



## Meeting of States Parties

Distr.: General  
23 March 2006

Original: English

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### Sixteenth Meeting

New York, 19-23 June 2006

## Report on budgetary matters for the financial period 2005-2006

Presented by the Registrar

### I. Provisional performance report for 2005

1. In June 2004, the fourteenth Meeting of States Parties approved a budgetary amount of €15,506,500 for the financial period 2005-2006 (see SPLOS/117, para. 1). In addition to those appropriations, in June 2005 the fifteenth Meeting of States Parties authorized the International Tribunal for the Law of the Sea to finance overexpenditures due to: (a) the adjustment of remuneration of judges (effective 1 January 2005); (b) the increase in the daily subsistence allowance (DSA) applicable to Hamburg; and (c) the application of the floor/ceiling mechanism to the annual and special allowances of judges (effective 1 July 2005), by using savings of US\$ 500,000 from the financial period 2002, up to an amount of €378,500, and savings from the financial period 2004, up to an amount of €150,000. In addition, the fifteenth Meeting further approved a supplementary budget of €351,899 for the financial period 2005-2006 (see SPLOS/132, paras. 1-3, and SPLOS/133, para. 2) (see paras. 5 and 6 below).

2. As a result, the additional appropriations, totalling up to €880,399, were approved for the financial period 2005-2006. From the additional appropriations, an amount of €12,684 was allotted for 2005.

3. The provisional performance report for 2005 is attached as an annex. It should be noted that this report is provisional as it concerns the 2005-2006 biennium budget.

4. As shown in the provisional performance report for 2005, the total expenditure for 2005 stands provisionally at €6,434,245. This represents 84.01 per cent of the amount of appropriations approved for 2005 (€7,659,198). The underperformance can be explained by the fact that no new cases were submitted during 2005, and therefore substantial savings, amounting to €1,018,477, were achieved in "Case-related costs". In addition there were savings with respect to staff costs amounting to €254,441, owing to vacant positions in the Registry during the period in question.



It may be noted that, if the case-related costs (€1,045,788) are excluded, the performance rate for other costs would reach 96.88 per cent.

## **II. Report on action taken pursuant to the decisions on budgetary matters for 2005-2006 taken by the fifteenth Meeting of States Parties**

### **A. Introduction**

5. The fifteenth Meeting of States Parties decided on 21 June 2005 as follows:

“1. *Decides*, as an interim measure, and pending a decision by States Parties based on a report by the Registrar, taking into account the report requested in paragraph 8 of part III of resolution 59/282, to approve an adjustment of the maximum annual remuneration of the members of the Tribunal to the level of the emoluments of the members of the International Court of Justice established in General Assembly resolution 59/282, that is, \$170,080 United States dollars, effective 1 January 2005, as well as an adjustment of pensions in payment in accordance with article 7, paragraph 2, of the pension regulations for members of the International Tribunal for the Law of the Sea, effective 1 January 2005;

“2. *Also decides*, in the event that the Tribunal is unable to meet expenditures for 2005-2006 from approved appropriations made in the budget line ‘Special allowances of judges’ under part I, to authorize the Registrar to incur expenditures to the extent that the shortfall in appropriation results from an increase in daily subsistence allowance as fixed by the United Nations;

“3. *Authorizes* the Tribunal to finance overexpenditures referred to in paragraphs 1 and 2 above by transfers between appropriation sections as far as possible and by using part of the savings of \$500,000 United States dollars from the financial period 2002, up to an amount of €115,500 euros;

“4. *Decides* that the Registrar shall report to the Meeting of States Parties on all relevant implications concerning any action taken pursuant to the present decision.” (SPLOS/132)

6. The fifteenth Meeting of States Parties also decided on 21 June 2005 as follows:

“1. *Decides* to apply to the annual allowance and the special allowance of the members of the Tribunal, effective 1 July 2005, the same floor/ceiling mechanism as is applicable to the emoluments of the members of the Court, on the understanding that any adjustment made to the mechanism in respect of the Court would equally apply to the mechanism in respect of the Tribunal;

