

**NORTH PACIFIC MARINE SCIENCE ORGANIZATION (PICES)**  
**PROJECT ON “MARINE ECOSYSTEM HEALTH AND HUMAN WELL-BEING”**  
**FINANCIAL REPORT FOR YEAR 5 (APRIL 1, 2016 – MARCH 31, 2017)**

**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*” (MarWeB). The project began in April 2012, with the ending date set as March 31, 2017. Its goal was 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 key questions were: a) how do marine ecosystems support human well-being? and b) how do human communities support sustainable and productive marine ecosystems? The project was also intended to foster partnerships with non-PICES member countries and related international programs and organizations. The MAFF contribution was from the Official Development Assistance (ODA) Fund and therefore, involvement of developing Pacific Rim countries in activities was required under this project.

In accordance with the organizational principles agreed to by MAFF/JFA and PICES, the project was directed by a Project Science Team (PST), co-chaired by Drs. Mitsutaku Makino (Fisheries Research and Education 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. The final report should be submitted to JFA within 120 days after the project completion on March 31, 2017.

**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 or the Project Coordinator can employ additional staff 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
Branch number:	00721
Branch address:	2406 Beacon Avenue, Sidney, BC, Canada V8L 1X4
SWIFT Code:	TDOMCATTOR
Account number:	07210 004 8479 5216811
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 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.
- The set of documents requesting funding for Year 4 (FY 2015: April 1, 2015 – March 31, 2016) was sent to the Consulate General of Japan in Vancouver (Canada) on June 5, 2015, and funds in the amount of \$75,202 were transferred to the PICES/MAFF bank account on August 3, 2015.
- The set of documents requesting funding for Year 5 (April 1, 2016 – March 31, 2017) was sent to the Consulate General of Japan in Vancouver (Canada) on May 30, 2016, and funds in the amount of \$66,989 were transferred to the PICES/MAFF bank account on July 11, 2016.

### 4. Budget execution for fiscal Year 5

The MAFF contribution for Year 5 of the project was \$66,989. Moving the Year 4 account balance (\$7,411) to Year 5 brought the total available funding for this year to \$74,400. Initial and final (with the Year 4 balance credited to “Travel and meetings”) allocations and actual expenses for each budget category are shown in Table 1. Table 2 provides more details on expenses for specific activities. Table 3 summarizes income and expenses for the entire 5-year period. The project funding was completely spent by March 31, 2017.

### 5. Account audit

For the period from April 1 to December 31, 2016, the status of the MAFF account was assessed during the regular external PICES audit for FY 2016 (January 1 – December 31, 2016). 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, 2016, and the results of its operations and changes in fund balances for the year then ended. The financial statements for the rest of Year 5 (January 1 to March 31, 2017) will be evaluated during the regular PICES audit for FY 2017 (January 1 – December 31, 2016).

**Table 1 Allocations and expenses for Year 5 (April 1, 2016 – March 31, 2017)**

Category	Initial Year 5 Allocations	Year 4 Transfer	Final Year 5 Allocations	Year 5 Expenses	Year 5 Balance
Travel and meetings	28,089		35,500	31,750	3,750
Contracts	29,400		29,400	33,891	(4,491)
Equipment and supplies					
Miscellaneous	791		791	133	658
Overhead	8,709		8,709	8,709	0
<b>Total</b>	<b>66,989</b>	<b>7,411</b>	<b>74,400</b>	<b>74,483</b>	<b>(83)</b>
Year 5 Interest					83
<b>Year 5 Balance</b>					<b>0</b>

**Table 2 Expenses for various budget categories for Year 5 (April 1, 2016 – March 31, 2017)**

Activities	Funds
<b>Meetings and travel</b>	<b>31,750</b>
Travel of PST member for pond experiment (April 3–9, 2016, Karawang, Indonesia)	3,861
Participation of PST members in MSEAS-2016 (May 30–June 3, 2016, Brest, France)	2,531
Inter-sessional meeting on manual preparation (June 22–24, 2016; Victoria, Canada)	10,040
Seventh PST meeting in conjunction with PICES-2016 (November 2, 2016, San Diego, USA)	1,497
Final pond experiment workshop (February 13–16, 2017, Karawang, Indonesia)	3,574
Follow-up visit of PICES experts to Guatemala (February 4–11, 2017, Guatemala)	9,208
Travel of Project Coordinator to Japan to present Year 4 reports and discuss Year 5 plans (May 2016, Yokohama, Japan)	239
Topic Session on “ <i>Marine ecosystem health and human well-being: A social-ecological systems approach</i> ” at PICES-2017 (September 26, 2017, Vladivostok, Russia)	800
<b>Contracts</b>	<b>33,891</b>
Preparation of the 2016 pond experiment (Agency for the Assessment and Application of Technology, BPPT, Indonesia)	5,000
Conduct social survey for “Well-Being Cube” analysis in Canada (Citation Japan)	7,400
Technical assistance for Guatemala case study (Julian Herndon, USA)	5,005
Consulting on nutrient analysis/sustainable aquaculture outreach (William Cochlan, USA)	7,000
Preparation of a summary on implementation of Sato-umi in Indonesia for presentation at the PICES-2017 Topic Session and translation of the Executive Summary from the MarWeB PICES Scientific Report from English to Indonesian (Suhendar Sachoemar, Indonesia)	3,500
Review publications on Sato-umi concept and social-ecological systems in Japanese and international academic journal and books and, based on this review, to develop a bibliography on these topics (Hidetomo Tajima, Japan)	3,000
Editorial services for the preparation of the final report and brochure (Stranby Technical Services, Canada)	2,986
<b>Miscellaneous</b>	<b>133</b>
<b>Overhead to PICES</b>	<b>8,709</b>
<b>Total</b>	<b>74,483</b>

**Table 3 Income and expenses for the project from April 1, 2012 – March 31, 2017**

	Year 1 2012-2013	Year 2 2013-2014	Year 3 2014-2015	Year 4 2015-2016	Year 5 2016-2015
<b>Revenue</b>					
MAFF Contribution	\$149,880	\$130,036	\$83,553	\$75,202	\$66,989
Interest	\$151	\$479	\$137	\$49	\$83
<b>Total</b>	<b>\$150,031</b>	<b>\$130,515</b>	<b>\$83,690</b>	<b>\$75,251</b>	<b>\$67,072</b>
<b>Expenses</b>					
Travel and meetings	\$65,637	\$67,974	\$49,244	\$33,136	\$31,750
Contracts	\$32,680	\$45,271	\$35,013	\$44,413	\$33,891
Equipment and supplies	\$0	\$0	\$548	\$0	\$0
Miscellaneous	\$293	\$383	\$93	\$364	\$133
Overhead	\$19,484	\$16,905	\$10,862	\$9,776	\$8,709
<b>Total</b>	<b>\$118,094</b>	<b>\$130,533</b>	<b>\$95,760</b>	<b>\$87,689</b>	<b>\$74,483</b>
Remainder from previous year		\$31,937	\$31,919	\$19,849	\$7,411
Revenue less Expenses	\$31,937	-\$18	-\$12,070	-\$12,438	0
<b>Balance forward</b>	<b>\$31,937</b>	<b>\$31,919</b>	<b>\$19,849</b>	<b>\$7,411</b>	<b>0</b>