

POTENTIAL OPTIONS FOR COMMUNITY INVOLVEMENT AND
CONTROL OF COMMUNITY IMPACTS,
DEVELOPED AS DIRECTED BY THE COUNCIL (JUNE, 2005)

As directed by the Council at its June 2005 meeting, the Analytical Team has developed options to address community concerns, in consultation with the Scientific and Statistical Committee. The Council's June 2005 National Environmental Policy Act (NEPA) scoping results document included various goals, objectives and constraints for the proposed groundfish trawl IQ program. Objective #7 specifically concerns communities and calls for "minimization of adverse effects from IFQs on fishing communities to the extent practical". Adverse effects can result from at least two features of IFQ management: 1) initial allocation of quota and 2) transferability of quota (NRC, 1999). Testimony presented to the NRC committee tasked with examination of individual fishing quotas, indicated that improving economic efficiency "can dramatically alter the characteristics of a fishery and can have significant social implications" including loss of employment and revenues (NRC, 1999). Other potentially adverse effects include a change in the power relationship between quota holders and crew that do not hold quota (McCay, 1995), changes in familial traditions and community perceptions (McCay, 1995), and change in the power relationship between processors and harvesters.

Based on a review of community involvement and impact control mechanisms in other individual quota programs (Appendix), three types of options have been identified that may address community concerns:

1. Direct Allocations (Community Stability Holdbacks) (Table 1)

These options hold back a portion of the trawl allocation for uses designed to benefit communities.

- Direct Allocation Option 1: the hold back would be allocated to fishermen/processor collaboratives which submit proposals designed to benefit communities. It resembles the B.C. Groundfish Development Quota program and a program submitted to Ch. 2 of the NEPA Scoping Results document on IFQs. The GDQ program is discussed in the Appendix.
- Direct Allocation Option 2: the sets aside would be allocated to and managed for specific communities. It resembles some of the elements of the Alaska programs and discussed in the Appendix.

2. Community Involvement¹ (Table 2)

The community involvement option provides formal representation for communities in the fishery policy process.

This option resembles a committee established in the Shetland Islands and discussed in the Appendix.

¹ A general term describing various ways that representatives of coastal municipalities can provide input to the Council regarding the proposed individual fishing quota program.

3. Community Impact Control² (Table 3)

The community impact control options are IFQ program design elements which provide direct or indirect control of impacts on communities.

Restrictions on Quota Share/Pounds Transferability, Landings and Catch

Option 1: Prohibit Quota Sales Temporarily

Option 2: Geographic Restriction on Transfer

Option 2a: Absolute Restriction

Option 2b: Right of First Refusal

Option 3: Area Of Landing/Catch Restrictions

Option 3a: Area of Landing Restriction

Option 3b: Area of Catch Restriction

Option 4: Limited Entry for Ports

Option 5: Partial Leasing Prohibition

Option 6: Owner-on-Board Requirement

Option 6a: Owner-on-board for all of the quota

Option 6b: Owner-on-board for 50% of the quota.

Suboption i: Prohibit ownership by entities other than individuals and nonprofit organizations representing communities,

Suboption ii: Allow the requirement to be met by the presence of any owners with at least a certain interest in the quota pounds being fished (e.g. 20%).

Redistribution to New Entrants

Option 7: Annual Revocation and Reissuance to New Entrants --

Option 7a – By Lottery:

Option 7b – By Equal Allocation

Option 8: Distribute Revoked Shares to New Entrants

Option 9: Increases in Allocation

NOTE: None of the options described here are mutually exclusive. For example, it would be possible to adopt both community stability holdback options.

The following tables outline options that can be incorporated into the IQ Alternatives chosen by the Council for analysis in June 2005. The options are intended to provide a range of programs and mechanisms that have been used by IQ fisheries around the world. Details on where and how these types of programs and mechanisms are used are included in the attached Appendix along with a table explaining the purpose of each general type of mechanism.

Included in the tables are recommendations on sections in which the new options should be placed, if accepted by the Council. These are initial recommendations and latitude should be provided to the drafters to make adjustments that may improve the logic of the organization, as they become apparent.

² A general term describing various rules and regulations that directly or indirectly provide port districts and groups of fishermen economic, social, and cultural benefits.

Table 1. Community stability holdback options (renumber B.2.2.5 as B.4 and incorporate one or both of the following).		
	Community Stability Holdback Option 1	Community Stability Holdback Option 2
General Description	<p>A portion of annual quota pounds held back and allocated to vertically integrated (fishermen/processor) collaborative ventures based on quantitative evaluation criteria which place priority on community benefits.</p> <p>The shares held back for this purpose will continue to be “trawl shares” and must be used in a manner consistent with the scope of the trawl individual quota program.</p>	<p>A portion of the quota shares allocated to nonprofit organizations representing port districts or other jurisdictions designated to act for fishing community interest. The port districts is the example used in this option and is intended to encompass both port and harbor districts.</p> <p>The shares held back for this purpose will continue to be “trawl shares” and must be used in a manner consistent with the scope of the trawl individual quota program.</p>
Holdback	<p>Amount of the total annual* quota pounds allocated for the stability hold back:</p> <p>Suboption A: 20%</p> <p>Suboption B: 10%</p> <p>Suboption C: 5%</p> <p>Suboption D: 5% in year one, increasing by 5% percentage each year until the total set aside is 20%.</p> <p>* It may be determined that the optimal period for these allocations is greater than one year.</p>	<p>Amount of the trawl allocation allocated for the stability hold back:</p> <p>Suboption A: 20%</p> <p>Suboption B: 10%</p> <p>Suboption C: 5%</p> <p>Suboption D: 5% in year one, increasing by 5% percentage each year until the total set aside is 20% (each year in which there is an increase, quota shares held by others will be diminished by 5% to offset the 5% increase for the stability holdback).</p>
Holdback Management Body³	<p style="text-align: center;">Council Committee</p> <p>Committee Authority and Appointment: Magnuson-Stevens Act authority. Appointed by the Council. Recommendations would require approval by the Council before being forwarded to NMFS.</p> <p>Committee Role: Make recommendations to Council (based on specific measurable criteria) on allocation of a specific amount of quota pounds to vertically integrated collaboratives (“teams” of processors and fishermen⁴) for the purpose of achieving specific community development, enhancement, or stabilization goals.</p> <p>Composition: Representatives from West Coast regions, port districts, processors, and fishermen established under a Council operating procedure.</p>	<p style="text-align: center;">Nonprofit Organization</p> <p>Nonprofit Organization Authority and Appointment: Established under community based non-profit organizations. The non-profit organizations would be required to be approved by the port district. Only one non-profit from each qualifying port district would be eligible to apply for an allocation. A single nonprofit could represent multiple port districts. NMFS would certify that these standards are met by any applicant for community quota.</p> <p>Non-Profit Organizations Role: Manage the community holdback quota allocated to the port district it represents. The non-profit organizations would contract with fishermen and make transfers of quota through the NMFS Limited Entry Office in a fashion similar to any other entity holding quota. Thus transfers would be subject to Federal rules restricting transfers, for example, accumulation limits. . These private contracts may specify a payment from the fishermen to</p>

³ A body (here, a committee or nonprofit organization) tasked with managing hold back quota either by providing allocation recommendations to the Council or distributing quota allocated to it by the Council/NMFS.

⁴ A definition is needed for “fishermen.” Is this to include some or all of the following: limited entry permit owners/lessees, vessel owners, licensed crew members, any crew members (WA does not require licenses for crew members), anyone holding quota shares?

Table 1. Community stability holdback options (renumber B.2.2.5 as B.4 and incorporate one or both of the following).		
	Community Stability Holdback Option 1	Community Stability Holdback Option 2
	<p>Staffing and Administration: Option A: Committee reports to be developed for the committee by the staff of the NMFS Limited Entry Office and related expenses to be included as part of program costs to be covered by fees. Other staffing functions to be carried out by the Council. Option B: All staffing functions to be carried out by the Council.</p>	<p>the nonprofit or otherwise obligate and constrain how the fishermen choose to use or transfer the quota according to directions provided by the port district.</p> <p>Composition: Determined locally.</p> <p>Staffing and Administration: Local nonprofit organizations. Possibly operating on proceeds generated from the quota shares allocated to the organizations.</p>
Eligibility for participation	Vertically integrated collaborations that submit proposals. A person (fisherman or processor) may only participate in one collaborative agreement.	<p>Qualifying port districts: Suboption A: No restrictions Suboption B: With landings history > 0 during the period used for allocation of quota shares to limited entry permit holder (based on where landings are made) Suboption C: With landings history > 0 during the period used for allocation of quota shares to limited entry permit holder (based on permit holder residence⁵)</p>
Allocation Criteria	<p>Basis for allocating among collaborative agreement proposals.</p> <p>A set of quantitative criteria will be developed that can be applied to objectively determine the amount of quota pounds to be allocated for each proposal received from a collaborative. A list of potential criteria some of which may or may not be included by the Council as part of the final list adopted, is provided in a footnote.⁶ Comment will be</p>	<p>Basis for initial distribution of community stability holdback among port districts.</p> <p>Under each of these options, each qualified port district would be eligible to qualify for an allocation, even if represented by a nonprofit organization that also represents other port districts.</p> <p>Suboption A: Lottery⁷ (Each qualified port district is eligible to enter</p>

⁵ Wherever the “residence” is used to specify an option, criteria will have to be established for determining residents, particularly for persons who may hold quota shares but have operations in multiple geographic locations. One option may be to use the address listed on Federal tax records.

⁶ Example quantitative criteria to be used in objectively evaluating and weighting collaborative proposals.

Past Performance: Proportion of performance on past commitments for each criteria. (where applicable, does not apply to overfished species).

Utilization: Proportion of raw product to be converted to consumptive and non-consumptive human use (including meal and fertilizer) times past performance on utilization commitments. Indicator of wastage and potential pollution externalities.

Local Added Value: Fair market value of proposed exports from community divided by fair market value of exvessel landings. The allocation committee will determine a fair market value and apply the same per pound market values to all proposals. (Apply as a past performance measure if advance commitment to product forms is not tenable). For this criteria, scores of all proposals will be scaled proportionally such that a score of 1 will be assigned to the proposal with the greatest added value ratio.

Local Labor 1: Local employees divided by total individuals employed (FTE) by the firms that are parties to the collaborative agreement.

Local Labor 2: Total local wages to be paid per dollar fair market value of proposed exports or final products. Proportionally scale the scores of all proposals such that the proposal with the largest ratio is scaled to one.

