

AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

33RD MEETING OF THE PARTIES

La Jolla, California (USA)
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DOCUMENT MOP-33-06 Corr.

AIDCP BUDGET

1. BACKGROUND

The [Agreement on the International Dolphin Conservation Program](#) (AIDCP) is a legally-binding multi-lateral agreement that entered into force in February 1999. Pursuant to Article VII, paragraph 1(t), and Article XIV, paragraph 3, of the Antigua Convention, the Inter-American Tropical Tuna Commission (IATTC) provides the Secretariat for the Agreement and performs certain other functions. This document describes how, as Secretariat for the AIDCP, the IATTC staff accounts for the AIDCP program funds.

The AIDCP budget is funded primarily by assessments paid by participating vessels, and covers all costs of meetings, certain other costs associated with the IDCP, administration costs, and 70% of the cost of the IATTC observer program. The remaining 30% is covered by the IATTC (see Document [CAF-04-04](#)).

The IATTC's 30% contribution to the costs of the observer was established by the Commission at the inception of its Tuna-Dolphin Program in 1977, and reflects the level of observer coverage of large purse-seine vessels¹ required for the data collected to be statistically reliable.

The AIDCP mandates 100% observer coverage of fishing trips by large purse-seine vessels in the EPO, and allows for up to 50% of the trips to be covered by national observer programs. Seven Parties have national observer programs and their respective rates of coverage are reflected in **Table 1**. All income is shared with the national programs according to their respective coverage. The IATTC observer program covers the rest of the trips made by vessels of those fleets, and 100% of the trips by vessels of El Salvador, Guatemala, Peru, and the United States², which do not have national programs.

Colombia	50%
Ecuador	33.3%
European Union	50%
Mexico	50%
Nicaragua	50%
Panama	50%
Venezuela	50%

¹ Carrying capacity greater than 363 t (IATTC Class 6)

² US vessels are occasionally covered by observers from the Western and Central Pacific Fisheries Commission program, with which the IATTC has an agreement of mutual endorsement

2. STRUCTURE OF PROGRAM COSTS

As shown in **Figure 1**, AIDCP expenditures can be grouped into two general categories: costs related to the On-board Observer Program, and costs associated with other functions under the Agreement.

