

AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM
41ST MEETING OF THE PARTIES (2020)¹

DOCUMENT AIDCP-41-01

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 Agreement², 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 2019 accounting of AIDCP funds, the 2020 financial activity forecast, a recommended AIDCP budget for 2021, and the reasons for some significant increases in select categories.

The principal source of IDCP costs is the On-Board Observer Program, which accounts for approximately 90% of the AIDCP budget. 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 vessels³ 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 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 States⁴). The national 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.

The cost of the IATTC observer program is divided between the AIDCP, which pays 70%, and the IATTC, which pays 30% (see Document [CAF-08-01](#)). 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.

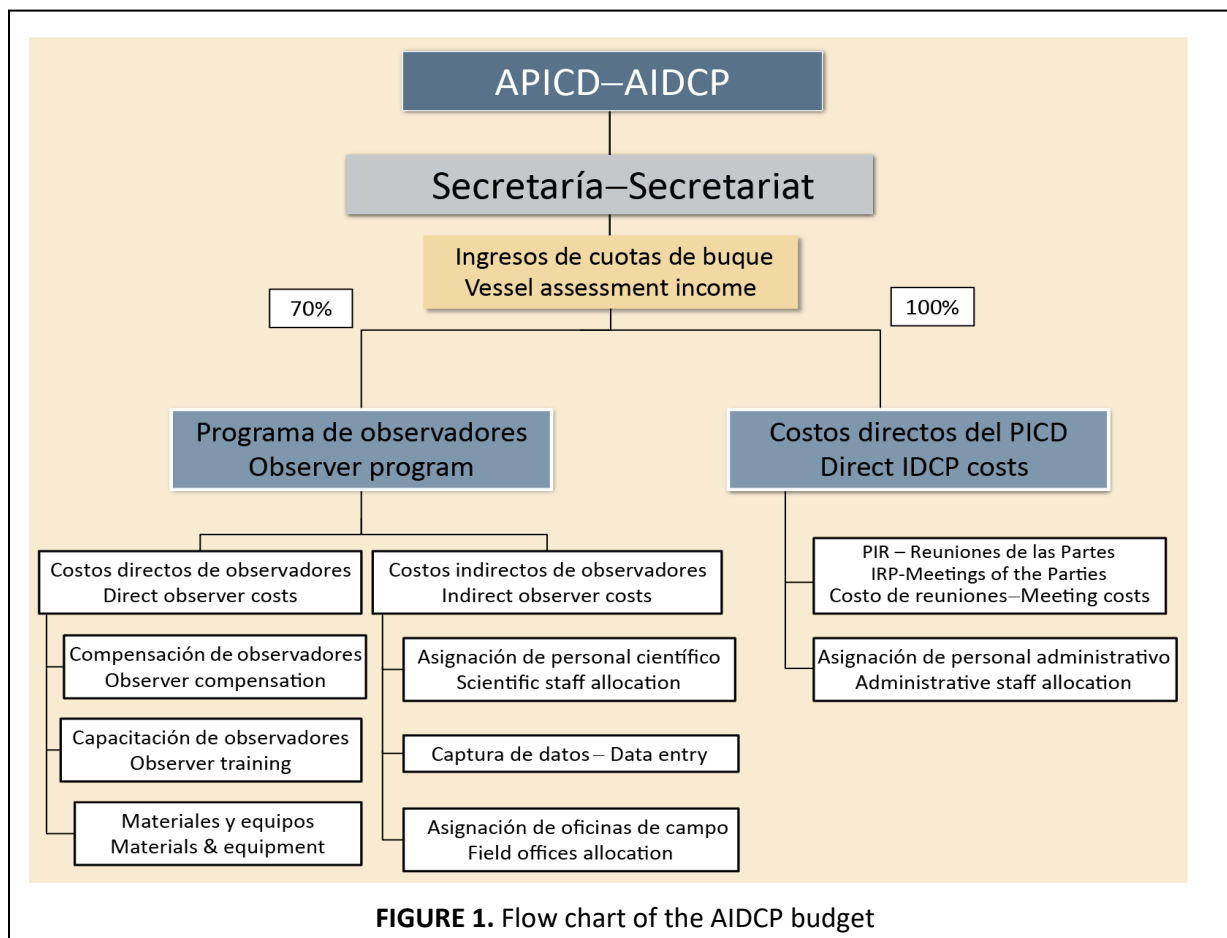
The Parties provide funding for the IDCP, primarily through the collection of vessel assessment fees. The current vessel assessment rate is US\$ 14.95 per cubic meter (m³) of well volume. All assessment income is shared with the national observer programs that participate in the On-Board Observer Program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

¹ Postponed until a later date to be determined

² Pursuant to Article VII, paragraph 1(t), and Article XIV, paragraph 3, of the Antigua Convention

³ Carrying capacity greater than 363 t (IATTC Class 6).

⁴ 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 order 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, as explained in section 5.1.1, the Secretariat maintains its recommendation from subsequent years for further increases in observer pay rates, and this is reflected in the recommended 2021 budget.

