



**ICSID**

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

**2014**  
**ANNUAL**  
**REPORT**





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INTERNATIONAL CENTRE FOR SETTLEMENT OF  
INVESTMENT DISPUTES

August 29, 2014

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, 2013 to June 30, 2014.

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, 2014

Meg Kinnear, Secretary-General

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Paul Herrera, Information Technology Assistant  
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Diana Magalona, Receptionist

## PARALEGAL, ADMINISTRATIVE AND CLIENT SUPPORT STAFF

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Paula Carazo, Program Assistant  
Cinthya Ibáñez, Program Assistant  
Lanny Isimbi, Program Assistant  
Miriam A. Peguero Medrano, Program Assistant  
Laura Amelia Pettinelli, Program Assistant



Members of the ICSID Secretariat, Washington D.C., May 16, 2014, Deborah W. Campos, World Bank

## CHAPTER 1 INTRODUCTION

The Convention on the Settlement of Investment Disputes between States and Nationals of Other States was opened for signature on March 18, 1965 and came into force on October 14, 1966. By this treaty, Member States established the International Centre for Settlement of Investment Disputes (ICSID or the Centre) as the first dispute resolution facility focused on providing procedural rules, physical facilities, and logistical support for resolution of international investment disputes. Since 1966, ICSID has established itself as the premier facility for the resolution of such disputes between States and foreign investors, and it maintains this distinction today.

The Centre's activities in fiscal year 2014 are presented in detail in this report. They demonstrate why the Centre is still considered the lead international institution in this field. ICSID benefits from a broad and diverse membership, representing States from all legal traditions. In the past year ICSID welcomed Canada as the 150th Member State, and the Republic of San Marino as the 159th signatory State to the ICSID Convention. Similarly, ICSID has encouraged the development of a larger and more diverse group of case decision-makers, who reflect the diversity of ICSID's membership. It has adopted practices to propose arbitrators and conciliators from all States and of both genders, and has made progress in reaching this objective. Likewise, Member States have contributed to this objective by designating 82 new persons to the Panels of Arbitrators and of Conciliators in the past year.

The number of cases registered in fiscal year 2014 remained steady, with 40 new ICSID cases and 8 new cases for administration under the UNCITRAL Arbitration Rules. Over the year, the Centre administered 209 cases, the most cases ever administered in a single fiscal year. This growth has put a premium on addressing efficiency in case administration, while maintaining due process and a level playing field for disputing parties using ICSID facilities. We have met these challenges with technological solutions, procedural innovation, and ambitious service standards. These efforts have resulted in measurable efficiency gains in the past year. For example, the Centre recorded the lowest average period of time to register new cases (21 days), and witnessed the highest number of arbitrator appointments ever recorded in a fiscal year (93 individuals). While these results are encouraging, we continue to look for ways to make dispute resolution increasingly timely and cost effective.

In addition to the administration of proceedings, ICSID has a mandate to disseminate knowledge within its area of expertise and to inform discussions about the future directions of international investment dispute settlement. The experience gained from ICSID's docket of cases has allowed the



*Inside ICSID's new offices, Washington, D.C., Scholastica Nguyen, Patricia Hord Graphik Design*

## CHAPTER 2 MEMBERSHIP

Centre to develop an unparalleled expertise and focus, which benefits disputing parties, decision-makers and Member States. In fiscal year 2014, ICSID expanded the amount and breadth of its outreach. The *ICSID Review-Foreign Investment Law Journal* has grown to three issues per year, subscriptions have increased, and the journal is now offered online as well as in hard copy volumes. ICSID has supplemented its technical assistance and presented its introduction to ICSID procedure in Africa, Asia and Latin America in the past year. ICSID staff gave numerous presentations on various aspects of our work, including mediation of investment disputes, preparation for an arbitration, and recognition and enforcement of awards.

As ICSID approaches the 50 year anniversary of the entry into force of the Convention, all indications are that the demands on the Centre's services and its intellectual leadership will continue. While the half-century anniversary is certainly a time to look back and celebrate achievements, it is also the time to look forward and ensure that we are prepared to meet the challenges of the next 50 years. We are planning a variety of events and initiatives that both celebrate the past and anticipate the future, and we look forward to commencing these in the upcoming fiscal year.

Finally, I wish to thank ICSID Member States and facility users for their continued confidence in the Centre. I also wish to thank each member of the ICSID Secretariat: they bring unparalleled expertise, commitment, and collegiality to the task every day and they are responsible for the success of the Centre to date. It remains my unique privilege to work with the ICSID Secretariat staff and to serve as Secretary-General of ICSID. I am confident that ICSID will continue to offer its members and users world class facilities, service, and the intellectual leadership that they have grown to expect. We are committed to excellence in fulfilling the important mandate of ICSID, and look forward to further progress in the next years.

Meg Kinnear  
Secretary-General

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

As of June 30, 2014, there were 159 signatory States to the ICSID Convention. Of these, 150 States were ICSID Contracting States by virtue of their having deposited instruments of ratification, acceptance or approval of the ICSID Convention with the World Bank, which is the depositary of the ICSID Convention.

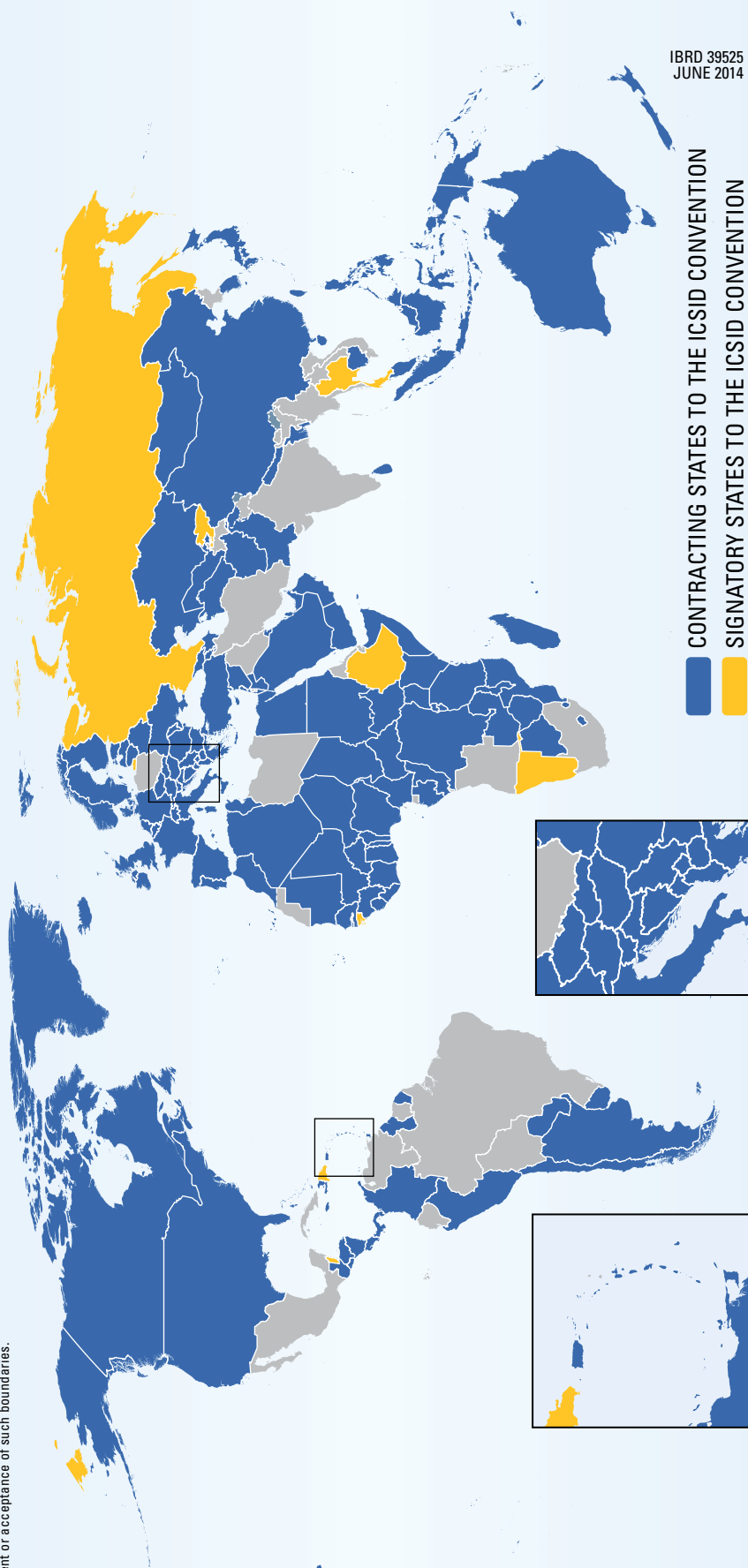
On November 1, 2013, Canada deposited its instrument of ratification of the Convention and the Convention entered into force for Canada on December 1, 2013.

On April 11, 2014, the Convention was signed on behalf of the Republic of San Marino by H.E. Marco Arzilli, Minister of Industry Handicraft Trade Transport and Research.



Meg Kinnear, ICSID Secretary-General, and H.E. Marco Arzilli, Minister of Industry Handicraft Trade Transport and Research of San Marino, at the signing of the ICSID Convention, Washington, D.C., April 11, 2014, Benjamin Garel, World Bank





## LIST OF CONTRACTING STATES AND OTHER SIGNATORIES OF THE CONVENTION

AS OF JUNE 30, 2014

The 159 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 150 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
Cabo Verde	Dec. 20, 2010	Dec. 27, 2010	Jan. 26, 2011
Cambodia	Nov. 5, 1993	Dec. 20, 2004	Jan. 19, 2005
Cameroon	Sep. 23, 1965	Jan. 3, 1967	Feb. 2, 1967
Canada	Dec. 15, 2006	Nov. 1, 2013	Dec. 1, 2013

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



State	Signature	Deposit of Ratification	Entry into Force of Convention
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
Haiti	Jan. 30, 1985	Oct. 27, 2009	Nov. 26, 2009

State	Signature	Deposit of Ratification	Entry into Force of Convention
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
Montenegro	July 19, 2012	April 10, 2013	May 10, 2013



State	Signature	Deposit of Ratification	Entry into Force of Convention
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
San Marino	Apr. 11, 2014		
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

## 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 complete list of members of the Panels of Arbitrators and of Conciliators is available on the ICSID website.

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 ever 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 FY2014, 15 ICSID Contracting States made designations to the ICSID Panels: Afghanistan, Bahrain, Democratic Republic of the Congo, the Czech Republic, Georgia, Germany, Greece, Hungary, Latvia, Saudi Arabia, Singapore, Slovak Republic, Sweden, Timor-Leste, and Zimbabwe. In all, 82 persons were designated or re-designated to the Panels. At the end of FY2014, there were 590 individuals on the ICSID Panels of Arbitrators and of Conciliators.

