



**Development of tuna fisheries
in the Pacific ACP countries
(DEVFISH) Project**



Identification Number RPA/001/04

**Project Six Monthly Report
December 2007**



Six Monthly Report

December 2007



FFA PACIFIC ISLANDS
FORUM SECRETARIAT



SPC
Secretariat
of the Pacific
Community

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1. Introduction

1.1 Basic Project Information

Project Title: Development of tuna fisheries in the Pacific ACP countries (DEVFISH)

Project or Identification Number: RPA/001/04

Accounting Number: 9 ACP RPA 008

Financing Agreement Number: 9276/REG

Date of Financing Agreement: 07/03/05

Location: Regional with Project Staff based at FFA in Honiara, Solomon Is., and SPC in Noumea, New Caledonia.

Start Date – actual: 01/07/05

End Date – planned: 31/12/10

End date – likely: 31/12/10

Duration: 48 months

Primary Commitment: € 3,000,000

Key Stakeholders: Pacific Islanders involved in tuna fishing, processing and marketing, or businesses servicing those industries; or who have the potential to become involved.

Project Purpose : To contribute to the establishment of a concerted policy and economic environment conducive to the further development of Pacific ACP owned fishing and processing operations, and to an increased contribution of foreign fleets to the economic development of these countries.

Key Results:

- Improved information for policy making available and being used;
- New and improved strategies for fisheries development identified;
- Opportunities for participation of the P-ACP private sector in tuna fisheries improved;
- Conditions for regional and international trade in tuna products and investment in tuna production improved; and
- National policies and institutional arrangements for private sector tuna fishery development improved and coordinated.
- Project results widely disseminated with follow-up on project outcomes.

1.2 Current Status of Project: The DEVFISH project has now completed the first six months of the third AWP. The receipt of funds was again delayed (until early December) by difficulties with the audit of the SPC component, but activities have been implemented more or less on schedule using funds advanced by both implementing agencies.

Main achievements during the period include:

- Completion of the analysis of the economic benefits of the purse seine fishery and onshore processing started during 2007/07;
- Completion of a consultancy to assess the feasibility of a regional/reciprocal longline access arrangement to benefit local longline fleets;
- Completion of a tuna industry development action plan for Papua New Guinea and the completion of fieldwork for a national fishery development action plan for Tuvalu;
- Participation in the Pacific Tuna Forum, a new industry event organized in Papua New Guinea;
- Completion of a financial evaluation of the Nauru Fisheries Corporation;
- Implementation of a range of in-country projects in PNG, Kiribati, Cook Islands, Tuvalu, Samoa, Tonga and Vanuatu, mainly working with fishing associations and the private sector – mainly administered by SPC.

1.3 Report Preparation: This report covers the activities undertaken during the month of July to December 2007 and has been prepared by the team leader following consultation with the fisheries development officer. The third member of the project team, the project coordinator, left DevFish in October 2007, and his replacement will start work in January 2008. Much of the report is based on the status and progress of 2007/08 AWP which was endorsed during the Project Steering Committee Meeting held in Wellington on the margins of Forum Fisheries Committee (FFC64) in May 2007.