Table 1. Community stability holdback options (renumber B.2.2.5 as B.4 and incorporate one or both of the following).		
	Community Stability Holdback Option 1	Community Stability Holdback Option 2
	<p>solicited from the public on these and other criteria that should be used, if any.</p> <p>Each criteria will be scaled such that they are evenly weighted and values fall between 0 and 1 (or between 0 and 100).</p> <p>Calculation of Allocation Add scores for all criteria together to derive a single score for each proposal. Sum the scores for all proposals. The amount to be allocated to each collaborative proposal will be the score for that proposal divided by the sum of all scores times the total holdback for each species covered by the application.</p>	<p>a lottery for coastwide shares and those shares specific to their geographic area. Shares will be distributed in blocks. The number of blocks for each type of quota will be twice the number of lottery entrants and every entrant will have an equal chance of winning each block.</p> <p>Suboption B: Port district landings history – allocate based on port district landings history using the same period and number-of-years-to-be-counted used for the allocation of quota shares to permit owners (Section B.1.5).</p> <p>Suboption C: Equal allocation among qualified port districts.</p> <p>Suboption D: Auctions.⁷ (not currently permissible under the Magnuson-Stevens Act).</p> <p>Restriction on transfer of quota shares issued to communities.</p> <p>Sub option: Community annual pounds can be distributed only to individuals and may not be distributed or transferred to other types of legal entities.</p>
Transfers between communities	NA	<p>Transferability of community quota between participating port districts</p> <p>Suboption A: No</p> <p>Suboption B: Yes</p>
Accumulation	The additional quota shares acquired by a person through participation in a collaborative will, count toward accumulation caps.	The amount of quota shares controlled by any single port district may not exceed X% of the total quota shares of that type.

Amount of quota pounds committed to the project by the applicants. The exvessel fair market value of all pound committed (based on previous years prices) will be summed and divided by the fair exvessel value of all pounds committed by all proposals. For this criteria, scores of all proposals will be scaled proportionally such that a score of 1 will be assigned to the proposal with the greatest amount of pounds committed.

Public Debt Related to Fisheries Development: For the port in which the landings will be made, the amount of public debt directly related to investments supporting the fishing industry and relying on fishing activity for debt recovery divided by the total amount of debt identified in all such proposals and scaled proportionally such that a score of 1 is assigned to the proposals benefiting ports with the greatest fishing infrastructure related debts.

Public Investment Dedicated to Fisheries: For the port in which the landings will be made, the amount of public investments directly supporting the fishing industry divided by the total amount of such investments identified in all such proposals and scaled proportionally such that a score of 1 is assigned to the proposals benefiting ports with the greatest fishing industry related debts.

Port Dependence: Proportion of port revenue from activities of vessels, buyers, and processors divided by total port revenues. Proportion of revenues in all proposals will be adjusted proportionally such that the largest proportion of revenues receives a score of one..

Other Criteria: To be identified through public comment.

⁷ If there are other reasonable allocation criteria that might be considered, such as recent or historic participation (Magnuson-Stevens Act, Section 303(b)(6)), a lottery might be considered contrary to the Magnuson-Stevens Act and arbitrary.

Table 1. Community stability holdback options (renumber B.2.2.5 as B.4 and incorporate one or both of the following).		
	Community Stability Holdback Option 1	Community Stability Holdback Option 2
Limits		<p>Suboptions: 1%, 5%, 20%, 25%</p> <p>The additional quota shares acquired by a person through from a port district will count toward that person's accumulation caps.</p>
Transferability Between Persons Receiving the Holdback Quota for Use	<p>Quota pounds may be transferred as long as they stay within the same collaborative and are handled and landed in all manners originally specified in the collaborative proposal, with the exception of the change in the relative amounts landed by each collaborative participant.</p>	<p>Suboption A: Not transferable, pounds issued for community holdback quota shares must be returned to the port district holding the shares. They may not be transferred to another person.</p> <p>Suboption B: Transferable, but landings must be made in the port district holding the shares for which the pounds were issued.</p> <p>Suboption C: Transferable, but the person to whom a transfer is made must reside in the port district OR in the county(ies) containing the port district, OR within XX miles of the port district boundary (COUNCIL TO CHOOSE ONE)</p> <p>Suboption D. Transferable but the port district or its representative has the right to review any transfers of quota pounds outside its designated boundaries and has the right of first refusal (ROFR). Depending on how the program is established and structured the ROFR can be written within a leasing contract, handled by a committee of community members, or handled by the non-profit organization.</p> <p>Suboption D. Suboption B and Suboption C.</p> <p>Suboption E: Port districts individually determine the transfer restrictions that will bind those to whom their shares are distributed and specify those restrictions in private contracts. Other rules of the IFQ program will continue to apply (e.g. accumulation limits, limits on time of transfer, etc.)</p>

Table 2. Community Involvement Option (incorporate in Section B.2.2 as part of the “Monitoring Program Performance” provisions)	
Community Advisory Committee⁸	The Council will convene a committee comprised of representatives from West Coast regions, port districts, processors, and fishermen. The committee would meet at Council discretion to make recommendations to the Council pertaining specifically to the proposed individual fishing quota program and its impacts to port districts, regions, processors and fishermen. ⁹

Table 3. Community Impact Control Mechanism Options (not mutually exclusive)	
Existing Impact Control Mechanisms	It should be noted that some community impact control mechanisms have already been incorporated into the alternatives chosen for analysis, including the following: 1) <i>Allowing communities to hold quota (Section B.2.3.1)</i> ; 2) <i>Setting limits on quota accumulation (Section B.2.3.6)</i> ; 3) <i>Allocations of whiting and nonwhiting groundfish species for shoreside and at-sea delivery (Options 2 and 3 of Section 2.1.1.4).</i>
Quota Restrictions	<p>Option 1: Prohibit Quota Sales Temporarily – Temporarily prohibit quota share transfer after initial allocation (In Section B.2.3.2, the Option 2 suboption would prohibit permanent transfers of quota shares during the first year of the program. The suboption will be discussed in the analysis but is not included as part of one of the three IFQ program alternatives adopted for analysis.)</p> <p>Option 2: Geographic Restriction on Transfer (Incorporate as an option(s) in new sections: B.1.9 and B.2.3.8). Option 2a: Absolute Restriction: Place geographic restrictions on quota share and quota pound transfers (but not necessarily for overfished species). Method for associating quota shares with a geographic area: Any quota initially issued to the resident of a coastal county may only be transferred to other residents of that coastal county. Any quota initially issued to a Washington-Oregon-California resident who is not a resident of a coastal county may only be transferred to other residents of that state. Any quota initially issued to a resident of a state other than Washington, Oregon or California may be transferred to owners residing in any geographic locality. Geographic areas larger or smaller than coastal county may be considered (e.g. INPFC area boundaries) See footnote 5 regarding identification of residence. . Option 2b: Right of First Refusal: Geographic assignments will be made as in 2a, but transfers outside of an area may occur if the shares or pounds are first put up for sale to any entity within the designated geographic area, including nonprofit organizations representing the community (right of first refusal (ROFR)).</p> <p>Option 3: Area Of Landing/Catch Restrictions (Incorporate as an option(s) in Section 2.1.1 -- Option 3a: The species and species groups for which quota shares are issued will be subdivided by area of landing (but not necessarily for overfished species). The initial area divisions for landings will correspond to INPFC area and existing regional management lines. The Council may make further modifications to the areas before or after initial implementation.) Option 3b: The species and species groups for which quota shares are issued will be subdivided by area of catch (but not necessarily for</p>

⁶ A committee not tasked with allocating quota.

⁹ The committee might meet at least annually for the first four years of the program to discuss problems related to the IFQ program and make recommendations for adjustments to the program. After the first four years, the committee might meet at least once every four years to provide advice and comment on the four year program review.

	<p>overfished species). The initial area divisions will be by INPFC area and existing regional management lines. The Council may make further modifications to the areas before or after initial implementation.</p> <p>Option 4: Limited Entry for Ports– Identify the current groundfish trawl ports and do not allow groundfish trawl landings to be made at other ports. Base the current list on those ports receiving groundfish caught with groundfish trawl gear by trawl limited entry vessels during the quota share allocation period. (Incorporate under a new section B.2.4, Restrictions on Use)</p> <p>Option 5: Partial Leasing Prohibition -- Prohibit quota share owners from leasing more than 50% of their quota shares or pounds each year (for species other than overfished species). Exempt nonprofit organizations representing communities. (Incorporate as an option in Section B.2.3.2)</p> <p>Option 6: Owner-on-Board Requirement</p> <p>Option 6a: Require that the owner of quota shares used for a landing be onboard the vessel while it is fishing (for species other than overfished species).</p> <p>Option 6b: Require that the owners of at least 50% of the quota share used for a landing be onboard the vessel while it is fishing (for species other than overfished species).</p> <p>For both options</p> <ul style="list-style-type: none"> • Provide a grandfather clause exempting initial recipients from this requirement. The grandfather clause would expire when ownership of the quota shares changes. For corporations, partnerships and other such entities a change would be deemed to occur with the addition of a new member to the ownership organization but not with the subtraction of an existing member. • Exempt nonprofit organizations representing communities. • For corporations partnerships and other such entities: <ul style="list-style-type: none"> Suboption i: Prohibit ownership by entities other than individuals and nonprofit organizations representing communities, Suboption ii: Allow the requirement to be met by the presence of any owners with at least a certain percent interest in the quota pounds being fished (e.g. 20%). <p>(Incorporate Option 6 as part of Section B.2.1)</p>
<p>Redistribution to New Entrants</p>	<p>For purposes of these options, a new entrant is an individual or nonprofit community organization that has owned quota shares for less than a specified period of time (e.g. three years) and did not receive an initial allocation. In order to qualify for a redistribution, the new entrant must own some quota share and be a licensed crew member, vessel operator, vessel owner, or nonprofit organization or governing body representing a community. Crew members, and vessel operators must be able to demonstrate at-sea experience in the West Coast groundfish trawl fishery (for example, 3 months). Vessel owners may qualify only if all individual owners of the vessel are new entrants (e.g. all participants in a partnership or all with an ownership in a corporation owning a vessel).</p> <p>Option 7: Annual Revocation and Reissuance to New Entrants -- Each year 5% of the total quota shares will be reissued to new entrants. Quota shares to be reissued will</p> <p>Option 7a -- Lottery: be divided into equal blocks of a number equal to . . . [i twice; ii half] . . . the number of new entrants and be distributed through a random lottery in which every participant has an opportunity to receive each block. After reissuance, blocks will be divisible, subject to the same restrictions as all other quota shares. Lottery shares may not be awarded that would result in a person exceeding its accumulation cap.</p> <p>Option 7b -- Equal Allocation: equally divided among all new entrants. (Incorporate Option 6 as part of Section B.2.2.4).</p>

Option 8: Distribute Revoked Shares to New Entrants – Distribute to new entrants quota reclaimed through forfeiture due to fishermen non-compliance available. Distribution will be through one of the methods listed under Option 7.