The names of designees to the ICSID Panels made in FY2014 are provided on the following page.



*Prof. Piero Bernardini, Tribunal member, and ICSID Counsel Natalí Sequeira at a hearing for Mobil Exploration and Development Inc. Suc. Argentina and Mobil Argentina S.A. v. Argentine Republic, Washington, D.C., May 3, 2014, Benjamin Garel, World Bank*



## AFGHANISTAN

*Panels of Arbitrators and of Conciliators*  
Designations effective February 11, 2014:  
Abdul Sulaiman Ghafoori, Phillip James Walker

*Panel of Arbitrators*  
Designations effective February 11, 2014:  
Abdullah Dowrani, Abdurrahman Mujahid

*Panel of Conciliators*  
Designations effective February 11, 2014:  
Nazir Kabiri, Mohamed Khalid Payenda

## BAHRAIN

*Panel of Conciliators*  
Designations effective July 8, 2013:  
Khalid Hamad Abdulrahman, Huda Hussain  
Al Maskati, Yusuf Humood, Aref Saleh Khamis

## DEMOCRATIC REPUBLIC OF THE CONGO

*Panel of Arbitrators*  
Designation effective September 25, 2013:  
Mwilanya Wilondja

*Panel of Conciliators*  
Designations effective September 25, 2013:  
Kolonge Eberande, Luaba Nkuna

## CZECH REPUBLIC

*Panel of Arbitrators*  
Designations effective December 14, 2013:  
Vladimír Balaš, Daniela Christina Devereaux,  
Alexandr Mares

## GEORGIA

*Panels of Arbitrators and of Conciliators*  
Designation effective November 28, 2013:  
Paul Friedland

*Panel of Arbitrators*  
Designation effective November 28, 2013:  
Brigitte Stern

*Panel of Arbitrators*  
Designation effective February 4, 2014:  
Rolf Knieper

*Panel of Conciliators*  
Designation effective November 28, 2013:  
Thomas H. Lee

## GERMANY

*Panel of Arbitrators*  
Designations effective September 5, 2013:  
Karl-Heinz Böckstiegel, Inka Hanefeld,  
Sabine Konrad, Klaus Sachs

*Panel of Conciliators*  
Designation effective September 5, 2013:  
Patricia Nacimiento

*Panel of Conciliators*  
Designations effective December 14, 2013:  
Anke Meier, Stephan Schill, Sebastian  
Seelmann-Eggebert

## GREECE

*Panel of Arbitrators*  
Designations effective January 27, 2014:  
Antonias C. Dimolitsa, Loukas Mistelis,  
Evangelos Perakis, Michael Stathopoulos

*Panel of Conciliators*  
Designations effective January 27, 2014:  
Ioannis C. Dryllerakis, Harry Kyriazis, Michael  
Marinos, Ioannis Vassardanis

## HUNGARY

*Panel of Arbitrators*  
Designations effective May 5, 2014:  
Péter Györfi-Tóth, Jean Engelmayer Kalicki,  
János Martonyi, István Varga

*Panel of Conciliators*  
Designations effective May 5, 2014:  
János Burai-Kovács, Kolos Kardkovács, Miklós  
Király, Attila Menyhárd

## LATVIA

*Panel of Arbitrators*  
Designations effective January 24, 2014:  
Andis Auza, Inga Kačevska, Eva Kalniņa,  
Mārtiņš Paparinskis

*Panel of Conciliators*  
Designation effective January 24, 2014:  
Ziedonis Ūdris

## SAUDI ARABIA

*Panels of Arbitrators and of Conciliators*  
Designations effective July 8, 2013:  
Abdulrahman Ibrahim Alhumaid, Yahya A.  
Alyahya, Ziad Bin Abdulrahman Al-Sudairy,  
Sherif Omar Hassan

## SINGAPORE

*Panel of Arbitrators*  
Designations effective December 1, 2013:  
Lawrence Boo, Cavinder Bull, Sek Keong  
Chan, Sundaresh Menon

*Panel of Conciliators*  
Designations effective December 1, 2013:  
S. Jayakumar, Tommy Koh, George Lim,  
Chelva Rajah

## SLOVAK REPUBLIC

*Panel of Arbitrators*  
Designations effective July 15, 2013:  
Mark A. Clodfelter, Václav Mikulka, Peter Tomka

## SWEDEN

*Panel of Arbitrators*  
Designations effective November 15, 2013:  
Kaj Hobér, Lena Frånstedt Lofalk, Bo G. H.  
Nilsson, Christer Söderlund

*Panel of Conciliators*  
Designations effective November 15, 2013:  
Lars Edlund, Christina Ramberg, Eric M.  
Runesson, Claes Zettermarck

## TIMOR-LESTE

*Panels of Arbitrators and of Conciliators*  
Designations effective August 22, 2013:  
Pierre Richard Prosper, Yu-Jin Tay

## ZIMBABWE

*Panel of Arbitrators*  
Designations effective October 28, 2013:  
S. J. Chihambakwe, M. S. Gwaunza, V. Mudimu,  
L. Uriri

*Panel of Conciliators*  
Designations effective October 28, 2013:  
T. Bere, C. Dube, P. Dube, M. Matshiya



## 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). Its primary purpose is to provide facilities and services to support resolution of international investment disputes. It administers cases under the ICSID Convention, the ICSID Additional Facility, and other rules such as the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL Arbitration 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, and 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.

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 other than those available under 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. It also provides such assistance in cases conducted under free trade agreements.

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 six instances, and administered eight investor-State arbitrations under the UNCITRAL Rules, doubling the number of non-ICSID cases administered compared to the previous fiscal year.

### Overview of ICSID Arbitration

ICSID Convention arbitration is initiated by the submission of a Request for Arbitration to the Secretary-General, which 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 within 21 days of being filed at ICSID.

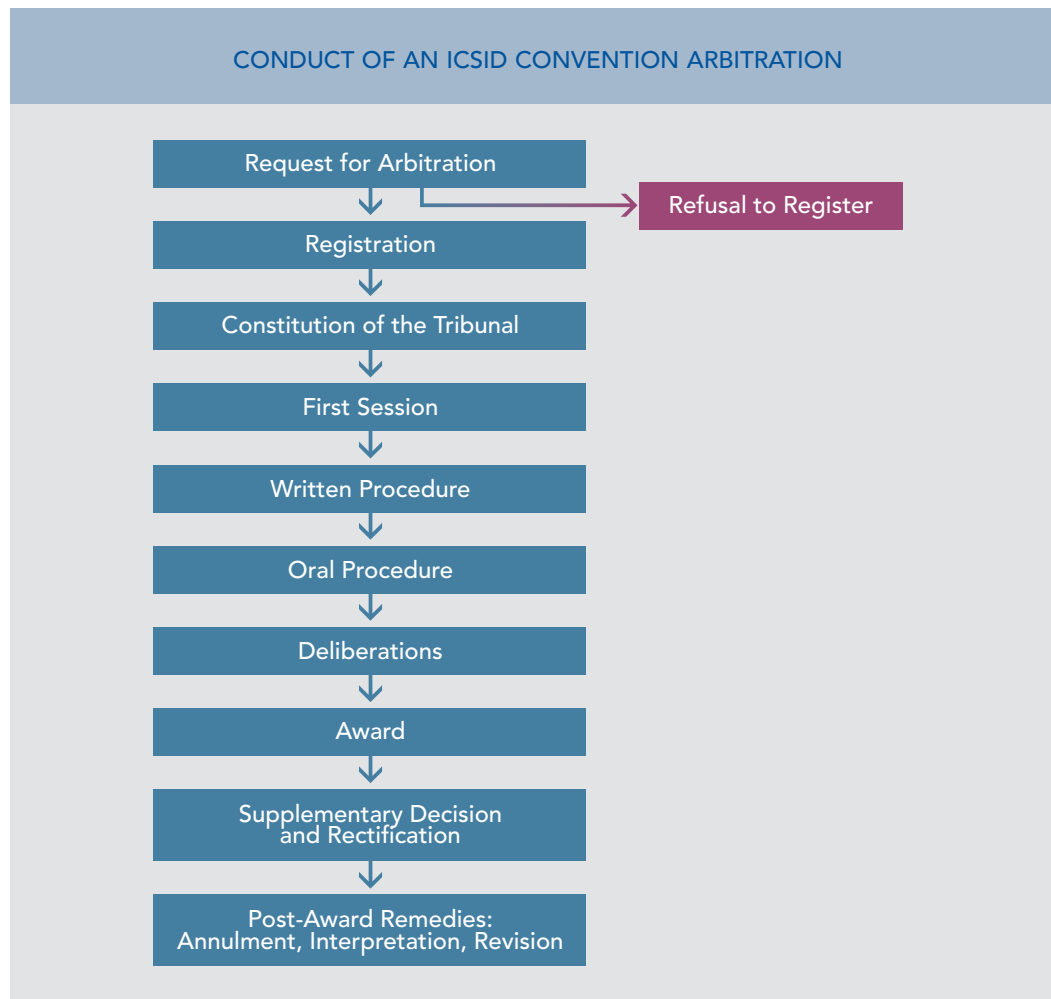
The next procedural step is constitution of the arbitral tribunal. The ICSID Arbitration Rules offer the disputing parties significant flexibility regarding the number of arbitrators and the method of their appointment. In most instances, tribunals consist of three arbitrators: one arbitrator appointed 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 FY2014, ICSID completed consultations with parties and finalized appointments on average within 51 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 to deal with preliminary questions of procedure. The subsequent proceeding usually comprises two distinct phases: a written procedure followed by in-person hearings. After the parties present their case, the tribunal deliberates and renders its award.

An ICSID Convention award is binding and not subject to any appeal or other remedy except those provided for 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. Other remedies may also be available under the applicable laws of the place of proceedings.

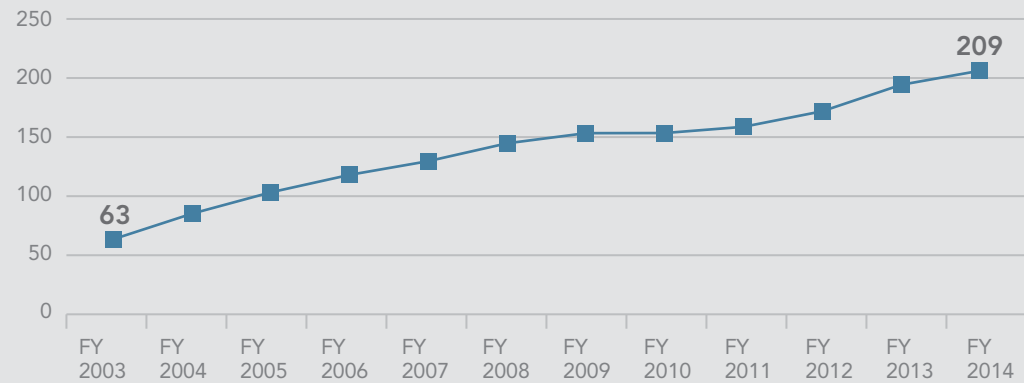
### New ICSID Cases Registered

Forty new ICSID cases were registered in FY2014. All of the new cases registered were arbitrations: 38 under the ICSID Convention and 2 under the Additional Facility Rules.



