

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

INTERNATIONAL REVIEW PANEL

WORKING GROUP ON VESSEL ASSESSMENTS AND FINANCING

2<sup>ND</sup> MEETING

LA JOLLA, CALIFORNIA (USA)

3 FEBRUARY 2003

DOCUMENT VA-2-04

AIDCP BUDGET

**1. BACKGROUND**

At the 27<sup>th</sup> meeting of the IRP in June 2001, the Secretariat indicated that the current level of vessel assessments will not be enough to cover the costs related to the AIDCP for 2002, and proposed an increase in these assessments to US\$13.91 per cubic meter of well volume. The IRP did not support the proposed increase.

At its 5<sup>th</sup> meeting, held in August 2001, the IATTC Working Group on Finance addressed the shortfall in the IATTC general budget and was advised of the expected deficit related to the IDCP. The Working Group agreed that the IATTC should pay no more than 30% of the costs associated with the AIDCP On-Board Observer Program for vessels of member states.

At the Meeting of the Parties to the AIDCP in October 2001, it was decided that the information relating to costs be broken down into finer detail for discussion at the next meeting of the IRP.

At its 29<sup>th</sup> and 30<sup>th</sup> meetings the IRP considered Documents IRP-29-13, *Proposals for reducing the costs of the IDCP*, and IRP-30-06, *Estimated budget deficit for 2002*. The Panel asked the Secretariat to prepare a further paper, including an analysis of the costs of the program incorporating, among other elements, charges for the services of net alignment during trial sets, seminars for fishing captains, issuing *dolphin safe* certificates, support from governments for the IATTC field offices, support provided by processing plants, and possible charges for the use of the AIDCP *dolphin safe* label bearing in mind the importance of not undermining the effectiveness and efficiency of the IDCP.

The 8<sup>th</sup> Meeting of the Parties in October 2002 adopted a resolution on financing the IDCP (attached), in which it was agreed that the vessel assessments paid for 2003 would be used to finance the 2002 deficit, and that the issue of the future financing of the IDCP should be decided at the meeting of the Working Group on Vessel Assessment and Financing in February 2003. The Parties also agreed that this issue should be resolved before introducing charges for net alignments and fishing captains' seminars. The Secretariat was requested to prepare detailed information on income and costs, including allocation of staff time, for that meeting.

The recommendations in this document for increasing revenue do not take account of the proposal by the European Union for an alternative to the current system of assessments (Document VA-2-07). That proposal, if adopted, would require a new calculation of vessel assessments.

**1.1. History of vessel assessments**

At the beginning of the IDCP in 1992 the vessel assessment was US\$10 per short ton of carrying capacity, equivalent to US\$9.42/m<sup>3</sup>. In 1994 this was increased to US\$12 per short ton (US\$11.30/m<sup>3</sup>) to compensate for the effects of inflation, and to US\$14.17/m<sup>3</sup> in 1998 to cover the additional services required with the entry into force of the AIDCP. However, the change from carrying capacity to well volume as the basis of the assessments resulted in a redistribution of the assessments among the fleet and a reduction in the assessment for 1999 to its current level of US\$12.552/m<sup>3</sup>.

## 1.2. Impact of the national programs on the costs and revenue of the program

There are currently four national programs:

	Introduced	Coverage		Introduced	Coverage
Ecuador	2001	34%	Mexico	1992	50%
European Union	2003	50%	Venezuela	2000	50%

These programs reduce the variable costs of the IDCP (observers and field office staff) but not the fixed costs of supporting the Agreement. However, the current financial arrangements, established at the beginning of the IDCP when these fixed costs were very low, do not take this into account: the Secretariat simply returns to each of these national programs a percentage of the corresponding national fleet's assessments equal to the percentage coverage of the national fleet by the national program. During 2002 the variable costs accounted for 74% of the total costs supported by the assessments; thus, 26% of the funds currently returned to national programs were previously available to cover fixed costs. Of the assessments received to date for 2003, the 26% amounts to US\$154,000. It is thus obvious that increases in coverage by national observer programs make the AIDCP budget situation more difficult.

## 2. FINANCIAL INFORMATION

Table 1 shows actual costs incurred for 2002 and the estimated costs and revenue for the IDCP forecast for 2003-2004. The estimates assume that inflation will increase general costs and salaries by 3%.

