

INTER-AMERICAN TROPICAL TUNA COMMISSION
COMMITTEE ON ADMINISTRATION AND FINANCE

2ND MEETING

Lima, Peru
11 July 2014

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**FINANCING FOR THE IATTC REGIONAL OBSERVER
PROGRAM FOR TRANSSHIPMENTS AT SEA, 2014-2015**

1. INTRODUCTION

The IATTC observer program to monitor transshipments at sea by carrier vessels was established by Resolution [C-08-02](#) and is now regulated by Resolution [C-12-07](#). The program is financed in 2014 by China, Korea, Japan, Chinese Taipei, and Vanuatu, the five IATTC Members that participate fully in the program, and operated by the *Marine Resources Assessment Group Ltd.* (MRAG) consortium.

This document presents information on the budget for 2014 and the projected budget for 2015.

2. CURRENT BUDGET

During the 85th meeting of the Commission in June 2013, an operating budget of US\$ 850,000 was approved for the 2014 program year. At that time, the accumulated surplus at the end of 2013 was expected to be US\$ 350,000, and it was decided to apply the surplus to the 2014 budget, leaving US\$ 500,000 to be funded. At the close of 2013, it was determined that the actual surplus was approximately US\$ 569,000, so the total available funding for the 2014 program year is US\$ 1,069,000.

To calculate each participant's contribution, the budget is divided equally between two components, the number of transshipments made and the quantity of fish transshipped, and each participant's contribution is calculated in proportion to its fleet's activity within each of these two components. Contributions are payable in two installments, on 15 January and 15 May, to ensure funding during the first and second semesters, respectively (Table 1).

TABLE 1. Distribution of program costs, 2014, in US\$					
	Total	First installment	Paid	Second installment	Due
China	121,590	60,795	✓	60,795	15 May
Japan	178,270	89,135	✓	89,135	
Korea	82,828	41,414	✓	41,414	
Chinese Taipei	54,961	27,481	✓	27,481	
Vanuatu	62,350	31,175	✓	31,175	
Total	500,000	250,000	✓	250,000	

Total payments of US\$ 771,083 were made to MRAG in 2013. If the level of expenditures during the first three months of 2014 continues in terms of requests for observers and days at sea, the budget of US\$ 850,000 will be sufficient to cover the costs of the program in 2014 and US\$ 269,000 will be available to carry over into 2015. In addition to the above scheduled payments, Belize paid US\$ 6,060 for its participation in the program during 2013, which is reflected in Table 2 as a contribution made during the first semester.

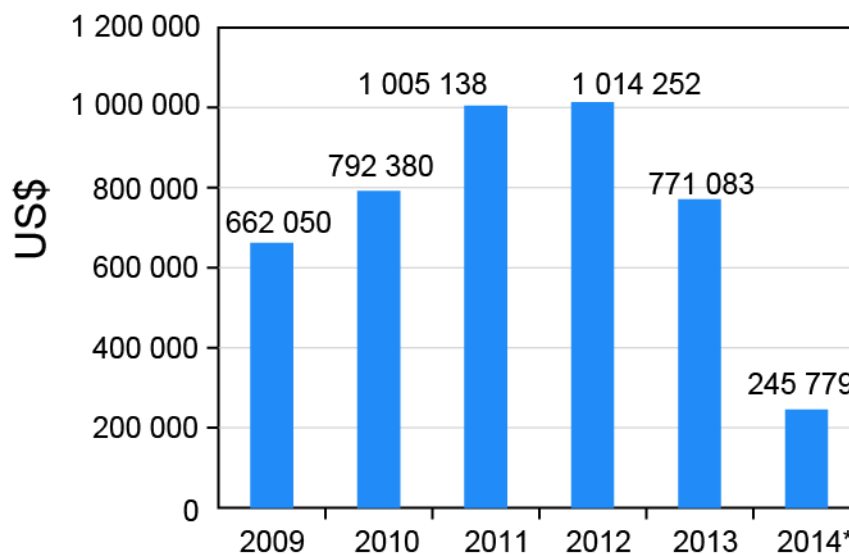
It should be noted that, in view of the request made in 2013 that the contract currently with MRAG be put out to tender in order to reduce costs, MRAG offered to both reduce the cost of an observer per day at sea from US\$ 339.00 to US\$ 330.00, and not apply increases for inflation during the following three years if it were guaranteed the contract for that same period. The participants in the program accepted this offer.

Table 2 summarizes the financial situation of the program as of 31 March 2014.

TABLE 2. Financial situation of the program, in US\$, 31 May 2014	
Item	Amount
First semester contributions (paid) (includes payment by Belize)	256,060
Second semester contributions (payable)	250,000
Surplus from 2012	568,898
Total	1,074,958
Payments to MRAG, January- April	245,779
Total available funding for May-December, once all contributions are received	829,179

Appendix 1a summarizes in greater detail the expenditures in 2013, and Appendix 1b those of the first quarter of 2014. Figure 1 shows the actual budgets for the program during 2009-2013 and the first quarter of 2014. It should be noted that costs show a downward trend since 2011. Based upon the available funds and anticipated expenditures, it appears that there will be a total surplus of about US\$ 250,000 at the end of 2014.

FIGURE 1. Program budgets, 2009-2014, in US\$



*To 31 May

Based upon MRAG estimates, the budget for 2015 could be reduced to US\$ 800,000. However, unforeseen observer requests could occur (as in the first two years of the program) necessitating a reserve in funds. Taking this into consideration, the staff recommends that the participating Members contribute US\$ 700,000 toward the 2015 budget, leaving a reserve of approximately US\$ 150,000 available to offset any unexpected expenditures. Under the agreed cost-sharing formula, the program's budget in 2015 would be distributed as shown in Table 3.

TABLE 3. Basis for distribution of costs		
% of budget	Basis	
50%	Number of transshipments in the EPO	1 September 2013- 31 August 2014
50%	Amount of fish transshipped in the EPO	

In December 2014 the Secretariat will inform the participating Members of their contributions to the program for 2015, calculated on the basis of the data specified in Table 3. The first contribution for 2015 is payable by 15 January of that year, and in April 2015 the Secretariat will send a reminder for the second contribution, payable by 15 May.

In order to continue with this program, the Committee should recommend to the Commission that it:

1. Approve the 2015 budget of US\$ 800,000 and the dates of payment by the participants. The total contributions by the participating Members would total US\$ 700,000; the remainder would be covered by the existing surplus and the anticipated 2014 surplus.
2. Confirm that the agreed formula currently in use for sharing contributions among the participants in the program will continue to be used.

Anexo-Appendix 1a

Gastos del programa de observadores, 2013 (US\$)
Observer program costs, 2013 (US\$)

	Costo por unidad	Unidades cobradas	Costo
	Unit cost	Units paid	Cost
Días en el mar Days at sea	339	1,916	646,196
Días de viaje Travel days	334	132	46,067
Capacitación Training	453	0	0
Equipo, materiales, viajes Equipment, materials, travel	-		100,000
Total			771,083

Anexo-Appendix 1b

Gastos del programa de observadores, 2014, al 31 de marzo (US\$)
Observer program costs, 2014, to 31 March (US\$)

	Costo por unidad	Unidades cobradas	Costo
	Unit cost	Units paid	Cost
Días en el mar Days at sea	333	404	162,690
Días de viaje Travel days	334	31	13,687
Capacitación Training	453	0	0
Equipo, materiales, viajes Equipment, materials, travel	-	-	17,246
Total			193,623