

WESTERN CENTRAL ATLANTIC FISHERY COMMISSION (WECAFC)

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Summary findings of the independent cost-benefit assessment of the options for strategic re-orientation of WECAFC

Executive summary of WECAFC/XVI/2016/Ref.14

This paper has been produced by Dr Kjartan Hoydal, independent fisheries cost-benefit assessment consultant, on request of the WECAFC membership. The assignment covered the period June – December 2015. The consultant contacted key resource persons and used information from the FAO, WECAFC Secretariat, WECAFC Executive Committee, Member states of WECAFC, North East Atlantic Fisheries Commission (NEAFC), General Fisheries Commission for the Mediterranean (GFCM) and others. He also organized a small expert meeting in Barbados on 1-2 September 2015 in which some of the partner organizations (e.g. Caribbean Regional Fisheries Mechanism [CRFM], Organization for Fisheries and Aquaculture of Central America [OSPESCA], and the Caribbean and North Brazil Shelf Large Marine Ecosystem Project [CLME+]) participated, to get better informed and prepare for the 2nd WECAFC Strategic Reorientation Workshop, Port of Spain, Trinidad and Tobago, 1-2 December 2015.

The paper analyses (as requested) the costs and benefits of three options for the Western Central Atlantic Fishery Commission (WECAFC).

The three options assessed are:

1. WECAFC should remain a regional level fisheries advisory commission as a FAO Article VI body and continue to coordinate joint work with the (sub-) regional advisory/management bodies (CRFM, OSPESCA, ICCAT and perhaps also OECS, OLDEPESCA) .
2. WECAFC should become a regional fisheries management organization (RFMO) as an FAO Article XIV body, with a mandate¹ to make legally binding decisions.
3. WECAFC should become a regional fisheries management organization (RFMO) established outside of FAO's legal framework, i.e. as (an Intergovernmental Organization –IGO-) with a mandate to make legally binding decisions.

¹ FAO's legal office considers that the mandate of the Commission is the objective it is committed to pursue, whereas legally binding decisions are instruments to achieve such mandate.

Data and information limitations did not allow a full-fledged cost-benefit assessment (CBA), but the paper looks at the main elements of such an analysis. There were sufficient data available for estimating costs of each of the three options. Estimates of costs for maintaining the status quo are also made available.

The report describes in detail the requirements for robust management of fisheries and protection of biodiversity and the obligations accepted by many WECAFC Members under international law and fisheries instruments.

