

AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

43RD MEETING OF THE PARTIES

(by videoconference)
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DOCUMENT AIDCP-43-01

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 2020 accounting of AIDCP funds, the 2021 financial activity forecast, a recommended AIDCP budget for 2022, 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 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 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 States³). 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-08-02](#)). 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 (m^3) 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

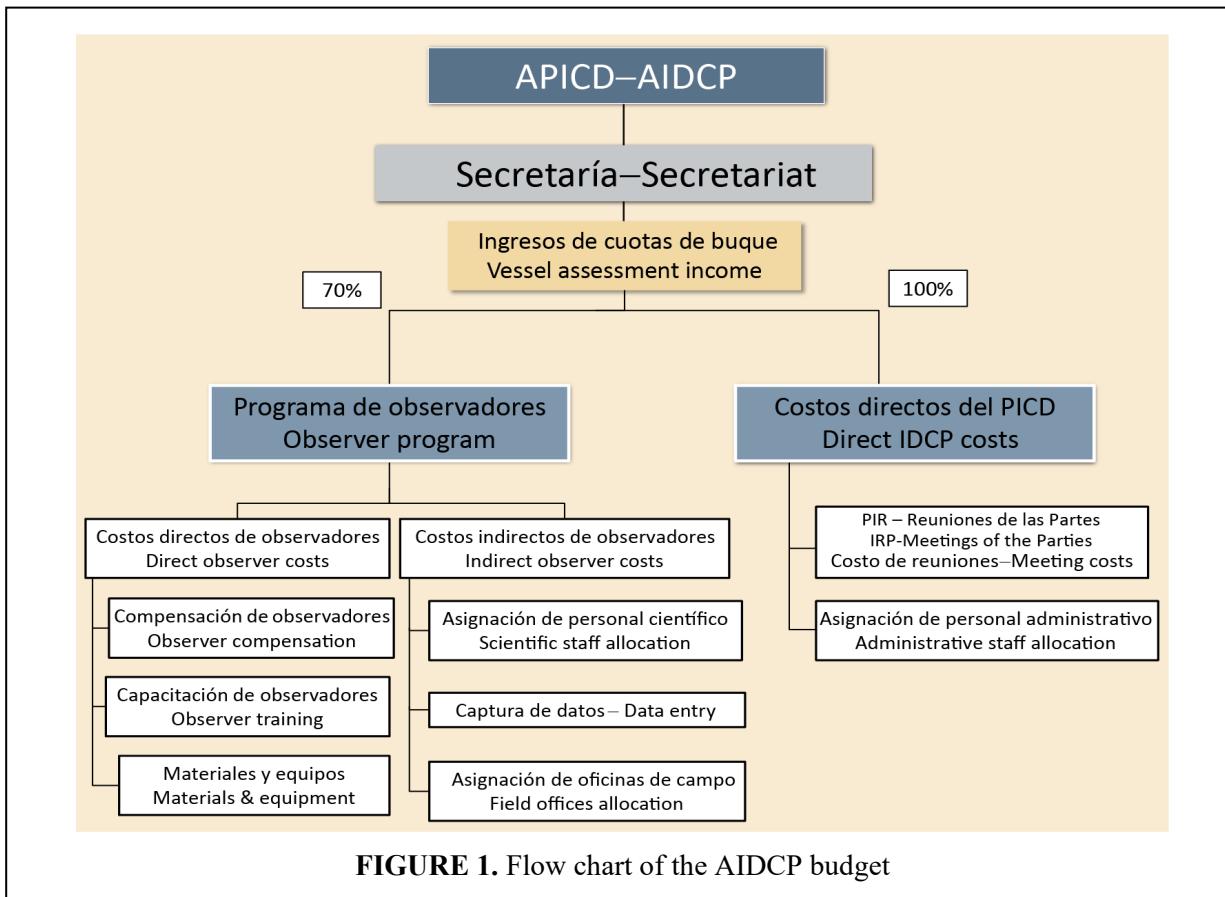
² Carrying capacity greater than 363 mt (IATTC Class 6).

³ Vessels fishing in the EPO but departing from ports in the WCPPO 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. 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 is reflected in the recommended 2022 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 reflects 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 and 2021 have been cancelled due to the COVID-19 pandemic until further notice.