(Already provided as a potential design element in the alternatives adopted for analysis, see Section B.2.2.4, Element 2).

Option 9: Increases in Allocation--Set aside, for distribution to new entrants, increases in annual trawl allocation above that provided in the first year of the program, as described below. Allocation may change through a change in the OY or the intersector allocation rules. Distribution will be through one of the methods listed under Option 7. (Incorporate Option 9 as part of Section B.2.2.1 and 2.2.4)

Establishing Baseline Shares and Quota Pounds: A baseline amount of quota pounds for each management unit will be established in the first year of the program, based on the trawl fishery’s allocation in that year. The shares issued at the time of initial program implementation will be termed “base shares.” Base shares will entitle the base share holder to quota pounds from the baseline amount.

Issuance of Expansions Shares: Expansion shares will be issued in each year in which there is an increase in the trawl allocation above that which had occurred in any previous year, including the baseline year. Expansion shares will apply only to the amount of the allocation above the baseline amount. Expansion shares issued in different years will be equivalent to one another in terms of the amount of pounds issued annually for each expansion share.¹⁰ The amount of pounds issued annually for each expansion share will likely vary from the amount issued for each baseline share.

All Variation Above the Baseline to Be Absorbed by Holders of Expansion Shares: Once expansion shares have been issued, any decrease in the trawl allocation will be taken up entirely by the expansion shares, until the baseline amount is reached (pounds per expansion share equal zero). Contractions below the baseline amount will be absorbed proportionally by holders of the base shares. Expansion shares will not entitle the holder to quota pounds unless the trawl allocation is above the baseline amount.

All shares transferable. After initial issuance, all shares will be transferable such that persons may acquire and hold both base shares and expansion shares.

¹⁰ One method of achieving this end would be to issue one expansion share for each pound of increase.

Appendix: Community Involvement Programs and Community Impact Control Mechanisms Used in ITQ Systems

Introduction

In June 2005, the Council asked NMFS, in consultation with the SSC, to draft a range of appropriate alternatives that reflect community involvement in ITQ systems for Council consideration at the November 2005 meeting. This document summarizes the experiences of several fisheries that have incorporated community involvement and community impact control mechanisms into their IQ management programs. Section 1 of this document provides summary information on various community involvement and protection mechanisms. This list includes mechanisms discussed in the GAO's document, "Fishing Quotas: Methods for Community Protection and New Entry Require Periodic Evaluation" (2004). Section 2 provides more detailed information about several community involvement and protection mechanisms used by fisheries in British Columbia, Alaska, Shetland Islands and Iceland. Detailed information includes: a) a description of each fishery, b) the reasons for community involvement, c) the management structure that community involvement mechanisms are used under, and d) the design elements each fishery has implemented that affect communities. Information about the description of the fishery, reasons for community involvement and management structure under which the fishery is prosecuted is provided to give the reader some context regarding the environment in which the community involvement mechanisms operate. The variance in the amount of detail provided between different programs is a result of information availability. In general, this document does not discuss the impacts of the various community involvement and protection mechanisms. This task will be undertaken in the EIS.

Section #1: Summary of Community Involvement and Protection Mechanisms

This section presents summarized information about community involvement and protection mechanisms. The paragraphs below review the mechanisms for community involvement and protection identified through our own research presented in Section 2 and mechanisms identified by the GAO (2004) in their study "Methods for Community Protection and New Entry Require Periodic Evaluation" for community protection and new entry. Table 1 generalizes the community involvement and protection mechanisms summarized in this section, and divides them into various categories as a means of condensing a large amount of information.

Community Involvement

Several programs have been developed to allow communities, specifically, the option for involvement in the fisheries management decision-making process. They include:

- ❖ **Creation of non-profit organizations representing communities that require partnering with industry members to gain access to the fishing resource.** CDQ groups accepted proposals from the industry and selected proposals that met their common goals (*Western Alaska Community Development Quota Program*).

- ❖ **Creation of corporations that hold and then “lease” annual IFQ permit amounts to community residents** (*Gulf of Alaska Community Quota Share Purchase Program*).
- ❖ **Creation of non-profit organizations** with Board members that represent municipalities, regions, groups of fishermen, processors, and shoreworkers **that make recommendations regarding allocation of a portion of the TAC to partnerships of processors and harvesters. Allocation recommendations are based on objectives that provide some economic, social, or cultural benefit to communities** (*British Columbia GDA*).
- ❖ **Creation of organizations with individuals representing communities**, fishermen, processors, environmental groups, and fisheries scientists **that make recommendations on implementation of new fisheries management regulations and alteration to current fisheries management regulations** (*Shetland Islands SSMO*).
- ❖ **Creation of organizations representing communities and fishermen that obtain funds to purchase annual quota in order to make it available for communal use** by fishermen within a fishing organization and purchase of annual quota in order to make it available for communal use by new entrants (*Shetland Islands SFPO and SLAP program*).

Community Protection

Various mechanisms have been used to help protect: geographically located communities, groups of individuals (ex: new entrants, shoreworkers, and current harvesters), social and cultural amenities, diversity of fishing communities, support industries (ex; shipbuilders), and others from negative impacts of IQ implementation. These include:

- ❖ **Create rules regarding who is eligible to hold/trade quota** to protect certain groups of fishery participants. For example,
 - Allow crew members to own quota (*Alaska*)
 - Allow communities to hold quota (*Alaska*)
 - Restrict ownership of quota to individual vessel owners only
- ❖ **Prohibit quota sales permanently** to help prevent movement of quota out of communities (*Norway*).
- ❖ **Prohibit quota sales temporarily after initial allocation** to prevent premature sale and give fishermen time to make better informed decisions.
- ❖ **Place geographic restrictions on quota transfers or leases** to protect communities (*Alaska crab*).
- ❖ **Limit quota leasing** as a way to minimize the number of “absentee” quota holders. For example, prohibit quota holders from leasing more than 50 percent of their quota pounds each year (*Iceland*).
- ❖ **Set limits on quota accumulation** to ensure a certain minimum number of harvesters (*Alaska, Iceland, BC, others*).

- ❖ **Establish separate quota for different sectors of the fishery.**
- ❖ **Require quota holders to be on their vessels.** This inhibits speculative quota trading by those not invested in the fishery (*Alaska halibut*).
- ❖ **Restrict landings to particular ports** that there is an interest in protecting.
- ❖ **Facilitate quota access to new entrants.** Because it is often prohibitively expensive to enter an IQ fishery without an initial allocation, other fisheries have: a) implemented specific program design elements that enable and/or facilitate quota access to new entrants, b) set aside quota for new entrants specifically, and c) developed methods to distribute quota in order to facilitate entry post initial allocation (see below).

Specific program design elements that enable and/or facilitate quota access to new entrants include:

- Transferability of quota (i.e. allow quota to be bought/sold and leased); and
- Designation of blocks of small amounts of quota. Management agencies can place a cap on the number of blocks held. This enables smaller (and therefore less expensive) purchases of quota than might otherwise be available.

Some ways to access quota to set aside for new entrants include:

- Set aside a portion of the total quota specifically for new entrants;
- Buy or reclaim quota from existing quota holders (reclaimed quota could be obtained through forfeiture due to fishermen non-compliance);
- Issue quota for a fixed period of time and then roll it over for distribution to new entrants. An illustration of how this might work is provided in GAO (2004):

...a rollover system has been proposed for Australia's New South Wales fishery under which fishery managers would issue quota for a finite period of time (e.g., 30 years) under one set of program rules and, periodically (e.g., every 10 years), quota holders would have the opportunity to choose whether to continue to participate in the old system or move their quota into a new system with different rules for another 30 years.

and

- Set aside increases in annual total quota for distribution to new entrants.

Some methods of distributing quota to new entrants include:

- Sell quota through an auction;
- Distribute quota by lottery; and
- Distribute quota to individuals who meet certain criteria (for example, some minimum amount of fishing experience)

As the value of quota increases, affordability of quota becomes an issue for new entrants. To make the quota more affordable, loans, grants and/or subsidies could also be used (GAO, 2004).

Table 1 generalizes the community involvement and protection mechanisms summarized in this section, and provides brief description and/or purpose information on each. Community involvement mechanisms are grouped into: “Organizations with quota allocation tasks” and “Organizations with no quota allocation tasks”. Community impact control mechanisms are listed without categorization.

Table 1. Generalized Community Involvement and Community impact control mechanisms (based on IFQ program descriptions).

Community Involvement Mechanisms	Description and Purpose
A. Mechanisms <i>with</i> quota allocation	
1. Community organizations that hold quota and lease annual quota to community residents	This type of program would provide community members access to quota that may be too expensive or inaccessible under normal conditions. A non-profit organization is established that represents specific communities and serves as an organizational element for purchasing quota and making the quota available to individuals within member communities. The organization may be responsible for returning benefits from leases to the community in the form of community development, or they may just provide the infrastructure required for individuals in communities to access quota shares. Reporting requirements to NMFS are likely to be required to track quota shares and any use caps or other unique community measures that may be included in a community program.
2. Organizations representing communities that “partner” with industry members to access fishing resources	This option may provide a bridge between communities without strong fishing infrastructures, but with a strong fishing culture to become more engaged in the fishery and benefit from the resource. Non-profit organizations can be established to help smaller communities whom are unlikely to have the infrastructure and resources to participate in a fishery off-shore. These organizations can serve as the link between industry members and these smaller communities. Communities may be allocated quota shares that the non-profit organization would manage and return revenue to the community. Industry members may enter into specific agreements with the non-profit organization to gain access to this designated community quota. Agreements would be required for the non-profit organization and its roles and responsibilities to its member communities and industry groups would yield some economic benefit to the communities in exchange for the access to the community quota share.
3. Organizations representing communities that allocate a portion of the total quota to various individuals that propose to benefit communities through use of the allocated quota.	This option creates a coastwide organization with Board members representing municipalities, regions, groups of fishermen, processors, and shoreworkers. Board members review proposals made by fishermen and processors to harvest a portion of the total quota the organization is responsible for making recommendations about. Allocation recommendations are based on predetermined objectives that provide some economic, social or cultural benefit to communities. A predetermined formula is used to rank the annual proposals.
B. Mechanisms <i>without</i> quota allocation responsibilities	
1. Organizations representing communities that make recommendations on implementation of new fisheries management regulations and alteration to current fisheries management regulations	The organization could make recommendations pertaining specifically to the proposed individual fishing quota program and its impacts to communities.
Community impact control mechanisms	
Description and Purpose	
1. Allow communities to hold quota	This enables communities to purchase quota for use by area residents.
2. Allow crew to hold quota	This would allow crew that meet designated criteria to hold quota. The quota may move between vessels with the crew member or be restricted to specific vessels within the crews’ community of origin, essentially a regional restriction. Transferability may be limited to those who hold crew quota shares.
3. Allow only vessel owners to hold quota	This type of restriction typically seeks to prevent quota ownership for speculation purposes and large corporate ownership of quota. Vessel owners are likely to live in coastal communities.
4. Prohibit quota sales permanently	This restriction prevents concentration of quota ownership and slows geographic re-distribution of quota.
5. Prohibit quota sales temporarily after initial allocation	This restriction typically seeks to encourage quota owners to educate themselves about the value of the fishery and their quota under a new system. In this way, individuals can more carefully consider the impacts of their transfer decisions. This prevents immediate concentration of quota ownership and slows geographic re-distribution of quota. During this restriction on quota transferability, information about the future value of the fishery and quota may become evident. Typically, quota value increases over time following initial allocation as people’s confidence in the system increases and the value of the asset becomes more apparent.

