

January 2005



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

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## GENERAL FISHERIES COMMISSION FOR THE MEDITERRANEAN

### Twenty-ninth Session

Rome, Italy, 21-25 February 2005

## ISSUES RELATED TO THE IMPLEMENTATION OF THE AUTONOMOUS BUDGET

### INTRODUCTION

1. At its Twenty-second session, held in Rome, in October 1997, the General Fisheries Commission for the Mediterranean (GFCM) amended its constitutive Agreement, including relevant provisions of its internal rules and regulations, with, *inter alia*, a view to undertaking the structural and operational reforms needed to meet the new requirements embodied in the recently adopted international legal instruments. One of the approved reforms was the establishment of an autonomous budget made up of contribution from its Members which would complement the financing of the Commission supported by the FAO Regular Programme. With the deposit with the Director-General of FAO of the sixteenth instrument of acceptance, the amendments relative to the autonomous budget entered into force on 29 April 2004 with respect to each of the Members who accepted them<sup>1</sup>.
2. The Commission held an Extraordinary session, in St Julians, Malta, 19-23 July 2004, where it adopted its Financial Rules, and agreed upon the 2005 range of contributions and expenditures by chapter for the autonomous budget. It also addressed some procedural, legal and technical issues in order to ensure the correct operation of the autonomous budget and the strengthening of the Secretariat.
3. This document provides an update on the status of acceptance of the amendments relative to the autonomous budget. It also provides clarification on the issue of the FAO servicing costs and the currency to be used by Members in relation to the autonomous budget. Minor amendments to the GFCM Financial Regulations are suggested accordingly.

<sup>1</sup> Article X (2) of the GFCM Agreement stipulates that the rights and obligations of any Member that has not accepted an amendment involving additional obligations shall continue to be governed by provisions of this Agreement as they stood prior to the adoption of the amendment.

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## STATUS OF ACCEPTANCE OF THE REVISED AGREEMENT

4. At the time of preparation of this document, seventeen GFCM Members had deposited their instruments of acceptance of the amendments relative to the autonomous budget, as listed in the table below.

Members	Acceptance
Albania	10 October 2003
Croatia	28 November 2003
Cyprus	3 August 2000
European Community	27 July 2000
France	30 October 2002
Greece	29 August 2002
Italy	23 August 2000
Japan	30 July 2004
Libyan Arab Jamahiriya	23 December 2003
Malta	23 December 1999
Monaco	12 June 2001
Romania	1 October 2003
Serbia and Montenegro	8 January 2003
Slovenia	29 April 2004
Spain	15 February 2002
Tunisia	30 June 2003
Turkey	5 June 2000

5. In July 2004, Algeria and Morocco stated at the GFCM Extraordinary session<sup>2</sup> that they had ratified the Agreement, as amended. Late 2004, the Secretariat was unofficially informed that Lebanon had followed suit.

6. In this respect, it may be noted that at the Extraordinary Session, following a debate on a possible dual legal regime within the Commission, GFCM decided that all Members could participate in discussions related to budgetary matters. However, the Commission further stated that only Members having deposited their instruments of acceptance of the amendments would be able to vote on matters covered by the amendments, should a vote be required<sup>3</sup>.

## MEMBERS CONTRIBUTION TO THE AUTONOMOUS BUDGET

7. At its Twenty-fifth session (Malta, September, 2000), the Commission adopted the modalities for determining the budget ceiling, in particular the scale of contribution. At its 2004 Extraordinary session the Commission adopted its autonomous budget for 2005. The budget was set up at US \$ 764 940<sup>4</sup>. The

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<sup>2</sup> Paragraph 16 of the Report of the session (GFCM:XIX/2005/Inf.5)

<sup>3</sup> See paragraph 17 and 18 of the Report of the Extraordinary session.

<sup>4</sup> Annex G of the Report of the Extraordinary session.

Commission further agreed that priority should be given to securing core activities and strengthening the Secretariat<sup>5</sup>. The following two issues outlined below which have a direct impact on the autonomous budget were left pending.

### ***Servicing Costs for the autonomous budget***

8. The precise level of the amount (expressed in percentage) required to cover FAO's costs (known as Project Servicing Costs, hereafter PSC) to administer the Trust Fund which hosts the autonomous budget "MTF/INT/943/MUL" of the GFCM could have been settled in July 2004. Consequently, the exact contribution of each concerned Member on the basis of the agreed scale could not be ascertained. The Organization was invited to review the calculation of the PSC which is based on criteria set by the Finance Committee of FAO and further endorsed by its Governing bodies. Among those are the budget structure, amounts involved, range of activities, location of the Headquarters of the Commission and the extent of services expected from FAO.

9. The results of the calculation, taking into consideration the budget chapter as adopted by the Commission, brought the PSC at an interim rate of 4.5 % of the autonomous budget, pending a final decision on the location of the GFCM Secretariat. This rate incidently corresponds to the figure used to forecast the budget indicated in Appendix G of the Report of the Extraordinary Session. Calculations were based on the likely incremental indirect variable costs of operational and administrative support that the FAO Fisheries Department and the Central Services of the Organization would be providing to the new Secretariat of the Commission and with the assumption that the autonomous budget that includes the provision for an Administrative/Financial Clerk will remained unchanged in its overall structure.

10. With the acknowledgement that the above-mentioned criteria may change over time, the Commission is invited to consider amending GFCM Financial Regulation 5.1 to refer to the provision of PSC in accordance with the policy for support cost reimbursements endorsed by the FAO Governing bodies, but, without specifically providing a figure/percentage.

