



ICSID

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

2013
ANNUAL
REPORT



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INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

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REPORT



Zulfan Rivani, Indonesia
Kota Ditepi Laut

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INTERNATIONAL CENTRE FOR SETTLEMENT OF
INVESTMENT DISPUTES

September 5, 2013

Dear Mr. Chairman,

I am pleased to submit to the Administrative Council for its approval the Annual Report on the operation of the International Centre for Settlement of Investment Disputes. This Annual Report covers the fiscal year from July 1, 2012 to June 30, 2013.

The Report includes the audited financial statements of the Centre, presented pursuant to Administrative and Financial Regulation 19.

Yours sincerely,

Meg Kinnear
Secretary-General

Dr. Jim Yong Kim
Chairman
Administrative Council
International Centre for Settlement of Investment Disputes

SECRETARIAT OF THE INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

JUNE 30, 2013

Meg Kinnear, Secretary-General

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Cindy Ayento, Administrative Assistant to Secretary-General
Claudio Batista, Program Assistant
Paula Carazo, Program Assistant
Cinthya Ibáñez Rodríguez, Program Assistant
Lanny Isimbi, Program Assistant
Laura Amelia Pettinelli, Program Assistant



Members of the ICSID Secretariat, photo by Deborah W. Campos, Washington, D.C., May 23, 2013



Alecos Fassianos, Greece
Bankers and Skyscrapers

CHAPTER 1 INTRODUCTION

International investment law and international investment arbitration are relatively new disciplines: the first bilateral investment treaty was signed by Pakistan and Germany in 1959, the first investment treaty offering investor-State arbitration was concluded in 1968 between the Netherlands and Indonesia, the first ICSID case was registered in 1972, and the first treaty-based investment case was registered by the Centre in 1987.

The Centre itself was established in 1966, along with the coming into force of the ICSID Convention. It was the first dispute resolution facility designed exclusively for international investment dispute settlement, and it continues to be the only international facility dedicated to this area. This specialized mandate has allowed ICSID to develop an unparalleled expertise and focus, which benefits disputing parties, arbitrators and Contracting States. Cumulatively, ICSID has administered over 430 cases, involving foreign investors from all regions of the world and more than 95 States and State agencies under the ICSID Convention and Rules. In addition, it has administered over 40 investment arbitration cases initiated under the UNCITRAL Arbitration Rules and other arbitral rules. ICSID is universally recognized today as the premiere arbitral institution for international investment matters, and we are dedicated to facilitating the resolution of investment disputes between foreign investors and host States in support of overall economic development.

Our end-of-fiscal year results confirm that ICSID remains the leader in international investment dispute resolution. In the past fiscal year alone, ICSID registered 56 proceedings, concluded 35 pending proceedings, held over 110 hearings in locations around the world, participated in more than 60 presentations in the field of international investment arbitration, and published numerous materials on investment law and dispute resolution.

While we are justifiably proud of the accomplishments of ICSID to date, our focus is on serving facility users in the future. States continue to conclude international investment agreements, with a discernible trend toward signing these instruments on a multilateral, often regional, basis. Many of these agreements are housed in a broader free trade agreement, regulating various aspects of commerce between the signatory parties. As a result, there is a continuing demand for the cost-effective, expert and impartial mechanisms provided by ICSID to support dispute resolution clauses in investment contracts signed by investors and host States, and pursuant to investment laws and investment treaties negotiated by States.

With this end in mind, ICSID continues to work toward meeting the needs of disputing parties. These efforts are outlined in Chapter 4 of this report, and include greater capacity building to help parties manage arbitration and conciliation, increased automation of the arbitral process, development of best practices, and retaining additional staff to support case proceedings. I would like to acknowledge the efforts of the superb staff at ICSID and to thank them for their dedication, inspiration and hard work.

Finally, I would like to thank Contracting States and facility users for their continued confidence in the Centre. It remains a unique privilege to serve as Secretary-General of ICSID, and we are committed to excellence in fulfilling the important mandate of ICSID.

Meg Kinnear
Secretary-General

CHAPTER 2 MEMBERSHIP

ICSID is an intergovernmental organization established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

At June 30, 2013, there were 158 signatory States to the ICSID Convention. Of these, 149 States were ICSID Contracting States by virtue of their having deposited instruments of ratification, acceptance or approval of the ICSID Convention.

Two new members joined ICSID in FY2013.

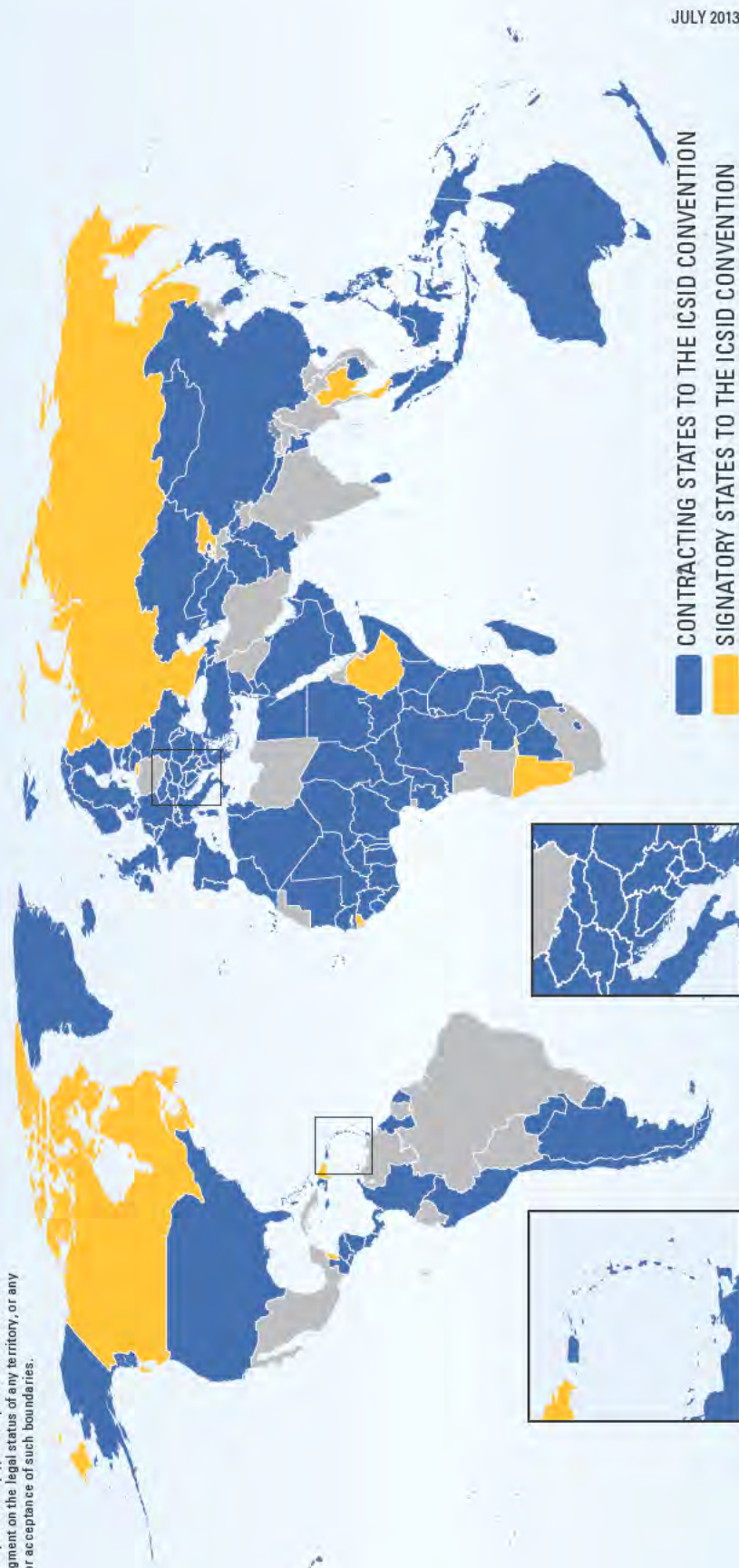
On July 19, 2012, the ICSID Convention was signed on behalf of Montenegro by H. E. Dr. Srdjan Darmanović, Ambassador of Montenegro to the United States. On April 10, 2013, Montenegro deposited its instrument of ratification and the ICSID Convention entered into force for Montenegro on May 10, 2013.

On May 20, 2013, the Democratic Republic of Sao Tome and Principe deposited its instrument of ratification of the Convention with the World Bank, which is the depositary of the ICSID Convention. The Convention entered into force for Sao Tome and Principe on June 19, 2013.



Meg Kinnear, Secretary-General of ICSID, with H.E. Kosti Manibe Ngai, Minister of Finance and Economic Planning of South Sudan, at the signing of the ICSID Convention, photo by Deborah W. Campos, Washington, D.C., April 18, 2012

CONTRACTING STATES TO THE ICSID CONVENTION
SIGNATORY STATES TO THE ICSID CONVENTION



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LIST OF CONTRACTING STATES AND OTHER SIGNATORIES OF THE CONVENTION

AS OF JUNE 30, 2013

The 158 States listed below have signed the Convention on the Settlement of Investment Disputes between States and Nationals of Other States on the dates indicated. The names of the 149 States that have deposited their instruments of ratification are in bold, and the dates of such deposit and of the attainment of the status of Contracting State by the entry into force of the Convention for each of them are also indicated.

State	Signature	Deposit of Ratification	Entry into Force of Convention
Afghanistan	Sep. 30, 1966	June 25, 1968	July 25, 1968
Albania	Oct. 15, 1991	Oct. 15, 1991	Nov. 14, 1991
Algeria	Apr. 17, 1995	Feb. 21, 1996	Mar. 22, 1996
Argentina	May 21, 1991	Oct. 19, 1994	Nov. 18, 1994
Armenia	Sep. 16, 1992	Sep. 16, 1992	Oct. 16, 1992
Australia	Mar. 24, 1975	May 2, 1991	June 1, 1991
Austria	May 17, 1966	May 25, 1971	June 24, 1971
Azerbaijan	Sep. 18, 1992	Sep. 18, 1992	Oct. 18, 1992
Bahamas, The	Oct. 19, 1995	Oct. 19, 1995	Nov. 18, 1995
Bahrain	Sep. 22, 1995	Feb. 14, 1996	Mar. 15, 1996
Bangladesh	Nov. 20, 1979	Mar. 27, 1980	Apr. 26, 1980
Barbados	May 13, 1981	Nov. 1, 1983	Dec. 1, 1983
Belarus	July 10, 1992	July 10, 1992	Aug. 9, 1992
Belgium	Dec. 15, 1965	Aug. 27, 1970	Sep. 26, 1970
Belize	Dec. 19, 1986		
Benin	Sep. 10, 1965	Sep. 6, 1966	Oct. 14, 1966
Bosnia and Herzegovina	Apr. 25, 1997	May 14, 1997	June 13, 1997
Botswana	Jan. 15, 1970	Jan. 15, 1970	Feb. 14, 1970
Brunei Darussalam	Sep. 16, 2002	Sep. 16, 2002	Oct. 16, 2002
Bulgaria	Mar. 21, 2000	Apr. 13, 2001	May 13, 2001
Burkina Faso	Sep. 16, 1965	Aug. 29, 1966	Oct. 14, 1966
Burundi	Feb. 17, 1967	Nov. 5, 1969	Dec. 5, 1969
Cambodia	Nov. 5, 1993	Dec. 20, 2004	Jan. 19, 2005
Cameroon	Sep. 23, 1965	Jan. 3, 1967	Feb. 2, 1967
Canada	Dec. 15, 2006		

State	Signature	Deposit of Ratification	Entry into Force of Convention
Cape Verde	Dec. 20, 2010	Dec. 27, 2010	Jan. 26, 2011
Central African Republic	Aug. 26, 1965	Feb. 23, 1966	Oct. 14, 1966
Chad	May 12, 1966	Aug. 29, 1966	Oct. 14, 1966
Chile	Jan. 25, 1991	Sep. 24, 1991	Oct. 24, 1991
China	Feb. 9, 1990	Jan. 7, 1993	Feb. 6, 1993
Colombia	May 18, 1993	July 15, 1997	Aug. 14, 1997
Comoros	Sep. 26, 1978	Nov. 7, 1978	Dec. 7, 1978
Congo, Democratic Rep. of	Oct. 29, 1968	Apr. 29, 1970	May 29, 1970
Congo, Rep. of	Dec. 27, 1965	June 23, 1966	Oct. 14, 1966
Costa Rica	Sep. 29, 1981	Apr. 27, 1993	May 27, 1993
Côte d'Ivoire	June 30, 1965	Feb. 16, 1966	Oct. 14, 1966
Croatia	June 16, 1997	Sep. 22, 1998	Oct. 22, 1998
Cyprus	Mar. 9, 1966	Nov. 25, 1966	Dec. 25, 1966
Czech Republic	Mar. 23, 1993	Mar. 23, 1993	Apr. 22, 1993
Denmark	Oct. 11, 1965	Apr. 24, 1968	May 24, 1968
Dominican Republic	Mar. 20, 2000		
Egypt, Arab Rep. of	Feb. 11, 1972	May 3, 1972	June 2, 1972
El Salvador	June 9, 1982	Mar. 6, 1984	Apr. 5, 1984
Estonia	June 23, 1992	June 23, 1992	July 23, 1992
Ethiopia	Sep. 21, 1965		
Fiji	July 1, 1977	Aug. 11, 1977	Sep. 10, 1977
Finland	July 14, 1967	Jan. 9, 1969	Feb. 8, 1969
France	Dec. 22, 1965	Aug. 21, 1967	Sep. 20, 1967
Gabon	Sep. 21, 1965	Apr. 4, 1966	Oct. 14, 1966
Gambia, The	Oct. 1, 1974	Dec. 27, 1974	Jan. 26, 1975
Georgia	Aug. 7, 1992	Aug. 7, 1992	Sep. 6, 1992
Germany	Jan. 27, 1966	Apr. 18, 1969	May 18, 1969
Ghana	Nov. 26, 1965	July 13, 1966	Oct. 14, 1966
Greece	Mar. 16, 1966	Apr. 21, 1969	May 21, 1969
Grenada	May 24, 1991	May 24, 1991	June 23, 1991
Guatemala	Nov. 9, 1995	Jan. 21, 2003	Feb. 20, 2003
Guinea	Aug. 27, 1968	Nov. 4, 1968	Dec. 4, 1968
Guinea-Bissau	Sep. 4, 1991		
Guyana	July 3, 1969	July 11, 1969	Aug. 10, 1969