6. Area based management	While this mechanism is sometimes established based on biological characteristics of the stocks, it has been suggested that it could also be used to protect coastal communities from localized depletion of stocks off their coastline.
7. Place geographic restrictions on quota transfers	This restriction could designate quota to a particular region and deny transfer of quota between regions. This restriction may or may not be successful in controlling where landings occur but could help prevent permanent geographic relocation of large numbers of vessels.
8. Limit quota leasing	Limitation on quota leases could provide a way to minimize the number of “absentee” quota holders. For example, quota holders could be prohibited from leasing more than 50% of their quota pounds each year. If quota holders live in coastal communities, this mechanism can help ensure that the benefits they receive from IFQ ownership are shared with their local community.
9. Set limits on quota accumulation	This commonly used mechanism typically places upper limits or caps on ownership, use and sometimes control of quota. In this way, the fishery is assured of some minimum number of fishery participants, including communities and community members. Quota accumulation limits can help maintain dispersion of benefits geographically.
10. Establish separate quota pools for different sectors of the fishery	This mechanism established specific amounts of quota share to different groups of individuals. As long as transfers are not allowed to occur between quota pools, to some degree, re-distribution of quota can be controlled. This mechanism can help ensure a more widely dispersed distribution of benefits to coastal communities than might occur otherwise.
11. Require quota owners to fish their own quota	This aims to prevent “absentee ownership” or “armchair fisherman” and therefore in turn benefits coastal communities where the fishermen live.
12. Restrict landings to specific ports	This mechanism could be employed for both socioeconomic goals and enforcement feasibility. This mechanism helps ensure the economic viability of particular coastal communities.
13. Facilitate new entry by setting aside a portion of the total quota for new entrants only	This mechanism enhances future access to a limited system for those who may wish to enter post implementation. This mechanism may be useful if very little quota is expected to be available for purchase or lease. Quota distribution could occur through lottery or some other method. The amount of quota set aside for distribution could be taken “off the top” of the TAC, reclaimed through forfeiture of quota due to non-compliance or be a result of annual increases in the TAC. Using this mechanism to create additional participation options for fishermen without quota could benefit coastal communities if new entrants reside in those areas. This mechanism can also help ensure a wider geographic distribution of benefits than a situation where the set aside methods redistribute to current quota owners. The option might also make it more difficult for some to hold and not use quota over a long period of time (and, by not using, depriving fishing communities of the benefits of the fishery).
14. Designate blocks of small amounts of quota	Designation of a portion of the TAC as blocks of small amounts of quota enables smaller and therefore less expensive purchases of quota that might not otherwise be available. Restrictions on combining small blocks to create larger blocks can help keep small blocks available and more affordable. This can benefit small vessel operations and new entrants who live in coastal communities.
15. Issue quota for a fixed period of time and then roll it over for re-distribution to new entrants and current participants	This mechanism could provide enhanced opportunity for new entrants whom did not qualify or were not initially involved in the original allocation process to enter the program after the program is established. This mechanism could prevent consolidation and geographic concentration of quota. This mechanism could help distribute the benefits of the fishery more widely than might otherwise occur.

Note: Some of these community involvement and community impact control mechanisms listed here are already incorporated into the Alternatives identified by the PFMC for analysis.

Section #2: Specific Fishery Program Information

To review, the Council asked NMFS, in consultation with the SSC, to draft a range of appropriate alternatives that reflect community involvement in ITQ systems for Council consideration at the November 2005 meeting. Section #1 of this report presented a list of mechanisms used by various fisheries to involve and protect communities impacted by IQ programs. This section provides more detailed information about the community involvement and protection mechanisms included in Section #1. Each fishery summary includes: a) a description of each fishery, b) the reasons for community involvement, c) the management structure that community involvement mechanisms are used under, and d) the design elements each fishery has implemented that affect communities.

British Columbia Groundfish Trawl Fishery

Description of the Fishery

The British Columbia groundfish trawl fishery is a multispecies fishery that harvests over 25 species of fish in 55 different area quota allocations. Each year, 80 percent of the groundfish Total Allowable Catch (TAC) is allocated as Individual Vessel Quotas (IVQs) and 20 percent are set aside for allocation by the Minister of Fisheries, subject to advice given to him by the Groundfish Development Authority (GDA), an organization created for this purpose and discussed below. Two programs are facilitated by the GDA: the Groundfish Development Quota (GDQ) program and the Code of Conduct Quota (CCQ) program. The GDQ program in particular has objectives that seek to benefit communities.

Reasons for Community Involvement in the IVQ process

The GDA was established as a result of an agreement between the Department of Fisheries and Oceans (DFO), the B.C. Ministry of Agriculture, Fisheries and Food (MAFF) and the Coastal Community Network (CCN) and fishing industry participants. In their report regarding a review of the GDA in 2003, an industry committee summarizes the process by which the GDA was created following closure of the groundfish trawl fishery halfway through the 1995-96 season. Statements on key turning points include:

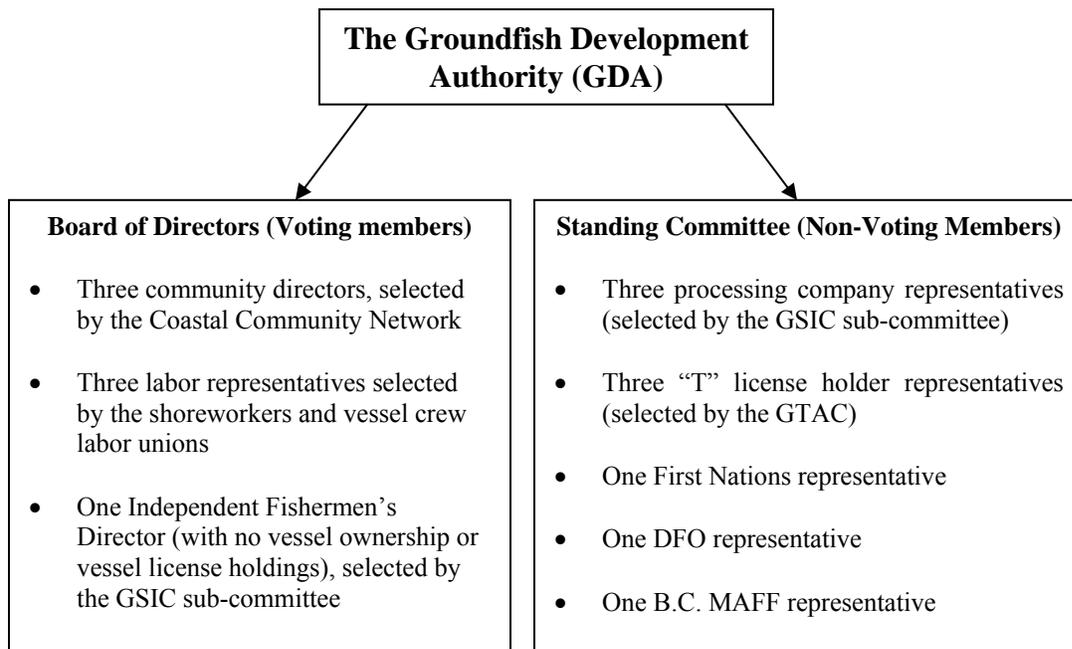
- ❖ *...As discussions on workable options became negotiations, it was clear that a new system which conferred 100 percent of quota to vessels was not acceptable to some of the interests formally represented in the process;*
- ❖ *The interests on the Groundfish Special Industry Committee who argued to implement a 100 percent IVQ system were not successful;*
- ❖ *A system whereby some portion of available quota would be owned/held/administered to non-vessel owners became inevitable – a range of options were discussed, including enterprise (processor) allocations, and community-owned quota;*
- ❖ *The compromise achieved was that non-vessel owning interests – specifically communities and unions representing both fishermen and shore-workers – would influence the allocation of 20 percent of available quota to vessels, through the GDA...(GSIC, 2003).*

Management Structure

The groundfish trawl fishery operates according to the Pacific Region Integrated Fisheries Management Plan. The Plan outlines the operation of the GDA. The Groundfish Development Authority (GDA), among other objectives, was created to allow for community involvement in management of the groundfish trawl fishery.

The Groundfish Development Authority (GDA) provides advice to the Minister of Fisheries on allocations of the Groundfish Development Quota (GDQ) and Code of Conduct Quota (CCQ). Seven members comprise the Board of Directors (voting members) and nine advisors sit on the Standing Committee (non-voting members that provide background information and expertise to the Board of Directors). Figure 1 provides more information about representation on the GDA.

Figure 1. Representatives comprising the GDA (GDA, 2005).



British Columbia's Coastal Community Network referred to in Figure 1 was created as a representative council with a mandate to promote the economic and social well-being of West Coast communities and ensure local access to the natural resources that have sustained them for generations. Members of the Coastal Community Network are Regional Districts, Tribal Councils and other private and corporate members of the communities that border on B.C.'s tidal waters (CCN, 2005).