Over the course of the fiscal year, the Centre administered a new record of 209 ICSID cases. This number exceeds the previous high mark by 14 cases, and represents 44% of the 473 ICSID cases ever administered by the Centre.

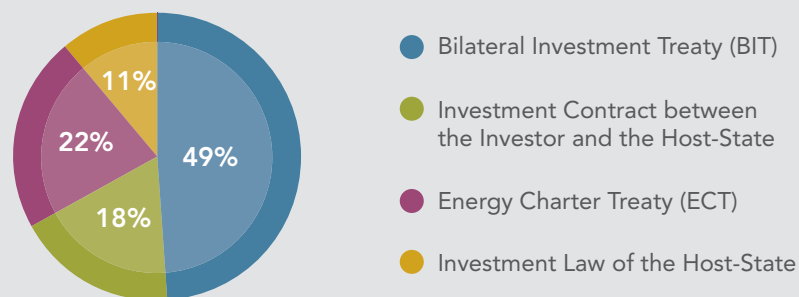
### ICSID CASES ADMINISTERED BY THE SECRETARIAT (FY2003–FY2014)



### Basis of Consent to ICSID Proceedings

Arbitration and conciliation under the ICSID Convention and Additional Facility Rules 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.

### BASIS OF CONSENT INVOKED TO ESTABLISH ICSID JURISDICTION IN NEW CASES REGISTERED IN FY2014 UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES



Of the new cases registered in FY2014, the majority (22 cases) asserted ICSID jurisdiction on the basis of a bilateral investment treaty (BIT). Ten cases were brought on the basis of the Energy Charter Treaty (ECT), which represents a significant increase over the previous fiscal year, during which only one case was registered on the basis of that treaty. Investors asserted the Centre's jurisdiction under investment contracts in eight further cases, and five cases relied on investment laws. Three cases relied, respectively, on two bases for jurisdiction (an investment law and a BIT in one case; and a BIT and the ECT in the other two cases). One further case invoked three bases for jurisdiction (a law, a BIT and a contract).

### State Parties to ICSID Proceedings Registered in FY2014

State parties involved in ICSID disputes registered in FY2014 remained diverse. They included States from every geographic region of the world. Notably, the Eastern Europe and Central Asia region had the greatest number of newly registered ICSID cases (25%), followed by cases naming State parties located in Western Europe and Sub-Saharan Africa (20% each). The proportion of new cases involving State parties from South America has decreased from 26% in FY2013 to 7% in FY2014.

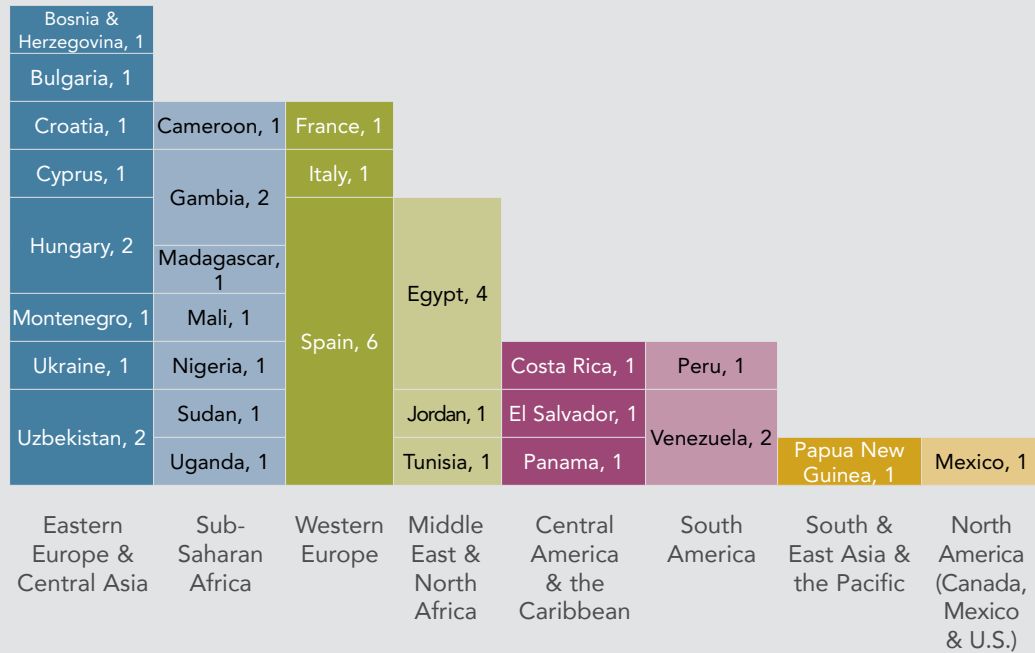
### GEOGRAPHIC DISTRIBUTION OF NEW CASES REGISTERED IN FY2014 UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES, BY STATE PARTY INVOLVED



Eight Eastern European and Central Asian States were named as respondent in ten cases. Eight cases were brought against three States in Western Europe. States from Sub-Saharan Africa were involved in eight cases, and six cases were instituted against States in the Middle East and North Africa region. Three cases involved two States in South America, one of which was instituted by a State party against an investor. Three further cases were brought against three States in the Central America and Caribbean region. One case was brought against a State in North America, and one case was brought against a State in the South and East Asia and the Pacific region.



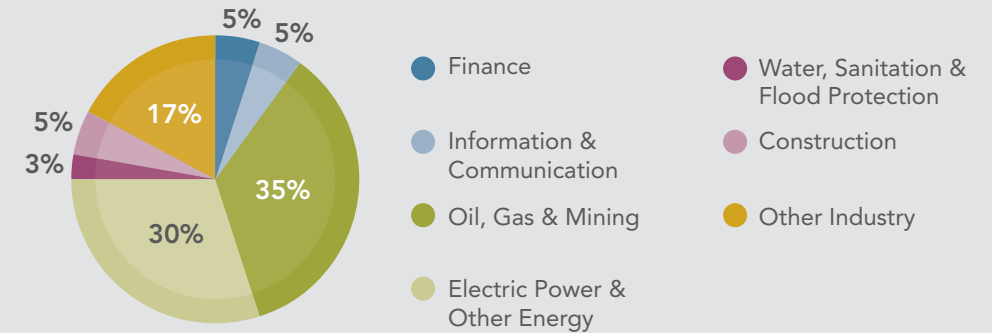
**GEOGRAPHIC DISTRIBUTION OF NEW CASES REGISTERED IN FY2014 UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES, BY STATE PARTY INVOLVED — FURTHER DETAILS**



**Economic Sectors Involved in New Proceedings**

The investment disputes commenced in FY2014 involved a variety of economic sectors. Based on World Bank industry sector codes, the oil, gas, and mining sector remained dominant, with 35% of cases registered in FY2014. Thirty percent of the cases involved the electric power and other energy sector, which represents a 25% increase over the previous fiscal year. Seventeen percent of the cases involved a variety of industries, such as retail, textile manufacturing and voucher services. The construction industry, financial sector, and information and communication sectors were represented in equal parts (5% each). The remaining case involved water, sanitation and flood protection activities.

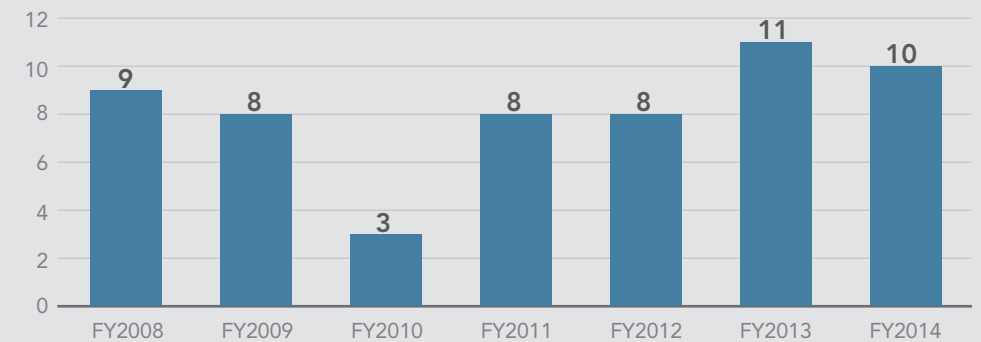
**DISTRIBUTION OF NEW CASES REGISTERED IN FY2014 UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES, BY ECONOMIC SECTOR**



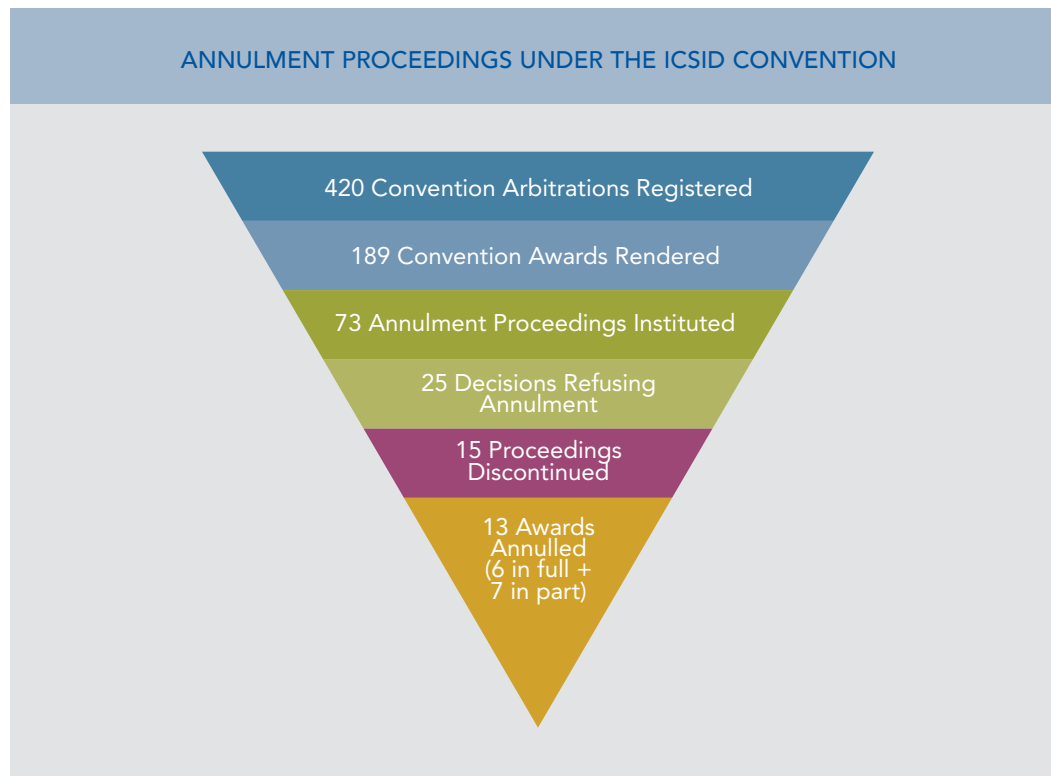
**Post-Award Remedy Applications**

In FY2014, the Centre registered twelve applications for post-award remedies under the ICSID Convention, which included ten applications for annulment, one request for rectification and one request for resubmission of the dispute. Of the ten applications for annulment, five were brought by the Claimant/investor, and three were initiated by the State/Respondent in the underlying arbitration. In one case, both parties filed separate applications for annulment of the same award.