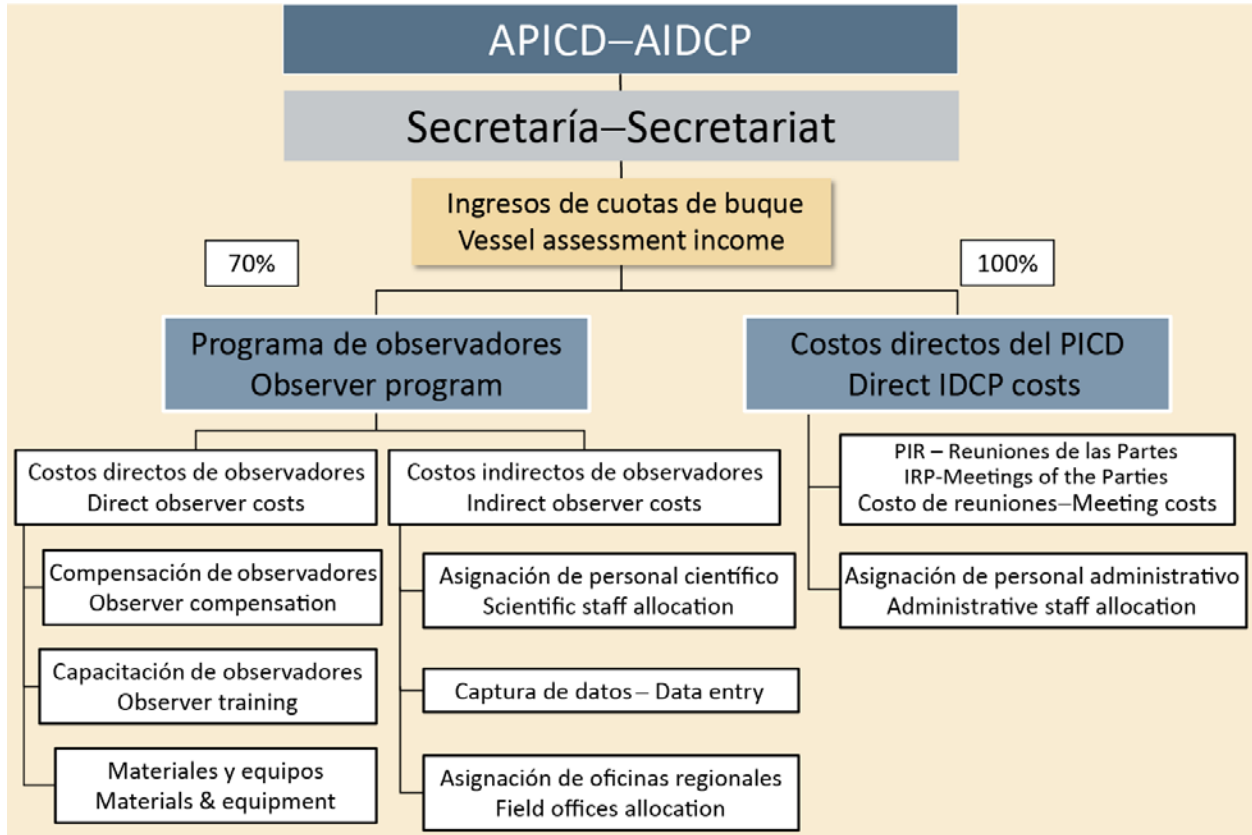


FIGURE 1. Flow chart of the AIDCP budget

A. ON-BOARD OBSERVER PROGRAM COSTS (70% covered by AIDCP budget)

Direct Observer Costs

Observer compensation and benefits includes all wages, bonuses, insurance, and related employment costs. The increase in observer compensation implemented in 2014 appears to have improved observer retention somewhat, but observer shortages persist in some locations. In an effort to create and maintain adequate pools of observers, the Secretariat plans to monitor and review observer compensation and implement increases, as needed, following notification to the Parties. At this time the Secretariat plans to again evaluate observer compensation in 2016 in order to consider the possibility of another increase in 2017.

Observer travel costs include transportation and costs such as meals while observers are on duty status. These costs peaked in 2013 when a great number of observers were required to travel to distant ports to join their assigned vessels due to the unavailability of local observers. Since then these costs have declined as expected as a result of observer trainings that have increased the number of available observers at the local level to better meet regional demand.

Observer supplies and equipment include data forms, equipment such as binoculars, calipers, and rulers, and related maintenance.

Observer training costs vary from year to year, depending on the number and location of training courses. The cost of the courses depends on the venue, travel costs for instructors, training materials, and room and board for both participants and instructors. Because the number of courses offered in any given year is a reflection of observer supply and demand, in some years additional, unanticipated training and expenses become necessary. For example, in 2015 it was necessary to hold a training course in Panama, where the costs of the venue and of travel were almost double those in Ecuador.

Indirect Observer Costs

IATTC HQ scientific/technical staff monitor observer placements, gather, process, edit and analyze observer data. They also prepare reports for the Parties based upon the information that is compiled; they also guide **IATTC field office** personnel in proper execution of policies, procedures, and resolutions established by the Parties. Because the HQ scientific/technical staff costs along with the field offices are directly related to the on-board observer program, they are partially funded by the IATTC. **Table 2** shows the relative percentage of the staff's time allocated to AIDCP-related work.

B. DIRECT IDCP COSTS (100% covered by AIDCP budget)

Several IATTC staff members support the AIDCP in varying capacities other than providing scientific / technical assistance. The **IATTC HQ administrative staff** oversees the entire AIDCP program, and is thus a direct cost, 100% chargeable to the AIDCP. **Table 2** shows the relative percentage of the staff's time allocated to AIDCP-related work.

