

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

FINANCIAL REPORT FOR YEAR 4 (APRIL 1, 2015 – MARCH 31, 2016)

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 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 Principles 3.2 and 3.3).

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 (*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: 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.
- 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.

4. Budget execution for fiscal Year 4

The MAFF contribution for Year 4 of the project was \$75,202. Moving the Year 3 account balance (\$19,849) to Year 4 brought the total available funding for this year to \$95,051. The proposed budget breakdown (Year 3 bank interest is credited to “Contracts”) 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, 2016, is \$7,411, and it will be used in Year 5.

5. Budget and proposed allocations for Year 4

The MAFF contribution for Year 5 of the project (FY 2016: April 1, 2016 – March 31, 2017) is \$66,989. Moving the Year 4 account balance of \$7,411 to Year 5 brings the total available funding for the final year of the project to \$74,400. The proposed Year 5 budget breakdown is shown Table 3 (Year 4 balance is credited to “Travel and meetings”).

Table 1 Allocations and expenses for Year 4

Category	Year 4 Allocation	Year 3 Transfer	Total Allocation	Year 4 Expenses	Year 4 Balance
Travel and meetings	37,000		37,000	33,136	3,864
Contracts	26,000	16,353	42,490	44,413	(1,923)
Equipment and supplies		2,452	2,452	0	2,452
Miscellaneous	2,426	907	3,333	364	2,969
Overhead to PICES	9,776		9,776	9,776	0
Interest earned in Year 3		137			
Total	75,202	19,849	95,051	87,689	7,362
Interest earned in Year 4					49
					7,411

Table 2 Expenses for various budget categories for Year 4

Activities	Funds
Travel and meetings	33,136
Travel of invited speakers for the 3rd Sato-umi training workshop (October 7–8, 2015, Jakarta, Indonesia)	7,295
Sixth Project Science Team meeting in conjunction with the 2015 PICES Annual Meeting (October 14, 2015, Qingdao, China)	9,281
Visit of PICES experts to Guatemala (February 28 – March 5, 2016, Guatemala)	15,136
Travel of Project Coordinator to Japan to present Year 4 reports and Year 5 plans (air fare, May 2016, Yokohama)	1,424
Contracts	44,413
Preparation of the 3rd Sato-umi training workshop (October 7–8, 2015, Jakarta, Indonesia) (Agency for the Assessment and Application of Technology, BPPT, Indonesia)	9,000
Develop and test a Community Needs Assessment (CAN) suitable for Guatemalan fisheries communities (Phaendra Henley, University of Western Ontario, Canada)	7,000
Assess the feasibility of Palau as a study site of MarWeB project (Kumiko Suzuki, Japan Wildlife Research Center)	6,000
Conduct social survey for “well-being Cube” analysis in Russia (Citation Japan)	7,400
Technological adaptation of oyster (<i>C. gigas</i>), culture, processing and marketing (Cooperativa Integral de Pesca la Barrona, Jutiapa, Guatemala)	5,009
Technical assistance for Guatemala case study (Julian Herndon, San-Francisco State University, USA)	5,002
Consulting on nutrient analysis/sustainable aquaculture outreach (William Cochlan, San-Francisco State University, USA USA)	5,002
Miscellaneous	364
Overhead to PICES	9,776

Table 3 Proposed budget breakdown for Year 5

Category	Year 5 Allocation	Year 4 Balance	Total Allocation
Travel and meetings	28,089		35,500
Contracts	29,400		29,400
Equipment and supplies			
Miscellaneous	791		791
Overhead to PICES	8,709		8,709
Total	66,989	7,411	74,400

6. Audit of the MAFF account

For the period from April 15 to December 31, 2015, the status of the MAFF account was assessed during the regular external PICES audit for FY 2015. 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, 2015, and the results of its operations and changes in fund balances for the year then ended. The financial statements for the rest of Year 4 (January 1 to March 31, 2016) will be evaluated during the regular PICES audit for FY 2016.