



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Продовольственная и  
сельскохозяйственная  
организация  
Объединенных  
Наций

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## REGIONAL COMMISSION FOR FISHERIES

### Special Meeting on RECOFI Consolidation and Development

Rome, Italy, 11-12 May 2010

### FINANCIAL AND ACTIVITY SCENARIOS: PRESENT SITUATION AND FUTURE OPTIONS

#### INTRODUCTION

1. The purpose of the analysis is to respond to the Commission's need to make the latter more efficient and to accelerate its growth. The present document deals with current challenges faced by the Commission including its budgetary assets and options to improve its viability. The document is based on the preliminary findings of the analysis with particular focus on the financial and budget scenarios. The analysis was carried out by an independent, external international consultant. The opinions and views contained in the document are those of the consultant.

#### FINANCIAL AND ACTIVITY SCENARIOS: PRESENT SITUATION AND FUTURE OPTIONS

2. At the fifth session of the Regional Commission for Fisheries (RECOFI) that was held in Dubai, the United Arab Emirates, from 12 to 14 May 2009, the Commission agreed to hold a special meeting to consider ways and means to enhance RECOFI's role including the Commission's consolidation and development. Members recognised the need to make the Commission more efficient and to accelerate its growth.

3. An external international consultant was recruited to analyse the financial assets of RECOFI and consider options to strengthen and develop the Commission. The analysis was conducted in two parts. The consultant firstly interviewed the FAO secretariat and other FAO resources persons and reviewed relevant literature. The consultant secondly developed a questionnaire to collect the views from the ministries responsible for RECOFI at country level. The outcomes of the questionnaire are not discussed in this document. They will be presented at the special meeting session.

4. The review of the RECOFI budgetary assets and financial capacity provides a crucial opportunity for Members to lay the foundation of a new phase supporting a more viable Commission able to increasingly deliver services and assistances to its Members, collectively to regional fisheries and to fishing communities.

### BUDGETARY ASSETS AND FINANCIAL VIABILITY SCENARIOS

5. As of the 31<sup>st</sup> of December 2008, the income from contributions for 2008–09 amounted to USD 29 995 (equivalent to 75% of the expected annual total contribution). As of the 31<sup>st</sup> of December 2009, the income from contributions for 2009-2010<sup>1</sup> amounted to USD 20 000 (equivalent to 50% of the expected annual total contribution).

The status of contributions (as at 31 December 2009) are as follows:

- Three Members (Iraq, Kuwait, Saudi Arabia) deposited their instruments of acceptance and have paid their contribution in full;
- Five Members (Bahrain, Iran, Oman, Qatar and the United Arab Emirates) deposited their instruments of acceptance but have not yet fully paid their contribution.

6. During the fifth session, the Secretariat informed the Commission that the total of accumulated pending contributions amounted to USD 70 187.83. This represented a 17 percent increase in comparison to the previous biennium. The Commission took note of its budget from 2003 to 31 December 2008. The Commission also noted the financial delivery by main activity during the period from 2007 to May 2009.

7. As shown in Table 1, the accumulated pending contributions against the 2007–08 and 2008–09 RECOFI fiscal years, as of the 31 of December 2009, amounted at USD 90 187.83. This represents a 50% increase compared to the previous biennium (outstanding 31/12/2007).

**Table 1: Status of contributions as of 31 December 2008**

Members	Outstanding 31/12/07	Due for 2008-2009 <sup>1</sup>	Received up to 31/12/08	Outstanding 31/12/2008	Due for 2009-2010 <sup>1</sup>	Received up to 31/12/2009	Outstanding 31/12/2009
BAHRAIN	5 000.00	5 000.00		10 000	5 000.00		15 000
IRAQ		5 000.00	5 000.00	0.00	5 000.00	5 000.00	0.00
IRAN, Islamic Republic of	15 076.57	5 000.00		20 076.57	5 000.00		25 076.57
KUWAIT	0.00	5 000.00	5 000.00	0.00	5 000.00	5 000.00	0.00
OMAN, Sultanate of	15.00	5 000.00	4 995.00	20.00	5 000.00		5 020.00
QATAR	25 035.22	5 000.00	5 000.00	25 035.22	5 000.00		30 035.22
SAUDI ARABIA, Kingdom of	0.00	5 000.00	5 000.00	0.00	5 000.00	5 000.00	0.00
UNITED ARAB EMIRATES	15 056.04	5 000.00	5 000.00	15 056.04	5 000.00	5 000.00	15 056.04
<b>TOTALS</b>	<b>60 182.83</b>	<b>40 000.00</b>	<b>29 995.00</b>	<b>70187.83</b>	<b>40 000.00</b>	<b>20 000.00</b>	<b>90 187.83</b>

Source : Doc. RECOFI Fifth session, May 2009 and Trust Fund n° 119814 – MTF/REM/001/MUL (RECOFI)

<sup>1</sup> RECOFI fiscal year is from the 1<sup>st</sup> of May to the 30<sup>th</sup> of April.