Revenue for 2003 and 2004 includes possible charges to cover the estimated costs of net alignments (trial sets) and seminars for captains and crew. Charges for net alignments could be based on actual costs or on a fixed fee plus travel costs and a variable charge based on days of staff time required. A fixed charge per person could be levied to attend captains' seminars.

If governments paid the rental costs for field offices, or provided office space, the overall cost and deficit of the IDCP budget would be reduced by approximately US\$9,000.

With the revenue described above, there is still an expected deficit of US\$236,701 and US\$274,175 in 2003 and 2004, respectively, as well as the deficit of US\$221,640 for 2002 to be recovered, a total deficit of US\$732,516. It is proposed that the shortfall be recovered during 2003 and 2004, requiring additional income of US\$366,258 in each of the two years. If this were done by charges to Parties, the charge might be allocated in proportion to the amount of tuna landed in each Party's ports. If the income were raised from vessel assessments, they would have to be increased to US\$15.43/m<sup>3</sup>.

The proposed increase for 2003 is greater than the level proposed in October 2002 (US\$13.91) because the income has to cover not only the 2003 costs but also the 2002 deficit, which the Parties agreed would be paid from the 2003 assessments.

Table 2 shows the line item detail supporting the summary of actual IDCP expenses for 2002 presented in Table 1.

Table 3 shows details of the allocation of the Secretariat staff's time to the various tasks that they perform in relation to the AIDCP.

## 3. RECOMMENDATIONS

The Secretariat proposes that the Panel recommend to the Meeting of the Parties that:

1. The Secretariat initiate charges to recover costs of seminars for captains and net alignments.
2. Governments pay a fee of US\$50 for each blank *dolphin safe* certificate.
3. Either the Parties pay a total of US\$366,258 in each of 2003 and 2004, distributed in proportion to the amount of tuna landed in each Party's ports during the previous year or on some other agreed basis, or agree to increase the vessel assessment from US\$12.552 to US\$15.43 per m<sup>3</sup>, representing an approximate annual increase of US\$2,878 for a 1,000 m<sup>3</sup> vessel.

TABLE 1. IDCP: Allocation of costs, 2002-2004.

TABLA 1. PICD: Distribución de costos, 2002-2004.

(US\$)	2002		2003	2004
	(actual—reales)	See Table 2 Ver Tabla 2	(projected—proyectados)	
<b>COSTS-COSTOS:</b>				
<b>Covered at 70%-Cubiertos al 70%</b>				
Gross costs-Costos brutos:				
Observers (wages, travel, equipment, training) Observadores (sueldos, viajes, equipo, entrenamiento)	\$1,235,964	A	\$1,260,683	\$1,285,897
IATTC scientific staff (part) Personal científico de la CIAT (porción)	594,433	B	606,322	618,448
IATTC field office staff and facilities (part) Personal e instalaciones de las oficinas regionales de la CIAT (porción)	208,321	C	212,487	216,737
Contract services for data entry Servicios por contrato para captura de datos	18,015	D	18,376	18,743
<b>Subtotal</b>	<b>\$2,056,733</b>		<b>\$2,097,868</b>	<b>\$2,139,825</b>
70% of/del subtotal	1,439,713		1,468,507	1,497,878
<b>Covered at 100%-Cubiertos al 100%</b>				
Net alignments (travel)				
Alineamientos de la red (viajes)	9,191	E	9,375	9,562
Seminars for captains and crew (travel) Cursos de entrenamiento para capitanes y tripulantes (viajes)	3,117	F	3,179	3,243
IATTC administrative staff (part) Personal administrativo de la CIAT (porción)	298,474	G	304,443	310,532
IDCP travel (field office staff) Viajes PICD (personal de oficinas regionales)	13,817	H	14,093	14,375
Meetings of Parties and IRP (including staff travel) Reuniones de las Partes y del PIR (inclusive viajes del personal)	50,740	I	51,755	52,790
Dolphin-safe certification Certificación <i>dolphin safe</i>	4,076	J	4,198	4,282
<b>TOTAL</b>	<b>\$1,819,128</b>		<b>\$1,873,701</b>	<b>\$1,911,175</b>
<b>REVENUE-INGRESOS:</b>				
Total vessel assessments paid Total de cuotas de buques pagadas	1,597,488		1,600,000	1,600,000
Net alignments Alineamientos de la red			20,000	20,000
Dolphin safe certificates Certificados <i>dolphin safe</i>			4,000	4,000
Captains seminars Cursos de entrenamiento			13,000	13,000
Surplus (deficit) – Superávit (déficit)	(221,640)		(236,701)	(274,175)

