

NORTH PACIFIC MARINE SCIENCE ORGANIZATION (PICES)
PROJECT ON “MARINE ECOSYSTEM HEALTH AND HUMAN WELL-BEING”

FINANCIAL REPORT FOR YEAR 1 (APRIL 1, 2012 – MARCH 31, 2013)

1. Background

In December 2011, the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan, through the Fisheries Agency of Japan (JFA), approved funding for a 5-year PICES project on “*Marine ecosystem health and human well-being*”. The project began in April 2012, with the ending date set as March 31, 2017. Its goal is to identify the relationships between sustainable human communities and productive marine ecosystems in the North Pacific, under the concept of fishery social-ecological systems (known in Japan as the “Sato-umi” fisheries management system). Considering that global changes are affecting both climate and human social and economic conditions, the project is expected to determine: a) how do marine ecosystems support human well-being? and b) how do human communities support sustainable and productive marine ecosystems? The project is also intended to foster partnerships with non-PICES member countries and related international organizations/programs. This contribution is from the Official Development Assistance (ODA) Fund and therefore, involvement of developing Pacific Rim countries in activities is required under this project.

In accordance with the organizational principles agreed to by MAFF/JFA and PICES, the project is directed by a Project Science Team (PST), co-chaired by Drs. Mitsutaku Makino (Fisheries Research Agency, Japan; mmakino@affrc.go.jp) and Ian Perry (Department of Fisheries and Oceans, Canada; Ian.Perry@dfo-mpo.gc.ca). The PST Co-Chairmen are responsible for the scientific implementation of the project and annual reporting to MAFF/JFA and PICES Science Board. This report should be submitted to JFA within 120 days after the close of each project year ending March 31, and include a summary of the activities carried out in the year, with an evaluation on the progress made, and a work plan for the following year (Project Principle 3.2).

2. Financial principles and budget categories

The following financial principles, agreed to by MAFF/JFA and PICES, apply to the project (Project Principle 4):

- A separate bank account shall be established to deposit the remitted funds;
- The interest earned by the fund shall be credited to the project and used in consultation with JFA;
- Any funds remaining after the completion of every fiscal year of the project shall be reported and disposed of in consultation with JFA;
- Transfers of up to 10% of allocations between the budget categories are allowed based solely on the decision by the PICES Executive Secretary. In special cases, transfers up to 20% between the budget categories can be authorized by JFA. All transfers shall be reported at the end of the fiscal year;
- A 13% overhead on the annual budget shall be retained by PICES to offset expenses related to the Secretariat’s involvement in the project;
- The PICES Executive Secretary (Dr. Alexander Bychkov; bychkov@pices.int) is responsible for the management of the fund and for reporting annually on its disposition to MAFF/JFA and PICES Governing Council within 120 days after the close of each project year ending March 31.

The main elements of the budget are organized into the following categories:

- Travel and meetings
This category covers travel costs associated with project activities (organizational trips, field studies, *etc.*) and organization of project workshops and meetings.
- Contracts
This category covers fees to be paid to consultants and experts employed to implement the project. Tasks and deliverables for contractors have to be determined by the Scientific Coordinators. To support the objectives of the project and to ensure that its activities have a minimal impact on the workload of the existing staff of the PICES Secretariat, the Executive Secretary can employ additional staff (*e.g.*, Project Assistant) as required.

- Equipment and supplies
This category covers purchases and shipment of equipment and supplies for laboratory/field sampling/data processing/analysis, computer hardware/software for the development of database(s) and the project website.
- Miscellaneous
This category covers minor expenses associated with the project (mail and phone charges, bank charges, etc.) and includes contingencies such as fluctuations in currency exchange rates.

