

**AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM**

**47<sup>th</sup> MEETING OF THE PARTIES**

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**DOCUMENT AIDCP-47-01 REV**

**AIDCP BUDGET**

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**1. BACKGROUND**

The [Agreement on the International Dolphin Conservation Program](#) (AIDCP) is a legally binding multilateral agreement that entered into force in February 1999. The Inter-American Tropical Tuna Commission (IATTC) provides the Secretariat for the Agreement<sup>1</sup>, and performs certain other functions set forth in the Agreement, its Annexes, and other decisions taken by the Parties. In this document, the IATTC staff, as Secretariat for the AIDCP, presents the 2022 accounting of AIDCP funds, the 2023 financial activity forecast, a recommended AIDCP budget for 2024, and the reasons for some significant increases in select categories of budgeted activities programmed to be carried out during that fiscal year and corresponding expenditures.

The principal source of IDCP costs come from the IATTC observer program, which accounted for approximately 75% of the 2022 AIDCP total actual costs. The remainder corresponds to the costs of meetings, administration, and other categories described in [Figure 1](#).

The AIDCP mandates 100% observer coverage of fishing trips by large purse-seine vessels<sup>2</sup> in the Eastern Pacific Ocean (EPO)<sup>3</sup> and stipulates that at least 50% of such trips be covered by the IATTC observer program<sup>4</sup>. The IATTC program provides observers for 100% of trips made by vessels of Parties that do not have a national observer program (currently El Salvador, Peru, and the United States). The national

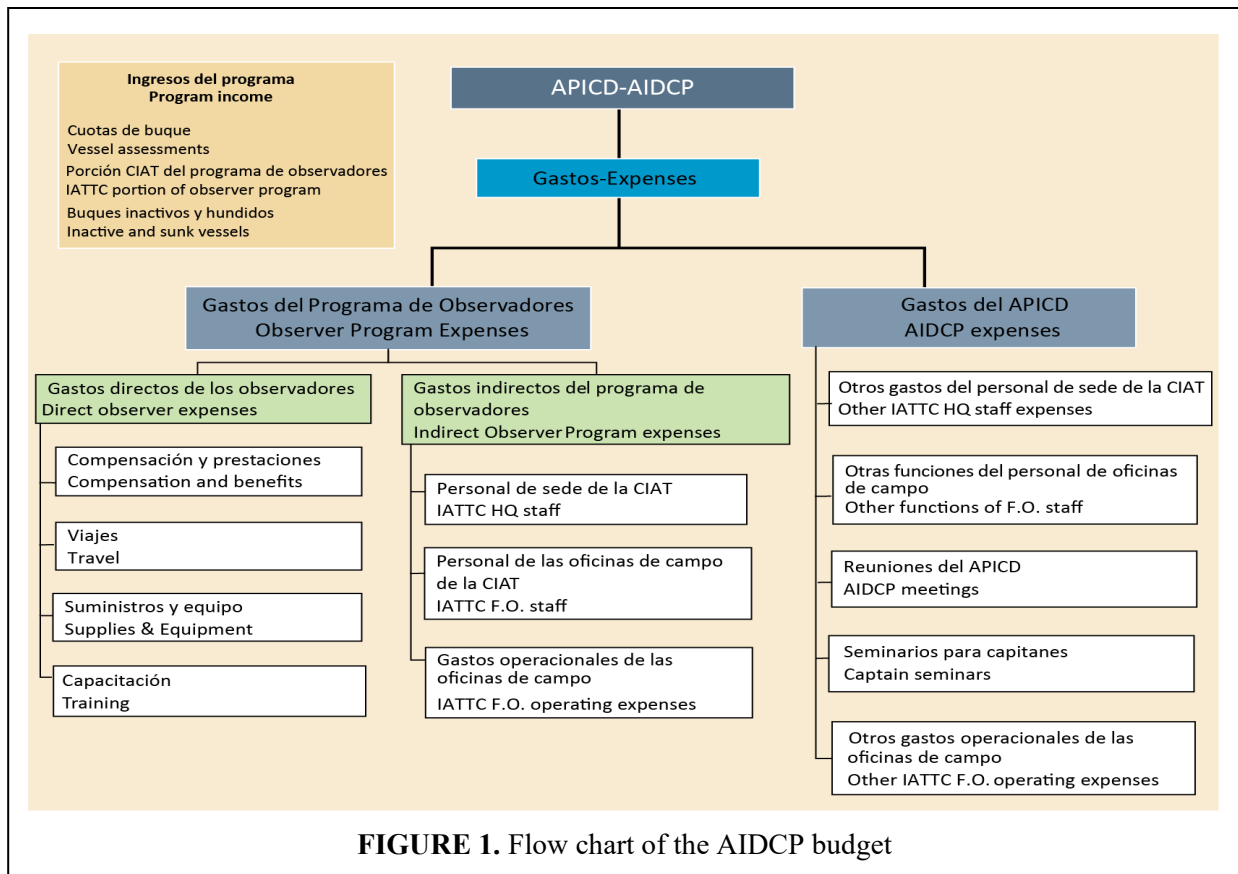
<sup>1</sup> The Secretariat for the Agreement on the International Dolphin Conservation Program (the Agreement), pursuant to Article VII, paragraph 1(t), and Article XIV, paragraph 3, of the Antigua Convention, is provided by the IATTC.

<sup>2</sup> Carrying capacity greater than 363 mt (IATTC Class 6).

<sup>3</sup> Vessels fishing in the EPO but departing from ports in the WCPO are usually covered by cross-endorsed observers from the Western and Central Pacific Fisheries Commission Regional Observer Program (WCPFC), with which the IATTC has a Memorandum of Cooperation.

