

AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

39TH MEETING OF THE PARTIES

Bilbao, Spain
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DOCUMENT MOP-39-01

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 Agreement¹, 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, present the 2018 accounting of AIDCP funds, a recommended AIDCP budget for 2020, and the reasons for some significant increases in projected costs.

The principal cost of the IDCP is the On-Board Observer Program, which accounts for approximately 90% of the AIDCP budget. The remainder covers the costs of meetings, administration, and certain other costs (**Figure 1**).

The AIDCP mandates 100% observer coverage of fishing trips by large purse-seine vessels² in the eastern Pacific Ocean (EPO), and stipulates that at least 50% of such trips be covered by the IATTC observer program. The IATTC program covers all trips made by vessels of Parties that have no national program (currently El Salvador, Peru, and the United States³), plus those trips not covered by national observer programs, of which there are currently seven (Colombia, Ecuador, the European Union, Mexico, Nicaragua, Panama, and Venezuela), all of which cover 50% of the trips by their respective fleets, except Ecuador, which covers 33.3%.

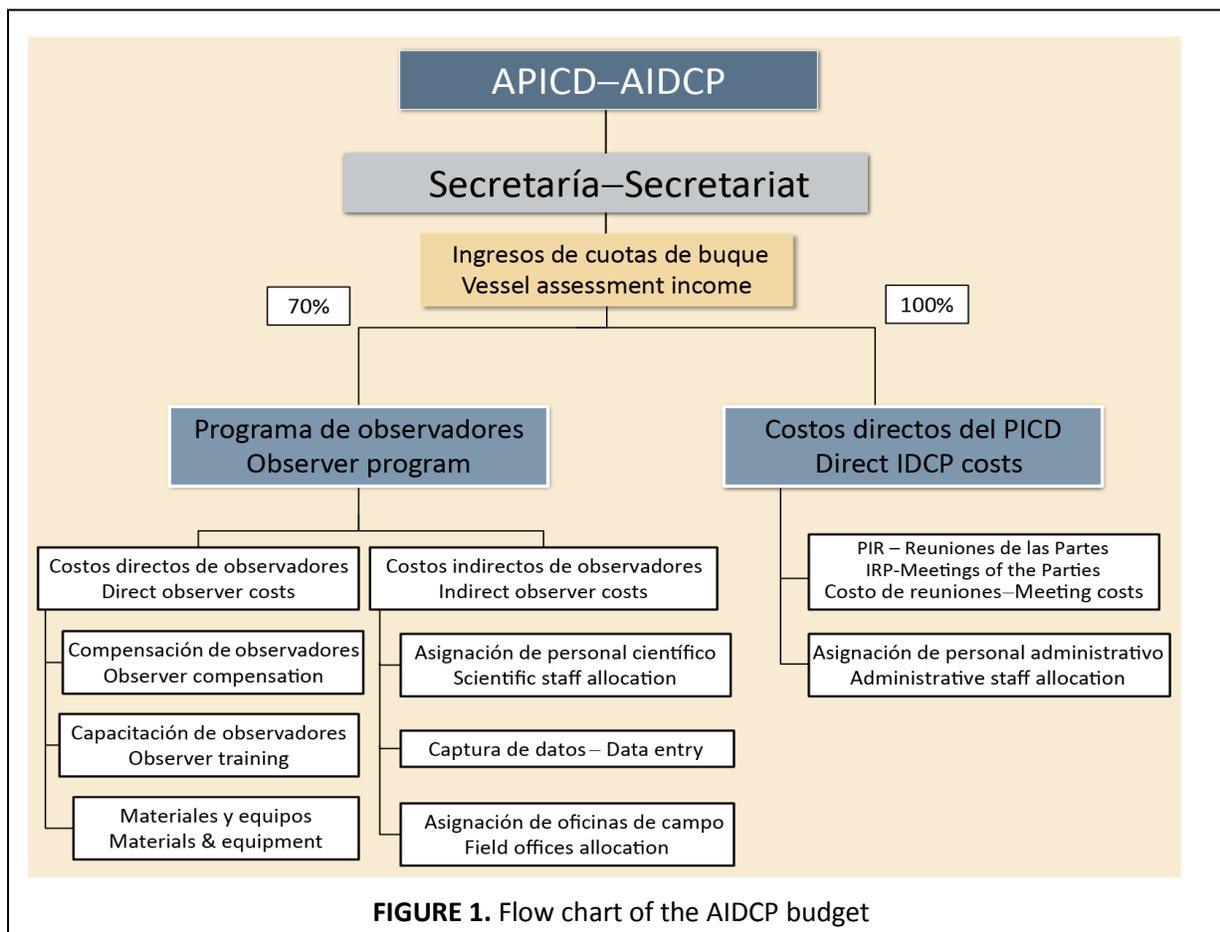
The cost of the IATTC observer program is divided between the AIDCP, which pays 70%, and the IATTC, which pays 30% (see Document [CAF-07-01](#)). The IATTC's 30% contribution, agreed at the inception of IATTC's Tuna-Dolphin Program in 1977, reflects the minimum level of observer coverage required for the data collected to be statistically reliable.

