

**41<sup>st</sup> ANNUAL MEETING – SEPTEMBER 2019****Establishment of a Performance Review Fund  
(Proposal by the NAFO Secretariat)****Background Information**

There are various expenditures paid from the NAFO operating budget that only occur periodically. The cost of these expenditures can be significant and, when included in the NAFO budget, can result in sharp increases to the budget and corresponding increases to the contributions paid by Contracting Parties. At the 2013 NAFO Annual Meeting, General Council requested that STACFAD look at ways of anticipating these expenditures and to determine if the costs can be spread over several years, which would therefore help smooth the budget from year to year.

Costs associated with the recruitment and relocation of incoming and outgoing Executive Secretaries and other internationally recruited staff can reach upwards of \$100,000 (CDN). To achieve the decision taken in 2013 to avoid sharp increases to membership contributions resulting from these intermittent costs, a recruitment and relocation fund was established. Therefore, \$12,000 would be added each year to the relocation fund until there is a changeover of Executive Secretaries or internationally recruited staff. At this time, funds required to offset recruitment and relocation costs charged to the NAFO budget, would be transferred from the relocation fund.

**Performance Review Costs**

Another significant periodic expenditure is the cost of having a performance review conducted in compliance with the 2006 UN General Assembly Resolution 61/105, which explicitly urged RFMO's and arrangements with management and conservation responsibilities on fisheries and marine living resources to undertake a routine Performance Review.

NAFO's first performance assessment review was conducted in 2011 at a cost of \$77,000 and NAFO's second performance assessment review was completed in 2018 at a cost of \$98,000.

**Proposal**

To avoid significant increases to the budget every 5-7 years for the funding of a performance review, STACFAD may wish to consider setting up a Performance Review Fund. This would allow for annual installments to pre-fund the next performance review. Based on the current cost of \$100,000 and seven years between reviews, the annual funding would be approx. \$15,000 per year ( $\$100,000 \div 7 \text{ years} = \$14,286$ ). To achieve this, the Secretariat proposes amending Rule 4.5 of the NAFO Financial Regulations to allow for the establishment of a Performance Review Fund within the accumulated surplus account, as follows:

**Rule 4.5**

The Standing Committee on Finance and Administration and the Commission shall review the amount available in the accumulated surplus account during each annual meeting. Insofar as possible, the Commission shall anticipate unforeseen expenditures during the succeeding

three years and shall attempt to maintain the accumulated surplus account at a level sufficient to finance operations during the first three months of the year plus an amount up to a maximum of 10% of the annual budget for the current financial year for use in an emergency in accordance with Rule 4.4. In addition, the Organization shall also maintain a recruitment and relocation fund to pay recruitment and relocation costs for incoming and outgoing internationally recruited staff. The recruitment and relocation fund balance shall be kept at a maximum of \$100,000. **In addition, the Organization shall also maintain a performance review fund to pay costs associated with having an external performance review. The performance review fund balance shall be kept at a maximum of \$100,000.**