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

Report on budgetary matters for the financial period 2025

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

I. Provisional budget performance report for 2025

1. In June 2024, the thirty-fourth Meeting of States Parties to the United Nations Convention on the Law of the Sea approved a budgetary amount of €26,734,000 for the budget period 2025–2026 (see [SPLOS/34/11](#), para. 1). This amount included a provision of €2,956,900 under part C of the budget, Case-related costs, to cover the costs in respect of case No. 32 (*The M/T “Heroic Idun” (No. 2) Case (Marshall Islands/Equatorial Guinea)*) and to enable the International Tribunal for the Law of the Sea to deal with two urgent proceedings in 2025–2026. 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 of States Parties for the budget of the Tribunal for 2025–2026 (*ibid.*, para. 7). In accordance with regulation 5.3 of the Financial Regulations and Rules of the Tribunal, the assessed contributions of States Parties are determined on the basis of half of the budget for each year of the two-year budget period. Accordingly, the provisional budget performance report for 2025 is also based on half of the approved budget (€13,367,000).

2. As shown in the provisional budget performance report for financial period 2025 (see annex I), the expenditure levels for the different parts of the budget for the period are as follows:

- Part A, Recurrent expenditure: €11,256,282, or 95.41 per cent of the approved amount (balance of €541,318);
- Part B, Non-recurrent expenditure: €69,581, or 80.49 per cent of the approved amount (balance of €16,869);
- Part C, Case-related costs: €497,050 or 33.52 per cent of the approved amount (balance of €985,900).

* [SPLOS/36/L.1](#).



3. As stated above, the 2025–2026 case-related budget included a total provision of €2,956,900. In 2025, the hearing and part of the deliberations in case No. 32 took place in September and October 2025. An amount of €487,841 was spent against the 2025 case-related budget of the Tribunal. An amount of €9,208 was also spent for the translation of pleadings relating to case No. 33 (*The “Zheng He” Case (Luxembourg v. Mexico)*).

4. After the 2025–2026 budget was approved in June 2024, the salaries for staff in the General Service category in Bonn (also applicable to Hamburg) were revised in December 2025 (increased by 9.6 per cent, effective December 2024) and January 2026 (increased by 8.6 per cent, effective December 2025). The revisions represent a total increase of 19.0 per cent compared with November 2024. The increase in 2025 resulted in additional expenditure of approximately €144,600. This additional expenditure could partially be compensated with savings from vacant positions. On this basis, for 2025, the overexpenditure in the budget line “Established posts” amounts to €24,533.

5. In addition, the daily subsistence allowance rate for Hamburg was revised from €325 when the budget was drafted in March 2024 to €374 in July 2024 and to €341 in November 2025. For 2025, this resulted in additional expenditure of approximately €38,000. The total overexpenditure in the budget line “Special allowances” amounts to €17,567 for 2025.

6. In accordance with the Tribunal’s pension scheme regulations, and as a result of the revision of the judges’ allowances in January 2025, the pensions of former judges and surviving spouses were adjusted by 9.5 per cent in January 2025. Section 2 (Judges’ pension scheme) shows an overexpenditure of €11,881.

7. The Registry has made efforts to keep expenditure low in section 7 (Operating expenditure). These efforts resulted in an unspent balance of €359,463 at the end of 2025. The Registry will try to achieve further savings in this section of the budget. The aforementioned balance achieved in 2025 will be used to absorb the expected overexpenditure in section 1 (Judges), section 2 (Judges’ pension scheme) and section 3 (Staff costs) and should also be sufficient to absorb the expected overexpenditure for the year 2026 in these budget lines.

II. Report on action taken pursuant to the Financial Regulations and Rules of the Tribunal

A. Cash surplus from the budget period 2023–2024

Excess of credits over charges

8. In June 2024, the thirty-fourth Meeting of States Parties took note of the report of the external auditor for the financial period 2023 (SPLOS/34/4) (see SPLOS/34/12, para. 28). In June 2025, the thirty-fifth Meeting of States Parties took note of the report of the external auditor for the financial period 2024 (SPLOS/35/4) (see SPLOS/35/11, para. 21). Both reports were submitted to the Meeting of States Parties by the Tribunal. According to the audit reports, the final excess of credits over charges for the 2023–2024 budget as at 31 December 2024 amounted to -€776 678 (€68,292 in 2023 and -€844,970 in 2024).

B. Provisional cash surplus

9. Under regulation 4.4 of the Financial Regulations and Rules of the Tribunal, the provisional cash surplus is determined by establishing the balance between credits (assessed contributions actually received for the budget period and other/miscellaneous revenue received during the budget period) and charges (all disbursements against the appropriations for that budget period and provisions for commitments for that budget period). For the budget period 2023–2024, the excess of credits over charges amounted to -€776,678.