<sup>4</sup> For the purposes of this document, the AIDCP On-Board Observer Program refers collectively to the purse-seine observer program administered by the Secretariat, along with the national purse-seine observer programs maintained by some Parties. The observer program administered by the Secretariat and coordinated through the IATTC Field Offices is referred to as the IATTC observer program, so as to avoid possible confusion that might arise from referring to it as the AIDCP observer program.

observer programs of the seven Parties that currently have them (Colombia, Ecuador, the European Union, Mexico, Nicaragua, Panama, and Venezuela), typically cover 50% of the trips by their respective fleets, except the Ecuadorian national program, which covers 33.3%. The remainder of the observer coverage is provided by the IATTC observer program.



**FIGURE 1.** Flow chart of the AIDCP budget

The funding of the IATTC observer program expenses is divided between the AIDCP budget, which pays 70%, and the IATTC budget, which pays 30% (see Document [CAF-10-01](#)). The IATTC’s 30% contribution, agreed at the inception of IATTC’s Tuna-Dolphin Program in 1977, reflects the minimum level of observer coverage required for the data collected to be statistically reliable.

As Secretariat of the AIDCP, the IATTC uses the same accounting system to record all income and expenditures of both the AIDCP and the IATTC. However, their control is managed independently in terms of accounting and financial reporting. Following the recommendations of the AIDCP Parties and the IATTC Members, a separate account has been opened for the AIDCP, and a study has been initiated to determine the additional costs associated with maintaining completely separate accounting and auditing.

## 2. STRUCTURE OF THE BUDGET

As shown in **Figure 1**, the AIDCP Income finances the expenditures that are grouped into two general categories: the Observer Program Costs, and Other Costs associated with the other activities related to the general implementation of the AIDCP.

### 2.1. Observer program expenses (70% covered by the AIDCP budget, 30% by the IATTC budget)

**2.1.1. Direct observer expenses** are allocated in this group of expenses as they include all costs incurred directly by the observers to perform their functions as follows:

- **Compensation and benefits** include all remunerations, bonuses, and insurance for IATTC observers. To create and maintain adequate pools of observers, the Secretariat continues to monitor and review observer compensation, recommending increases in compensation as needed. Observer compensation was last increased in 2014, and in the years immediately following

observer retention rates improved. However, after that period of almost 10 years and as explained in section 5.2.1, the Secretariat reiterates its recommendation that the observer pay rates be increased.

- **Travel** includes transportation, off-vessel lodging and meals while observers are on duty status.
- **Supplies and equipment** include data forms, equipment such as observer safety equipment, binoculars and calipers, and related gear repairs, replacement and maintenance.
- **Training** includes costs related to the training venue, travel expenses for instructors, including assistance to observer candidates, training materials, and room and board for both participants and instructors - all of which vary from year to year depending on the number of participants, number of trainings, and their corresponding location. Because of the difficulty to forecast the effective number of observers to be trained, which depends on many factors, such as the number of applications, the level of the demand for observers et cetera, these costs may be at variance, sometimes significantly, with projected budget needs.

**2.1.2. Indirect observer program expenses:** these expenses correspond to activities carried out by the Secretariat in support of the Observer program.

A shift was observed regarding their amount in the three years of reference (2022, 2023 and 2024). This results from a more precise and realistic evaluation of the time percentage to be allocated to each staff member according to how much of it they dedicate to the AIDCP Observer program.

**IATTC HQ staff:** IATTC staff time in this category is based upon a best estimate of how much time each member of the staff spends performing the following activities in support of the IATTC Observer Program. Some of these functions lie within the Data Collection and Database Program, while others lie within Policy and Compliance Division or are carried out jointly.

Prior to 2022, these costs were allocated in a simplified manner that did not take into account the more precise time allocation methodology as described above, with a blanket allocation of 70% of staff time under the IDCP budget to the indirect Observer program costs and 30% to the **AIDCP expenses (non-Observer)**.

An example of this allocation can be seen in the 2021 column of Table 1, where IATTC staff time under the Indirect Observer Program Costs is US\$ 894,350 (70%) and IATTC staff time under AIDCP Expenses is US\$ 383,293 (30%)<sup>5</sup>.

This time allocation was thoroughly reviewed for the sake of reflecting more accurately and transparently the time spent by each staff on activities related to the AIDCP Observer program and its activities. At the beginning of 2022, a series of changes to the IATTC cost allocations were implemented (see staff allocations in Addendum A), adjusting the manner in which staff salaries were allocated to the various IATTC categories (Administration, finance, human resources, policy and compliance, data collection and database program, biology program, stock assessment program, ecosystem and bycatch program and the management of the observer program) intending to provide a more transparent allocation of actual costs

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<sup>5</sup> It is important to note that a 70/30 partitioning was used in two distinct contexts, so as to avoid possible confusion. In the first instance, the costs of the observer program have traditionally been funded by the AIDCP (70%) and IATTC (30%) budgets, reflecting the determination that in the absence of the 100% observer coverage mandated under the AIDCP, the observer coverage rate for the collection of IATTC data should have been 30%, and so 30% of the total observer program expenses are covered via the IATTC budget. In the second instance, prior to 2022, a universal 70/30 split of the time IATTC staff spent between the Indirect Observer Program Expense categories and the AIDCP Expense categories in support of AIDCP was also used. That is, it was assumed that overall, 70% of IATTC staff time spent on AIDCP issues was related to the observer program and thus included in the Indirect Observer Costs category where it was then subject to the 70/30 split of observer program expenses funded by both the AIDCP and IATTC budgets. The remaining 30% of IATTC staff expenses attributable to AIDCP work was then included under AIDCP Expenses, which are 100% funded through the AIDCP budget. We mention this here because we are concerned that the use of a 70/30 split in two completely different contexts may have been a source of confusion for some Parties.

based on staff time spent on each of the programs. What this meant for the AIDCP budget calculations is that IATTC staff efforts in the context of work on the AIDCP were no longer split 70% into Indirect Observer Program Costs and 30% AIDCP Expenses categories. Rather, staff time is examined on an individual basis to determine how much of their AIDCP-related efforts are in support of the observer program and how much of it is related to non-observer AIDCP matters (e.g., policy matters related to implementation of the Agreement, finance and administration, meeting document preparation, etc.).