**NUMBER OF ANNULMENT APPLICATIONS REGISTERED BY ICSID (FY2008–FY2014)**



To date, 420 ICSID Convention arbitrations have been registered at ICSID; only 6 awards 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.



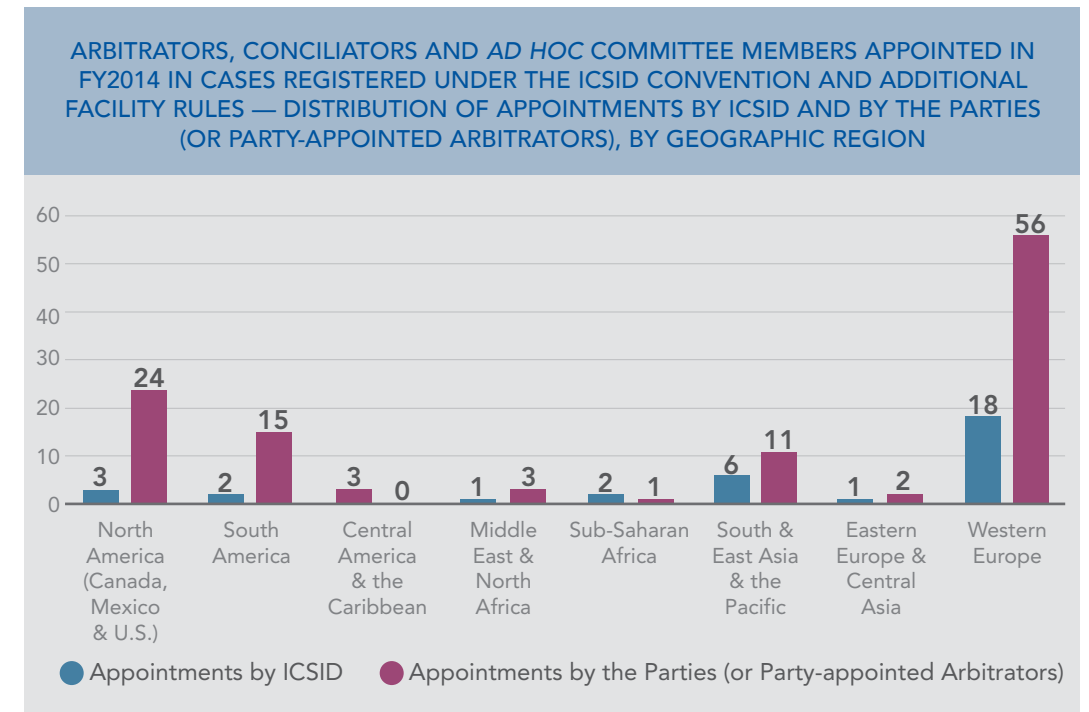
In the course of the fiscal year, one interpretation proceeding concerning an award rendered under the Additional Facility Rules was also initiated.

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

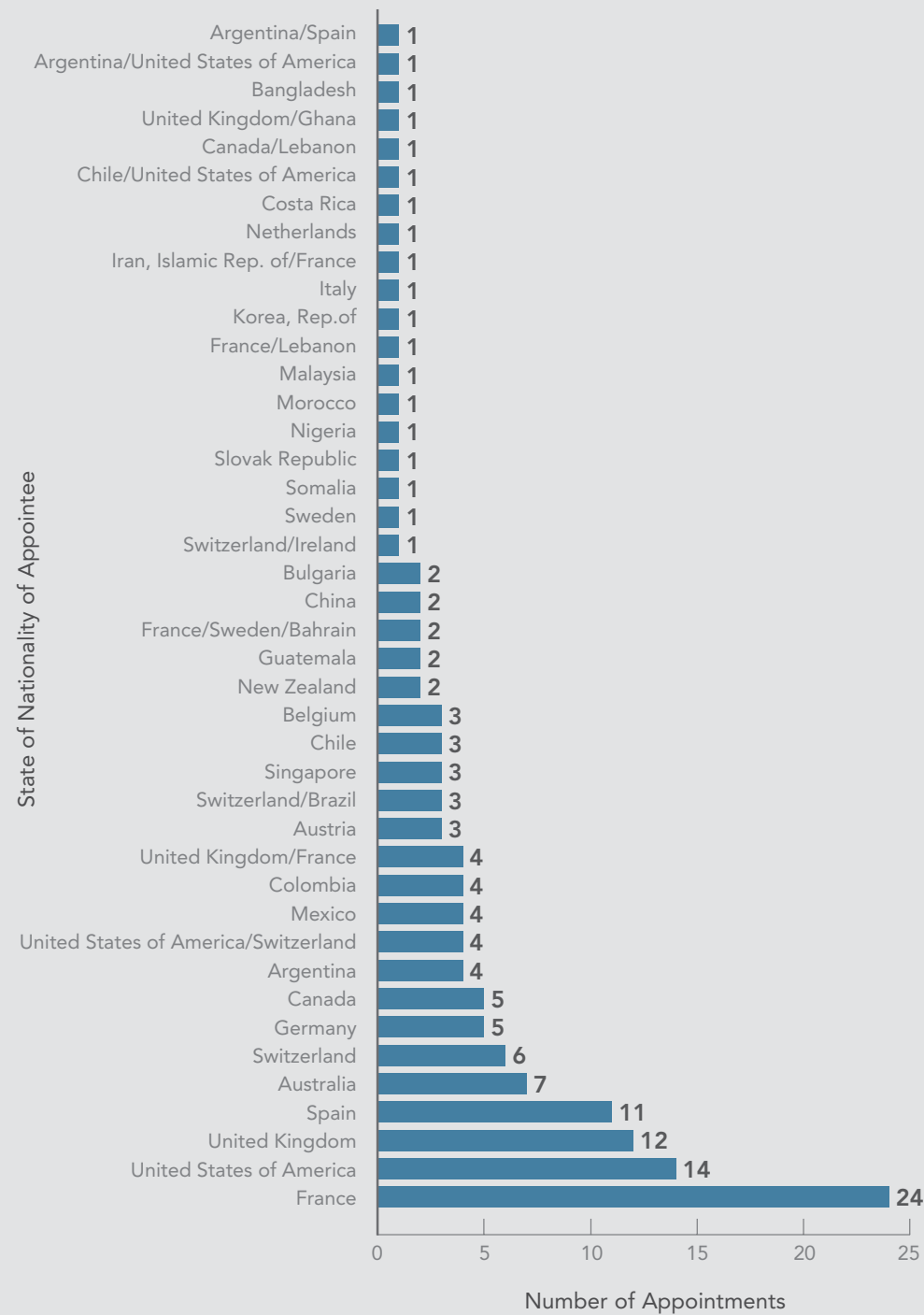
In the course of the fiscal year, 45 tribunals and 7 *ad hoc* Committees were constituted or reconstituted in proceedings before the Centre. A total of 148 individual appointments were made by the parties and by ICSID. This is the greatest number of appointments made in a single fiscal year.

In FY2014, the pool of arbitrators, conciliators and *ad hoc* Committee members continued to expand. Overall, 93 individuals from 36 different countries were appointed to serve as arbitrators, conciliators, or *ad hoc* Committee members in ICSID cases in FY2014. In terms of diversity, 22% of the new appointees were nationals of developing countries, and 11% of the new appointees were women.

In a continuation of the upward trend from previous years, 76% of the appointments were made either by the parties or by the party-appointed arbitrators, while the other 24% were made by the Chairman of the Administrative Council. In total, the Centre acted as appointing authority 36 times in FY2014 and appointed 27 individuals of 23 different nationalities. About 36% of the appointments by ICSID involved nationals of developing economies, and 8% involved women.



STATE OF NATIONALITY OF ARBITRATORS, CONCILIATORS AND AD HOC COMMITTEE MEMBERS APPOINTED IN FY2014 IN CASES REGISTERED UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES



Challenges to Arbitrators, Counsel and Experts

During the fiscal year, parties to ICSID proceedings proposed the disqualification of 19 arbitrators. Twelve of these proposals were declined, three proposals were upheld, three arbitrators resigned following the filing of the proposal, and one of these challenges is currently pending. One proposed disqualification of an arbitrator filed in FY2013 was withdrawn in FY2014.

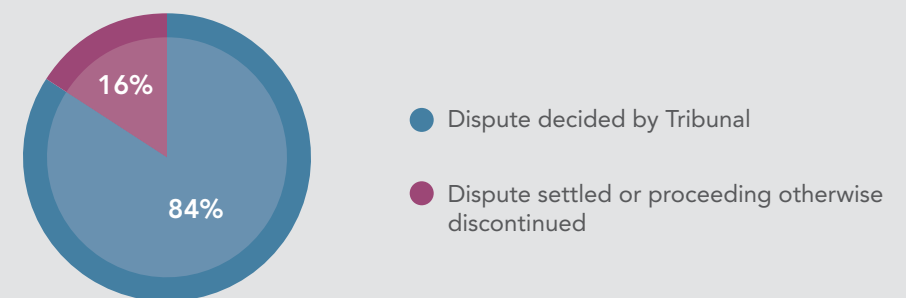
In one case a tribunal decided a disqualification proposal concerning the other party's counsel. In another case, a party filed a proposal for the disqualification of the other party's expert.

Cases concluded in FY2014

Thirty-three proceedings were concluded during the fiscal year, 25 of which were arbitrations. Six annulment proceedings, one rectification proceeding, and one proceeding for a supplementary decision regarding an annulment decision were also concluded during the fiscal year.

In the 25 concluded arbitration proceedings, 21 disputes were decided by a tribunal, and 4 cases were discontinued or settled.

