

	Finance and Administration Committee Proposed Revised Memorandum of Understanding between ICES and NASCO	FAC(21)05 Agenda item: 3
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Proposed Revised Memorandum of Understanding between ICES and NASCO

Purpose

This paper distributes the proposed revised Memorandum of Understanding between ICES and NASCO and provides the Secretary’s position statement on the document received from ICES.

Decision

The Finance and Administration Committee (FAC) may wish to discuss and agree the following:

- that the FAC recommends to Council to adopt the proposed revised Memorandum of Understanding between ICES and NASCO.

Background:

NASCO signed a Memorandum of Understanding ([MoU](#)) with ICES on June 8, 2007, which outlines the provision of Scientific and Advisory information by ICES to NASCO. The MoU specifies recurrent requests for advice, procedures for *ad hoc* requests for advice as well as key administrative procedures and financial aspects. The MoU specifies in paragraph 16 that a triennial full review of operations and terms under the MoU should be carried out. Since its signing, the MoU has not been altered. It has been extended five times since adoption and the current extension ends in 2021, following a further extension in 2020 due to delays resulting from the Covid-19 pandemic.

In 2018, ICES explained that it wished to review the NASCO-ICES MoU to align it with the new and revised agreements and MoUs that it had concluded with other advice requesters. ICES requested that this work be initiated in 2020. ICES has proposed a revised MoU (Annex 1) that contains substantial changes. These are reviewed and discussed below.

The Proposed Revised Memorandum of Understanding

The revised MoU has been developed to align the new and revised agreements and MoUs that ICES has concluded with other advice requesters, including a new four-year Framework Partnership Agreement with the European Commission, providing the basis for annual agreements; a review of the 2017 MoU between Norway and ICES; as well as MoU negotiations with the United Kingdom and Iceland.

The agreement itself is very similar to the current MoU. There are some extra paragraphs in the preamble, mostly in relation to ICES work. The ‘Provision of Scientific Information and Advice’ section has been revised, mainly for clarity, with new paragraphs. The ‘Finance’ section is shorter with most of the detailed information contained within Annex 3. The ‘General Administrative Arrangements’ are similar, with the three yearly review retained.

Annex 1 now relates solely to the provision of recurring advice. It expands on Annex 1 in the current MoU. It is more informative, giving the background to the provision of all ICES advice as well as the recurring salmon advice usually requested by NASCO. It also contains a new section on quality assurance of advice deliverables.

Annex 2 now contains a ‘Schedule for the Provision on Non-recurring Advice’ in addition to the ‘Schedule for the advice planning, budgeting and payment’ that is in Annex 2 of the current MoU.

For the most part, Annex 3 ‘Components upon which ICES costs are calculated’ is similar to Annex 3 in the current MoU. It contains some of the elements that are under ‘Finance’ in the current MoU. However, it has a completely new section ‘Temporary calculations for costs for providing advice’ laying out the basis for the cost to NASCO for ICES advice until a standardised costing mechanism and cost-sharing key are agreed.

It should be noted that NASCO is being charged a minimum fee, calculated initially under a temporary costing. ICES provides NASCO with advice for only one species so NASCO is charged the minimum fee to allow ICES to maintain and develop the capacity to provide recurrent advice, independent of the number of stocks for which advice is being requested.

The Secretary’s Position Statement

The revised MoU provides more clarity than the current version and this ensures that NASCO’s interests are protected fully.

Overall, the proposed revised MoU is an improvement on the current document. It also recognises that the single-species advice provided to NASCO gives a basis for a reduced cost to NASCO.

Secretary
Edinburgh
3 March 2021

Memorandum of Understanding between the North Atlantic Salmon Conservation Organization and the International Council for the Exploration of the Sea

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RECOGNISING that the North Atlantic Salmon Conservation (referred in this document as "NASCO")

- a) Desires to promote the acquisition, analysis and dissemination of scientific information pertaining to salmon stocks in the North Atlantic Ocean;
- b) Desires to promote the conservation, restoration, enhancement and rational management of salmon stocks in the North Atlantic Ocean through international cooperation, taking into account the best scientific evidence available;
- c) seeks services and scientific advisory deliverables from ICES for scientific advice and information on conservation, protection and sustainable use of the marine environment, fisheries and marine data and issues regarding marine science, and marine research;
- d) seeks services and scientific advisory deliverables from ICES for scientific advice and information on the state of fisheries, aquaculture, and the ecosystem

RECOGNISING that the International Council for the Exploration of the Sea ("ICES")