The Parties provide funding for the IDCP, primarily through the collection of vessel assessment fees. The current vessel assessment rate is US\$ 14.95 per cubic meter (m³) of well volume. All assessment income is shared with the national observer programs that participate in the On-Board Observer Program in proportion to their rate of coverage for relevant trips, up to 50%.

¹ Pursuant to Article VII, paragraph 1(t), and Article XIV, paragraph 3, of the Antigua Convention

² Carrying capacity greater than 363 t (IATTC Class 6).

³ 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.



2. STRUCTURE OF PROGRAM COSTS

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

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

Direct observer costs:

Observer compensation and benefits includes all wages, bonuses, and insurance. In an effort to create and maintain adequate pools of observers, the Secretariat continues to monitor and review observer compensation, recommending increases as needed. Observer compensation was last increased in 2014, and in the years immediately following observer retention rates improved. However, the Secretariat considers that it is necessary to increase observer pay rates again (see section 5.1.1), and this is reflected in the recommended 2020 budget.

Observer travel costs include transportation and meals while observers are on duty status.

Observer supplies and equipment include data forms, equipment such as binoculars and calipers, and related maintenance. The cost of observer safety equipment (see section 5.1.3) has also been added to the 2019 forecast and 2020 requested budgets.

Observer training costs vary from year to year, depending on the number and location of training courses. Total expenses of a course depend on the venue and the cost of travel 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, additional, unanticipated training and expenses are necessary in some years.

Indirect observer costs:

IATTC HQ scientific/technical staff monitor observer placements, and gather, process, edit, and analyze observer data. They also prepare reports for the Parties based upon the information that is compiled; and guide **IATTC field office** personnel in proper execution of policies, procedures, and resolutions established by the Parties. Because the cost of these activities, both at headquarters and at field offices, are directly related to the On-board Observer Program, they are 30% funded by the IATTC. **Table 1a** shows the relative percentages of the scientific/technical staff's time allocated to AIDCP-related work in 2018.

TABLE 1a. Allocation of IATTC scientific/technical staff time to AIDCP-related activities, 2018			
	% allocation		% allocation
Head of program	79	Data editor	80
Data entry	50	Data editor	80
Data entry	50	Data analysis and reporting	9
Program oversight	50	Data entry	50
Data entry	80	Compliance and data analysis	80
Data analysis	9	Program policy	79

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

IATTC HQ administrative staff oversee the entire AIDCP program, and are thus a direct cost, 100% chargeable to the AIDCP. **Table 1b** shows the relative percentages of the administrative staff's time allocated to AIDCP-related work in 2018.

TABLE 1b. Allocation of IATTC headquarters staff time to AIDCP-related activities, 2018			
	% allocation		% allocation
Director	20	Policy advisor	35
Policy advisor	35	Tuna tracking database	11
Information technology support	20	Database support	20
Information technology support	20	Translation	20
Website support	20		

The AIDCP meetings 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.