State	Signature	Deposit of Ratification	Entry into Force of Convention
Haiti	Jan. 30, 1985	Oct. 27, 2009	Nov. 26, 2009
Honduras	May 28, 1986	Feb. 14, 1989	Mar. 16, 1989
Hungary	Oct. 1, 1986	Feb. 4, 1987	Mar. 6, 1987
Iceland	July 25, 1966	July 25, 1966	Oct. 14, 1966
Indonesia	Feb. 16, 1968	Sep. 28, 1968	Oct. 28, 1968
Ireland	Aug. 30, 1966	Apr. 7, 1981	May 7, 1981
Israel	June 16, 1980	June 22, 1983	July 22, 1983
Italy	Nov. 18, 1965	Mar. 29, 1971	Apr. 28, 1971
Jamaica	June 23, 1965	Sep. 9, 1966	Oct. 14, 1966
Japan	Sep. 23, 1965	Aug. 17, 1967	Sep. 16, 1967
Jordan	July 14, 1972	Oct. 30, 1972	Nov. 29, 1972
Kazakhstan	July 23, 1992	Sep. 21, 2000	Oct. 21, 2000
Kenya	May 24, 1966	Jan. 3, 1967	Feb. 2, 1967
Korea, Rep. of	Apr. 18, 1966	Feb. 21, 1967	Mar. 23, 1967
Kosovo, Rep. of	June 29, 2009	June 29, 2009	July 29, 2009
Kuwait	Feb. 9, 1978	Feb. 2, 1979	Mar. 4, 1979
Kyrgyz Republic	June 9, 1995		
Latvia	Aug. 8, 1997	Aug. 8, 1997	Sep. 7, 1997
Lebanon	Mar. 26, 2003	Mar. 26, 2003	Apr. 25, 2003
Lesotho	Sep. 19, 1968	July 8, 1969	Aug. 7, 1969
Liberia	Sep. 3, 1965	June 16, 1970	July 16, 1970
Lithuania	July 6, 1992	July 6, 1992	Aug. 5, 1992
Luxembourg	Sep. 28, 1965	July 30, 1970	Aug. 29, 1970
Macedonia, former Yugoslav Rep. of	Sep. 16, 1998	Oct. 27, 1998	Nov. 26, 1998
Madagascar	June 1, 1966	Sep. 6, 1966	Oct. 14, 1966
Malawi	June 9, 1966	Aug. 23, 1966	Oct. 14, 1966
Malaysia	Oct. 22, 1965	Aug. 8, 1966	Oct. 14, 1966
Mali	Apr. 9, 1976	Jan. 3, 1978	Feb. 2, 1978
Malta	Apr. 24, 2002	Nov. 3, 2003	Dec. 3, 2003
Mauritania	July 30, 1965	Jan. 11, 1966	Oct. 14, 1966
Mauritius	June 2, 1969	June 2, 1969	July 2, 1969
Micronesia, Federated States of	June 24, 1993	June 24, 1993	July 24, 1993
Moldova	Aug. 12, 1992	May 5, 2011	June 4, 2011
Mongolia	June 14, 1991	June 14, 1991	July 14, 1991

State	Signature	Deposit of Ratification	Entry into Force of Convention
Montenegro	July 19, 2012	April 10, 2013	May 10, 2013
Morocco	Oct. 11, 1965	May 11, 1967	June 10, 1967
Mozambique	Apr. 4, 1995	June 7, 1995	July 7, 1995
Namibia	Oct. 26, 1998		
Nepal	Sep. 28, 1965	Jan. 7, 1969	Feb. 6, 1969
Netherlands	May 25, 1966	Sep. 14, 1966	Oct. 14, 1966
New Zealand	Sep. 2, 1970	Apr. 2, 1980	May 2, 1980
Nicaragua	Feb. 4, 1994	Mar. 20, 1995	Apr. 19, 1995
Niger	Aug. 23, 1965	Nov. 14, 1966	Dec. 14, 1966
Nigeria	July 13, 1965	Aug. 23, 1965	Oct. 14, 1966
Norway	June 24, 1966	Aug. 16, 1967	Sep. 15, 1967
Oman	May 5, 1995	July 24, 1995	Aug. 23, 1995
Pakistan	July 6, 1965	Sep. 15, 1966	Oct. 15, 1966
Panama	Nov. 22, 1995	Apr. 8, 1996	May 8, 1996
Papua New Guinea	Oct. 20, 1978	Oct. 20, 1978	Nov. 19, 1978
Paraguay	July 27, 1981	Jan. 7, 1983	Feb. 6, 1983
Peru	Sep. 4, 1991	Aug. 9, 1993	Sep. 8, 1993
Philippines	Sep. 26, 1978	Nov. 17, 1978	Dec. 17, 1978
Portugal	Aug. 4, 1983	July 2, 1984	Aug. 1, 1984
Qatar	Sep. 30, 2010	Dec. 21, 2010	Jan. 20, 2011
Romania	Sep. 6, 1974	Sep. 12, 1975	Oct. 12, 1975
Russian Federation	June 16, 1992		
Rwanda	Apr. 21, 1978	Oct. 15, 1979	Nov. 14, 1979
Samoa	Feb. 3, 1978	Apr. 25, 1978	May 25, 1978
Sao Tome and Principe	Oct. 1, 1999	May 20, 2013	June 19, 2013
Saudi Arabia	Sep. 28, 1979	May 8, 1980	June 7, 1980
Senegal	Sep. 26, 1966	Apr. 21, 1967	May 21, 1967
Serbia	May 9, 2007	May 9, 2007	June 8, 2007
Seychelles	Feb. 16, 1978	Mar. 20, 1978	Apr. 19, 1978
Sierra Leone	Sep. 27, 1965	Aug. 2, 1966	Oct. 14, 1966
Singapore	Feb. 2, 1968	Oct. 14, 1968	Nov. 13, 1968
Slovak Republic	Sep. 27, 1993	May 27, 1994	June 26, 1994
Slovenia	Mar. 7, 1994	Mar. 7, 1994	Apr. 6, 1994

State	Signature	Deposit of Ratification	Entry into Force of Convention
Solomon Islands	Nov. 12, 1979	Sep. 8, 1981	Oct. 8, 1981
Somalia	Sep. 27, 1965	Feb. 29, 1968	Mar. 30, 1968
South Sudan	Apr. 18, 2012	Apr. 18, 2012	May 18, 2012
Spain	Mar. 21, 1994	Aug. 18, 1994	Sept. 17, 1994
Sri Lanka	Aug. 30, 1967	Oct. 12, 1967	Nov. 11, 1967
St. Kitts & Nevis	Oct. 14, 1994	Aug. 4, 1995	Sep. 3, 1995
St. Lucia	June 4, 1984	June 4, 1984	July 4, 1984
St. Vincent and the Grenadines	Aug. 7, 2001	Dec. 16, 2002	Jan. 15, 2003
Sudan	Mar. 15, 1967	Apr. 9, 1973	May 9, 1973
Swaziland	Nov. 3, 1970	June 14, 1971	July 14, 1971
Sweden	Sep. 25, 1965	Dec. 29, 1966	Jan. 28, 1967
Switzerland	Sep. 22, 1967	May 15, 1968	June 14, 1968
Syria	May 25, 2005	Jan. 25, 2006	Feb. 24, 2006
Tanzania	Jan. 10, 1992	May 18, 1992	June 17, 1992
Thailand	Dec. 6, 1985		
Timor-Leste	July 23, 2002	July 23, 2002	Aug. 22, 2002
Togo	Jan. 24, 1966	Aug. 11, 1967	Sep. 10, 1967
Tonga	May 1, 1989	Mar. 21, 1990	Apr. 20, 1990
Trinidad and Tobago	Oct. 5, 1966	Jan. 3, 1967	Feb. 2, 1967
Tunisia	May 5, 1965	June 22, 1966	Oct. 14, 1966
Turkey	June 24, 1987	Mar. 3, 1989	Apr. 2, 1989
Turkmenistan	Sep. 26, 1992	Sep. 26, 1992	Oct. 26, 1992
Uganda	June 7, 1966	June 7, 1966	Oct. 14, 1966
Ukraine	Apr. 3, 1998	June 7, 2000	July 7, 2000
United Arab Emirates	Dec. 23, 1981	Dec. 23, 1981	Jan. 22, 1982
United Kingdom of Great Britain and Northern Ireland	May 26, 1965	Dec. 19, 1966	Jan. 18, 1967
United States of America	Aug. 27, 1965	June 10, 1966	Oct. 14, 1966
Uruguay	May 28, 1992	Aug. 9, 2000	Sep. 8, 2000
Uzbekistan	Mar. 17, 1994	July 26, 1995	Aug. 25, 1995
Yemen, Republic of	Oct. 28, 1997	Oct. 21, 2004	Nov. 20, 2004
Zambia	June 17, 1970	June 17, 1970	July 17, 1970
Zimbabwe	Mar. 25, 1991	May 20, 1994	June 19, 1994



Elba Gutierrez, Argentina
Irradiacion

CHAPTER 3 PANELS OF ARBITRATORS AND OF CONCILIATORS

The ICSID Convention requires the Centre to maintain a Panel of Arbitrators and a Panel of Conciliators. According to Article 13 of the Convention, each Contracting State is entitled to designate up to four persons to each Panel. The designees may be nationals or non-nationals of the designating State and are nominated to the Panels for a renewable term of six years. In addition, up to ten persons may be designated to each Panel by the Chairman of the ICSID Administrative Council.

The Panels are an important component of the ICSID system of dispute settlement. When the Chairman of the Administrative Council is called upon to appoint arbitrators, conciliators or *ad hoc* Committee members under Articles 30, 38 or 52 of the ICSID Convention, these appointees are drawn from the Panels. With an increasing ICSID caseload, it has become even more important for States to make designations to the ICSID Panels. To this end, the Centre continues to encourage States to name qualified candidates where nominations have expired or the Panels are otherwise incomplete.

During FY2013, 14 ICSID Contracting States made designations to the ICSID Panels: Armenia, Democratic Republic of the Congo, Egypt, Estonia, Finland, Ireland, Kenya, Republic of Korea, Lithuania, Mongolia, New Zealand, Paraguay, Spain, and Sri Lanka. In all, 39 persons were designated or re-designated to the Panels. At the end of FY2013, there were 560 individuals on the ICSID Panels of Arbitrators and of Conciliators.

The names of designees to the ICSID Panels made in FY2013 are provided on the following page.

ARMENIA

Panels of Arbitrators and of Conciliators

Designations effective June 26, 2013:

Yeghishe Kirakosyan, Garegin Melkonyan,
Aram Orbelyan, Thomas J. Samuelian

DEMOCRATIC REPUBLIC OF THE CONGO

Panels of Arbitrators and of Conciliators

Designations effective October 24, 2012:

Tshibangu Kalala, Tunda Ya Kasende

EGYPT

Panels of Arbitrators and of Conciliators

Designation effective October 14, 2012:

Hussein A. Hassouna

ESTONIA

Panels of Arbitrators and of Conciliators

Designation effective May 13, 2013:

Asko Pohla

FINLAND

Panel of Arbitrators

Designations effective January 30, 2013:

Veijo Heiskanen, Gustav Möller,
Antero Palajan, Leif Sévon

Panel of Conciliators

Designations effective January 30, 2013:

Antti Heikinheimo, Carita Wallgren

Panel of Conciliators

Designations effective June 5, 2013:

Veijo Heiskanen, Leif Sévon

IRELAND

Panels of Arbitrators and of Conciliators

Designations effective July 27, 2012:

James Bridgeman, Patricia C. Moran,
Colm Ó Hoisín, Ercus Stewart

KENYA

Panel of Arbitrators

Designations effective July 6, 2012:

Njeri Kariuki, Githu Muigai, Philip Murgor,
Amos S. Wako

Panel of Conciliators

Designations effective July 6, 2012:

Jacqueline Kamau, Farooq Khan,
Ken Kiplagat, Mururu Norman

REPUBLIC OF KOREA

Panel of Arbitrators

Designation effective March 22, 2013:

Joongi Kim

LITHUANIA

Panel of Arbitrators

Designations effective July 30, 2012:

Gintautas Bartkus, Mažvydas Michalauskas,
Valentinas Mikelėnas

MONGOLIA

Panel of Arbitrators

Designation effective March 13, 2013:

Michael D. Nolan

NEW ZEALAND

Panel of Arbitrators

Designation effective July 2, 2012:

Peter Blanchard

Panel of Arbitrators

Designation effective July 14, 2012:

Ian Barker

Panel of Arbitrators

Designations effective June 10, 2013

Campbell Alan McLachlan, David A.R.
Williams

PARAGUAY

Panel of Arbitrators

Designation effective October 17, 2012:

Luis A. Breuer González

SPAIN

Panels of Arbitrators and of Conciliators

Designation effective May 3, 2013:

Andrés Rigo Sureda

SRI LANKA

Panels of Arbitrators and of Conciliators

Designations effective July 31, 2012:

Amrith Rohan Perera, M.C.W. Pinto



ICSID Hearing Room, World Bank Paris Conference Center, Paris, France, 2013

CHAPTER 4 OPERATIONS OF THE CENTRE

SUMMARY OF ICSID OPERATIONS

ICSID is an intergovernmental organization established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ICSID Convention or the Washington Convention). Its primary purpose is to provide facilities and services to support conciliation and arbitration of international investment disputes. It administers cases under the ICSID Convention, the ICSID Additional Facility, the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL Arbitration Rules) and other rules, as requested by the parties. It also offers a full range of related services in support of dispute resolution, including acting as appointing authority, naming consolidation tribunals under certain treaties and deciding party challenges of arbitrators or conciliators.

ICSID Cases

The initiation and conduct of cases under the Centre's auspices are often governed by one of ICSID's two sets of procedural rules. These are the ICSID Convention, Regulations and Rules or the ICSID Additional Facility Rules.

Conciliation and arbitration under the ICSID Convention involves a legal dispute between an ICSID Contracting State and a national of another ICSID Contracting State. Such disputes arise out of an investment and the disputing parties must have consented in writing to submit their dispute to ICSID.

The ICSID Additional Facility Rules allow the ICSID Secretariat to administer conciliation and arbitration of investment disputes where either the State party or the home State of the foreign investor is not an ICSID Contracting State. They also authorize conciliation and arbitration of disputes that do not arise directly out of an investment where at least one of the disputing parties is a Contracting State or a national of a Contracting State. These rules have been available since 1978.

While the majority of cases before the Centre are arbitrations administered under the ICSID Convention, there has also been an increase in the use of ICSID conciliation services in recent years.

Other Cases

The ICSID Secretariat also administers international dispute settlement proceedings under rules and treaties other than the ICSID Convention or the ICSID Additional Facility. In particular, the Secretariat often assists parties and tribunals with investment arbitrations conducted pursuant to the UNCITRAL Arbitration Rules.

The services provided in non-ICSID proceedings are similar to those available under the ICSID Rules, ranging from handling specific aspects of a case to offering full administrative services. In the past fiscal year, the Centre was asked to act as appointing authority in 4 instances, and administered 3 investor-State arbitrations under the UNCITRAL Rules, 1 of which concluded with an award and 2 are pending.

Overview of ICSID Arbitration

ICSID Convention arbitration is initiated by the submission of a Request for Arbitration to the Secretary-General. The Request is filed by the potential claimant and outlines the basic facts and legal issues to be addressed. The Request must be registered unless the dispute is manifestly outside the jurisdiction of ICSID. In the past year, Requests for Arbitration were processed on average within 23 days of being filed at ICSID.