- a) has the mission to advance the scientific capacity to give advice on human activities affecting, and affected by, marine ecosystems;
- b) is a science community that is able to address issues of relevance to the exploitation of living marine resources;
- c) exists to promote and encourage research and investigations for the study of the sea, to advance the scientific understanding of marine ecosystems, including its living resources;
- d) draws up the necessary programmes and organises such research and investigations as may appear necessary and publishes and disseminates the results of this work;
- e) provides scientific information and advice to Member Countries, and the regulatory commissions with which cooperative relationships have been established;
- f) seeks to establish and maintain working arrangements with other international organizations and arrangements having related objectives;
- g) does not engage in the collection of primary data, and only conducts scientific research through the associated network of data providers. ICES has no authority to manage or direct the work of the data providing entities. ICES Advice is based on data inputs from relevant data providers, these data inputs are provided through a data call

process or agreed published data provision timetable, and made available through the ICES databases.

- h) ICES advisory process relies on active participation of ICES experts with relevant and necessary expertise from ICES member countries. ICES only conducts scientific research through the associated network of research institutes. ICES has no authority to manage or direct the work of the research institutes.

NASCO and ICES have therefore reached the following understanding:

Provision of Scientific Information and Advice

1. ICES will provide NASCO with scientific information and advice, which is independent and free from political influence and subject to international scientific standards for research and evidence-based advice. The basis for the advice is subject to an open and transparent process that includes independent peer review. The geographical scope of the Memorandum of Understanding is the North Atlantic Ocean;
2. ICES and NASCO will consult on ways in which cooperation between them can be further improved and extended. To this end the Parties will exchange documents and reports of mutual interest. Further improvements may include joint activities, e.g. seminars, symposia, or other meetings;
3. ICES agrees to provide NASCO with:
 - a. annual "recurring" advice in the context of ecosystems, fisheries and fishing opportunities as outlined in Annex 1 and with the schedule as outlined in Annex 2;
 - b. "non-recurring advice" as agreed separately between NASCO and ICES in response to requests from NASCO;
 - c. the information on which the advice is based (*inter alia*, Expert Group Reports including peer review reports). This information shall be publically available following at the time of the release of the ICES advice;
4. The Chair or designate of the ICES Advisory Committee will present the scientific information and advice to the NASCO Annual Meeting. An ICES Professional Officer or Expert Group Chair will also be invited to the meetings;
5. ICES will notify NASCO when the advice is released on the ICES website;
6. In the event that necessary data are not provided or scientific work is not completed and as a result ICES can not to fulfil its obligations under this agreement, ICES shall inform NASCO of the nature, detail, and consequences of such shortfalls. NASCO understands that ICES will be unable to fulfil the Agreement should this occur.

Finance

7. NASCO accepts ICES policy of achieving 100% cost recovery from Member Countries and international client commissions that request ICES to provide information, advice,

and services. Given that ICES temporary costing is based on the number of stocks that advice requesters receive advice for, and given that ICES provides NASCO with advice on only one species, NASCO is charged a minimum fee to allow ICES to maintain, and develop the capacity to provide recurrent advice, independent of the number of stocks for which advice is being requested. Against this background, the Parties agree:

- a. That NASCO will pay a base price of DKK 520,000 for the recurring advice for the period of the MoU, annually regulated from 2021 in accordance with the official rate of inflation in Denmark, cf Annex 3, and the outlined “Temporary calculations of costs for providing advice”;
- b. to revise Annex 1 when appropriate;
- c. That NASCO will pay 100% of the costs for non-recurring advice on the basis of the costs agreed with ICES in accordance with procedures established in Annex 2 and cost components as identified in Annex 3.

General Administrative Arrangements

8. NASCO will be entitled to be represented in an observer capacity at the annual Statutory Meeting and Annual Science Conference of ICES. In addition, ICES agrees to the participation of a scientifically qualified representative of NASCO as an observer at meetings of the Council's Advisory Committees. In that capacity NASCO's representative will have the right to ask for the floor and participate in meetings, but will have no voting rights nor have freedom to change the meetings' agendas.
9. This Memorandum of Understanding entered into force 8 June 2007, following signature by both Parties, and was reviewed and revised in 2021
10. Either Party may propose amendments to this MoU. Any such proposal will be made in due time before the annual meeting of NASCO;
11. Every third year the MoU shall be reviewed by the Parties, and if necessary revised. The Parties will meet well in advance to carry out a full review of its terms and operation, and to agree any necessary amendments;
12. If any dispute should arise between the Parties on the interpretation and application of the MoU, both sides will make their best endeavour to resolve it, if necessary by the involvement of a mutually agreeable arbiter;
13. The MoU may be terminated by either Party with a notification in writing of one year.
14. All the correspondence concerning the present MoU shall be in written form and shall be forwarded to the following addresses:
 - a. For NASCO

