

**AGREEMENT ON THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM**

**44<sup>th</sup> MEETING OF THE PARTIES**

**Phoenix, Arizona**

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**DOCUMENT AIDCP-44-01**

**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 Agreement<sup>1</sup>, 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 2021 accounting of AIDCP funds, the 2022 financial activity forecast, a recommended AIDCP budget for 2023, 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 vessels<sup>2</sup> 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 States<sup>3</sup>). 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-09-01](#)). 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 (m<sup>3</sup>) 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%.

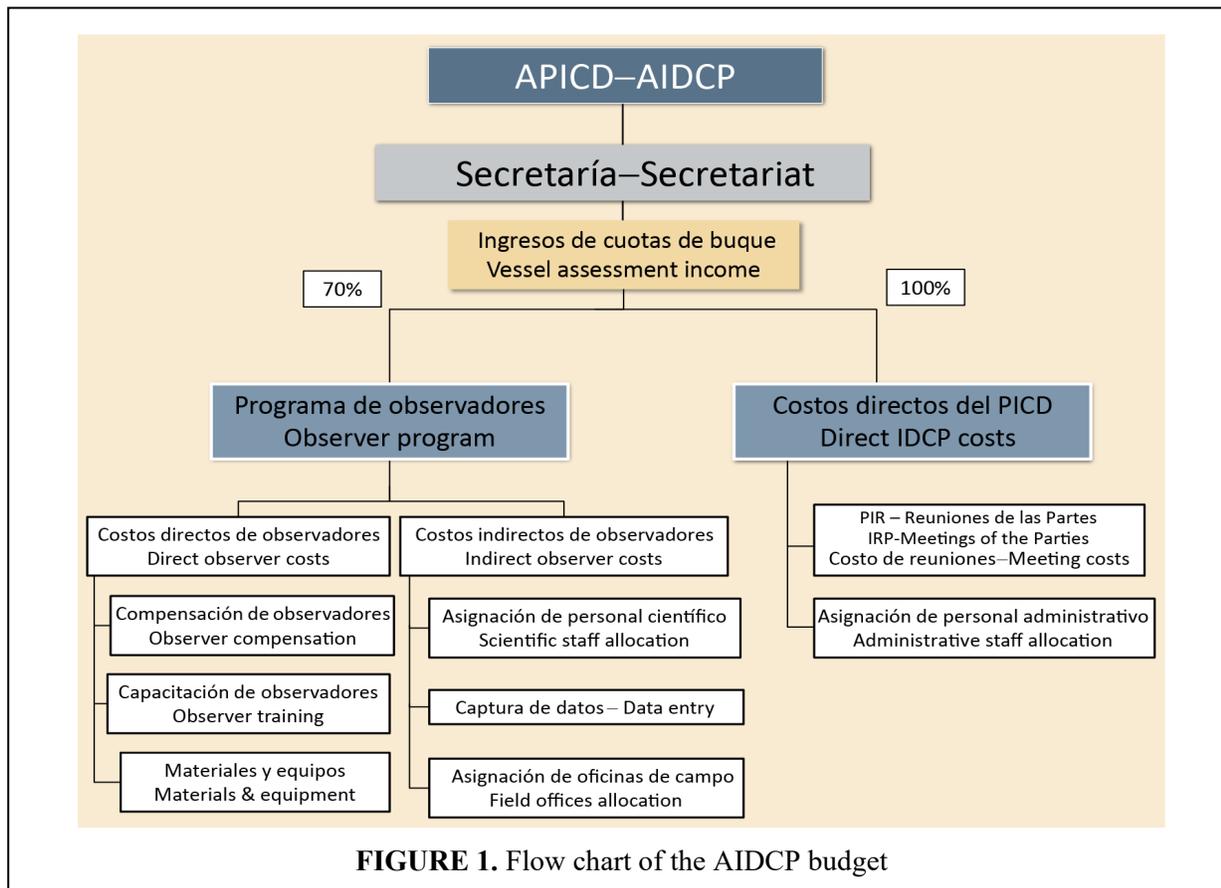
<sup>1</sup> Pursuant to Article VII, paragraph 1(t), and Article XIV, paragraph 3, of the Antigua Convention

<sup>2</sup> Carrying capacity greater than 363 mt (IATTC Class 6).