Setting aside the imprecise blanket of 30% of time allocated to the non-observer related AIDCP activities and precisely evaluating the true percentage of time dedicated to these activities, which led to a substantive increase of that percentage, which is 100% covered through the AIDCP budget (see paragraph 2.2 below).

Thus, the Indirect Observer Program line that was US\$ 894,350 in 2021 was reduced to US\$ 631,467 in 2022; while at the same time the AIDCP Expenses which were US\$ 383,293 in 2021 increased to US\$ 727,742 in 2022- an increase of US\$ 344,449 in a category that is funded 100% through the AIDCP budget.

**IATTC F.O. Staff** include salaries and benefits in support of the On-Board Observer Program and utilizes allocations specific to each field office location. Each field office allocation is contemplated at the beginning of each year by the Director and the Observer Program Supervisor and is adjusted as needed depending on the focus of work performed at each location. The distributions by field office are described more in detail under the IATTC Field Office operating expenses heading below.

Examples of the key tasks that are related to the On-Board Observer Program and which are performed at Headquarters and Field Offices include the following (tasks shared among locations are marked with \*):

#### **IATTC HQ staff key tasks**

- Coordination with vessels and companies regarding observer placement and the timing of vessel departures and arrivals\*
- Assignment of observers to purse-seine vessels\*
- Observer data entry\*
- Observer data editing\*
- Observer data analysis
- Observer Trainings\*
- Captains Trainings/Workshops\*
- Net Alignments\*
- Coordination, assistance, and exchange of observer data with national programs
- Data inquiries in response to requests coming from Parties to the AIDCP
- AIDCP Participation Statement for the Industry, as well as support in providing fishing records for captains, as requested by the industry
- Data inquiries coming from scientific staff in support of AIDCP projects or investigations
- Data inquiries related to the production of AIDCP meeting documents
- Coordination with national and international authorities and other companies, regarding at-sea emergencies reported by observers using their safety devices\*.

#### **IATTC F.O. Staff key tasks**

- Coordination with vessels and companies regarding observer placement and the timing of vessel departures and arrivals\*
- Provision of logistical support leading to the observer boarding of the vessel
- Assignment of observers to purse-seine vessels\*
- Observer introduction meetings
- Communications with observers at sea
- Debriefing
- Data entry\*
- Data editing\*
- Observer Training\*

- Captains Trainings/Workshops\*
- Net Alignments\*
- Coordination with national and international authorities and other companies, regarding at-sea emergencies reported by observers using their safety devices\*.

**2.2. AIDCP expenses aimed at supporting the implementation of the AIDCP and not related to the Observer program:** these expenses, which correspond to all other activities that are carried out by the Secretariat in general support of the implementation of the AIDCP are 100% covered by the AIDCP budget. Following the same structure allocation described under the indirect expenses of the observer program described earlier in this document, the staff allocations relevant to the AIDCP direct expenses are as follows:

**2.2.1. Other IATTC HQ staff expenses** needed for oversight and implementation of the AIDCP-related work, including the tasks performed by IATTC field office staff who represent a direct cost which is attributable to the AIDCP. These tasks include, but are not limited to:

- Guiding and coordinating IATTC Field Office personnel in implementation of policies, procedures and resolutions related to the AIDCP, its Annexes and relevant resolutions, and in particular those related to the Onboard Observer Program.
- Monitoring incoming communications from Parties or their vessels regarding implementation of the AIDCP.
- Assisting AIDCP Parties on their investigations regarding possible infractions to the AIDCP operational requirements, and therefore assisting with the pertinent communications with AIDCP Observers.
- Assisting the Director in preparation of responses to requests coming from the Parties or other AIDCP constituents
- Sending compliance related communications to Parties
- Responding to inquiries on the ETP fishery for tuna in association with dolphins, such as inquiries by AIDCP Parties, and by governmental or non-governmental entities, as well as individual researchers and the general public.
- Preparation, post and circulation of meeting documents in the two working languages of the AIDCP and the IATTC including translation
- Financial administration of the AIDCP budget and expenses
- Logistical support for AIDCP meetings
- IT and Technical support for many things, including data bases, web site, and meeting support
- Global oversight of AIDCP by the Director and Head of the Policy and Compliance Division
- Coordination, oversight and execution of AIDCP-related research

**2.2.2. AIDCP meetings** include a portion of the annual meeting costs related to those days in which the AIDCP takes place as well as other meetings held during the year.