The next procedural step is constitution of the arbitral tribunal. The ICSID Arbitration Rules offer the disputing parties significant flexibility regarding the number of arbitrators and the method of their appointment. In most instances, tribunals consist of 3 arbitrators: 1 arbitrator appointed by each party, and the third, presiding, arbitrator appointed by agreement of the parties or of the party-appointed arbitrators. The parties may ask the Centre to assist with the appointment of arbitrators, either in accordance with a previous agreement or pursuant to the default provisions in the ICSID Rules. In FY2013, ICSID made such appointments on average within 46 days of receiving the request to appoint.

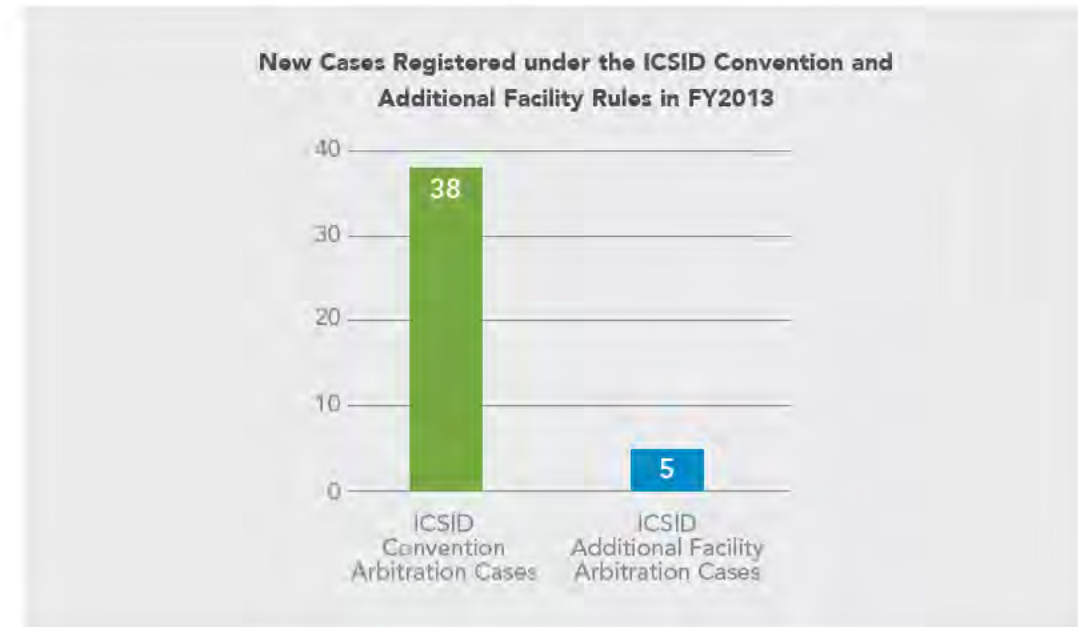
Proceedings are deemed to have begun once the tribunal is constituted. The tribunal holds a first session within 60 days of its constitution. Preliminary questions of procedure are dealt with at the first session. Subsequently, the proceeding usually comprises 2 distinct phases: a written procedure followed by in-person hearings. After the parties present their case, the tribunal deliberates and renders its award.

Once an ICSID Convention award is rendered, it is binding and not subject to any appeal or other remedy except those provided by the Convention. The Convention allows the parties to request a supplementary decision or rectification of the award, or to seek the post-award remedies of annulment, interpretation or revision.

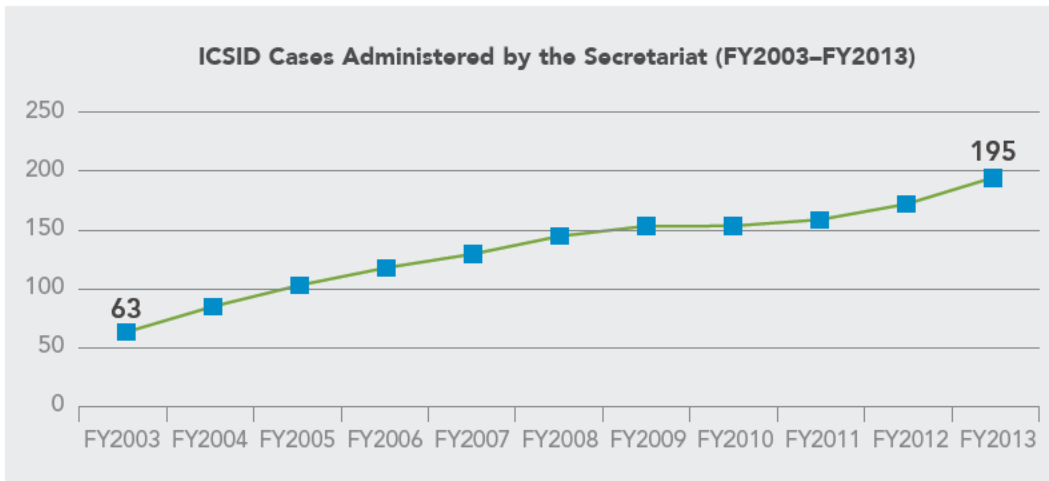
Arbitration under the ICSID Additional Facility is similar in process to ICSID Convention arbitration with some notable differences. In particular, parties must obtain approval of access to the Additional Facility prior to instituting proceedings, and post-award remedies under the Additional Facility Rules are limited to interpretation, correction, and supplementary decision by the original tribunal.

New ICSID Cases Registered

Forty-three new ICSID cases were registered in FY2013. This is the most cases registered at ICSID in a single fiscal year and represents an increase of over 10% compared to the number of cases registered in FY2012. All of the new cases registered are arbitrations: 38 under the ICSID Convention and 5 under the Additional Facility.

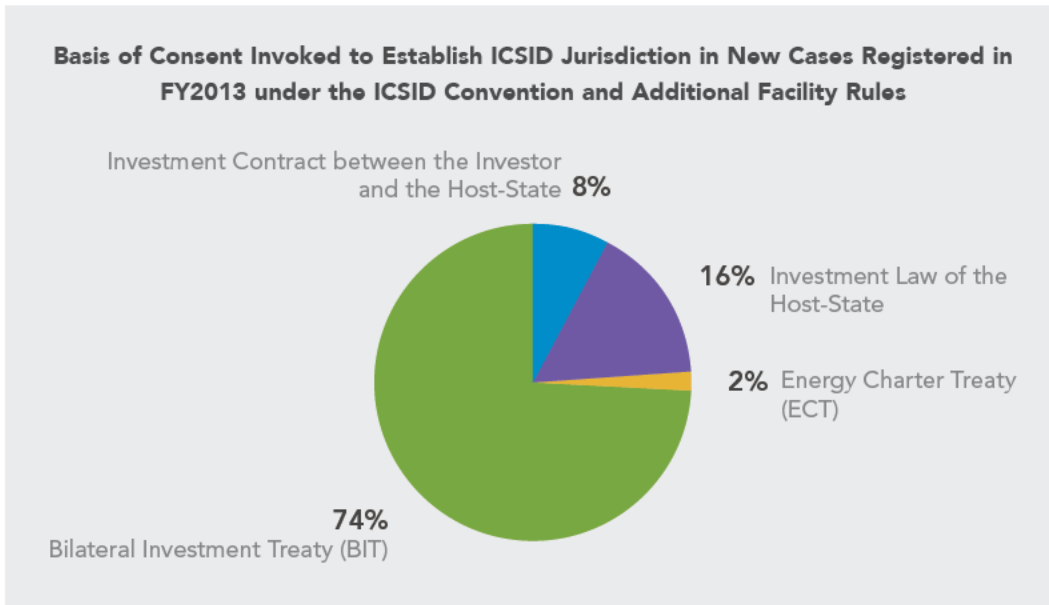


In total, the Centre administered a new record of 195 ICSID cases over the course of the year. This number exceeds the previous high mark by over 20 cases, and represents 45% of the 433 ICSID cases ever administered by the Centre.



Basis of Consent to ICSID Proceedings

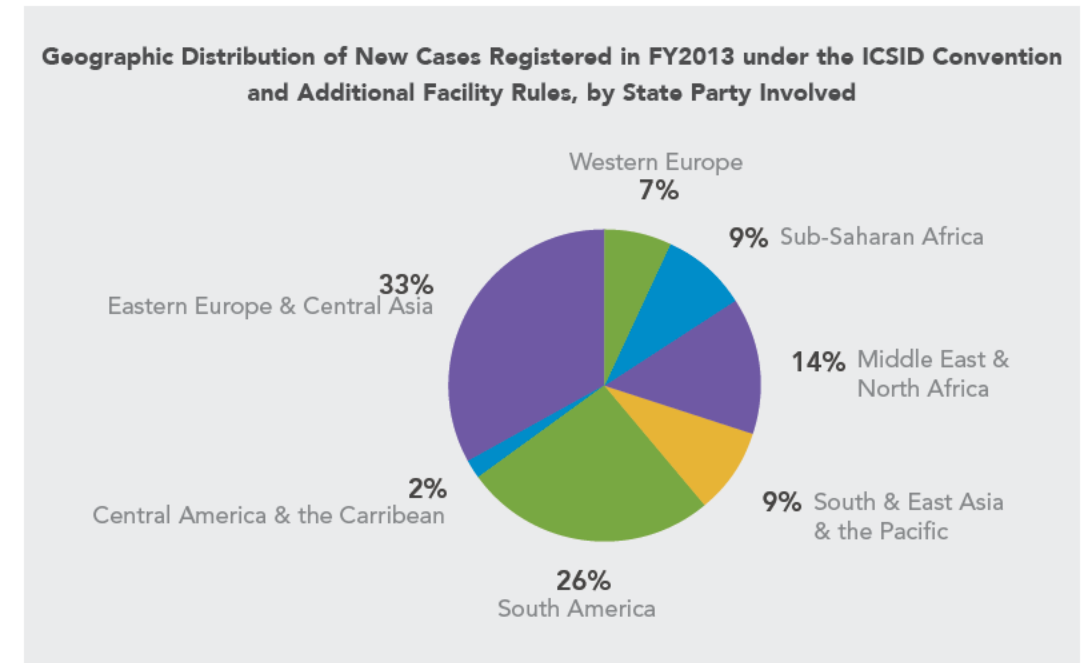
Arbitration and conciliation under the ICSID Convention and Additional Facility are entirely voluntary. The basis of the parties' consent to ICSID jurisdiction can be found in a variety of sources, including investment laws, contracts concluded between a foreign investor and the host State of the investment, and bilateral or multilateral treaties.



Of the new cases registered in FY2013, the vast majority (36 cases) asserted ICSID jurisdiction on the basis of a bilateral investment treaty (BIT). One case was brought on the basis of the Energy Charter Treaty (ECT). Investors claimed under investment contracts in 4 further cases, and 8 cases relied on investment laws. Two of those cases relied alternatively on an investment law or a bilateral investment treaty. Two further cases invoked three alternative bases for jurisdiction (a law, a BIT and the ECT in one case, and a law, a BIT and a contract in the other).

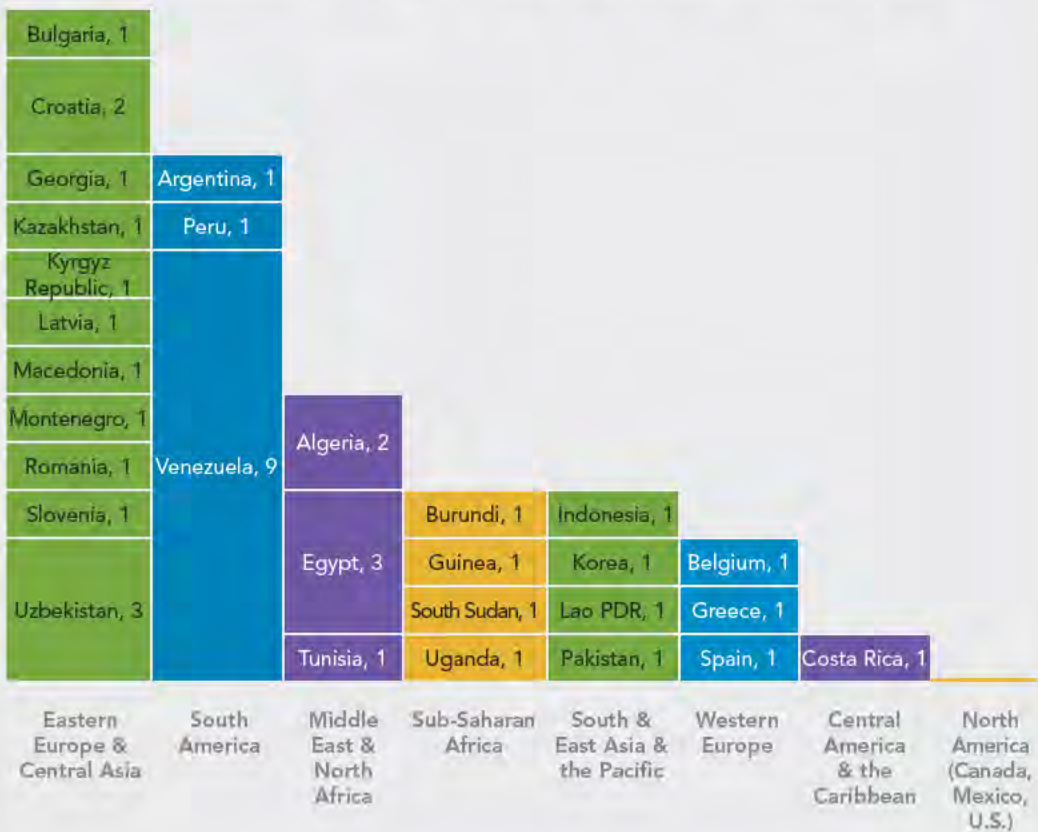
State Parties to ICSID Proceedings Registered in FY2013

State parties involved in ICSID disputes registered in FY2013 remained diverse and included States from every region of the world. Eastern Europe and Central Asia continued to be the region with the greatest number of States involved in newly registered ICSID cases.



Eleven Eastern European and Central Asian States were named as respondent in 14 cases, while 11 cases were instituted against 3 States in South America. States from Sub-Saharan Africa were involved in 4 cases, and 6 cases were instituted against States in the Middle East and North Africa region. Four cases were brought against 4 States in the South and East Asia region, and 1 case was brought against a State in the Caribbean and Central America region. Finally, 3 cases were brought against States in Western Europe.