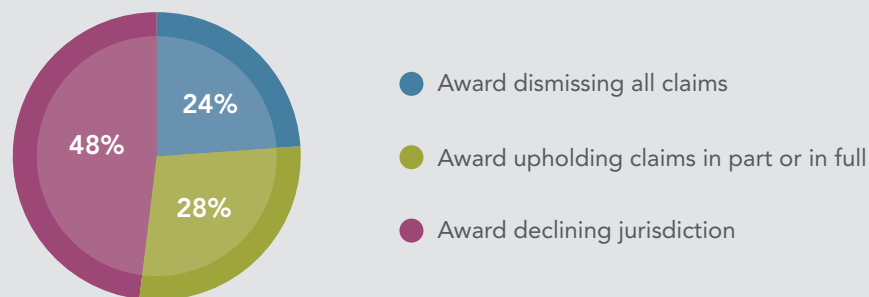
ARBITRATION PROCEEDINGS UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES CONCLUDED IN FY2014 — OUTCOMES



Of the 21 cases decided by a tribunal, 10 awards declined jurisdiction, 5 tribunals rejected all of the investors' claims, and 6 upheld the investors' claims in part or in full.

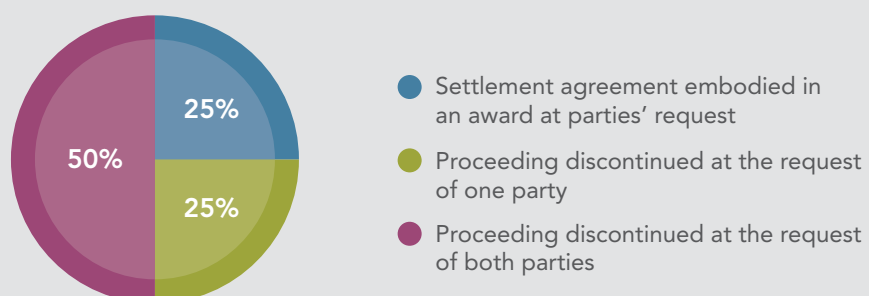


DISPUTES DECIDED BY ARBITRAL TRIBUNALS UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES IN FY2014 — FINDINGS



Of the four arbitration cases that were discontinued or settled, two were discontinued following a joint request by the parties, one was discontinued at the request of one party (which the other party did not oppose), and in one further case, the parties' settlement agreement was embodied in an award.

DISPUTES SETTLED OR PROCEEDINGS OTHERWISE DISCONTINUED UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES IN FY2014 — BASIS

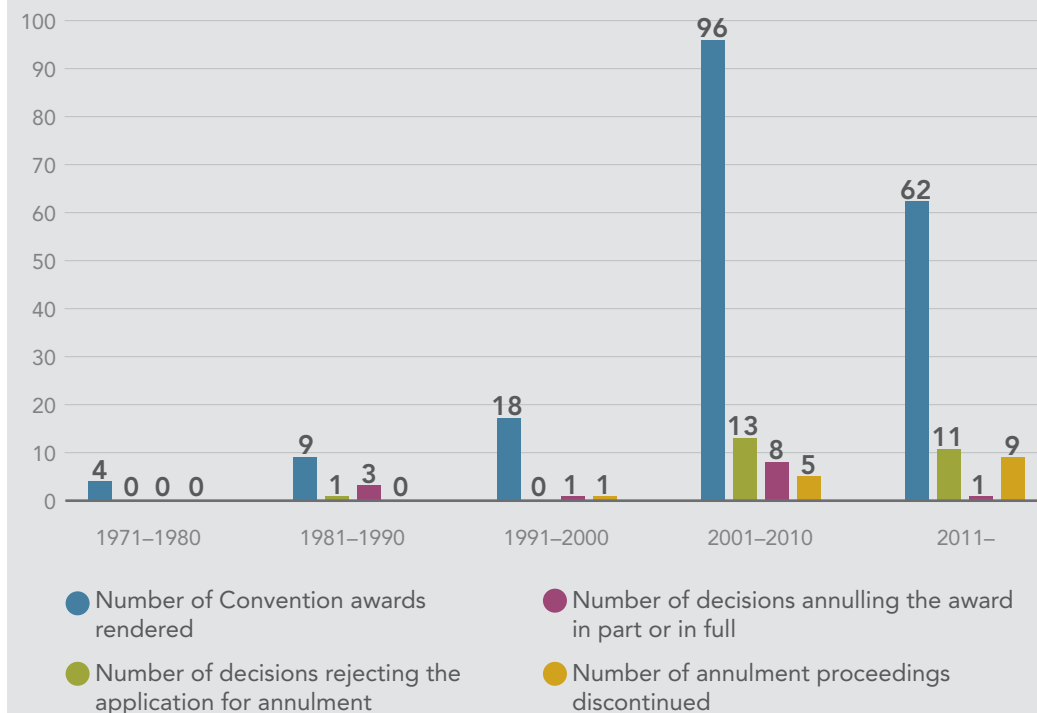


The majority of arbitration proceedings concluded in FY2014 lasted on average just over three and a half years from the date of the tribunal's constitution. During the fiscal year, the Centre continued to implement its various practices adopted in an effort to reduce the duration of arbitrations while

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.

Six annulment proceedings were also concluded in FY2014. In five cases, the *ad hoc* Committee rejected the application for annulment of the award. One annulment proceeding was discontinued for lack of payment of the required funds.

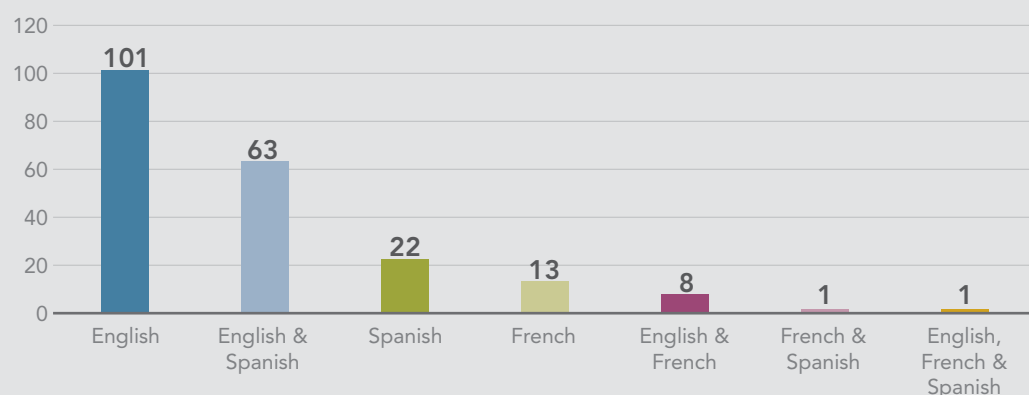
AWARDS RENDERED AND OUTCOMES IN ANNULMENT PROCEEDINGS UNDER THE ICSID CONVENTION, BY DECADE



## Matters of Procedure in ICSID Cases in FY2014

Of the 209 ICSID cases administered in FY2014, 101 were conducted in English, 13 in French and 22 in Spanish, which are the three official languages of the Centre. Seventy-two proceedings were conducted simultaneously in two official languages, with the English-Spanish combination continuing to be the most frequent. One further case was administered in all three official languages.

CASES ADMINISTERED IN FY2014 UNDER THE ICSID CONVENTION AND ADDITIONAL FACILITY RULES, BY PROCEDURAL LANGUAGE(S)



In the course of the year, 131 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; 41% of all sessions and hearings in FY2014 were held in this manner.

During the fiscal year, 22 awards and 331 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 withheld permission to publish awards, the Centre published excerpts of the legal reasoning of the tribunal as permitted by the Rules.

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 can be found on the ICSID website at [www.worldbank.org/icsid](http://www.worldbank.org/icsid).

## INSTITUTIONAL MATTERS

ICSID worked on numerous institutional projects in FY2014. These included providing support to 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 that facility users are offered the most efficient and cost-effective services.

### ICSID Administrative Council

The Administrative Council is the governing body of ICSID. Pursuant to Article 4 of the ICSID Convention, the Administrative Council is composed of one representative of each Contracting State. The World Bank governor appointed by a Member State usually sits as its representative on the ICSID Administrative Council, unless the State makes a different designation. The President of the World Bank Group is *ex officio* Chairman of the Administrative Council.

At the end of FY2014, 150 Contracting States were represented on the ICSID Administrative Council. The most recent Member to join is Canada. Decisions of the Administrative Council are taken by vote. Each representative has one vote, which carries equal weight. The President of the World Bank Group has no vote.

On October 11, 2013, the President of the World Bank Group, Dr. Jim Yong Kim, presided over the 47th Annual Meeting of the Council, which was held in Washington, D.C. The Resolutions adopted by the Administrative Council at its 47th Annual Meeting are reproduced in Chapter 6.

### ICSID Panels

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, respectively. Individuals of any nationality may be designated to the Panels by a Contracting State. The arbitrators and conciliators listed on the Panels are available for selection to ICSID Tribunals, Commissions and *ad hoc* Committees.

The ICSID Secretariat continues its efforts to ensure that the Panels are updated and enlarged. In the course of FY2014, the Secretary-General held a number of meetings with government officials to encourage Contracting States with vacant or expired nominations to make designations. At these meetings, the Secretary-General emphasized the vital role of the Panels for the good functioning of the international investment arbitration system and 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. By the end of FY2014 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 FY2014 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.

### Official Visits

In October and November 2013, the Secretary-General visited Cameroon and Nigeria where she met with Ministers and officials representing those governments. In the course of FY2014, the ICSID Secretariat received several delegations from Contracting States at its headquarters in Washington, D.C., including from the Republic of Indonesia, Republic of Korea, Republic of San Marino and the Kingdom of Saudi Arabia. Informational meetings were also held with government officials from Australia, Iraq, Japan, Kyrgyz Republic, Trinidad and Tobago, and Turkmenistan. The Secretary-General held a series of meetings with representatives of more than 30 ICSID Contracting States accredited to the World Bank Executive Directors offices.

### 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 World Bank facilities around the world. In FY2014, ICSID entered into a renewed cooperation agreement with the Lagos Regional Centre for International Commercial Arbitration.

ICSID 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 China International Economic and Trade Arbitration Commission; 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 FY2014. For instance, ICSID participated in the 46th Session (Arbitration and Conciliation) of the United Nations Commission on International Trade Law (UNCITRAL) and in the 60th Session of the UNCITRAL's Working Group II (Arbitration and Conciliation) on the Rules on Transparency in Treaty-based Investor-State Arbitration. In October 2013, ICSID participated in the work of the Mediation Committee of the International Bar Association (IBA) on Investor-State Mediation Rules. In March 2014, ICSID co-organized a conference to mark the 20th anniversary of the signing of the Energy Charter Treaty (ECT) with the Energy Charter Secretariat and the Arbitration Institute at the Stockholm Chamber of Commerce (SCC).

In April 2014, the Secretary-General of ICSID made a presentation on investor-State dispute settlement under investment treaties to the International Trade Committee of the European Parliament in Brussels. On this occasion, ICSID prepared and published a special focus issue of its caseload statistics, dealing with cases involving EU member States as the State Party to the dispute, as well as cases involving investors from an EU member State. These are available on the ICSID website.