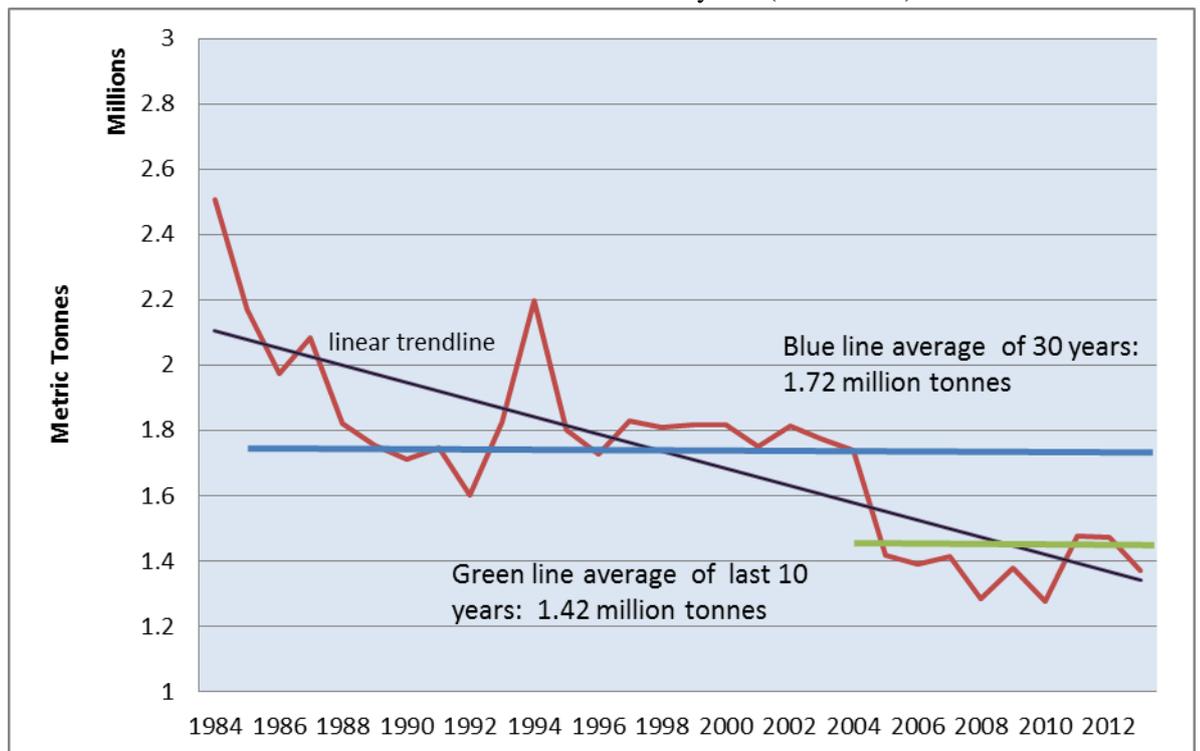
This report was finalized after the 2nd WECAFC Strategic Reorientation Workshop, held on 1-2 December 2015 in Port of Spain, Trinidad and Tobago, taking in consideration the outcomes of the discussions there, submitted by the WECAFC Secretariat to all WECAFC Members.

The current situation

In order to understand the costs and benefits of WECAFC in its current form and potentially as RFMO it is important to understand the current situation in terms of stocks and fisheries in the WECAFC mandate area.

The situation can be summarized as follows:

- The region is one of the most overexploited fisheries regions in the world. Many commercially targeted fish stocks are overfished or fully exploited at present.
- Fish production is currently around 1.4 million tonnes, which is 300 thousand tonnes below the 30 year average.
- Trend in total fisheries catches in Area 31 over the last 30 years (1984-2013)



Source: data derived from FAO FishStatJ (October 2015)

- Main fish producers are: USA, Mexico, Brazil, CRFM, Venezuela, OSPESCA, the European Union (EU) and Cuba.
- The total off-vessel value generated by the sector is some 3.2 billion USD.

- The region is a net importer of fish; imports of fish and fisheries products are 8.5 billion USD higher than exports.
- The fisheries sector provides direct employment for 1.3 million people in the region and supports the livelihoods of 4.5 million people.
- Fish consumption per capita is on average some 20 kg in Caribbean islands and between 6 and 12 kg in Central America, contributing between 2 and 15% to protein intake of the population in the region.
- 51 percent (9.4 million km²) of the WECAFC mandate area, the high seas, is not managed by any country or organization at present.
- IUU fishing is estimated at between 20 and 30% of total reported production levels.
- 19 of the 34 WECAFC Members are member of other RFMOs in the Atlantic or elsewhere.

Option 1: WECAFC remains a regional level fisheries advisory commission

If the WECAFC Members continue “business-as-usual” with WECAFC as FAO Article VI commission, this can have the following consequences²:

Stocks: further reduction in stock status, continued overfishing and continuing IUU fishing, depleted stocks, more species threatened or endangered; reduction in ecosystem services provided by the area.

ABNJ: the fisheries in the Areas Beyond National Jurisdiction (i.e. the High Seas) in the WECAFC area will remain unmanaged, open access to all and (with the exception of tuna) no information will be collected or shared in support of fisheries management and conservation in these areas.

Fisheries volume: possible reduction in catches to 1 million tonnes (thus - 30%) by 2026-2030.

Fisheries value: off-vessel value of fisheries products will reduce between 600 million and 1 billion USD compared to present, and further losses in the value chain will be added to this.

Employment: reduction in direct fisheries sector employment with an estimated 20-30 %; thus a few hundred thousand jobs, by 2030.