3. Project bank account and payment history

The special account for the project was established at the bank used by PICES:

Bank name: TD Canada Trust
 Bank number: 004
 SWIFT Code: TDOMCATTOR
 Branch name: Sidney
 Branch number: 00721
 Bank Address: 2406 Beacon Avenue, Sidney, BC, Canada V8L 1X4
 Account number: 07210 004 8479 5216811
 Account holder: North Pacific Marine Science Organization (PICES)

The set of documents requesting funding for Year 1 (FY 2012: April 1, 2012 – March 31, 2013) was sent to the Consulate General of Japan in Vancouver (Canada) on June 10, 2012, and funds in the amount of \$149,880 were transferred to the PICES/MAFF bank account on August 14, 2012.

4. Budget execution for fiscal Year 1

The MAFF contribution for Year 1 of the project was \$149,880. The proposed budget breakdown and actual expenses for each of the budget categories are shown in Table 1. Table 2 provides more details on expenses for specific activities. The account balance at the fiscal year end is \$31,937, and it is recommended that this surplus be used in Year 2 for: (1) continuing the “well-being cube” survey (\$17,000) and (2) purchasing training equipment (\$14,937).

Table 1 Allocations and expenses for Year 1

Category	Year 1 Allocation	Actual Expenses	Remainder
Travel and meetings	60,000	65,637	(5,637)
Contracts	49,000	32,680	16,320
Equipment and supplies	19,600	0	19,600
Miscellaneous	1,796	293	1,503
Overhead to PICES	19,484	19,484	0
Total	149,880	118,094	31,786
Interest earned			151
Account Balance			31,937

5. Budget and proposed allocations for fiscal Year 2

The MAFF contribution for Year 2 of the project (FY 2013: April 1, 2013 – March 31, 2014) is \$130,036. The proposed budget breakdown is shown in Table 3. Details can be found in the Year 2 work plan included in the Year 1 progress report.

Table 2 Breakdown of expenses for various budget categories for Year 1

Category/Activity	Expenses
Travel and meetings	65,637
Travel of PI to attend the PICES Workshop on “A Roadmap for FUTURE” (May 22–24, 2012, Pusan, Korea)	3,192
Travel of 8 Project Team members to attend the first meeting of the Project Science Team at the PICES 2012 Annual Meeting (October 11, 2012, Hiroshima, Japan)	11,364
Sponsorship of UK-ISU (UK Prince Charles’ Charitable Foundation’s International Sustainability Unit) workshop on “The opportunities of sustainable fisheries in Vietnam: Identifying the transition pathway” (October 30–31, 2012, Nha Trang, Vietnam)	13,000
Travel of 3 PICES experts to Jakarta, Indonesia (January 23–24, 2013) for preparation and conducting of the first PICES/MAFF project workshop in March 2013	6,124
Expenses to hold the first PICES/MAFF project workshop in Jakarta, Indonesia (March 13–14, 2013)	31,957
Contracts	32,680
To conduct the “Well-being Cube” survey (Citation Japan Co., Ltd.)	17,000
To provide assistance to project Coordinators (Ms. Rosalie Rutka, Stranby Technical Services)	15,680
Equipment and supplies	0
Miscellaneous	293
Overhead	19,484

Table 3 Proposed budget breakdown for Year 2

Category	Year 2 Allocation	Year 1 Transfer	Total Allocation
Travel & meetings	84,700		84,700
Contracts	28,000	17,000	45,000
Equipment		14,937	14,937
Miscellaneous	431		431
Overhead	16,905		16,905
Total	130,036	31,937	161,973

6. Audit of the account

The status of the MAFF account, for the period from April 1 to December 31, 2012, was assessed during the regular PICES audit for FY 2012. The financial statements were submitted to the auditor on March 22, 2013, and the electronic copy of the Auditors’ Report was received and circulated to all Contracting Parties on April 30. In the auditor’s opinion, the financial statements present fairly, in all material respects, the financial position of the North Pacific Marine Science Organization as at December 31, 2012, and the results of its operations and changes in fund balances for the year then ended. The financial statements for the rest of Year 1 of the MAFF project (January 1 to March 31, 2013) will be evaluated during the regular PICES audit for FY 2013.