3. PROGRAM EXPENDITURES, 2014-2018

Table 2 illustrates AIDCP expenses during 2014-2018, broken down by the two expenditure categories (*On-board observer costs (A)* and *Other costs (B)*).

TABLE 2. Expenses, 2014-2018 (US\$)	2014	2015	2016	2017	2018
	MOP-31-06	MOP-33-06	MOP-35-06	MOP-37-01	
A. ON-BOARD OBSERVER COSTS⁴					
Direct costs:					
Observer compensation and benefits	1,390,139	1,501,287	1,599,099	1,584,717	1,556,161
Travel	80,203	73,479	56,718	74,516	54,966
Supplies and equipment	12,337	16,743	13,419	8,651	15,252
Training	21,025	19,609	17,034	4,453	7,782
Subtotal	1,503,704	1,611,118	1,686,270	1,672,337	1,634,161
Indirect costs:					

⁴ Covered 30% by IATTC, 70% by vessel assessments

TABLE 2. Expenses, 2014-2018 (US\$)	2014	2015	2016	2017	2018
	MOP-31-06	MOP-33-06	MOP-35-06	MOP-37-01	
IATTC HQ staff: scientific/technical	772,713	667,170	697,012	687,504	713,090
IATTC field offices	337,391	364,243	360,011	377,179	323,186
Total, on-board observer costs	2,613,808	2,642,531	2,743,292	2,737,020⁵	2,670,437
B. OTHER COSTS⁶					
IATTC HQ staff: administrative	314,848	377,497	298,719	294,645	305,610
AIDCP meetings	17,456	14,805	9,309	48,787	90,462
Other AIDCP direct costs	5,409	1,829	5,903	3,441	1,029
Total, Other costs	337,713	394,131	313,932	346,873	397,101
Total, AIDCP Program costs	2,951,521	3,036,662	3,057,224	3,083,893	3,067,538

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 provide administrative and operational support).

4. PROGRAM INCOME, 2018

Table 3 summarizes AIDCP income in 2018.

TABLE 3. AIDCP sources of income, 2018, in US\$		Actual
1	Vessel assessments – Class 6 (US\$ 14.95/m ³)	2,507,560
2	IATTC portion of observer program (30%)	801,131
3	Inactive and sunk vessels (US\$ 1.00/m ³)	4,272
	Total operational income	3,312,963
	Total AIDCP Program expenses	3,067,538
	Excess of revenue over expenses	245,425
4	Other income	73,111
	Surplus	318,536

1. Assessments paid by all Class-6 vessels on the of the IATTC [Regional Vessel Register](#).
2. The IATTC general budget, which covers 30% of observer program costs.
3. Assessments paid by sunk and inactive Class-6 vessels.
4. Other income that cannot be readily budgeted for, as it includes non-recurring items such as U.S. vessels exercising their option to enter the EPO for one 90-day fishing trip, surcharges incurred by vessels that fail to pay their assessments by the established deadline, prior year assessments, *etc.*

4.1. Accumulated surplus

As shown in **Table 4**, the AIDCP accounts reflect an accumulated surplus of US\$ 2,072,689 as of 31 December 2018.

⁵ 30% of this amount reflects the IATTC contribution

⁶ Covered 100% by AIDCP

TABLE 4. Status of AIDCP funds at 31 December 2018	US\$
Surplus at 31 December 2017 ⁷	1,754,153
2018 surplus	318,536
Surplus at 31 December 2018	2,072,689

This surplus should be viewed with caution and in context. Although the vessel assessment rate has not been increased for over a decade, changes in the utilization of IATTC observers by vessels fishing in both the EPO and the western and central Pacific have resulted in an increase in revenue without a related increase in direct costs. The budget is prepared based upon the number of active vessels and a reasonable expectation of costs.