Food security: dependence on import of fish and fisheries products will increase significantly.

Trade: the current negative trade balance for fish and fisheries products will further deteriorate.

Other stakeholders: tourism (e.g. scuba diving) may suffer from overexploited reef fish resources and recreational game fishing will move to other regions –resulting losses in income.

Current investments by CRFM and OSPESCA Member states in sub-regional level fisheries management, which are in the range of 1.3 million USD annually, may be able to secure some stability in catches and employment in these sub-regions, but it is likely that also these Members

² Note received from FAO’s Legal Office: The causal link between the legal status of WECAFC as an Article VI Body and these material consequences is however not apparent. Bearing in mind the intergovernmental nature of WECAFC, and the fact that any capacity of FAO to contribute to regional fisheries management depends on Members’ commitments and willingness (including financial commitments), the assumption that WECAFC’s present status would result in reduction of natural resources, or fish trading, or employment, or tourism appears unsubstantiated and excessive. In this regard, it is noted that some Article VI Bodies, while not adopting binding decisions, adopt authoritative recommendations that most of their Members implement. The efficiency and impact of the work of the Commission ultimately depends on the interest and willingness of Member Nations.

will suffer from degradation of transboundary- and straddling stocks originating by inadequate fisheries management at the regional level.

Options 2 and 3: WECAFC transforms into an RFMO

Under the two RFMO options, the Members of WECAFC it is to be expected that the stock status, fisheries production and employment will not further deteriorate, but instead is likely to improve.

The establishment of either type of RFMO (within or outside FAO's framework) would result within a short period 5 to 10 years in substantial positive impacts that include:

Stocks: rehabilitation of some key commercially targeted stocks, through implementation of binding management measures, reduced IUU fishing and an increase in ecosystem services provided by the area.

ABNJ: fisheries management and conservation in the Areas Beyond National Jurisdiction (ABNJ) will be possible, ensuring flag- and port states responsibilities in these areas, and increasing the opportunities for sustainable harvest of high seas fisheries resources as well as Blue Growth.

Fisheries volume: increase in production with 300 thousand tonnes within 10 years to a fisheries production level of around 1.72 million tonnes in Area 31, and an estimated increase of 20 to 40 thousand tonnes in the northern part of Area 41.

Fisheries value: off-vessel value of fisheries products will be annually more than 20% higher than currently the case, adding an estimated 700 million USD to the current 3.2 billion USD, generating thus additional value also further in the value chain.

Employment: Create additional direct employment in the fisheries sector for some 250 to 300 thousand people.

Food security: Increased supply fish for an additional 20 to 25 million people (at current per capita consumption levels), or allowing a substantial increase in consumption levels of fish of the Caribbean people, while dependence on import of fish and fisheries products will reduce slightly with a growing population.

Trade: the negative trade balance for fish and fisheries products will improve in favour of the region.

Other stakeholders: certain tourism sectors (e.g. scuba diving and recreational fishing) will continue to generate significant incomes for the region.

WECAFC Members and international fisheries governance

Most WECAFC Members are Member also in other RFBs and RFMOs that are active in the Atlantic region. Fifteen Members are also Member of CRFM and seventeen Members are either party or cooperating non-contracting party to ICCAT. Seven Members are also Member of OSPESCA and eight Members are involved in OLDEPESCA. Six Members are party to NAFO and 3 are involved in NEAFC.

The fisheries governance in the Western Central Atlantic can be presented as a patchwork of organizations, with each having its own limited membership. WECAFC is the only organization incorporating all Caribbean, Gulf and North Brazil – Guianas Shelf countries and overseas territories, and the only organization with a mandate for the ABNJ area in this part of the Atlantic (apart from ICCAT for tuna-fisheries).

