

AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

**27<sup>TH</sup> MEETING OF THE PARTIES**

**Veracruz, Veracruz (Mexico)  
4 June 2013**

**DOCUMENT MOP-27-06**

**AIDCP BUDGET**

**1. INTRODUCTION**

This document compares actual expenditures and revenue for 2012 with the 2012 budget, and presents a proposed budget for 2014 to cover all costs related to the AIDCP.

2012 marks the second year since the inception of the IDCP that the Secretariat received a significant amount of money related to prior years. This included size-class 6 vessel assessments from 2011 (US\$ 72,647), 2010 (US\$ 45,005), and 2009 (US\$ 25,435), for a total of US\$ 143,087. Also, an additional US\$ 165,693 was received during 2012 from the temporary increase of US\$ 1 per cubic meter (m<sup>3</sup>) of well volume in the fees paid by all purse-seine vessels in the IATTC Regional Vessel Register, intended to eliminate the accumulated deficit within the AIDCP Observer Program.

These extraordinary receipts from prior years are not included in Table 1, in order to present the budget more accurately as it relates to the 2012 program year.

**2. CURRENT FINANCIAL SITUATION**

Every year the Secretariat develops a budget with a proposed level of income from vessel fees to accommodate anticipated expenses, which are based upon actual program needs. Many attempts to increase the AIDCP income have been made, in order to maintain a revenue stream that will cover the costs of running the observer program on an ongoing basis, but these efforts have been unsuccessful in obtaining an adequate level of funding for this purpose. Although late payments, changes in vessel ownership, vessel status (active vs. inactive) and/or flag during the year may result in variations in income levels, there continues to be a need to increase the vessel assessments to pay for the program. As of 31 December 2012, the AIDCP observer program had an accumulated deficit, currently borne by the Secretariat, of US\$ 456,647. In an effort to clear this deficit, at their 26<sup>th</sup> meeting in October 2012, the Parties agreed to temporarily increase vessel assessments for 2013 by US\$ 1 per m<sup>3</sup>. Pending review of the effect of this increase, it was agreed that alternative actions would be discussed at this 27<sup>th</sup> Meeting of the Parties with the objective of limiting costs to the funds available.

Further clarification on the application of these funds is required to determine whether the funds received as a result of this temporary increase should be applied entirely to the accumulated deficit or whether national observer programs should receive a portion based upon their level of coverage. The total income from this temporary increase is US\$ 216,800, of which US\$ 83,933 would be apportioned to the national programs. Many payments have already been retained by national programs.

During the last five years significant efforts have been made to reduce program expenses, as can be seen in column 3 of Table 1, by decreasing IATTC staff cost allocations and field office expense allocations. To accomplish these savings, the Secretariat made some adjustments to the personnel costs allocated to the program, and efforts to reduce meeting expenses continued. However, as noted in column 3, significant increases in program costs are still being experienced.

The success of the AIDCP observer program is fundamentally based upon having a pool of observers who are properly educated and trained to perform their duties. The pay scales for observers hired by the

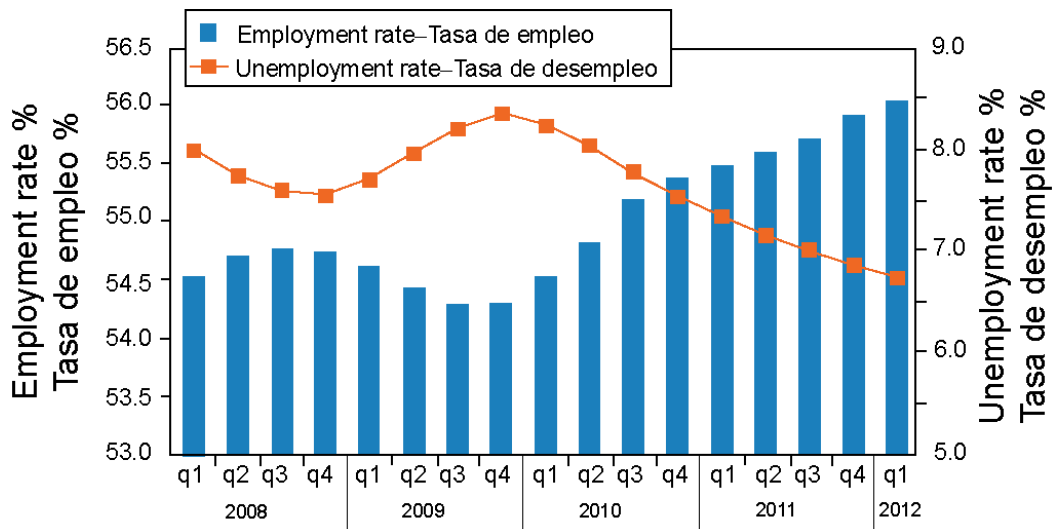
IATTC have not been adjusted since 2006, and are affecting the Secretariat’s ability to retain their services.