**2.2.3. AIDCP captains training seminars** , include IATTC HQ staff transportation, lodging, per diem, and venue.

### **2.3. Other IATTC F.O. operating expenses**

As mentioned earlier in the document, the allocation corresponding to each field office is evaluated at the beginning of each year by the Director and the Observer Program Supervisor and its level is adjusted as needed. In Table 5, a category of “field office operating expenses” appears twice- once under the Observer Program Expenses and then again under AIDCP Expenses (Non-Observer). This reflects the Secretariat’s determination that some portion of F.O. efforts are in direct support of the IATTC observer program, while others are related to the Non-Observer aspects of implementation of the AIDCP. This is why some field office expenses appear under each heading. The remaining field office operating expenses are attributed directly to the IATTC budget. The relevant portions of these operating expenses could have been addressed in each of Sections 2.1. and 2.2., but by explaining them here separately, we can have a clearer overview as to how those expenses are allocated by office. The following comparison table shows the way in which

the expenses are allocated at each field office among these three categories.

	Field office allocations					
	IATTC Observer Program		AIDCP		IATTC	
	2022	2023	2022	2023	2022	2023
Manta	37%	40%	16%	10%	47%	50%
Playas	29%	40%	12%	10%	59%	50%
Manzanillo	34%	50%	15%	10%	51%	40%
Mazatlán	36%	50%	15%	10%	49%	40%
Cumaná	70%	70%	10%	10%	20%	20%
Panamá City	50%	70%	21%	20%	29%	10%

The category of “Field office operating expenses” includes, but is not limited to the following expenditures:

- **General operating expenses** includes facilities rent and maintenance, equipment maintenance (excluding computers), storage, utilities, insurance, telephone, office machines and supplies.
- **Purchase and maintenance of computer equipment** refers to computer hardware and software to include license agreements.
- **Printing, and postage** includes all costs related to postage and printing needs.
- **Staff travel:** includes mileage, tolls and subsistence costs incurred by F.O. staff members to go to the airport to transport observers to and from ports, vessel management and agency offices, etc.
- **Field office accounting services** includes professional services rendered for preparation of reporting of observer compensation and benefits.
- **Field office vehicle purchase and maintenance** includes purchase of vehicles, maintenance, fuel costs and parking.
- **Bank and other fees** include all bank fees, property insurance, vehicle registrations and regulatory agency fees such as port permits.

### 3. PROGRAM EXPENSES, 2018-2022

**Table 1** illustrates AIDCP expenses during 2018-2022, broken down by the two expenditure categories (*Observer program expenses* and *AIDCP expenses (non-observer)*) and are further detailed by their respective cost components.

TABLE 1. Expenses, 2018-2022 (US\$)	2018	2019	2020	2021	2022
	AIDCP -39-01	AIDCP -41-01	AIDCP-43-01	AIDCP-44-01	AIDCP-46-01
<b>OBSERVER PROGRAM EXPENSES<sup>6</sup></b>					
<b>Direct Observer expenses:</b>					
Compensation and benefits	1,556,161	1,519,790	1,303,168	1,415,276	1,543,687
Travel	54,966	69,160	16,548	33,949	63,802
Supplies and equipment	15,252	11,037	11,769	9,652	70,631
Training	7,782	14,983	-	-	9,730
<b>Subtotal</b>	<b>1,634,161</b>	<b>1,614,970</b>	<b>1,331,485</b>	<b>1,458,878</b>	<b>1,687,851</b>
<b>Indirect Observer Program expenses:</b>					
IATTC HQ staff	713,090	744,014	827,298	894,350	631,467
IATTC F.O. staff	230,152	259,923	239,874	242,888	271,656
IATTC F.O. operating expenses	93,034	86,135	68,272	68,464	74,847
<b>Total observer program expenses</b>	<b>2,670,437</b>	<b>2,705,041</b>	<b>2,466,929</b>	<b>2,664,579</b>	<b>2,665,821</b>

<sup>6</sup> Covered 30% by IATTC / 70% by the AIDCP income to the Secretariat

<b>TABLE 1. Expenses, 2018-2022 (US\$)</b>	<b>2018</b> AIDCP -39-01	<b>2019</b> AIDCP -41-01	<b>2020</b> AIDCP-43-01	<b>2021</b> AIDCP-44-01	<b>2022</b> AIDCP-46-01
<b>AIDCP EXPENSES<sup>7</sup> (non-observer)</b>					
Other IATTC HQ staff expenses	305,610	318,863	349,994	383,293	727,742
Other functions of F.O. staff				104,080	116,352
AIDCP meetings	90,462	50,282	2,200	-	34,052
Captain seminars	-	4,525	1,673	-	-
Other AIDCP direct expenses	1,029	33,753	11,040	22,963	21,223
<b>Total, Other expenses</b>	<b>397,101</b>	<b>407,423</b>	<b>364,907</b>	<b>510,336</b>	<b>899,369</b>
<b>Total, AIDCP Observer Program expenses</b>	<b>3,067,538</b>	<b>3,112,465</b>	<b>2,831,836</b>	<b>3,174,915</b>	<b>3,565,190</b>

Through Resolution [A-19-01](#), the Parties approved a portion of the existing surplus as of December 31, 2018, to help fund the replacement of equipment within the national observer programs. This resulted in US\$ 207,269 in total funding earmarked for this purpose. The amount of this money allocated to each national program and the corresponding expenditures made against those amounts are as follows.

