

## Annex K

# Implication and Consequences of Further Cuts to the IWC Scientific Committee Budget or Modification to the Scientific Committee Meeting Structure

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### 1. BACKGROUND

The Commission has been facing financial difficulties for some time and will face at least a **£329k** deficit in the next biennium (i.e., 2022-2023). The Commission must balance its budget; otherwise it will become insolvent in just a few years. To balance the budget, an increase in revenues (possibly through increases in member dues, voluntary funds, or grants/awards), reduced expenses, or both will be needed. The current leadership of the Commission and subsidiary bodies have been requested to make difficult but necessary proposals for achieving a balanced budget.

The postponement of in-person Scientific Committee (SC) meetings in 2020 and 2021 and the Commission meeting in 2021 have resulted in budget savings, which will help offset the deficit in the short-term. However, longer term budget solutions are needed and discussions are on-going in several IWC subsidiary groups, including the Working Group on Operational Effectiveness.

Two budget groups were established by the Commission's Budgetary Sub-committee, with Bureau endorsement, to propose possible changes to the usual business of the IWC to help mitigate this budget crisis. The first group focused on the Commission meeting and the Secretariat budgets and the second group focused on the SC research and meeting budgets. The SC Chair (Suydam) and Vice-chair (Zerbini) participated in both of those budget groups. Both groups discussed increasing revenues but focused on budget savings. Reports are now being drafted. Those groups agreed that discussions about reducing SC costs are not intended to diminish the value or effectiveness of the SC. The SC's advice and research are integral to the Commission fulfilling its mandate. However, achieving a balanced budget with substantial cuts must take into account the possible consequences of those cuts.

The purpose of this document is to provide to the Commission, the Secretariat, and the Working Group on Operational Effectiveness an assessment of the implications and consequences of possible budget reductions to the SC. We have divided the discussion into several sections, including information on the current SC budget, possible consequences of cuts to the research budget and the meeting structure, and recommendations for how the SC can help to address the IWC budget crisis.

### 2. CURRENT AND RECENT PAST SC BUDGETS

The SC operates under two separate IWC budgets, (1) a research budget and (2) a meeting budget. Below is background information about both of those budgets.

#### 2.1 Research budget

The budget crisis of the IWC was already evident in September 2018, when the IWC Commissioners agreed to reduce the SC research budget by ~£90,000 per annum (28%) to contribute with the IWC's longer-term goal of a balanced budget. The previous SC research budget had been ~£315,000 per annum. In 2018, the SC met in April and May and agreed a budget of that amount. Because the requested budget cuts occurred after the conclusion of the 2018 SC meeting, the then SC Chair (Fortuna) and Vice-chair (Suydam) worked with a small group of Commissioners and other delegates to recommend specific cuts to the proposed 2019-2020 SC budget to reach the requested reduction, which led to a revised annual SC budget of ~£226,000.

The revised SC research budget for the 2019-2020 biennium was attained by reducing the budgets for 18

projects, by zeroing out budgets for five projects (but to be considered for funding in the next biennium), and by recommending two projects be funded under the Small Cetacean Voluntary Fund. Savings were also realized by using underspends from previously approved projects. The annual research budget of the SC has remained at ~£226,000 since that time.

The research budget is divided into several categories:

- IWC-funded Invited Participants (IPs) to attend annual meetings,
- Contingency (for addressing new topics from the Commission or other needs, as allowable),
- Intersessional meetings/pre-meetings/workshops to address specific SC agenda items,
- Modelling/computing (e.g., development, maintenance, and testing of SLAs),
- Research projects, usually field projects,
- Databases (i.e., creation and maintenance),
- Reports (e.g., State of the Cetacean Environment Report [SOCER], mercury exposure in cetaceans).

Fig. 1 illustrates the distribution of funds across the above budget categories for 2019.

