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**DRAFT TERMS OF REFERENCE FOR A CONSULTANCY STUDY ON OPTIMIZATION OF
WCPFC PROGRAM OPERATIONAL COSTS INCLUDING THROUGH COST RECOVERY**

WCPFC7-2010-DP/21 Rev 3
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Paper prepared by the United States of America

Note: The paper has been posted in track change to reflect the intersessional comments received during WCPFC7.

**Consultancy study on optimization of WCPFC program operational costs,
including through cost recovery**

Revised Draft Terms of Reference

December 8, 2010

1. These terms of reference (TORs) are for an independent consultancy to be competitively and transparently tendered by the Secretariat, and supported by the 2011 budget of Commission. The Secretariat will advise CCMs of the process to tender the consultancy prior to contracting the consultant(s). ~~The Secretariat will consult with CCMs when establishing the tender process.~~
2. Recognizing that the following principles will be among the considerations that guide CCMs regarding the issues covered by this consultancy, the contracted consultant(s) shall also, as appropriate, consider the following when undertaking the work outlined in these TORs:
 - Fairness and equity across those that use and/or benefit from the services;
 - Cost-effectiveness;
 - Divisibility of the goods and services provided/resourced;
 - Achieving, where possible, cost savings on current services provided;
 - Avoiding disproportionate burdens on any CCM, particularly small island developing States and territories;
 - Minimizing or avoiding paying for goods and services more than once;
 - Enabling cost-recovery programs and the budget of the Commission to evolve and be responsive over time to changing priorities and needs; ~~and~~
 - Ensuring regional or national programs do not unduly subsidize the programs of the Commission; ~~and~~
 - Utilizing the capacity of existing regional, or subregional or national programs to perform certain technical secretariat functions for cost savings to minimize costs to members of the Commission, to the extent possible.
3. The scope of the consultancy shall include:
 - a. the Commission VMS;
 - b. the Commission Regional Observer Program;
 - c. the WCPFC ~~Register-Record~~ of Fishing Vessels;
 - d. fees for carrier and bunker vessels; ~~and~~
 - e. registration fees for observer delegations to Commission meetings.
4. The consultancy shall also analyze overall efficiencies in the Commission programs, with a focus on those items detailed in paragraph 3 above and identify areas where greater efficiencies could be realized. The consultancy shall develop options for such areas that

may result in reductions in the overall budget without compromising Commission operations.

5. The consultancy shall also analyze how a cost recovery scheme could result in shifts in contributions among CCMs, taking into account the formula set out Rule 5 of the Commission's financial regulations. In this regard, the consultancy shall analyze how any cost recovery system, besides contribution formulas, is employed by other international organizations.
6. The tasks of the consultancy shall include:

General (to apply to each item identified in paragraph 3)

- a. Identify and break-down the full range of goods and services and associated costs of each program listed in paragraph 3, including services being provided by national programs, other organizations and service providers that are not currently covered by the Commission's budget;
- b. Identify which category of costs (e.g., fixed, variable, indirect and overhead costs) would most appropriate and practical to be fully recovered, partly recovered, or not recovered at all;
- c. Identify users, and the amount of benefits they accrue from the programs identified in paragraph 3 above;
- d. Examine "relative usage" (i.e., not all vessels are 'using' the same amount of services) and identify options for recovery of varying amounts based on such usage;
- e. Develop scenarios for optimization of the services currently being provided;
- f. Develop options for the methods of cost recovery (directly at vessel level or through CCMs, or via fees or levies associated with other activities, such as fishing in high seas of the Convention Area), and whether they will require new services, personnel, or infrastructure (such as accounting and invoicing systems) in the Secretariat and at what cost; and
- g. Examine options for pro-rata arrangements to address partial usage of programs on a vessel and CCM basis.

Vessel Monitoring System

- h. Identify the costs for vessels already on the FFA Vessel Register and what costs are unique to being part of the WCPFC Pacific VMS; ~~and~~
- i. Examine the application of the VMS to different vessel gear types and ALC types and how costs would vary among them;
- j. Determine how fees are charged to fishing vessels or CCMs by other RFMOs or relevant regional, sub-regional or national intuitions or organizations, and how those fees are calculated and assessed; and

k) Compare the costs of reporting directly to the Commission VMS versus the FFA system.

Regional Observer Program (ROP)

- m. Identify those goods and services that are most appropriate to leave to national or regional programs ~~versuss-~~ those most appropriately provided by the Commission via the Secretariat; ~~and~~
- n. Identify the potential cost of services of the ROP in the future, and create a funding scheme based on projected higher levels of coverage and the extension of the program to gears or areas of the Convention Area that are not currently covered by the ROP; ~~and-~~
- o. Determine how fees are charged to fishing vessels or CCMs by other RFMOs or relevant regional, sub-regional or national institutions or organizations, and how those fees are calculated and assessed.

Carriers and bunker registration fees

- p. Examine the costs of observer deployment on such vessels, and how it may be different than for deployments on purse-seine or longline vessels given possible differences in tasks, trip length, etc, and identify how this can best be serviced (e.g., using existing programs, a service provider, etc.);
- q. Examine the costs of participation in the VMS for such vessels; and
- r. Identify any other “vessel specific costs” that should be captured.

Register of Fishing Vessels

- s. Determine what if any fees are charged by other RFMOs or other relevant regional, sub-regional or national institutions or organizations;

Observer delegations

- t. Determine what if any fee is charged to observer delegations by other RFMOs or other relevant regional, sub-regional or national institutions or organizations, and how those fees are calculated and assessed.

6. With respect to the VMS item, in order to fully understand the impact of VMS costs, the consultants will have full access to all relevant cost information from all WCPFC VMS data providers (e.g., SATCOMS, ARGOS and the FFA) in order to carry out this study.

6.7. The contracted consultant(s) shall prepare a report in accordance with these TORs that will be provided to Secretariat 75 days prior to TCC7. The Secretariat will review

and provide comment on the draft report within 15 days of receipt. The consultant(s) shall provide a revised draft addressing the comments received ~~back~~ to the Secretariat within 15 days. The Secretariat shall circulate the report to CCMs at least 30 days in advance of TCC7. TCC7 will provide advice and recommendations to WCPFC8 regarding the report.

7.8. The Finance and Administration Committee (FAC5) will also review the consultancy report and provide its advice and recommendations to WCPFC8.