



Finance Committee

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Report on the implementation of the rules governing the management and administration of the Voluntary Trust Fund and related matters

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Note by the Secretary-General

1. The Voluntary Trust Fund was established in 2002 for the participation of members from developing countries in the Finance Committee and the Legal and Technical Commission. Provisional terms and conditions for the use of the Fund were adopted by the Assembly in 2003 and amended in 2004 (see [ISBA/9/A/5-ISBA/9/C/5](#), para. 6 and annex, and [ISBA/9/A/9](#), para. 14). The Fund is made up of voluntary contributions from members of the International Seabed Authority and others. Total contributions to the Fund over its lifetime amount to \$654,584. The balance of the Fund as at 31 May 2017 was \$92,893.

2. At its meeting during the twenty-second session of the Authority, the Finance Committee noted that the rules governing the management and use of the Fund had last been updated in 2003. It requested the Secretary-General to prepare a report on the subject for its consideration at the twenty-third session.

3. In accordance with the request of the Finance Committee, a report on the management and use of the Fund has been prepared for the consideration of the Committee.¹ The primary objectives of the analysis contained therein were to determine the annual travel costs for eligible members and to devise a strategy that would generate long-term sustainability. An analysis of the Fund revealed that, owing to the growing membership of the Legal and Technical Commission and the Finance Committee, the demands on the Fund's resources had resulted in a consistent decline in the available balance and an increase in the amount of travel costs to be funded. In 2016, the travel costs totalled \$107,017. The projected travel

* [ISBA/23/FC/L.1](#).

¹ The report will be made available to the members of the Finance Committee in the course of June 2017.



costs for 2017 were \$243,538, exceeding the balance of the Fund of \$114,337 as at October 2016. Further analysis showed that, when anticipated expenditure and contributions for 2017 and 2018 were considered, the balance in the Fund would be reduced to \$0 by 2019. Furthermore, by 2018, the balance would not be sufficient to fund all eligible members of the Commission and the Committee. The Secretary-General would, therefore, require guidance as to the priority to be accorded to requests for funding.

4. The two major options available are to increase the level of funding to meet the Fund's anticipated annual expenditure and to establish reasonable use policies to ensure better matching of contributions to spending. Notwithstanding consistent appeals by the Finance Committee and the Secretary-General for additional contributions, the pool of donor countries has not expanded to meet the growing demand. Between 2007 and 2016, only 10 Member States and interested parties made donations to the Fund. An average of \$58,000 was donated annually, but the amount required to meet the Fund's projected needs is estimated to be an inflation-adjusted \$84,300.

5. Recommendations with regard to sustainability may be considered by the Committee. These include:

(a) Replacing business-class tickets² with economy-class tickets, which would generate significant savings;

(b) Prioritizing funding to favour members from low-income countries (according to the United Nations categorization), who would receive the full support of airfare and a per diem allowance;

(c) Funding airfare only for members from lower-middle- and middle-income countries;

(d) Making members from high-income countries ineligible for Fund support.

6. The Finance Committee is invited to consider the issues raised in the present report.

² Before 2017, business-class tickets were made available on an exceptional basis. In 2017, this practice was discontinued in the light of the balance available in the Fund.