

INTER-AMERICAN TROPICAL TUNA COMMISSION
COMMITTEE ON ADMINISTRATION AND FINANCE
10TH MEETING

Victoria, B.C., Canada

2 August 2023

CHAIR'S REPORT

AGENDA

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3. Current status of the financial contributions of Members	
4. Financial contributions of Members:	
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b) Special Fund for promoting institutional capacity-building (Resolution C-14-03)	CAF-10-02 CAF-10-03
c) Program to monitor transshipments at sea (Resolution C-22-03)	
5. Review of the financial audit report	
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APPENDICES

1. List of attendees

The tenth meeting of the Committee on Administration and Finance was held in Victoria, B.C., Canada, on 2 August 2023.

Opening of the meeting

In the absence of the Chair of the meeting, Ms. Rachael Wadsworth of the United States, Mr. Ryan Wulff of the United States was elected Chair for this meeting and was thanked for graciously accepting this appointment.

Adoption of the agenda

The provisional agenda was adopted with the introduction of item 3, at Panama's request, regarding the presentation of a statement on its contributions to the IATTC.

Current status of the financial contributions of Members

Ms. Nora Roa, of the IATTC staff, reported that, as of 30 June 2023, there were outstanding contributions totaling US\$ 6,598,378, as described in Table 5 of Document [CAF-10-01](#). Two Members, Panama and Venezuela, are in arrears in the payment of their contributions for an amount equal to or greater than the total contributions that would have been due during the previous twenty-four (24) months.

Panama referred to the document published on the IATTC website, [INF-A. Statement from Panama](#). This document shows the payments Panama has made since 2020 to date in the amount of US\$ 3,182,488.29, with US\$ 2,627,688.71 outstanding, which it expects to pay in full by 2027. The Committee noted with

satisfaction Panama's commitment and El Salvador, in its capacity as President *pro tempore* of OSPESCA, asked the Commission to exempt Panama from the application of Article XV, paragraph 4, of the Antigua Convention and that Panama continue to have the right to participate in the Commission's decision-making, which was supported by several delegations.

Korea, Mexico and Colombia, in addition to explaining the reasons for their delays, formally committed to settling their respective debts in the near future.

Financial contributions of Members

a) Regular budget (Resolution [C-15-05](#))

Ms. Nora Roa, of the IATTC staff, recalled that Resolution C-15-05 establishes that 90% of the budget "is shared among the Members, weighted by Gross National Income (GNI) category", which is defined by the World Bank. Over the past year, the Bank adjusted the GNI category of several countries, including some that are Members of the IATTC and should therefore see a change in the amount of their contribution.

Three Members, Panama, Colombia and Belize, acknowledged that they had been subject to a category change by the World Bank, but requested that they remain in their previous category for purposes of their contributions to the IATTC budget.

At the request of one delegation, the Secretariat reported that there was only one precedent for maintaining a Member in a category other than that issued by the World Bank, due to truly exceptional circumstances.

It was requested that this precedent be brought to the attention of the Commission as a valuable background for its decision on the request of Panama, Colombia and Belize. The Secretariat was asked to recalculate the contributions in order to assess what they would look like if the requests of these three Members were approved. Several delegations mentioned that, in view of this type of request, it would be advisable to consider the possibility of revising the formula established in Resolution C-15-05.

b) Special Fund for promoting institutional capacity-building (Resolution [C-14-03](#))

Mr. Ricardo Belmontes, from the Commission staff, presented Document [CAF-10-02 Special Fund for promoting institutional capacity-building for developing Members](#), established by Resolution C-14-03. He reported that the balance of the fund is US\$ 470,204 as of 31 May 2023.

Activities planned and approved to be carried out with Fund resources for 2021 and 2022 were not carried out due to COVID-19 pandemic restrictions. The work to be carried out with the Fund's resources for the remainder of 2023 and for 2024 are as follows:

- Development of data collection and scientific infrastructure for fisheries management. In particular, work on shark fisheries. (Amount to be determined based on specific activities to be planned in consultation with interested CPCs, within the limits of available funds).
- Training seminar/workshop on sea turtle mitigation techniques pursuant to Resolution C-19-04.
- Training seminars for port inspections pursuant to Resolution C-21-07.
- Annual IATTC scholarship for scientific capacity in developing CPCs.
- Participation of representatives of developing Members in the annual meeting of the IATTC and its subsidiary bodies.

The Committee agreed to recommend to the Commission the approval of these activities.

c) Program to monitor transshipments at sea (Resolution [C-22-03](#))

Mr. Ricardo Belmontes, from the Commission staff, presented Document [CAF-10-03 - Regional program](#)

[of observers for transshipments at sea](#). He focused his presentation on the financial component of the program; the operational component had already been presented at the Scientific Advisory Committee meeting and the compliance component would be reviewed by the Compliance Committee.

He reported that a budget of US\$ 1,100,000 was requested for 2024, to be divided as follows: a contribution of US\$ 500,000 to be paid by the participants in the program and distributed among them in accordance with the agreed formula; the remainder to be completed with the accumulated surplus, thus maintaining a contingency fund of approximately US\$ 300,000.

The Committee agreed to recommend that the IATTC approve the requested budget with the distribution of contributions and use of the existing surplus as described.

Review of the financial audit report

The Secretariat recalled that the financial audit report for fiscal year 2022 had been circulated on 12 July 2023 and a hard copy of it had already been provided to the Commissioners and Heads of Delegation attending the meeting. In response to a question from one delegation, it was also clarified that this report covered not only the execution of the IATTC budget, but also that of the AIDCP.