The CLME Strategic Action Programme (SAP) recommends the establishment of an interim arrangement for sustainable fisheries, as well as to assess the options for an RFMO. The interim arrangement between CRFM, OSPESCA and WECAFC is currently being tested and a transformation of WECAFC into an RFMO would build on this on-going collaboration that has been established through an MOU between CRFM, OSPESCA and FAO/WECAFC on CLME+ Interim Coordination for Sustainable Fisheries. The establishment of an RFMO with strong ties with CRFM and OSPESCA would be in-line with the CLME SAP.

WECAFC Members have in various meetings of CRFM, OSPESCA and WECAFC emphasized the need to ratify and implement the international fisheries instruments and agreements in the region. The international agreements give states the duties to control their flagged fishing vessels in their EEZs and in the high seas and to encourage flag, port and coastal States to cooperate (duty to cooperate) so as to ensure fisheries sustainability and stocks conservation. The main mechanism for organizing this cooperative management is through RFMOs. Currently 91% of WECAFC Members have ratified UNCLOS, 59% have ratified UNFSA, 41% have ratified the Compliance Agreement, and 24% have signed or ratified the PSMA.

Costs and benefits of the 3 options

This cost-benefit study recognizes the current situation and the trends in stock status and fisheries demands strengthening of fisheries management in the Wider Caribbean and there are potential economic benefits in the order of 700 million USD per year by doing this through an RFMO.

If the potential reduction in IUU fisheries, coordinated through an RFMO, is added to the above, the benefits will increase likely to over 1 billion USD per year. The RFMO further contributes to other more generic social and food security benefits as well through securing robust fisheries management. This should make the fisheries sector more resilient and create a better economic environment for sustainable investments in the sector.

Looking globally at other marine regions there is no doubt that RFMOs, where coastal and flag states take the responsibility of getting all elements of managing fisheries systems right, have the best track record in succeeding.

If the countries strive towards socially compatible, economically viable and environmentally sustainable fisheries in the Western Central Atlantic there are, therefore, in effect only two options which WECAFC Members should consider:

- 1. WECAFC becoming a regional fisheries management organization (RFMO) as an FAO Article XIV body, with a mandate to make legally binding decisions.**
- 2. WECAFC becoming a regional fisheries management organization (RFMO) established outside FAO's legal framework with a mandate to make legally binding decisions.**

With respect to the FAO-RFMO option the development of GFCM is instructive; with respect to IGO-RFMO option there are important lessons to be learned from RFMOs in the Atlantic, such as NEAFC and ICCAT, especially the ICCAT panel structure.

NEAFC has only 5 Contracting Parties. This has made it possible to run a small Secretariat, but the demands on the Secretariat are growing. The costs of the Secretariat are fully met by the Contracting Parties as is the funding of participation in the many meetings of NEAFC. NEAFC does not do capacity building. GFCM with a much larger membership has consequently a larger secretariat and higher operational costs.

The expenses for premises of the Secretariat of an RFMO vary according to host country agreements. Generally Member countries contribute to premises of IGOs headquarters. There are not many differences between IGO and FAO RFMOs in terms of costs of staff, as many IGOs follow UN standards. The decisions to carry out scientific research by itself or outsource this to other organizations and to work in various languages have significant impacts on the costs of an RFMO.

The total costs of establishing an RFMO in the Western Central Atlantic, whether an IGO or FAO RFMO, are approximately USD 250 to 300 thousand, to be provided for by the Members or a donor over a 1 to 3 year period.

The costs to operate an effective secretariat and organize the main scientific meetings and sessions on an annual basis are between USD 1.5 million and USD 1.8 million, depending on various choices made by the Members. An additional USD 500 thousand would have to be generated annually through resources mobilization to enable the RFMO to carry out the necessary capacity building among its Members and support scientific research in support of its management decision making processes.

A comparison of cost items and respective contributions needed under each of the 3 options.

