



GENERAL FISHERIES COMMISSION FOR THE MEDITERRANEAN
Twenty-third Session
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SCHEME AND SCALE OF CONTRIBUTIONS TO AN AUTONOMOUS BUDGET

INTRODUCTION

1. The Twenty-second Session of the General Fisheries Commission for the Mediterranean (Rome, October 1997) adopted several amendments to the Agreement and Rules of Procedures of GFCM. The amendments allowed *inter alia* the membership of regional economic integration organizations, and the setting up of an autonomous budget, this latter implying new obligations for the members of the Commission. The amendments involving these new obligations shall enter into force after acceptance by two-thirds of the members and for each of them after their own acceptance (Article X.2 of the Agreement).

2. Article VIII *bis* of the Agreement as amended states that each member of GFCM undertakes to contribute annually its share of the autonomous budget in accordance with a scale of contributions to be adopted by the Commission, and that the amount of each member's contribution shall be determined in accordance with a scheme to be adopted by the Commission.

3. This document discusses a possible scheme for calculating the contributions of GFCM Members to an autonomous budget. It is based on the following two basic assumptions:

- the autonomous budget is adopted at each regular session of the Commission on the basis of the annual work programme;
- all current members and the European Community (EC) accept the amendments to the GFCM Agreement relating to the autonomous budget, and the amended Agreement enters into force for them.

THE BUDGET SCHEME

4. It is suggested that each member's contribution to the autonomous budget should consist of:

a) a basic fee that is unrelated to either national wealth or fish production; and,

b) a charge that reflects the member's national wealth as well as its fish production.

THE SCALE OF CONTRIBUTIONS: BASIC CALCULATIONS

The basic fee

5. The basic fee should be limited so that its payment does not cause too heavy a burden on any member. At the same time it should be substantial enough to secure a minimum basic stable income to the Commission. It is suggested that 20 percent of the autonomous budget will be covered by the payment of the basic fee. The amount shall be divided equally amongst GFCM members with one exception. EC shall pay a number of shares equal to the number of its member States less the number of EC member States that are individual members of GFCM. Thus, in mid-1998 the total number of shares is 32 (17 for the non-EC members, 4 for the EC members and 11 for EC).

The charge reflecting national wealth and fish production

6. In order to determine a charge that reflects national wealth and fish production it is necessary to agree on measurements of each. Measurements are proposed in the following paragraphs.

Measuring national wealth

7. It is suggested to use a three-year average of the World Bank estimates of GNP/caput as an indication of national wealth. The last year of the three year average is the calendar year occurring three years prior to the year in which the budget is being adopted (e.g.; a budget for the year 1999, adopted in 1998, will be based on the three year average for the period 1993/95). Then a 'capacity-to-pay' index is developed by equating the highest GNP/caput figure (presently Japan) with 1, each of the remaining GNP/caput figures being then expressed as a fraction of 1. The data which would be used in determining members' shares in in the 1999 autonomous budget, given this proposal, is contained in Table 1 (in the table the index is expressed as percent).

Measuring fish production

8. It is essential to clearly define which fish production is to be measured. It is proposed to include fish produced by capture fisheries and aquaculture in the Mediterranean and Black Seas (that is: FAO major fishing area 37) and to accept published FAO Statistics as an agreed measurement of the quantities concerned.

9. The difference in price between major groups of species can be substantial (e.g., between small pelagic and large pelagic species). Such differences in value of fish produced must be explicitly taken into account in determining members' fish production for the purpose of allocating a share of the GFCM budget.

10. As a first step in considering the value of fish, it is suggested to classify production into two categories: *small pelagic species* and *all other species*. This latter category thus includes demersal fish, molluscs, large pelagic species and crustaceans as well as all aquaculture produce. It is suggested that the tonnage be determined as equal to the average of three consecutive years, the last of the three years being the calendar year occurring two years prior to the year of adoption of the budget.

11. The second step in considering the value of fish produced is to make the value of each type of fish produced equal to the value of any other type of fish produced by modifying volumes. It is suggested that the volume of all fish produced be expressed as a multiple of one common species, and that this species be the category "small pelagics". It is suggested that the tonnage of *all other species* be multiplied by a conversion factor of 4 (which in effect means that on the average "all other species" are four times more valuable than "small pelagics"). The volume which is obtained after the application of this conversion factor may be called **GFCM tonnage**. Thus, any ton of fish expressed in GFCM tonnage is as valuable as any other ton of fish - irrespective of species - expressed in GFCM tonnage. The data which would be used in determining members' GFCM tonnage, given this proposal, is contained in Table 2.