<b>Distribution of allocation of funds for national programs, Resolution A-19-01, in US\$</b>					
<b>National Program</b>	<b>Allocation</b>	<b>Amount Distributed</b>	<b>Purchases</b>		<b>Available</b>
			<b>2022</b>	<b>2023</b>	
Colombia	7%	14,716	1,832		12,884
Ecuador	32%	65,704	62,226		3,478
European Union	3%	6,840	4,579		2,261
Mexico	31%	64,253		11,800	52,453
Nicaragua	4%	8,913	1,868		7,045
Panama	12%	24,872	16,278		8,594
Venezuela	11%	21,971	7,733		14,238
<b>Total</b>	<b>100%</b>	<b>207,269</b>	<b>94,516</b>	<b>11,800</b>	<b>100,953</b>

#### 4. PROGRAM INCOME, 2022

##### 4.1. Vessel assessments

The primary source of funding for the AIDCP is the collection of vessel assessment fees. The current vessel assessment rate is US\$ 14.95 per cubic meter (m<sup>3</sup>) of well volume for all Class-6 purse-seine vessels that are listed as active in the IATTC Regional Vessel Register, as presently established in Resolution A-18-01 *on vessels assessments and financing*. This rate was agreed upon in 2014 and, therefore, has not been modified for almost 10 years. All assessment income is shared with the national observer programs, in proportion to their rate of coverage for relevant trips, up to 50%.

The second major source of income consists in the IATTC budgetary contribution to the AIDCP observer program of 30% of the total Observer Program Costs.

The third source corresponds to the assessments of vessels listed in the Regional Vessel Register as inactive or sunk, the assessment rate being US\$ 1.00 per cubic meter (m<sup>3</sup>) pursuant to Resolution A-18-01 mentioned above.

Table 2 summarizes AIDCP income and expenses in 2022.

<b>TABLE 2. AIDCP sources and uses of funds, 2022, in US\$</b>		<b>Actual</b>
1	Vessel assessments – Current Class 6 (US\$ 14.95/m <sup>3</sup> )	2,416,911
2	IATTC portion of observer program (30%)	799,746
3	Inactive and sunk vessels (US\$ 1.00/m <sup>3</sup> )	4,451
<b>Total AIDCP income to the Secretariat</b>		<b>3,221,108</b>

<sup>7</sup> Covered 100% by AIDCP

<b>TABLE 2. AIDCP sources and uses of funds, 2022, in US\$</b>		<b>Actual</b>
	<b>Total AIDCP Observer Program expenses</b>	<b>3,565,190</b>
	<b>Excess of expenses over revenue</b>	<b>(344,082)</b>
4	Vessel Payments- Classes 4 & 5	2,441
5	Class 6 Vessel assessments from prior years	26,038
6	Late fees	39,924
7	Vessels fishing outside of the agreement area	-
	<b>Deficit</b>	<b>(275,679)</b>

1. Assessments paid by all Class-6 vessels on the IATTC [Regional Vessel Register](#) for the 2022 program year
2. The IATTC general budget, which covers 30% of observer program expenses.
3. Assessments paid by sunk and inactive Class-6 vessels.
4. Assessments paid by smaller purse-seine vessels required to carry an observer.
5. Size class 6 vessel payments received from prior year assessments.
6. Late fees paid by all vessels on the IATTC [Regional Vessel Register](#) for the 2022 program year.
7. Expenses reimbursed by the vessel owners when the vessels operate west of the 150°W Meridian.

#### 4.2. Accumulated surplus

The accumulated surplus which was reported in document [AIDCP-46-01](#) of US\$ 2,430,492 as of 31 December 2021 was inaccurate. Funds in the amount of US\$ 207,269, in accordance with Resolution A-19-01 for funding of national observer programs, should have been accounted for only in 2019; however, they were also mistakenly deducted in 2020 and 2021. The surplus thus reported was therefore less than the actual surplus as reflected, with a difference of US\$ 414,538. **Table 3** illustrates these differences and the resulting corrections of the previously presented figures.

		<b>Published</b>	<b>Corrected</b>
<b>TABLE 3. Status of AIDCP funds on 31 December 2022</b>		<b>US\$</b>	<b>US\$</b>
AIDCP-41-01	Surplus on 31 December 2018	2,072,689	2,072,689
	Allocation of funds for National Programs	(207,269)	(207,269)
	2019 surplus	278,651	278,651
	<b>Surplus on 31 December 2019</b>	<b>2,144,071</b>	<b>2,144,071</b>
AIDCP-43-01	Surplus on 31 December 2019	2,144,071	2,144,071
	Allocation of funds for National Programs	(207,269)	
	2020 surplus	451,284	451,284
	<b>Surplus on 31 December 2020</b>	<b>2,388,086</b>	<b>2,595,355</b>
AIDCP-44-01	Surplus on 31 December 2020	2,388,086	2,595,355
	2021 surplus	249,675	249,675
	Total surplus available at 2021 before allocation of National Program Funds	2,637,761	2,845,030
	Allocation of funds for National Programs	(207,269)	
	<b>Surplus on 31 December 2021</b>	<b>2,430,492</b>	<b>2,845,030</b>

The **corrected Table 3** now reflects the evolution of the accumulated surplus in 2021 and 2022.



<b>TABLE 3 CORR. Status of AIDCP funds on 31 December 2022</b>		<b>US\$</b>
Surplus on 31 December 2021		<b>2,845,030</b>
2022 deficit		<b>(275,679)</b>
<b>Surplus on 31 December 2022</b>		<b>2,569,351</b>

Several Parties have commented their preference to not use the surplus toward operational deficits in any given year; however, the Secretariat has not been given clear instructions on how this situation may be averted when available funding is exhausted.

A significant factor affecting the continued operational deficits is that the vessel assessment rate has not been increased for over a decade, which means that the income is not commensurate with the level of expenses needed to carry on with all the activities related to the implementation of the observer program in full compliance with the AIDCP.

#### **4.3. Outstanding vessel assessments**

As shown in **Table 4**, as of 30 June 2023, thirteen vessels currently have outstanding assessments from 2012-2023 totaling US\$ 638,851, of which US\$ 382,200 pertains to the IATTC observer program, with the remainder of US\$ 256,652 due to two national programs (US\$ 41,619 (ECU) and US\$ 215,033 (VEN)).