One delegation stressed the need to improve the report in the future, particularly in light of several worrying inaccuracies in its wording (e.g., the reference to *High Contracting Parties* rather than IATTC Members, or to *financial policies* prescribed by these Parties, which do not exist, but there are financial regulations dating from 1982 that were revised in 2003). This delegation emphasized the need to have a clear methodology for the preparation of the financial statements and a mechanism that complies with international standards. Finally, it requested that the consulting firm be asked to review the translation of the document from English to Spanish.

Review of proposed budgets for 2024 and 2025

Ms. Nora G. Roa, from the IATTC staff, presented Document [CAF-10-01 - Review of proposed budgets for 2024 and 2025](#). After reviewing the Commission's financial activity in 2022 and 2023 to date, she described in detail the budget requested for 2024 and also referred to the projected budget for 2025.

She stated that, in order to continue to operate as it has in accordance with its mandate and in response to the requests of its Members, the Commission needs a budget of US\$8,727,629 for 2024, which is very similar to the 2023 budget of US\$8,519,111. The increase would be only 2.4%, well below the rate of inflation in the United States. The US\$734,000 corresponding to the Enhanced Monitoring Program should be added to this amount, as was done in the previous budget.

From the discussion that began with this presentation, three main themes emerged:

- The need, highlighted by several delegations, to review and update the IATTC's financial regulations in order to have very clear rules, in line with best contemporary practices, for the management and use of the organization's financial resources.
- The question of the use of budgetary resources that have not yet been used, to which the outstanding payments of contributions in arrears should be added. Likewise, a couple of delegations noted the existence of unused resources in 2021 and 2022, amounting to approximately 7% per year, a situation that will most likely be repeated in 2023: it may be asked why, under these conditions, the possibility of increasing the budget for 2024 should be considered. In the same vein, Ecuador referred to the use of these unused resources and stated that it could not accept an increase in annual contributions, taking into account its own economic situation and that of other Members. For this reason, it requested that the same budget be maintained for 2024 as for 2023. The United States pointed out that the amount not used in 2022 could be used to finance part of the expenses in 2024, which Ecuador supported.

- The budget of the Enhanced Monitoring Program: In response to a question from the European Union about the costs of the program, particularly with regard to salaries, the Program Coordinator, Ms. Cristina De La Cadena, reported that these costs included salaries and insurance payments for 28 samplers. After the first five months of the program in its pilot phase, now that it had entered the main phase of the program, a better idea of how to reduce costs could be obtained after one year of operation, in addition to addressing the recommendation of the Scientific Advisory Committee to prepare and present a cost-benefit evaluation of the program at its meeting in 2024. Guatemala requested more and more detailed information on the program and reserved the right to approve or not approve its continuation in the future. Ecuador requested that the program's budget be reduced by half, i.e., US\$ 385,000.

Other business

No other business was discussed.

Recommendations to the Commission

The Committee agreed to submit the following recommendations to the Commission:

- 1) The Committee supported and thanked the request submitted by Panama, as set out in Document [CAF-10 INF-A](#), for the Commission to provide, by the end of this annual meeting, specific documentation on Panama's outstanding debt in order to facilitate the establishment of a payment plan that would allow the payment of all outstanding contributions by 2027.
- 2) There were requests from Panama, El Salvador, Belize and Colombia to allow exemptions from the application of the contribution formula in C-15-05 regarding the GNI factor for 2024. There was no consensus in the Committee to support these requests, but there was support for a request, in accordance with paragraph 6 of Resolution C-15-05, that this resolution be reviewed at the next annual meeting of the Commission.
- 3) The Committee thanked the Secretariat for its report on the use of the Special Fund for Capacity Building and approved the recommended program for the coming year, as described in Section 4 of Document [CAF-10-02 - Special Fund for promoting institutional capacity-building](#).
- 4) The Committee thanked the Secretariat for its presentation on the transshipment program and approved the proposal to:
 - a. Adopt a budget of US\$ 1,100,000 for 2024, assuming that projections of expenditures to be incurred are accurate. In this case, only a contribution of US\$ 500,000 would be required from the participants, to be allocated according to the agreed formula and supplemented by funds from the accumulated surplus of the observer program to monitor transshipments at sea.
 - b. Maintain a contingency fund of approximately US\$ 300,000 with the contributions and use of the aforementioned surpluses.
- 5) The Committee took note of the 2022 audit and discussed at length the manner in which it was presented and how it reflected the Commission's financial policies and regulations, noting inaccuracies in the audit report, in addition to the fact that the same audit firm has been used for many years, which is not advisable. The Secretariat indicated that it had already initiated a process to review the financial regulations, including the audit process. The Committee recommended that the Secretariat continue to work with the Committee during this review and take into account the concerns raised in the discussion so that this can be considered at next year's meeting.

- 6) The Committee expressed its disagreement with the proposed budget for 2024 and, in particular, requested clarification on the underutilization of funds in 2022 and previous years. It requested the Secretariat to:
- a. Report on the funds remaining from budget execution in 2022 and previous years, and on the current status of the General Fund.
 - b. Prepare a budget scenario for 2024 for the amount requested by the Secretariat but with contributions frozen at the same level as last year (instead of using the formula established in Resolution C-15-05) and estimate the amount of the general fund carryover that would be needed to finance the difference between this income and anticipated expenses.
 - c. Prepare another scenario, based on a thorough review of all budget areas where there has been repeated underutilization of approved funds, to suggest possible reductions in those items in 2024, while also calculating how much should be carried over from the general fund to finance any difference between income and expenses.

Adjournment

The meeting was adjourned at 5:30 p.m. on 2 August in Victoria, B.C., Canada.

Annex 1. List of attendees

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