

# International Seabed Authority

Press Release



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## **INTERNATIONAL SEABED AUTHORITY'S ASSEMBLY BEGINS TWO-DAY DISCUSSION OF ANNUAL REPORT OF SECRETARY-GENERAL**

The challenge of managing the increasing work load of the Authority as it moves towards elaborating exploitation regulations and the need for standardized data on the living resources of the seabed Area were highlighted by Secretary General, Nii Allotey Odunton (Ghana) as he presented his annual report to the Assembly this morning.

Presenting the report contained in document ISBA/20/A/2, the Secretary-General noted that with seven new contracts having been approved at the current session, bringing the total number of contracts to 26, the workload of the Legal and Technical Commission would increase significantly. He estimated that the time needed to review the annual reports of all the contractors would be at least 13 days, more time than currently allocated to the Commission to complete its entire agenda for the year. He suggested that the Authority should consider how the work would be managed in the future.

The report, submitted under article 166 paragraph 4 of the 1982 United Nations Convention on the Law of the Sea, provides information on the work of the Authority from July 2013 to June 2014. It covers, among others, administrative and financial matters, the Authority's relations with the host Government, Jamaica, and status of contracts for exploration in the Area.

The Secretary-General also said that in the proposed administrative budget for the financial period 2015-2016, he had requested that funds be allocated for the necessary refurbishment of the Secretariat. However, the reduced budget allocation recommended by the Finance Committee would only cover upgrades to the security system and the carpet.

### **Secretary-General's report**

The report observes that the Authority has achieved significant milestones since 2000. It has "cemented its place" as the central authority to organize and control activities in the seabed Area beyond national jurisdiction. The Authority has adopted and implemented three sets of regulations for exploration for polymetallic nodules, polymetallic sulphides, and cobalt-rich ferromanganese crusts, and has also entered into contracts for exploration for all three different resources.

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Furthermore, the Authority has carried out preliminary studies relating to the implementation of article 82, paragraph 4, of the Convention, which requires State parties to make payments or contributions in kind for exploitation of the non-living resources of the continental shelf beyond 200 nautical miles.

The first group of exploration contracts issued by the Authority will come to an end between March 2016 and March 2017, with the expectation that some of the contractors involved will be in a position at that time to proceed to exploitation. For this reason, as well as the significant increase in the level of interest in deep seabed mining, an exploitation code was being formulated.

Noting that the year 2014 marks the twentieth anniversary of the establishment of the Authority, the report observes that the Assembly may wish to revisit article 154 of the Convention and review the manner in which the international regime has operated in practice.

In this connection, it draws attention to the growing interest in the development of marine minerals in the deep seabed, the increased workload of the Secretariat, particularly in the areas of contract administration and supervision and the need for progress in the development of an appropriate fiscal regime that would allow those contractors in a position to do so to proceed to exploitation.

### **Membership**

The report states that the Authority now has 166 members (165 States and the European Union), the latest being Niger which is also a party to the 1994 Agreement relating to the Implementation of Part XI (seabed provisions) of the Convention. As at 25 May 2014, there were 145 parties to the 1994 Agreement. The Secretary General encouraged the 21 members who had not yet become parties, to do so as early as possible

### **Relationship with the Host Government**

During the reporting period, the Secretariat continued to actively seek redress from the Government of Jamaica to the long-standing problems of the poor condition of the Authority's headquarters building as previously reported by the Secretary-General. Whilst the Government has addressed some of these issues, the problem of the inconsistent water supply and the poor performance of the air-conditioning units remained unresolved, the report asserts. Additionally, in spite of the efforts made by the Jamaica Conference to improve the audio system there were still interruptions experienced during the meetings of the Legal and Technical Commission that were held in February 2014.

The report observes that while the Government of Jamaica is responsible for maintaining the fabric of the headquarters building, the Authority handles minor internal repairs and decoration of the secretariat offices on the first and second floors. The Secretariat offices were last refurbished in 1999 and are now in a very poor state.