Indirect observer costs:

Indirect observer costs include costs associated with IATTC staff located both at headquarters and field offices and a portion of the field office operating expenses. **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. During fiscal year 2020, approximately US\$ 240,000 of local field office employee salaries were charged to this line item for managing observer placements, coordinating observer travel, and liquidation of observer compensation.

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

IATTC HQ administrative staff needed to oversee the AIDCP program as well as IATTC field office staff represent a direct cost, 100% chargeable to the AIDCP. The various areas of HQ administrative support afforded to the AIDCP include policy and compliance, accounting, logistical support in coordination of meetings, information technology, website support, translation, and global oversight by the Director and Coordinator of Scientific Research. Local field office staff provide the program with logistical support when the observers are debriefed obtaining AIDCP observer data to then be input, reviewed, and finally edited locally in some cases supporting the preparation of AIDCP reports for the Parties.

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, 2016-2020

Table 1 illustrates AIDCP expenses during 2016-2020, 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.

| TABLE 1. Expenses, 2016-2020 (US\$) | 2016 MOP-35-06 | 2017 MOP-37-01 | 2018 MOP-39-01 | 2019 MOP-41-01 | 2020 |
|---|-------------------|-------------------|-------------------|-------------------|------------------|
| A. ON-BOARD OBSERVER COSTS⁴ | | | | | |
| Direct costs: | | | | | |
| Observer compensation and benefits | 1,599,099 | 1,584,717 | 1,556,161 | 1,519,790 | 1,303,168 |
| Travel | 56,718 | 74,516 | 54,966 | 69,160 | 16,548 |
| Supplies and equipment | 13,419 | 8,651 | 15,252 | 11,037 | 11,769 |
| Training | 17,034 | 4,453 | 7,782 | 14,983 | - |
| Subtotal | 1,686,270 | 1,672,337 | 1,634,161 | 1,614,970 | 1,331,485 |
| Indirect costs: | | | | | |
| IATTC HQ staff: scientific/technical | 697,012 | 687,504 | 713,090 | 744,014 | 827,298 |
| IATTC F.O. staff | 259,454 | 288,790 | 230,152 | 259,923 | 239,874 |
| IATTC F.O. operating costs | 100,557 | 88,389 | 93,034 | 86,135 | 68,272 |
| Total, on-board observer costs | 2,743,292 | 2,737,020 | 2,670,437 | 2,705,041 | 2,466,929 |
| B. OTHER COSTS⁵ | | | | | |
| IATTC HQ staff: administrative | 298,719 | 294,645 | 305,610 | 318,863 | 349,994 |
| AIDCP meetings | 9,309 | 48,787 | 90,462 | 50,282 | 2,200 |
| Captain's seminars | - | - | - | 4,525 | 1,673 |
| Other AIDCP direct costs | 5,903 | 3,441 | 1,029 | 33,753 | 11,040 |
| Total, Other costs | 313,932 | 346,873 | 397,101 | 407,423 | 364,907 |
| Total, AIDCP Program costs | 3,057,224 | 3,083,893 | 3,067,538 | 3,112,465 | 2,831,836 |

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

⁵ Covered 100% by AIDCP

4. PROGRAM INCOME, 2020

Table 2 summarizes AIDCP income in 2020.

| TABLE 2. AIDCP sources of income, 2020, in US\$ | | Actual |
|--|---|------------------|
| 1 | Vessel assessments – Class 6 (US\$ 14.95/m ³) | 2,461,414 |
| 2 | IATTC portion of observer program (30%) | 740,079 |
| 3 | Inactive and sunk vessels (US\$ 1.00/m ³) | 5,439 |
| | Total operational income | 3,206,932 |
| | Total AIDCP Program expenses | 2,831,836 |
| | Excess of revenue over expenses | 375,096 |
| 4 | Other income | 76,188 |
| | Surplus | 451,284 |

1. Assessments paid by all Class-6 vessels on 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 3 , the AIDCP accounts reflect an accumulated surplus of US\$ 2,388,086 as of 31 December 2020. TABLE 3. Status of AIDCP funds on 31 December 2020 | US\$ |
|---|------------------|
| Surplus on 31 December 2019 ⁶ | 2,144,071 |
| Allocation of funds for National Programs ⁷ | (207,269) |
| 2020 surplus | 451,284 |
| Surplus on 31 December 2020 | 2,388,086 |

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. Mitigating factors such as reduced trips due to unforeseen circumstances such as the 2020 COVID-19 pandemic in which observer days at sea were reduced from 2019 by approximately 3,800 days reflecting a financial impact on total costs of approximately US\$ 209,000 (assuming a daily rate of US\$ 55.00). The budget is prepared based upon the number of active vessels and a reasonable expectation of costs using historical data.

