

FINANCIAL REPORT FOR YEAR 1 (ENDING MARCH 31, 2018)

1. BACKGROUND

PICES member countries have significant resources for monitoring environmental conditions and fisheries in coastal waters, while developing nations are far more limited in their capacity for collecting data needed to improve their management practices. Citizen-based monitoring is an approach designed to improve the efficiency and effectiveness of monitoring efforts when technical and financial resources are not sufficient. There are successful examples of citizen-based monitoring in developed countries, however this approach has not been widely applied yet to the collection of environmental and fisheries data in developing nations.

In December 2016, the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan, through the Fisheries Agency of Japan (JFA), approved funding from the Official Development Assistance (ODA) Fund for a 3-year PICES project entitled “*Building capacity for coastal monitoring by local small-scale fishers*” (FishGIS). The project officially began in November 2017, and is expected to be completed by March 31, 2020. The overall goal of the project is to enhance the capacity of local small-scale fishers to monitor coastal ecosystems and coastal fisheries in Pacific Rim developing countries. Indonesia was chosen as a country to implement the project.

The project key questions are:

- (a) How do global changes in climate and economy affect coastal ecosystems? and
- (b) How may enhanced capacity for monitoring activities by local fishers help to improve fisheries management in coastal areas?

The project is proposed to focus on the following major initiatives (the third initiative was added after a visit to potential case study sites in Year 1):

1. Coastal ecosystem monitoring activities by local small-scale fishers to detect ecosystems changes (*e.g.*, deviations in water quality and the changes in plankton community composition);
2. Coastal fisheries monitoring activities by local small-scale fishers to improve coastal fisheries management (*e.g.*, information about fishing operation or species composition on the market);
3. Coastal and estuarine water monitoring activities by local small-scale aquaculture fishers to measure the effects of government clean water initiatives on water quality for aquaculture operations.

These three initiatives will be supported by a series of capacity building workshops, led by scientists from PICES member countries.

In accordance with the organizational principles agreed to by MAFF/JFA and PICES, the project is being directed by a Project Science Team (PST), co-chaired by Dr. Mitsutaku Makino (Fisheries Research and Education Agency, Japan; mmakino@affrc.go.jp) and Dr. Mark Wells (University of Maine, USA; mlwells@marine.edu). The PST Co-Chairmen are responsible for the detailed planning and execution of the project, and annual reporting on scientific progress to MAFF/JFA and to PICES Science Board through the Human Dimension Committee. The report to MAFF/JFA should be submitted within 90 days after the close of each project year ending March 31. Within PICES, Science Board takes the responsibility for reporting to Governing Council on the progress and achievements of the project.

2. FINANCIAL PRINCIPLES

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

- A separate bank account shall be established to deposit the remitted funds.

- The PICES Executive Secretary or a Project Coordinator designated by the Executive Secretary will be responsible for the management of the fund and annual reporting on its disposition to MAFF/JFA and to PICES Governing Council through the Finance and Administration Committee (Dr. Alexander Bychkov was appointed as the Project Coordinator). The report to MAFF/JFA should be submitted within 90 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 such as field studies, organizational trips, project meetings, workshops, scientific sessions and public events.
 - *Contracts* – this category covers grants/fees to be paid to consultants and experts employed to implement the project. Tasks and deliverables for contractors are to be determined by the PST Co-Chairmen. To support the objectives of the project and to ensure that its activities have minimal impact on the workload of the existing staff of the PICES Secretariat, the Project Coordinator can employ additional staff as required.
 - *Publications* – this category covers costs associated with publishing findings of the project in special issues of peer-reviewed journals, reports and brochures, and dissemination of these materials.
 - *Equipment* – this category covers purchases and shipment of equipment for laboratory/field data/sampling processing/analysis, computer hardware/software for the development of database(s) and the project website.
 - *Miscellaneous* – this category covers expenses associated with the project (mail and phone charges, bank charges, etc.) and includes contingencies such as fluctuations in currency exchange rates.
- Transfers of up to 10% of allocations between the budget categories are allowed based solely on the decision by the PICES Executive Secretary or a Projects Coordinator. 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 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.

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
Branch number:	00721
Branch address:	2406 Beacon Avenue, Sidney, BC, Canada V8L 1X4
SWIFT Code:	TDOMCATTOR
Account number:	07210-004-8479-5225152 (operational starting 27.11.2017)
Account holder:	North Pacific Marine Science Organization (PICES)
Account holder address:	9860 West Saanich Road, Sidney, B.C., Canada, V8L 4B2

The set of documents requesting funding for Year 1 (FY 2017, ending March 31, 2018) was sent to the Consulate General of Japan in Vancouver (Canada) on November 23, 2017, and funds in the amount of \$96,385 were transferred to the PICES/MAFF bank account on December 21, 2017.

4. BUDGET EXECUTION FOR FISCAL YEAR 1

The MAFF contribution for Year 1 of the project was \$96,385. Initial and actual expenses for each budget category are shown in Table 1. Table 2 provides more details on expenses for specific activities.

Table 1 Allocations and expenses for Year 1

Category	Year 1 Allocations	Year 1 Expenses	Balance
Travel and meetings	56,000	42,656	13,344
Contracts	25,000	40,000	(15,000)
Equipment and supplies	2,000	600	1,400
Miscellaneous	855	599	256
Overhead	12,530	12,530	0
Total	96,385	96,385	0

Table 2 Expenses for various budget categories for Year 1

Activities	Allocation
Meetings and travel	42,656
First PST meeting to (1) discuss the overall project strategy and develop timelines for project activities and products, (2) review and refine the workplan for Year 1, and (3) draft the workplan for Year 2 (January 17–19, 2018, Yokohama, Japan)	14,340
Visit of PICES experts (PST members and consultants) to suggested case study sites in Indonesia to (1) finalize the selection of sites and (2) identify the key local individuals who will participate in the project, the type of capacity building needed, and the logistics for providing this training (March 18–24, 2018, Jakarta, Indonesia)	25,767
Preparations for a Year 2 training/capacity building workshop	2,549
Contracts	40,000
Smartphone-based system for coastal ecosystem monitoring: Development of GIS-based fisheries data application (Green Front Laboratory (GFL) Ltd., Japan)	40,000
Equipment and supplies	600
Waterproof photographic grey cards	600
Miscellaneous (mailing/communication, bank fees)	599
Overhead to PICES	12,530
Total	96,385

5. ACCOUNT AUDIT

For the period prior to December 31, 2017, the status of the MAFF (FishGIS) account was assessed during the regular external audit for PICES' FY 2017 (January 1 – December 31, 2017). 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, 2017, 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 (January 1 – March 31, 2018) will be evaluated during the regular audit for PICES' FY 2018 (January 1 – December 31, 2018).