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P O L I C Y

BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

OTHER MATTERS

Fisheries Vessels Pool

Note by the Administrator

Summary

In his note (DP/563) to the twenty-eighth session of the Governing Council, the Administrator informed the Council of the accelerating obsolescence and need to replace some of the fisheries research and training vessels in the fisheries vessels pool. The Council requested further study on the matter and a report on how the needs might be met. The Administrator held close consultations with the Food and Agriculture Organization of the United Nations (FAO) on the subject, taking into account recent developments in this area. As a result of these consultations it has been concluded that vessel needs for the next few years may be partially met by refitting five suitable vessels now in the Pool, combined with possible co-operative use of newly built research vessels provided by bilateral donors to several developing countries. The Administrator provides an assessment of the situation in this report, recommends in paragraph 9 the refit of selected vessels and requests the Council to endorse the plan to study and negotiate the possible co-operative use of existing suitable vessels which may be available bilaterally.

1. In document DP/563 of 18 May 1981, the Administrator informed the Governing Council of the status of the fisheries vessels pool and proposed that a number of new vessels be purchased for the purpose of maintaining the high level of service thus far provided by the pool to developing countries, as well as to meet new needs brought about by the introduction of Extended Economic Zones (EEZs). The Administrator also stressed that the acquisition of new vessels should be planned and implemented in a cautious and paced manner to ensure that no substantial investments would be incurred without the ability to properly utilize the vessels. In its decision 81144, 1/ the Council requested the Administrator to study the matter further and report to the Governing Council at its twenty-ninth session on the continued need for development of the fisheries vessels pool, taking into account potential requests for assistance from developing countries. The Council further requested the Administrator to formulate proposals on the financing of vessel acquisition, utilization and maintenance, taking into consideration the views and comments by members in the debate on this question during the twenty-eighth session.

2. Further study carried out during the past year confirms the earlier assessment that countries will continue to need the kind of services that have so far been provided through the fisheries vessels pool for the proper development and management of their fisheries resources. While the need for large-scale national fisheries surveys will diminish, the establishment of EEZs will increase the need for: (a) continuous monitoring of known stocks to avoid overfishing; (b) identification of exploitable species within the new limits; and (c) the development and demonstration of efficient techniques for catching, processing and marketing new species.

3. Since the twenty-eighth session of the Council, several factors have led to new thinking on how best to meet the needs mentioned in paragraph 2 above:

(a) The Council's decision that any acquisition of vessels should be through international competitive bidding could result in the expenditures of relatively large sums of convertible currency for any such acquisition at a time of restricted financial resources whereas the suggested use of non-convertible currencies would not have affected UNDP operational funds; and

(b) The reduction in available indicative planning figures (IPFs) to approximately 60 per cent of illustrative IPFs for 1982-1986 has severely restricted the ability of most countries to meet from these reduced IPFs the increased fees which would have to be charged for the use of new ships. These fees would include amortization charges which were previously not included and would have resulted in a tripling of the original fees. Enquiries through Resident Representatives confirmed that the countries contacted would not be able to accommodate these increased charges from their reduced IPFs.

1/ Official Records of the Economic and Social Council, 1981, Supplement No. 11 (E/1981/61/Rev.1).

4. As a result of the above considerations and also of two important developments with respect to the sources of vessels mentioned in DP/563 as alternatives to the replacement of pool vessels, it has been concluded that there is a real possibility of providing some of the vessel services needed by countries without purchasing new vessels for the pool for the time being. The first development is that a number of bilateral donors have provided newly built fishery survey and research vessels to developing countries in various parts of the world, some of which might be suitable for UNDP/FAO projects. Some of these vessels are currently underutilized and, subject to the conclusion of appropriate arrangements, could be used effectively on a regional or subregional basis under co-operative arrangements that could also include elements of technical co-operation among developing countries (TCDC). The second development is the possible availability of vessels owned by developed countries with substantial research fleets. Experience shows that the large research programmes being carried out by these countries often involve surplus vessel time and several governments have recently expressed an interest in exploring with FAO the possibility of making their vessels available for use in programmes of developing countries. These developments open up the prospect that it may be possible over time to develop an international co-operative programme for the shared use of vessels as another way of providing needed services.

5. The use of vessels provided bilaterally to developing countries for UNDP-funded projects in the same country should not present a problem provided the vessels are suitable for the work to be done. However, the organization of a co-operative programme involving use in other countries would take time since the agreements of various countries to participate would be needed and would also be necessary to initiate long-term planning on the basis of matching specific needs with the availability of vessels. Nevertheless, from information available to FAO, there would appear to be a growing number of underutilized vessels throughout the world which could be brought under the umbrella of a co-ordinating agency. Further work has to be done to develop this possibility in step with the scaling down of the vessels pool; therefore UNDP and FAO have agreed to carry out a study which would include: (a) updating the register of research vessels and their specifications; (b) obtaining information on a long-term cruise planning of existing vessels from all sources; (c) documenting medium- and long-term needs; and (d) discussing funding possibilities with donors. Should a co-operative programme prove to be feasible, it may well become possible to provide high-quality services to meet the new needs of developing countries at a reasonable cost, together with the inputs from a reduced vessels pool.