<b>TABLE 4. Vessels with assessments outstanding, as of 30 June 2023<sup>8</sup></b>			
<b>Vessel</b>			<b>Arrears</b>
<b>Flag</b>	<b>Name</b>	<b>Years</b>	<b>US\$</b>
ECU	<i>Alize</i>	2023	12,614
ECU	<i>Delia</i>	2023	16,363
ECU	<i>Don Ramón</i>	2023	28,285
ECU	<i>Vicente</i>	2021-2023	82,902
VEN	<i>Albamar I</i>	2012-2023	159,245
VEN	<i>Atlántico</i>	2019-2023	8,309
VEN	<i>Carmela</i>	2022-2023	29,874
VEN	<i>Cayude</i>	2023	18,830
VEN	<i>Curimagua</i>	2023	22,382
VEN	<i>Guayacán</i>	2020	12,745
VEN	<i>Las Aves</i>	2019-2020	4,700
VEN	<i>Rocinante</i>	2014-2023	104,666
VEN	<i>Tunapuy</i>	2012-2023	137,938
<b>Total</b>			<b>638,851</b>

## **5. RECOMMENDED BUDGET, 2024**

Projecting future AIDCP budgetary needs and making allowances for unpaid assessments requires the Secretariat to rely on the previous year's fiscal results to forecast future needs; however, direct observer program expenses can fluctuate greatly depending on the number and duration of trips made, the cost of travel, local observer availability, the use of cross-endorsed observers, *etc.* Similarly, revenue can vary according to how much capacity is active each year, assessments paid in a timely manner, vessels changing flag, prior year assessment payments and late fees paid.

**Table 5** presents actual expenses for the 2022 fiscal year, the Secretariat's best estimate of anticipated income and expenditures in 2023, and the 2024 recommended budget.

<sup>8</sup> Payments made after 1 July will be presented at the Meeting of the Parties.

TABLE 5. 2022-2024 budgets (US\$)	2022	2023	2024
	Actual	Forecast	Recommended
<b>AIDCP INCOME</b>			
Vessel assessments - Class 6	2,416,911	2,400,000	2,813,960
IATTC portion of observer program (30%)	799,746	814,515	822,158
Inactive and sunk vessel assessments	4,451	10,000	10,000
<b>TOTAL OPERATIONAL INCOME</b>	<b>3,221,108</b>	<b>3,224,515</b>	<b>3,646,118</b>
<b>OBSERVER PROGRAM EXPENSES<sup>9</sup></b>			
<b>Direct Observer expenses:</b>			
Compensation and benefits	1,543,687	1,550,000	1,560,000
Travel	63,802	85,000	85,000
Supplies and equipment	70,631	75,000	76,875
Training	9,730	20,000*	30,000
<b>Subtotal</b>	<b>1,687,851</b>	<b>1,730,000</b>	<b>1,751,875</b>
<b>Indirect Observer Program expenses:</b>			
IATTC HQ staff:	631,467	537,552*	550,991
IATTC F.O. staff	271,656	350,498*	359,260
Field office operating expenses			
General operating expenses	23,354	45,000	30,000
Purchase and maintenance of computer equipment	4,017	6,000	4,100
Printing, postage, and publication	17,016	14,000	10,000
Staff travel	4,079	4,000	4,100
Field office local accounting services	10,944	8,000	8,200
Field office vehicle purchase and maintenance	13,973	18,000	20,000
Bank and other fees	1,465	2,000	2,000
<b>Total, Observer program expenses</b>	<b>2,665,821</b>	<b>2,715,050</b>	<b>2,740,526</b>
<b>AIDCP EXPENSES (NON-OBSERVER)<sup>10</sup></b>			
Other IATTC HQ staff expenses	727,742	685,781*	702,926
Other functions of F.O. staff	116,352	80,000*	80,091
AIDCP meetings	34,052	85,000*	87,125
Captain seminars	-	5,000	10,000
Other field office operating expenses			
General operating expenses	9,083	12,000	12,300
Purchase and maintenance of computer equipment	459	1,000	1,025
Printing, postage, and publication	1,785	1,000	1,025
Staff travel	483	1,000	1,025
Field office local accounting services	2,251	2,000	2,050
Field office vehicle purchase and maintenance	5,961	10,000	7,000
Bank and other fees	1,201	1,000	1,025
<b>Total, Other expenses</b>	<b>899,369</b>	<b>883,781</b>	<b>905,592</b>
<b>TOTAL AIDCP PROGRAM EXPENSES</b>	<b>3,565,190</b>	<b>3,598,831</b>	<b>3,646,118</b>
Revenue over/(under) expenditures	(344,082)	(374,316)	-
Other income	68,403	50,000	-
<b>Surplus/(Deficit)</b>	<b>(275,679)</b>	<b>(324,316)</b>	<b>-</b>

<sup>9</sup> Covered 30% by the IATTC, 70% by vessel assessments

<sup>10</sup> Covered 100% by the AIDCP

\* Budget items with significant fluctuations are explained in [Section 5.1](#).

## **5.1. Explanation of significant fluctuations for select categories**

Five items in the forecast 2023 budget reflect significant decreases and increases from previous years.

### **5.1.1. Observer training**

The reactivation of normal activities after the pandemic allowed for the resuming of the cycle of training courses that the Secretariat had been conducting since the establishment of the observer program. Likewise, in June 2023, the Secretariat held a training course at Panamá City with 13 participants, including one for the Panamanian Observer Program. Of these, 11 participants were selected to be observers on the purse-seine fleet, four of whom were women; indeed, it was the first time in the history of the program where the training courses resulted in the successful placement of a female candidate on a vessel.