8. Table 2 provides an overview of the financial statement of the Commission's budget since 2003 and as of December 31, 2008<sup>2</sup> and the liquidation of total expenses as of December 31, 2008. Total expenses (USD 260 958) include expenses up to the end of December 2008 (USD 168 283), existing commitments (USD 60 357) made until the end of April 2009 and a provision of USD 32 318 earmarked as a forecast for the cost of the Fifth RECOFI session (interpretation, in-session translation of draft report, travel, printing and miscellaneous expenses).

**Table 2: Financial Status in US Dollars (2003- May 2009)**

<b>Income (contributions)</b>	<b>303 822</b>
<b>Total Expenses</b>	<b>260 958</b>
Expenses ( <i>up to end December 2008</i> )	168 283
Commitments ( <i>2009</i> )	60 357
Forecast ( <i>2009 5<sup>th</sup> session</i> )	32 318
<b>Balance</b>	<b>42 864</b>

Source : Doc. RECOFI Fifth session, May 2009

9. The financial delivery by main activity during the period from 2007 to May 2009 is provided in Table 3. Expenditures can be divided in three broad categories:

- i) expenses related to the functioning of the Secretariat (51% of total expenses, 52% of which are related to the Commission's plenary sessions in 2007 and 2009);
- ii) activities in support of the Working Group Aquaculture (30%);
- iii) activities in support of the Working Group Fisheries Management (19%).

10. The main expenditure chapters, based on the FAO/Oracle trust fund standard budget line allocations, are summarized in Table 4.

**Table 3: Financial delivery by activity during the intersessional period (US Dollars)**

	<b>2007</b>	<b>2008</b>	<b>2009</b> (provisional)	<b>Total</b>
<b>Aquaculture Working Group</b>	18 574	22 234	16 342	57 150
<b>Fisheries Management Working Group</b>		8 765	26,623	35 388
<b>Secretariat</b>	24 493	23 391	49 710	97 594
<b>Total</b>	<b>43 067</b>	<b>54 390</b>	<b>92 675</b>	<b>190 132</b>

Source : Doc. RECOFI Fifth session, May 2009

<sup>2</sup> Funds deposited for the implementation of the Aquaculture Legal and Policy Framework Project are not included.

**Table 4: Expenditures met during the intersessional biennium (US Dollars) including 2009 commitments and forecast up to May (inclusive)**

Expenditures	2007-2009
Staff costs (General Services)	23 821
Consultancies	54 824
Travel	75 329
Contracts	3 713
General Operating Expenses	5 084
Charge backs ( <i>interpretation &amp; reporting</i> )	19 585
Other Miscellaneous	7 776
<b>Total</b>	<b>190 132</b>

Source : Doc. RECOFI Fifth session, May 2009

11. Expenditures by FAO in support of the Commission and its subsidiary bodies, including the implementation of the work plan activities, are given in Table 5 and have amounted to 410 394.91 during the period 2008-2009

**Table 5: FAO RECOFI Staff Members\* time activity and costs 2008/2009 (US Dollars)**

Name FAO Members	Nbr/days	Travel costs	Total
David Doulman	72	13 351.00	59,935.00
Gaëlle Hermanus	44	13 761.00	26 081.00
Heba Fahmy / Mona Hafez	180	2 000.00	18 380.00
Judith Swan	21	4 459.00	12 628.00
Lucas Garibaldi	61	280.00	37 204.00
Piero Mannini	180	5 000.00	93 380.00
Alessandro Lovatelli	71	14 739.78	54 783.00
Florence Poulain	60	3 000.00	43 200.00
Pilar Arocena	1.5		420.00
Raschad Al-Kafaji	9	3 024.00	7 155.00
Sachiko Tsuji	21	9 215.00	22 802.00
Valerio Crespi	45	7 140.91	24 285.91
Yimin Ye	3	8 200.00	10 141.00
<b>Total</b>	<b>768.50</b>	<b>84 170.69</b>	<b>410 394.91</b>

Source : FAO Data March 2010

12. During the fifth session, the Secretariat submitted a statement of the extra budgetary resources provided by Members to support projects executed by the Secretariat. These projects included, for example, a Kuwait-supported information system for regional aquaculture. With respect to the aquaculture legal and policy framework project, RECOFI was informed that the Secretariat was unable to proceed further. This project was to be funded by RECOFI Members on

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an equal-share contribution basis. Four Members had confirmed their commitment to FAO to fund the project. However, contributions were deposited only by two Members.