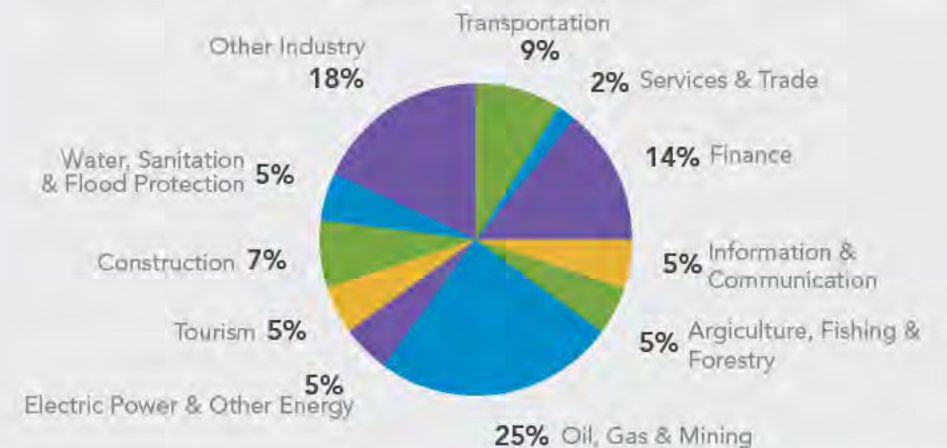
Geographic Distribution of New Cases Registered in FY2013 under the ICSID Convention and Additional Facility Rules, by State Party Involved — Further Details



Economic Sectors Involved in New Proceedings

The investment disputes commenced in FY2013 involved a variety of economic sectors. Based on World Bank industry sector codes, the oil, gas, and mining sector remained dominant, with 25% of cases registered in FY2013. Eighteen percent of the cases involved a variety of industries, such as pharmaceutical, chemical, food production and textile. The portion of cases registered concerning transportation decreased from 15% in FY2012 to 9% in FY2013. Fourteen percent of the new cases concerned the financial sector, and 7% related to the construction industry. The agriculture, fishing and forestry sector, and the electric power and other energy sector were represented in equal parts (5% each), as were the information and communication sector, and the water, sanitation and flood protection sector (5% each). The remaining cases involved tourism and services and trade.

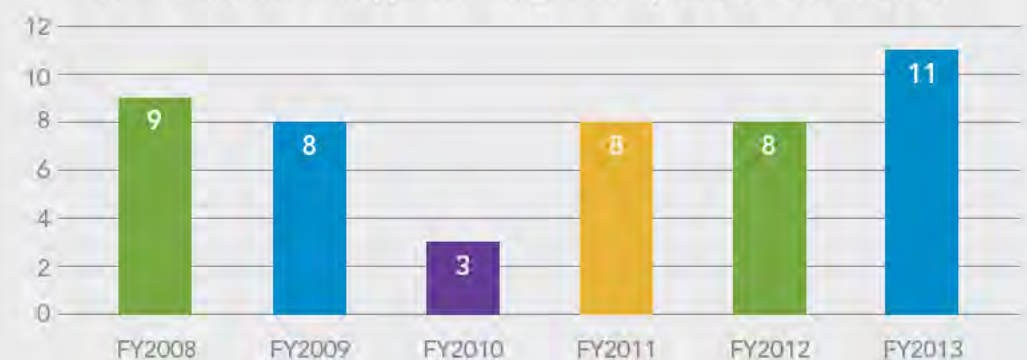
Distribution of New Cases Registered in FY2013 under the ICSID Convention and Additional Facility Rules by Economic Sector



Post-Award Remedy Applications

In FY2013, the Centre also registered 13 proceedings in which the parties sought post-award remedies under the ICSID Convention. Parties instituted rectification and supplementary decision proceedings in two cases, and applications for annulment in 11 cases. While the number of registered annulment applications increased from the previous fiscal year, this increase corresponds to the higher number of awards rendered in FY2013. Of the 11 applications for annulment initiated in FY2013, 6 were brought by the Claimant/investor, and 5 were initiated by the State/Respondent in the underlying arbitration.

Number of Annulment Applications Registered by ICSID (FY2008–FY2013)

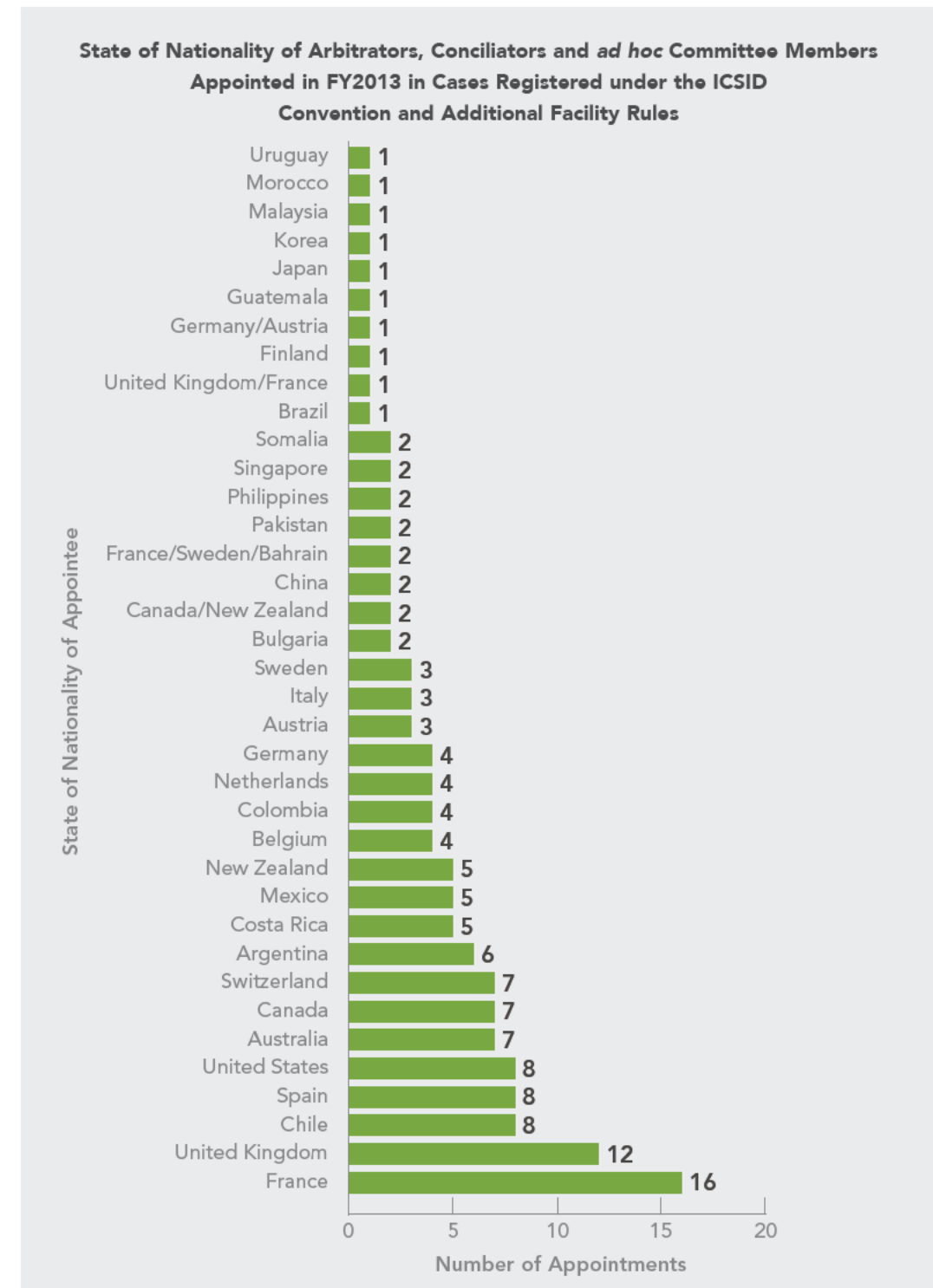
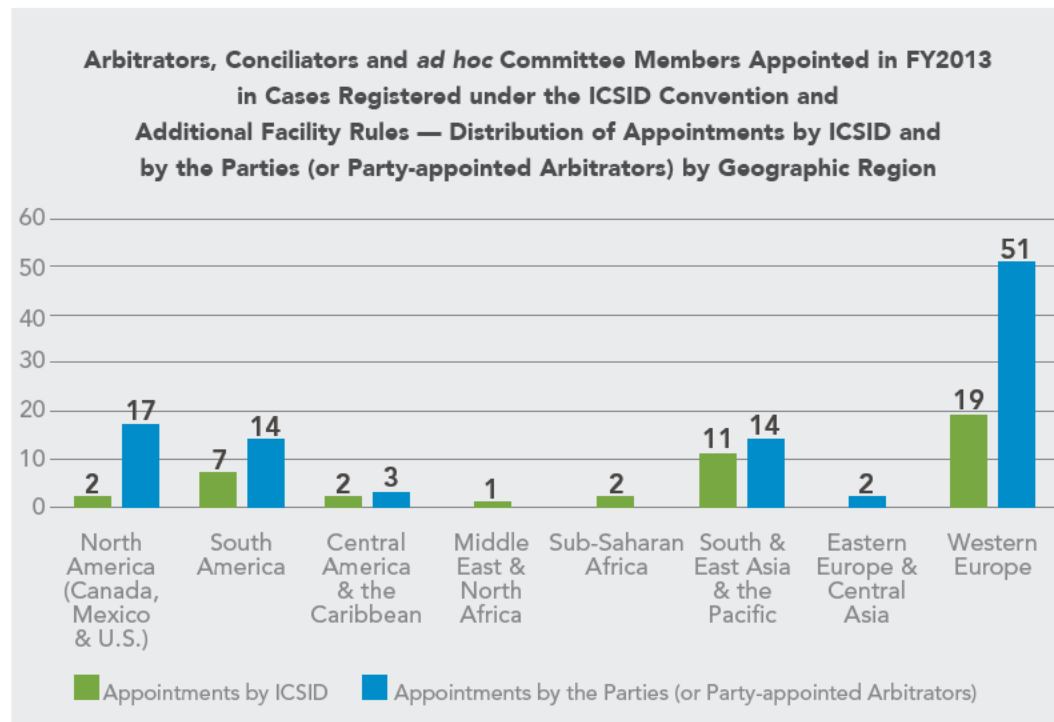


Constitution of Tribunals and *ad hoc* Committees in ICSID Cases

In the course of the fiscal year, 37 tribunals, 11 *ad hoc* Committees, and 1 conciliation commission were constituted or reconstituted in proceedings pending before the Centre. A total of 145 individual appointments were made by the parties and by ICSID, 9 of these naming female appointees. This is the greatest number of appointments made in a single fiscal year at ICSID, and exceeds the appointments made in FY2012 by over 10%. Overall, 85 individuals from 35 different countries were appointed to serve as arbitrators, conciliators, or *ad hoc* Committee members in ICSID cases in FY2013.

In FY2013, the pool of arbitrators, conciliators and *ad hoc* Committee members continued to expand. In terms of diversity, 29% of the new appointees were nationals of developing countries, and 6% of the new appointees were women.

As in previous fiscal years, about 70% of the appointments were made either by the parties or by the party-appointed arbitrators, while the other 30% were made by the Chairman of the Administrative Council. In total, the Centre acted as appointing authority 44 times in FY2013 and appointed 34 different individuals of 29 different nationalities. About 43% of the appointments by ICSID involved nationals of developing economies.



Challenges to Arbitrators and Counsel

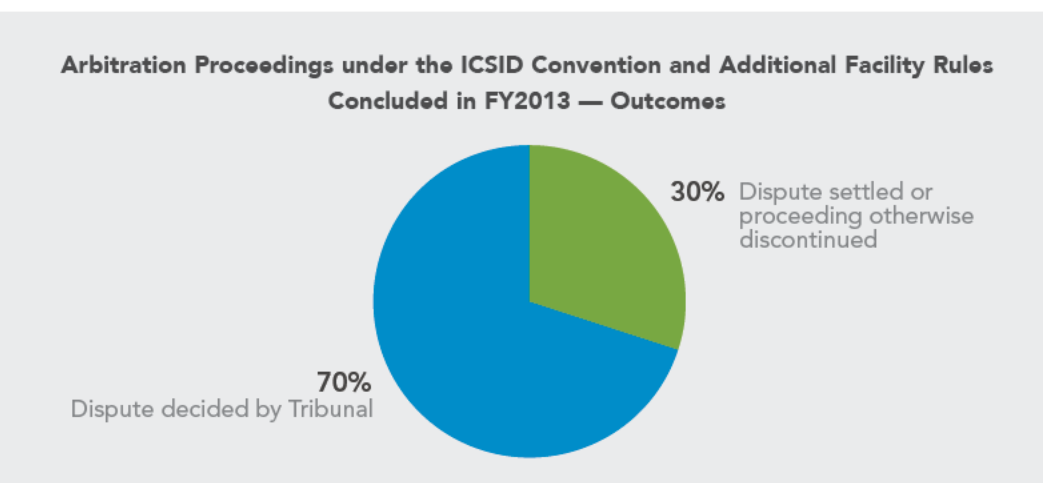
During the fiscal year, parties to ICSID proceedings proposed the disqualification of 8 arbitrators in ICSID proceedings. Two of these proposals were declined, 1 arbitrator resigned following the filing of the proposal, and 5 are currently pending.

In 1 case, a party proposed the disqualification of the other party's counsel, and in a further proceeding, a party sought to disqualify the other party's expert witness. The respective tribunals declined both proposals in the course of the year.

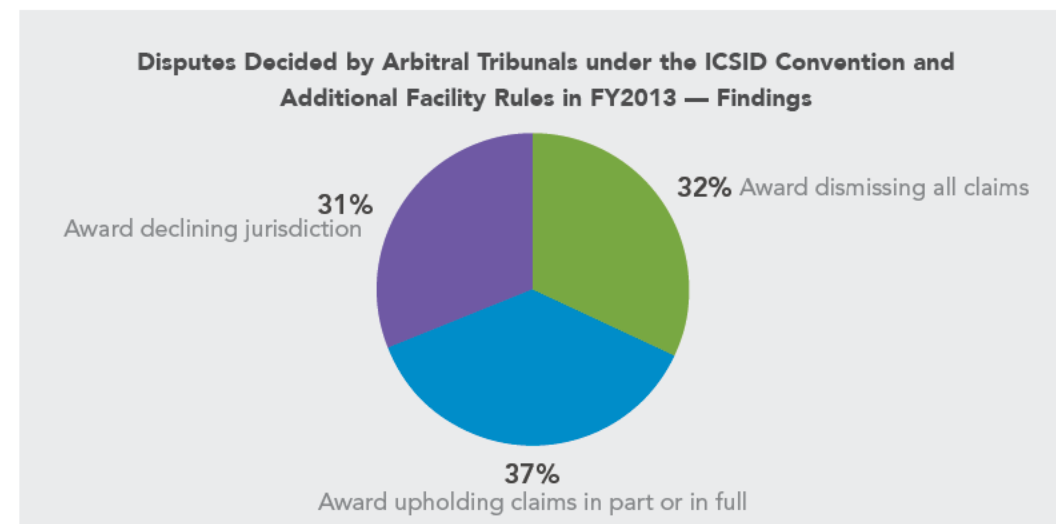
Cases concluded in FY2013

Thirty-five proceedings were concluded during the fiscal year. Twenty-seven of these were arbitrations, and 1 was a conciliation case. Five further annulment proceedings, 1 revision proceeding and 1 supplementary decision and rectification proceeding also concluded during the fiscal year.