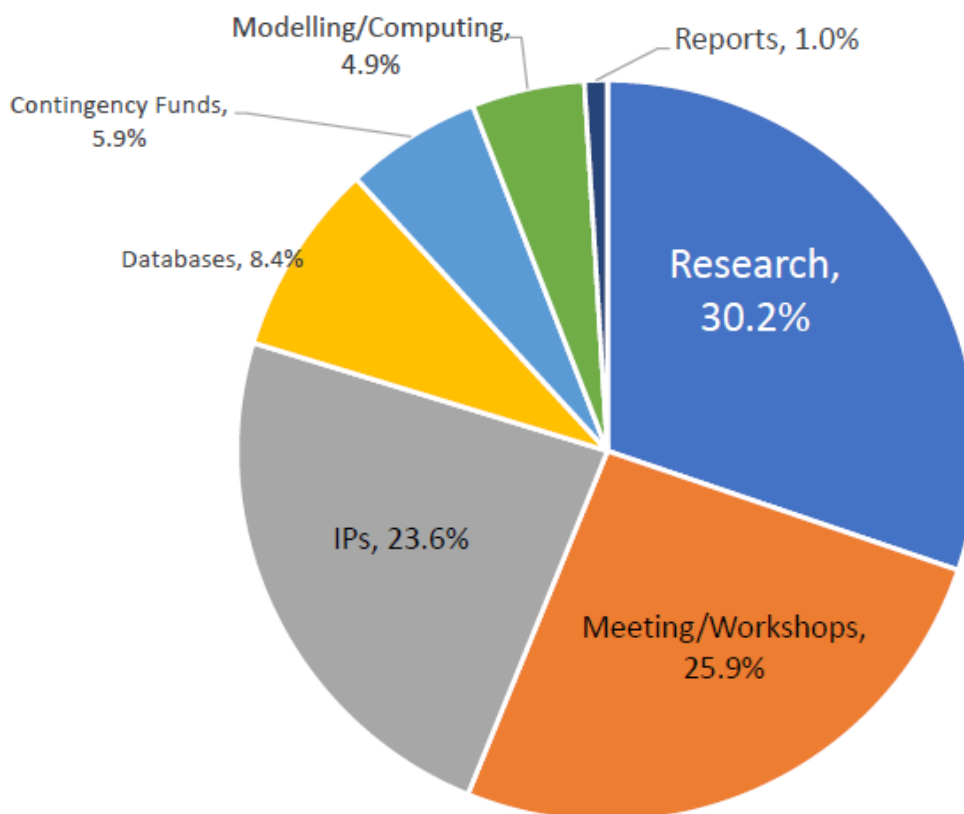


Figure 1. Distribution of SC research funds across budget categories in 2019.

There are several other points to note:

- The SC research and SC meeting budgets are linked. Changes in one will likely have an impact on the other. For example, expenses for IWC-funded IPs to attend the annual meeting are included in

the research budget. If the meeting structure changes (see below), there would be corresponding changes to the research budget.

- Many of the intersessional workshops and pre-meetings funded from the SC research budget are held in conjunction with the annual SC meeting to help reduce costs, such as travel. The intersessional workshops are often matched with non-IWC funding sources for expenses such as meeting room costs, travel for some participants, and other expenses.
- Many of the actual research projects funded by the research budget occur in locations where there are few alternative sources of funding. Those projects always have relatively small budget requests but provide valuable information required to advance the work of the SC. The results are usually very cost effective and frequently involve a substantial amount of matching and in-kind support.

The SC research budget contributes to the work of most sub-groups within the SC and also the Secretariat (Fig. 2).