10. Pursuant to regulation 4.3 of the Financial Regulations and Rules of the Tribunal, the amount of unpaid contributions should be deducted from this balance. On this basis, the provisional cash surplus for the 2023–2024 financial period was determined to be -€1,033,696. This amount was based on the reports of the external auditor for the periods 2023 and 2024, with the financial statements of the Tribunal, and was calculated as follows (in euros):

Credits 2023	11 891 132
Credits 2024	11 997 305
Charges 2023	(11 822 840)
Charges 2024	(12 842 275)
Unpaid 2023–2024 contributions	(257 018)
Provisional cash surplus for the budget period 2023–2024	(1 033 696)

C. Cash surplus

11. Under regulation 4.4 of the Financial Regulations and Rules of the Tribunal, the cash surplus is determined by crediting to the provisional cash surplus any arrears of contributions from prior periods received during the budget period and any savings from the provisions made for commitments, as mentioned above.

12. The cash surplus for the budget period 2023–2024 stood at €110,845 as at 31 December 2025, as follows:

Provisional cash surplus of (€1,033,696) + arrears of contributions from prior periods received in 2025 of €1,144,541 = cash surplus of €110,845.

13. As regards the cash surplus from the 2021–2022 budget in the amount of €4,166,064, it is recalled that the thirty-third Meeting of States Parties authorized the Tribunal to use part of this cash surplus to finance an additional appropriation in the amount of €1,241,200 in order to cover the estimated costs of case No. 31 that could not be absorbed by the approved budget of the Tribunal for the period 2023–2024. It is also recalled that the thirty-fourth Meeting of States Parties authorized the Tribunal to use part of this cash surplus to finance an additional appropriation in the amount of up to €872,000 to finance the expected overexpenditure in relation to the 2023–2024 budget.

14. The unused balances of the 2021–2022 and the 2023–2024 cash surpluses are surrendered in accordance with the Financial Regulations and Rules of the Tribunal.

2023–2024 cash surplus of €110,845 + part of the 2021–2022 cash surplus €872,000 + part of the 2021–2022 cash surplus €1,241,200 = amount to be surrendered €2,224,045

15. This amount to be surrendered was reviewed by the external auditor in February 2026. The auditor certified that the amount to be surrendered for the budget period 2023–2024 as at 31 December 2025 totalled €2,224,045 (see annex II).

D. Surrender of cash surplus

16. Under regulation 4.5 of the Financial Regulations and Rules of the Tribunal, the cash surplus will be surrendered as follows:

(a) Apportionment of cash surplus

The cash surplus, determined as outlined above, will be apportioned among the States Parties in proportion to their contributions as determined for the budget period 2023–2024, to which the surplus relates.

(b) Surrender of cash surplus

The cash surplus for the financial period 2023–2024 thus apportioned to the States Parties will:

(i) Be surrendered to the States Parties, provided that their contribution for the budget period 2023–2024 has been paid in full;

(ii) Be applied to liquidate first, in whole or in part, any arrears in contributions.

(c) Retention of cash surplus apportioned but not surrendered

Any cash surplus apportioned to the States Parties but not surrendered owing to non-payment or partial payment of the contribution for the budget period in question will be retained by the Registrar until such time as the contribution for that budget period is paid in full.

17. The 2027–2028 budget proposals include an amount of €173,586 to replenish the Working Capital Fund up to a level of €940,600 to be able to finance the costs of one urgent case. It is proposed to finance this amount with part of the cash surplus for the financial period 2023–2024.

18. In accordance with regulation 4.5 of the Financial Regulations and Rules of the Tribunal, and subject to the approval of the Meeting of States Parties of the proposal in paragraph 17, an amount of €2,052 069 will be surrendered and deducted from the contributions of States Parties for 2027 and for earlier periods, where applicable.

E. Investment of funds of the Tribunal

19. 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 Revenue derived from investments shall be credited to investment revenue or as provided in the rules relating to each fund or account.

20. In 2025, the Tribunal's funds were held at Deutsche Bank. Short-term investments in euros, which are investments made for less than 12 months according to rule 109.1 of the Financial Regulations and Rules of the Tribunal, were made through Deutsche Bank in February, May, June, July, September and November 2025. The funds yielded €105,082 in interest during 2025, which has been credited to investment revenue in compliance with regulation 9.2.

F. International Tribunal for the Law of the Sea trust fund

21. 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 International Tribunal for the Law of the Sea trust fund 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 be made to the trust fund are used to provide financial assistance to participants from developing countries in the Tribunal's internship programme and summer academy.

