

## **New Clients and changes to the MoUs and Administrative Agreement**

*Council delegates are invited to take note of the status of negotiations with new and existing advisory clients, as described below.*

ICES has entered into Memoranda of Understanding (MoU) and a Specific Agreement (SA) with its advice requesters, including member countries and intergovernmental organizations. The MoUs and SA cover both recurrent advice on ecosystem and fisheries, including fishing opportunities, and quality assurance of advice deliverables, as well as special requests. The MoUs with Norway and NEAFC are undergoing review, and MoUs are being elaborated with Iceland and UK. It has been agreed with NASCO to start a review of their MoU in 2020.

The MoUs with the Regional Seas Commissions OSPAR and HELCOM, are less specific as to content of the advice requested, as this is either decided in an annual work plan or on a case by case basis. ICES provides data services for both HELCOM and OSPAR. For OSPAR, data are part of the MoU as well as part of the annual request to ICES, with some additional services coming in as separate agreements. For HELCOM, the data agreement is entirely separate and negotiated as a standalone contract (every three years), with some additional service contracts as well.

Discussions are in progress with DGENV to set up a Cooperation Agreement.

Below more details are given regarding the MoUs and the SA covering recurrent advice on fishing opportunities, as well as special requests – with a specific focus on administrative and financial issues. As more advice requesters are entering the scene it will be necessary to develop an agreed and transparent method to divide costs for advice requested on a specific stock by more than one advice requester. A first draft of a possible cost share key has been elaborated, and discussed in Finance Committee and Bureau, and has been shared with a number of the advice requesters, to ensure that ICES is transparent and using the same financial calculation for all advice requesters. The “Temporary calculations of costs for providing advice” is contained in attachment 1.

### **Status of MoUs and SA**

#### **Grant Agreement with EU**

The 2019 Framework Partnership Agreement (FPA, formerly the Administrative Agreement and MoU) was signed 17 December 2018. This agreement outlines the general administrative and financial set-up for the next four years with DGMARE, with a Standard Grant Application, agreed on an annual basis, outlining work programme and maximum payment.

2019 is a test year, as the new administrative and financial set up requires documentation and verification of time accrued under the tasks in the work programme, and also contains a flat overhead rate of 7%.

### **MoU with Norway**

The MoU with Norway is under review, following the completion of the first three years of cooperation. The main parts up for revision is cost-share, policy basis inclusion, quality assurance of the advisory process, and data collection agreement. A final draft is being elaborated, and an updated MoU ready for signing before the end of the year.

### **MoU with Iceland**

A draft MoU is being discussed with Iceland, including also the costing, based on the document “Temporary calculations of costs for providing advice”. The aim is to sign the MoU within this year.

### **MoU with UK**

Two draft MoUs have been prepared;

- If UK leaves the EU, without a deal, a temporary MoU will already need to enter into force 31 October until 31 December 2020, with its own associated costs. After which a more permanent MoU, comparable to other MoUs will enter into force, on 1 January 2021, also with its own associated costs.
- If UK leaves the EU, with a deal, they will be covered by the EU agreement up till 31 December 2020, also as regards costs, and a more permanent MoU, will need to be in place only by 1 January 2021, with associated costs.

The MoUs are based on the document “Temporary calculations of costs for providing advice”.

### **MoU with NEAFC**

The NEAFC MoU is under review and revision, for the first time since it was signed in 2007. The main parts up for revision is policy basis inclusion, quality assurance of the advisory process, and cost-share. VMS and catch data for scientific analysis are provided to ICES under the separate NEAFC–ICES arrangement, and thus no data collection agreement is included under the MoU.

The MoU is based on the document “Temporary calculations of costs for providing advice”, and following the conclusion of the substantive parts, the negotiations of the finances will be initiated, with a NEAFC Finance Committee meeting in November.

The MoU is expected to be finalised during 2019.

**MoU with NASCO**

The MoU will undergo revision in 2020, this is the first time for revision after being signed in 2007. As NASCO is only receiving advice for one stock, there will be need for a special financial agreement. This has been described in the document “Temporary calculations for providing scientific advice” under the heading; “Minimum charge independent of number of stocks for which recurrent advice is requested”. And is reflecting the need for ICES to charge 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.

**Additional charge averaging the last five years equity investments**

Based on an average of the equity investment in the last five years, Inter Governmental 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.



**ICES**  
**CIEM**

International Council for  
the Exploration of the Sea  
Conseil International pour  
l'Exploration de la Mer

## Temporary calculations of costs for providing advice

Below is an explanation of the basis for temporary calculations of costs for providing advice to advice requesters. The details for specific requesters are specified within their MoU with ICES.

### **“Without prejudice” Clause**

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

During 2020 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 RBDES).

### **Transparency and equal processes**

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

- 7% overhead [Only for recurrent advice]
- 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**

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, Inter Governmental 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.