Cost items	WECAFC as Article IV RFB	WECAFC as Article XIV RFMO	WECAFC as IGO RFMO
Staff	120,000	920,000	830,000
Premises, office, travel	40,000	160,000	290,000
Communication, IT	-	50,000	320,000
Meetings	80,000	280,000	360,000
Science	400,000	500,000	500,000
Translation services	20,000	70,000	-
Consultancies / external expertise	-	-	-
Total expenditure	660,000	1,980,000	2,300,000
Contributions			
FAO	220,000	70,000	-
Member States	90,000	1,560,000	2,100,000
Host State agreement	-	150,000	200,000
Trust funds	350,000	200,000	-
Contributions total	660,000	1,980,000	2,300,000

The annual budget required for enabling the effective operations of the secretariat and cover costs of annual scientific meetings and sessions could be covered through a contribution to regional management of just 1 USD/tonne produced by the countries. This means for example that the United States of America would be asked to contribute annually approximately³ USD 850 000, Mexico USD 220 000, Brazil USD 200 000, Venezuela USD 150 000, EU USD 50 000 and Cuba USD 25 000. In contrast, the current annual contributions to regional fisheries management by CRFM and OSPESCA Members is over 5 USD/tonne, which justifies that these countries should not take up part of the RFMO bill. In annex 13 three indicative scales of contributions for an RFMO with an autonomous budget of approximately 1.56 million USD per year are presented (following the above estimated member states contributions for an Article XIV RFMO).

The differences between an FAO and IGO type RFMO are generally limited in terms of functioning of the organization, the size of its secretariat, operational costs and impact on fish stocks status and fisheries. Some RFMOs function better than others and have a greater impact, because of more active involvement of their Members and better follow-up on implementation of management measures by the Members. The Members are the key factor that determines the success of an RFMO.

In the negotiations of the RFMO agreement it is important to agree early in the process on a key for calculating Member's contributions. Reference is made to the NEAFC approach limiting the contributions of Members with a population under a certain limit. GFCM contributions are calculated on a basic fee, wealth- and a catch component. The same approach could be used for determining which Members are entitled to assistance with funding their participation in sessions and for capacity building.

Recommendations from the Cost-benefit assessment study

It is recommended that WECAFC Members continue the process of reorientation and in earnest move toward an organisation where the coastal and flag states take responsibility and cooperate through an RFMO that can make binding decisions.

It is clear that in terms of costs-benefits the benefits of establishing and operating an RFMO outweigh by far the limited extra costs to the Members and that the RFMO option is therefore recommended to the Members.

While the cost-benefits study shows that investment by the Members in a transformation of WECAFC into an RFMO is a rational step to take, it is indecisive on which of the two options (IGO or FAO Article XIV Body) RFMO would be the most economical for the Members. For a budget between 1.5 and 1.8 million USD/year either of the two options can deliver similar services.

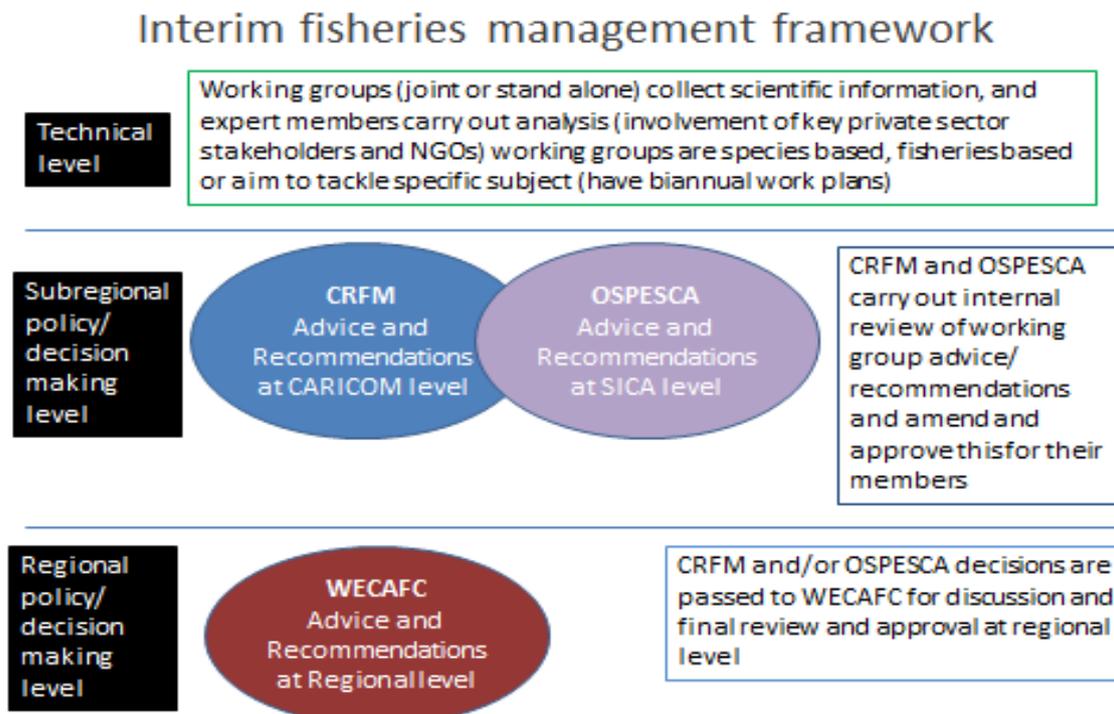
An RFMO can deliver results against its fisheries management objectives, with respect to all requirements in international law and instruments. An RFMO will also be able to get the science

