



Meeting of States Parties

Distr.: General
9 April 2021

Original: English

Thirty-first Meeting

New York, 21–25 June 2021

Item 11 (a) of the provisional agenda*

**Consideration of administrative and budgetary matters
of the International Tribunal for the Law of the Sea**

Report on budgetary matters for the financial period 2019–2020

**Presented by the Registrar of the International Tribunal for the
Law of the Sea**

I. Budget performance report for 2019–2020

1. In June 2018, the twenty-eighth Meeting of States Parties approved a budgetary amount of €20,521,200 for the financial period 2019–2020 (SPLOS/322, para. 1). This amount included a provision of €2,690,100 under part C of the budget, Case-related costs, to cover the costs relating to the final deliberations in respect of case No. 25 (*The M/V “Norstar” Case (Panama v. Italy)*) and to enable the International Tribunal for the Law of the Sea to deal with two urgent proceedings in 2019–2020. The Meeting also decided that a floor rate of 0.01 per cent and a ceiling rate of 22 per cent would be used for establishing the rate of assessment for States parties for the budget of the Tribunal for 2019–2020 (ibid., para. 8).

2. As shown in the budget performance report for the financial period 2019–2020 provided in the annex, the total expenditure for that period stands at €19,922,264, representing 97.08 per cent of the total appropriations (€20,521,200).

3. In 2019, the Tribunal completed its consideration of case No. 25 and delivered its judgment on 10 April. In addition, two urgent proceedings were dealt with in 2019: case No. 26 (*Case concerning the detention of three Ukrainian naval vessels (Ukraine v. Russian Federation), Provisional Measures*); and case No. 27 (*The M/T “San Padre Pio” Case (Switzerland v. Nigeria), Provisional Measures*). The Tribunal delivered its orders in respect of those cases on 25 May and 6 July 2019, respectively. In the second half of 2020, the case-related provision was used to finance the consideration of the preliminary objections raised by Maldives in case No. 28 (*Dispute concerning delimitation of the maritime boundary between Mauritius and Maldives in the Indian Ocean (Mauritius/Maldives)*), submitted to a special chamber of the Tribunal. The costs for case No. 28 could be accommodated within the approved budget, owing to

* SPLOS/31/L.1.



the Registry's efficient planning and slightly shorter than anticipated meetings in case No. 25 and in the two urgent proceedings (see also para. 9 below).

4. The overall expenditure under section 1, Judges, exceeded the approved appropriations by €109,944. In particular, the expenditure under the budget line "Annual allowances" increased, leading to a negative balance of €267,433. The overexpenditure under that budget line was due to the multiple revisions of the post adjustment for Hamburg, Germany, during the financial period 2019–2020. The overexpenditure under the budget line "Annual allowances" could be partly compensated by underexpenditure under other budget lines ("Special allowances" and "Travel to sessions") in the same section. The savings under the budget lines "Special allowances" (€59,785) and "Travel to sessions" (€69,266) were due to the worldwide travel restrictions imposed during the coronavirus disease (COVID-19) pandemic, which prevented some judges from travelling to Hamburg, resulting in their not being paid daily subsistence allowance (DSA). Together with the savings under the budget line "Common costs" (€28,438), the overexpenditure under the budget line "Annual allowances" could thus be partly absorbed. The overexpenditure of €109,944 under section 1 could be absorbed with transfers of savings from section 2, Judges' pension scheme, (€70,657) and section 5, Official travel, (€94,265), in accordance with the authorization of the thirtieth Meeting of States Parties ([SPLOS/30/17](#), para. 4).

5. Section 3, Staff costs, shows overexpenditure under three budget lines:

(a) The budget line "Established posts" shows overexpenditure in the amount of €64,179 due to the aforementioned revision of the post adjustment for Hamburg, which had an impact on the salaries of staff in the Professional and higher categories;

(b) The overexpenditure in the amount of €14,349 under the budget line "Temporary assistance for meetings" is due to the retirement in 2019 of two local interpreters who had been working for the Tribunal for many years. As a result, non-local interpreters, to whom DSA is payable, had to be hired, which had not been provided for in the budget. In addition, the DSA rate for Hamburg was raised from €266 in March 2018, when the budget was drafted, to €306 in January 2019 and €309 in March 2020;

(c) The budget line "General temporary assistance" shows an overexpenditure of €1,970, which was due to certain unpredicted charges levied by the United Nations for conducting salary surveys.

6. The aforementioned overexpenditure can be absorbed by transfers of appropriations within section 3, the balance of which stands at €131,675, in accordance with the authorization of the Meeting of States Parties (*ibid.*).

7. Section 4, Representation allowance, which is based on amounts calculated in United States dollars, shows an overexpenditure of €268, which is due entirely to the temporary depreciation of the euro against the United States dollar during the financial period under review.

8. The expenditure level of section 5 reached approximately 50 per cent of the approved provision, owing to the travel restrictions imposed in connection with the COVID-19 pandemic. The balance in section 5 amounts to €94,265.