North Atlantic Salmon Conservation Organization
11 Rutland Square
Edinburgh
EH1 2AS
United Kingdom

b. For ICES:

International Council for the Exploration of the Sea
H.C. Andersens Boulevard 44-46
DK-1553 Copenhagen V
Denmark

Signed on behalf of the International Council for the Exploration of the Sea and the North Atlantic Salmon Conservation Organization

For ICES,

Dr. Fritz Köster,

President

signature: _____

For NASCO,

Mr Serge Doucet

President

signature: _____

Done at Copenhagen,, in duplicate in English

Annex 1: Recurring advice required from ICES

Recurring advice¹ shall be given in the context of:

- a) Ecosystems
- b) Fisheries
- c) Fishing opportunities, catch, and effort

General context of ICES advice

With respect to the policy context of the advisory deliverables ICES advice is set by several international agreements and policies:

- United Nations Convention on the Law of the Sea (UN, 1982 (known as UNCLOS)), which includes a call for a maximum sustainable yield (MSY) approach to managing fisheries;
- United Nations Conference on Environment and Development (UN, 1992a (known as UNCED)), including Chapter 17 of Agenda 21 which highlights a precautionary approach;
- United Nations Straddling Fish Stocks Agreement of 1995 (UN, 1995 (known as the UN Fish Stocks Agreement or UNFSA)) and the FAO Code of Conduct for Responsible Fisheries (FAO, 1995), both of which call for a precautionary approach;
- Convention on Biological Diversity (UN, 1992b (known as CBD)), which calls for conservation of biological diversity through an ecosystem approach;
- Johannesburg Declaration of the World Summit on Sustainable Development (UN, 2002 (known as WSSD)), which calls for an ecosystem approach and rebuilding fisheries to maximum sustainable yield.

Ecosystem and Fisheries advice

ICES will develop a process to incorporate the following advice into overviews:

- a) Assess the extent to which fishing disturbs the marine ecosystems and, where reference levels have been established, compare the impact to the reference level chosen.
- b) Provide any new information regarding the impact of fisheries on other components of the ecosystem including marine mammals, sea birds, and sensitive habitats.
- c) Inform NASCO of any notable impact of other factors on and imbalances in ecosystem structure that may prejudice the stocks of commercially valuable species and its long term exploitation.
- d) Propose reference points as guidance for management purposes in an ecosystem context.

¹ Advice which is adopted by ICES Advisory Committee (ACOM)

- e) ICES will in addition give warnings of any serious and/or potential environmental impacts from fishing activities alone or in conjunction with any other relevant activity to local ecosystems or species as soon as they are detected.

The advice shall be based on an ecosystem approach. This will be implemented incrementally so that any information on interactions between fisheries, fish stocks, and marine ecosystems is considered and incorporated in the advice as it becomes available.

When providing its advice, ICES shall take account of all available information and the context of fisheries management including information from the fishing industry, ecosystem considerations, environment and hydrographical conditions, regulations in force that affect fisheries, factors affecting fishing operations and information about the fisheries, development of fisheries technology and relevant performance changes and other relevant factors that affect fishing or fish stocks.

Advice on fishing opportunities, catch, and effort

For Atlantic salmon in the North Atlantic area:

It is recognised that the content of the advice will be dependent on the request and on the availability of data and knowledge about biological and physical processes as well as economical and technical processes. It is understood that the advice should include, *inter alia*:

- an overview of salmon catches and landings (including unreported catches by stock complex and catch and release) and worldwide production of farmed and ranched Atlantic salmon;
- an evaluation of non-catch fishing mortality for all salmon gear;
- a report on significant developments which might assist NASCO with the management of salmon stocks;
- a compilation of egg collections and juvenile releases;
- a compilation of microtag, finclip and external tag releases by ICES Member Country;
- other relevant questions related to specific aspects of salmon conservation and management as contained in the agreed request for advice referred to in Annex 2

For each of the NASCO's three regional Commission areas:

- a description of events in the fisheries and of the status of stocks;
- provision of age-specific stock conservation limits for all stocks based on best available information;
- provision of advice on fishing opportunities or alternative management advice with associated risk assessment relative to the stated management objective ;
- evaluation of the effects on stocks and fisheries of management measures;

- identification of relevant data deficiencies and research requirements;
- other relevant questions related to specific aspects of salmon conservation and management as contained in the agreed request for advice referred to in Annex 2.