Code of Conduct Quota (CCQ)

The advice provided by the GDA with regards to CCQ is based on general principles, guidelines and an allocation procedure. The CCQ program was designed to ensure fair treatment of crew¹¹

¹¹ "Fair treatment of crew" means that crew sharing arrangements will not be adversely affected by the introduction of an IVQ system. This includes, but is not limited to, the following: 1) crewmembers will not be asked to contribute to the cost of the vessel/T license's IVQ allocation, 2) crewmembers will not be asked to contribute to the cost of

and safe vessel operation. It is intended to alleviate changes to crew shares that occur solely as a result of the introduction of an IVQ system and is not intended to enforce minimum standards or minimum crew shares on trawl licensees. Regarding allocation, at the beginning of each year, DFO assigns the CCQ to each licensed vessel based on the vessel's IVQ holding for that year. If a complaint is made to the GDA by a crewmember or other person, and found to be valid, a recommendation is made to the Minister of Fisheries and Oceans to withhold the quota. A confidential complaints procedure protects the crewmember bringing the complaint. A complaint can be made by a crewmember, a legal representative or a third party who believes that a crewmember has been unfairly treated or his safety compromised according to established guidelines. A complaints process directs the executive director of the Groundfish Development Authority on how to proceed. If CCQ principles are found to have been violated and resolution of the conflict cannot be achieved by any other means, the GDA Board may issue a letter of warning and/or recommendation to the Minister that all or part of the vessel's CCQ be withheld for the following season (GDA, 2005).

Groundfish Development Quota (GDQ)

The GDQ program distributes two hake allocations (10 percent of the TAC for Gulf and Offshore hake) and a groundfish allocation (10 percent of each quota species area group TAC). Under the GDQ program, the GDA receives proposals prepared by one or more processor(s) or buyer(s) and one or more licensed vessel owner(s). Each proposal must detail aspects of the operation of processors and vessels committing quota to the processors with regard to the GDA objectives. The GDA considers the benefits of each proposal and how well they contribute to the following objectives (details on the intent of each objective is included as a footnote):

- 1) Market Stabilization
 - The intent of this objective is to encourage market stability by eliminating the race for fish and allowing a more stable pace of landings throughout the year (GDA, 2005).
- 2) Maintain Existing Processing Capability
 - The intent of this objective is to recognize the importance of maintaining existing processing for reasons of jobs, tax investments, community infrastructure, etc. by mitigating against sudden wholesale change in location of processing while allowing for the evolution of a healthy processing sector (GDA, 2005).
- 3) Employment Stabilization in the Groundfish Industry
 - The intent of this objective is to ensure that the proponent's plans reflect the concept that an IQ fishery should generate more shoreworker stability by spreading landings out more uniformly over the entire year and by providing more certainty of plant operations. With respect to vessel crew employment, it was recognized that DFO licensing is the main engine that determines job security within the groundfish trawl industry, and that part of the rationale for an IQ fishery was to rationalize the fleet at a lower level. However, once that new level has been achieved, this objective looks at the stabilization of vessel crew employment (GDA, 2005).
- 4) Economic Development and Benefits in Coastal Communities

replacing original allocated quota that is moved off the vessel/T license by the original owner (that is, the owner of the vessel/T license at April 1, 1997), 3) crewmembers will not be coerced into contributing to the leasing of additional IVQ, or any other non-traditional costs associated with the operation of the vessel" (GDA, 2005).

- The GSIC Sub-Committee defined coastal communities as all locations that rely, at least in part, on the fishing industry for their economic viability. To ensure that economic benefits generated by the groundfish and hake industries contribute to the economic viability and growth of all stakeholders including processing companies, vessel owners, shoreworkers, vessel crews and secondary service industries in coastal communities (GDA, 2005).
- 5) Increasing the Value of Groundfish Production
 - The intent of this objective is to ensure that the proponent is taking full advantage of the opportunities presented by an IVQ system to achieve the best possible rate of return for product through wise use of the resource (GDA, 2005).
 - 6) Industry Training Opportunities
 - The intent of this objective is to ensure that workforces in the groundfish industry are properly trained to work safely and efficiently in order to fulfill the other objectives with respect to increased production value, market stability, and economic benefits (GDA, 2005).
 - 7) Sustainable Fishing Practices
 - The intent of this objective is to encourage operators to utilize the highest percentage of their holdings out of the water in a manner that makes best use of all fish caught while adhering to recognized sustainable management practices designed to ensure long-term sustainability of the stocks (GDA, 2005).

Assessment Criteria have been developed and are included in the Groundfish Development Authority Operations Plan. The assessment criteria are used by the GDA to rank proposals. The criteria are directly related to the objectives of the program.

There is also a Proposal Allocation Formula and a License Allocation Formula. The Proposed Allocation Formula¹², which is applied to the data included in the GDQ proposals, is used to rank proposals. The factors used in the Proposal Allocation Formula include:

- (1) verifiable production history over the past three seasons of the processing company/buyer or companies/buyers in the application (25 percent of the weight in the formula),
- (2) the total amount of IVQ all vessels in the application commit to the plan (25 percent of the weight in the formula), and
- (3) “a rating as determined by the GDA based on the GDA objectives, on the performance of the proponent in meeting his previous year’s production goals and, in the case of new entrants or innovative new ideas, perceived merit of proposed production plans” (50 percent of the weight in the formula) (GDA, 2005; GSIC, 2003).

The License Allocation Formula¹³ is used to determine the amount of quota an application receives.

Other characteristics of the program include:

¹² $GDQ_{\text{Proposal}} = \{[(3 \text{ year groundfish history} * \text{GDA Rating}) / \sum (3 \text{ year groundfish history} * \text{GDA Rating})] + [(IVQ \text{ Committed} * \text{GDA Rating}) / (\sum (IVQ \text{ committed} * \text{GDA Rating}))]\} / (2 * GDQ)$

¹³ $GDQ_{\text{License}} = GDQ_{\text{Proposal}} * (IVQ \text{ Committed}_{\text{License}} / IVQ \text{ Committed}_{\text{Proposal}})$

- GDQ are non-transferable.
- Each year, a flat submission fee is charged by the GDA for each proposal.
- An additional per pound¹⁴ fee is charged to cover operational costs of the GDA. The fee is assessed based on a calculation of quota holdings. Failure to pay fees results in forfeiture of GDQ for that season.
- Guidelines and a Commitment Compliance Review Process have been established to help in determining catch delivery compliance or non-compliance.

Additional Design Elements that Affect Communities

Ownership and holdings (leasing) caps

Both species caps (4-10 percent depending on species) and individual vessel quota holdings caps (2 percent cap on total amount held by an individual license holder) exist in the B.C. groundfish fishery.

Transferability

GDQ and CCQ are not transferable.

Community held quota

Although only groundfish vessel owners holders are able to hold quota, vessel owners can hold GDQ, which are used for purposes of furthering community development goals.

New entrants program

The GDQ program allows for allocation of GDQ to new entrants. The formulas used by the GDA, however, disadvantage new entrants compared to those individuals with a history of quota holdings and prior use of GDQ.

Area based quota management

While area based quotas can potentially be used to help protect certain coastal areas, in the B.C. groundfish trawl fishery, area based quota were not used for this reason. Area based quota were developed based on stock geographic location.

Western Alaska Community Development Quota Program

Description of the Fishery

The Western Alaska Community Development Quota (CDQ) is a multi-species fishery for the Bering Sea and Aleutian Island (BSAI) region of Alaska. The Bering Sea is encompassed by Russia on the west, the Bering Strait to the north, the west coast of Alaska to the east and the Aleutian Islands to the south, encompassing an estimated 800,000 square kilometers. The unique character of the continental shelf yields a productive ecosystem. The multi-species fishery includes, but is not limited to pollock, sablefish, halibut, multi-species groundfish and crab. CDQ pollock allocations are 10 percent of the TAC, while 7.5 percent is allocated to CDQ for most multi-species and crab fisheries. The CDQ program is unique to this region of Alaska and has objectives to reach community development goals.

¹⁴ Individual species pounds are converted to groundfish equivalent pounds (GFE) through a series of conversion ratios based on species-specific ex-vessel values.

Reasons for Community Involvement in the CDQ Process

The concept of the CDQ program was initially proposed during the mid- 1980's after the transition of the Bering Sea fisheries from foreign to domestic fisheries. Domestic fleets with larger vessels, inshore and offshore sectors and catcher-processor arrangements yielded great benefits to the domestic fishery. However, this domestic fishery was not heavily based in Alaska, rather many vessels hailed from Washington State. As a result, the Alaskan Native fishermen of rural western Alaska yielded no benefits from the fishery. These fishermen came from small villages that required economic support and development to gain any benefit from the surrounding fishery.

In 1990, approximately 25 percent of the populations of these small villages were living beneath the poverty line. The English language, housing, utilities and phones were all examples of modern day necessities that did not exist in these communities. Resulting impacts included poor health, poor sanitation, high rates of infectious diseases and low standards of living. Community development was required to stabilize these rural and remote communities.

By 1992, the North Pacific Fishery Management Council (NPFMC) finalized the regulations and procedures for the CDQ program which were then made permanent with the 1996 reauthorization of the Magnuson-Stevens Fishery Management and Conservation Act (MSFMCA). The creation of the CDQ program now provided an opportunity for the Alaskan Native communities to gain some source of economic income and participate in development programs.

Management Structure

The CDQ program has a complex management structure that can be separated into two general categories. One category includes the government structure, both federal and state governments, while the second category pertains to the CDQ groups.

Government Structure

NMFS and the Council

Initially the CDQ program was approved by the Secretary of Commerce for the BSAI Pollock fishery and was expanded with the 1996 revisions to the MSFCMA to include CDQs for groundfish and crab under Fishery Management Plans (FMP). Community eligibility criteria were established, CDQ groups, a CDQ Team, an application process and allocation process were all developed. Community criteria and CDQ groups will be addressed in the next section.

NMFS's role in the CDQ process includes ensuring the implementation of federal regulations, and providing final recommendations to the Secretary, who holds overall authority in the allocation process. Federal staff also participates in the monitoring of the program to include daily catch monitoring, debriefing of fishery observers, regulation writing and program review (Alaska 2003). NMFS is also responsible for reviewing, recommending and adjusting Community Development Plan (CDP) applications forwarded from the State of Alaska CDP process. These recommendations are provided to the Secretary of Commerce for final approval.