13. Looking at 2008 and 2009 (last biennium), the working cost related to RECOFI activities were US\$ 557 459.91, including the cost of FAO Staff members supporting the Commission. This is about seven times more than the total national contributions from Member countries over the same period (US\$ 80 000). The FAO contribution over the period represents indirectly 73.61% of financial commitments. If the Commission were to be autonomous and financially self supporting, then the annual contribution would have to rise to around US\$ 35 000 per country<sup>3</sup>.

14. In the budget forecast of the activities to be undertaken in 2009 - 2010 (cf. RECOFI Fifth session, RNE/FIEL/R915, p 11), the indicative costs were US\$ 385 000, exclusive of the cost of the 3<sup>rd</sup> Meeting of the WGFM in Qatar (October 2009), as well as other operating costs for the Secretariat and the financial support of external participants. This outcome assumes continued current working arrangements, in particular, sessions and workshops that exclude non-conventional RECOFI partners.

15. It seems reasonable to posit that in a strategy to broaden activities to other themes and other actors, this evaluation is only a guide to the minimum budget and that this will require a substantial upwards revision. It is important, therefore, to consider the ways and means to improve the Commission's financial capacity in order to develop adequately its contribution to achieving its objectives and its role of influence within the region to promote good fisheries governance and the development of the sectors for which it is responsible. Its dynamism and future are at stake and it is necessary for the Commission to ameliorate its financial and operating capacity. The commitment of partners is also certainly related to its self-financing capacity.

16. The option of a *status quo* of member contributions as they stand now would mean the end of the Commission as one of the active and recognised organizations working on regional issues.

## **SCENARIOS FOR THE FUTURE**

17. In seeking ways and means to improve the Commission's financial capacity, the following alternatives are proposed:

- i) Maintain an equal payment (excluding all criteria other than being a RECOFI Member country) with an upward readjustment of annual national contributions,
- ii) Maintain the principle of equal and compulsory minimum contribution supplemented by extra-budgetary contributions decided by Member countries according to their involvement in work programmes where they take on the leadership; this was successfully accomplished the case on the

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<sup>3</sup> For comparison purposes, the level of annual contributions established within the framework of the SRFC is of US \$ 50,129 for the poorest countries of the sub-region (Cape Verde, Gambia, Guinea Bissau, Sierra Leone) and of US \$ 100,258 for the (relatively) more wealthy countries (Mauritania, Senegal, Guinea). However it is true that the contributions also cover the financial cost of national experts invited to working groups. Moreover, the arrears are more than a million US \$.

RAIS supported by Kuwait. On the other hand, the equal and imposed extra-budgetary co-funding of Member countries proved to be inappropriate and did not lead to the work that was planned for aquaculture. This process should therefore be abandoned.

- iii) The ending of an equal payment and replacing it with indexed contributions based on a variety of variables, such as the wealth of the country, the shares of fisheries and aquaculture in the economic growth or the contribution level of the sector to food security, to trade balance, to employment or other physical parameters related to marine or inland activities (length of coastline, EEZ size, surface area available for aquaculture, etc). This solution should then be studied with a view to achieving a target total budget which may not lead to more resources but would introduce a differential which would only work on the basis of a strong and secure agreement written into the RECOFI basic Agreement. More than the process, it is this commitment which would illustrate a political change in the RECOFI working context.

18. Depending on the budget forecast and expectations from other recommendations, a budget of around US\$ 400 000 to 500 000 per biennium (i.e. US\$ 25 000 to 30 000 / year / Member country) would be a significant step towards the Commission's autonomy and would signal its long-term commitment to regional work programmes which support good fisheries governance and aquaculture development. This budget could constitute a working capital and would hence be a visible guarantee that national and international donors (stakeholders in the region's marine and inland interests) would notice. Partners and donors pay increasing attention to the self-financing capacity of Member countries of regional organisations and to their own capacity regardless of their access to extra-budgetary funds.

19. The Commission, whilst maintaining the current *modus operandi* in recovering FAO and Member country staff expenses, could progressively prepare projects covering some thematic work programmes that may then be submitted to external donors or partners (e.g. GCC funding, Member country or donor unilateral funding to support development, environmental protection, public investment concerning research, monitoring, control, surveillance, etc).

20. Should the status quo be maintained, that is, the zero increase scenario of both budgetary and extra-budgetary resources, then it can reasonably be anticipated that no more than one technical meeting and the plenary session could be supported during each biennium.

## **SUGGESTED ACTION BY THE SPECIAL MEETING**

21. The delegates to the Meeting are invited to:

- consider the outcome and findings of the review regarding RECOFI's financial viability and activities scenario and comment on it, as appropriate;

- identify and propose ways and means to ensure that appropriate follow-up action is taken at the national and regional levels; and
- provide guidance to the Secretariat on further steps to address the issue of RECOFI consolidation and development.