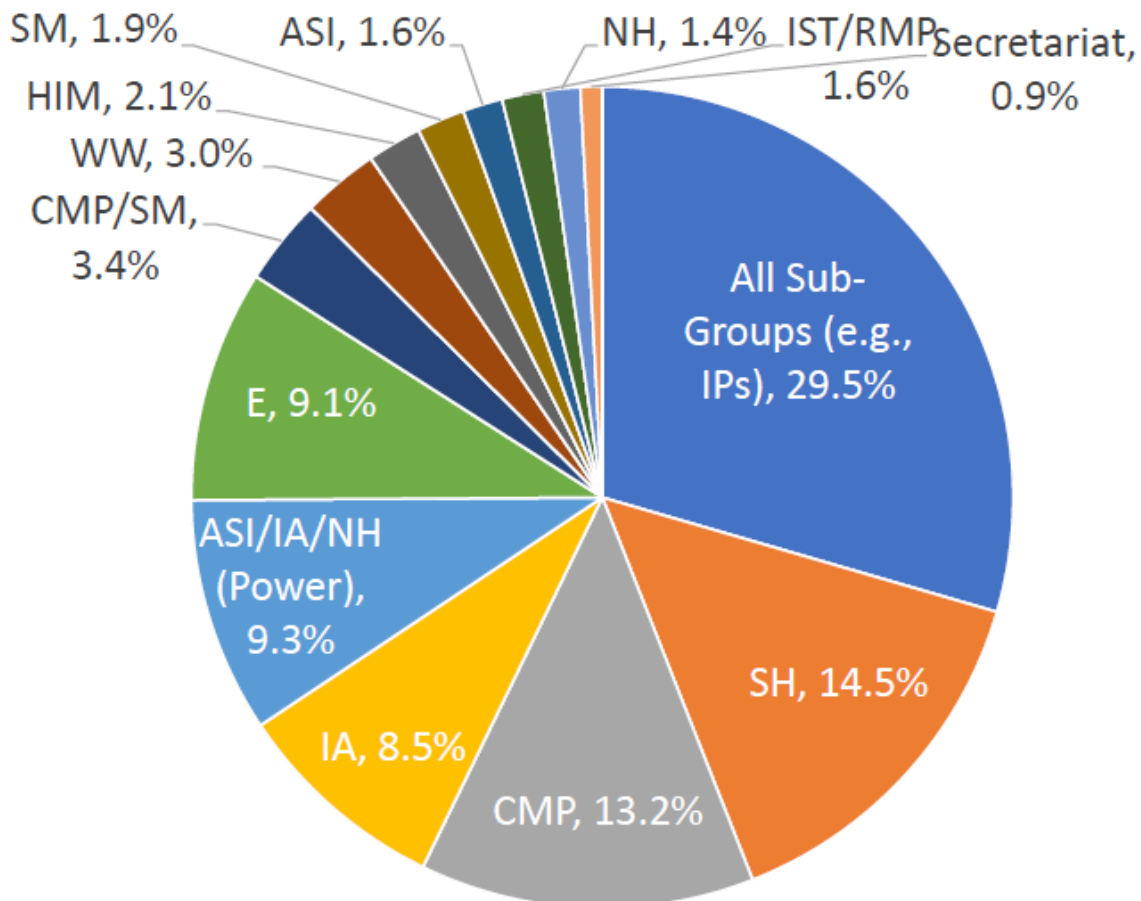


Figure 2. Distribution of SC Research budget across sub-committee/sub-groups in 2019.

Most of the research budget is distributed evenly across assessment, IPs/contingency, and topics that overlap with CC (Fig. 3).