In the 27 concluded arbitration proceedings, 19 disputes were decided by a tribunal, and 8 cases were discontinued or settled.



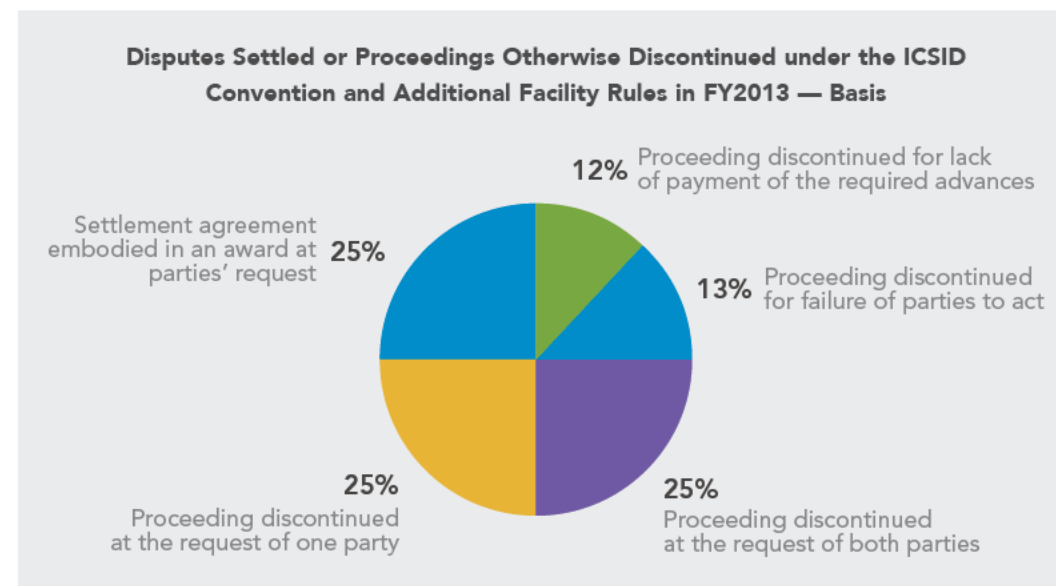
Of the 19 cases decided by a tribunal, 6 awards declined ICSID jurisdiction, 6 tribunals rejected all of the investors' claims, and 7 upheld the investors' claims in part or in full.



Of the 8 arbitration cases that were discontinued or settled, 2 were discontinued following an agreement by the parties, 2 were discontinued at the request of one party, 1 was discontinued for lack of payment of the required funds, and 1 case was discontinued for failure to act. In 2 further cases, the parties' settlement agreement was embodied in an award.

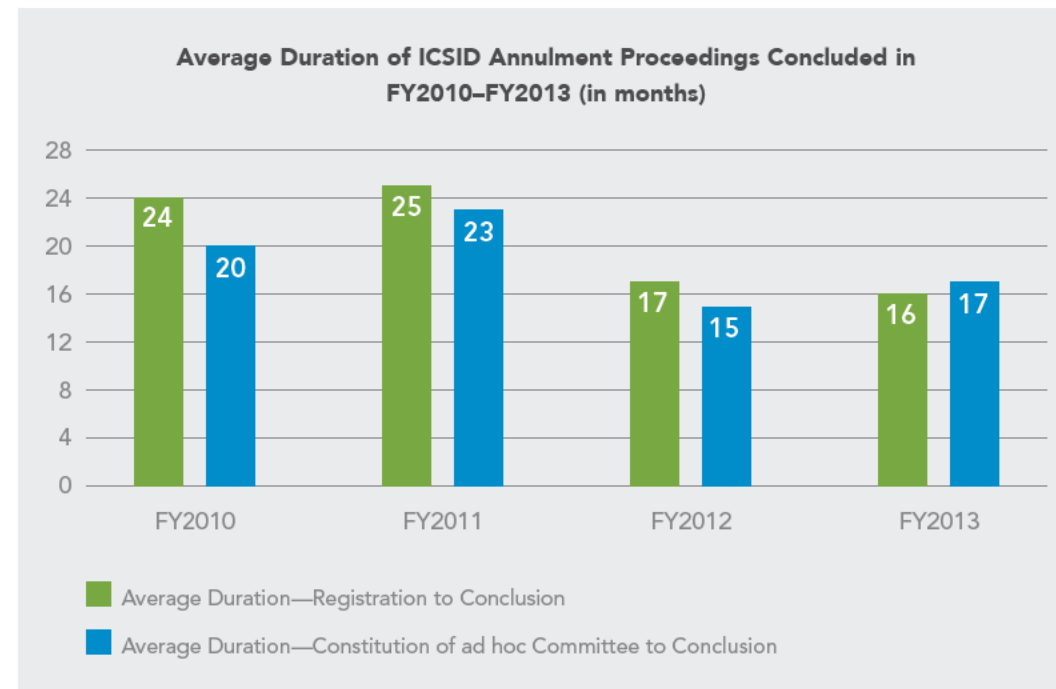
In the concluded conciliation case, the Commission issued its findings in the form of a report.

The revision proceeding was concluded with a decision by the relevant tribunal.



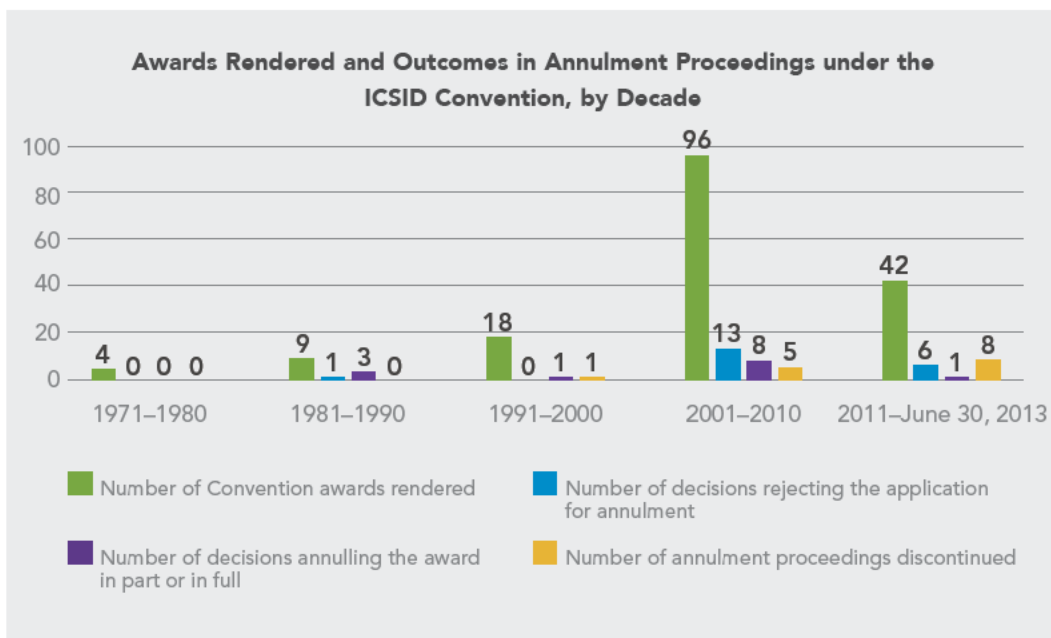
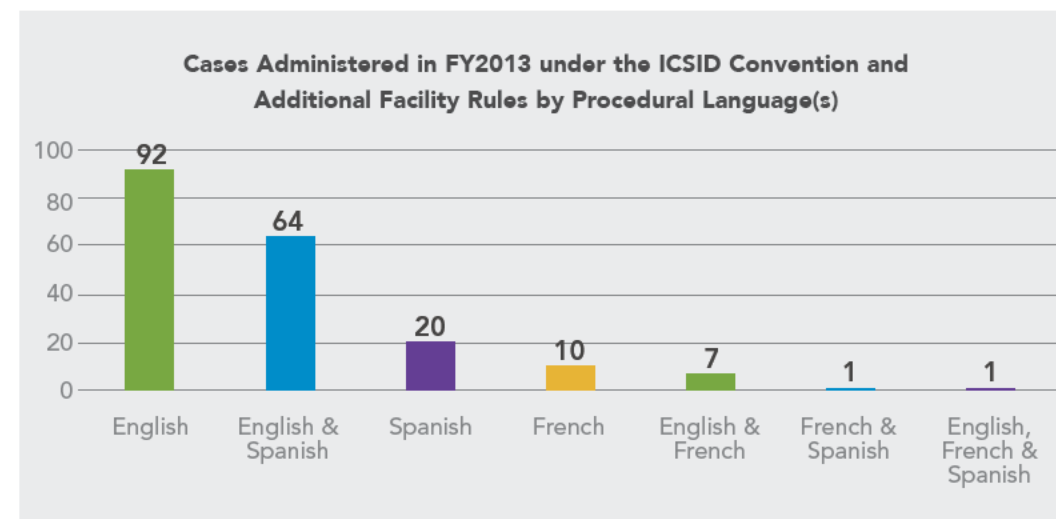
The majority of arbitrations concluded in FY2013 lasted between 3 to 4 years from the date of the tribunal's constitution. The Centre has adopted a number of practices in an effort to reduce the duration of arbitrations while respecting the due process rights of the parties. These include: (i) requiring arbitrators to submit calendars indicating their long-term availability when accepting their appointment, (ii) updating parties on a regular basis concerning the costs expended to date, (iii) encouraging tribunal members to establish a budget at the outset of a case outlining anticipated arbitrator fees and expenses, (iv) encouraging tribunal consultations immediately prior to hearings and deliberations immediately after hearings, and (v) requiring tribunals to report to the parties on the timing of outstanding decisions or awards.

Five annulment proceedings were also concluded in FY2013. In 2 cases, the *ad hoc* Committee rejected the application for annulment of the award. Two annulment proceedings were discontinued at the request of one party, and in 1 case the award was partially annulled.



Matters of Procedure in ICSID Cases in FY2013

Of the 195 ICSID cases administered in FY2013, 92 were conducted in English, 10 in French and 20 in Spanish, which are the three official languages of the Centre. Seventy-two proceedings were conducted in 2 official languages, with the English-Spanish combination continuing to be the most frequent. One further case was administered in all three official languages.



The average duration of annulment proceedings concluded in FY2013 continued to decrease to a period of 16 months, which is a reduction of about 50% compared to annulment proceedings concluded in FY2011.

In the course of the year, 112 sessions or hearings were held in the cases administered by ICSID. These were held at the seat of the Centre in Washington, D.C., at the World Bank offices in Paris, or at other venues as agreed by the parties. Where suitable, hearings and sessions were conducted by telephone or video conference, reflecting the Centre's continuing efforts to reduce the cost and increase the efficiency of proceedings. The number of proceedings conducted by telephone and video conference remained steady; about 41% of all sessions and hearings in FY2013 were held in this manner.

During the fiscal year, 21 awards, 1 report and 277 decisions and procedural orders were issued by arbitral tribunals, conciliation commissions and *ad hoc* Committees. This is a significant increase in jurisprudence developed under the ICSID Rules. The Centre publishes these rulings on its website, with the parties' permission. Where parties refused permission to publish awards, the Centre published excerpts of the legal reasoning of the tribunal.

Comprehensive and up-to-date information about the procedural steps taken in each case, the composition of the tribunal, commission, or *ad hoc* Committee, the party appointing each arbitrator, counsel representing the parties, and the outcome of proceedings is found on the ICSID website at www.worldbank.org/icsid.

INSTITUTIONAL MATTERS

ICSID worked on numerous institutional projects in FY2013. These included support for the ICSID Administrative Council, expansion of the Centre's network of institutional cooperation agreements, and collaboration with other international and non-governmental organizations on matters related to investment law and dispute resolution. ICSID also continued enhancing its information technology and working practices to ensure facility users are offered the most efficient and cost-effective services.

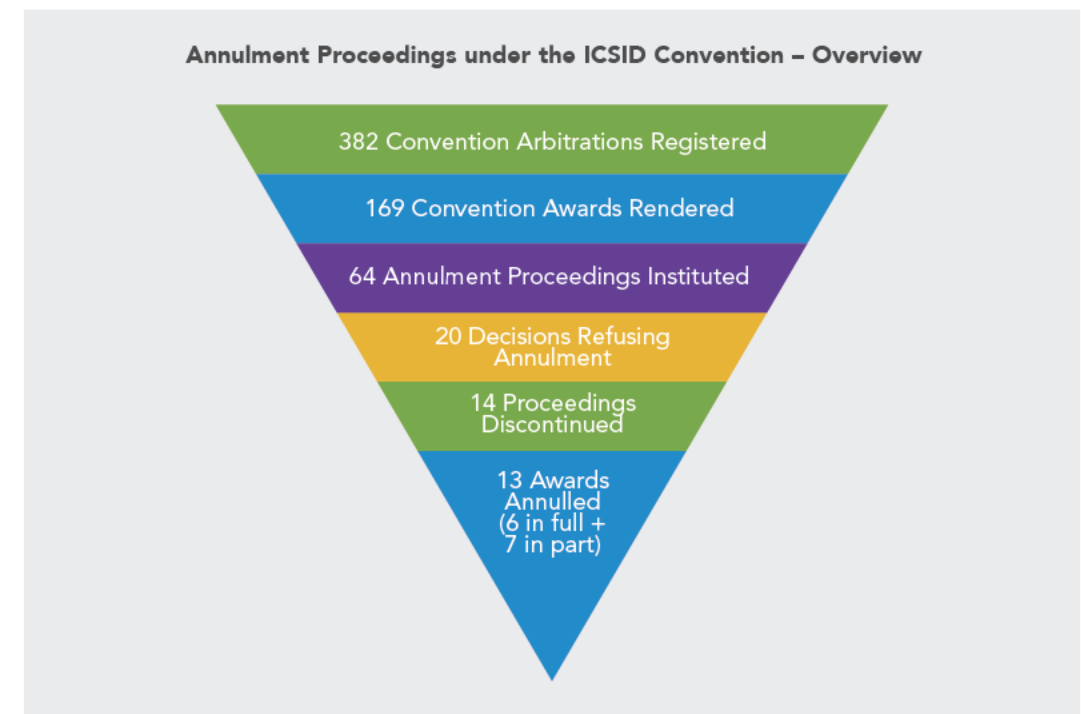
Developments Related to the Administrative Council

On July 1, 2012, Dr. Jim Yong Kim became the 12th President of the World Bank Group. On the same date, Dr. Kim became the *ex officio* Chairman of the ICSID Administrative Council pursuant to Article 5 of the ICSID Convention. In this capacity, Dr. Kim chaired the 46th Meeting of the ICSID Administrative Council, held on October 12, 2012 in Tokyo, Japan. The Resolutions adopted by the Administrative Council at its 46th Annual Meeting are reproduced in Chapter 6.