6. A third alternative to acquisition of new vessels is the refitting of the most suitable of the existing fisheries pool vessels. As pointed out in DP/563, the requirements of developing countries for vessel services are changing and can no longer be fully met by most of the types of vessels currently available in the pool. In addition, the majority of pool vessels have reached or are close to the end of their useful life. Many are now outdated and are reaching the point of no longer being cost-effective. Some of these outdated vessels, due to extended lay-ups, have represented a financial drain on the pool. In these circumstances, 11 of the 16 vessels currently in the pool are to be phased out over the next three to four years; the remaining five can be refitted according

to a planned schedule over the same period in order to extend their usefulness to the latter years of the decade. In taking this decision, due regard has been given to the views expressed by some of the Council members at the twenty-eighth session that consideration should be given to the purchase of second-hand commercial vessels. This line of action is not generally favoured by FAO as the vessels have to be converted to research or training vessels and this exercise proves to be costly without achieving the desired results. The total cost of refitting the 5 selected pool vessels is estimated at \$1.8 million and can be partially defrayed initially from the proceeds, currently estimated at approximately \$500,000, of the sale of 11 vessels mentioned above. The balance is expected to be recovered from appropriate vessel service fees within seven years of the date of refitting. These estimates are considered to be reasonably accurate and are set out for the individual vessels concerned in Annex II. The Administrator therefore requests the necessary financial authorization from the Council to refit 5 selected vessels and to recover the costs from future service fees. The amounts which would be advanced should not at any time exceed \$1 million, which advance would be liquidated before the expiration of the 7-year period mentioned above.

7. Concurrently with these measures, every effort will be made to develop the co-operative programme referred to above so that, as the vessels pool is scaled down, new sources of vessel services will become available to meet developing countries' needs. The development of the co-operative programme, if negotiations are successfully concluded, combined with the refitting of the vessels remaining in the pool, should substantially supply most of the anticipated vessel services required by countries for their fisheries research and development programmes. It is further anticipated that the combination of steps proposed will:

(a) improve the value of services to be provided in the future while maintaining costs at a reasonable level; (b) increase the rate of vessel pool utilization; and (c) keep the pool on a firm financial basis for the rest of the 1980s. The measures outlined will be reviewed to reflect the outcome of the co-operative programme study and negotiations. The Council will be advised if this more detailed study points up the need for any modifications in the above proposals. The review will also examine whether any special action has to be taken in the fisheries field as a result of any mandates that might be given to UNDP or FAO at the conclusion of the Law of the Sea Conference.

8. An up-dated report on the fisheries vessels pool and its operations appears in Annex I. Information on the status of pool vessels is provided in Annex II.

9. The Administrator recommends, on the basis of the above information, that the Governing Council may wish to consider authorizing the refitting of selected vessels owned by UNDP at a cost of \$1.85 million, the cost to be recovered from the sale of retired vessels and charter fees, it being understood that the maximum outstanding advance at any one time would be under \$1 million and that such advance should be charged to UNDP general resources. The Council may further wish to endorse the proposals for the negotiations and establishment of a co-operative programme involving research and training vessels owned by both developed and developing countries.