Observer travel costs include transportation, off-vessel lodging and meals while observers are on duty status.

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

Observer training includes costs related to the training venue, travel expenses for instructors, training materials, and room and board for both participants and instructors- all of which vary from year to year depending on the number of trainings needed and their corresponding location. Because the number of courses offered in any given year is a reflection of observer attrition and demand, as well as other circumstances that are sometimes not easily forecasted and which can result in significant variation from projected budget needs. For example, all observer trainings anticipated for 2020 have been cancelled due to the COVID-19 pandemic.

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 IATTC headquarters and at IATTC field offices, are directly related to the IATTC 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 2019.

	% 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 needed to oversee the AIDCP program represent 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 2019.

	% 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, 2015-2019

Table 2 illustrates AIDCP expenses during 2015-2019, broken down by the two expenditure categories (*On-board observer costs (A)* and *Other costs (B)*) and are further detailed by their respective cost components.

	2015 MOP-33-06	2016 MOP-35-06	2017 MOP-37-01	2018 MOP-39-01	2019
A. ON-BOARD OBSERVER COSTS⁵					
Direct costs:					
Observer compensation and benefits	1,501,287	1,599,099	1,584,717	1,556,161	1,519,790
Travel	76,479	56,718	74,516	54,966	69,160
Supplies and equipment	16,743	13,419	8,651	15,252	11,037
Training	19,609	17,034	4,453	7,782	14,983
Subtotal	1,611,118	1,686,270	1,672,337	1,634,161	1,614,970
Indirect costs:					

⁵ Covered 30% by IATTC, 70% by vessel assessments

TABLE 2. Expenses, 2015-2019 (US\$)	2015	2016	2017	2018	2019
	MOP-33-06	MOP-35-06	MOP-37-01	MOP-39-01	
IATTC HQ staff: scientific/technical	667,170	697,012	687,504	713,090	744,014
IATTC field offices	364,243	360,011	377,179	323,186	346,058
Total, on-board observer costs	2,642,531	2,743,292	2,737,020	2,670,437	2,705,041⁶
B. OTHER COSTS⁷					
IATTC HQ staff: administrative	377,497	298,719	294,645	305,610	318,863
AIDCP meetings	14,805	9,309	48,787	90,462	50,282
Captain's seminars	-	-	-	-	4,525
Other AIDCP direct costs	1,829	5,903	3,441	1,029	33,753
Total, Other costs	394,131	313,932	346,873	397,101	407,423
Total, AIDCP Program costs	3,036,662	3,057,224	3,083,893	3,067,538	3,112,465

4. PROGRAM INCOME, 2019

Table 3 summarizes AIDCP income in 2019.

TABLE 3. AIDCP sources of income, 2019, in US\$		Actual
1	Vessel assessments – Class 6 (US\$ 14.95/m ³)	2,485,717
2	IATTC portion of observer program (30%)	811,513
3	Inactive and sunk vessels (US\$ 1.00/m ³)	4,245
	Total operational income	3,301,475
	Total AIDCP Program expenses	3,112,465
	Excess of revenue over expenses	189,010
4	Other income	89,641
	Surplus	278,651

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, assessments paid by other purse-seine vessels required to carry an observer, prior year assessments, *etc.*

4.1. Accumulated surplus

As shown in Table 4, the AIDCP accounts reflect an accumulated surplus of US\$ 2,144,071 as of 31 December 2019.

⁶ 30% of this total is reflected in CAF-08-01, Table 2

⁷ Covered 100% by AIDCP

TABLE 4. Status of AIDCP funds at 31 December 2019	US\$
Surplus at 31 December 2018 ⁸	2,072,689
Allocation of funds for National Programs ⁹	(207,269)
2019 surplus	278,651
Surplus at 31 December 2019	2,144,071

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 June 2020, seven vessels currently on the Regional Vessel Register have outstanding assessments from 2012-2020 totaling US\$ 438,528, of which US\$ 254,859 pertains to the IATTC observer program, with the remainder (US\$ 183,669) due to two national programs (US\$ 18,215 (ECU) and US\$ 165,454 (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 June 2020¹⁰				
Vessel			Arrears	
Flag	No.	Name	Years	US\$
ECU	16322	<i>Lizanny Z</i>	2017-2020	18,469
ECU	4009	<i>Martina C</i>	2019-2020	41,606
VEN	14960	<i>Albamar</i>	2012-2020	155,897
VEN	15630	<i>Rocinante</i>	2014-2020	90,309
VEN	9563	<i>Tunapuy</i>	2012-2020	123,597
VEN	17215	<i>Atlantico</i>	2019-2020	3,950
VEN		<i>Las Aves</i>	2019-2020	4,700
Total			US\$ 438,528	

5. RECOMMENDED BUDGET, 2021

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 2019 fiscal year, the Secretariat's best estimate of anticipated income and expenditures in 2020, based upon historical data, and the 2021 recommended budget.

⁸ See [Document MOP-40-01](#), Table 4.