THE SCALE OF CONTRIBUTION: TWO BASIC OPTIONS

12. There are various ways of combining the measurement of national wealth and the measurement of fish production. Two options are presented below: *a combined charge*; and, *a split charge*. In order to facilitate the presentation of the options an autonomous budget with an hypothetical amount of US \$ 1,000,000 per annum is considered. It is expected that an autonomous GFCM budget of this size would be needed for the Commission to fulfil its mandate.

13. The basic fee is the same in the two basic options . The total is US \$ 200,000 (20 % of the total budget). Therefore, each member will be charged a basic fee of US\$ 6,250 (US\$ 200,000 / 32 shares), with the exception of EC which will pay US \$ 68,750.

Option 1: a combined charge

14. Two steps are needed to develop the combined charge. The first step consists of multiplying - for each member (excluding EC) - its share in the 'GFCM tonnage' (developed in Table 2) by its 'capacity-to-pay index' (developed in Table 1). The result is given in Table 3 under the heading "**Pay tonnage**".

15. The second step consists in applying - again for each member's State - its proportion of the total "Pay tonnage" (see last row, column "Pay tonnage" in Table 3) - to the total budget charge (in this case US \$ 800 000) to obtain the share of the budget charge that should be paid by the member concerned.

16. The total contribution of each member is then obtained by adding the basic fee to the combined charge. The resulting scale of contributions to the autonomous budget is portrayed in the last column of Table 3. As each GFCM member that is also a member of EC contributes to the catch component, EC does not contribute to the catch component.

17. Table 3 bis illustrates a variation in which EC has included in its contribution half the combined charges levied (see Table 3) on the four GFCM member which are also EC members.

Option 2: a split charge

18. The basic principle of Option 2 is that in addition to the basic fee, each member will be charged a specific amount for the capacity to pay - or national wealth - and a specific amount for the fish produced. While the basic fee remains 20 % of the total budget, it is suggested that the charge for fish produced cover 50 % and the national wealth charge cover the remaining 30 %.

19. Each member's contribution to the charge for fish produced will be made following the procedure applied in Option 1 above. The only difference is that in the second step each member's share of the "Pay tonnage" will be applied to 50 % of the budget (that is, in this instance US \$ 500,000), instead of to 80 % of the budget (see Table 4).

20. Each member's contribution to the charge for national wealth will be calculated as follows. The previously developed index of the capacity to pay will not be used. Instead the GNP/caput figure will be used to place each member into one of four World Bank categories: *low income countries*, *lower middle income countries*, *upper middle income countries*, and *high income countries*.

21. Each member's 'capacity to pay' is indicated by assigning "shares" of the budget under this category. The shares are indicated in brackets: *low income countries* (0), *lower middle income countries* (2); *upper middle income countries* (6), and, *high income countries* (8). Thus countries which fall into the categories of *low income country* do not contribute to this component of the budget.

22. Finally, the total number of shares and the value of each is calculated. In this case, the total number of shares is 92. As members under this heading should contribute 30 % of the budget, or US \$ 300,000, each share equals a contribution of US\$ 3,261.

23. The contribution of EC to the national wealth component is calculated as the sum of the shares of the four EC members (France 8+ Greece 6 + Italy 8 + Spain 8), while individually the four EC members do not contribute to this component of the budget. As each GFCM member that is also a member of the EC contributes to the catch component, EC does not contribute to the catch component.

24. The total contribution of each Member is then obtained by adding the basic fee to the charge for fish produced and the charge for national wealth. The resulting scale of contributions to the budget is portrayed in the last column of Table 4.

SUGGESTED ACTION BY THE COMMISSION

25. The Commission is invited to review the proposed scheme and the options suggested for the scale for determining contributions of its members to its autonomous budget, with a view to adopting a scheme and a scale of contributions to be applied once the autonomous budget becomes operational.

Table 1: Member's share relating to national wealth

(source: The World Bank)

GFCM Members	GNP per capita				Capacity-to pay index	Category a)
	1993	1994	1995	Aver. 1993-95		
Albania	340	360	670	457	1.3%	0
Algeria	1,770	1,690	1,600	1,687	4.8%	2
Bulgaria	1,170	1,160	1,330	1,220	3.5%	2
Croatia	-	2,530	3,250	2,890 (1)	8.2%	2
Cyprus	10,380	n.a. b)	n.a. b)	10,380 (2)	29.5%	8
Egypt	660	710	790	720	2.0%	0
France	22,490	23,470	24,990	23,650	67.2%	8
Greece	7,480	7,710	8,210	7,800	22.2%	6
Israel	13,880	14,410	15,920	14,737	41.9%	8
Italy	19,840	19,270	19,020	19,377	55.0%	8
Japan	31,360	34,630	39,640	35,210	100.0%	8
Lebanon	n.a.	n.a. c)	2,660	2,660 (2)	7.6%	2
Libya	n.a.	n.a. d)	n.a. d)	6,210 (3)	17.6%	6
Malta	7,970	n.a. d)	n.a. d)	7,970 (2)	22.6%	6
Monaco	n.a.	n.a. b)	n.a. b)	9,387 (4)	26.7%	8
Morocco	1,020	1,150	1,110	1,093	3.1%	2
Romania	1,150	1,230	1,480	1,287	3.7%	2
Spain	13,580	13,280	13,580	13,480	38.3%	8
Syria	n.a.	n.a. c)	1,120	1,120 (2)	3.2%	2
Tunisia	1,740	1,800	1,820	1,787	5.1%	2
Turkey	2,970	2,450	2,780	2,733	7.8%	2
						92