In the course of FY2013, the ICSID Secretariat completed and provided ICSID Contracting States with a background paper on annulment. The paper was produced to assist Contracting States with a matter raised by the delegation of the Republic of the Philippines during the 2011 Annual

Meeting of the ICSID Administrative Council. The paper offered a comprehensive overview of the annulment remedy as a unique feature of the ICSID system. It considered a number of topics including drafting history, procedural conduct of annulment proceedings, principles commonly cited by *ad hoc* Committees, and empirical data up to June 30, 2012. The annulment paper is available on the ICSID website.

In FY2013, 11 annulment proceedings were instituted at ICSID. To date, of the 382 ICSID Convention arbitrations registered at ICSID, only 6 have been annulled in full, and 7 have been annulled in part. This is consistent with the limited nature of annulment intended by the drafters of the ICSID Convention.



ICSID Panel Update Initiative

As indicated in Chapter 3 of this report, the ICSID Convention entitles each Contracting State to designate up to four persons to the Panels of Arbitrators and of Conciliators. Individuals of any nationality may serve on the Panels. The arbitrators and conciliators listed on the Panels are available for selection to ICSID Tribunals, Commissions and *ad hoc* Committees.

The ICSID Secretariat initiated a project in spring 2012 to update and increase the designation of Panel members by Contracting States. On April 8, 2013, the Secretary-General addressed a letter to Contracting States with vacant or expired nominations, inviting them to make designations to the ICSID Panels. The Secretary-General emphasized the vital role of the Panels for the good functioning of the international investment arbitration system and stressed the legal and practical criteria for selection of qualified candidates in light of the duties they may be called on to perform in ICSID cases. A number of Contracting States have responded with updated designations to the ICSID Panels and others are in the process of selecting nominees.

A list of members of the ICSID Panels of Arbitrators and of Conciliators nominated in FY2013 and the State nominating them is found in Chapter 3. The full list of members of the ICSID Panels is available on the ICSID website.

Institutional Arrangement Agreements

ICSID offers disputing parties the option of holding hearings in any location agreed upon, and has developed partnerships with other arbitration institutions to complement its ability to offer hearings in diverse locations around the world. In FY2013 ICSID entered into a facilities cooperation agreement with the China International Economic and Trade Arbitration Commission (CIETAC).

ICSID now has 13 such agreements in place, including agreements with: the Australian Centre for International Commercial Arbitration in Melbourne; the Australian Commercial Disputes Centre in Sydney; the Centre for Arbitration and Conciliation at the Chamber of Commerce in Bogota; the German Institution of Arbitration; the Gulf Cooperation Council Commercial Arbitration Centre in Bahrain; the Hong Kong International Arbitration Centre; Maxwell Chambers in Singapore; the Permanent Court of Arbitration in The Hague; the Regional Arbitration Centers of the Asian-African Legal Consultative Committee in Cairo, Kuala Lumpur and Lagos; and the Singapore International Arbitration Centre.

Cooperation with Other International Organizations

ICSID continued to collaborate with other multilateral institutions on investment law and dispute settlement issues during FY2013. For instance, in February 2013 ICSID participated in the 58th Working Group Session (Arbitration & Conciliation) of the United Nations Commission on International Trade Law (UNCITRAL) concerning transparency in treaty-based investor-State arbitration. In March 2013, ICSID participated in an Organisation for Economic Co-operation and Development (OECD) conference held in Paris. This conference served as a stock-taking on current issues in investment law and arbitration.

In the course of FY2013, ICSID took part in the deliberations of several professional organizations dedicated to enhancing expertise and knowledge in the practice and administration of arbitration. ICSID Secretary-General Meg Kinnear continued her work as a member of the governing bodies of the International Federation of Commercial Arbitration Institutions (IFCAI) and the International Council for Commercial Arbitration (ICCA). The Secretary-General and several senior ICSID staff lawyers also contributed to a series of discussions on investment law and arbitration, and continued their involvement in several International Bar Association (IBA) committees. Further information can be found in Chapter 5 of this Report.

Young ICSID

On November 2, 2012, Young ICSID was launched at the ICSID-hosted Joint Colloquium in Washington, D.C. Young ICSID encourages professional development among international investor-State dispute resolution practitioners under the age of 45. As of June 30, 2013, Young ICSID has received over 300 enrollment applications from the seven continents. Young ICSID will continue to organize periodic events to discuss recent developments in the area of international investment arbitration.

Best Practices

During FY2013, ICSID continued to develop and implement its best practices in investment arbitration. As part of this project, the ICSID Secretariat has created templates related to various aspects of the administration of proceedings. The best practices tools and templates have also been incorporated in the ICSID case management system and have significantly reduced ICSID staff time for completing various tasks in the administration of the cases.

The ICSID Secretariat also continued to expedite its target timelines for conclusion of internal steps and procedures in the administration of the cases. For example, the Secretariat completes the review of a Request for Arbitration in an average of 25 days from the date the file is received. Similarly, when ICSID is asked to appoint arbitrators under Article 38 of the ICSID Convention, the process is completed in an average of six weeks from the date the request to appoint was filed by the parties. Tribunals are normally constituted within one day from receiving confirmation that all members have accepted their appointments. ICSID tracks its compliance with its service standards to ensure we meet our goals in this respect.

ICSID also adopted practices this year to provide parties with enhanced, real-time information about the status of a case, including budget and the progress of a tribunal in drafting decisions and awards. Similar practices have been adopted for annulment and conciliation proceedings.

Finally, ICSID continues its effort to support transparency of the process by encouraging the publication of awards, decisions, and procedural orders and information about the status of each case. Over 1,400 individual entries were posted on the website in the past year.

Technology

ICSID continued to develop technological systems in FY2013 to enhance its ability to deliver cost-effective, high-quality services. Among these tools are innovative in-house financial management systems and a modern document management system. ICSID also developed and implemented a Case Management System, which allows the Centre to manage the substantial documentation generated in its proceedings and to monitor procedural developments in cases more effectively.

ICSID is working on further such initiatives, which include an updated external website and a web-based system to automate and streamline key case-related financial transactions.

Staffing

In FY2013, ICSID continued to align its workforce with the growing caseload, mainly by recruiting additional counsel, paralegals and administrative support staff. The majority of the Secretariat staff is dedicated to case administration, and the remainder has responsibility for the Centre's institutional, general administration and financial operations.

The Secretariat is currently composed of 50 staff members from 32 different countries, making it one of the most culturally diverse organizations within the World Bank Group. Most staff are fluent in two or all three of the Centre's official languages (English, French and Spanish), and several are fluent in other languages, including Amharic, Arabic, Bulgarian, German, Italian, Malay, Mandarin, Portuguese, Somali, Swedish, Tagalog, Urdu and Wolof. Overall, the Centre is able to communicate with users in over 28 different languages.

World Bank Headquarters in Washington D.C.,
photo by Deborah W. Campos, April 7, 2011



CHAPTER 5 OUTREACH

ICSID undertakes various activities each year to contribute to a better understanding of the ICSID process and to advance knowledge of, and discussion about, current developments in international investment arbitration. This includes making presentations in locations around the world and publishing general and specialized materials on international investment law and dispute settlement.

Publications Update

ICSID REVIEW—FOREIGN INVESTMENT LAW JOURNAL — As a result of ICSID's partnership with Oxford University Press in 2011, the *ICSID Review* is now available online and in print. The full archive of the *ICSID Review* has also been made available online. This has increased access to the journal for international audiences, simplified legal research, and complemented the research initiatives of the Centre. During FY2013, the Centre published three issues of the *ICSID Review* (Spring 2012, Fall 2012 and Spring 2013). Every issue contains three sections: case comments, articles and notes. The case comments analyze significant decisions under the ICSID Convention, Additional Facility, or other rules. The articles address topics related to investment law and arbitration in depth, while the notes consider current issues on a more specific basis. All submissions for the *ICSID Review* are evaluated and selected for publication under a double-blind peer review process.

The Spring 2012 issue covered topics such as document production; Australia's policy change with respect to investor-State arbitration; cross-regime harmonization of laws; national treatment for foreign investment and investor-State dispute settlement provisions in China's investment treaties; the Trans-Pacific Partnership Agreement; and the Secretary-General's registration of requests for arbitration. The issue also reproduced the New York City Bar Association's *Recommended Procedures for Recognition and Enforcement of International Arbitration Awards Rendered under the ICSID Convention*, prepared by the Committee on International Commercial Disputes.

The Fall 2012 issue examined mass and collective claims in investment arbitration and consent in large-scale proceedings; the definition of 'investment'; issues of jurisdiction, admissibility and pre-conditions to arbitration; the consideration of legal security under Article 52(5) of the ICSID Convention; third-party funding, corporate nationality planning, the emergence of Asian parties as claimants, and policy space in European investment treaties. The Fall 2012 issue also contained the *Background Paper on Annulment* prepared by the Secretariat for the Administrative Council of ICSID.



Antonio Parra at the Book Launch for 'The History of ICSID,' photo by Ryan Rayburn, Washington, D.C., September 6, 2012



Eloise Obadia (ICSID Staff) presenting an ICSID 101 course, Tunis, Tunisia, January 16, 2013



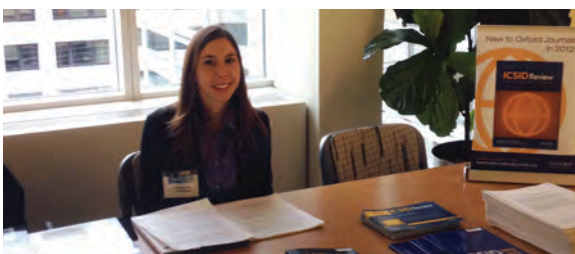
Martina Polasek (ICSID Staff) presenting at the Arbitration Academy, Paris, France, July 10, 2012



Martina Polasek and Geraldine R. Fischer (ICSID Staff) with China Investment Promotion Agency delegation, Washington, D.C., November 9, 2012



Gonzalo Flores (ICSID Staff) at the ABA-ICSID-LCIA Symposium, Washington, D.C., April 23, 2013



Ivanna Ursino (ICSID Staff) at the Young ICSID Launch, Washington, D.C., November 1, 2012



Meg Kinnear at the International Workshop Roundtable on International Investment Law and Arbitration, Xi'an, China, June 25, 2012

The third annual *ICSID Review* Student Writing Competition was held in FY2013. A paper by Felipe Mutis Téllez of Colombia on the conditions and criteria for the protection of legitimate expectations was selected by the Judges panel and published in the Fall 2012 issue of the *ICSID Review*. The 2013 Competition is currently underway.



The Spring 2013 *ICSID Review* included submissions on the Southern African Development Community Tribunal; legitimate expectations in investment treaty law; the notion of an arbitral award as an ‘investment’; world heritage and investors’ rights in international investment law and arbitration; refining the content and role of ‘rules’ and ‘standards’ in investment treaty making; the future of EU investment agreements; the rules of interpretation of the Vienna Convention on the Law of Treaties; and an arbitrator’s perspective on time and cost in international arbitration.

COLLECTIONS — In FY2013, the Centre published three supplements of its two loose-leaf collections, *Investment Laws of the World* and *Investment Treaties*. The *Investment Laws of the World* release contained new or revised investment legislation from the following countries: Bangladesh, Bosnia and Herzegovina, Kosovo, Mexico and Samoa (release 2013-1). Two updating supplements of the *Investment Treaties* collection were published containing the texts of 40 bilateral investment agreements and protocols, concluded by 39 countries from all regions of the world between 1994 and 2011 (releases 2012-2 and 2013-1). The editorial staff at the Centre also completed two additional updating supplements to the *Investment Treaties*, adding to the collection another 40 bilateral investment agreements, concluded by 30 different countries, which will be published together with the launch of the 12th volume of the publication.

THE ICSID CASELOAD—STATISTICS — In FY2013, the Centre published Issues 2012-2 and 2013-1 of the *ICSID Caseload – Statistics* online in English, French and Spanish. In these issues, the Centre continued its practice of profiling the ICSID caseload by reporting quantitative analyses on the cases registered and administered by the ICSID Secretariat; the basis of consent to ICSID jurisdiction invoked in registered arbitration and conciliation cases; the geographic distribution of

ICSID cases by State party to the dispute; the economic sectors involved in ICSID disputes; the outcomes in ICSID arbitration and conciliation proceedings; the nationality and geographic origins of arbitrators, conciliators and *ad hoc* committee members appointed in ICSID proceedings; and the outcomes in annulment proceedings under the ICSID Convention. Issue 2013-2, updating the information to June 30, 2013, was published in July 2013.

PUBLICATION INITIATIVE — The Centre continued to publish procedural details, awards, decisions and orders on the ICSID website. The Centre also publishes excerpts of the legal reasoning in an award where a party refuses consent to publish the full award. During FY2013, ICSID published numerous awards, decisions, and orders in cases concluded in 2010 and 2011. The Centre continued to contact ICSID parties in concluded cases to seek their authorization to publish all rulings. This ongoing initiative supports the Centre’s outreach mission by enhancing public understanding of ICSID proceedings and investment law and offering free access to ICSID case law.

PUBLIC HEARING BROADCASTS — The Centre continued to offer parties to ICSID cases the option of webcasting proceedings. In FY2013, ICSID arranged to broadcast the continuation of the hearing on objections to jurisdiction and the merits in *TECO Guatemala Holdings, LLC v. Republic of Guatemala* (ICSID Case No. ARB/10/23), a Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)/ICSID Arbitration Rules proceeding. The hearing was held March 1–5, 2013, in Washington, D.C.

WEB UPDATES — ICSID continued to utilize its website as a primary means of communicating information in English, French, and Spanish about ICSID cases and practices, as well as significant events and institutional developments. ICSID is currently designing and implementing an updated website, which will be launched in early FY2014.

Events and Presentations

During FY2013, ICSID held several of its own events and co-sponsored a number of conferences with other international arbitration bodies and multilateral organizations. More than 60 presentations were made during the year in countries in different regions of the world including Belarus, Canada, China, Colombia, Costa Rica, France, Hong Kong, India, Ireland, Japan, Morocco, Panama, Peru, Singapore, Spain, Tunisia, the Ukraine, and the United States.



Dr. Ngozi Okonjo-Iweala, Minister of Finance of Nigeria, delivering the keynote speech at the 29th AAA-ICDR/ICC/ICSID Joint Colloquium, photo by Deborah W. Campos, Washington, D.C., November 2, 2012

On November 2, 2012, ICSID hosted the 29th AAA-ICDR/ICC/ICSID Joint Colloquium on International Arbitration in Washington, D.C. The colloquium focused on a wide range of topics, including the overlap of criminal law and arbitration; the role of dissenting opinions in the development of international arbitration; mass claims and their effect on modern arbitration; and new approaches to arbitration. The keynote address was delivered by Dr. Ngozi Okonjo-Iweala, Minister of Finance of Nigeria.

On April 23, 2013, ICSID partnered with the American Bar Association's Section of International Law and the London Court of International Arbitration to present a symposium focused on complex issues in international arbitration. The program included panels of experts and ICSID Legal Counsel who discussed current issues including jurisdiction, arbitration practice and procedure, and awards and enforcement. During FY2013, ICSID also co-sponsored a joint seminar on arbitration in Latin America, which was held in Lima, Peru.