³ The exact contributions depend on which years would be used to average annual production levels, and whether only the production is considered to determine contributions. Many RFMOs also apply a wealth component, where Members that have a higher GDP/capita contribute relatively more. See example of GFCM in the annex

right with respect the state of the stocks, and advice better on levels of fishing effort and fishery and impacts of fisheries on the environment and biodiversity than is currently the case. These matters define the management measures that should be presented to the WECAFC parties. With management in place, the next important step is monitoring, surveillance and control, including cooperation between the Inspection services of the WECAFC Members. RFMOs also cooperate with other IGOs with a mandate to regulate fisheries and other activities in the Atlantic Ocean.

It is further recommended that an RFMO would have to be based on the existing institutional structure in the region. This means that WECAFC should transform into an RFMO and continue to cooperate with OSPESCA and CRFM through a Memorandum of Understanding (MoU) formalizing and building on the existing CLME+ interim coordination arrangement for sustainable fisheries. In effect this would mean close collaboration on scientific and management advisory matters between the 3 institutions, in which each would remain independent and the collaboration would be mutually beneficial.

A schematic overview of the interim mechanism that is under development.



WECAFC will act as an umbrella organization bringing all elements of science, management and cooperation together at regional level, safeguarding the interests of the Members also with respect to a significant high seas area.

The independent cost-benefit assessment study recommends the following steps to be taken by WECAFC Members, partner agencies and FAO:

1. Within Strategy 2 of the CLME Strategic Action Programme, the role of WECAFC and the relationship with its partners OSPESCA and CRFM should be further assessed before the 16th session of WECAFC (Guadeloupe, June 2016), defining a clear institutional

- collaborative structure with operational linkages that are cost-effective, avoid and overlap and duplication, for presenttaion to the session.
2. WECAFC Members consider establishing an RFMO, either as FAO Article XIV body or outside of FAO. At this moment an FAO Article XIV body seems from a political point-of-view more within reach than an IGO. After all, the current political situation may constrain the membership of some important countries under the IGO option, while all countries are Member already of FAO and collaborate closely with FAO and WECAFC. The most important element is that the new organization has a mandate to make legally binding decisions and that the Members in that process take the full responsibility managing the fisheries resources in the WECAFC in a way that. This organisation can have panels that deal with different fisheries or groups of Members. For example one CRFM panel, one OSPESCA panel, etc.
 3. WECAFC Members analyze within their administrations whether there is sufficient interest to collaborate in the potential establishment process of an RFMO (if the 16th WECAFC session would decide in favour of continuing in such direction).
 4. The Secretariat to inform the 16th session of WECAFC as to the availability of resources (in kind or financial) for FAO to provide legal and institutional support to a transformation process of WECAFC into an FAO RFMO and present a clear roadmap with budget proposal to the session.