In 2000 the pay scale was modified from five steps, based on experience, in increments of 200 days, to only two steps, as follows:

Accumulated days at sea	Daily pay (US\$)
<b>2000-2006</b>	
0 - 200	25.00
201 - 400	27.90
401 - 600	30.80
601 - 800	33.70
801 - 1000	36.60
>1000	39.50
<b>2006-present</b>	
0 - 200	28.00
> 200	32.00

Observers already earning the higher rates were not affected, but neither were their rates increased. The rationale for this change was to attract new observers by increasing the initial daily rate from US\$ 25 to US\$ 28, with the increase to the higher level after, typically, about a year’s experience. Nonetheless, none of the observers on either pay scale have had any increase in pay since 2006.

The employment situation in Latin America has changed in recent years. A decrease in unemployment, despite the recent economic crisis, as shown in the graph below<sup>1</sup>, has made working as an observer less attractive, even for recent graduates.

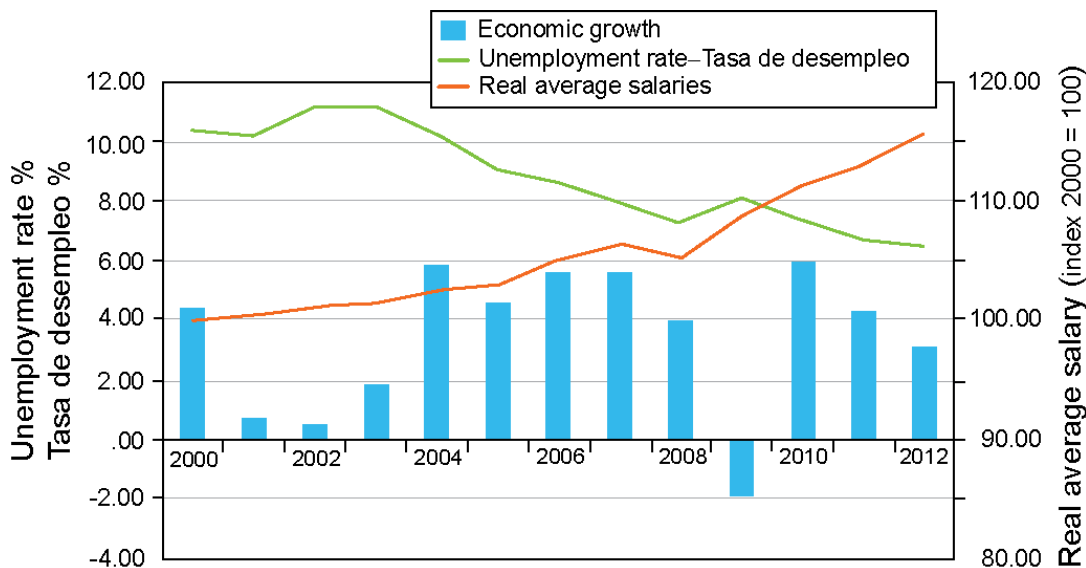


This situation, which obtains in several countries, is illustrated by the cancellation of the two planned observer training sessions in Panama during the last three years, due to a lack of interest from recent graduates in biology. Two training sessions have been held in the last two years, both in Ecuador, but the retention rate has been less than 50%, significantly lower than previously, with new observers typically making only one or two trips, rather than the average 8 or 10. Currently, there are only 131 active observers to cover approximately 450 trips sampled by the IATTC program, which has proven to be insufficient. On several occasions, support from national programs had to be requested due to the lack of

<sup>1</sup> source: United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

available observers, some of whom would be normally available but were working at other jobs on land due to the need to supplement their income.