9. The Tribunal was able to accommodate the costs related to the aforementioned additional case (case No. 28) within the approved appropriations for part C of the budget owing to the Registry's efficient planning and slightly shorter than anticipated meetings in case No. 25 and in the two urgent proceedings. There was an overexpenditure in the amount of €8,103 under the budget line "Temporary assistance for meetings", under section 13, Staff costs, of the case-related part of the budget. The overexpenditure was due to the submission of an additional case to a special

chamber of the Tribunal, resulting in a high demand for temporary assistance. The overexpenditure can be compensated by a transfer of appropriations within the same section.

10. The performance rate of the 2019–2020 budget stands at 97.08 per cent.

II. Report on action taken pursuant to the Financial Regulations and Rules of the International Tribunal for the Law of the Sea

A. Cash surplus from the financial period 2017–2018

11. Pursuant to the information communicated to the Meeting of States Parties (SPLOS/30/3, paras. 8 and 9), an amount of € 2,956,912 was surrendered to States parties and deducted from their contributions for 2021 and for earlier financial periods, where applicable, in accordance with regulation 4 of the Financial Regulations and Rules of the Tribunal (see SPLOS/30/17, para. 3).

B. Investment of funds of the Tribunal

12. In respect of the investment of funds of the Tribunal, regulation 9 of the Financial Regulations and Rules of the Tribunal stipulates the following:

9.1 The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.

...

9.2 Income derived from investments shall be credited to miscellaneous income or as provided in the rules relating to each fund or account.

13. In 2017 and 2018, the Tribunal's funds were kept in bank accounts in euros and United States dollars with Deutsche Bank. During the financial period 2019–2020, the bank did not offer any interest on short-term investments of less than 12 months, which is the maximum period allowed for investments under rule 109.1 of the Financial Regulations and Rules. The interest rates in the euro zone have been at a very low level for many years. The European Central Bank started charging commercial banks interest on cash deposits in 2014 and, in 2019, Deutsche Bank and most other commercial banks in Germany started passing those charges on to their customers. On that basis, the Tribunal has been charged interest on its cash funds since April 2020. The interest paid amounts to €8,469 and was charged to the 2019–2020 budget of the Tribunal. The bank will continue charging interest for cash deposits during 2021. There are currently no options to reduce those charges, but the Registry will continue to make efforts to reduce those costs.

C. International Tribunal for the Law of the Sea trust fund for the law of the sea

14. At its Twenty-eighth session, in September 2009, the Tribunal approved the Registrar's proposal to establish a trust fund for the law of the sea in accordance with the Financial Regulations and Rules of the Tribunal. The Registrar established the new International Tribunal for the Law of the Sea trust fund for the law of the sea with Deutsche Bank in Hamburg. The trust fund is intended to promote the

advancement of human resources in developing countries in the law of the sea and maritime affairs in general. Contributions to the trust fund are used to provide financial assistance for the participation of applicants from developing countries in the Tribunal's internship programme and summer academy.

15. Several contributions to the trust fund have been received by the Tribunal over the years. A first contribution in the amount of €25,000 was made in 2010 by Korwind, a Hamburg-based company from the Republic of Korea working in the field of renewable energy. Between 2011 and 2018, the Korea Maritime Institute made several contributions totalling €245,482 and China made a contribution in the amount of €150,000. During the financial period 2019–2020, two contributions from the Korea Maritime Institute in the amount of €30,000 and a contribution from Cyprus in the amount of €8,000 were received. During the same financial period, the trust fund was used to support the Tribunal's internship programme and provide financial assistance to interns from developing countries. The trust fund was also used to finance a regional workshop in Montevideo in November 2019. The performance of the trust fund up to 2020 is summarized below (in euros):

Contributions	38 000
Loss on exchange	(104)
Total income	37 896
Expenditure on participants and authorized activities	(66 711)
Bank charges	(854)
Total expenditure	(67 565)
Excess of expenditure over income	(29 669)
Reserves from prior periods	232 461
Available balance	202 792

D. Nippon Foundation trust fund

16. In March 2007, the Tribunal and the Nippon Foundation signed the Nippon Foundation grant agreement. Pursuant to the agreement, the Foundation contributed an amount of €200,000 to the Nippon Foundation-International Tribunal for the Law of the Sea Capacity-Building and Training Programme on Dispute Settlement under the United Nations Convention on the Law of the Sea.

17. In accordance with regulation 6.5 of the Financial Regulations and Rules of the Tribunal, a trust fund was subsequently established, and a special euro bank account named "Nippon Foundation Grant" was set up with Deutsche Bank. The purpose of the grant is to finance the expenses of participants from developing countries in the aforementioned programme.