The meetings of the AIDCP Parties held in the fall, and **other AIDCP direct costs** such as bank fees, postage, printing and reproduction, also support the AIDCP program directly and are therefore included as expenditures 100% chargeable to the AIDCP. As elaborated in previous budget documents, only the fall meetings are included in this grouping, as the summer meetings coincide with the IATTC annual meetings, which are covered either by the hosting Member or, if no Member hosts them, by the IATTC operating budget.

Table 2 shows the allocation of the Secretariat staff's time to the tasks they perform in relation to the IDCP in 2015.

TABLE 2. Allocation of IATTC headquarters staff time to AIDCP

Scientific/technical	% allocation	Administrative	% allocation
Head of program	79	Director	20
Data entry	50	Policy advisor	35
Data entry	50	Information technology support	20
Program oversight	50	Information technology support	20
Data entry	80	Website support	20
Data analysis	9	Policy advisor	35
Data editor	80	Tuna tracking database	11
Data editor	80	Database support	20
Data analysis and reporting	9	Translation	20
Data entry	50		
Compliance and data analysis	80		
Program policy	79		

3. PROGRAM EXPENDITURES, 2011-2015

Table 3 illustrates AIDCP expenses during 2011-2015, broken down by the two expenditure categories (*On-board observer costs (A)* and *Other costs (B)*).

On-board observer costs are further broken down into **Direct costs**: observer compensation and benefits, travel, supplies and equipment, and training; and **Indirect costs**: IATTC headquarters staff and field office cost allocations, which fulfill critical functions in providing information to the AIDCP Parties.

TABLE 3. Expenses, 2011-2015, in US\$

	2011 MOP-25-06	2012 MOP-27-06	2013 MOP-29-06	2014 MOP-31-06	2015 MOP-33-06
A. ON-BOARD OBSERVER COSTS³					
Direct costs:					
Observer compensation and benefits	1,101,758	1,138,921	1,156,285	1,390,139	1,501,287
Observer travel	80,292	74,976	94,658	80,203	73,479
Supplies and equipment	14,243	10,347	16,077	12,337	16,743
Training	4,152	7,910	6,040	21,025	19,609
Subtotal	1,200,445	1,232,154	1,273,060	1,503,704	1,611,118
Indirect costs:					
IATTC HQ staff: scientific/technical	759,560	730,769	769,407	772,713	667,170
IATTC field offices	326,329	317,440	326,430	337,391	364,243
Total, On-Board observer costs	2,286,334	2,280,363	2,368,897	2,613,808	2,642,531⁴
B. OTHER COSTS⁵					
IATTC HQ staff: administrative	310,243	297,251	323,354	314,848	377,497
AIDCP meetings	55,141	74,304	12,170	17,456	14,805
Other AIDCP direct costs	9,956	3,300	9,686	5,409	1,829
Total, Other costs	375,340	374,855	345,210	337,713	394,131
Total, AIDCP Program costs	2,661,674	2,655,218	2,714,107	2,951,521	3,036,662

³ Covered 30% by IATTC, 70% by vessel assessments

⁴ 30% of this amount reflects the IATTC contribution of US\$ 792,759

⁵ Covered 100% by AIDCP

4. REQUESTED TO ACTUAL COSTS, 2015

In **Table 4**, Column 1 shows the original 2015 requested budget, and Column 2 the actual expenditures in 2015; Columns 3a and 3b show the variances between the budgeted and actual costs, for an overall excess spending of US\$ 92,088.