In the course of FY2014, ICSID took part in the deliberations of several professional organizations dedicated to enhancing expertise and knowledge in the practice and administration of arbitration. The Secretary-General continued her work as a member of the advisory bodies of the American Society of International Law (ASIL), Centre for International Governance Innovation (CIGI), International Council for Commercial Arbitration (ICCA), and International Federation of Commercial Arbitration Institutions (IFCAI).

As part of its efforts to contribute to the discourse on international investment law, ICSID has served as a supporting organization in a number of events hosted by international organizations and educational institutions. Further information can be found in Chapter 5 of this Report.

### Young ICSID

Young ICSID continues to encourage professional development among international investment dispute resolution practitioners under the age of 45. As at June 30, 2014, Young ICSID has received over 400 enrollment applications from all regions of the world. In December 2013, Young ICSID co-hosted a Young Arbitrators Forum in Paris, France. In February 2014, Young ICSID organized and hosted, in Washington, D.C., a book launch event for Dr. Todd Weiler's new book, *The Interpretation of International Investment Law: Equality, Discrimination and Minimum Standards of Treatment in Historical Context*.



## Best Practices

During FY2014, ICSID continued to develop and implement its best practices in investment arbitration. As part of this project, the ICSID Secretariat has continued creating and updating 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 a case. The Centre has also launched an internal Knowledge Management initiative to compile relevant case related information (e.g., awards, decisions, procedural orders) as well as internal research, presentations, memoranda and other data. This project will facilitate and expedite research time for ICSID staff and preserve institutional knowledge.

The ICSID Secretariat continued to expedite its target timelines for conclusion of internal steps and procedures in the administration of cases. For example, in FY2014, the Secretariat completed the review of a Request for Arbitration in an average of 21 days from the date the file was received. Similarly, when ICSID was asked to appoint arbitrators under Article 38 of the ICSID Convention, the process was completed in an average of six weeks from the date the request to appoint was filed by the parties.

This year, ICSID also adopted practices 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.

Finally, ICSID continued 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 1,450 individual entries were posted on the website in this fiscal year.

## Technology

In FY2014, ICSID continued to use information technology to enhance its ability to deliver cost-effective, high-quality services. The Centre introduced several innovative in-house financial systems, including a state-of-the-art solution to streamline payments to arbitrators, conciliators and *ad hoc* Committee members and automate other key case-related financial transactions. This system makes available real-time financial information on the cases. Other initiatives include development of a new website, a system to expedite refunds to parties in concluded cases, and a searchable web portal which will house the *curricula vitae* of ICSID arbitrators.

When completed, the enhanced ICSID website will also provide a standardized web-based *curriculum vitae* form developed by the Centre, with biographical information on arbitrators and conciliators on the ICSID Panels of Arbitrators and of Conciliators, as well as all arbitrators, conciliators and annulment committee members who have served in ICSID cases. This information will be searchable through an advanced system that will help users identify arbitrators with particular language skills or nationalities, and even identify all cases in which an arbitrator has participated concomitantly with another arbitrator or counsel.

## Staffing

During the fiscal year, 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 55 staff members from 32 countries, and remains 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 Akan, Amharic, Arabic, Bulgarian, Cantonese, Czech, German, Italian, Kirundi, Kinyarwanda, Malay, Mandarin, Polish, Portuguese, Somali, Swahili, Swedish, Tagalog, Wolof and Yoruba.

## New Headquarters

In FY2014, the ICSID Secretariat relocated to new offices within the World Bank Headquarters in Washington, D.C. The Centre continues to meet the needs of disputing parties by providing superior facilities to manage their proceedings.

## 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. Beginning in 2013, the journal moved from two to three publications per year. During FY2014, the Centre published the Fall 2013, Winter 2014 and Spring 2014 issues. 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. In addition, important primary sources of international investment law are included in the *ICSID Review*.



*ICSID Review—Foreign Investment Law Journal*, Deborah W. Campos, World Bank

The Fall 2013 issue covered a variety of topics, such as an analysis of the bilateral investment treaty between India and Nepal; the impact of bilateral investment treaty proliferation on the demand for investment insurance; counterclaims in investment arbitration; and the promotion of the legitimacy and vitality of international investment arbitration. The *2013 Lalive Lecture on the Case Law of the International Court of Justice on Investment Arbitration* was also published in this issue.

The Winter 2014 issue devoted an entire section to alternative dispute resolution in investment disputes, and the *International Bar Association Rules for Investor-State Mediation* were published in this section. This issue also contained a discussion on the use of the plea of illegality in investment treaty arbitration and sovereign immunity in enforcement proceedings under German law.

The Spring 2014 issue included the 2013 Karl-Heinz Böckstiegel Lecture and analyses of issues such as foreign investment law as a complex adaptive system; the impact of mutual termination of investment treaties on investor rights; and U.S. national security implications of foreign direct investment. This issue also contained the two winning submissions from the fourth annual *ICSID Review* Student Writing Competition, which was held during FY2014. The winning submissions were entitled *ICSID and the Right to Water: An Ingredient in the Stone Soup* by Heather L. Bray and *La conformité de l'investissement au droit national, condition de sa protection internationale (Compliance of the Investment with National Law, A Condition of International Protection)* by Francisco-Xavier Paredes. The 2014 Competition is currently underway.

*COLLECTIONS* — In FY2014, the Centre published four 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: Costa Rica, El Salvador, Guatemala, Honduras and Mexico (release 2014-1). Three updated supplements of the *Investment Treaties* collection were published containing the texts of 60 bilateral investment agreements and protocols, concluded by 57 countries from all regions of the world between 1993 and 2010 (releases 2013-2, 2013-3 and 2014-1). 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 41 different countries, which will be published together with the launch of the 12th and 13th volumes of the publication.

*THE ICSID CASELOAD—STATISTICS* — In FY2014, the Centre published Issues 2013-2 and 2014-1 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 2014-2, updating the information to June 30, 2014, was published in July 2014. On April 1, 2014, ICSID was invited to participate in a workshop of the International Trade Committee of the European Parliament in Brussels, Belgium. In preparation for this workshop, ICSID generated statistics specific to the European Union and has now released a special focus issue of these statistics, which are available on the ICSID website.

**PUBLICATION INITIATIVE** — The Centre continued to publish procedural details, awards, decisions and orders in ICSID cases on the ICSID website. The Centre also publishes excerpts of the legal reasoning in an award where a party withholds its consent for ICSID to publish the full award. During FY2014, ICSID published numerous awards, decisions, and orders in cases concluded in 2012, 2013 and early 2014. 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 to webcast proceedings. In FY2014, ICSID arranged to broadcast the hearing on jurisdiction and the merits in *Apotex Holdings Inc. and Apotex Inc. v. United States of America* (ICSID Case No. ARB(AF)/12/1), a North American Free Trade Agreement (NAFTA)/ICSID Additional Facility proceeding. The hearing was held on November 18–26, 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 FY2015.

## Events and Presentations

During FY2014, ICSID held several of its own events and co-sponsored a number of conferences with other international arbitration bodies and multilateral organizations. Nearly 90 presentations were made during the year in countries in different regions of the world, including Australia, Austria, Belgium, Cameroon, Canada, France, India, Italy, the Republic of Korea, Mexico, Nigeria, Senegal, Singapore, Sweden, Switzerland, the United Kingdom, and the United States.

## International Conferences

ICSID staff were panelists and speakers at international investment arbitration conferences organized by the American Bar Association, the American Society of International Law, the Energy Charter Secretariat, the Institute of Transnational Arbitration, the International Bar Association (IBA), the International Chamber of Commerce (ICC), International Council for Commercial Arbitration, the International Law Association, the International Law Institute, the International Union of Lawyers, the Latin American Association for Arbitration, the summer Arbitration Academy in Paris, the Rocky Mountain Mineral Law Foundation, the Senegal Bar, and the Stockholm Chamber of Commerce. In several instances, ICSID was the organizer or co-organizer of the conference.

As in past years, on July 2 and 3, 2013, ICSID Legal Counsel presented to students, government officials and lawyers taking part in the Arbitration Academy in Paris, France, on ICSID arbitration and in particular, on nationality requirements and counterclaims.

On August 29 and 30, 2013, ICSID Legal Counsel participated in a conference in Stockholm, Sweden, on the procedural aspects of corruption allegations in investor-State arbitration.



Aïssatou Diop, ICSID Counsel, presenting an ICSID 101 course in Senegal, Saly, Senegal, March 1, 2014, Moustapha Diop



On October 8, 2013, ICSID Legal Counsel attended the International Bar Association's annual conference and participated on a panel discussing the IBA Investor-State Mediation Rules, and specifically, how they complement the existing investor-State dispute resolution system.

On November 19 and 22, 2013, ICSID staff also spoke on international investment arbitration at events during the Law, Justice and Development Week organized by the World Bank along with the Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC).

On December 5 and 6, 2013, ICSID partnered with the American Arbitration Association/ International Centre for Dispute Resolution and the International Chamber of Commerce for the Young Arbitrators Forum (YAF) and Joint Conference, and the 30th Joint Colloquium on International Arbitration. Both events took place in Paris, France. The YAF Joint Conference provided a forum for young practitioners to exchange thoughts on international arbitration and to enrich their network in the field, while the Colloquium focused on the enforcement of arbitration agreements and awards. The program included panels of experts and the heads of each arbitral institution who discussed institutional developments and arbitration practice and procedure, including interim measures, emergency arbitrator proceedings and enforcement issues, and state perspectives on commercial and investment arbitration.

On January 30, 2014, ICSID Legal Counsel participated in an ICC Young Arbitrators Forum event in Paris, France on the standards for disqualifying arbitrators in commercial and investment arbitration.

In cooperation with the Energy Charter Secretariat and the Stockholm Chamber of Commerce, ICSID organized a conference in recognition of the twentieth anniversary of the Energy Charter Treaty held on March 7, 2014 in Paris, France. The conference addressed current legal issues, including the State's right to regulate, denial of benefits, and the definition of investor, all in light of recent decisions and awards, as well as a vision of the future of the ECT.

On April 1, 2014, the Secretary-General gave a presentation on procedural innovations in recent investment treaties during the American Bar Association's Annual Spring Meeting, held in New York. On April 3, 2014, the Secretary-General also accepted an award from the ABA International Law Section for Outstanding Performance of an International Organization.

During the annual meeting of the International Council for Commercial Arbitration held in Miami, on April 7, 2014, the Secretary-General participated on a panel discussing the role of arbitral institutions in furthering legitimacy.



On April 12, 2014, ICSID participated in the Joint Annual Meeting of the American Society of International Law and the International Law Association, and presented on the topic of standards and outcomes in the disqualification of arbitrators.

On May 12, 2014, ICSID co-organized an event with the Stockholm Chamber of Commerce on investment protection and investor-State dispute settlement during which the Secretary-General and fellow panelists shared insights about ICSID and SCC experience in administering investment arbitrations and addressed questions about topics such as transparency, the purpose of investor-State dispute settlement, current trends and future directions. The Secretary-General also participated in a roundtable discussion on investment arbitration in Frankfurt, Germany, on May 14, 2014.

