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**PREPARATORY CONFERENCE FOR THE COMMISSION  
FOR THE CONSERVATION AND MANAGEMENT OF  
HIGHLY MIGRATORY FISH STOCKS IN THE WESTERN  
AND CENTRAL PACIFIC**

Third session  
Nadi, Fiji Islands  
5 – 9 May 2003

WCPFC/PrepCon/25  
9 May 2003

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**WORKING GROUP I: ORGANIZATIONAL STRUCTURE, BUDGET AND FINANCIAL  
CONTRIBUTIONS**

Summary report by the Chair of the Working Group to the fourth session of the  
Preparatory Conference

1. WG.I held four meetings during the fourth session of the Preparatory Conference. As agreed at the third session (PrepCon III), the Working Group focused its attention on the development of a formula for assessment of contributions to the budget of the Commission and on the development of financial regulations for the Commission, including regulations to govern the administration of the special fund established under article 30, paragraph 3, of the Convention.
2. The Working Group had before it a working paper prepared by the Secretariat on the various options for a formula for assessment of contributions to the budget of the Commission (WCPFC/PrepCon/WP.13). That paper also included summary information on the formula used in other comparable regional fishery management organizations. In discussing the contributions formula, WG.I recalled the provisions of article 18, paragraph 2, of the Convention and emphasized the need for any formula to fully reflect the criteria set out in that paragraph. Extensive discussions took place on the most appropriate methods to be used for calculating the three components of the contributions formula – the base fee, national wealth component and the variable fee.
3. There was general agreement that the base fee should be shared equally among all members of the Commission. The Working Group considered that a base fee equivalent to 10 per cent of the total budget, shared equally between all participants, provided an appropriate basis for further discussion. Several participants, however, noted that the base fee element should be set at the lowest possible level in order to ensure full participation in the work of the Commission. In particular, the need to consider carefully the impact of the base fee on small island developing States was emphasized as well as the need to ensure that such States do not carry a disproportionate burden of the budget.
4. WG.I also considered various suggestions and proposals for the calculation of the national wealth component. The advantages and disadvantages of each potential approach were discussed in detail in a wide-ranging debate, and various alternative formulae were proposed for investigation. It was emphasized that the formula must fully reflect the criteria set out in article 18, paragraph 2, of the Convention, in that as well as reflecting the national wealth of the member concerned, the formula must also make due allowance for the state of development of the member and its ability to pay. It was important also that the formula should not place a disproportionate burden on any one State. The Working Group felt that further work was needed to progress this

issue and requested the Secretariat to make further study as to reliable indices that may be utilized as well as to possible options for applying such indices in a manner that fully reflected the criteria of state of development and ability to pay. The need for any formula to be reviewable after a reasonable period and in the light of changing economic circumstances was also highlighted. The need to avoid a disproportionate impact on small island developing States, especially in terms of ability to pay, was stressed. It was considered that, for the national wealth component, a weighting of 20 per cent of overall budget could be a useful starting point for further consideration.

5. With respect to the variable fee, several participants in the Working Group suggested that the catch statistics used should take into account the catches of all the stocks covered by the Convention throughout the Convention Area. The need to ensure that correct datasets were used was also stressed, although the Working Group noted that the data used in the Secretariat paper were provisional and would require further refinement and verification. It was suggested that a further revision of the paper would examine in more detail the potential for taking catch value into account, although some participants also noted that this may be difficult to achieve in practice and that there was not necessarily any correlation between catch value and the costs of effective management. There was a general discussion regarding the application of a discount factor to catches taken by developing States and territories in their own exclusive economic zones by vessels flying their flags. Further discussion on the extent of the discount as well as other considerations will be necessary.

6. In requesting the Secretariat to prepare a revision of WCPFC/PrepCon/13 for PrepCon V, taking into account the discussions that had taken place, the Working Group also emphasized once again the need to take into account the ability to pay of potential members, in particular small island developing States. The need to avoid a disproportionate burden on any one member was also highlighted, especially in light of the need to ensure stability in the budget and an adequate and reliable flow of resources into the Commission.

7. WG.I next considered the draft financial regulations of the Commission on the basis of document WCPFC/PrepCon/WP.2. It was noted that the working paper had been tabled at PrepCon I but that, owing to lack of time and the need to progress other issues on the agenda, had not been taken up until now. Accordingly, the document in its present form did not necessarily reflect a number of suggestions that had been made at earlier sessions, although such proposals and suggestions remained under consideration. WG.I also took note of the contribution by Korea, presented at PrepCon III and subsequently issued as WCPFC/PrepCon/DP.9. An additional proposal, relating to a special requirements fund, was tabled by the members of the Forum Fisheries Committee (WCPFC/PrepCon/DP.10) and it was noted that this was a development of a proposal that had been submitted by the delegation of Niue, on behalf of the members of the Forum Fisheries Committee, during the meetings of WG.I at PrepCon III.

8. Following a preliminary discussion of the FFC proposal, it was agreed that the matter of the special requirements fund would require further and more detailed consideration at PrepCon V. It was also noted that the fund was, in fact, a requirement of article 30, paragraph 3, of the Convention and what was at issue was the method for financing the fund and elaboration of the guidelines for the use and administration of the fund as well as the criteria for eligibility for assistance. In this regard, the Group considered that the proposal and accompanying statement by the Forum Fisheries Committee provided a very useful basis for further consideration of this issue.

9. WG.I had a first reading of the draft financial regulations contained in WCPFC/PrepCon/WP.2. It was agreed to return to the draft financial regulations at the next session.

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