	1	2	3a	3b
TABLE 4. 2015 budget	Requested ⁶	Actual expenditures	US\$	%
C. ON-BOARD OBSERVER COSTS⁷				
Direct costs:				
Observer compensation and benefits	1,305,600	1,501,287	195,687	15.0
Observer travel	102,000	73,479	(28,521)	(28.0)
Supplies and equipment	20,400	16,743	(3,657)	(18.0)
Training	10,200	19,609	9,409	92.2
Subtotal	1,438,200	1,611,118	172,918	
Indirect costs:				
IATTC HQ staff: scientific/technical	804,398	667,170	(137,228)	(17.0)
IATTC field offices	332,958	364,243	31,285	9.4
Total On-Board observer costs	2,575,556	2,642,531⁸	66,975	
D. OTHER COSTS⁹				
Captains seminars	2,500	-	(2,500)	(100.0)
IATTC HQ staff: administrative	336,562	377,497	40,935	12.2
AIDCP meetings	20,000	14,805	(5,195)	(26.0)
Other AIDCP direct costs	9,956	1,829	(8,127)	(6.8)
Total Other costs	369,018	394,131	25,113	
Total AIDCP Program costs	2,944,575	3,036,662	92,088	

The line items with significant variances (>US\$ 15,000 and 10%) between the estimated budget needs and actual costs (**Table 4**) were:

- Observer compensation and benefits:** (US\$ 195,687; 15.0%) In Document [MOP-28-06](#), the Secretariat informed the Parties of planned increases in observer pay rates, to take effect in 2014.
- Observer travel:** (US\$ (28,521); (28.0%)) The additional observer training increased the local observer pools to better meet the regional demand, resulting in a significant decrease in observer travel expenditures.
- IATTC HQ staff: scientific/technical** ((US\$ 137,228); (17.0%)): During 2015 one senior staff member was replaced with some reduction in cost; another senior staff member was replaced with two employees in a field office to reduce costs and improve the efficiency of the data processing and editing of observer data.
- IATTC HQ staff: administrative** (US\$ 40,935; 12.2%): an overall increase in employee benefits such as group insurance and retirement plans.

5. PROGRAM INCOME, 2015

The AIDCP program relies on five sources of income (**Table 5**), mainly from vessel assessments and the 30% contribution by the IATTC. The level of funding from the other three sources varies from year to

⁶Based on estimated needs; see [MOP-31-06](#)

⁷ Covered 30% by IATTC, 70% by vessel assessments

⁸ 30% of this amount reflects the IATTC contribution of US\$ 792,759

⁹ Covered 100% by AIDCP

year, and cannot be budgeted for in future years.

TABLE 5. AIDCP sources of income		2015 Actual	2016¹⁰	2017¹⁰
1	Vessel assessments 2015	\$ 2,647,868	\$ 2,170,872	\$ 2,170,872
2	IATTC portion of observer program (30%) ¹¹	792,759	705,300	849,624
3	Vessel assessments from prior years	244,767	-	-
4	Inactive and sunk (@ US\$ 1.00/m ³)	12,723	-	-
5	Surcharges for late payments	105,187	-	-
Total income		\$ 3,803,304	\$ 2,876,172	\$ 3,020,496
Total AIDCP Program expenses		3,036,662		
Surplus / (deficit)		\$ 766,642		

1. Assessments paid by all Class-6 vessels on the [list of active vessels](#) of the IATTC [Regional Vessel Register](#), smaller vessels exercising their 30-day trip option during a closure (IATTC Resolution [C-13-01](#)), and U.S. vessels exercising their option to enter the EPO for one 90-day fishing trip. The current rate of US\$ 14.95 per cubic meter (m³) of fish-well volume has remained unchanged since 2006, in spite of growing deficits, an average annual U.S. inflation rate of 2%, and repeated requests by the Secretariat for an increase. During 2015 the program experienced an unprecedented surplus of US\$ 416,689, due to extraordinary circumstances that are unlikely to reoccur. First, a large number of vessels were added to the Register. Under normal circumstances, the additional income from these vessels would cover the costs associated with observer coverage of these newly added vessels, including costs associated with processing observer data, training additional observers, etc. However, many of the vessels added in 2015 made a very limited number of trips in the EPO, and in some cases did not carry an IATTC observer because the trip originated in the western or central Pacific and the vessel had a WCPFC observer aboard¹². Essentially, these vessels paid for services that they did not fully utilize, and this accounts for much of the extraordinary surplus.
2. The IATTC general budget, which covers 30% of observer program costs (**Table 3**, Section A)
3. Assessments received after the program year to which they pertain. The 2015 payments were extraordinarily high due to the receipt of assessments outstanding for 2011-2014 from vessel No. 7179.
4. Assessments paid by sunk and inactive Class-6 vessels, at a rate of US\$ 1.00/m³.
5. Surcharges incurred by vessels that fail to pay their assessments by the established deadline.

