

**FFA****MINISTERIAL FORUM FISHERIES COMMITTEE****SPECIAL TWENTY-FIRST MEETING***The Pearl Resort, Fiji*

Agenda Item	4
Paper No	FFCMIN21-WP1
Title	Distribution of US Treaty EAA Funds

Summary

This paper provides options and factors for consideration in discussions on the US Treaty Economic Assistance Agreement (EAA) Funds.

Recommendations

Ministers are invited to consider this paper, with a view to making a decision.

Distribution of the Economic Assistance Agreement Funds

Introduction

At the twentieth FFC Ministerial meeting in Majuro, Ministers called for a special session “to finalise the distribution of funds under the EAA and directed the Secretariat, in close consultation with the Honourable Ministerial Chair, to identify a date and place at which all Ministers could be physically present.”

Options

The Secretariat has refined the information presented on the options based on the discussions in Majuro (refer to [link](#)). Note that the first page remains the same and sets out the distribution formula and the existing parameters and components as well as the proposed new component:

- (i) Management fee
- (ii) Administration costs
- (iii) PDF
- (iv) Top-up payment for upfront days
- (v) Exploratory pool upfront payment
- (vi) NEW PROPOSAL – activity related payment.

As set out in this work, to assist with these discussions, the Secretariat has:

- (i) set out the key components as follows:
 - a. **administration costs and management fees** – *this is currently a fixed and specified cost and is not being proposed for discussion*
 - b. **PDF and equal share** – this category underscores the purpose of the EAA for economic development.
 - c. **Top-up payment and activity-related payment** – this category captures the fisheries access provided under the Treaty
 - d. **Exploratory pool** – *note that this component has been resolved and is not being proposed for discussion.*
- (ii) set out a range of options for the activity-related payment.

Members are invited to focus their discussions on these two components (b) and (c) which were not resolved at the last meeting.

Category (b) - PDF and Equal share

In Majuro, most Members supported the proposal of a doubling of the PDF from USD 2.5 million to USD 5 million. One Member was of the view that it should only be increased by 50% to USD 3.75 million. A subsequent proposal was tabled that rather than set the PDF for all PIPs, that the PDF amount should be determined by each PIP.

It is important to note that whichever option is chosen with regard to the PDF amount, the total combined amount of the equal share and PDF payments to be distributed to each PIP remains the same under a given level of top up for upfront days and activity payments. Along this line, the Secretariat proposes that consideration be given to providing flexibility for each PIP to determine the level at which their PDF is set. In effect, a single equal share amount could be calculated and PIPs will be able to direct the Secretariat to allocate a portion of it to their PDF accounts with the remainder paid out in the same manner that the equal share is currently paid.

Category (c) – Top-up payment and activity related payment

In Majuro, the key issue arising was how much was to be given to PIPs that provide access and host fishing activity in their EEZs through the top-up payment and the activity-related payment. Given that these both relate to the fishing access component of the Treaty these have been set out as such for consideration of Members.

Factors for consideration

Regional solidarity

In undertaking these discussions, it is crucial for PIPs to maintain their solidarity. The distribution of the EAA funds cannot be allowed to divide or distract the PIPs. Negotiations with the US are ongoing on other matters. The continued work of FFA Members requires their solidarity to remain successful. Along this line, it is essential to respect each other's views and that no Member is left behind in these negotiations.

Recognition of the purpose of the Treaty and the Economic Assistance Agreement

Recognition of the respective purposes of the Treaty and the EAA is very important. The Treaty is the only multilateral agreement which allows access to all FFA Members' waters. It has been underlined by some Parties that without fisheries access, there would be no treaty. At the same time, it has also been observed that very few zones are being accessed by a relatively small number of vessels compared to when the Treaty was last negotiated by the end of 2016 (for the period 2017 to 2022). Along this line, some Parties have observed that

the geopolitical situation helped achieve the unprecedented increase of the EAA amount, and not fisheries access. The EAA is set up to provide economic development assistance to the PIPs. During the negotiations (for the period 2017 to 2022), there was a compromise between PIPs that the EAA Funds could provide for the component of USD1,100 as top-up for each day contributed as an upfront day for the US vessels, in order to make up the desired price of a day. It was an additional compromise that this payment would be provided to a Party, regardless of whether there was uptake by the US industry of those days.

Other areas for resourcing

There are several other ways to garner support and resources for each Member or all Members. The funds provided under the EAA is just one of these sources. The enhanced partnership concept has not been fully explored with the US and holds great potential. The many other opportunities for support with development partners (existing and future) are also important. The current work on the Resourcing Strategy and Funding Guidelines will assist in articulating the needs and priorities of Members and how they will be met.