22. Several contributions to the trust fund from States (China, Cyprus and France) and other sources (Korea Maritime Institute and Korwind, a Korean renewable energy company based in Hamburg) were received between 2009 and 2022. During the 2025 financial period, the Tribunal received a contribution from Cyprus in the amount of €15,000 and two contributions from the Korea Maritime Institute totalling €31,000. 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 held in Hanoi, Viet Nam, in June 2025. The performance of the trust fund for 2025 is summarized below.

(Euros)

Surplus from prior periods	287 903
Revenue in 2025	46 271
Expenditure on participants and authorized activities	(64 109)
Total	270 065

G. Nippon Foundation trust fund

23. 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.

24. 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 in the aforementioned programme.

25. Since 2007, the Nippon Foundation has made annual contributions to the grant totalling €4,399,080, including a contribution in the amount of €284,600 made in

March 2025 for the 2025–2026 programme. The performance of the Nippon Foundation grant as at 31 December 2025 is reported below.

(Euros)

Revenue (including miscellaneous revenue) in 2025	284 855
Expenditure on participants and authorized activities	(272 256)
Surplus for the period	12 599
Surplus from prior periods	125 105
Surrender of surplus	(17 524)
Total	120 180

H. Republic of Korea trust fund

26. On 28 February 2020, the Tribunal established a trust fund to provide financial assistance for the organization of a workshop for legal advisers (sponsored by the Republic of Korea) at the Tribunal. Five contributions totalling €986,268 were received between then and the end of 2024. In 2025, a voluntary contribution from the Republic of Korea in the amount of €269,986 was received. Workshops were held in September 2022, July 2023, September 2024 and September 2025 at the seat of the Tribunal in Hamburg. The performance of the trust fund in 2025 is summarized below.

(Euros)

Surplus from prior periods	192 708
Revenue (including miscellaneous revenue) in 2025	270 021
Expenditure	(285 577)
Total	177 152

I. Junior Professional Officer trust fund

27. In December 2022, the Tribunal and China signed a memorandum of understanding concerning Junior Professional Officers. On the basis of the cost estimates provided by the Tribunal, a contribution in the amount of €164,310 was made by China in June 2024 and placed in a trust fund established for the purposes of the programme. A Junior Professional Officer was appointed on 1 July 2024 for a period of one year. In June 2025, the contract of the Junior Professional Officer was extended for another year until June 2026. On the basis of the cost estimates provided by the Tribunal, China made another contribution in the amount of €144,710 to the trust fund in June 2025. The performance of the trust fund in 2025 is summarized below.

(Euros)

Surplus from prior periods	68 461
Revenue in 2025	144 710
Expenditure	(125 803)
Total	87 368

Annex I**Provisional budget performance report for the financial period
2025 as at 31 December 2025**

(Euros)

<i>Part/ section</i>	<i>Object of expenditure</i>	<i>2025 approved budget</i>	<i>2025 expenditure (cash)</i>	<i>2025 balance</i>
A	Recurrent expenditure			
1	Judges	3 093 200	3 001 213	91 987
1.1	Annual allowances	2 279 500	2 273 007	6 493
1.2	Special allowances	539 000	556 567	(17 567)
1.3	Travel to sessions	168 000	161 801	6 199
1.4	Common costs	106 700	9 838	96 862
2	Judges' pension scheme	1 308 900	1 320 781	(11 881)
3	Staff costs	4 984 400	4 901 211	83 189
3.1	Established posts	3 421 150	3 445 683	(24 533)
3.4	Common staff costs	1 320 650	1 269 042	51 608
3.5	Overtime	12 500	2 504	9 996
3.6	Temporary assistance for meetings	137 850	129 388	8 462
3.7	General temporary assistance	53 950	25 694	28 256
3.8	Training	38 300	28 900	9 400
4	Representation allowance	7 100	6 751	349
5	Official travel	87 500	80 193	7 307
6	Hospitality	7 350	7 411	(61)
7	Operating expenditure	2 125 150	1 765 687	359 463
7.1	Maintenance of premises (including security)	1 673 650	1 443 226	230 424
7.2	Rental and maintenance of equipment	230 250	173 957	56 293
7.3	Communications	106 550	78 532	28 018
7.4	Miscellaneous services and charges (including bank charges)	37 000	22 057	14 943
7.5	Supplies and materials	62 800	41 315	21 485
7.6	Special services (external audit)	14 900	6 600	8 300
8	Library and related costs	184 000	173 035	10 965
8.1	Library – procurement of books and publications	133 000	132 739	261
8.3	External printing and binding	51 000	40 296	10 704
B	Non-recurrent expenditure			
9	Purchase of equipment			
9.1	Furniture and equipment	86 450	69 581	16 869
C	Case-related costs	1 482 950	497 050	985 900
12	Judges	997 450	204 650	792 800
12.1	Special allowances	712 950	101 251	611 699
12.2	Compensation to judges ad hoc	156 400	90 137	66 263
12.3	Travel to meetings, including judges ad hoc	128 100	13 262	114 838