4.2. Outstanding vessel assessments

As shown in [Table 4](#), as of 31 July 2021, thirteen vessels currently have outstanding assessments from 2012-2021 totaling US\$ 616,961, of which US\$ 343,831 pertains to the IATTC observer program, with the remainder of US\$ 272,822 due to four national programs (US\$ 18,232 (ECU), US\$ 28,594 (NIC), US\$ 11,026 (PAN) and US\$ 214,971 (VEN)).

⁶ See Document [AIDCP-41-01](#), Table 4.

⁷ 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.

| TABLE 4. Vessels with assessments outstanding, as of 31 July 2021 ⁸ | | | | |
|---|------------|----------------------|---------------------|---------------------|
| Vessel | | | Arrears | |
| Flag | No. | Name | Years | US\$ |
| ECU | 7179 | <i>Vicente</i> | 2021 | 40,109 |
| NIC | 3505 | <i>Lucile</i> | 2021 | 20,799 ⁹ |
| NIC | 3529 | <i>Maria Eulogia</i> | 2020-2021 | 40,026 |
| PAN | 3775 | <i>La Peña</i> | 2020-2021 | 26,461 |
| VEN | 14960 | <i>Albamar I</i> | 2012-2021 | 156,980 |
| VEN | 3694 | <i>Aleta Azul</i> | 2020-2021 | 42,691 |
| VEN | 17215 | <i>Atlántico</i> | 2019-2020 | 3,950 |
| VEN | 3283 | <i>Carmela</i> | 2021 | 20,803 |
| VEN | 3394 | <i>Falcon</i> | 2021 | 8,172 |
| VEN | 1735 | <i>Guayacan</i> | 2020 | 12,745 |
| VEN | 1815 | <i>Las Aves</i> | 2019-2020 | 4,700 |
| VEN | 15630 | <i>Rocinante</i> | 2014-2021 | 102,972 |
| VEN | 9563 | <i>Tunapuy</i> | 2012-2021 | 136,244 |
| Total | | | US\$ 616,961 | |

5. RECOMMENDED BUDGET, 2022

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 each 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 5](#) presents actual costs for the 2020 fiscal year, the Secretariat's best estimate of anticipated income and expenditures in 2021, based upon historical data, and the 2022 recommended budget. Total costs for the AIDCP increased from US\$ 364,907 in 2020 to an anticipated US\$ 483,000 in 2021, an increase of approximately US\$ 118,000, representing a cost allocation reflective of the actual costs incurred supporting the program's activities. As noted earlier, the field office staff provide considerable support for the program and had not previously been accounted for within the AIDCP budget. Beginning in 2021, these costs have been added to the budget and have the greatest impact within this group of expenses is the staff allocation at the field offices.

⁸ Payments made after 31 July will be presented at the Meeting of the Parties.