⁹ Resolution A-19-01 establishes a one-time 10% contribution from the surplus to help replace equipment both for observers and for data processing due to lack of financial resources.

¹⁰ Payments made subsequent to 30 June will be presented at the Meeting of the Parties.

TABLE 6. 2019-2021 budgets (US\$)	2019	2020	2021
	Actual	Forecast ¹¹	Recommended
ON-BOARD OBSERVER INCOME			
Vessel assessments - Class 6	2,485,717	2,373,690	2,673,219
IATTC portion of observer program (30%)	811,513	875,400	959,520
Inactive and sunk vessel assessments	4,245	5,661	5,661
TOTAL OPERATIONAL INCOME	3,301,475	3,254,751	3,639,200
ON-BOARD OBSERVER COSTS¹²			
Direct costs:			
Observer compensation and benefits	1,519,790	1,520,000	1,800,000*
Observer travel	69,160	69,000	80,800
Observer supplies and equipment	11,037	11,000	113,400*
Observer training	14,983	3,000	15,000*
Subtotal	1,614,970	1,603,000	2,009,200
Indirect costs:			
IATTC HQ staff: scientific/technical	744,014	818,000	830,000
IATTC field offices	346,058	340,000	360,000
Total, On-board observer costs	2,705,041	2,918,000	3,199,200
OTHER COSTS¹³			
IATTC HQ staff: administrative	316,299	360,000	370,000
AIDCP meetings	47,718	50,000	65,000
Initial cost of observer safety and communication equipment and service ¹⁴	34,674	7,000	-
Captain's seminar	4,525	-	-
Other AIDCP direct costs	4,207	2,000	5,000
Total, Other costs	407,423	419,000	440,000
TOTAL AIDCP PROGRAM COSTS	3,112,465	3,337,000	3,639,200
Revenue over/(under) expenditures	189,010	(82,249)	-
Other income	89,641	21,625	-
Surplus/(Deficit)	278,651	(60,624)	-

* 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 (asterisked 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

¹¹ Based on activity through 30 June 2020.

¹² Covered 30% by IATTC, 70% by vessel assessments

¹³ Covered 100% by AIDCP

¹⁴ Covered 100% by the AIDCP surplus

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, in some instances, leading to a lack of interest among qualified biologists and 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.

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. Additionally, under the conditions of the COVID-19 pandemic, observers face additional dangers when deployed on vessel that may be operating days or weeks away from the civilization and medical aid. At least 17 vessels carrying observers have had outbreaks of COVID-19 in the first 7 months of 2020, resulting in the infection of 10 IATTC observers with the virus—and that does not include cases among national program observers. Yet observer compensation remains low and does not reflect any recognition of these increased hazards.

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

For the reasons outlined above, the Secretariat continues to recommend that 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)	2021	2023
0-200	48.00	55.00	65.00
> 200	55.00	65.00	75.00

In 2019, IATTC observers were deployed for 23,967 days. Assuming a similar level of activity in 2021, 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 other benefits. This is accounted for in the recommended budget for 2021. However, if the conditions of the pandemic and the temporary measures allowing some vessel to be exempted from the requirement to carry observers continues into 2021, the increases in costs might be mitigated and delayed. The Secretariat also proposes to increase IATTC observer pay by a further US\$ 10 in 2023, 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](#)).

In May 2019 the Secretariat purchased 250 of each device, and, for the InReach devices, the respective activation and service charges at a total cost of US\$ 208,799. The US contribution covered US\$ 174,125, and the AIDCP surplus the remaining US\$ 34,674.

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, assuming price stability. Additionally, the communication service for each InReach device costs US\$ 239.40 annually (US\$ 19.95 per month), or \$59,850 for 250 units, and so we estimated a total annual cost of US\$ 89,769 in 2020 (**Table 7**). However, due to logistical constraints, the distribution of these devices to some locations has been delayed. For example, in the country of one Party, a confusion about the IATTC's status as an international organization meant that we would have incurred a significant import tax duty which was not accounted for in the budget. Accordingly, shipment to this location has been delayed while we seek resolution with that Party; however, aspects of their foreign ministry have been shut down during the pandemic. We believe that this can come to a quick resolution once government offices resume regular working schedule. We hope to have all units in place and deployed as soon as possible, assuming that the conditions of the pandemic allow for the relevant processes to be concluded. We anticipate that this delay in the activation and use of a large number of units will result in actual expenses that fall short of our projection, but anticipate that in 2021, the yearly costs will fall more in line with our original projection of US\$ 89,769 per year.

US\$	Units		Total
	No.	Cost	
Equipment			
ResQ Link 400	50	253.00	12,650
InReach SE+	50	299.99	14,999
Taxes (ResQLink)			980
Shipping (InReach)			30
Subtotal: Equipment			28,660
Service (InReach SE+)			
Activation	50	24.95	1,248
Service @ 19.95/month	250	239.40	59,850
Subtotal: Service			61,098
Total			89,756

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 2021, but recognizing that previously described circumstances related to the COVID-19 pandemic could hinder the Secretariats abilities to conduct observer trainings in some or all locations.