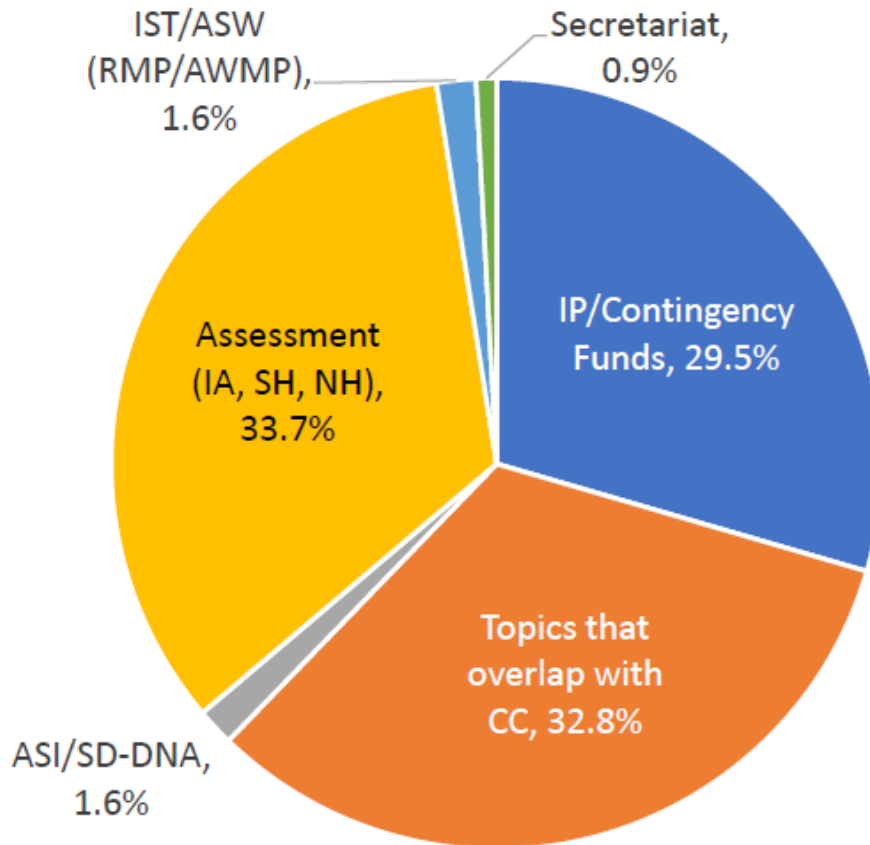


Fig. 3. Distribution of SC research budget in 2019 distributed across assessments, IPs/contingency funds, topics that overlap with Conservation Committee, and other categories.

The above three figures would likely differ if looking at the distribution of funds from years prior to 2019 but do provide a reflection of how the SC has distributed funds to address Commission directives in the most recent years. The situation with restrictions on travel and research due to COVID-19 reduce the usefulness of looking at budgets from 2020 and 2021.

### 2.2 SC Meeting budget

As noted above, the SC research and meeting budgets are linked. The Secretariat-managed SC meeting budget covers the costs of meeting rooms, Secretariat travel and associated costs, overtime salary, coffee, etc. The cost of an annual in-person SC meeting is approximately £130,000. As noted above, the costs for IWC-funded IPs to attend the annual meeting of the SC are covered by the research budget.

Aside from travel expenses for IWC-funded IPs, it is also important to note that the travel, and associated costs, and salary for almost every other SC participant, whether delegates, self-funded IPs, or observers, are all donated by various IWC member governments, other local, regional or national governments, NGOs, IGOs, or other organizations. The amount of donated travel and time was estimated at a total of ~£3 million per annum by the former SC Chair (Fortuna) during budget discussions in 2018.

## 3. POSSIBLE CONSEQUENCES OF CHANGES TO THE SC MEETING STRUCTURE AND RESEARCH BUDGET

There has been a suggestion that the SC move to biennial meetings as one means of helping to solve the IWC's budget crisis. There are other options to consider as well, including reducing the length of meetings, holding virtual meetings, or some mix thereof.

During the past year or so, the Commission and its subsidiary bodies, including the SC, have demonstrated

impressive flexibility and innovation to continue their work during the COVID-19 pandemic. An example of this flexibility is the virtual meetings of the SC in 2020 and 2021. Specific lessons have been learned within those virtual meetings, some of which could contribute to productive and effective future virtual meetings. It is also clear that virtual meetings are not a like-for-like replacement for in-person meetings in large part because of the long-standing relationships among SC members developed at annual in-person SC meetings.

Below are some specific options and consequences for changing the SC's meeting structure:

### 3.1 *Biennial in-person meetings (possibly with virtual meetings or workshops in the intervening years)*

- In-person meetings every other year would provide substantial cost savings (~£130,000 per biennium) to the IWC but could substantially impact the quantity of work, and thus advice and recommendations from the SC to the Commission. The SC would be further limited in its ability to respond in a timely manner to future requests from the Commission for analyses or information.
- If biennial meetings are instituted, the number of IWC-funded IPs (through the SC research budget) could also be reduced.
- Biennial meetings might diminish the capacity of the SC to test and revise SLAs, when necessary, for aboriginal hunts. Annual meetings allow the necessary SC members to discuss the highly technical aspects of this work, including the review of extensive and detailed results. Further, the SC research budget has provided funding for “essential computing” critical for some of those tasks. Reductions in meeting frequency and funding could result in challenges for the SC to provide objective advice to the Commission about safe harvest levels for aboriginal hunts, especially if the information available for a whale stock is not within the bounds of the scenarios to which SLAs have already been tested.
- Reduced meeting frequency will make it difficult for the SC to conduct regular *Implementation Reviews* (IR) for each of the six ASW hunted stocks/populations. The SC has agreed to focus on one IR per year because the assessments can be quite complicated in some years for some populations. As endorsed by the Commission, the IR for each population is currently scheduled for every 6 to 7 years. Reducing the frequency of meetings could cause delays to IRs for aboriginal hunts resulting in possible delay in timely and informed advice to the Commission.
- Population assessments (through IA with support from NH and SH) of cetaceans not hunted by member governments will slow, resulting in less information about conservation concerns for selected populations. In light of climate change and increasing use of the ocean by people, delaying assessments may have serious conservation implications for some stocks.
- The SC has attempted to plan for succession regarding the highly technical assessments of cetacean populations as experienced personnel (within both the SC and Secretariat) near retirement or move to other projects or positions. Concerns exist about how the SC and Secretariat will maintain needed expertise. The same is equally true of some other aspects of our work where members of the Secretariat closely follow issues, such as the science related to climate change or ecotoxicology and further develop their own expertise. Moving to biennial meetings will likely further exacerbate this problem by providing fewer opportunities for new Secretariat staff and SC members to work alongside one another and learn from experienced personnel during regular in-person meetings.
- Our key work on pressing conservation issues, including associated mitigation measures and recommendations (from CMP, E, HIM, SM, WW), especially urgent ones, will also be delayed by moving to biennial SC meetings.
- Virtual meetings could be held during intervening years, but by necessity, virtual meetings result in a reduced number of available time slots for subcommittee sessions because of vast time zone differences among SC members. However, even with those challenges, the virtual meetings in 2020 and 2021 provided opportunities for CMP, E, HIM and SM to advance their agendas in positive and helpful ways. WW did not hold a virtual session in 2020 and only two sessions in 2021.
- There is also concern that a biennial meeting may result in a general loss of momentum and, consequently, many members/participants could lose interest in the work of the SC. On the other hand, there are also advantages to biennial meetings with intervening virtual meetings, such as: reduced

carbon footprint, less time away from home and families, reduced risk from traveling, and a greater opportunity for broader involvement of scientists from around the world in SC virtual meetings.

### 3.2 Reducing the Length of Annual Meetings

Reducing the length of annual meetings would have the benefit of annual in-person meetings, such as opportunities for more sessions per day, side meetings, and opportunities for small groups to more thoroughly discuss specific topics and devise report language that is more likely to result in consensus. Because of those advantages, in-person annual meetings, even reduced, would likely prove more productive than virtual meetings.

- Currently annual meetings are ~12 days long, but frequently there are pre- and post-meetings and workshops which extend the overall meeting timeframe.
- Reducing the meeting length would result in savings, including reduction in Secretariat overtime pay, reduction of staffing, and replacing coffee with water.
- The Secretariat estimates that reducing the annual SC meetings by ~5 days would provide a savings of ~£48k per biennium. Reducing annual meetings by ~5 days would almost certainly necessitate reductions to the agenda of work by the SC, with consequences similar to those mentioned above re: biennial meetings.

### 3.3 Hybrid Meetings

There has been some discussion about holding hybrid meetings, where some people participate in person and some are remote. While this may be appropriate in some circumstances (i.e., specific agenda items), it is unlikely to work well overall. Those attending in person would more likely be from nations with more financial resources. Those individuals would be more able to engage fully in discussions and in side meetings. Also, challenges due to time zone differences would be reduced for those participating in-person but not for those participating remotely. For those reasons, in-person meetings are preferred over hybrid meetings, except in special circumstances.

### 3.4 Research budget

There are some consequences of further reductions to the SC research budget not discussed above. They include:

- Reduced funding of research projects would likely have a disproportionate effect on regions and member countries with few other funding sources.
- Reduced number of in-person intersessional pre-meetings/workshops.
  - Intersessional pre-meetings are typically closely tied to the annual meeting to help reduce travel costs. Those meetings usually address topics that require more time to discuss than is available during the annual meeting. Results from those meetings are provided to the relevant sub-committee during the annual meeting for further consideration and inclusion in the sub-committee report.
  - Workshops are stand-alone meetings addressing a specific SC agenda item that is usually complex. A stand-alone and archived report is produced from each workshop. Workshop reports and recommendations are typically reviewed, with recommendations being revised as appropriate, endorsed and included in the annual SC Report.
  - Some of these pre-meetings and workshops could be conducted as virtual meetings.