<i>Part/ section</i>	<i>Object of expenditure</i>	<i>2025 approved budget</i>	<i>2025 expenditure (cash)</i>	<i>2025 balance</i>
13	Staff costs	485 500	292 400	193 100
13.1	Temporary assistance for meetings	465 500	288 190	177 310
13.2	Overtime	20 000	4 210	15 790
	Total	13 367 000	11 822 913	1 544 087

Annex II**Report of the external auditor on the cash surplus for the period 2023–2024****Opinion**

We have audited the establishment of the cash surplus of the International Tribunal for the Law of the Sea (hereinafter “the Tribunal”) for the financial period 2023–2024, ending 31 December 2024, including the corresponding information (hereinafter “the cash surplus”).

In our opinion, the cash surplus for the financial period 2023–2024 has been established, in all material respects, in accordance with the Financial Regulations and Rules of the Tribunal.

Basis for opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Cash Surplus in the Audit Appointment Letter dated 28 August 2024. We are independent of the Tribunal in accordance with the ethical requirements that are relevant to our audit of the cash surplus, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction on distribution

We draw attention to financial regulation 4 of the Financial Regulations and Rules of the Tribunal, which sets out the basis for establishing a cash surplus. The cash surplus is established by determining the balance between credits and charges, further adjusted by any arrears of prior periods’ contributions received and savings from the provisions made for commitments, as defined in financial regulations 4.3, 4.4 and 4.5 of the Financial Regulations and Rules of the Tribunal. The cash surplus is prepared to assist the Tribunal in complying with these specific financial reporting provisions. As a result, the cash surplus may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Registrar for the cash surplus

The Registrar of the Tribunal is responsible for the preparation of the cash surplus in accordance with the Financial Regulations and Rules of the Tribunal, and for such internal control as the Registrar determines necessary to enable the preparation of the cash surplus that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the audit of the cash surplus

Our objectives are to obtain reasonable assurance about whether the cash surplus for the financial period 2023–2024 has been established in accordance with the Financial Regulations and Rules of the Tribunal and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this cash surplus.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also perform the following activities:

- Identify and assess the risks of material misstatements regarding the cash surplus, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Tribunal's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the Registrar.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control related to cash surplus establishment that we identify during our audit.

Restriction of distribution and limitation of liability

Our report is intended solely for the Tribunal and the Meeting of States Parties. Our report may not be used for other purposes or distributed to other parties without our prior consent. We have prepared the present report solely on the basis of the engagement by the Tribunal. The services we performed for the Tribunal under this engagement are governed by the Audit Appointment Letter dated 28 August 2024.

Dr. Isma Yatun, CSFA., CFrA
Chair of the Audit Board of the Republic of Indonesia
External Auditor
Jakarta, Indonesia
25 February 2026

Appendice I

Cash surplus for the financial period 2023–2024

Appendix I

Cash surplus for the financial period 2023–2024

(Euros)

Provisional cash surplus, 31 December 2024**Budget period 2023–2024**

Credits 2023	11 891 132
Credits 2024	11 997 305
Total credits 2023–2024	23 888 437
Charges 2023	11 822 840
Charges 2024	12 842 275
Total charges 2023–2024	24 665 115

Excess of revenue over charges	(776 678)
Contributions receivable from States Parties with respect to 2023–2024	(257 018)
Provisional cash surplus 2023–2024	(1 033 696)

Final cash surplus

Provisional cash surplus 2023-2024	(1 033 696)
Prior periods' contributions received in 2025	1 144 541
Total cash surplus 2023–2024, 31 December 2025	110 845

Surrender of cash surplus

Cash surplus 2023-2024	110,845
Amount authorized to finance additional expenditures (case No. 31 and recurrent expenditure) during the 2023–2024 budget period, SPLOS/33/13	1 241 200
Amount authorized to finance additional expenditures (case No. 31 and recurrent expenditure) during the 2023–2024 budget period, SPLOS/34/12	872 000
To be surrendered to States Parties	2 224 045

The surrender of the total cash surplus amount of €2,224,045 comprises the 2023–2024 final cash surplus of €110,845 and the release of €2,113,200 in previously retained surpluses from prior periods.