Legend:

a) the four World Bank categories in 1995 and criteria used are as follows (another capacity-to-pay index is developed in brackets) :

- . Low income countries (0) GNP / caput < US\$ 765
- . Lower middle income countries (2) US\$ 3,035 > GNP / caput > US\$ 766
- . Upper-middle income countries (6) US\$ 9,385 > GNP / caput > US\$ 3,036
- . High income countries (8) GNP / caput > US\$ 9,385

b) estimated to be high-income in the year concerned

c) estimated to be lower-middle-income in the year concerned

d) estimated to be upper-middle-income in the year concerned

1) figure corresponding to the average of the two years for which data are available

2) figure corresponding to the only year for which data are available

3) figure corresponding to the median figure within the range of a given category in 1995 (e.g., median figure for-upper-middle-income is $x = 6,210$ for range $9,385 > x > 3,036$)

4) figure corresponding to the lowest figure within the range of high-income countries in 1995

Table 2: GFCM Tonnage

(based on capture fish and marine aquaculture in the FAO statistical area 37, average 1994/96 ; and application of a conversion rate of 1 for small pelagic species and 4 for other species - source: FAO Yearbook)

GFCM Members	Small pelagics		Other fish		Total	
	M.tons	GFCM tonn.	M.tons	GFCM tonn.	M.tons	GFCM tonn.
Albania	330	330	1,430	5,720	1,760	6,050
Algeria	96,360	96,360	17,180	68,720	113,540	165,080
Bulgaria	2,990	2,990	750	3,000	3,740	5,990
Croatia	9,590	9,590	6,830	27,320	16,420	36,910
Cyprus	30	30	2,910	11,640	2,940	11,670
Egypt	20,000	20,000	24,920	99,680	44,920	119,680
France	16,800	16,800	48,040	192,160	64,840	208,960
Greece	60,960	60,960	119,380	477,520	180,340	538,480
Israel	970	970	2,350	9,400	3,320	10,370
Italy	96,860	96,860	402,350	1,609,400	499,210	1,706,260
Japan	0	0	670	2,680	670	2,680
Lebanon	1,940	1,940	1,520	6,080	3,460	8,020
Libya	13,200	13,200	20,480	81,920	33,680	95,120
Malta	370	370	1,610	6,440	1,980	6,810
Monaco	0	0	0	10	0	10
Morocco	25,370	25,370	11,030	44,120	36,400	69,490
Romania	2,270	2,270	550	2,200	2,820	4,470
Spain	82,100	82,100	58,290	233,160	140,390	315,260
Syria	700	700	1,490	5,960	2,190	6,660
Tunisia	30,860	30,860	53,630	214,520	84,490	245,380
Turkey	418,880	418,880	124,260	497,040	543,140	915,920
European Community	0	0	0	0	0	0
Total	880,580	880,580	899,670	3,598,690	1,780,250	4,479,270

Table 3: Scale of contribution to hypothetical GFCM autonomous budget of US\$ 1,000,000 - *option 1*

GFCM Members	Basic Fee Comp.		National Wealth/Catch Comp.			Share of T	
	share	in US \$	GFCM Tonnage	'Capacity-to-pay' index	Pay-tonnage		Compon. in US \$
Albania	1	6,250	6,050	1.3%	78	43	6,293
Algeria	1	6,250	165,080	4.8%	7,908	4,368	10,618
Bulgaria	1	6,250	5,990	3.5%	208	115	6,365
Croatia	1	6,250	36,910	8.2%	3,030	1,673	7,923
Cyprus	1	6,250	11,670	29.5%	3,440	1,900	8,150
Egypt	1	6,250	119,680	2.0%	2,447	1,352	7,602
France	1	6,250	208,960	67.2%	140,355	77,521	83,771
Greece	1	6,250	538,480	22.2%	119,288	65,885	72,135
Israel	1	6,250	10,370	41.9%	4,340	2,397	8,647
Italy	1	6,250	1,706,260	55.0%	938,984	518,621	524,871
Japan	1	6,250	2,680	100.0%	2,680	1,480	7,730
Lebanon	1	6,250	8,020	7.6%	606	335	6,585
Libya	1	6,250	95,120	17.6%	16,741	9,246	15,496
Malta	1	6,250	6,810	22.6%	1,541	851	7,101
Monaco	1	6,250	10	26.7%	3	1	6,251
Morocco	1	6,250	69,490	3.1%	2,158	1,192	7,442
Romania	1	6,250	4,470	3.7%	163	90	6,340
Spain	1	6,250	315,260	38.3%	120,696	66,663	72,913
Syria	1	6,250	6,660	3.2%	212	117	6,367
Tunisia	1	6,250	245,380	5.1%	12,451	6,877	13,127
Turkey	1	6,250	915,920	7.8%	71,102	39,271	45,521
European Community	11	68,750	0		0	0	68,750
	32		4,479,270		1,448,433	800,000	
		200,000				0	1,000,000