In support of its advice ICES shall provide NASCO with:

- a) A full methodological description of the assessment and advisory procedure for each stock, updated whenever a significant change is made;
- b) Estimates of landings, fishing mortality, recruitment and spawning stock together with information or estimates of the uncertainty with which these parameters are estimated. These data shall be provided electronically;
- c) Estimates of relevant reference points for management;
- d) On request, complete records of data used for assessment purposes shall be provided. These data shall be provided electronically;

The recurring advice regarding fishing opportunities should be based on the ICES maximum sustainable yield (MSY) approach. For Atlantic salmon, the ICES MSY approach is aimed at achieving a target escapement ($MSY_{B_{escapement}}$, the minimum amount of biomass left to spawn). The ICES MSY approach for Atlantic salmon is consistent with the management objectives of NASCO, which stipulates that management measures should be aimed at maintaining all stocks above their conservation limits (CLs) by the use of management targets.

ICES will provide multiyear advice, with forecasts for three years into the future, accompanied by the Framework of Indicators (FWI) results for the Greenland fishery and the FWI for Faroese fishery. The FWIs are designed to trigger re-assessment and recalculation of forecasts in the event of a certain proportion of stock status indicators showing a higher than expected performance against the forecast stock status.

Advice from ICES shall in all cases take account of the accuracy and precision of the available assessments and forecasts. Information about the accuracy and precision of assessments and forecasts shall be presented and considered in the advice. ICES should inform NASCO immediately in the event that uncertainty in the assessment prevents advice being given according to the agreed basis for the advice.

ICES shall present short term implications of variable management options, when adequate data are available, expressed as quantified consequences of the management measures currently implemented for that stock or fishery. For the management year (or years in the case of multi-annual management regimes), the short-term consequences of relevant management measures should be given for relevant intervals of action while reflecting the uncertainties regarding expected outcomes. In cases where data are insufficient to provide the basis for quantitative advice ICES shall provide information on the reasons for this deficiency and advice on management measures which, given the uncertainties, are considered consistent with the Precautionary Approach.

Quality assurance of advice deliverables

ICES quality assurance of advisory products covers the entire chain from data collection to publication of advice. ICES has taken a large number of initiatives to quality assure the advisory products. In recent years, focus has been on data quality, transparency, and enhancement of the advisory framework, mainly through the development of guidelines.

The Stock Assessment Graph Database and Stock Information Database online portals provide a comprehensive publicly accessible status of approximately 200 assessed stocks, including their historical performance, confidence intervals and with all supporting meta-data that ensure consistency and a means to generate new data calls based upon the most current available information.

A full methodological description of the assessment, data used and advisory procedure for each stock, updated whenever significant changes are made, including reference to new methods will be made available.

Annex 2: Schedule of key annual administrative procedures for NASCO and ICES

A. Schedule for the advice planning, budgeting and payment

Year 1 June: NASCO agrees request for advice for Year 2 and formally transmits request to ICES.

Year 2 March-April: Consultations between ICES and NASCO to agree the sum due by NASCO in respect of the recurring advice for Year 2. NASCO undertakes to give its full agreement within 30 days of consultation.

Year 2 May: First Full Week of May – Delivery of Advice

Year 2 June: Payment by NASCO to ICES for recurrent advice

B. Schedule for the Provision of Non-recurring Advice

The table specifies the procedures to be undertaken by both Parties when arranging the provision of non-recurring advice.

NASCO	ICES
1. Requests for advice to be sent by e-mail to ICES (advice@ices.dk) specifying the desired advice and the timescale within which advice is desired.	2. ICES will respond within 21 working days specifying: <ul style="list-style-type: none"> • The nature and extent of the work that can be completed within the specified timeframe; • The extent to which the questions posed can be answered; • The extent to which the work is of mutual interest and in such case proposal for cost sharing. • The additional costs to be recovered from NASCO.
3. NASCO will respond within 7 days confirming whether the work is to be undertaken.	4. If so agreed, ICES will deliver the advice according to the agreed timescale.

Annex 3: Components upon which ICES costs are calculated

The text below should be read in conjunction with the principles of “Temporary calculations for costs for providing advice”, see further below, according to which ICES is charging NASCO a minimum fee for recurrent advice.