US\$ 30,000 has been included in the 2024 budget to cover the cost of the training courses that the Secretariat is planning to conduct during that fiscal year.

### **5.1.2. IATTC HQ staff and Other IATTC HQ staff expenses**

As described above, an updated analysis of the work performed by both headquarter and field office staff charged to this budget provided evidence that the respective allocations did not properly reflect the right proportion of work performed within each category. For that reason, a reallocation was made effective at the onset of fiscal year 2022 within the Observer Program and AIDCP listed expenditures. The impact of this reallocation can be seen within **Table 5**, affecting both the 2023 forecast as well as the 2024 recommended budget. A decrease may be noted, which results from a modification in the functions of three staff members, thereby affecting their time allocation to activities in the program (see **Addendum A**).

### **5.1.3. F.O. staff and Other functions of F.O. staff**

Similarly, both an increase and decrease, respectively, can be noted that result from a re-evaluation of the distribution of the percentages used in each of these two items as described in the comparative table in the Observer Program Costs section.

### **5.1.4. AIDCP meetings**

The 2023 annual meeting expenses of approximately US\$ 35,000 associated with the AIDCP has been added to this line item.

## **5.2. Recommendations not incorporated into the 2024 recommended budget**

### **5.2.1. Observer compensation and benefits: increase of observer pay rates**

The success of the IATTC observer program relies upon the Secretariat's ability to maintain a pool of observers with an appropriate level of education and training, so that they can perform their duties successfully and collect high-quality data. In view of the nature of these duties, a fundamental requirement for AIDCP observers is a university degree in biology or its equivalent. To attract and maintain an adequate number of qualified observers, the program must offer competitive salaries, considering the time away from home and the working conditions that are part of the job.

During 2022, as the Parties and their fishing sectors emerged from the COVID pandemic and operations started to normalize, the observer exemption was discontinued. Offering competitive compensation has become key once again in terms of attracting enough qualified, new biologists in order to avoid situations where vessel have to wait for extended periods in port for observers to become available since operating with an exemption is no longer an option.

The Secretariat strongly believes that the current situation in terms of level of remuneration cannot but lead to a lack of interest among qualified biologists with the resulting risk of high rates of attrition of trained observers.

The Secretariat remains concerned that working as an IATTC observer is becoming a less-attractive option for college graduates in Latin America. Not only does the pay compare unfavorably with other jobs requiring similar qualifications (an experienced observer who spends six to nine months per year at sea earns about US\$ 10,000-14,500, a bare subsistence-level income for a family), but observers have to spend long periods away from home and family, in sometimes difficult conditions, with no guarantee of continued employment and no benefits such as paid vacations.

Observer shortages not only result in delayed departures for vessels, but also increase program costs, because observers need to travel from other areas to cover trips from ports where shortages occur, and additional training courses must be held for new observers. The Secretariat therefore considers it necessary to again increase IATTC observer pay to remain competitive with other international observer programs in the region and other opportunities available for qualified individuals.

Observer daily pay rates were last increased in 2014 from a range of US\$ 39-45 to US\$ 48-55 to address low retention rates, and before that had not been increased since 2006. So, in effect, compensation for IATTC purse-seine observers has only been increased once in the last 17 years and not at all in the last 9 years. Additionally, at the time of the raise that was approved in 2014, IATTC staff noted that experienced IATTC observers were still earning less than their counterparts in the WCPFC and Transshipment observer programs, even though they have to meet more stringent requirements to be qualified. This situation was recognized both in 2016 by the 33<sup>rd</sup> Meeting of the Parties, which noted *“the urgent need to offer fair, competitive salaries to observers in order to have an observer pool large enough to meet the demand, retain experienced observers, and to reduce incentives for possible corruption,”* and again more recently at the 45<sup>th</sup> Meeting of the Parties held in La Jolla in October 2022. Although a majority of the Parties did acknowledge the need to increase the observer compensation rates and to finance this increase in observer remunerations with part of the surplus for three years and subsequently increase the contribution per vessel to maintain the costs of this increase, a consensus on how to address the increase was not reached, and the pay disparity with their counterparts continues to increase.

### 5.2.2. Proposed increase

For the reasons outlined above, the Secretariat continues to recommend that the compensation for IATTC observers needs to be increased as follows:

<b>Current and planned observer pay rates, in US\$/day</b>			
<b>Observer experience (days at sea)</b>	<b>Current (2014-2023)</b>	<b>2024</b>	<b>2025</b>
0-200	48.00	55.00	65.00
> 200	55.00	65.00	75.00

In 2022, IATTC observers were deployed for 23,133 days. Assuming a similar level of activity in 2024, an increase of US\$ 10 in daily pay would increase observer compensation costs by approximately US\$ 231,000, or about US\$ 260,000 including taxes and other benefits. The Secretariat also proposes to increase IATTC observer base pay by a further US\$ 10 in 2025, to US\$ 75, to improve the competitiveness of these positions.