**TABLE 2.** IDCP: Detailed expenses, 2002 (US\$).

**TABLA 2.** PICD: Detalle de gastos, 2002 (US\$).

A	Observers Observadores	1,235,964	Travel—Viajes Salaries and benefits—Sueldos y prestaciones Equipment, forms, misc—Equipo, formularios, misc Training—Entrenamiento	90,047 1,114,861 9,263 21,793
C	IATTC field office staff and facilities (part) Personal e instalaciones de las oficinas regionales de la CIAT (porción)	208,321	Rent & storage (exc. utilities)—Alquiler y almacenamiento (exc. servicios públicos) Telephone—Teléfono Internet services—Servicio de internet Utilities—Servicios públicos Materials & supplies—Materiales y pertrechos Furniture & equipment—Muebles y equipo Equipment repair & maintenance—Reparación y mantenimiento de equipo Postage—Franqueo Printing & reproduction—Imprenta y copiado Meals & entertainment—Sustento y entretenimiento Vehicle (use and maintenance)—Vehículos (uso y mantenimiento). Contract labor—Mano de obra por contrato Contract labor (taxes)—Mano de obra por contrato (impuestos) Legal & professional fees—Honorarios legales y profesionales Property insurance—Seguros de propiedad Vehicle insurance—Seguros de vehículos Tax, license, fees & permits—Impuestos, licencias, cuotas y permisos	8,910 13,947 870 2,787 10,407 611 4,320 10,189 3,387 175 7,961 84,300 29,509 7,820 565 2,215 1,668
B	IATTC scientific staff (part) Personal de sede de la CIAT (porción)	594,433		
D	Contract services for data entry Servicios por contrato para captura de datos	18,015		
G	IATTC administration staff (part) Administración CIAT (porción)	298,474		
	<b>Subtotal</b>	<b>910,922</b>	Gross wages—Sueldos brutos FICA taxes—Impuestos de seguro social Retirement plan—Plan de retiro Group insurance—Seguro colectivo	770,728 56,435 28,220 55,539
E	Travel related to net alignments Viajes relacionados con alineamientos de la red	9,191		
F	Travel related to seminars for captains and crew Viajes relacionados con cursos de entrenamiento para capitanes y tripulantes	3,117		
H	IDCP travel (field office staff) Viajes PICD (personal de oficinas regionales)	13,817		
I	Travel related to Meetings of Parties and other AIDCP meetings Viajes relacionados con Reuniones de las Partes y otras del APICD	50,740		
J	Dolphin-safe certification Certificación <i>dolphin safe</i>	4,076		
	<b>Total</b>	<b>\$ 2,436,148</b>		

