





## Background

The biennial programme of work and budget of the Mediterranean Action Plan (MAP), including the administrative and operating costs of the Coordinating Unit and MEDPOL, the Mediterranean Commission for Sustainable Development and of the Regional Activity Centres, with the exception of CP/RAC and INFO/RAC, is financed mainly from the Mediterranean Trust Fund (MTF).

Ordinary contributions by the Contracting Parties to the MTF constitute the main sources of funding and are the most important factor in the process of ensuring adequate, stable and predictable financial resources for the implementation of the biennial programme of work. Ordinary contributions to the MTF have been stable for the last 30 years and today constitute 75.5% of total financial resources of MAP. The balance is made up of the voluntary contributions from the EC, the Greek Government, UNEP and bank interest.

Additional external funding in the form of earmarked contributions made by Governments, the European Commission, UNEP, GEF and other cooperating agencies or supporting organisations is received both by the Coordinating Unit and the RACs to support specific activities, services and facilities as set out in individual project documents. These additional resources enable MAP and its components to carry out additional activities which otherwise would not have been possible.

MAP and its components also receive in kind contributions from various sources. The most substantial of such contributions consists in the support enjoyed by the Regional Activity Centres from the governments hosting them. This support is essential for the operation of the RACs. The hosting of MAP meetings at no cost to the Secretariat also constitutes considerable additional in kind support. In the absence of this in kind contributions, the required funding would constitute an additional burden on MAP finances.

At their 13<sup>th</sup> Ordinary Meeting in Catania, in 2003, the Contracting Parties agreed not to increase the rate of their ordinary contributions for the two biennia 2004-2005 and 2006-2007 following their decision to adopt the Euro as the operating currency for MAP instead of the Dollar. At the time, due to a favourable exchange rate of the Euro against the dollar there was an increase in the financial contributions to the MTF.

No increase has been requested either for the biennium 2008-2009 and the Coordinating Unit and the MAP components had to prepare their budgets for the next biennium on a zero increase basis. The result has been the shifting of funds from activities to personal emoluments primarily in order to effect salary increases to compensate for the rise in the cost of living.

In real terms, the contributions of the Contracting Parties to the MTF are falling whilst the expectations on its funds are actually increasing. As the programme of work becomes more ambitious the core costs to facilitate its activities are increasing too in particular the expenses for staffing, meetings, operational facilities, support for MAP activities in the developing countries, expert assistance and consultancies.

The functions carried out by the Coordinating Unit and MAP components are mainly coordination, technical assistance and capacity building. It is not the role of MAP to fund major physical projects but to catalyse support in order to enhance the capacities of the Contracting Parties to help them improve their institutional capabilities and the

management of their marine environment, safeguard biodiversity and the management of their coastal zones.

The Secretariat does not generate any revenue from its activities either. As explained earlier the only sources of funding are the ordinary contributions to the MTF and other voluntary and earmarked contributions. Therefore it is important to secure stable and sustainable funding for MAP activities.

In order to meet the ever-increasing costs for the implementation of the programme of work and activities, the Secretariat has the intention to submit a request to the meeting of the Contracting Parties in 2009 for an increase in the ordinary contributions for the biennium 2010-2011 provided this would be justified. In this regard it is the intention to carry out an assessment of the budgetary performance of MAP and its components to determine what adjustments should be introduced both in terms of how funding is derived and also how the funds are being utilized before a final decision is taken on whether to request an increase in contributions from the Contracting Parties.

### ***Mandate and Description of the Assignment***

In their Decision on the Programme of Work and Budget for the biennium 2008-2009 the Contracting Parties to the Barcelona Convention requested the Secretariat to carry out a financial management audit of MAP and its components during 2008 by UNEP specialized bodies with a view to proposing efficient and cost effective use of the human and financial resources and the strengthening and effectiveness of the overall programme.

### ***Overall Objective***

The overall objective of this exercise is to propose efficient and cost effective use of the human and financial resources and the strengthening and effectiveness of the overall programme as well as to determine whether it would be justified for the Secretariat to request an increase in the Ordinary Contributions to the MTF.

### ***Specific Objectives:***

The specific objectives of the financial management audit are to determine and or propose:

- whether the allocation of funds to the different MAP components is commensurate with their programme of work;
- whether the level of contributions made from the MTF to other UN organizations to carryout activities on behalf of MAP is justified;
- Whether the financial contributions from national authorities and UN organisations in support of the Regional Activity Centres are realistic in relation to their commitments and possibilities;
- how the synergy between MAP components could be strengthened through the allocation of financial resources;
- whether there is a need for the reallocation of existing financial resources to finance priority activities within the overall MAP programme of work;
- the problems and obstacles that could be hindering the effective implementation of programmes and activities;
- whether the available resources are employed economically and efficiently;
- how MAP and its components could mobilize additional non-conventional funding;

- whether a request for an increase in the ordinary contributions to the MTF would be justified taking into account also new important activities being undertaken by MAP on the basis of decisions taken by the meeting of the Contracting Parties.

### ***Output and Responsibility***

During this exercise interviews will be held with the Coordinator, MED Pol Coordinator, Programme Officers, the Fund/Administrative Officer and the Directors of the Regional Activity Centres. Visits to the Coordinating Unit in Athens and to the different RACs may also be necessary. In all instances, full cooperation will be extended to the concerned UNEP officials to facilitate their assignment. A time-table of such meetings and visits will be prepared in advance and agreed to by all MAP officials involved in the financial management audit.

Consultations with UN agencies that have a close working relationship with MAP and its components as well as with some of the MAP partners, including NGOs are also recommended. Such consultations will help to identify the priorities on which MAP should focus its attention and allocate its financial resources.

The expected output of this assignment is an assessment about the budget management performance of the Coordinating Unit including MEDPOL and the RACs and on the efficient and cost effectiveness use being made of the resources in the MTF. The report will also determine whether the current level of activities can be sustained with the present level of funding or whether additional financial resources are needed.

This assignment will be carried out under the overall direction and supervision of the Executive Coordination Panel of MAP.

### ***Duration and Timetable***

The assignment should commence in early 2008 and should be completed by the end of 2008. A draft of the final report will be submitted for the consideration and review of the Executive Coordination Panel of MAP at least 3 months before it is finalized. The final report, including comments by the Executive Coordination Panel will be submitted to the Bureau for its consideration during its first meeting in early 2009 before it is circulated to the Contracting Parties for them to take it into consideration the recommendations made which may have implications in the preparation of their national budgets for the financial years 2010-2011.