<sup>3</sup> 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. 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 5.2.1, the Secretariat maintains its recommendation from subsequent years for further increases in observer pay rates and is reflected in the recommended 2023 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 training anticipated for 2020 through 2021 was cancelled because of local restrictions due to the COVID-19 pandemic. Currently, a training session in Manta has been scheduled for 2022 with a limited number of participants and another training session in Panama may be scheduled later

in the year.

**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.

**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, 2017-2021**

**Table 1** illustrates AIDCP expenses during 2017-2021, 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.

<b>TABLE 1. Expenses, 2017-2021 (US\$)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	AIDCP-37-01	AIDCP -39-01	AIDCP -41-01	AIDCP-43-01	AIDCP-44-01
<b>A. ON-BOARD OBSERVER COSTS<sup>4</sup></b>					
<b>Direct costs:</b>					
Observer compensation and benefits	1,584,717	1,556,161	1,519,790	1,303,168	1,415,276
Travel	74,516	54,966	69,160	16,548	33,949
Supplies and equipment	8,651	15,252	11,037	11,769	9,652
Training	4,453	7,782	14,983	-	-
<b>Subtotal</b>	<b>1,672,337</b>	<b>1,634,161</b>	<b>1,614,970</b>	<b>1,331,485</b>	<b>1,458,878</b>
<b>Indirect costs:</b>					
IATTC HQ staff: scientific/technical	687,504	713,090	744,014	827,298	894,350
IATTC F.O. staff	288,790	230,152	259,923	239,874	242,888
IATTC F.O. operating costs	88,389	93,034	86,135	68,272	68,464
<b>Total on-board observer costs</b>	<b>2,737,020</b>	<b>2,670,437</b>	<b>2,705,041</b>	<b>2,466,929</b>	<b>2,664,579</b>
<b>B. OTHER COSTS<sup>5</sup></b>					
IATTC HQ staff: administrative	294,645	305,610	318,863	349,994	383,293
IATTC F.O. staff					104,080
AIDCP meetings	48,787	90,462	50,282	2,200	-
Captain's seminars	-	-	4,525	1,673	-
Other AIDCP direct costs	3,441	1,029	33,753	11,040	22,963
<b>Total, Other costs</b>	<b>346,873</b>	<b>397,101</b>	<b>407,423</b>	<b>364,907</b>	<b>510,336</b>
<b>Total, AIDCP Program costs</b>	<b>3,083,893</b>	<b>3,067,538</b>	<b>3,112,465</b>	<b>2,831,836</b>	<b>3,174,915</b>

<sup>4</sup> Covered 30% by IATTC, 70% by vessel assessments

<sup>5</sup> Covered 100% by AIDCP

#### 4. PROGRAM INCOME, 2021

Table 2 summarizes AIDCP income in 2021.

TABLE 2. AIDCP sources of income, 2021, in US\$		Actual
1	Vessel assessments – Class 6 (US\$ 14.95/m <sup>3</sup> )	2,502,670
2	IATTC portion of observer program (30%)	799,373
3	Inactive and sunk vessels (US\$ 1.00/m <sup>3</sup> )	4,392
	<b>Total operational income</b>	<b>3,306,436</b>
	<b>Total AIDCP Program expenses</b>	<b>3,174,915</b>
	<b>Excess of revenue over expenses</b>	<b>131,519</b>
4	Other income	118,156
	<b>Surplus</b>	<b>249,675</b>

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\$ 2,430,809 as of 31 December 2021

TABLE 3. Status of AIDCP funds on 31 December 2021	US\$
Surplus on 31 December 2020 <sup>6</sup>	<b>2,388,086</b>
2021 surplus	249,675
Total surplus available at 2021 before allocation of National Program funds	2,637,761
Allocation of funds for National Programs <sup>7</sup>	<b>(207,269)</b>
<b>Surplus on 31 December 2021</b>	<b>2,430,492</b>

This surplus should be viewed with caution and in context. Although the vessel assessment rate has not been increased for over a decade and the budget is prepared based upon the number of active vessels with a reasonable expectation of costs using historical data, mitigating circumstances such as changes in the utilization of IATTC observers by vessels fishing in both the EPO and the western and central Pacific and reduced trips due to unforeseen circumstances such as the COVID-19 pandemic affect the year-end balance.

