.0
	United Nations common system	166.0	83.0	83.0	166.0	0.0	0.0
	International Seabed Authority museum	0.0	461.3	300.0	761.3	761.3	100.0
	IPSAS	0.0	60.0	60.0	120.0	120.0	100.0
	Subtotal (section 3)	1 029.4	1 279.0	987.5	2 266.7	1 237.3	120.2

	<i>Approved for</i>			<i>Total for 2015/2016</i>	<i>Increase/(decrease)</i>	
	<i>2013/2014</i>	<i>2015</i>	<i>2016</i>		<i>Amount</i>	<i>Percentage</i>
Section 4						
Building management	776.9	502.7	414.0	916.7	139.8	18.0
Subtotal (section 4)	776.9	502.7	414.0	916.7	139.8	18.0
Total, part 1 (sections 1-4)	11 793.8	7 150.9	6 838.5	13 989.5	2 195.7	18.6
Part 2. Conference-servicing costs of the Authority						
Conference services	2 518.9	1 465.9	1 465.9	2 931.7	412.8	16.4
Total, part 2	2 518.9	1 465.9	1 465.9	2 931.7	412.8	16.4
Grand total	14 312.7	8 616.8	8 304.3	16 921.2	2 608.5	18.22

Abbreviation: IPSAS — International Public Sector Accounting Standards.

Annex II

International Seabed Authority: income, expenses and miscellaneous income

(United States dollars)

Income	
Contributions from Member States	13 718 894
Miscellaneous income	3 202 321
Total	16 921 215
Expenses	
Budgetary requirements	16 921 215
Total	16 921 215
Miscellaneous income	
Miscellaneous income cumulated during 2013	2 121 321
Expected overhead charges 2015	376 000
Expected overhead charges 2016	705 000
Total	3 202 321