Table 3 bis: Scale of contribution to hypothetical GFCM autonomous budget of US\$ 1,000,000 - *option 1 bis*

GFCM Members	Basic Fee Comp.		Combination National Wealth/Catch Component				Share of T in US\$
	share	in US \$	GFCM Tonnage	'Capacity-to- pay 'index	Pay-tonnage	Compon. in US \$	
Albania	1	6,250	6,050	1.3%	78	43	6,293
Algeria	1	6,250	165,080	4.8%	7,908	4,368	10,618
Bulgaria	1	6,250	5,990	3.5%	208	115	6,365
Croatia	1	6,250	36,910	8.2%	3,030	1,673	7,923
Cyprus	1	6,250	11,670	29.5%	3,440	1,900	8,150
Egypt	1	6,250	119,680	2.0%	2,447	1,352	7,602
France	1	6,250	208,960	67.2%	140,355	38,761	45,011
Greece	1	6,250	538,480	22.2%	119,288	32,943	39,193
Israel	1	6,250	10,370	41.9%	4,340	2,397	8,647
Italy	1	6,250	1,706,260	55.0%	938,984	259,310	265,560
Japan	1	6,250	2,680	100.0%	2,680	1,480	7,730
Lebanon	1	6,250	8,020	7.6%	606	335	6,585
Libya	1	6,250	95,120	17.6%	16,741	9,246	15,496
Malta	1	6,250	6,810	22.6%	1,541	851	7,101
Monaco	1	6,250	10	26.7%	3	1	6,251
Morocco	1	6,250	69,490	3.1%	2,158	1,192	7,442
Romania	1	6,250	4,470	3.7%	163	90	6,340
Spain	1	6,250	315,260	38.3%	120,696	33,331	39,581
Syria	1	6,250	6,660	3.2%	212	117	6,367
Tunisia	1	6,250	245,380	5.1%	12,451	6,877	13,127
Turkey	1	6,250	915,920	7.8%	71,102	39,271	45,521
European Community	11	68,750	0		0	364,345	433,095
	32		4,479,270		1,448,433		
		200,000				800,000	1,000,000

Table 4: Scale of contributions to hypothetical GFCM autonomous budget of US\$ 1,000,000 - *option 2*

GFCM Members	Basic Fee Comp.		National Wealth Comp.		Catch comp.		Share of T
	share	in US \$	GNP per caput Index	in US \$	Pay-tonnage	Compon. in US \$	in US \$
Albania	1	6,250	0	0	78	27	6,277
Algeria	1	6,250	2	6,522	7,908	2,730	15,502
Bulgaria	1	6,250	2	6,522	208	72	12,843
Croatia	1	6,250	2	6,522	3,030	1,046	13,818
Cyprus	1	6,250	8	26,087	3,440	1,188	33,525
Egypt	1	6,250	0	0	2,447	845	7,095
France	1	6,250	-	0	140,355	48,451	54,701
Greece	1	6,250	-	0	119,288	41,178	47,428
Israel	1	6,250	8	26,087	4,340	1,498	33,835
Italy	1	6,250	-	0	938,984	324,138	330,388
Japan	1	6,250	8	26,087	2,680	925	33,262
Lebanon	1	6,250	2	6,522	606	209	12,981
Libya	1	6,250	6	19,565	16,741	5,779	31,594
Malta	1	6,250	6	19,565	1,541	532	26,347
Monaco	1	6,250	8	26,087	3	1	32,338
Morocco	1	6,250	2	6,522	2,158	745	13,517
Romania	1	6,250	2	6,522	163	56	12,828
Spain	1	6,250	-	0	120,696	41,664	47,914
Syria	1	6,250	2	6,522	212	73	12,845
Tunisia	1	6,250	2	6,522	12,451	4,298	17,070
Turkey	1	6,250	2	6,522	71,102	24,545	37,316
European Community	11	68,750	(8+6+8+8)	97,826	0	0	166,576
	32		92		1,448,433		
		200,000		300,000		500,000	1,000,000