⁹ Currently on a payment plan

| TABLE 5. 2020-2022 budgets (US\$) | 2020 | 2021 | 2022 |
|--|------------------|------------------------|------------------|
| | Actual | Forecast ¹⁰ | Recommended |
| ON-BOARD OBSERVER INCOME | | | |
| Vessel assessments - Class 6 | 2,461,414 | 2,371,976 | 2,477,000 |
| IATTC portion of observer program (30%) | 740,079 | 765,000 | 823,454 |
| Inactive and sunk vessel assessments | 5,439 | 4,392 | 4,392 |
| TOTAL OPERATIONAL INCOME | 3,206,932 | 3,141,368 | 3,304,846 |
| ON-BOARD OBSERVER COSTS¹¹ | | | |
| Direct costs: | | | |
| Observer compensation and benefits | 1,303,168 | 1,340,000 | 1,366,446 |
| Observer travel | 16,548 | 22,000 | 50,000 |
| Observer supplies and equipment | 11,769 | 8,000 | 113,400* |
| Observer training | - | - | 25,000* |
| Subtotal | 1,331,484 | 1,370,000 | 1,554,846 |
| Indirect costs: | | | |
| IATTC HQ staff: scientific/technical | 827,298 | 840,000 | 845,000 |
| IATTC F.O. staff | 239,874 | | |
| IATTC F.O. operating costs | 68,272 | 340,000 | 345,000 |
| Total, On-board observer costs | 2,466,929 | 2,550,000 | 2,744,846 |
| OTHER COSTS¹² | | | |
| IATTC HQ staff: administrative | 349,994 | 360,000 | 370,000 |
| AIDCP meetings | 2,200 | - | 65,000 |
| Captain's seminar | 1,673 | - | - |
| Other AIDCP direct costs: | | | |
| Field office operating expenses | 306 | 8,480 | 8,617 |
| Purchase and maintenance of computer equipment | - | 365 | 371 |
| Printing, postage and publication | 7,102 | 1,800 | 1,830 |
| Staff travel | 3,192 | 585 | 595 |
| Field office local employees | - | 106,445 | 108,175 |
| Field office local accounting and legal | - | 600 | 610 |
| Field office vehicle purchase and maintenance | - | 3,930 | 3,994 |
| Bank and other fees | 440 | 795 | 808 |
| Total, Other costs | 364,907 | 483,000 | 560,000 |
| TOTAL AIDCP PROGRAM COSTS | 2,831,836 | 3,030,000 | 3,304,846 |
| Revenue over/(under) expenditures | 375,096 | 108,368 | - |
| Other income | 76,188 | 63,000 | - |
| Surplus/(Deficit) | 451,284 | 171,368 | - |

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

¹⁰ Based on activity through 31 July 2021.

¹¹ Covered 30% by IATTC, 70% by vessel assessments

¹² Covered 100% by AIDCP

5.1. Explanation of significant increases for select categories

Two items in the recommended 2022 budget (asterisked in [Table 5](#)) 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. 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 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 inhabited areas where services and particularly medical support can be found. At least 17 vessels carrying observers 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 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.

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 (2015-2021) | 2022 | 2023 |
| 0-200 | 48.00 | 55.00 | 65.00 |
| > 200 | 55.00 | 65.00 | 75.00 |

In 2020, IATTC observers were deployed for 20,129 days. Assuming a similar level of activity in 2022, an increase of US\$ 10 in daily pay would increase observer compensation costs by approximately US\$ 200,000, or about US\$ 225,000 including taxes and other benefits. 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 2022, as well as vessels with COVID cases arriving in port, the increases in costs may be mitigated and delayed. The Secretariat also proposes to increase IATTC observer pay by a further US\$ 10 in 2023, to US\$ 75, 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 United States and Pacific States Marine Commission contributions 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 2022 (**Table 6**). All devices were successfully distributed in 2020 and devices are being issued to observers on all deployments. As of mid-September 2021, approximately US\$ 16,000 in prepaid service has been utilized and will require the purchase of additional service and has been included in the 2022 recommended budget.

TABLE 6. Estimated cost of observer safety and communication equipment and service, 2022, in US\$

| US\$ | Units | | Total |
|------------------------------|-------|--------|---------------|
| | No. | Cost | |
| Equipment | | | |
| ResQ Link 400 | 50 | 253.00 | 12,650 |
| InReach SE+ | 50 | 299.99 | 15,000 |
| Taxes (ResQLink) | | | 980 |
| Shipping (InReach) | | | 30 |
| Subtotal: Equipment | | | 28,660 |
| Service (InReach SE+) | | | |
| Activation | 50 | 34.95 | 1,748 |
| Service @ 19.95/month | 250 | 239.40 | 59,850 |
| Subtotal: Service | | | 61,598 |
| Total | | | 90,258 |

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. Although all training has been temporarily suspended for 2020 and 2021, \$25,000 has been added to the 2022 budget item to reflect the additional training sessions planned 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.