The Parties agree that the payment is based on the following;

- i. the costs of databases and analyses that are needed in order to prepare advice, but generally would not occur otherwise,
- ii. the preparation, quality assurance and delivery of the advice,
- iii. salary costs incurred for the leadership of the Advisory Committee,
- iv. salary costs incurred for the ICES Secretariat Advisory programme.
- v. other direct costs associated with the provision of advisory services

On the basis of this recognition, the following cost components are relevant;

1. Costs incurred by ICES (i.e. travel and *per diem*) related to meetings of its Advisory groups in proportion to the time of these meetings spent on advice related to the advice requester;
2. Secretariat staff salaries, including superannuation (with an indication of the number and grades of staff to be involved in the work), regarding preparation for, work during and follow-up after:
 - 2.1 the ICES Advisory Committee Meetings^(*), in proportion to the agreed share of the advice requester; and
 - 2.2 other recurring needs associated with ICES Experts Group Meetings, in proportion to the agreed share of the advice requester;
3. Travel and *per diem* costs for the Chair of the Advisory Committee (or a designate) or other scientifically-qualified personnel in attending meetings with NASCO, as stipulated in paragraph 7 of the agreement. The number of these meetings at which ICES shall be represented will be mutually agreed beforehand;
4. Databases, web portal systems and data processing software relevant to the collection, processing and dissemination of data and information products that will be used in the provision of scientific information and advice⁽²⁾;
5. Computing costs⁽²⁾;
6. the cost of any work where ICES proposes to employ a consultant or contractor²;
7. other current expenditure⁽²⁾;
8. A stipend for the chair and vice chairs of the ICES Advisory Committee, in proportion to the agreed share of the advice requester;
9. A contribution to the Advisory Programme including the use of external reviewers, in proportion to the agreed share of the advice requester;

² In proportion to the costs allocated to the total delivery of advice.

10. Overheads³. The overhead costs will be calculated by means of a fixed overhead percentage of 7% for recurrent advice, which is applied to the total costs of each different activity mentioned in the ICES Work Programme. Overheads are based on the documented annual costs (e.g. invoices and payments) of running ICES headquarters so that the Secretariat staff may carry out their duties.

- a) capital cost of computing and other capital equipment;
- b) central financial and personnel administration;
- c) computer system support and maintenance;
- d) rent of premises (excluding ICES premises);
- e) office expenses including electricity, heating, watchmen, safety and security, cleaning costs, maintenance costs (e.g. photocopier), consumables, postage, telephone and fax, office equipment, insurance, general office maintenance (e.g. painting) and staff education and training.

Temporary calculations for costs for providing advice

Below is an explanation of the basis for temporary calculations of costs for providing advice to NASCO under the MoU with ICES.

“Without prejudice” Clause

The text below constitutes the basis for the temporary calculations that ICES has made to cost the advice to NASCO under the MoU. Thus, this will be replaced with a standardized costing mechanism (currently in development) and according to an agreed cost-sharing key.

During 2021 there will be a need to assess requirements for further developing the portfolio of data management/quality control systems which is required to fulfil our obligations to clients and which directly support ICES Assessments and Advice (e.g., TAF, Acoustic Portal, SmartDots, and RDBES).

Transparency and equal processes

The interim/temporary costing is based on the same procedures and processes for all advice requesters, including;

- 7% overhead
- Transforming previously indirect costs into direct costs

No attempt has been made to make a comprehensive costing of required Research and Development underpinning the Advice.

Basis for a temporary costing

³ The overhead percentage covers the following types of indirect costs, and the share of these that cannot be allocated directly to specific tasks, such as:

We have listed all stocks for which we give advice, and have indicated the advice requesters for each stock. In cases where a stock is shared (=being requested by several clients), we have shared the stock equally between the clients e.g. in case of three advice requesters being interested in a stock, the costs are shared between them in the magnitude of 0.33.

We have then divided the total costs of the advisory services with the total number of stocks, and multiplied this with the weighted number of stocks for each of the advice requester, to find the costs applicable to them.

Additional charge averaging the last five years equity investments

Based on an average of the equity investment in the last five years, Intergovernmental Organisation (IGO) advisory clients will be charged an additional sum for maintaining and developing advice related services. The averaged equity investment will be divided between ICES member countries and IGO advisory clients reflecting the ratio between the national contributions and the income from advisory clients (55% vs 45 %).

ICES member countries requesting advice will not be charged the averaged equity investment, as equity is a saving based on surplus in national contributions, given that advice requesters have not covered 100% for their advisory products. Also, ICES member countries are already charged 55% of the averaged equity investment.

Minimum charge independent of number of stocks for which recurrent advice is requested

ICES charges a minimum fee for maintaining, and developing the capacity to provide recurrent advice, independent of the number of stocks for which advice is being requested. Advice requesters paying the minimum charge will be exempted from the averaged 5-year equity investment charge.

This provides for the following costs, for NASCO: DKK 520,000