Another event co-sponsored by ICSID was the first Hong Kong Arbitration Week 2012, which was organized by the Hong Kong International Arbitration Centre. As part of this event, on October 16,

2012 the Secretary-General and two ICSID Legal Counsel held a one-day introductory course on ICSID practice and procedure called 'ICSID 101.' The event was attended by legal practitioners and government officials and policy makers from several countries in the region.

ICSID Legal Counsel traveled to other destinations, including Lima (Peru), Tunis (Tunisia) and Casablanca (Morocco), to present the 'ICSID 101' course in Spanish and French, respectively.

ICSID staff were panelists and speakers at international investment arbitration conferences organized by the International Bar Association, the African Law Association, the Inter-American Bar Association, the American Society of International Law, the Canadian Council of International Law, the Japan Commercial Arbitration Association, the Association of the International Petroleum Negotiators, the Lima Chamber of Commerce, the Centre for Conflict Resolution, Panama City, the Arbitration Academy, Paris, and the International Federation of Commercial Arbitration Institutions.

On July 13, 2012, the Secretary-General, Meg Kinnear, presented the key note address at a conference organized by the Society for International Economic Law in Singapore. The Secretary-General also presented the Grotius Lecture at an event organized by the Royal Academy of Jurisprudence and Legislation of Spain, and held on May 14, 2013 in Madrid. The lecture focused on innovations in international investment arbitration.

On September 6, 2012, ICSID and Oxford University Press hosted a book launch event for, 'The History of ICSID' by Antonio R. Parra. ICSID staff also spoke on international investment arbitration at a training session organized by the Multilateral Investment Guarantee Agency, and at events during the Law, Justice and Development Week organized by the World Bank.

In addition, the Secretary-General and ICSID Legal Counsel delivered numerous lectures at different universities, including the American University Washington College of Law, Howard University School of Law, Harvard Law School, Columbia Law School, Yale Law School, Georgetown University Law Center, and the Fletcher School of Law and Diplomacy.

As part of ICSID's outreach initiative, the Secretary-General and ICSID Legal Counsel addressed numerous groups of government officials and judges at meetings held at the offices of ICSID in Washington, D.C. and abroad. ICSID also hosted meetings as part of judicial training programs for Supreme Court Judges of the Republic of Korea and of the United Arab Emirates and for the Ministry of Justice officials of Vietnam.

On November 2, 2012, Young ICSID was launched with its inaugural event, *Approaches to Arbitration: Across the Ages*. This event was an inter-generational discussion among practitioners about how to get involved in arbitration and develop expertise.

ICSID Official Documents

AVAILABLE FROM THE CENTRE FREE OF CHARGE UNLESS OTHERWISE INDICATED

List of Contracting States and Other Signatories of the Convention, Doc. ICSID/3 (periodic updates) (English, French and Spanish)

Contracting States and Measures Taken by Them for the Purpose of the Convention, Doc. ICSID/8 (periodic updates) (English)

Members of the Panels of Conciliators and of Arbitrators, Doc. ICSID/10 (periodic updates) (English)

ICSID Regulations and Rules, Doc. ICSID/4/Rev. 1 (May 1975) (contains the texts of the Centre's Regulations and Rules in effect from January 1, 1968 to September 25, 1984) (English, French and Spanish)

ICSID Basic Documents, Doc. ICSID/15 (January 1985) (contains the texts of the Centre's Regulations and Rules in effect from September 26, 1984 to December 31, 2002 and the text of the ICSID Convention) (English, French and Spanish)

ICSID Convention, Regulations and Rules, Doc. ICSID/15/Rev. 1 (January 2003) (contains the texts of the Centre's Regulations and Rules in effect from January 1, 2003 to April 9, 2006 and the text of the ICSID Convention) (English, French and Spanish)

ICSID Convention, Regulations and Rules, Doc. ICSID/15 (April 2006) (contains the texts of the Centre's Regulations and Rules in effect from April 10, 2006 and the text of the ICSID Convention) (English, French and Spanish)

ICSID Additional Facility for the Administration of Conciliation, Arbitration and Fact-Finding Proceedings, Doc. ICSID/11 (June 1979) (contains the texts of the Additional Facility Rules in effect from September 27, 1978 until December 31, 2002) (English, French and Spanish)

ICSID Additional Facility Rules, Doc. ICSID/11/Rev. 1 (January 2003) (contains the texts of the Additional Facility Rules in effect from January 1, 2003 to April 9, 2006) (English, French and Spanish)

ICSID Additional Facility Rules, Doc. ICSID/11 (April 2006) (contains the texts of the Additional Facility Rules in effect from April 10, 2006) (English, French and Spanish)

ICSID Model Clauses, Doc. ICSID/5/Rev. 1 (February 1, 1993) (English, French and Spanish) (Internet edition only)

Bilateral Investment Treaties 1959–2007: Chronological Country Data (Internet edition only)

List of ICSID Cases, ICSID/16 (Internet edition only)

Memorandum on the Fees and Expenses of ICSID Arbitrators (July 6, 2005)

ICSID Schedule of Fees (January 1, 2013) (English, French and Spanish)

ICSID Annual Report (1967–2013) (English, French and Spanish)

Other ICSID Publications

ICSID Review—Foreign Investment Law Journal (semi-annual) (available from Oxford University Press, Journals Customer Service Department, 2001 Evans Road, Cary, N.C. 27513, U.S.A.; Tel.: 800–852–7323; Fax: 919–677–1714; URL: <http://icsidreview.oxfordjournals.org>; Email: jnlorders@oup.com at US\$73 for individuals (print and online combined) and US\$170, US\$187, or US\$204 for institutions for online, print, or print and online combined subscriptions.)

Documents Concerning the Origin and Formulation of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (1967; 2001; 2006) (English, French and Spanish) (available from the Centre at US\$250)

Investment Laws of the World (ten loose-leaf volumes) and Investment Treaties (eleven loose-leaf volumes) (available from Oxford University Press, Order Management Department, North Kettering Business Park, Hipwell Road, Kettering, Northamptonshire, NN14 1UA, UK; Tel.: +44 (0) 1536 452773; Email: customer.services@oup.com at US\$2,420 for both sets, US\$1,210 for the Investment Laws of the World volumes only and US\$1,210 for the Investment Treaties volumes only)

The ICSID Caseload—Statistics, Issues 2010-1, 2010-2, 2011-1, 2011-2, 2012-1, 2012-2, 2013-1 (contains a profile of the ICSID caseload; semi-annual updates) (English, French and Spanish) (Internet edition only)

Bilateral Investment Treaties 1959–1996: Chronological Country Data and Bibliography, Doc. ICSID/17 (May 30, 1997) (English) (Internet edition only)

ICSID Staff Publications

Meg Kinnear, Foreword, *The Legal Protection of Foreign Investment: A Comparative Study* (Wenhua Shan ed., Hart Publishing, 2012)

Meg Kinnear and Campbell McLachlan, Editorial, 27(1) ICSID Rev. 1-3 (2012)

Meg Kinnear, *Preparation of Cases before International Courts and Tribunals*, Proceedings of the 106th Annual Meeting of the American Society of International Law, 106 ASIL Proc. 160 (2013)

Meg Kinnear, *The Future of ICSID*, in *The Future of ICSID and the Place of Investment Treaties in International Law*, Investment Treaty Law Current Issues IV (N. Jansen Calamita, David Earnest, and Markus Burgstaller eds., British Institute of International and Comparative Law, 2013)

Meg Kinnear, Eloise Obadia and Michael Gagain, *The ICSID Approach to Publication of Information in Investor-State Arbitration*, in *Confidentiality in International Arbitration* by Rinaldo Sali and Alberto Malatesta (JurisNet LLC 2013)

Meg Kinnear, *Appointment to Arbitral Tribunals at ICSID*, ABA Newsletter, International Section – Arbitration Committee, Special Issue (Volume 1, Issue 1, 2013)

Meg Kinnear, *Navigating International Dispute Resolution: Innovations in Investor-State Arbitration*, VI Hugo Grotius Lecture (forthcoming 2013)

Meg Kinnear, Opening remarks, *ICSID and the International Investment Treaty Arbitration: Progress and Prospects*, in *Silk Road Collected Courses on International Economic Law*, Volume: International Investment Law and Arbitration (Wenhua Shan ed., forthcoming 2014)



2012 ICSID Administrative Council Meeting, photo by Deborah W. Campos, Tokyo, Japan, October 12, 2012

CHAPTER 6

FORTY-SIXTH ANNUAL MEETING OF THE ADMINISTRATIVE COUNCIL

Article 4 of the ICSID Convention states that the Administrative Council is composed of one representative of each Contracting State. In the absence of a contrary designation, the governor of the World Bank appointed by that State serves *ex officio* as representative on the Council. Each member has one vote on the Administrative Council.

The 46th Annual Meeting of the Administrative Council took place on October 12, 2012, in Tokyo, Japan, on the occasion of the Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund.

At its 46th Meeting, the Administrative Council approved the Centre's 2012 Annual Report and its administrative budget for FY2013.

The Resolutions adopted at the Meeting are reproduced below.

AC(46)/RES/121— Approval of the Annual Report

The Administrative Council
RESOLVES
To approve the 2012 Annual Report on the operation of the Centre.

AC(46)/RES/122— Adoption of Budget for Fiscal Year 2013

The Administrative Council
RESOLVES
To adopt, for the period July 1, 2012 to June 30, 2013, the budget set forth in paragraph 2 of the Report and Proposal of the Secretary-General on the Budget for Fiscal Year 2013, dated June 29, 2012.

CHAPTER 7 FINANCE

ICSID's administrative expenditures in FY2013 were covered by fee income and by the International Bank for Reconstruction and Development (IBRD) pursuant to the Memorandum of Administrative Arrangements concluded between the IBRD and ICSID. It is therefore not necessary to assess any excess expenditures on Contracting States pursuant to Article 17 of the Convention.

Expenditures relating to pending arbitration proceedings are borne by the parties in accordance with ICSID's Administrative and Financial Regulations.

The Financial Statements of the Centre for FY2013 are set forth in the following pages.

Soledad Salame, Chile
As Old as My Soul II



FINANCIAL STATEMENTS

ALL AMOUNTS EXPRESSED IN U.S. DOLLARS UNLESS OTHERWISE NOTED

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
Assets:		
Cash	\$ 5,566,349	\$ 3,239,450
Share of cash and investments in the Pool (Notes 2 and 3)	25,523,764	22,192,061
Due from parties to arbitration/conciliation proceedings (Note 2)	586,082	279,700
Other receivables	80	32,092
Other assets, net (Note 4)	375,922	377,813
Total assets	\$ 32,052,197	\$ 26,121,116
Liabilities and net assets:		
Liabilities:		
Payable to International Bank for Reconstruction and Development (Note 2)	\$ 1,285,353	\$ 899,744
Accrued expenses related to arbitration/conciliation proceedings	6,378,259	6,360,496
Deferred revenue (Note 2)	1,871,025	1,562,019
Advances from parties to arbitration/conciliation proceedings (Note 2)	19,731,586	16,111,265
Advance from International Bank for Reconstruction and Development (Note 5)	379,438	569,157
Total liabilities	29,645,661	25,502,681
Net assets, unrestricted (Note 6)	2,406,536	618,435
Total liabilities and net assets	\$ 32,052,197	\$ 26,121,116

The notes to the financial statements are an integral part of these statements.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
Support and revenues:		
Revenues from arbitration/conciliation proceedings (Notes 2 and 8)	\$ 29,332,044	\$ 28,084,175
In-kind contributions (Notes 2 and 10)	2,848,664	2,796,419
Net investment income (Note 2)	56,321	48,074
Sales of publications (Note 10)	34,306	16,088
Total support and revenues	32,271,335	30,944,756
Expenses:		
Expenses related to arbitration/conciliation proceedings (Notes 2 and 9)	23,513,696	23,779,301
Administrative expenses (Note 10)	6,794,722	6,371,251
Amortization expenses (Notes 2, 4 and 10)	118,495	127,695
Net investment income applied to arbitration/conciliation proceedings (Note 2)	56,321	48,074
Total expenses	30,483,234	30,326,321
Change in net assets	1,788,101	618,435
Net assets, beginning of the year	618,435	—
Net assets, end of the year	\$ 2,406,536	\$ 618,435

The notes to the financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND JUNE 30, 2012

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 1,788,101	\$ 618,435
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	118,495	127,695
(Increase)/Decrease in due from parties to arbitration/ conciliation proceedings	(306,382)	190,834
Decrease in other receivables	32,012	22,667
Increase in payable to International Bank for Reconstruction and Development	385,609	85,386
Increase in accrued expenses related to arbitration/ conciliation proceedings	17,763	588,709
Increase in deferred revenue	309,006	538,686
Increase in advances from parties to arbitration/ conciliation proceedings	3,620,321	2,054,818
Net cash provided by operating activities	5,964,925	4,227,230
Cash flows from investing activities:		
Increase in share in pooled investments	(3,331,703)	(2,834,361)
Purchase of other assets	(116,604)	—
Net cash used in investing activities	(3,448,307)	(2,834,361)
Cash flows from financing activities:		
Payment of advance from International Bank for Reconstruction and Development	(189,719)	(189,719)
Cash provided by financing activities	(189,719)	(189,719)
Net increase in cash	2,326,899	1,203,150
Cash at beginning of the year	3,239,450	2,036,300
Cash at end of the year	\$ 5,566,349	\$ 3,239,450

The notes to the financial statements are an integral part of these statements.

NOTE 1 — ORGANIZATION

Established on October 14, 1966, the International Centre for Settlement of Investment Disputes (ICSID or the Centre), is a member of the World Bank Group which also includes the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the International Development Association (IDA) and the Multilateral Investment Guarantee Agency (MIGA). The Centre provides facilities for the conciliation and arbitration of investment disputes between Contracting States (Countries that have ratified the ICSID Convention) and nationals of other Contracting States. The Centre provides such facilities for cases brought under the ICSID Convention, the ICSID Additional Facility Rules, or where parties involved so request, under the Arbitration Rules of the United Nations Commission on International Trade Law. In order to process the cases, the Centre constitutes Conciliation Commissions, Arbitral Tribunals or *ad hoc* Committees, as necessary. On February 13, 1967, IBRD and the Centre entered into Administrative Arrangements, which were effective as of the date of the establishment of the Centre. The Memorandum of Administrative Arrangements (the Memorandum) provides that, except to the extent that ICSID, pursuant to its Administrative and Financial Regulations (the Regulations), collects funds from the parties to proceedings to cover its administrative expenses, IBRD shall provide reasonable facilities and services to ICSID without charge, as described in Notes 2 and 10.