Allocations occur for all commercially valued species in the BSAI; however, the management of each species group varies slightly according to species. The NPFMC and NMFS manage the multi-species groundfish fishery in the BSAI. The commercial crab fisheries in the BSAI are primarily regulated by the Alaska Board of Fisheries, and the Alaska Department of Fish and Game (ADF&G) as designated by the Council (NRC 1999). The International Pacific Halibut Commission (IPHC) manages the commercial halibut fishery. Once the TACs are assigned and approved by the respective parties, the portion that is allocated to the CDQ program is then further broken down for distribution to the specific CDQ groups. The State of Alaska recommends the distribution of the allocation between the groups and the NMFS reviews the allocation recommendations and through the council process the allocations to specific CDQ groups are determined, with the final authorization made by the Secretary of Commerce.

NMFS is responsible for reviewing Community Development Plans (CDP) provided by the state to ensure that the plans meet all applicable requirements and have the required letter of support from member communities.

The State of Alaska

Daily administration of the CDQ program was delegated to the State of Alaska by the Secretary of Commerce. As a result of this responsibility, the state implemented regulations under Alaska State Code 6AAC 93. The State of Alaska is responsible for the review of CDQ proposals, provides allocation recommendations, and conducts ongoing monitoring of each CDQ group's performance. The Governor of Alaska designated a CDQ team comprised of representatives from multiple State of Alaska agencies (Alaska 2003). The CDQ team manages the CDP process, which is an application process for the CDQ groups entering the competitive process for CDQ allocation. The process includes applications, application evaluations, public hearings and final application review. The CDQ Team makes recommendations of applications to the Governor, who consults with the NPFMC, and sends any final findings and rationale to NMFS.

Community and Industry Structure

Communities

The communities in the CDQ program are typically small rural isolated villages. These communities in Western Alaska are some of the most economically depressed in the United States. The goals of the CDQ program are to provide capital generated from long-term commercial fishing activities to these fishing communities. To qualify for the CDQ program, community eligibility criteria were established as follows:

- ❖ Location within 50 nautical miles of the Bering Sea
- ❖ Native village, as defined by the Alaska Native Land Claims Settlement Act
- ❖ Residents conduct over 50 percent of their current commercial or subsistence fishing effort in the waters of the Bering Sea
- ❖ No previously developed harvesting or processing capacity sufficient to support substantial groundfish fisheries participation

During the implementation of the program, 56 communities were identified to qualify for the program. Over the years, additional communities were added to a current total of 65

communities involved in the program. Eligibility criteria for communities allow for communities to petition inclusion in the program if they were not initially selected for participation in the program. Approximately 9 communities were added through this process after the initial determinations of eligible communities.

Due to the economically depressed atmosphere of the communities, none of the communities had the resources to participate in the offshore commercial fisheries. As a result, industry partners with the resources were sought out and located in a process that established CDQ groups.

CDQ Groups

In the process of seeking organization of the CDQ eligible communities, management agencies held planning meetings and CDQ groups were essentially “self-determined” based on cultural boundaries and regional similarities (Alaska 2003). Each CDQ group represents multiple communities within its regional area. The CDQ groups are non-profit organizations and each group has a Board of Directors. The Board is composed of at least one representative from each CDQ community represented in a particular CDQ group, and state regulations require that at minimum three-quarters of the board is comprised of commercial or subsistence fishermen.

CDQ groups required partnering with the industry members to gain access to the fishing resources. CDQ groups accepted proposals from the industry and selected proposals that met their common goals. An arrangement of royalty payments from the industry to the CDQ groups, for use of the CDQ allocation for each group was determined. The funding from the royalty payments is then used by the CDQ group to meet community development goals. Examples of goals include but are not limited to: the development of port and harbor facilities, business planning services, boat and gear revolving loan programs, training and educational scholarships.

CDQ groups must prepare a CDP during the states application period in order to competitively be considered for CDQ allocation.

Design Elements that Affect Communities

Eligibility Criteria

The eligibility criteria discussed above limits participation in the program to targeted small, rural and economically depressed communities.

CDQ Allocation

Allocations for the CDQ program are specific to the affected communities and their represented groups. The CDQ program is allocated 10 percent of Pollock, 7.5 percent of crab and all other groundfish species, 20 percent if sablefish, and 20-100 percent of halibut (varied on halibut management areas) TACs in the BSAI.

Transferability

Communities may transfer quota with other CDQ groups, but cannot transfer quota outside the CDQ program. Requirements are outlined within the federal regulations.

Community Development

CDQ groups must invest in activities and investments that contribute to the development of their member communities, and a large percentage of those activities are targeted fisheries-related projects.

Community Representation

Requirements to include representatives from each community on the board of directors for the relevant CDQ group may be considered as community representation in the CDQ group planning process. Resources from the use of the CDQ allocations are required to be directed to the representative communities.

Gulf of Alaska Community Quota Share Purchase Program

Description of Fishery

The Gulf of Alaska (GOA) halibut and sablefish fisheries moved from a limited access management system to an IFQ program with quota shares in 1995. Consolidation under the IFQ program resulting in economic hardship for small communities led to the development of the Community Quota Share (QS) Purchase Program, which became effective in June 2004. The intention of the QS program is to provide an option for eligible GOA communities to purchase halibut and sablefish QS.

Reasons for Community Involvement in the QS program

Consolidation of IFQ QS in larger communities along with the poor prices for salmon resulted in declining access to IFQ QS for smaller communities. Leaders of these smaller communities organized themselves into the Gulf of Alaska Coastal Communities Coalition (GOACCC), whose purpose was to advocate for a solution to the access problem for smaller coastal communities. Their efforts were successful with the development of the Community QS Purchase Program.

Management Structure

The program was approved by the NPFMC in April of 2002 and became effective in June of 2004. Eligibility criteria were established, and the Final Rule directs the development of non-profit organizations to act on behalf of eligible communities. These non-profit organizations are referred to as Community Quota Entities (CQE), and may represent more than one community.

NMFS and the Council

The NPFMC initially identified a list of 42 qualified communities. Any additional communities that wish to apply for qualification for the program must seek NPFMC action and approval from the Secretary of Commerce.

NMFS reviews applications from CQE's requesting eligibility to participate in the program. NMFS provides the State of Alaska with copies of the applications. The State has 30 days to provide comments, which NMFS will consider before certifying a CQE. Once CQE's are established, NMFS reviews annual reports required from the CQEs and takes any corrective action if reports are not filed.

Communities

Communities that are targeted to participate in this program are usually small rural communities that may have lost access to diverse fisheries with the consolidation of the QS in the IFQ program. In order to qualify as a community under this program, eligibility criteria are as follows:

- ❖ Population of less than 1500 persons based on the 2000 United States Census
- ❖ Have direct saltwater access
- ❖ Lack direct road access to communities with a population greater than 1500 persons
- ❖ Have historic participation in the halibut and sablefish fisheries
- ❖ Be specifically designated by the NPFMC.

Initially 42 communities were identified and designated in the Final Rule (69 FR 23681, April 30, 2004). Designation of additional qualified communities requires action by the NPFMC and the Secretary of Commerce. Communities that were not initially identified through the Council process as eligible communities can seek qualification through the council process. All communities are represented by a CQE, but may not be represented by more than one CQE.

Community Quota Entities

CQEs must apply to NMFS for certification to participate in the GOA QS program. Once certified as a CQE, they hold and then “lease” annual IFQ permit amounts to community residents (Smith 2004). CQE’s are new corporations that were organized after April of 2002, are organized under Alaska State Law, and have the support of one or more eligible communities. Regulations identify how support must be obtained and how support varies between tribal governments, city councils, municipalities and communities too small to have these governmental structures.

Once the CQE qualifies for the program, it is issued a Transfer Eligibility Certificate, and obtains its QS through transfer. The CQE then leases the QS to individual permanent community residents to fish. The CQE can obtain new QS and transfer QS within the regulatory restrictions for transfer and QS caps.

The CQE is responsible for submitting annual reports to NMFS. The reports contain information detailing the use of the QS by its member communities and individuals from communities. If an annual report is not submitted, the CQE will be suspended from holding QS until the report is submitted and reviewed by NMFS. The CQE is responsible for remaining in compliance with the CQE program regulations, and is subject to participation barriers if non-compliance is determined.

Individuals

Regulations indicate criteria for individuals who are eligible to lease quota from a CQE. An eligible individual must be a permanent resident of the community the CQE is representing. The individual must have maintained a domicile in the represented community for a minimum of 12 months prior to applying for QS.

An individual who leases QS from a CQE may not designate a skipper to fish the community IFQ; the QS must be fished by the designated individual. Individuals who hold leases of IFQ

from CQEs are considered IFQ permit holders and are subject to the same regulations as the aforementioned group.

In addition to permanent residents, IFQ crew members who have demonstrated at least 150 days fishing experience or whom have received QS by initial issuance may also be eligible to receive CQE QS.

Design Elements that Affect Communities

Use Caps for Individual Communities

Caps for holdings under the Community QS Purchase Program are the same as those for individuals under the existing program and are identified in the respective federal regulations. Examples of use caps include 0.5 percent of all GOA halibut QS, 1 percent of all sablefish QS, and 1 percent of SE sablefish QS.

Cumulative Use Caps for All Communities

Cumulative caps limit the total amount of holding for all participant communities within the Community QS Purchase Program. Caps were determined for the first seven years of the program starting with a limit of 3 percent for the first year increasing by 3 percent each consecutive year up to 21 percent during the seventh year. These cap amounts are subject to review during the program review process by the Council. These caps apply to both halibut and sablefish.

Block Limits

Block limits of QS were established in the initial IFQ program to prevent consolidation of blocked QS and allow for smaller less expensive blocked QS to remain on the market. The regulations for blocked QS apply to the community allocations as well. Block limits are set at 10 blocks of halibut and 5 blocks of sablefish in any one management area. In addition, CQE's are prohibited from purchasing or transferring small QS blocks that may be "swept up" to form larger blocks. Specific limits per specific areas are identified in the federal regulations.

Bering Sea and Aleutian Island (BSAI) Crab Rationalization Program

Description of Fishery

The BSAI crab fisheries are managed under the Bering Sea and Aleutian Islands King and Tanner Crab FMP. Specific species identified in Final Rule (70 FR 10174, March 2, 2005) are included in the Crab Rationalization program and no longer require a License Limitation Program (LLP) license from the previous management structure. The Final Rule identifies several crab fisheries that are excluded from the Crab Rationalization Program and still require LLP permits. The program issues quota share (QS) allocations, processor quota share (PQS) allocation, IFQ, individual processor quota (IPQ), crew QS, has structure for harvesting cooperatives, CDQ allocations and provides options for community protection measures.