REPORT ON THE FISHERIES VESSELS POOL

1. The Administrator would like to take this opportunity to provide the members of the Governing Council with an up-dated report on the fisheries vessels pool and its operations. As members will recall from the report submitted to the Council at its twenty-fifth session (DP/311), the pool was formally established in May 1974. Until that time, it had been the practice of UNDP to provide fisheries research and development vessels to particular countries as a component of individual country projects. The pool concept arose from the fact that the earlier system had led to a number of serious problems. Among the more important were long lead-time on the construction and delivery time of vessels, poor seagoing performance because of inadequate funds for operational costs, poor maintenance and repairs, and inadequate insurance coverage. Following careful study, it was decided that these problems could be dealt with most effectively by pooling all UNDP-owned vessels under FAO management. Such an arrangement would also permit the transfer of a vessel to another project when no longer needed in a particular country, thus reducing the need for purchase of a new vessel for every project assisted.
2. To fund the vessel pool, service fees were established for the use of a vessel by a given country. These fees were designed to cover the costs of maintenance, refitting, lay-up, transfer, management, insurance, replacement of capital equipment other than the vessels themselves, and in certain cases, expert costs. Operational costs for such items as fuel, food and salaries of crew were to be met by governments. The main objective in setting the level of service fees was to cover the direct costs of the operation of the pool and accrue a credit balance for the replacement of capital equipment. It was not the intention to generate funds to meet the replacement costs of the type of vessels discussed in DP/563. Service fees have been adjusted from time to time in the light of experience gained and to keep abreast of inflation. At its peak, the pool comprised 25 vessels. The present number is 16, the reduction being due to the sale or other disposal of obsolete vessels.
3. By and large, the pool has operated very successfully. Since its establishment, the pool has provided vessel services to 40 countries. In addition to this, other vessels have been chartered by the pool from time to time to meet specific needs of UNDP-funded projects. If all of the vessel services provided under the pool arrangement had had to be chartered commercially, the cost to Governments would have been considerably higher. Savings arising from the fact that new vessels did not have to be purchased for each project are estimated at \$35 million over the period. It may be noted the UNDP/FAO Fisheries Vessels Pool Agreement also required FAO to provide substantive technical support and advice to governments and UNDP-assisted projects. Further savings have been realized in many projects as a result of this technical co-operation.
4. The vessel services provided directly have required periodic refitting of vessels in addition to regular maintenance. Most of this work has been carried out at suitable ports in developing countries, resulting in additional income and employment benefits for developing countries.

5. As regards the financial operations of the pool, revenues from service fees have been sufficient to cover operating costs and the over-all account is expected to show a modest surplus as of the end of 1981. In achieving this credit balance, and without additional input from UNDP, the original deficit of \$530,000 has been liquidated and the cost of \$630,000 required to refit and repair some vessels upon their initial assignment to the pool has been covered. Part of the original deficit, and the costs just referred to, were due mainly to the relatively poor condition of some of the vessels at the termination of the original projects in which they had been serving.

6. The main problems now facing the fisheries vessels pool stem from the age of most of the 16 vessels presently in the pool. Most of these were built between 1965 and 1970, whereas the average useful life of a commercial fishing vessel is only approximately 8-10 years. The problem is compounded by the fact that when the vessels were built, adequate project funds were not available in most cases to construct them fully in accordance with desired standards. This has resulted in built-in limitations that make them unsuitable for refitting. For these reasons, it is now proposed to phase 11 vessels out of the pool over the next few years.

7. Notwithstanding the reduction in the number of vessels forming the core of the vessels pool, the interests of UNDP would continue to be best served by the Fisheries Vessels Pool Agreement in general in arranging for the provision of vessel services to developing countries in support of its programmes.

Annex II

STATUS OF POOL VESSELS 1982-1990

NAME OF VESSEL	No.	LOA	HP	Built	<u>Major refitting</u>			Phase out date	Remarks
					Feasible	Due	Cost		
							\$		
RASTRELLIGER	68	46	1300	1972	Yes	1984	450 000	1990	Proposed for survey in Malaysian waters 1982-1983.
JURONG	58	35	650	1971	Yes	1983	400 000	1990	Presently in Madagascar and extension to 1984 under consideration.
TAREQ II	57	33	900	1966	No	-	-	1983	Presently in Tunisia (1982-1983).
EL IDRISSE	40	33	680	1968	Yes	1982	350 000	1988	Under consideration for Kuwait Training Centre late 1982-1983.
CRUZ DEL SUR	39	33	680	1968	Yes	1982	400 000	1988	Under consideration for commercial shrimp survey, Brazil, late 1982-1983.
LAMATRA	60	29	500	1971	Partial	1982	300 000	1984	Presently in Uruguay, programmed to 1984.
LEMURU	17	29	510	1966	No	-	-	1982	Laid-up. Should be sold.
ANTONIO ALZATE	30	24	380	1968	No	-	-	1984	Presently in Mexico, awaiting decision on extension.
UJUZI	29	24	380	1968	No	-	-	1983	Presently in Kenya for commercial shrimp survey 1982-1983.
LAURENT AMARO	28	24	380	1968	No	-	-	1982	Presently in Senegal.
CANOPUS	27	24	380	1968	No	-	-	1983	Laid-up but proposals made for charter to Fisheries Development Ltd. for United Arab Emirates survey.
TAURO	41	20	240	1969	No	-	-	1983	Presently in Zanzibar and expected to be used on pole and line survey 1982-1983.
METALUSA	84	17	200	1974	No	-	-	1986	On Lake Tanganyika, used sporadically for core sampling 1981 and expected to do similar work 1982. Vessel ready for proposed regional project.
SARDINELLA	64	16.5	150	1971	No	-	-	1982	Laid-up in India.
KANFLA II	75	15	180	1974	No	-	-	1982	Laid-up in the Gambia.
EL ARTESANO	80	13	155	1973	No	-	-	1982	Laid-up in Trinidad. This vessel was held for use by ex-UNDP training centre but should now be sold.