“2. *Also decides* to authorize the Tribunal to finance overexpenditures due to the application of the floor/ceiling mechanism by using part of the savings from the financial period 2002 up to an amount of 263,000 euros and those from the financial period 2004 up to an amount of 150,000 euros;

“3. *Approves* a supplementary budget of 351,899 euros for the financial period 2005-2006;

“4. *Decides* that the Registrar shall report to the sixteenth Meeting of States Parties on any action taken pursuant to the present decision.” (SPLOS/133)

## B. Overexpenditures in 2005

7. On the basis of the approved initial budget for the financial period 2005-2006, the following budget lines under section 1, “Remuneration of judges”, in part I, “Recurrent expenditure”, were overrun in 2005:

(a) Annual allowances. There was an overrun amounting to €189,253 resulting from the adjustment of remuneration of judges and the application of the floor/ceiling mechanism to the annual allowance of judges;

(b) Special allowances. There was an overrun amounting to €8,471 resulting from the application of the floor/ceiling mechanism to the special allowance of judges and an increase in the DSA applicable to Hamburg.

8. Notwithstanding the increases due to the adjustment of the remuneration of judges and the application of the floor/ceiling mechanism, there was no overexpenditure in budget lines relating to the judges’ pension scheme under part I, “Recurrent expenditure”, and special allowances of judges and compensation to judges ad hoc under part III, “Case-related costs”. This may be explained by the fact that: (a) two judges were re-elected in June 2005, while provisions were made in the budget approved in 2004 for additional pension payments with respect to the seven judges whose terms of office came to an end on 30 September 2005; and (b) no new cases were submitted to the Tribunal in 2005.

## C. Budget for 2006

9. From the additional appropriation of €880,399 approved for the financial period 2005-2006 (see para. 2 above), an amount of €67,715 was allocated for 2006. As a result, the initial 2006 budget of €7,847,302 was brought to €8,415,017. The additional appropriation of €67,715 was apportioned to the relevant budget lines as follows:

### Part I Recurrent expenditure

#### Section 1 Remuneration of judges

	<i>Initial budget</i>	<i>Additional appropriation</i>	<i>Revised budget</i>
Annual allowances	998 301	352 465	1 350 766
Special allowances	310 295	61 610	371 905
Pension scheme	350 792	3 250	354 042
<b>Subtotal</b>	<b>1 659 388</b>	<b>417 325</b>	<b>2 076 713</b>

**Part III**  
**Case-related costs**

**Section 9**  
**Judges**

	<i>Initial budget</i>	<i>Additional appropriation</i>	<i>Revised budget</i>
Special allowances	611 287	140 474	751 761
Compensation to judges ad hoc	36 440	9 916	51 976
<b>Subtotal</b>	<b>647 727</b>	<b>150 390</b>	<b>803 737</b>
<b>Total</b>	<b>2 307 115</b>	<b>567 715</b>	<b>2 880 450</b>

**D. Action to be taken by the Tribunal**

**2005**

10. On the basis of the provisional performance for 2005, overexpenditures incurred in 2005 in respect of two budget lines — “Annual allowances” and “Special allowances”, under section 1, “Remuneration of Judges” — amounted to €197,724 (see para. 7 above). Subject to final expenditure figures as at 31 December 2006, they could be financed as far as possible by transfer between sections, in accordance with the decisions taken by the fifteenth Meeting of States Parties in June 2005 (see paras. 5 and 6 above). A final decision in that respect will be taken by the Tribunal after the end of the financial period. In the light of the provisional performance 2005, the Tribunal decided that, subject to approval by the Meeting of States Parties, an amount of €312,684 from the 2002 savings corresponding to the additional appropriations for 2005 (see annex) would be surrendered and deducted from the assessed contributions of the States parties in accordance with regulation 4.5 of the Financial Regulations.

**2006**

11. The projected increase in budgetary appropriations for 2006 will be financed in accordance with the decisions of the Meeting of States Parties (see paras. 5 and 6 above). A final decision will also be taken by the Tribunal after the end of the financial period.