On June 18 and 19, 2014, ICSID Legal Counsel participated in a roundtable discussion during the 26th Annual Institute of Transnational Arbitration Workshop, held in Dallas, Texas, on the topic of modern enforcement of arbitral awards.



Lindsay Gastrell, ICSID Counsel, presenting at a workshop for the Iraqi Ministry of Trade, Washington, D.C., November 4, 2013, U.S. Department of Commerce

## Regional Focus

As part of ICSID's global outreach initiative, the Secretary-General and ICSID Legal Counsel addressed numerous groups of government officials, judges, lawyers and other interested groups at meetings held at ICSID's offices in Washington, D.C. and in locations abroad.

On July 15, 2013, ICSID Legal Counsel provided an introduction to ICSID's dispute settlement mechanisms—with a focus on the Latin American experience—for lawyers from the legal departments of the IBRD and the Inter-American Development Bank during their Quarterly Meeting.

On October 25, 2013, the Secretary-General participated in a conference on international arbitration hosted by the International Chamber of Commerce Canada in Toronto and provided an update on developments and trends in ICSID proceedings.

From October 29 through November 1, 2013, the Secretary-General and ICSID Legal Counsel visited Yaoundé, Cameroon to meet with government officials, attend a symposium on investment arbitration, present a one-day introductory course on ICSID practice and procedure, and participate on a panel on OHADA (Organization for the Harmonization of Business Law in Africa) arbitration in commercial and investment matters in Africa.

Similarly, from November 4 through 8, 2013, the ICSID Secretary-General and ICSID Legal Counsel traveled to Lagos, Nigeria to visit World Bank and IFC country office staff, meet government officials, present an ICSID 101 course at the Regional Centre for International Commercial Arbitration (RCICA), and provide an institutional perspective during a panel discussion on alternate dispute resolution in Africa at a conference hosted by the International Bar Association on mergers, acquisitions and inward investment in Africa.

On November 4, 2013, ICSID Legal Counsel gave an overview of international dispute settlement to participants in the Commercial Law Development Program (CLDP) Commercial Attaché Training Program from Iraq.

On November 11, 2013, ICSID Legal Counsel presented on the contribution of ICSID to investor-State arbitration during a conference hosted by UNCITRAL, the Ministry of Justice, and the Korean Commercial Arbitration Board on Arbitration Reform in the Asia Pacific Region in Seoul, Korea.

ICSID Legal Counsel also attended the Joint Seminar on International Arbitration co-hosted by the International Union of Lawyers and the Senegal Bar from February 29 to March 2, 2014, and presented an overview of ICSID procedure on March 1, 2014 to the African Institute of Management.

On April 1, 2014, the Secretary-General presented a Workshop on Investor-State Dispute Settlement Provisions in the EU's International Investment Agreements before the International Trade Committee of the European Parliament in Brussels, Belgium.

From June 16 to 18, 2014, the Secretary-General and ICSID Legal Counsel traveled to Mexico City, Mexico, to meet with government officials, participate in the First Annual Conference of the Latin American Association for Arbitration, and present an ICSID 101 course in Spanish.

## Lectures and Academic Events

The Secretary-General and ICSID Legal Counsel delivered numerous lectures and participated in various panels at universities around the world, either in person or through video-conference.

In particular, ICSID Legal Counsel presented overviews of investment arbitration and ICSID procedure to students at the American University Washington College of Law, Bocconi University in Milan, Georgetown University Law Center, Government Law College in Mumbai, Hong Kong University, Inter-American University of Puerto Rico, John Marshall Law School, Stanford University Law School, the University of Richmond School of Law, and Washington & Lee University.

ICSID served as a supporting organization for the 5th Government Law College International Law Summit held in Mumbai, India from January 31 until February 2, 2014. In that context, on February 1, 2014, the Secretary-General gave a presentation through video conference on international investment law.

ICSID Legal Counsel also participated on career panels and in networking sessions for law students at local universities and organizations, and also held ICSID 101 courses in Milan, Italy, and Chicago, Illinois. These events were attended by aspiring lawyers and current legal practitioners interested in developing their awareness of, and involvement in, investment arbitration.

ICSID Legal Counsel also assisted with several moot competitions on international arbitration to participate in the development of the next generation of legal professionals with knowledge and skills in the field.

### Other Events

On October 23, 2013, ICSID held an open house to showcase its new offices in Washington, D.C., in which it moved in August 2013, and to provide an opportunity for the users of ICSID dispute settlement and other interested parties to view ICSID's Washington, D.C. hearing and administration facilities.



Inside ICSID's new offices, Washington, D.C., Deborah W. Campos, World Bank

On February 27, 2014, Young ICSID hosted a launch event for a new book by Todd Weiler titled *The Interpretation of International Investment Law: Equality, Discrimination and Minimum Standards of Treatment in Historical Context*. Both members of ICSID staff and the general public attended the event.

ICSID staff also participated in a number of roundtable and panel events hosted by universities, bar associations, and law firms on developments in international arbitration and related fields of law and policy.

### 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 Arbitrators and of Conciliators*, 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)

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

*Memorandum on the Fees and Expenses of ICSID Arbitrators (July 6, 2005)* (English, French and Spanish)

*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* (three issues per year) (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: [jnorders@oup.com](mailto:jnorders@oup.com) at US\$79 for individuals (print and online combined) and US\$188, US\$216, or US\$235 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* (thirteen 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](mailto:customer.services@oup.com) at US\$255 per release, US\$2,690 for both sets, US\$1,345 for the Investment Laws of the World volumes only and US\$1,345 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, 2013-2, 2014-1, 2014-2* (contains a profile of the ICSID caseload; semi-annual updates) (English, French and Spanish) (Internet edition only)

*The ICSID Caseload—Statistics (Special Focus - European Union)* (contains statistics on ICSID cases involving European Union States and investors as of March 1, 2014) (English, French and Spanish) (Internet edition only)

*Bilateral Investment Treaties 1959–1996: Chronological Country Data and Bibliography (May 30, 1997)* (English)

### ICSID Staff Publications

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

Frauke Nitschke, *The IBA's Investor-State Mediation Rules and the ICSID Dispute Settlement Framework*, 29(1) ICSID Rev. 112-132 (2014)

Frauke Nitschke and Eloïse Obadia, *Institutional Arbitration and the Role of the Secretariat*, in *Litigating International Investment Disputes: A Practitioner's Guide* (Chiara Giorgetti ed., Brill Nijhoff Publishers, forthcoming 2014)

Natalí Sequeira and Mauricio París, *El arbitraje ante el CIADI como mecanismo de resolución de disputas de inversión en Costa Rica*, 1 Costa Rican J. Intl. Arb. 29-40 (2014)



Martina Polasek, Geraldine Fischer, and Aïssatou Diop, ICSID Counsel, discussing a case with Meg Kinnear, ICSID Secretary-General, Washington, D.C., June 13, 2014, Benjamin Garel, World Bank



## CHAPTER 6

# FORTY-SEVENTH ANNUAL MEETING OF THE ADMINISTRATIVE COUNCIL

Pursuant to Article 4 of the ICSID Convention, the ICSID Administrative Council is composed of one representative of each Contracting State. In the absence of a contrary designation, the governor for 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 47th Annual Meeting of the Administrative Council took place on October 11, 2013, in Washington, D.C., on the occasion of the Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund.

At its 47th Meeting, the Administrative Council approved the Centre's 2013 Annual Report and its administrative budget for FY2014.

The Resolutions adopted at the Meeting are reproduced on page 51.

### **AC(47)/RES/123— Approval of the Annual Report**

The Administrative Council  
RESOLVES  
To approve the 2013 Annual Report on the  
operation of the Centre.

### **AC(47)/RES/124— Adoption of Budget for Fiscal Year 2014**

The Administrative Council  
RESOLVES  
To adopt, for the period July 1, 2013 to June  
30, 2014, the budget set forth in paragraph 2  
of the Report and Proposal of the Secretary-  
General on the Budget for Fiscal Year 2014,  
dated June 27, 2013.



View of the ICSID atrium, Washington, D.C.,  
Scholastica Nguyen, Patricia Hord Graphik Design



## CHAPTER 7 FINANCE

ICSID's administrative expenditures in FY2014 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 FY2014 are set forth in the following pages.



## FINANCIAL STATEMENTS

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

### STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
<b>Assets:</b>		
Cash	\$ 7,229,113	\$ 5,566,349
Share of cash and investments in the Pool (Notes 2 and 3)	31,523,162	25,523,764
Due from parties to arbitration/conciliation proceedings (Note 2)	825,039	586,082
Other receivables	64,048	80
Other assets, net (Note 4)	480,014	375,922
<b>Total assets</b>	<b>\$ 40,121,376</b>	<b>\$ 32,052,197</b>
<b>Liabilities and net assets:</b>		
Liabilities:		
Payable to International Bank for Reconstruction and Development (Note 2)	\$ 1,607,338	\$ 1,285,353
Advance from International Bank for Reconstruction and Development (Note 5)	189,719	379,438
Advance received for miscellaneous services	13,000	—
Deferred revenue (Note 2)	2,217,167	1,871,025
Accrued expenses related to arbitration/conciliation proceedings (Note 2)	6,805,659	6,378,259
Advances from parties to arbitration/conciliation proceedings (Note 2)	25,542,542	19,731,586
<b>Total liabilities</b>	<b>36,375,425</b>	<b>29,645,661</b>
<b>Net assets, unrestricted (Note 6)</b>	<b>3,745,951</b>	<b>2,406,536</b>
<b>Total liabilities and net assets</b>	<b>\$ 40,121,376</b>	<b>\$ 32,052,197</b>

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

### STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
<b>Support and revenues:</b>		
Revenues from arbitration/conciliation proceedings (Notes 2 and 8)	\$ 34,182,606	\$ 29,332,044
In-kind contributions (Notes 2 and 10)	3,004,840	2,848,664
Net investment income (Note 2)	62,469	56,321
Sales of publications	70,664	34,306
<b>Total support and revenues</b>	<b>37,320,579</b>	<b>32,271,335</b>
<b>Expenses:</b>		
Expenses related to arbitration/conciliation proceedings (Notes 2 and 9)	27,516,213	23,513,696
Administrative expenses (Note 10)	8,332,714	6,794,722
Amortization expenses (Notes 2, 4 and 10)	69,768	118,495
Net investment income applied to arbitration/conciliation proceedings (Note 2)	62,469	56,321
<b>Total expenses</b>	<b>35,981,164</b>	<b>30,483,234</b>
<b>Change in net assets</b>	<b>1,339,415</b>	<b>1,788,101</b>
<b>Net assets, beginning of the year</b>	<b>2,406,536</b>	<b>618,435</b>
<b>Net assets, end of the year</b>	<b>\$ 3,745,951</b>	<b>\$ 2,406,536</b>