Effective February 2012, pursuant to the Operational Guidelines for the Funding of the Operations of the Centre entered into by IBRD and the Centre, if at the end of each fiscal year, the Centre's total expenditure less the IBRD's in-kind contribution is less than the revenues collected by the Centre, then the accumulated surplus amount will be retained by the Centre and may be carried forward indefinitely. In the event the Centre's total expenditure, less the IBRD's in-kind contribution, is greater than the revenues collected by the Centre during the year, the excess expenditure will be charged against the balance of any accumulated surpluses retained by the Centre before the Centre requests supplementary funding from IBRD.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP and IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with the related disclosures as at the date of the financial statements.

Management estimates the amount of unbilled expenses incurred by arbitrators, and related revenues, for ongoing cases at each year end. The nature of the cases handled by the Centre requires the use of external arbitrators, who charge fees for their service based on time spent on the cases. The estimation process uses information received from the arbitrators about unbilled time spent on the cases through the end of the fiscal year. In some cases the determination of arbitrators' fees and expenses incurred for ongoing cases is based on estimated time spent by the arbitrators in relation to the progress of the case and the number of hearings and sessions held during the year. Actual results of arbitrator fees earned but unbilled, and other case-related expenses incurred for the year may differ materially from management's estimates.

Cash: Cash consists of cash held in a bank account.

Share of the cash and investments in the Pool: Investments in the Pool are held for trading and they are reported at fair value. Resulting gains or losses are reported as an increase or reduction, in Net investment income in the Statement of Activities. All income earned is required to be used by the parties to arbitration/conciliation proceedings to offset the costs of their proceedings.

Due from parties to the arbitration/conciliation proceedings: Direct expenses incurred by arbitrators in excess of advance payments made by the parties to the ongoing arbitration/conciliation proceedings are recognized as due from parties to arbitration/conciliation proceedings and are payable in accordance with the Centre's Regulations.

Other assets and amortization: The Centre's other assets comprise computer systems software costs which, upon achieving technological feasibility, are capitalized at cost and amortized using the straight line method over a range of four to ten years. Amortization is charged from commencement of the use of the software.

The Centre evaluates the carrying value of software and the website annually, and whenever events or changes in circumstances indicate that impairment has occurred. Impairment is considered to

have occurred if the carrying amount exceeds its recoverable amount, at which time, a write-down would be recorded.

Payable to IBRD: These amounts represent the balance of outstanding expenses paid by IBRD on behalf of ICSID, which are incurred in the normal course of business.

Advances from parties to arbitration/conciliation proceedings: In accordance with the Regulations, the Centre periodically requests parties to arbitration/conciliation proceedings to make advance payments to cover administrative charges and the fees and expenses of the Conciliation Commissions, Arbitral Tribunals or *ad hoc* Committees. These advances are recorded as liabilities.

Revenues from arbitration/conciliation proceedings: The Centre's direct expenses attributable to arbitration/conciliation proceedings are borne by the parties in accordance with the Centre's Regulations. These direct expenses, which include arbitrators' fees and expenses, and the costs associated with meeting rooms and support services for conducting proceedings, are paid from advances from parties (see Note 9). Accordingly, the Centre recognizes revenues from these transactions to the extent expenses related to arbitration/conciliation proceedings are incurred during the period.

In addition, revenues from arbitration/conciliation proceedings also include the following (see Note 8):

Registration fees: The Centre charges a non-refundable fee of \$25,000 to parties wishing to institute an arbitration/conciliation proceeding or \$10,000 to parties wishing to request a supplementary decision to, or the rectification, interpretation, revision or annulment of an arbitral award, or request resubmission of a dispute to a new tribunal after the annulment of an arbitral award. The revenues are recognized upon receipt of payment. Effective January 2013, the Centre revised its lodging fee for annulment of an arbitral award from \$10,000 to \$25,000.

Administration fees: The Centre charges \$32,000 following the constitution of the Conciliation Commission, Arbitral Tribunal or *ad hoc* Committee concerned and the same amount on an annual basis thereafter. The Centre collects administration fees from advance deposits from the parties to arbitration/conciliation proceedings. The revenues are recognized on a straight-line basis, over the twelve month period during which services are performed. The unearned revenue at year end is deferred and recognized in the subsequent fiscal year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Attendance fees: If the proceeding is held away from the seat of the Centre (Washington, D.C.), the Centre charges a case attendance fee of \$1,500 per day when the Secretary of the Commission, Tribunal, or Committee attends the meetings. The Centre collects these fees from advance deposits from the parties to the arbitration/conciliation proceedings. The fees are recognized as revenue when the service is rendered. Effective January 1, 2012, the Centre ceased charging attendance fees.

Investment of undisbursed advances from parties and refund of surplus advance to the parties:

Net investment income earned on funds advanced from parties is recorded as revenue and expense in the Statement of Activities, and applied to advances from parties to arbitration/conciliation proceedings, which can be used for expenses related to the parties' respective arbitration/conciliation proceedings. After the completion of an arbitration / conciliation proceeding, if there is an excess of advances and investment income over expenditures for the proceedings, the surplus is refunded to the parties in proportion to the amounts advanced by them to the Centre.

Value of services provided by IBRD and in-kind contributions:

IBRD provides support services and facilities to the Centre including the following:

- 1) The services of staff members and consultants; and
- 2) Other administrative services and facilities, such as travel, communications, office accommodations, furniture, equipment, supplies and printing.

The Centre recognizes expenses, as incurred, for the value of services provided by IBRD, which is determined by the estimated fair value of such services. Services by IBRD for which the Centre provides no compensation are similarly recognized and measured and are recorded as in-kind contribution revenue.

Relevant accounting and reporting developments:

Financial Accounting Standards Board: In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS)*. The amendments result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. The ASU is similar to IFRS 13, *Fair Value Measurement* issued by the International Accounting Standards Board in May 2011. Many of the amendments are changes in wording that are not expected to significantly impact current practice. The ASU is effective for annual periods

beginning after December 15, 2011, and IFRS 13 is effective for annual periods beginning after January 1, 2013. Both IFRS 13 and the ASU amendments are not expected to have a material impact on the Centre's financial reporting.

International Accounting Standards Board (IASB): In November 2009, the IASB issued IFRS 9 *Financial Instruments* as the first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities, and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. IFRS 9 as amended is mandatorily effective for annual periods beginning on or after January 1, 2015. The standard is not expected to have an impact on the Centre's financial reporting.

NOTE 3 — SHARE OF CASH AND INVESTMENT IN THE POOL AND FAIR VALUE MEASUREMENT

Amounts paid to the Centre, but not yet disbursed, are managed by IBRD, which maintains an investment portfolio (the Pool) for all of the trust funds administered by the World Bank Group. IBRD, on behalf of the World Bank Group, maintains the Pool's assets separate and apart from the funds of the World Bank Group.

The Pool is divided into sub-portfolios to which allocations are made based on fund specific investment horizons, risk tolerances and/or other eligibility requirements for trust funds with common characteristics as determined by IBRD. Generally, the Pool includes cash and financial instruments such as time deposits, money market securities, government and agency obligations, and asset-backed securities. The Pool may also include securities pledged as collateral under repurchase agreements as well as derivatives with other counterparties, and receivables from resale agreements as well as derivatives for which it has accepted collateral. Additionally, the Pool may also include derivative contracts such as currency forward contracts, currency swaps, interest rates swaps and contracts to purchase or sell mortgage-backed-securities to-be-announced (TBA). Payables and receivables associated with the investment activities are also included in the Pool. The Centre's funds are invested in a sub-portfolio of the Pool, which invests solely in cash and money market instruments such as overnight time deposits, time term deposits, certificate of deposits and commercial paper with terms of three months or less recorded at par value which approximates fair value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The share in pooled cash and investments represents the Centre's share of the Pool's fair value at the end of each reporting period. Net investment income consists of the Centre's allocated share of: interest income earned by the Pool, realized gains/losses from sales of securities, and unrealized gains/losses resulting from recording the assets held by the Pool at fair value. As explained in Note 2, net investment income is recorded as revenue and expense in the Statement of Activities, and applied to advances from parties to arbitration/conciliation proceedings, which can be used for expenses related to arbitration/conciliation proceedings.

IBRD, on behalf of the World Bank Group, has an established and documented process of determining fair values. Fair value is based upon quoted market prices for the same or similar instruments, where available. Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models. These models primarily use market-based or independently-sourced market parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves and may incorporate unobservable inputs. Selection of these inputs involves judgment.

The Pool's financial instruments are categorized based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to observable market-based inputs or inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3). When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety. ICSID categorizes overnight time deposits as Level 1 and the other money market instruments as Level 2.

Hierarchy level	June 30, 2013	June 30, 2012
Level 1	\$ 5,324,709	\$ 2,155,769
Level 2	20,199,055	20,036,292
Level 3	—	—
Total	\$ 25,523,764	\$ 22,192,061

As of June 30, 2013 and June 30, 2012, ICSID does not have any financial instruments measured at fair value on a non-recurring basis. During the fiscal year ended June 30, 2013, transfers between levels were not significant.

All other financial assets and financial liabilities are carried at cost. Their carrying values are considered to be a reasonable estimate of fair value because these instruments tend to be very short term in nature and none are considered to be impaired.

NOTE 4 — OTHER ASSETS

Other assets comprise computer systems software. Amortization charges amounted to \$118,495 for the year ended June 30, 2013 (2012: \$127,695). None of these assets are considered impaired.

NOTE 5 — ADVANCE FROM IBRD

During the year ended June 30, 2008, IBRD agreed to lend up to \$917,000 to the Centre to enable the Centre to acquire software and develop information systems. The loan bears no interest and is repayable in full within four years upon completion of the development of the information systems. The Centre had borrowed \$758,876 and repaid the second installment, \$189,719 (2012: \$189,719), with an outstanding balance of \$379,438 (2012: \$569,157).

NOTE 6 — NET ASSETS, UNRESTRICTED

Net assets, unrestricted represents accumulated surplus in the amount of \$2,406,536 (2012: \$618,435). The amount may be carried forward indefinitely.

NOTE 7 — RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Centre's financial assets consist of its share of cash and investments in the Pool, cash and other receivables. The Pool is actively managed and invested in accordance with the investment strategy established by IBRD for all trust funds administered by the World Bank Group. The objectives of the investment strategy are foremost to maintain adequate liquidity to meet foreseeable cash flow needs and preserve capital and then to maximize investment returns. The Centre holds the cash in a depository bank account.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Centre is exposed to credit and liquidity risks. There has been no significant change during the fiscal year to the types of financial risks faced by the Centre or the Centre's general approach to the management of those risks. The exposure and the risk management policies employed to manage these risks are discussed below:

Credit risk – The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Of the Centre's financial assets, cash held in the depository bank account which is subject to U.S. Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000 is not subject to credit risk. Therefore, the Centre's maximum credit exposure at June 30, 2013 is equivalent to the gross value of the remaining assets amounting to \$30,840,193 (2012: \$25,213,603). The Centre does not hold credit enhancements or collateral to mitigate credit risk.

IBRD invests the Centre's share of pooled investments in money market securities. The Centre's share of the cash and investments in the Pool is not traded in any market; however, the assets within the Pool are traded in the market and are reported at fair value. IBRD's policy is to only invest in money market instruments issued or guaranteed by financial institutions whose senior debt securities are rated at least A- in the U.S. markets or equivalent.

At the reporting date, 100% of the Centre's share of the investment portfolio is held in securities rated at least A- (2012: 100%) and 52% is held in securities rated at least AA- (2012: 65%). IBRD defines the concentration of credit risk as the extent to which the pooled investments are held by an individual counterparty. The concentration of credit risk with respect to the Pool of investments is mitigated because IBRD has investment policies that limit the amount of credit exposure to any individual issuer.

Other receivables and amounts due from parties to arbitration/conciliation proceedings result from the ordinary course of business. The amounts are neither past due nor impaired.

Liquidity risk – The risk that an entity will encounter difficulty in raising liquid funds to meet its commitments. ICSID regulations require parties to disputes to make advance deposits with the Centre to meet anticipated expenses of arbitration/conciliation proceedings. The Centre's share of cash and investments in the pool are invested in highly liquid money market instruments and liabilities carried generally have no stated maturity.

NOTE 8 — REVENUES FROM ARBITRATION/CONCILIATION PROCEEDINGS

Revenues from arbitration/conciliation proceedings comprise:

	<u>2013</u>	<u>2012</u>
Drawdown of advances from parties for direct expenses related to arbitration/conciliation proceedings*	\$ 23,513,697	\$ 23,779,301
Administration fees	4,413,046	2,901,234
Registration fees	1,405,301	1,216,890
Attendance fees	-	186,750
Total	<u>\$ 29,332,044</u>	<u>\$ 28,084,175</u>

*The Centre recognizes revenue to the extent expenses are incurred related to arbitration/conciliation proceedings. The details of the expenses are provided in Note 9.

NOTE 9 — EXPENSES RELATED TO ARBITRATION/CONCILIATION PROCEEDINGS

Direct expenses related to arbitration/conciliation proceedings are paid out of advances made by parties to arbitration/conciliation proceedings. The expenses comprise:

	<u>2013</u>	<u>2012</u>
Arbitrators' fees and expenses	\$ 20,333,932	\$ 20,569,583
Arbitration/conciliation meeting costs	2,757,092	2,733,777
Travel expenses	301,050	320,613
Other costs	121,622	155,328
Total	<u>\$ 23,513,696</u>	<u>\$ 23,779,301</u>



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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 — IN-KIND CONTRIBUTIONS

As described in Note 1, the Memorandum provides that, except to the extent that the Centre may charge the parties to proceedings for fees and expenses of members of Conciliation Commissions, Arbitral Tribunals or *ad hoc* Committees, IBRD will provide facilities and services to the Centre. Therefore, in-kind contributions represent the value of services provided by IBRD, less amounts reimbursed to IBRD using proceeds from non-refundable fees and the sale of publications.

A summary is provided below:

	<u>2013</u>	<u>2012</u>
Recorded value of services provided by IBRD		
Staff services (including benefits)	\$ 4,951,154	\$ 4,680,759
Administrative services and facilities:		
Contractual services	353,588	409,300
Administrative services	298,551	197,759
Communications and information technology	618,733	434,793
Office accommodations	476,724	563,514
Travel	95,972	85,126
Total administrative services and facilities	<u>6,794,722</u>	<u>6,371,251</u>
Amortization expense	118,495	127,695
Total recorded value of services provided by IBRD	<u>6,913,217</u>	<u>6,498,946</u>
Less: ICSID reimbursement	4,064,553	3,702,527
In-kind contributions	<u>\$ 2,848,664</u>	<u>\$ 2,796,419</u>

NOTE 11 — AUTHORIZATION OF FINANCIAL STATEMENTS

ICSID's management has evaluated subsequent events through August 27, 2013, the date the financial statements were approved and authorized for issue.

Independent Auditors' Report

Chairman of the Administrative Council and Secretary General
 International Centre for Settlement of Investment Disputes:

Report on the Financial Statements

We have audited the accompanying statements of financial position of the International Centre for Settlement of Investment Disputes as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Centre for Settlement of Investment Disputes as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG LLP

August 27, 2013

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.



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