**TABLE 3:** IATTC staff time dedicated to AIDCP activities.

**TABLA 3:** Tiempo del personal de la CIAT dedicado a actividades del APICD.

<b>B. Scientific staff (part) -- Personal científico (parte): US\$611,958</b>			<b>%</b>
<b>Scientific staff</b> <b>Personal científico</b>	Chief Scientist Científico Jefe	Meeting preparation and attendance – Reuniones: preparación y asistencia	20
		Captain seminars – Seminarios de capitanes	11
		Correspondence—Correspondencia	24
		Database reporting – Informes sobre bases de datos	5
		<b>Total</b>	<b>60</b>
2 staff-personas	Statistical analyses of observer data – Análisis estadísticos de datos de observadores	Preparation of documents for meetings – Preparación de documentos para reuniones	5
		<b>Total</b>	<b>10</b>
<b>Secretarial</b> <b>Secretaría</b>	1 staff-persona	Secretarial support—Apoyo de secretaría	<b>60</b>
<b>Observer and data management</b> <b>Manejo de observadores y datos</b>	11 staff-personas	Captain seminars – Seminarios de capitanes	1
		Trial sets – Lances de prueba	2
		Observer database maintenance and reporting – Mantenimiento de base de datos de observadores e informes	30
		Meeting preparation and attendance – Reuniones: preparación y asistencia	4
		Maintenance of tuna tracking and dolphin safe systems – Mantenimiento de sistemas de seguimiento de atún y <i>dolphin safe</i>	2
		Observer training, management, and field manual – Observadores: entrenamiento, manejo y manual	13
		Correspondence—Correspondencia	7
		Data entry – Captura de datos	14
		IRP database (captains, infractions) – Base de datos del PIR (capitanes, infracciones)	8
		<b>Total</b>	<b>80</b>
<b>G. Administrative staff -- Personal administrativo: US\$286,115</b>			
<b>Director</b>			<b>28</b>
<b>Policy</b> <b>Política</b>	2 staff-personas	Correspondence--Correspondencia	18
		Meeting preparation and attendance – Reuniones: preparación y asistencia	15
		Preparation of minutes – Preparación de actas	7
		Dolphin Safe issues – Asuntos <i>dolphin safe</i>	5
		Miscellaneous, including implementation of resolutions (tuna tracking plans; non-party and other compliance issues; etc.) – Miscelánea, incluye instrumentación de resoluciones (planes de seguimiento de atún, cumplimiento por no partes y otras cuestiones de cumplimiento, etc)	5
		<b>Total</b>	<b>50</b>
<b>Computer support staff</b> <b>Personal de apoyo en informática</b>		Maintenance of computer hardware and operating system – Mantenimiento de computadores y sistema operativo	14
		Web site and illustrations – Sitio de internet y gráficas	7
		Database programming – Programación de bases de datos	8
		Others -- Otros	1
		<b>Total</b>	<b>32</b>
<b>Editing and translation</b> <b>Redacción y traducción</b>	2 staff-personas	Preparation of correspondence and documents – Preparación de correspondencia y documentos	<b>28</b>
Support services not charged to the AIDCP – Servicios de apoyo no cobrados al APICD			
<b>Accounting and personnel</b> <b>Contabilidad y personal</b>	2 staff-personas		
<b>Director's secretaries</b> <b>Secretarías del Director</b>	2 staff-personas		

## AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

### RESOLUTION ON FINANCING THE IDCP

10 October 2002

*The Parties to the Agreement on the International Dolphin Conservation Program (AIDCP):*

*Recalling* the commitment expressed in Article XV of the AIDCP that the Parties shall contribute to the expenses necessary to achieve the objectives of the Agreement, through the establishment and collection of vessel fees;

*Noting* the deficit in the funding for the International Dolphin Conservation Program in 2002;

*Anticipating* a further deficit in 2003 and successive years;

*Noting* the commitment of the Parties to provide to the Secretariat information on the well volume of each vessel as the basis for calculating these fees; and

*Recalling* the agreement by the 7<sup>th</sup> Meeting of the Parties to verify, by independent measurement, the information on the well volume of each vessel provided to the Secretariat;

*Agree:*

1. To use the vessel assessments paid for 2003 to finance the deficit in 2002.
2. At the meeting of the Working Group on Vessel Assessments and Financing in January 2003, to:
  - a. review and determine the services and associated costs necessary to achieve the objectives of the Agreement;
  - b. determine the actions, including adjusting the level of vessel assessments, necessary to eliminate the deficit in 2002 and 2003 and fund the program adequately in future years.
3. That, in accordance with Annex II, paragraph 2, of the AIDCP, the On-Board Observer Program shall cease assigning observers to vessels in 2003 and subsequent years once the funds available for the year are exhausted. Should the funds available for a year prove insufficient due to reasons unforeseen at the time the level of funding for that year was agreed, other options may be considered.
4. To recommend, on the basis of a draft budget prepared by the Secretariat for the meeting of the IRP in January, a budget for the IDCP to the Meeting of the Parties in June of each year.
5. That the Parties and the Secretariat shall continue seeking funding alternatives, and consider, as necessary, cuts in the AIDCP budget, in the short, medium and long term, to address the financial problems affecting the IDCP.