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

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND JUNE 30, 2013

### STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,339,415	\$ 1,788,101
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	69,768	118,495
Increase in due from parties to arbitration/conciliation proceedings	(238,957)	(306,382)
(Increase)/Decrease in other receivables	(63,968)	32,012
Increase in payable to International Bank for Reconstruction and Development	321,985	385,609
Increase in advance received for miscellaneous services	13,000	—
Increase in deferred revenue	346,142	309,006
Increase in accrued expenses related to arbitration/conciliation proceedings	427,400	17,763
Increase in advances from parties to arbitration/conciliation proceedings	5,810,956	3,620,321
<b>Net cash provided by operating activities</b>	<b>8,025,741</b>	<b>5,964,925</b>
<b>Cash flows from investing activities:</b>		
Increase in share in pooled investments	(5,999,398)	(3,331,703)
Purchase of other assets	(173,860)	(116,604)
<b>Net cash used in investing activities</b>	<b>(6,173,258)</b>	<b>(3,448,307)</b>
<b>Cash flows from financing activities:</b>		
Payment of advance from International Bank for Reconstruction and Development	(189,719)	(189,719)
<b>Cash provided by financing activities</b>	<b>(189,719)</b>	<b>(189,719)</b>
<b>Net increase in cash</b>	<b>1,662,764</b>	<b>2,326,899</b>
<b>Cash at beginning of the year</b>	<b>5,566,349</b>	<b>3,239,450</b>
<b>Cash at end of the year</b>	<b>\$ 7,229,113</b>	<b>\$ 5,566,349</b>

### 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). Under the ICSID Convention, the Centre provides facilities for the conciliation and arbitration of investment disputes between Contracting States (countries which have ratified the ICSID Convention) and nationals of other Contracting States. Pursuant to Additional Rules adopted in 1978, ICSID also administers certain types of proceedings between governments and foreign nationals that fall outside the scope of the ICSID Convention. These include conciliation and arbitration proceedings for the settlement of investment disputes where either the home or the host country of the investor concerned is not a Contracting State. ICSID also administers investor-State proceedings under other sets of rules, such as the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). Finally, the Centre also acts as appointing authority under various arbitral rules and international treaties. In order to process the cases, the Centre constitutes Arbitral Tribunals, Conciliation Commissions and *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 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.

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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).

**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. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the amount of accrued expenses and related revenues for ongoing cases at each year end; the fair value of the share of cash and investments in the pool; and the useful lives of other assets.

**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 are reported at fair value. Resulting gains or losses are reported as an increase or a 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 the proceedings.

**Due from parties to arbitration/conciliation proceedings:** Direct expenses incurred by arbitrators, conciliators and Committee members in excess of advance payments made by the parties to ongoing proceedings are recognized as due from parties 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 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 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 incurred in the normal course of business, which are paid by IBRD on behalf of ICSID.

**Accrued expenses related to arbitration/conciliation proceedings:** Accrued expenses are recorded when it is probable that the expense has been incurred and the amount can be reasonably estimated. Management estimates the amount of unbilled expenses incurred by arbitrators, conciliators and Committee members, 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, conciliators and Committee members, who charge fees for their services based on time spent on the cases. The estimation process uses information received from those individuals about unbilled time spent on the cases through the end of the fiscal year. In some instances the determination of fees and expenses incurred in ongoing cases is based on estimated time spent by them in relation to the progress of the case and the number of hearings and sessions held during the year. Actual results of case-related fees earned and expenses incurred but unbilled during the year may differ materially from management's estimates.

**Advances from parties to arbitration/conciliation proceedings:** In accordance with its Regulations, the Centre periodically requests parties to proceedings to make advance payments to cover case administrative charges and the fees and expenses of Tribunal, Commission and Committee members. These advances are recorded as liabilities.

**Revenues from arbitration/conciliation proceedings:** The Centre's direct expenses attributable to proceedings are borne by the parties in accordance with the Centre's Regulations. These direct expenses, which include fees and expenses of arbitrators, conciliators and Committee members, as well as costs associated with meeting rooms and support services for conducting proceedings, are paid from advances from the 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 proceedings also include the following (see Note 8):

**Registration fees:** The Centre charges a non-refundable fee of \$25,000 to parties requesting the institution of arbitration/conciliation proceedings under the ICSID Convention or the Additional

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Facility Rules; applying for annulment of an arbitral award rendered pursuant to the Convention; or requesting the institution of fact-finding proceedings under the Additional Facility Rules. The Centre charges a fee of \$10,000 to parties requesting a supplementary decision to, or the rectification, interpretation or revision of, an arbitral award rendered pursuant to the Convention; requesting a supplementary decision to, or the correction or interpretation of an arbitral award rendered pursuant to the Additional Facility Rules; or requesting the resubmission of a dispute to a new tribunal after the annulment of an arbitral award rendered pursuant to the Convention. The revenues are recognized upon receipt of payment.

**Administration fees:** The Centre charges \$32,000 following the constitution of the Tribunal, Commission or Committee concerned, and the same amount on an annual basis thereafter. The same annual fee is charged in proceedings administered by the Centre under rules other than the ICSID Convention or Additional Facility Rules.

The Centre collects administration fees from advance deposits from the parties to arbitration/conciliation proceedings. 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.

**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 the proceedings, 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. 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. Many of the amendments are changes in wording and do not have material impact on the Centre's financial reporting.

In May 2014, the FASB issued ASU 2014-09 (Topic 606) and the IASB issued IFRS 15 *Revenue from Contracts with Customers* jointly with the FASB. The ASU provides a common framework for revenue recognition for U.S. GAAP and IFRS, and supersedes most of the existing revenue recognition guidance in U.S. GAAP. The core principle of the guidance is that an entity recognizes revenue when it transfers control of promised goods and services to customers in an amount that reflects consideration to which the entity expects to be entitled. The ASU also requires additional quantitative and qualitative disclosures to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For nonpublic entities, the ASU will be effective for annual reporting periods beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. IFRS 15 will be effective from January 1, 2017, with early application permitted. ICSID is currently evaluating the impact of this ASU and IFRS on its financial statements.

**International Accounting Standards Board (IASB):** In November 2013, the IASB issued an amendment to IFRS 9 *Financial Instruments*. The amendment introduces a new hedge accounting mode; allows entities to adopt 'own-credit' treatment of IFRS 9 to financial liabilities without adopting other requirements of the standard; and removes the January 1, 2015 mandatory effective date of IFRS 9. The standard is available for application. It is not expected that this standard will have an impact on the Centre's financial reporting.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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 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.

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 is applied to advances from parties to arbitration/conciliation proceedings, which can be used for expenses related to such proceedings.

IBRD, on behalf of the World Bank Group, has an established and documented process to determine 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, 2014	June 30, 2013
Level 1	\$ 2,442,033	\$ 5,324,709
Level 2	29,081,129	20,199,055
Level 3	—	—
<b>Total</b>	<b>\$ 31,523,162</b>	<b>\$ 25,523,764</b>

As of June 30, 2014 and June 30, 2013, ICSID does not have any financial instruments measured at fair value on a non-recurring basis. During the fiscal year ended June 30, 2014, 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.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 — OTHER ASSETS

Other assets comprise computer systems software. Amortization charges amounted to \$69,768 for the year ended June 30, 2014 (2013: \$118,495). 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 it 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 third installment, \$189,719 (2013: \$189,719), with an outstanding balance of \$189,719 (2013: \$379,438).

### NOTE 6 — NET ASSETS, UNRESTRICTED

Net assets, unrestricted represents accumulated surplus in the amount of \$3,745,951 (2013: \$2,406,536). 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.

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 its 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, 2014 is equivalent to the gross value of the remaining assets amounting to \$38,566,323 (2013: \$30,840,193). 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.

The following table presents investment holdings in terms of the counterparty credit risk exposure categories as of June 30, 2014 and June 30, 2013.

<u>Counterparty credit ratings</u>	<u>As of June 30, 2014</u>	<u>As of June 30, 2013</u>
AA- or greater	63%	52%
A- or greater	100%	100%

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 arbitration/conciliation proceedings to make advance deposits with the Centre to meet anticipated expenses of such 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.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 8 — REVENUES FROM ARBITRATION/CONCILIATION PROCEEDINGS

Revenues from arbitration/conciliation proceedings comprise:

	<u>2014</u>	<u>2013</u>
Drawdown of advances from parties for direct expenses related to arbitration/conciliation proceedings*	\$ 27,516,213	\$ 23,513,697
Administration fees	4,990,005	4,413,046
Registration fees	1,676,388	1,405,301
<b>Total</b>	<b><u>\$ 34,182,606</u></b>	<b><u>\$ 29,332,044</u></b>

\*The Centre recognizes revenue to the extent expenses related to arbitration/conciliation proceedings are incurred. The details of such 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 the proceedings. The expenses comprise:

	<u>2014</u>	<u>2013</u>
Arbitrators' fees and expenses	\$ 22,387,949	\$ 20,333,932
Arbitration/conciliation meeting costs	4,663,998	2,757,092
Travel expenses	297,996	301,050
Other costs	166,270	121,622
<b>Total</b>	<b><u>\$ 27,516,213</u></b>	<b><u>\$ 23,513,696</u></b>

### NOTE 10 — IN-KIND CONTRIBUTIONS

As described in Note 1, the Memorandum provides that, except to the extent that the Centre may collect funds from the parties to proceedings to cover its administrative expenses, IBRD will provide facilities and services to the Centre. Therefore, in-kind contributions represent the value of services provided by IBRD, less amounts reimbursed by ICSID to IBRD using proceeds from non-refundable fees and the sale of publications.

A summary is provided below:

	<u>2014</u>	<u>2013</u>
Recorded value of services provided by IBRD		
Staff services (including benefits)	\$ 6,317,147	\$ 4,951,154
Administrative services and facilities:		
Contractual services	263,725	353,588
Administrative services	284,561	298,551
Communications and information technology	803,452	618,733
Office accommodations	519,002	476,724
Travel	144,827	95,972
<b>Total administrative services and facilities</b>	<b><u>8,332,714</u></b>	<b><u>6,794,722</u></b>
Amortization expense	69,768	118,495
<b>Total recorded value of services provided by IBRD</b>	<b><u>8,402,482</u></b>	<b><u>6,913,217</u></b>
Less: ICSID reimbursement	5,397,642	4,064,553
In-kind contributions	<b><u>\$ 3,004,840</u></b>	<b><u>\$ 2,848,664</u></b>

### NOTE 11 — AUTHORIZATION OF FINANCIAL STATEMENTS

ICSID's management has evaluated subsequent events through August 27, 2014, the date the financial statements were approved and authorized for issue.



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## Independent Auditors' Report

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

We have audited the accompanying financial statements of the International Centre for Settlement of Investment Disputes, which comprise the statements of financial position as of June 30, 2014 and 2013, 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 auditor considers 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, 2014 and 2013, 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, 2014

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