##### 4.2. Outstanding vessel assessments

As shown in Table 4, as of 30 June 2022, sixteen vessels currently have outstanding assessments from 2012-2022 totaling US\$ 671,548, of which US\$ 406,077 pertains to the IATTC observer program, with the remainder of US\$ 265,471 due to three national programs (US\$ 40,510 (ECU), US\$ 15,369 (PAN) and US\$ 209,593 (VEN)).

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

<sup>7</sup> 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 30 June 2022<sup>8</sup>**

Vessel		Arrears	
Flag	Name	Years	US\$
ECU	<i>Alize</i>	2022	9,491
ECU	<i>Delia</i>	2022	16,363
ECU	<i>Don Ramon</i>	2022	30,933
ECU	<i>Julia D</i>	2022	17,119
ECU	<i>Vicente</i>	2021-2022	80,219
PAN	<i>Julie L</i>	2022	33,811
VEN	<i>Albamar I</i>	2012-2022	158,113
VEN	<i>Aleta Azul</i>	2022	21,346
VEN	<i>Atlántico</i>	2019-2022	6,856
VEN	<i>Carmela</i>	2022	18,141
VEN	<i>Don Francesco</i>	2022	20,803
VEN	<i>Guayacan</i>	2020	12,745
VEN	<i>Las Aves</i>	2019-2020	4,700
VEN	<i>Rocinante</i>	2014-2022	103,819
VEN	<i>Tunapuy</i>	2012-2022	137,091
<b>Total</b>			<b>US\$ 671,548</b>

## 5. RECOMMENDED BUDGET, 2023

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, assessments paid in a timely manner, vessels changing flag, prior year assessment payments and late fees.

[Table 5](#) presents actual costs for the 2021 fiscal year, the Secretariat's best estimate of anticipated income and expenditures in 2022, and the 2023 recommended budget.

<sup>8</sup> Payments made after 1 July will be presented at the Meeting of the Parties.

TABLE 5. 2021-2023 budgets (US\$)		2021	2022	2023
		Actual	Forecast	Recommended
<b>ON-BOARD OBSERVER INCOME</b>				
Vessel assessments - Class 6		2,502,670	2,400,000	2,400,000
IATTC portion of observer program (30%)		799,373	734,100	741,000
Inactive and sunk vessel assessments		4,392	4,392	4,400
<b>TOTAL OPERATIONAL INCOME</b>		<b>3,306,436</b>	<b>3,138,492</b>	<b>3,145,400</b>
<b>ON-BOARD OBSERVER COSTS<sup>9</sup></b>				
<b>Direct costs:</b>				
Observer compensation and benefits		1,415,276	1,500,000	1,500,000
Observer travel		33,949	70,000	75,000
Observer supplies and equipment		9,653	78,000	78,000*
Observer training		-	20,000	15,000*
<b>Subtotal</b>		<b>1,458,878</b>	<b>1,668,000</b>	<b>1,668,000</b>
<b>Indirect costs:</b>				
IATTC HQ staff: scientific/technical		894,350	450,000	470,000*
IATTC F.O. staff		242,888	244,000	247,000
IATTC F.O. operating costs		68,464	85,000	85,000
<b>Total, On-board observer costs</b>		<b>2,664,580</b>	<b>2,447,000</b>	<b>2,470,000</b>
<b>OTHER COSTS<sup>10</sup></b>				
IATTC HQ staff: administrative		383,293	540,000	560,000*
AIDCP meetings		-	85,000	85,000
Captain's seminar		-	-	-
<b>Other AIDCP direct costs:</b>				
Field office operating expenses		13,797	10,000	10,000
Purchase and maintenance of computer equipment		242	1,000	1,000
Printing, postage, and publication		1,223	1,800	1,800
Staff travel		1,102	2,000	2,000
Field office local employees		104,080	125,000	125,000
Field office local accounting and legal		601	1,000	1,000
Field office vehicle purchase and maintenance		4,388	10,000	10,000
Bank and other fees		1,610	1,000	1,000
<b>Total, Other costs</b>		<b>510,336</b>	<b>776,800</b>	<b>796,800</b>
<b>TOTAL AIDCP PROGRAM COSTS</b>		<b>3,174,917</b>	<b>3,223,800</b>	<b>3,266,800</b>
Revenue over/(under) expenditures		131,519	(85,308)	(121,400)
Other income		118,156	50,000	-
<b>Surplus/(Deficit)</b>		<b>249,675</b>	<b>(35,308)</b>	<b>-</b>

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

<sup>9</sup> Covered 30% by IATTC, 70% by vessel assessments

<sup>10</sup> Covered 100% by AIDCP

## 5.1. Explanation of significant fluctuations for select categories

Two items in the recommended 2023 budget (asterisked in [Table 5](#)) reflect significant increases from the current year with a shift in allocation between two others. The reasons for these fluctuations are explained in detail below.