The relationship between the Authority and the host Government is governed by a Headquarters Agreement, which entered into force on 26 August 1999, and a supplementary agreement relating to the occupation of the headquarters of the Authority, which entered into force on 2 June 2004.

### **Administrative Matters**

The Authority, an autonomous organization, subscribed to the statute of the International Civil Service Commission (ICSC) in 2013, and is therefore a full participant in the United Nations common systems of salaries, allowances and other conditions of service, with all associated benefits and obligations. It participated in the seventy-eighth session of the ICSC, held in New York from 17 to 28 March 2014.

During the reporting period, from 28 October to 1 November 2013, the Secretariat hosted a workshop for the ICSC on the review of the Human Resources Management Framework. The Secretary General said that with the approval of the International Public Sector Accounting Standards (IPSAS) by the Council during this session, it will be necessary for the Authority to deploy the supporting UMOJA Enterprise Resources Planning (ERP) system developed by the United Nations.

### **Cost Saving Measures**

The Secretariat continued to use its best efforts to constrain unnecessary increases in its administrative expenses through implementation of cost-saving and efficiency measures where possible, according to the report. The Secretariat is currently working with a number of United Nations agencies to formulate a common services agreement geared at overall cost savings through combined operations and strategic alliances. A four-day workshop was organized from 7 to 10 May 2014 to prepare the business operations strategy and review the latest UN guidelines, tool and models to achieve operational efficiency, including needs and cost-benefit analysis.

### **Financial Matters**

At its eighteenth session in 2012, the Authority's Assembly approved an administrative budget for the financial period 2013-2014 in the amount of \$14,312,948 (ISBA/18/A/7).

The Secretary General pointed out that the overhead charge of \$47,000 to be payable annually by contractors to cover the administration and supervision of contracts and review of their annual reports, would lead to a significant decrease (approximately \$1.8 million) in the amount of the budget that would have to be financed by member states.

As at 30 April 2014, 68.7 per cent of the value of contributions to the 2014 budget due from member States and the European Community had been received from 29.7 per cent of the Authority's membership. Contributions outstanding from member States for prior periods (1998-2013) amount to US\$ 283,731. As at 30 April 2014, 43 members of the Authority were in arrears for a period of two years or more, and would consequently have no vote in accordance with article 184 of the Convention and rule 80 of the rules of procedure of the Assembly. The Secretary General urged all members in arrears to take the necessary steps to pay their contributions.

Also as at the same date, the balance of the Authority's Working Capital Fund stood at US\$ 556,522 against an approved level of US\$ 560,000

### **Voluntary Trust Fund**

The Voluntary Trust Fund (VTF) for the participation in the work of the Finance Committee and the Legal and Technical Commission by members from developing countries was established in 2002. The total amount paid out of the Fund, as at 30 April 2014, is US\$491,570. A balance of US\$ 154,038 remains.

The Fund is made up of voluntary contributions from members of the Authority and others. Over the life of the Fund, contributions totalling US\$ 443,699 have been paid in to it. The last contribution was made in September 2013 by Japan in the amount of US\$ 44,760.

### **Endowment Fund for Marine Scientific Research in the Area**

The Endowment Fund for Marine Scientific Research in the Area was established by the Assembly in 2006 (ISBA/12/A/11). The Endowment Fund promotes and encourages the conduct of marine scientific research in the seabed 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.

Since the Authority's nineteenth session, two awards have been made from the Fund. The first award of \$30,000 was made to the Rhodes academy to help fund a number of fellowships for students from developing countries and to expand the Academy's training programmes to cover issues relating to deep seabed marine science. As at 31 May 2014, 59 scientists or government officials from developing countries have been beneficiaries of financial support from the Endowment Fund.

The Secretary General described the Endowment fund as a very useful mechanism of the Authority. He outlined one strategy being used to increase the capital of the Fund. Having processed an application for a plan of work, he explained, the secretariat would inform the applicant of the cost and requested to apply any remaining balance of application fees to the fund.