In this respect, it is important to note that during the same period (2000-present), wages in Latin America have increased by more than 15%:



In terms of real wages, only first-time observers paid at the higher initial rate have had an increase, but that was seven years ago; the majority of observers have not had any increase since 2000.

If the current poor recruitment of observers continues, and unless their wages are increased by at least 18%, it is quite possible that eventually vessels may have to depart without an observer, or wait for a potentially considerable time until one becomes available.

In 2012, total observer wages and benefits were US\$1,138,921; the suggested increment of 18% would add a further US\$ 205,006, for a total of US\$ 1,343,927. For this to be paid out of vessel assessments, the current rate of US\$ 14.95 per cubic meter (m<sup>3</sup>) of well volume would need to increase by US\$ 2.66 to US\$ 17.61. It must be stressed that this increase would be merely to keep up with the general increase in wages in Latin America during the past 13 years, and to remain competitive with jobs in other sectors of the economy.

Table 1 reflects the 2012 activity which includes US\$ 1,596,254 for the AIDCP's 70% share of observer costs, US\$ 374,854 for those direct AIDCP costs covered at 100% by the budget, and US\$ 1,946,932 in income from vessel assessments and late, sunk, and inactive fees, for a net deficit of US\$ 24,176. Column 3 of the table shows the difference between the budgeted and actual costs of each line item.

Table 2 compares three proposed budgets for 2014 presented at the 25<sup>th</sup> Meeting of the Parties in October 2012 as support for the proposed increase to cover all costs related to the AIDCP while remaining within available funding, based upon the current composition of the Regional Vessel Register. The three scenarios for possible expenditures in 2014 are based upon the current vessel assessment rate of US\$ 14.95/m<sup>3</sup> and the proposed rates of US\$ 18.00 and US\$ 19.15/m<sup>3</sup>. The only difference between the scenarios is related to the variable costs of the observers (*i.e.* wages, travel, equipment and training).

### 3. RECOMMENDATION REGARDING VESSEL FEE INCREASE

As elaborated in recent AIDCP budget documents, the costs associated with the AIDCP continue to grow. Vessel fees have not increased since Resolution A-06-01 was adopted in June 2006. In order to have a solvent observer program, the Secretariat again recommends that an increase in vessel assessments be agreed. Taking into consideration recent budget cuts such as the allocations of IATTC staff salaries to the

observer program and the changes within the fleet, the Secretariat recommends an increase of US\$ 2.66 per cubic meter of vessel well volume, which is needed to balance the AIDCP budget in 2014 while still providing the level of anticipated coverage. As stated in previous AIDCP budget documents, an increase in the rate is just and necessary to maintain the effective implementation of the AIDCP.