### 5.1.1. Supplies and equipment: observer safety equipment and subscriptions

In October 2018, the 38<sup>th</sup> 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](#)).

All InReach devices were successfully purchased and distributed in 2020 to all AIDCP programs. 2021 was the first full year where deployment of devices was completed, with annual service plans purchased and budgeted for in the amount of approximately US\$ 60,000 through 2023. Table 6 shows the number of deployed devices compared to the number of deployed observer trips. As with many of the issues on this report, deployment of devices was sometimes hindered by restrictions derived from the COVID-19 pandemic.

**TABLE 6.** No. of safety devices deployed by program during 2021

Flag	Trips/units deployed by program			Total trips	% Trips assigned
	National program	IATTC	Total		
Colombia	16	18	34	36	94
Ecuador	115	234	349	389	90
EU-US (Esp)		3	3	3	100
Mexico	89	96	185	185	100
Nicaragua	2	10	12	20	60
Panama	23	51	74	87	85
El Salvador		11	11	11	100
United States		51	51	54	94
Venezuela	11	18	29	43	67
<b>Total</b>	<b>256</b>	<b>492</b>	<b>748</b>	<b>828</b>	<b>90</b>

### 5.1.2. 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 was suspended in 2020 and 2021, and recognizing that previously described circumstances related to the COVID-19 pandemic could hinder the Secretariat's abilities to conduct observer trainings in some or all locations, \$20,000 has been added to the 2022 budget in anticipation of a planned training course in Ecuador as well as additional training sessions planned in 2023.

### 5.1.3. IATTC HQ staff

After further consideration of the work performed by the headquarter staff charged to this budget, it was determined that the allocations did not properly reflect the work performed within each category and a reallocation was made effective at the onset of fiscal year 2022 within the Observer Program and AIDCP listed expenditures. The impact of this reallocation can be seen within [Table 5](#), affecting both the 2022 forecast as well as the 2023 recommended budget.

## **5.2. Recommendations not incorporated into the 2023 recommended budget**

### **5.2.1. 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. In view of the nature of these duties, a fundamental requirement for AIDCP observers is a university degree in biology or its equivalent. 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, and before that had not been increased since 2006. So, in effect, compensation for IATTC purse-seine observers has only been increased once in the last 16 years and not at all in the last 8 years. Additionally, at the time of the raise that was approved in 2014, IATTC staff noted that experienced IATTC observers were still earning less than their counterparts in the WCPFC observer program, even though they have to meet more stringent requirements to be qualified. This situation was recognized in 2016 by the 33<sup>rd</sup> 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,”* but the Parties have not reached consensus on further action, and the pay disparity with their counterparts continues to increase.

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. As the Parties and their fishing sectors emerge from the COVID pandemic and operations start to normalize, it is possible that the observer exemption procedure could be discontinued later in 2022 or in 2023, which will exacerbate observer shortages that already exist in some locations. Offering competitive compensation may be key in terms of attracting enough qualified, new biologists in order to avoid situations where vessel wait for extended periods in port for observers to become available if operating with an exemption is no longer an option.

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.

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.

### **5.2.2. Proposed increase**

For the reasons outlined above, the Secretariat continues to recommend that the compensation for IATTC observers needs to be increased as follows:

<b>Current and planned observer pay rates, in US\$/day</b>			
<b>Observer experience (days at sea)</b>	<b>Current (2015-2022)</b>	<b>2023</b>	<b>2024</b>
0-200	48.00	55.00	65.00
> 200	55.00	65.00	75.00

In 2021, IATTC observers were deployed for 23,472 days. Assuming a similar level of activity in 2023, an increase of US\$ 10 in daily pay would increase observer compensation costs by approximately US\$ 235,000, or about US\$ 265,000 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 2023, 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 2024, to US\$ 75, to improve the competitiveness of these positions.