4.2. Outstanding vessel assessments

As shown in **Table 5**, as of 30 April 2019, five vessels currently on the Regional Vessel Register have outstanding assessments from 2012-2019 totaling US\$ 422,358, of which US\$ 247,055 pertains to the IATTC observer program, with the remainder (US\$ 175,303) due to the two national programs (US\$ 27,995 (ECU) and US\$ 147,309 (VEN)). Although the total amount of outstanding arrears is much lower than in recent years, it is steadily increasing, both in terms of the assessment and of the late fee incurred.

TABLE 5. Vessels with assessments outstanding, as of 30 April 2019⁸				
Vessel			Arrears	
Flag	No.	Name	Years	US\$
ECU	16322	<i>Lizanny Z</i>	2017-2019	26,100
ECU	4009	<i>Martina C</i>	2017-2019	66,375
VEN	14960	<i>Albamar</i>	2012-2019	138,953
VEN	15630	<i>Rocinante</i>	2014-2019	77,646
VEN	9563	<i>Tunapuy</i>	2012-2019	113,284
Total			US\$ 422,358	

5. RECOMMENDED BUDGET, 2020

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 on-board observer costs 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 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.

Table 6 presents actual costs for the 2018 fiscal year, the Secretariat's best estimate of anticipated income and expenditures in 2019, based upon historical data, and the 2020 recommended budget.

TABLE 6. 2018-2020 budgets (US\$)	2018	2019	2020
	Actual	Forecast⁹	Recommended
ON-BOARD OBSERVER INCOME			
Vessel assessments - Class 6	2,507,560	2,550,000	2,755,606
IATTC portion of observer program (30%)	801,131	875,400	1,008,376
Inactive and sunk vessel assessments	4,272	4,272	4,272
TOTAL OPERATIONAL INCOME	3,312,963	3,429,672	3,768,254

⁷ See Document [MOP-37-01](#), Table 4.

⁸ Payments made subsequent to 30 April will be presented at the Meeting of the Parties.

⁹ Based on activity through 30 April 2019.

ON-BOARD OBSERVER COSTS¹⁰			
Direct costs:			
Observer compensation and benefits	1,556,161	1,700,000	2,011,054*
Observer travel	54,966	100,000	91,800
Observer supplies and equipment	12,252	35,000	113,400*
Observer training	7,782	25,000	35,000*
Subtotal	1,634,161	1,860,000	2,251,254
Indirect costs:			
IATTC HQ staff: scientific/technical	713,090	718,000	730,000
IATTC field offices	323,186	340,000	380,000
Total, On-board observer costs	2,670,437	2,918,000	3,361,254
OTHER COSTS¹¹			
IATTC HQ staff: administrative	305,610	310,000	327,000
AIDCP meetings	90,462	50,000	75,000
Initial cost of observer safety and communication equipment and service ¹²	-	34,674	-
Other AIDCP direct costs	1,029	2,000	5,000
Total, Other costs	397,101	396,674	407,000
TOTAL AIDCP PROGRAM COSTS	3,067,538	3,314,674	3,768,254
Excess of revenue over expenditures	245,425	114,998	-
Other income	73,111	56,000	-
Surplus	318,536	170,998	-

* Budget items with significant increases are explained in Section 5.1.

5.1. Explanation of significant increases for select categories

Three items in the recommended 2020 budget (highlighted in **Table 6**) reflect significant increases from the current year. The reasons for these increases, which all fall under on-board observer costs, are explained in detail below.

5.1.1. 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. A fundamental requirement for AIDCP observers is a university degree in biology. In order to attract and maintain an adequate number of qualified observers, the program must offer competitive salaries, taking into account the time away from home and the working conditions that are part of the job.

Observer daily pay rates were last increased in 2014 from a range of US\$ 39-45 to US\$ 48-55 in order to address low retention rates. Even with that raise, experienced IATTC observers were still earning less than their counterparts in the WCPFC observer program, even though they are required to have a higher level of education. This situation was recognized in 2016 by the [33rd 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*".