Table 6 summarizes the effects of the current year funds detailed in **Table 5**.

TABLE 6. Status of the AIDCP funds at 31 December 2015

	US\$
Surplus at 31 December 2014 ¹³	\$ 291,713
2015 surplus	416,689
Extraordinary income from payment of arrears and late fees	349,954
Surplus at 31 December 2015	\$1,058,356

The current surplus should be viewed with caution and in the proper context. A significant portion of the current year surplus is actually money that was outstanding from previous years. Because the vessel assessment rate has not been increased for a decade, the AIDCP has been operating at a deficit for a

¹⁰ As reflected in MOP-31-06, Table 4 representing no increase in rate

¹¹ See **Table 3**

¹² See page 1

¹³ See Document MOP-31-06, Table 3

number of consecutive years. These deficits would have been significantly larger without the Secretariat's efforts to trim costs and cut back program activities to reduce the gap between the budgets approved by the Parties and the revenue generated by the vessel assessments. Some of these measures included forgoing planned expenditures such as replacement or upgrades of equipment, earlier implementation of increased observer pay rates to keep pace with cost of living, and improved observer benefits, *etc.* Despite these efforts, the deficits persisted, and the Parties had to approve a series of extraordinary assessments in 2013 and 2014 to cover the difference.

The Secretariat believes that it is neither prudent nor realistic to rely on extraordinary income and deficit recovery efforts in order to make up for shortfalls between the approved budget and the income from vessel assessments.

5.1. OUTSTANDING VESSEL ASSESSMENTS

TABLE 7. Vessels with assessments outstanding, as of 31 May ¹⁴

Vessel			Arrears	
Flag	No.	Name	Years	US\$
ECU	3733	<i>Miry Ann D</i>	2016	11,758
ECU	14690	<i>PS-1</i>	2016	13,156
ECU	3832	<i>Sajambre</i>	2016	11,419
VEN	3607	<i>Caroni II</i>	2016	23,188
VEN	9563	<i>Tunapuy</i>	2012-2016	71,841
VEN	14960	<i>Albamar</i>	2012-2016	88,121
VEN	15630	<i>Rocinante</i>	2014-2016	39,654
Total				\$259,140

As of 31 May 2015, eight vessels currently on the Regional Vessel Register have outstanding assessments from 2012-2016 totaling US\$ 259,140, of which US\$ 153,024 pertains to the IATTC observer program, while the remaining US\$ 106,116 represents the national program portion.

6. PROJECTED BUDGET, 2017

Projecting future AIDCP budgetary needs and making allowances for unpaid assessments is difficult. The Secretariat relies on the previous year's fiscal results to forecast future needs, but direct on-board observer costs can fluctuate greatly depending on the number and duration of trips made, the cost of travel, local observer availability, etc. Similarly, revenue can vary according to how much capacity is active in a given year, or because of vessels changing flag, paying outstanding assessments from prior years, incurring late fees, or paying their assessments in full in a timely manner.

At this time, the Secretariat considers that an increase in the vessel assessment rate is not necessary. However, the current situation is extraordinary, and unlikely to be repeated, so an increase may be necessary in the near future.

Should the Parties decide to implement a pilot program to test the use of electronic equipment by observers for recording data in place of paper forms, the current surplus could be applied to the purchase of equipment and the implementation of such a system, to include software development, database design and training, and ongoing equipment maintenance.

¹⁴ Payments made subsequent to 31 May will be presented at the annual meeting.