18. In March 2008 and March 2009 the Nippon Foundation made a second and third contributions in the amount of €200,000 each, and 10 more contributions in the amount of €230,000 each every March from 2010 to 2016, as well as in April 2017, March 2018 and March 2020, while a contribution in the amount of €226,310 was made in March 2019. The performance of the Nippon Foundation Grant as at 31 December 2020 is reported below (in euros), in accordance with regulation 6.5:

Grants from the Nippon Foundation	456 310
Gains on exchange	12
Total income	456 322
Expenditure on participants and authorized activities	(343 723)
Non-refundable tax	(1 215)
Total expenditure	(344 938)
Excess of income over expenditure	111 384
Reserves from prior periods	19 876
Available balance	131 260

E. Republic of Korea trust fund

19. On 28 February 2020, the Tribunal received a voluntary contribution from the Republic of Korea in the amount of \$195,595. The funds were transferred to a separate bank account and converted to €171,831. The trust fund was opened to provide financial assistance to organize an International Tribunal for the Law of the Sea legal advisers workshop. Since March 2020, €228 in bank charges have been paid. As at 31 December 2020, the balance of the trust fund amounted to €171,603.

Annex

Budget performance report for the financial period 2019–2020

(Euros)

<i>Part/ section</i>	<i>Object of expenditure</i>	<i>2019–2020 approved budget</i>	<i>2019 expenditure (as at 31 December 2019)</i>	<i>2020 expenditure (as at 31 December 2020)</i>	<i>2019–2020 total expenditure (as at 31 December 2020)</i>	<i>Balance</i>	<i>Total expenditure/ approved budget (percentage)</i>
A	Recurrent expenditure						
1	Judges	4 449 900	2 233 231	2 326 613	4 559 844	(109 944)	102.47
1.1	Annual allowances	3 133 400	1 667 825	1 733 008	3 400 833	(267 433)	108.53
1.2	Special allowances	833 600	422 007	351 808	773 815	59 785	92.83
1.3	Travel to sessions	298 800	128 087	101 447	229 534	69 266	76.82
1.4	Common costs	184 100	15 312	140 350	155 662	28 438	84.55
2	Judges' pension scheme	1 625 900	794 416	760 827	1 555 243	70 657	95.65
3	Staff costs	7 707 300	3 754 581	3 821 044	7 575 625	131 675	98.29
3.1	Established posts	5 036 800	2 494 243	2 606 736	5 100 979	(64 179)	101.27
3.4	Common staff costs	2 270 200	1 101 399	984 465	2 085 864	184 336	91.88
3.5	Overtime	25 000	9 877	9 723	19 600	5 400	78.40
3.6	Temporary assistance for meetings	192 600	92 980	113 969	206 949	(14 349)	107.45
3.7	General temporary assistance	107 900	35 134	74 736	109 870	(1 970)	101.83
3.8	Training	74 800	20 948	31 415	52 363	22 437	70.00
4	Representation allowance	12 400	6 234	6 434	12 668	(268)	102.16
5	Official travel	185 000	85 089	5 646	90 735	94 265	49.05
6	Hospitality	14 700	4 884	533	5 417	9 283	36.85
7	Operating expenditure	3 202 000	1 297 399	1 830 021	3 127 420	74 580	97.67
7.1	Maintenance of premises, including security	2 454 100	1 032 876	1 408 222	2 441 098	13 002	99.47
7.2	Rental and maintenance of equipment	374 500	141 070	202 391	343 461	31 039	91.71
7.3	Communications	194 100	75 405	107 757	183 162	10 938	94.36
7.4	Miscellaneous services and charges, including bank charges	42 100	15 660	20 835	36 495	5 605	86.69
7.5	Supplies and materials	125 600	32 388	80 094	112 482	13 118	89.56
7.6	Special services (external audit)	11 600	–	10 722	10 722	878	92.43
8	Library and related costs	336 400	165 289	169 751	335 040	1 360	99.60
8.1	Procurement of books and publications	256 300	125 628	129 683	255 311	989	99.61
8.3	External printing and binding	80 100	39 661	40 068	79 729	371	99.54
B	Non-recurrent expenditure						

<i>Part/ section</i>	<i>Object of expenditure</i>	<i>2019–2020 approved budget</i>	<i>2019 expenditure (as at 31 December 2019)</i>	<i>2020 expenditure (as at 31 December 2020)</i>	<i>2019–2020 total expenditure (as at 31 December 2020)</i>	<i>Balance</i>	<i>Total expenditure/ approved budget (percentage)</i>
9	Furniture and equipment	157 500	46 434	110 204	156 638	862	99.45
11	Implementation of IPSAS	140 000	7 966	76 571	84 537	55 463	60.38
C	Case-related costs	2 690 100	1 864 137	554 960	2 419 097	271 003	89.93
12	Judges	2 004 900	1 474 350	262 448	1 736 798	268 102	86.63
12.1	Special allowances	1 509 600	1 153 811	177 037	1 330 848	178 752	88.16
12.2	Compensation to judges ad hoc	177 700	107 290	56 681	163 971	13 729	92.27
12.3	Travel to meetings, including judges ad hoc	317 600	213 249	28 730	241 979	75 621	76.19
13	Staff costs	685 200	389 787	292 512	682 299	2 901	99.58
13.1	Temporary assistance for meetings	651 300	373 106	286 297	659 403	(8 103)	101.24
13.2	Overtime	33 900	16 681	6 215	22 896	11 004	67.54
Total		20 521 200	10 259 660	9 662 604	19 922 264	598 936	97.08

Abbreviation: IPSAS, International Public Sector Accounting Standards.