11. Based on the agreed scale and endowed with the PSC set at 4.5% of the autonomous budget for 2005, the contributions of concerned Members for this calendar year are shown in Annex 1. In November 2004, the Organization notified the seventeen Members who had deposited their instrument of acceptance of the respective amount they should pay for 2005. Although Members were invited at the Extraordinary session to validate by the next ordinary session, the wealth and fishery production figures used in the calculation of the scale of contribution<sup>6</sup>, and as no Member reacted negatively, these figures were assumed to be validated.

### ***Currency to be used for the contributions***

12. Another outstanding issue following the Extraordinary Session was related to the wish expressed by some Members to pay their contribution in Euros, although the budget and Member contributions are, statutorily, approved in US\$. It should be noted that the issue is similar to that faced by the FAO Programme of Work and Budget which is also calculated in US\$ and contributions accepted in both currencies. In this case, the rate used to convert US\$ contributions to Euro is agreed by FAO Member Nations at the time the budget is approved. Given that the date of the conversion rate to be applied for the GFCM autonomous budget in 2005 has not been set by the Commission, the Organization used the United Nations operational rate at the time the call letters for funds were sent to Members concerned. It is suggested that GFCM identify the date to be used in future for applying the United Nations operational conversion rate. The Commission may consider inserting such a date as a footnote to the scale of contribution which is annexed to the Financial Rules.

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<sup>5</sup> Paragraph 28 of the Report.

<sup>6</sup> Paragraph 15 of the Report.

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13. In view of the above and assuming that all concerned Members pay their contributions in early 2005, it can be assumed that about 80% of the autonomous budget<sup>7</sup> will be recovered. Consequently, it would be possible to face the costs of the Secretariat, especially staff salaries, and of the statutory sessions of the Commission for 2005. This would be facilitated if those Members who have ratified but not yet deposited their instruments of acceptance make every effort to speed up their internal procedure, including for their respective contributions. On the contrary, if an amount of about US \$ 550 000 was not rapidly secured, there will be difficulties, at least in an initial stage, to cope with the direct costs of the Secretariat and ensure core activities. Under this assumption, the Commission will have to identify priority expenditures and eventually reassess budget chapters, as further suggested in document GFCM/XIX/2005, concerning the programme of work.

#### **SUGGESTED ACTION BY THE COMMISSION**

14. The Commission is invited to assess the present status of acceptance of the amendments relative to the autonomous budget and discuss implications on the 2005 autonomous budget.

15. The Commission may wish to decide upon a date for the conversion rate to be applied to those Members wishing to use the Euro as the defined currency for their contribution to the autonomous budget in 2006. The Commission is further invited to consider amending its Financial Rules so as to avoid making a precise reference to a specific (percentage) PSC rate, thereof.

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<sup>7</sup> US \$ 638 882

## APPENDIX A

## SCALE OF CONTRIBUTION FOR THE YEAR 2005

(Calculations based on 2000-2002 averages and on an autonomous budget of US\$ 764 940)

Member	Basic Fee	GDP Component		Catch Component		Total	
	US \$	Index	US \$	GFCM t	US \$	US \$	%
Albania	3 187	0	0	10 206	979	4 166	0.54
Algeria	3 187	1	2 599	203 629	19 523	25 310	3.31
Bulgaria	3 187	1	2 599	17 829	1 709	7 496	0.98
Croatia	3 187	1	2 599	54 612	5 236	11 023	1.44
Cyprus	3 187	10	25 993	.	.	29 180	3.81
Egypt	3 187	1	2 599	308 124	29 542	35 328	4.62
France	3 187	10	25 993	.	.	29 180	3.81
Greece	3 187	10	25 993	.	.	29 180	3.81
Israel	3 187	10	25 993	25 032	2 400	31 580	4.13
Italy	3 187	10	25 993	.	.	29 180	3.81
Japan	3 187	20	51 986	961	92	55 266	7.22
Lebanon	3 187	1	2 599	9 675	928	6 714	0.88
Libya	3 187	1	2 599	92 333	8 853	14 639	1.91
Malta	3 187	0	0	.	.	3 187	0.42
Monaco	3 187	1	2 599	12	1	5 788	0.76
Morocco	3 187	1	2 599	75 997	7 286	13 073	1.71
Romania	3 187	1	2 599	3 333	320	6 106	0.80
Serbia-Montenegro	3 187	1	2 599	1 411	135	5 922	0.77
Slovenia	3 187	10	25 993	.	.	29 180	3.81
Spain	3 187	10	25 993	.	.	29 180	3.81
Syria	3 187	1	2 599	8 035	770	6 557	0.86
Tunisia	3 187	1	2 599	277 646	26 620	32 406	4.24
Turkey	3 187	1	2 599	613 593	58 829	64 615	8.45
EU	3 187	.	.	2 685 701	257 495	260 682	34.08
		103		4 388 131			100
US DOLLARS	76 494			267 729		420 717	<b>764 940</b>

Total Budget US \$			<b>764 940</b>
Basic fee in percent	<b>10.0</b>	in US \$	76 494
Number of Members			<b>24</b>
Total budget less basic fee			688 446
GDP Component (percent of total budget):			<b>35</b>
	US \$		267 729
Catch Component (percent of total budget):			<b>55</b>
	US \$		420 717