Reasons for Community Involvement in the Fishery

The Crab Rationalization Program aims to remove excess capacity, diminish the race for fish and increase safety. The program provides for revitalization of the economic benefits of the crab

fisheries, provides for conservation to increase the efficacy of crab rebuilding strategies and measures of the program aim to limit geographic shifts of fishing resources outside communities. Small entities and communities in the program will have an opportunity to stabilize their economic benefit and gain more consistent returns from the fishery.

Management Structure

The program was approved by the NPFMC in April of 2003 and became effective on April 1, 2005. Community purchase provisions and community protection measures were included in the development of the program. Eligibility criteria were established, and the Final Rule provides for the development of non-profit organizations to purchase shares on behalf of eligible communities. These non-profit organizations are referred to as Eligible Crab Communities Organizations (ECCOs).

NMFS and the Council

NMFS has played a large role in the implementation of the program. The application process was handled completely by NMFS, which included notification of application periods, tracking of applications, processing challenges to initial quota share allocations based on historical catch and public outreach activities. NMFS has developed a computer system to track most activity for the program to include transfers, caps, fees and quota issuance. Annually, the agency issues quota shares for program participants whom have met and continue to meet program eligibility requirements throughout the year. NMFS also approves all transfer requests. A transfer does not become effective without being processed through NMFS, manage the landings reporting system, collect cost recovery fees and support enforcement efforts.

Eligible Crab Communities and EEC Organizations

Eligible Crab Communities (EECs) can qualify to purchase quota shares and utilize community protection measures if they have at least 3 percent of the initial PQS allocation of any BSAI crab fishery. It was determined that nine communities qualified, however, some differences between the communities led to some specific program elements to be waived or applied uniquely to some communities¹⁵. ECCOs are responsible for purchasing quota share and leasing the IFQ to community members. They must submit an annual report to NMFS and meet designated performance standards. ECCOs are not restricted in their use of revenues from the leasing of programs.

Design Elements that Affect Communities¹⁶

CDQ Allocations

Allocations of the TAC for program crab fisheries to CDQ groups have been increased from 7.5 percent to 10 percent. In addition to allocation increases, the CDQ program was expanded to

¹⁵ Examples of unique considerations may be seen in Adak. Adak has a special allocation of Aleutian golden king crab TAC, an ROFT is not required due to direct allocations, and allocation under the rationalization program must be utilized for development in Adak.

¹⁶ Please note that the Crab Rationalization program has many types of QS that may be held by crew, processors, cooperatives etc. While QS held by these type of QS holders may have impacts on a community, for the purpose of this paper we have only identified the design elements that are directly designed for communities.

include two crab fisheries the Eastern Aleutian Islands golden king crab fishery and the Western Aleutian Islands red king crab fishery. CDQ groups are eligible to obtain crab QS and PQS by transfer, but are still subject to use caps.

Regionalization

Regional delivery requirements for QS are intended to preserve the historic geographic distribution of landing in the fisheries. Specific QS is regionally designated and crab harvested with regionally designated IFQ will be required to be delivered to a processor in the designated region. In addition, a processor with regionally designated IPQ is required to accept delivery of and process crab in the designated region.

Community Protection Measures

Various community protection measures were established to minimize adverse impacts of the program on communities. To qualify for these protection measures, communities must have had 3 percent or more of the initial PQS allocation of qualified landings in any crab fishery included in the program. Nine Eligible Crab Communities (ECCs) were determined. The community protection measures are a “Cooling Off” Period, Right of First Refusal (ROFR) and QS purchase.

“Cooling Off” Period

Until July 1, 2007, PQS and IPQ based on processing history earned in an EEC generally cannot be transferred from that community. The use of IPQ outside the community during this period is limited to 20 percent of the IPQ each year, except for specific hardship provisions. This protection measure should limit geographic distribution of QS outside communities in the initial years of the rationalization program.

Right of First Refusal (ROFR)

Before the issuance of PQS by NMFS, an EEC may establish a contract with that PQS holder which guarantees the EEC first rights to any PQS proposed for sale for use outside that community. EECs will have a ROFR on the transfer of PQS and IPQ originating from processing history in the community if the transfer will result in relocation or use of the shares outside the community. Specifications of a ROFR may vary by EEC community based on the characteristics of the community. For example, Adak is not eligible for ROFR provision because the community is to receive a direct allocation, and Kodiak must have a ROFR from communities in the GOA in a specific latitude range.

Community QS Purchase

Any non-CDQ community in which 3 percent or more of any crab fishery was processed, an EEC, can form a non-profit organization referred to as an eligible crab community organization (ECCO). The ECCO can purchase QS and lease the IFQ to community residents, and is limited to the amount of QS and IFQ it can use. The ECCO is required to submit an annual report to NMFS.

Sea Time Waiver

Sea time eligibility requirements for the purchase of QS are waived for CDQ groups and community entities in EECs, allowing those communities to build and maintain local interests in

harvesting. CDQ groups and EECs are eligible to purchase PQS but are not permitted to purchase Crew QS.

Shetland Islands Fisheries

Description of the Fishery

The Shetland Islands economy is heavily dependent on fishing, and alternative employment opportunities are limited. Almost a quarter of the workforce in Shetland Islands is employed in the seafood industry and over 80 percent of all exports consist of fish and fish products. A fleet of about 150 boats fish for groundfish (cod, haddock, monkfish, whiting and saithe), herring, mackerel, blue whiting, sand eels and shellfish (lobster, crab, scallops and whelks) (Goodlad, 1999).

Reasons for Community Involvement in the Fishery

As the cost of acquiring quota increased, concern developed that “a fisheries dependent community such as Shetland could see its quota traded out of the islands and thereby lose its marine resource base for the future. It was this fear that drove the Shetland Producer Organization to investigate the innovation of community owned fish quotas” (Goodlad, 2004).

In the shellfish fisheries, the lack of effective regulation in the Shetland shellfish fishery had resulted in overexploitation, stock decline and subsequent decrease in earnings. In the case of the shellfish fishery, the Shetland Fishermen’s Association (SFA), a representative organization of Shetland fishermen, advocated for a fundamental change in the way shellfish stocks are managed. They sought a regional approach to regulation of the shellfish fishery through introduction of new legislation, without success. Eventually, the SFA employed existing legislation in the form of a Regulating Order to enable community based management. A Regulating Order “enables a fishery to be managed by an organization set up for the purpose of conserving the stock and improving the fishery” (Goodlad, 2004).

Management Structure

UK fisheries, of which the Shetland Islands are a part, are managed through distribution of annual quota to producer organizations (POs) and fortnightly or monthly quota to individuals. Distribution of quota to POs is called sectoral quota management while distribution of quota to individuals is called non-sectoral management. In the Shetland Islands, the Shetland Fish Producers Organization Ltd (SFPO) used a Government program to purchase fish quota in association with the decommissioning of vessels/licenses. The purpose of the effort was to hold the quota in common ownership for all vessels to use. The local government of Shetland, called the Shetland Islands Council (SIC) also invested in quotas in order to secure a pool of community held quota. The SFPO holds this quota for the SIC. The two quota pools amount to 37 percent held in community ownership.

Efforts by two fishing industry organizations in the Shetland Islands, the Shetland Fish Producers Organization Ltd (SFPO) and the Shetland Fishermen’s Association (SFO), have resulted in two separate vehicles for community involvement in management of the marine resource. Efforts by the SFPO resulted in a significant amount of community ownership of groundfish quota while

efforts by the SFO resulted in community based management of Shetland’s shellfish fisheries. Both methods for community involvement are explained below.

The Shetland Fish Producers Organization Ltd and the New Entrants Program

The SFPO purchased pool of quota, described above, is used to supplement its members’ and future generations’ quota allocations. Due to the increased cost of entry into the Shetland Islands fisheries by new entrants, the other quota pool is used to help new entrants establish themselves in the industry. The new entrants lease quota by paying a portion of their earnings to the SFPO. In this way, the new entrants are able to fish without buying quota¹⁷.

The Shetland Fishermen’s Association and Community Shellfish Fisheries Management

In the case of the Shetland shellfish fisheries, the Shetland Fishermen’s Association (SFA) helped to establish a management group called the Shetland Shellfish Management Organization (SSMO). The SSMO is comprised of local government representatives, community councils, shellfish processors, environmental groups, fisheries scientists, and the SFA. The SSMO applied for establishment of a Regulating Order that extended management of the shellfish stocks out to 6 miles from shore, limited permit ownership to fishermen with historic fishery participation and other effort restrictions, and managed a stock enhancement scheme. The Regulating Order was established in 2000.

Iceland

Description of the Fishery

Iceland is heavily dependent on fish resources with communities on all areas of the coast participating in the fisheries. Fish products account for approximately 80 percent of exports in Iceland. The groundfish fishery is the most important Icelandic fishery in value with landings of cod, haddock, saith, redfish and Greenland halibut. There are also pelagic fisheries based on capelin and herring. Shrimp, lobster and scallop fisheries are important to a lesser degree.

IQ implementation began with certain fisheries in 1975. By 1991, a complete uniform system of ITQs had been implemented for all fisheries (19 species and over 30 substocks) in Iceland (Arnason, 2004). There were 1497 licensed vessels fishing Icelandic waters in 2002 (Arnason, 2004). Fishing ports numbered 61 in 1996 (Eythorssen, 2000). Quota are permanent, divisible and transferable. In addition to ITQ regulations, fishing vessels are restricted by other measures including gear use, mesh size and closed areas restrictions.

Reasons for Past and Current Use of Community Protection Measures

¹⁷ The following table was included in GAO (2004) showing leasing fees charged for use of the community fish quota.

Percent of quota borrowed	Percent of quota already held	Fee charged (based on revenues from landings)
100	0	6.0 percent of all landings
80	20	4.8 percent on 80 percent of the landings
50	50	3.0 percent on 50 percent of the landings
20	80	1.2 percent on 20 percent of the landings

The overall aim of Iceland's Fisheries Management Act 1990 is to protect marine resources in order to bring about an economic and efficient utilization of stocks and thereby to support the seafood industry and secure employment in the country. Runolfsson and Arnason (1997) write, "The fishing industry' size relative to the whole economy means that any fisheries' policy has far reaching implications for the economy. The fishing industry is a major determinant of personal incomes and income distribution and in many parts of Iceland the fishing industry is virtually the only basis for economic activity."

