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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**

Fifth session  
Rarotonga, Cook Islands  
29 September – 3 October 2003

WCPFC/PrepCon/31  
3 October 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 fifth session of the  
Preparatory Conference

1. WG.I held three meetings during the fifth session of the Preparatory Conference. 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 draft financial regulations for the Commission.
2. In considering the scheme of contributions, WG.I had before it a revised working paper (WCPFC/PrepCon/WP.13/Rev.1) prepared by the interim secretariat in response to the request of WG.I at the fourth session of the Conference. The revised working paper provided information on various options for the budget funding formula taking into account the discussions on this matter at PrepCon IV, including a revised methodology for the calculation of the “national wealth” component of the budget of the Commission.
3. In discussing the methodology for calculation of the national wealth component, various suggestions and proposals were put forward. The broad-banding approach suggested by the secretariat in its revised working paper did not, however, attract broad support. At the same time, WG.I acknowledged the disadvantages of the other indices of national wealth discussed in the revised working paper and noted the difficulty in finding a formula that could satisfy all potential members of the Commission. Participants in WG.I emphasized 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. Following a proposal by the delegation of Korea, WG.I considered a revised formula for the national wealth component based upon an equal weighting of gross national income (GNI) per capita and GNI.
4. In considering the overall scheme of contributions, it became apparent that the main area of difficulty was the relative weighting of the three components set out in article 18 of the Convention. Although a preference was expressed for a relative weighting of 10 per cent (base fee), 20 per cent (national wealth component) and 70 per cent (fish production component), some participants considered that the relative weighting should be 10 per cent (base fee), 45 per cent (national wealth component) and 45 per cent (fish production component). In both cases, a discount factor of 0.4 was applied to the catches taken within the exclusive economic zone of a developing State or territory by vessels flying the flag of that developing State or territory. Although a proposal was made to cap the total amount of contributions by any one member of the Commission at 25 per cent, it was noted by others that the level of contributions was largely determined by the level of catch and that a ceiling would not therefore be appropriate.

5. Following extensive discussions, including discussion of a possible compromise between the differing positions, it became clear that there was a preponderance of views in favour of a relative weighting of 10/20/70. The delegation of Korea noted that its proposal for a relative weighting of 10/45/45 remained on the table and reserved its position with respect to any possible compromise. Several participants emphasized the need to reach finality on the scheme of contributions, at least for an interim period, so that WG.I could begin to address the other matters on its agenda. The Chair of WG.I proposed that, for the time being, the Conference should proceed on the basis of the formula that had been discussed during the meeting, with the application of a relative weighting of 10/20/70, but that the matter of the relative weighting could be revisited should any compromise proposal emerge from further consideration by delegations before the next session of the PrepCon.

6. With respect to the territories and possessions listed in article 43 of the Convention, WG.I noted that, in light of the discussions that had taken place in the informal plenary in relation to the rules of procedure, the territories had not been included in the revised assessed contributions scenario. It was noted that the territories would make independent and voluntary contributions in accordance with the proposed Annex II to the rules of procedure of the Commission and that such contributions would be fixed in accordance with a methodology to be determined, but which would reflect the extent of the relevant territory's competence. It was noted that the overall budget of the Commission would therefore comprise (a) assessed contributions, and (b) agreed contributions by participating territories. Further work would be needed to determine the appropriate methodology and the way in which it would be reflected in the budget. In the meantime, it was noted that any revised scheme of contributions would be structured in such a way as to fully reflect the willingness of the territories to make agreed contributions.

7. WG.I had a second reading of the draft financial regulations contained in WCPFC/PrepCon/WP.2/Rev.1. The main issues of substance that were discussed included the fund to be established pursuant to article 30 of the Convention and how it would be financed, and a proposal to establish a standing committee on finance and administration. The Working Group requested the Interim Secretariat to further revise the draft in light of the discussions and proposals that had been made and agreed to take up any outstanding issues at its next session.

8. WG.I did not have sufficient time to consider the structure of the Commission Secretariat and the provisional budget for the Commission. It was noted that, in any event, the information that had been provided on these matters at earlier sessions had now been superceded and would need to be revisited in light of the recommendations regarding the science structure of the Commission which had been formulated by Working Group II during the fifth session, and taking into account the discussions taking place in Working Group III. WG.I considered, however, that these matters were now high priority issues and therefore agreed that, at its next meeting, WG.I should address in detail matters relating to the structure of the Commission Secretariat as well as the provisional budget of the Commission for its early years and how such a budget may be financed. The Working Group requested the Interim Secretariat to prepare working papers as appropriate for its consideration at the next session.

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