It is important to note that the salaries shown in the previous table are 4.45 times lower than the salaries paid to the observers on board in the transshipment program:

<b>Observer salaries differences Transshipment program (TP) - AIDCP-</b>			
<b>Sea days required for grade</b>	<b>Sea day (US\$)</b>		<b>Difference TP &amp; AIDCP</b>
	<b>Transshipment program</b>	<b>AIDCP program</b>	
0 - 200	From 215 to 231	48	445 %
> 200	From 236 to 265	55	

### 5.2.3. Supplies and equipment: observer safety equipment and subscriptions

In October 2018, the 38<sup>th</sup> Meeting of the Parties adopted Resolution [A-18-02](#) *on improving observer safety at sea: safety equipment*, which specified that observers be provided with (1) an independent two-way satellite communication device, and (2) a waterproof personal life-saving beacon. The Secretariat identified the InReach SE+ and ResQLink 400/406 as the most suitable devices ([MOP-36 INF-A](#)).

All InReach devices were successfully purchased and distributed in 2020 to all AIDCP programs. 2021 was the first full year where deployment of devices was completed, with annual service plans purchased and budgeted for in the amount of approximately US\$ 60,000 through 2024. Table 6 shows the number of deployed devices compared to the number of deployed observer trips. As with many of the issues on this report, deployment of devices was sometimes hindered by restrictions derived from the COVID-19 pandemic. The safety devices are now five (5) years of age and may soon begin to require replacement. The Secretariat recommends that a minimum of US\$ 26,000 be added to the budget to allow for the potential replacement of failing equipment.

Flag	Trips/units deployed by program			Total trips	% Trips assigned
	National program	IATTC	Total		
Colombia	23	18	41	43	95
Ecuador	117	216	333	334	100
EU-UE (ESP)	6	2	8	9	89
Mexico	98	92	190	190	100
Nicaragua	6	12	18	20	90
Panama	37	48	85	100	85
El Salvador		17	17	17	100
United States		38	38	41	93
Venezuela	13	25	38	47	81
<b>Total</b>	<b>300</b>	<b>468</b>	<b>768</b>	<b>801</b>	<b>96</b>

Addendum A	2021			2022			2023		
	IATTC obs. prog.	AIDCP	IATTC	IATTC obs. prog.	AIDCP	IATTC	IATTC obs. prog.	AIDCP	IATTC
Position	A <sup>1</sup>	B <sup>2</sup>	C ***	A *	B **	C ***	A *	B **	C ***
Director	0.14	0.06	0.80	-	0.20	0.80	-	0.20	0.80
Administration	0.18	0.08	0.75	-	0.25	0.75	-	0.25	0.75
Policy Advisor	0.25	0.11	0.65	-	0.35	0.65	-	0.35	0.65
Policy Advisor	0.25	0.11	0.65	-	0.35	0.65	-	0.35	0.65
Compliance and data analysis	0.56	0.24	0.20	0.40	0.40	0.20	0.40	0.30	0.30
Program Policy	0.25	0.11	0.65	0.25	0.25	0.50	-	0.30	0.70
Administration & Finance	0.21	0.09	0.70	-	0.30	0.70	-	0.30	0.70
Finance	0.11	0.05	0.85	-	0.15	0.85	-	0.15	0.85
Finance	0.11	0.05	0.85	-	0.15	0.85	-	0.15	0.85
Finance	0.11	0.05	0.85	-	0.15	0.85	-	0.15	0.85
Admin support	0.11	0.05	0.85	-	0.15	0.85	-	0.15	0.85
Admin support	0.11	0.05	0.85	-	0.15	0.85	-	0.15	0.85
Translation	0.14	0.06	0.80	-	0.20	0.80	-	0.20	0.80
Technological support	0.14	0.06	0.80	0.11	0.10	0.79	0.11	0.10	0.79
Coord. of Scientific Research	0.11	0.05	0.85	-	0.15	0.85	-	0.15	0.85
Data analysis and reporting	0.14	0.06	0.80	-	0.20	0.80	-	0.20	0.80
Data analysis and reporting	0.07	0.03	0.90	0.10	-	0.90	0.10	-	0.90
Data analysis and reporting	0.18	0.08	0.75	-	0.25	0.75	0.10	-	0.90
Bycatch specialist				0.10	-	0.90	0.10	-	0.90
Data analysis and reporting				0.10	-	0.90	0.10	-	0.90
Data analysis and reporting	0.07	0.03	0.90	-	0.10	0.90	-	0.10	0.90
Data analysis and reporting	0.14	0.06	0.80	0.10	0.03	0.87	0.10	0.03	0.87
Data analysis	0.14	0.06	0.80	0.10	0.03	0.87	0.10	0.03	0.87
Data analysis	0.11	0.05	0.85						
Data entry	0.35	0.15	0.50	0.45	0.05	0.50	0.45	0.05	0.50
Data entry	0.55	0.24	0.21						
Head of program	0.55	0.24	0.21	0.80	0.20	-	0.15	0.05	0.80
Data Editor	0.56	0.24	0.20	0.70	0.05	0.25	0.70	0.05	0.25
Data Editor	0.56	0.24	0.20	0.80	-	0.20	0.80	-	0.20
Technological support	0.14	0.06	0.80	0.11	0.10	0.79	0.11	0.10	0.79
Technological support	0.14	0.06	0.80	0.11	0.10	0.79	0.11	0.10	0.79
Technological support	0.14	0.06	0.80	0.11	0.10	0.79	0.11	0.10	0.79
Technological support							0.11	0.10	0.79

Technological support	0.14	0.06	0.80	0.11	0.10	0.79
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\* Percentage of activities specifically related to the observer program  
(70% AIDCP / 30% IATTC)

\*\* Percentage of other AIDCP-related activities (100% AIDCP)

\*\*\* Staff expenses 100% IATTC

<sup>1</sup> Reflects an estimated 70% of the total percentage related to the observer program and the AIDCP

<sup>2</sup> Reflects an estimated 30% of the total percentage related to the observer program and the AIDCP