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REGIONAL COMMISSION FOR FISHERIES

Sixth Meeting of the Working Group on Fisheries Management

Doha, Qatar, 5-8 November 2012

Status of RECOFI's financial situation and its implications for implementing the approved Working Group on Fisheries Management workplan

Executive Summary

The purpose of this paper is to provide information to the WGFM on the status of RECOFI's financial situation and its implications for implementing the approved work plan of the Working Group on Fisheries Management (WGFM).

The WGFM is invited to:

- consider the possible scenarios and consequences for the long-term sustainability of the RECOFI fisheries, should the Commission fail to identify and adopt ways and means to fulfil its mandate and to enhance its role as an RFMO.
- provide advice to the Secretariat in order to cope with the current insufficiency of financial resources.

INTRODUCTION

1. The Special Meeting on RECOFI Consolidation and Development was convened as a follow-up to the Fifth Session of RECOFI held in Dubai, United Arab Emirates, from 12 to 14 May 2009. The Special Meeting was convened to consider ways and means to enhance the role of RECOFI as a regional fisheries management organization (RFMO). The main findings and conclusion of the meeting including those of the technical performance review carried out in preparation of the Special Meeting were discussed and endorsed by Commission at the sixth session which was held in Rome, 10-12 May 2011.

ACTIVITIES AND RESULTS

2. A number of pertinent issues were highlighted in the technical review including with specific reference to RECOFI finance and funding that:

- the Commission was heavily reliant on FAO services, both financial and in kind;
- Members lacked the financial and human resources to maximize benefits for the initiatives already being undertaken by the Commission;
- weaknesses in raising financial resources to support RECOFI's activities required attention; and
- a new vision was required to guide the Commission.

3. The Special Meeting expressed considerable concern regarding the lack of follow-up and implementation of decisions and recommendations from technical meetings convened by the Commission. Reasons for this lack of follow-up were identified and it was agreed that RECOFI should be involved in assisting Members in implementing decisions. However, it was recognized that such a role had financial implications and that funding would need to be secured if activities to support the implementation of Commission decisions were to be undertaken.

4. There is a particularly significant difference between Members' contributions and the total expenses of the Commission. For instance, in the 2008-2009 period, the actual total working costs related to RECOFI activities were USD 557 459.91, including the cost of FAO staff members (technical support and travel costs) supporting the Commission. The latter cost was about seven times greater than the total national Members' contributions over the same period (USD 80 000). FAO contributions over the same period represented 73.61 percent of financial commitments. If the Commission was to be fully autonomous and financially self-supporting, Members' annual contributions would need to rise. The independent consultant estimated the rise to be approximately USD 35 000 per country per year, as a minimum.

5. Looking to the future, three scenarios were presented with respect to financing the Commission:

- status quo of equal payment with upward adjustment of annual contributions;
- maintaining the principle of equal and compulsory minimum contribution supplemented by extra-budgetary contributions by Members on a voluntary basis; and
- replacing equal payments with indexed contributions based on a variety of variables.

6. Moreover and besides the three aforementioned scenarios, other options could be identified also and taken into consideration. It was highlighted that there were two different financial means to support the Commission:

- directly through agreed contributions by Members and,
- indirectly and additionally through extra-budgetary funding of field projects (national or regional).

7. With reference to the very significant financial contribution that FAO has provided to RECOFI during the last years, it should be noted that this level of support could not be continued indefinitely, given the financial constraints faced by FAO.
8. The Special Meeting agreed to make three broad recommendations in relation to the future technical and institutional work of RECOFI and its financial needs. With reference to the these latter, the Special Meeting recognized that RECOFI's financial needs, including the level of Members' contributions, depended on the work programme agreed by the Commission. It was also recognized that the current contribution level (USD 5 000 per year) was quite inadequate, particularly when the amount of arrears were taken into account. After having assessed and agreed on the Commission's technical and institutional requirements to address fisheries and aquaculture issues in the region, RECOFI should determine how the work programme would be funded. The Commission's core functions and activities should be covered at least by Member contributions while other activities of a project nature could be funded by extra-budgetary funding.
9. The Commission at the sixth session in May 2011 welcomed the programme of work and budget for 2011–2012. It was anticipated by the Secretariat that approximately USD 150 000 would be available for all RECOFI activities over the biennium should yearly contributions be timely released and all arrears settled. Members noted that the WGA and WGFM had proposed a robust list of activities totalling USD 540 000.
10. The Commission agreed that the current level of Members' contributions was only sufficient to fund the implementation of a limited number of priority activities, as identified by the WGA and WGFM. Additional funds would be required if a more ambitious work programme was to be implemented. The Commission agreed on the need to significantly reduce the number of activities.
11. In considering options proposed by the review to consolidate and develop RECOFI, the Commission agreed to continue applying fixed and equal contribution for Members. Commencing in 2013, the Commission agreed that the annual Member's contribution would be increased to USD 15 000. This level was established on the condition that current and outstanding contributions would be settled not later than 31 December 2011. Regrettably this did not happen as the Secretariat reported to Members on the status of arrears in early 2012.
12. RECOFI Member countries each contribute USD 5 000/year. The core budget of RECOFI takes the form of a multi-lateral trust-fund project under the FAO symbol MTF/REM/001/MUL and title "Support to the Secretariat of RECOFI". The project began in April 2003 and since then has been renewed on a yearly basis. Its budget is revised regularly in order to monitor annual contributions by Member countries and the cash flow of expenditures. The book-keeping activity continued to be ensured through the FAO central accounting system (based on Oracle).
13. Table 1 below provides an overview of the financial statement of the Commission's budget since 2003 and as of August 31, 2012¹, and the liquidation of total expenses as of August 31, 2012. Total expenses (USD 403 847) include expenses settled to the end of August 2012 (USD 347 945), existing commitments (USD 9 000) made until the end of December 2012 and a provision of USD 20 000 earmarked as a forecast for the cost of the Seventh RECOFI session (interpretation, in-session translation of draft report, travel, printing and miscellaneous).

¹ Funds deposited for the implementation of the Aquaculture Legal and Policy Framework Project are also included.

Table 1: Financial Status in US Dollars (2003 - August 2012)

| | |
|---|----------------|
| Income (contributions) | 419 847 |
| | |
| Total Expenses | 403 847 |
| Expenses (<i>up to end August 2012</i>) | 374 945 |
| Commitments (<i>2012</i>) | 9 000 |
| Forecast (<i>2013 7th session</i>) | 20 000 |
| Balance | 16 000 |

14. Because of inadequate funding, the organization of the RECOFI Workshop on "Spatial Planning Development Programme for Marine Capture Fisheries and Aquaculture" (Cairo, Egypt, 25-27 November 2012) and regional workshop on Bycatch Management and Low Impact Fishing (Kuwait, 9-12 December 2012) was possible thanks to additional resources (approx 60 000 USD) that the Secretariat succeeded to obtain from the FAO Regular Programme funds.