As at 30 April 2014, the capital of the fund stood at \$3,417,038, and a total of \$428,932 had been disbursed from the interest accrued on the capital.

### **Library, publications and website**

The Satya N. Nandan Library, named after the Authority's first Secretary-General, is the main information resource for the Secretariat and for member States and other individuals and institutions looking for specialist information on seabed resources and legal and political issues relating to the deep sea. The last major upgrade to the facilities in the library was done during the renovation of the headquarters in 1999. It was anticipated that by July 2014, the public access area of the library would have been updated with a new reception area and improved reading areas.

Describing the Authority's library as the "most extensive on deep seabed mining on the planet", the Secretary-General outlined the progress made in developing the specialized research capability of the existing library collection through an acquisitions programme. This programme aimed at building upon and strengthening the library's comprehensive collection of reference material, and to improve access to information. He also said that the library continued to benefit

through the generous donations obtained from institutions, organizations and individuals. He warned, however, that budgetary resources will need to be increased in financial period 2015-2016 if the same level of services is to be maintained.

At the end of 2013, the Authority launched a new publications strategy utilizing a combination of print-on-demand and electronic publishing technology to reduce costs through streamlining publishing practices.

The Authority's website is currently being upgraded and redeveloped to better manage and disseminate the various aspects of its work to member States, its various organs and the public at large. The restructured website will be compatible with cross-browser platforms and will also be accessible on mobile devices. During the reporting period, the ICT unit developed and deployed an extranet accessible to members of the Legal and Technical Commission to allow secure collaboration between them. At the Commission's request, an electronic log was also developed to record the submission of documents and communications by contractors in order to facilitate inventory, search and production of various reports.

#### **Status of contracts for exploration in the Area**

As at 19 May 2014, 16 exploration contracts were in force, covering approximately 900,000 kilometres of the seafloor in the Atlantic, Indian and Pacific Oceans. Twelve contracts cover exploration for polymetallic nodules, two for polymetallic sulphides and two for cobalt-rich crusts.

The Secretary-General noted that with seven new contracts having been approved at this session, taking the total number contracts to 26, the workload of the Commission would increase significantly. He estimated that the time needed just to review the annual reports of all the contractors would be at least 13 days, more time than was currently allocated to the Commission to complete its entire agenda for the year. He suggested that the Authority should begin to consider how the work will be managed in the future.

The second in the series of taxonomic exchange workshops which will focus on macrofauna will be held in the Republic of Korea in the last quarter of 2014. The third workshop, on meiofauna will take place in the first part of 2015. The first workshop, which took place in Germany last year, was supported by the Authority and the International Network for Scientific Investigation of Deep Sea Ecosystems.

#### **Ad hoc informal working group on marine biodiversity**

The Authority participated in meeting of the Ad hoc Open-ended Information Working Group established by the General Assembly to study issues relating to the conservation and sustainable use of marine biodiversity beyond areas of national jurisdiction. The Authority was also invited to participate in a regional workshop on marine biodiversity for states members of the Caribbean Community held in Kingston in May 2014; as well as an event hosted by the Government of Bermuda to celebrate the signature of the Hamilton Declaration on Collaboration for the Conservation of the Sargasso Sea.

The Secretary-General made the point that in spite of having agreements contractors who were required to provide it with data, the Authority had in fact very little information about the living resources of the seabed. He added that the contractors themselves recognized the need for

standardization of taxonomy especially with regard to fauna associated with mineral deposits. The Secretary General wondered to what extent the data being discussed at the meetings of the ad hoc working group meeting were standardized.

### **Capacity development**

The Secretary-General's report sets out two main ways in which the Authority seeks to carry out its responsibilities under articles 143 and 144 of the Convention to promote marine scientific research in the Area and build the capacity of developing States in deep-sea research and technology: the training programmes provided by contractors as part of the contracts for exploration in the Area, and the Endowment Fund for Marine Scientific Research.

