

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

FINANCIAL REPORT FOR YEAR 3 (APRIL 1, 2014 – MARCH 31, 2015)

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 workplan 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 or a Projects Coordinator designated by the 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 or Project Coordinator 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. Dr. Alexander Bychkov (bychkov@pices.int) was appointed as the Project Coordinator.

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 PST Co-Chairmen and Project Coordinator. 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 work, field sampling, data processing and analysis, and 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: TDOMCATTTOR

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.
- The set of documents requesting funding for Year 2 (FY 2013: April 1, 2013 – March 31, 2014) was sent to the Consulate General of Japan in Vancouver (Canada) on August 8, 2013, and funds in the amount of \$130,036 were transferred to the PICES/MAFF bank account on September 19, 2013.
- The set of documents requesting funding for Year 3 (FY 2014: April 1, 2014 – March 31, 2015) was sent to the Consulate General of Japan in Vancouver (Canada) on June 14, 2014, and funds in the amount of \$83,553 were transferred to the PICES/MAFF bank account on August 6, 2014.

4. Budget execution for fiscal Year 3

The MAFF contribution for Year 3 of the project was \$83,553. Moving the Year 2 account balance (\$31,919) to Year 3 brought the total available funding for this year to \$115,472. The proposed budget breakdown and actual expenses for each budget category are shown in Table 1. Table 2 provides more details on expenses for specific activities. The project account balance as of March 31, 2015, is \$19,849, and it is expected to use this surplus in Year 4.

5. Budget and proposed allocations for Year 4

The MAFF contribution for Year 4 of the project (FY 2015: April 1, 2015 – March 31, 2016) is \$75,202. Moving the Year 3 account balance (\$19,849) to Year 4 brings the total available funding for this year to \$95,051. The proposed Year 4 budget breakdown is shown in Table 3 (Year 3 bank interest is credited to “Contracts”).

Table 1 Allocations and expenses for Year 3

Category	Year 3 Allocation	Year 2 Transfer	Total Allocation	Actual Expenses	Remainder
Travel and meetings	34,000	10,000	44,000	49,244	(5,244)
Contracts	35,691	20,919	56,610	35,013	21,597
Equipment and supplies	2,000	1,000	3,000	548	2,452
Miscellaneous	1,000	0	1,000	93	907
Overhead	10,862	0	10,862	10,862	0
Total	83,553	31,919	115,472	95,760	19,712
Interest earned				(137)	137
Account Balance					19,849

Table 2 Expenses for various budget categories for Year 3

Category/Activity	Expenses
Travel and meetings	49,244
Fourth Project Science Team meeting in conjunction with the FUTURE Open Science Meeting (April 13, 2014, Kona, Hawaii, USA)	8,193
Fifth Project Science Team meeting in conjunction with the 2014 PICES Annual Meeting (October 16, 2014, Yeosu, Korea)	13,084
Travel of invited speakers for the IMTA Topic Session at the 2014 PICES Annual Meeting (October 22, 2014, Yeosu, Korea)	5,457
Travel of instructors for the Sato-umi training workshop (November 25–26, 2014, Pekalongan, Indonesia)	3,176
Visit to Guatemala (February 26 – March 7, 2015)	16,207
Follow-up visit to Jakarta (March 5–10, 2015)	3,127
Contracts	35,013
To prepare the Sato-umi training workshop in Pekalongan, Indonesia (Agency for the Assessment and Application of Technology, BPPT, Indonesia)	20,000
Technological adaptation of oyster (<i>Crassostrea gigas</i>), culture, processing and marketing at Cooperativa Integral de Pesca la Barrona, Jutiapa, Guatemala	10,000
Interpretation services for the February-March 2015 visit to Guatemala and report preparation (Julian Herndon, San-Francisco State University, USA)	5,013
Equipment and supplies	548
Miscellaneous	93
Overhead to PICES	10,862

Table 3 Proposed budget breakdown for Year 4

Category	Year 4 Allocation	Year 3 Transfer	Total Allocation
Travel and meetings	37,000		37,000
Contracts	26,000	16,353	42,490
Equipment and supplies		2,452	2,452
Miscellaneous	2,426	907	3,333
Overhead	9,776		9,776
		19,712	
Interest earned in Year 3		137	
Total	75,202	19,849	95,051

6. Audit of the MAFF account

For the period from April 15 to December 31, 2014, the status of the MAFF account was assessed during the regular external PICES audit for FY 2014. 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, 2014, and the results of its operations and changes in fund balances for the year then ended. The financial statements for the rest of Year 3 (January 1 to March 31, 2015) will be evaluated during the regular PICES audit for FY 2015.