Management Structure

The Iceland Ministry of Fisheries is responsible for management of the Icelandic fisheries and the implementation of legislation to this effect. The Marine Research Institute is the centre of scientific research for marine resources and responsible for recommendation of the annual TAC for the stocks subject to catch restrictions. The Directorate of Fisheries and the Coast Guard are responsible for ensuring compliance with the Fisheries Management Act. The Iceland Directorate of Fisheries administers the fisheries' daily activities. Governance of Icelandic fisheries is based on the 1990 Fisheries Management Act. Annual quotas are distributed based on each individual's percentage of ownership of quota share for each species and the TAC. Management and surveillance of the ITQ system relies heavily on landings data and a real time computer system that reports the landings data.

For the most part, the fishing industry is vertically integrated. Regarding employment, Icelandic fishermen belong to different unions and associations depending on whether they are deckhands, officers, engineers, or vessel owners. Small boat owners also belong to an association. These organizations, to some degree, have representation on different task forces and committees appointed by the Government for reviewing fisheries policy.

Design Elements that Affect Communities

Ownership caps

A maximum of 8-12% of the share of total quota can be held by a vessel owner. A cap of 10-20% is in place for individual species.

Geographic Restrictions on Quota Transfers

Under geographic restrictions, annual vessel quota transfers were only allowed to occur between vessels within the same geographic region with the intent of stabilizing local employment (Runolfsson and Arnason, 1997). These annual vessel quota transfers were reviewed by regional fisher's unions and local authorities.

"Right of First Refusal"

Transfers outside of a particular region were subject to what is referred to as a "community right of first refusal" rule, which provided the community an opportunity to purchase vessels (which, at the time, had to have quota attached to them) at the market rate with their designated annual quota from within the community before the vessels were sold outside of the community (GAO, 2004). However, few inter-regional transfers were actually blocked (Runolfsson and Arnason, 1997). There have not ever been any regional restrictions on the transferability of TAC shares.

Emergency Community Quota Allocations

The “emergency community quota allocations” allocate small blocks of quota to communities harmed by transfer of quota out of their area. Other protection measures used in the past include a rule that allowed small vessels (less than 6 tons), to opt to fish under days at sea restrictions instead of ITQs.

Restrictions on Quota Leasing

A vessel is allowed to transfer some of its quota between fishing years, but the vessel loses its quota if it catches less than 50 percent of its total quota in two subsequent years. Another rule specifies that the net transfer of quota from any vessel must not exceed 50 percent within a single year (Icelandic Ministry of Fisheries, 2005). Information was not available on the purpose of this rule.

Table 2 lists the community involvement and protection mechanisms summarized in this section, and divides them into various categories as a means of condensing a large amount of information. Community involvement mechanisms are categorized again into one of two groups: “Organizations with quota allocation tasks” and “Organizations with no quota allocation tasks”. Community impact control mechanisms are divided into one of four groups: “Quota accumulation caps”, “Protection mechanisms enabled through eligibility restrictions/qualifications”, “Protection mechanisms enabled through transferability restrictions” and “Other”. Other appropriate groups could have been created. The authors of this document note that this categorization was chosen for convenience only.

Table 2. Summary of Community Involvement and Protection Mechanisms by Fishery.

	Community Involvement Mechanisms		Community impact control mechanisms			
	<i>Organizations with quota allocation tasks</i>	<i>Organizations with no quota allocation tasks</i>	<i>Quota accumulation caps</i>	<i>Protection mechanisms enabled through eligibility restrictions/qualifications</i>	<i>Protection mechanisms enabled through transferability restrictions</i>	<i>Other protection mechanisms</i>
British Columbia Groundfish Trawl Fishery	An organization called the Groundfish Development Authority (GDA) provides recommendations to the Minister of Fisheries on allocation of 10% of the TAC for purposes of encouraging appropriate treatment of crew and 10% of the TAC for purposes of community development.		Species caps (4-10% depending on species) Individual vessel quota holdings caps (2% cap on total amount held by an individual vessel license holder)		Restrictions on the amount of quota that can be temporarily transferred (leased) each year is expected to be implemented in 2006.	
Shetland Islands	An industry group called The Shetland Fish Producers Organization Ltd. (SFPO) manages two pools of quota. The first pool was purchased by the SFPO and is used to supplement its members' quota allocations. The second pool of quota was purchased by the local government and is managed by the SFPO. This second pool of quota is available to be leased out to new entrants. These two quota pools amount to 37% of the total quota held in community ownership.	The Shetland Fisherman's Association established a management group for Shetland shellfish fisheries using current legislation. The management group is comprised of local government representatives, community councils, shellfish processors, environmental groups, fisheries scientists and fishing industry representatives. The management group established a limited entry program, effort restrictions, and manages a stock enhancement scheme.		Community organizations can purchase quota.		
Iceland		Icelandic fishermen belong to various unions and associations depending on whether they are deckhands, officers, engineers, or vessel owners. To some degree, these organizations have representation on different task forces and committees appointed by the Government for reviewing fisheries policy.	A cap of 10-20% is in place for individual species. A maximum of 8-12% of the share of total quota can be held by a vessel owner.	Quota holdings are limited to owners of fishing vessels.	Geographic restrictions on annual vessel quota transfers specify that transfers are only allowed to occur between vessels within the same geographic region. When quota was transferred outside the region, the community had an opportunity to purchase vessels and quota. This is called "community right of first refusal". A vessel is allowed to transfer some of its quota between fishing years, but	Emergency community quota allocations are used to allocate small blocks of quota to communities harmed by transfer of quota out of their area. At one time, small vessels were allowed to opt to fish under days at sea restrictions instead of ITQs.

	Community Involvement Mechanisms		Community impact control mechanisms			
	<i>Organizations with quota allocation tasks</i>	<i>Organizations with no quota allocation tasks</i>	<i>Quota accumulation caps</i>	<i>Protection mechanisms enabled through eligibility restrictions/qualifications</i>	<i>Protection mechanisms enabled through transferability restrictions</i>	<i>Other protection mechanisms</i>
					<p>the vessel loses its quota if it caught less than 50% of its total quota in two subsequent years.</p> <p>The net transfer of quota from any vessel must not exceed 50% within a single year.</p>	
Western Alaska Community Development Program	<p>Regulations provide for a 7.5% allocation of multi-species and crab fisheries TAX and 10% of Pollock allocations.</p> <p>The State of Alaska provides allocation recommendations to NMFS and the council for CDQ groups.</p> <p>CDQ groups determine use of quota and allocation to industry groups to best support their development goals.</p>		<p>CDQ group caps are set at 33% of the total CDQ program allocation.</p>	<p>Eligibility Criteria for communities are:</p> <ul style="list-style-type: none"> • Location within 50 nautical miles of the Bering Sea • Native village ad defined by the Alaska Native Land Claims Settlement Act • Residents conduct over 50% of their current commercial or subsistence fishing effort in the waters of the Bering Sea • No previously developed harvesting or processing capacity sufficient to support substantial groundfish fisheries participation. 	<p>Transfer of CDQ is only permissible between CDQ groups and many not be transferred outside the CDQ program.</p>	<p>CDQ groups are required to invest in fisheries-related projects within their represented communities. These goals are identified in the Community Development Plans submitted by the CDQ groups. Development plans are required to be considered for CDQ allocations. Allocations are based on the CDQ groups meeting the community development goals outlined in their development plans.</p>
Gulf of Alaska Community Quota Share Purchase Program		<p>The NMFS and the NPFMC established the infrastructure for the program to allow for the establishment of community Quota Entities (CQEs) whom may purchase and lease IFQ to community residents. No allocations are required, as this is a quota share purchase program. Annual reports are reviewed by the agency to ensure compliance with the program requirements.</p>	<p>Caps for holdings are the same as those for individuals under the existing program. Any community resident is limited to holding IFQ permits not to exceed 50,000 lb each, of sablefish and halibut IFQ from any source.</p> <p>Vessel limits specifically identify where no vessel on which IFQ is leased from the community QS program, can fish in excess of 50,000 lbs each of halibut and sablefish, inclusive of all IFQ</p>	<p>Eligibility criteria for the communities are:</p> <ul style="list-style-type: none"> • Population of less than 1500 persons based on the 2000 United States Census • Have direct saltwater access • Lack direct access to communities with a population greater than 1500 persons • Have historic participation in the halibut and sablefish fisheries • Be specifically designated by NPFMC <p>If not initially qualified by the NPFMC during the establishment of the program, communities can seek</p>	<p>Transferability restrictions exist on block units, where CQE's are prohibited from purchasing or transferring small QS blocks that may be combined to form larger blocks, referred to as 'swept up.'</p> <p>Specific and detailed transferability restrictions with reference to vessel types (size) and area location are identified in the Final Rule.</p>	<p>Leasing guidance and restrictions specific to communities have been established. Only permanent residents of the community represented by the CQE are eligible to lease IFQ from community held QS. Residency is determined by affirmation of a domicile maintained in the community from which the IFQ is leased for 12 consecutive months immediately preceding the time when the residency assertion is made. Applicants can not claim residency in any other community, state, territory, or country for that period of time.</p> <p>Sale restrictions prohibit a CQE from selling its QS unless the sale will generate revenues to improve, sustain, or expand the</p>

	Community Involvement Mechanisms		Community impact control mechanisms			
	<i>Organizations with quota allocation tasks</i>	<i>Organizations with no quota allocation tasks</i>	<i>Quota accumulation caps</i>	<i>Protection mechanisms enabled through eligibility restrictions/qualifications</i>	<i>Protection mechanisms enabled through transferability restrictions</i>	<i>Other protection mechanisms</i>
			<p>fished aboard that vessel.</p> <p>Cumulative use caps limit the total holdings for all participant communities. The cap levels start at 3% of the halibut QS and 3% of the sablefish QS and increase by 3% each year for a total of 21% by the seventh year of the program. These limits are subject to review during the fifth year review of the program.</p>	<p>qualification through Council review.</p>		<p>opportunities for community residents to participate in the IFQ fisheries.</p>
Bering Sea and Aleutian Islands Crab Rationalization Program		<p>Eligibility purchase program with no allocation. Infrastructure of program administration is established and managed by NMFS. This includes criteria for the establishment of eligible crab communities to form non-profit organizations to obtain and lease IFQ to community residents.</p>	<p>Individual communities are held to the same use caps as individual harvest share holders in the crab rationalization program and CDQ groups have caps as well. Caps vary based on species, geographic location, and QS holder and are detailed in the Final Rule.</p>	<p>Communities that have at least 3% of the initial PQS allocation of any BSAI fishery can qualify to become an Eligible Crab Community (ECC) and for an EEC organization to purchase IFQ and lease it to community residents.</p>	<p>No ownership or transfer restrictions apply to specific community held harvest shares.</p>	

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