**TABLE 1.** IDCP: Allocation of costs, 2012, and agreed budget for 2013

**TABLA 1.** PICD: Distribución de costos, 2012, y presupuesto acordado de 2013

(USD)	1	2	3	4
	2012 Approved budget – Presupuesto aprobado	2012 Actual Reales	2012 Difference Diferencia (Col. 2 - Col. 1)	2013 Agreed budget– Presupuesto acordado
<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)	1,171,553	1,232,153	60,600	1,171,553
IATTC scientific staff (part) Personal científico de la CIAT (porción)	824,000	730,769	(93,231)	824,000
IATTC field office staff and facilities (part) Personal e instalaciones de las oficinas regionales de la CIAT (porción)	340,000	317,440	(22,560)	340,000
<b>Subtotal</b>	<b>2,335,553</b>	<b>2,280,362</b>	<b>(55,191)</b>	<b>2,335,553</b>
70% of/del subtotal	1,634,887	1,596,254	(38,634)	1,634,887
<b>Covered at 100%-Cubiertos al 100%</b>				
IATTC administrative staff (part) Personal administrativo de la CIAT (porción)	300,000	297,251	(2,749)	306,000
AIDCP direct costs Costos directos del APICD	8,000	3,300	(4,700)	8,000
Meetings of Parties and IRP (including staff travel) Reuniones de las Partes y del PIR (incluye viajes del personal)	26,000	74,304	48,304	26,000
<b>Subtotal</b>	<b>334,000</b>	<b>374,854</b>	<b>-40,854</b>	<b>334,000</b>
<b>TOTAL COSTS – TOTAL DE COSTOS</b>	<b>1,968,887</b>	1,971,108	<b>(2,221)</b>	<b>1,968,887</b>
<b>REVENUE-INGRESOS:</b>				
Total vessel assessments Total de cuotas de buques	1,968,887	1,902,920	(65,967)	1,968,887
Late fees, inactive and sunk vessel assessments Recargos + Cuotas de buques inactivos y hundidos	-	44,012	44,012	-
<b>TOTAL REVENUE – TOTAL DE INGRESOS</b>	<b>1,968,887</b>	<b>1,946,932</b>	<b>(21,955)</b>	<b>1,968,887</b>
Surplus (deficit) – Superávit (déficit)	-	(24,176)	(24,176)	-

**TABLE 2.** IDCP: Agreed budget for 2012, and three scenarios for proposed vessel fees.

**TABLA 2.** PICD: Presupuesto acordado para 2012, y tres escenarios con las cuotas de buques propuestas

	(USD)	2013 Agreed budget– Presupuesto acordado	Scenarios - Escenarios		
			1	2	3
			2014	2014	2014
			Vessel fees - Cuotas de buques		
			14.95 / m <sup>3</sup>	18.00 / m <sup>3</sup>	19.15 / m <sup>3</sup>
<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)	1,171,553	1,263,000	1,180,601	1,263,000	1,263,000
IATTC scientific staff (part) Personal científico de la CIAT (porción)	824,000	758,000	758,000	758,000	758,000
IATTC field office staff and facilities (part) Personal e instalaciones de las oficinas regionales de la CIAT (porción)	340,000	330,000	330,000	330,000	330,000
<b>Subtotal</b>	<b>2,335,553</b>				
	1,634,887	2,351,000	2,268,601	2,351,000	2,351,000
70% of/del subtotal		<b>1,645,700</b>	<b>1,588,021</b>	<b>1,645,700</b>	<b>1,645,700</b>
<b>Covered at 100%-Cubiertos al 100%</b>					
IATTC administrative staff (part) Personal administrativo de la CIAT (porción)	306,000	306,000	306,000	306,000	306,000
AIDCP direct costs Costos directos del APICD	8,000	11,000	11,000	10,898	10,898
Meetings of Parties and IRP (including staff travel) Reuniones de las Partes y del PIR (incluye viajes del personal)	26,000	55,000	55,000	55,000	55,000
<b>Subtotal</b>	<b>334,000</b>	<b>372,000</b>	<b>372,000</b>	<b>371,898</b>	<b>371,898</b>
<b>TOTAL COSTS – TOTAL DE COSTOS</b>	<b>1,968,887</b>	<b>2,017,700</b>	<b>1,960,021</b>	<b>2,017,598</b>	<b>2,017,598</b>
<b>REVENUE-INGRESOS:</b>					
Total vessel assessments Total de cuotas de buques	1,968,887	1,807,317	1,960,021	2,017,598	2,017,598
Late fees + inactive and sunk vessel assessments Recargos + Cuotas de buques inactivos y hundidos	-	-	-	-	-
<b>TOTAL REVENUE – TOTAL DE INGRESOS</b>	<b>1,968,887</b>	<b>1,807,317</b>	<b>1,960,021</b>	<b>2,017,598</b>	<b>2,017,598</b>
Surplus (deficit) – Superávit (déficit)	-	(210,383)	-	-	-