The Secretariat believes this situation is again leading to a lack of interest among qualified biologists and

¹⁰ Covered 30% by IATTC, 70% by vessel assessments

¹¹ Covered 100% by AIDCP

¹² Covered 100% by the AIDCP surplus

high rates of attrition of trained observers. For example, in 2017, facing a shortage of observers in Panama, the Secretariat held a training course, with a goal of training at least nine new observers. Despite advertisements targeting recent college graduates and other historically responsive demographic groups, only seven people registered for the course, and several of those either failed to finish the course or refused additional placements after their first trip. A similar trend has been observed in Ecuador.

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 have to be held for new observers. The Secretariat therefore considers it necessary to again increase IATTC observer pay in order to remain competitive with other international observer programs in the region and other opportunities available for qualified individuals.

5.1.2. Increases to be implemented

Currently, working as an IATTC observer is not an 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. The Secretariat therefore considers that, to offset these disadvantages and attract and retain qualified professionals, the compensation for IATTC observers needs to be increased as follows:

Current and planned observer pay rates, in US\$/day			
Observer experience (days at sea)	Current (2015-2019)	2020	2022
0-200	48.00	55.00	65.00
> 200	55.00	65.00	75.00

Accordingly, the Secretariat intends to increase the IATTC observer pay range to US\$ 55-65 as of 1 August 2019. In 2018, IATTC observers were deployed for 23,821 days. Assuming a similar level of activity in 2020, an increase of US\$ 10 in daily pay would increase observer compensation costs by approximately US\$ 250,000, or about US\$ 280,000 including taxes and social security. This is accounted for in the recommended budget for 2020. The Secretariat also proposes to increase IATTC observer pay by a further US\$ 10 in 2022, to US\$ 75, in order to improve the competitiveness of these positions.

5.1.3. Supplies and equipment: observer safety equipment and subscriptions

In October 2018, the 38th Meeting of the Parties adopted Resolution [A-18-02](#), 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](#)), and the United States offered US\$ 175,000 to cover most of the first-year purchase and operating costs. The Parties agreed to cover the remaining first-year expenses from the AIDCP surplus, with the understanding that future expenditures for these devices would be paid from the regular AIDCP budget, not the surplus.

Following confirmation from the United States on the availability of funds, in May 2019 the Secretariat purchased 250 of each device, and, for the InReach devices, the respective activation and service charges (**Table 7**), at a total cost of US\$ 208,799. The US contribution covered US\$ 174,125, and the AIDCP surplus the remaining US\$ 34,674.

TABLE 7. Cost of observer safety and communication equipment and service, 2019, in US\$			
US\$	Units		Total
	No.	Cost	
Equipment			
ResQLink+ 406	180	249.97	44,995
ResQLink 400	70	253.00	17,710
InReach SE+	250	299.99	74,997
Taxes (ResQLink)			4,860
Shipping (InReach)			150
Subtotal: Equipment			142,712
Service (InReach SE+)			
Activation	250	24.95	6,237
Service @ 19.95/mo	250	239.40	59,850
Subtotal: Service			66,087
Total			208,799

As explained in [MOP-36 INF-A](#), the expected lifespan of these devices is five years, so on average 20% of them will be replaced each year, at a cost of about US\$ 28,671. Additionally, the communication service for each InReach device costs US\$ 239.40 annually (US\$ 19.95 per month), or \$59,850 for 250 units, for an estimated total annual cost of US\$ 89,769 in 2020 (**Table 8**).

TABLE 8. Estimated cost of observer safety and communication equipment and service, 2020, in US\$			
US\$	Units		Total
	No.	Cost	
Equipment			
ResQ Link 400	50	253.00	12,650
InReach SE+	50	299.99	14,999
Taxes (ResQLink)			972
Shipping (InReach)			50
Subtotal: Equipment			28,671
Service (InReach SE+)			
Activation	50	24.95	1,248
Service @ 19.95/month	250	239.40	59,850
Subtotal: Service			61,098
Total			89,769

5.1.4. Observer training

In 2019, the Secretariat began the implementation of a policy to limit observer tenure to a maximum of 5 years. This policy will be phased in gradually in the coming years, and will require the recruitment and training of many new observers. Thus, an additional US\$ 10,000 has been added to this budget item to reflect the additional training sessions planned for 2020.