## 4. COMMON CONSEQUENCES OF CHANGING THE SC MEETING STRUCTURE

If the meeting structure changes substantially, there will be common consequences regardless of the new structure. They include:

- Changing to biennial or reducing the length of SC meetings will by necessity result in a reduced agenda, which in turn will diminish the ability of the SC to address many important conservation and management problems and to provide timely, robust advice to the Commission.

- The SC would need guidance from the Commission about which agenda items have priority.
- The Commission would need to amend their expectations of the level and detail of results, outcomes, and recommendations from the SC.
- If the Commission adds additional items (through Resolutions, Schedule amendments, etc.) for the SC to address, consideration should be given to increasing the SC budget or reprioritising existing work, so that the SC can address the items in a timely manner.

## 5. POSSIBLE SOLUTIONS AND RECOMMENDATIONS

### 5.1 External funding

The SC strongly encourages the Commission to explore other sources of funding to help the IWC meet its budget crisis. The Secretariat has been working hard on external fundraising for some time but has not considered trying to replace IWC core funds used to support the SC with voluntary or grant funds. Part of that consideration is that there are challenges to supporting the SC with voluntary or grant funds, including complex application processes, expectations of granting agencies, and limited Secretariat staff to manage grants such as for reporting requirements. The SC also recognizes that the Commission has provided guidance through the “Acceptance of Funds Policy” and “Code of Ethical Fundraising”. The SC understands many of the challenges of external fundraising but is willing to engage in discussions about seeking external funding that could address specific SC projects or tasks suitable for those sources of funding.

### 5.2 Recommendations regarding budget cuts

The SC would prefer to meet annually. This is clearly the best approach for the SC to address the many items currently on its agenda. If funding cuts are necessary, we recommend consideration of the below options, with further consultation with the SC leadership for implementation of a reduction in funding.

1. Hold in-person biennial meetings of the full SC.
2. During intervening years, hold in-person workshops (which would need relatively little support from the Secretariat) for the highly technical sub-groups/sub-committees:
  - (a) ASW and IST
  - (b) IA and IST
  - (c) ASI and SD-DNA would also benefit from holding in-person workshops in the intervening years given their workload, their technical nature (which makes virtual discussions more difficult) and due to their advisory role to other SC sub-groups.
  - (d) There is considerable overlap in personnel among these sub-groups of the SC. An in-person workshop that includes all would be cost-effective, efficient and productive.
3. Other sub-groups/sub-committees could hold virtual workshops during intervening years or in-person, if necessary and justifiable. Each group could schedule its own meeting according to the availability of its members. Some support would be needed by the Secretariat.
4. Reduce the amount of funding for IPs, make appropriate arrangements for many of the IPs to attend meetings virtually, and seek external funding for IPs.
5. Reduce the amount of funding for research projects while keeping in mind that many of the research projects occur in areas where there are few alternative sources of funding. Those projects are often relatively low cost, but provide valuable information required to advance the work of the SC. The results of these projects are often very cost effective and frequently involve a substantial amount of matching and in-kind support.

The SC fully recognizes the urgent need to reach a balanced budget within the IWC. The above recommendations are intended to help accomplish this but we acknowledge that changes to the SC budget and meeting structure will have consequences. In 2018, the Governance Review of the IWC stated:

“The IWC Scientific Committee (SC) is the premier body worldwide regarding cetacean science,

comprising some of the greatest experts on cetacean biology in the world. The unique and enormous expertise on cetaceans in the SC provides IWC with the stature and credibility to remain as the main global body for cetacean management and conservation. The Review Team notes the Scientific Committee is a key strength of the IWC and every effort should be maintained to ensure its effectiveness and global pre-eminence on cetacean research” (<https://archive.iwc.int/>).

If the SC moves to biennial meetings, intersessional workshops (held in-person or virtually), and if the research budget is reduced, our ability to provide comprehensive information about the status of cetaceans in a timely manner to the Commission will be challenged. If SC budgets are reduced, we will plan our work according to guidance about priority topics from the Commission. We will continue to do our best to maintain a strong core of scientific expertise in the SC while attending to the constraints imposed by budget reductions.