**III. Report on action taken pursuant to the Financial Regulations of the Tribunal**

**A. Investment of funds of the Tribunal**

12. In respect of the investment of funds of the Tribunal, regulation 9 of the Financial Regulations 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. During the financial year 2005, the Tribunal’s funds were kept in Chase Bank and Deutsche Bank in United States dollars and euros as short-term investments, which “are investments made for less than 12 months” according to rule 109.1 of the Financial Rules of the Tribunal. The funds yielded interest which amounted to US\$ 22,430.98 and €20,382.73 during 2005. That earned interest has been credited as miscellaneous income, in accordance with regulation 9.2 of the Financial Regulations of the Tribunal.

## **B. The Korea International Cooperation Agency trust fund**

14. The Korea International Cooperation Agency (KOICA) offered to provide a grant of US\$ 150,000 pursuant to a memorandum of understanding signed between the Tribunal and KOICA on 9 March 2004. Its object is to finance the expenses of participants from developing countries in the Tribunal’s internship programme.

15. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established and a special euro bank account entitled “KOICA Grant” was set up with Deutsche Bank for this purpose. When the funds, amounting to US\$ 150,000, were received from KOICA in March 2004, they were converted into €120,600 on the basis of a US dollar/euro exchange rate of 0.804 fixed by the United Nations for March 2004.

16. The performance of the KOICA Grant as of 31 December 2005, which must be reported to the Meeting of States Parties in accordance with regulation 6.5 of the Financial Regulations of the Tribunal, is as follows:

### **KOICA grant performance (euros)**

Opening balance	120 600.00
Gain on exchange	2 431.50
Interest income	729.92
<b>Total</b>	<b>123 761.42</b>
Expenditure on participants and authorized activity	70 113.44
Bank charges	338.40
<b>Bank balance</b>	<b>53 309.58</b>
Unliquidated obligations	8 250.00
<b>Available balance</b>	<b>45 059.58</b>

## Provisional performance report for 2005

<i>Part Section</i>	<i>Objects of expenditure</i>	<i>Approved budget 2005</i>	<i>Disbursements (as at 31/12/2005)</i>	<i>Unliquidated obligations (as at 31/12/2005)</i>	<i>Total expenditure</i>	<i>Balance after projections</i>	<i>Total exp./ app. budget (percentage)</i>	<i>Additional appropriation<sup>a</sup></i>
1	I							1
2	1							2
3								3
4								4
5								5
6								6
7								7
8	2							8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16	3							16
17	4							17
18	5							18
19	6							19
20								20
21								21
22								22
23								23
24								24
25								25

<i>Part Section</i>	<i>Objects of expenditure</i>	<i>Approved budget 2005</i>	<i>Disbursements (as at 31/12/2005)</i>	<i>Unliquidated obligations (as at 31/12/2005)</i>	<i>Total expenditure</i>	<i>Balance after projections</i>	<i>Total exp./ app. budget (percentage)</i>	<i>Additional appropriation<sup>a</sup></i>
26	7	157 450			137 210	20 240	87.15	26
27								
27								
28		112 950	74 939	36 785	111 724	1 226	98.91	27
28		44 500	13 538	11 948	25 486	19 014	57.27	28
29								29
30	II							30
30	II							30
31	8							31
31	8							31
32		75 000	22 464	46 285	68 749	6 251	91.67	32
33								33
34	III	1 045 788			27 311	1 018 477	2.61	34
34	III							34
35	9	776 655			25 188	751 467	3.24	35
35	9							35
36		611 287	0	10 381	10 381	600 906	1.70	86 859 36
37		36 440	0	1 707	1 707	34 733	4.68	5 620 37
38								
38		128 928	0	13 100	13 100	115 828	10.16	38
39	10	269 133			2 123	267 010	0.79	39
39	10							39
40		246 610	0	1 685	1 685	244 925	0.68	40
41		22 523	0	438	438	22 085	1.94	41
42	11	0	0		0	0		42
43								43
44	IV	0	0		0	0	0.00	44
45								45
<b>46</b>	<b>IV</b>	<b>7 659 198</b>	<b>5 872 158</b>	<b>562 087</b>	<b>6 434 245</b>	<b>1 224 953</b>	<b>84.01</b>	<b>312 684 46</b>

<sup>a</sup> In accordance with SPLOS decisions 132 and 133.