Contractors with the Authority have a legal obligation to provide and fund training opportunities for trainees from developing States and the Authority. The legal basis for this requirement stems from the provisions of the Convention and the 1994 Agreement and is set out in the standard terms of contracts.

In 2013, the Legal and Technical Commission began to review the implementation of training under contracts for exploration with a view to assessing the effectiveness of training programmes. As a result, the Commission issued a revised set of recommendations for the guidance of contractors and sponsoring States in relation to training programmes under plans of work for exploration (ISBA/19/LTC/14). The Commission recommended, among other things, that contractors, as a minimum, should provide training equivalent for at least 10 trainees during each five-year period of the contract.

The Secretary-General said that it was apparent that many member states did not have system for identifying the kinds of skill sets they required and seeking appropriate training opportunities.

### **Sensitization seminars**

The Secretary-General reported that the Authority had received requests for sensitization seminars in Ghana, Chile, South Africa, Uganda and the African Union which will be considered in the context of its budget.

The purpose of the seminars is to inform government officials, marine policymakers and scientists at national and regional institutions of the work of the Authority, and to promote the participation of scientists from institutions in developing countries in marine scientific research undertaken in the seabed Area by international research organizations.

Two sensitization seminars were convened during this reporting period - Mexico City, Mexico (November 2013) and United Nations Headquarters in New York (April 2014).

### **Periodic Review under article 154 of the Convention**

Article 154 requires the Assembly of the international Seabed Authority, to undertake, every five years from the date of entry into force of the Convention, a general and systematic review of the manner in which the international regime of the Area established in the Convention has operated in practice. It also provides that the Assembly, as part of the review, may recommend that other organs of the Authority also take measures which could lead to the improvement of the operation of the

regime. The Secretary-General pointed out that no such review had been undertaken by the Assembly over the past twenty years.

In closing his presentation, the Secretary-General expressed satisfaction at the level of attendance at the current session of the Authority and hoped it would be maintained.

### **Discussion of the report**

The representative of Monaco highlighted the topic of capacity building. He said that without it, the objectives of the Convention could not be implemented. He supported the emphasis placed in the report on the need for marine scientific research.

Canada, speaking on behalf of the CANZ group (Canada Australia and New Zealand) remarked that the Authority's 20<sup>th</sup> anniversary was reason to celebrate, but also time for strategic thinking about the future.

The representative welcomed the Council decision adopted earlier today which set out the critical tasks of the Legal and Technical Commission for the next 12 months, namely, the development of draft procedures and criteria for applications for the extension of exploration contracts, and the development of exploitation regulations.

The CANZ group also viewed the stakeholders' survey conducted by the secretariat last March as a useful exercise and suggested that the Legal and Technical Commission could "build on this and provide more opportunities to receive input" to ensure transparency in relation to the exploitation regulations. A similar survey exercise could be used, the representative suggested, as a way to lay the groundwork for a review of the regime established by the Convention, pursuant to article 154.

Nigeria, speaking on behalf of the African Group, emphasised the fact that one of the obligations of contractors was to provide training opportunities for participants from developing states. The representative said that the African nations looked forward to more of their citizens benefitting from such opportunities. He also looked forward to more sensitization sessions which he described as a useful mechanism for creating awareness of the work of the Authority. He hoped that one would take place next year. Nigeria welcomed Niger, the most recent State to become party to the Convention.

Fiji affirmed that the preparation of exploitation regulations was the "priority work" for the Authority and said that a substantive version of the draft exploitation regulations should be an outcome of the twenty-first session. To this end, the representative called for the Legal and Technical Commission to be given all the necessary resources required to expedite its work. Fiji said the Authority was moving towards "a whole new phase of business" and believed it would be prudent that a review of the Authority's systems be undertaken without too much delay.

The Assembly will resume its discussion of the Secretary-General's report at this afternoon's meeting.