2. Executive Summary and Recommendations

- 2.1 **Annex 1** provides the revised Logframe Matrix that was adopted during the first consultative meeting held in October 2005 which has remained unchanged.
- 2.2 Project staff undertook substantial duty travel during the period. The FDPS made two visits to each of PNG and Tuvalu mainly in connection with national development planning, as well as attending meetings in Brussels, Noumea and Guam. The FDO visited PNG, Kiribati, Cook Islands, Samoa and Niue, mainly following up on in-country projects.
- 2.3 The third coordination meeting between project staff (with an observer from EC Mission in New Caledonia) was held in Noumea in November 2007 to review progress of the 2007/8 annual work plan. Consultants engaged by the RAO for the mid-term review of the project also participated.
- 2.4 In the result area of *providing improved information for policy making* the study on the economic benefits of the purse seine fishery and onshore processing was completed and the report circulated. DevFish also sponsored a session on tuna fisheries at the SPC Heads of Planning and Statistics meeting in Noumea, with a view to raising awareness of the economic importance of the industry as well as improving its treatment in national accounts.
- 2.5 In the area of *improved strategies for fisheries development* two major consultancies were launched during the period. The first of these – a study of the feasibility of developing a regional longline access arrangement for domestic vessels – was completed, and identified limited support for the concept from stakeholders. The second, on the development of a strategy to maximize economic benefits from the regions resources of surface tunas, was continuing as this report was prepared. At the national level, the tuna industry development action plan for Papua New Guinea was completed; and field work for the fisheries development action plan for Tuvalu (carried out in conjunction with SPC) was completed.
- 2.6 In terms of promoting *opportunities for P-ACP private sector participation in tuna fisheries*. DevFish funded the participation of representatives of two crewing agencies in a meeting with purse-seine operators to explore opportunities for the employment of more Pacific Islanders. A further draft of the Gender Study II report, intended to identify ways of enhancing the participation of women in the industry, was received but requires further work. Two managers from a fishing company in PNG attended a training attachment on value added tuna products; and a consultancy to design a pilot project for small scale pole and line fishing development in Solomon Islands was started.
- 2.7 For the project result area *improving conditions for trade and investment*, the FDPS participated in a further round of negotiation of the P-ACP/EU Economic Partnership Agreement dealing with the fisheries chapter. A consultant was fielded to assist the Competent Authority in PNG address problems identified by a mission of the Food and Veterinary Office of the EC earlier in the year. Project staff were actively involved in the Pacific Tuna Forum (the first international tuna industry and trade conference of this type to be held in the Pacific): the FDPS made two presentations at the meeting and chaired the session on trade and markets; Devfish sponsored participation for one guest speaker from Europe; and arranged for representatives of four P.I. tuna industry associations to attend the Forum, using funds provided by the EU PACREIP project.
- 2.7 In the fifth result area – *improved policies and institutional arrangements for private sector development at the national level* – there is an overlap with other result areas, and some in-country projects such as national development plans have been reported above. Other support in this area included:

- Support for executive officer positions in fishing associations in Kiribati, Tuvalu, Cook Islands and Tonga;
- A financial review of the Nauru Fisheries Corporation recommending privatization of some functions;
- The provision of fish aggregation devices and equipment to convert diesel fishing boat engines to biofuel in Kavieng, PNG, in a pilot project to develop small scale tuna handline fishing; and
- Sponsorship of a scholarship for a student to research depredation by whales on longline caught tuna in Fiji.

A review of the National Development Bank lending scheme for small fishing businesses was also nearing conclusion in PNG.

2.8 The final result area, *wider application of project results*, covers both the dissemination of information from the project and the coordination and reporting activities. The Project web-page was maintained and updated during the period, while hard copies of all reports were printed by SPC and circulated to relevant stakeholders. An earlier report on development options in the longline fishery was summarized for wider distribution. The full article was carried in 'The National' in Papua New Guinea and the 'Islands Business' website, while edited highlights were reported in IB print version and the Air Pacific magazine, as well as the SPC Fisheries Newsletter. This approach of publicizing the findings of the project through the regional media will be used further.

In terms of project coordination:

- The annual report covering the 2006/07 work programme together, with audited accounts, was submitted in August 2007;
- the SPC/FFA roundtable project planning meeting was held in Noumea in November, somewhat later than originally planned.

2.9 At the end of December 2007, DEVFISH FFA had actually spent only 34% of its annual budget. DEVFISH SPC on the other hand had actually spent 47% of its approved budget by the end of the period. Since funding for the current AWP was only received in December, the low actual expenditure by FFA mainly reflects the fact that the payment of outstanding commitments was not fully processed by the end of the month. FFA expenditure plus commitments at the end of December was equal to 48% of the budget; SPC expenditure plus commitments was 69% of the budget.

2.10 The Project Coordinator, Teriba Tabe, resigned from his position during the period and left to take up a position with the Forum Secretariat in October. Recruitment of a replacement was carried out following normal FFA procedures, and Mr Leonard Paia of Solomon Islands was selected. He will start work in January 2008 at the end of his current contract with the EU Project Management Unit in Solomon Islands.

2.11 The second project monitoring mission was conducted during August 07 and collected information in 11 of the 14 participating countries. The mission concluded that the project is highly relevant and its results are well appreciated by many of its stakeholders. As with the first mission, the project was ranked as 'good' in all five areas – relevance, efficiency, effectiveness, impact and sustainability. Changes to the project logical framework, particularly the indicators, were recommended however.

2.12 The project mid-term review (MTR) started during September, after being awarded to regional consulting company Gillett Preston and Associates. Most of the fieldwork was completed before the end of the year, and a draft final report should be available in mid-February.

2.13 In general the third annual work programme is progressing satisfactorily. As usual, attention will be required to ensure that major activities are completed by the end of the period.

3. Review of Progress and Performance to end of December 2006

3.1 Policy and programme context

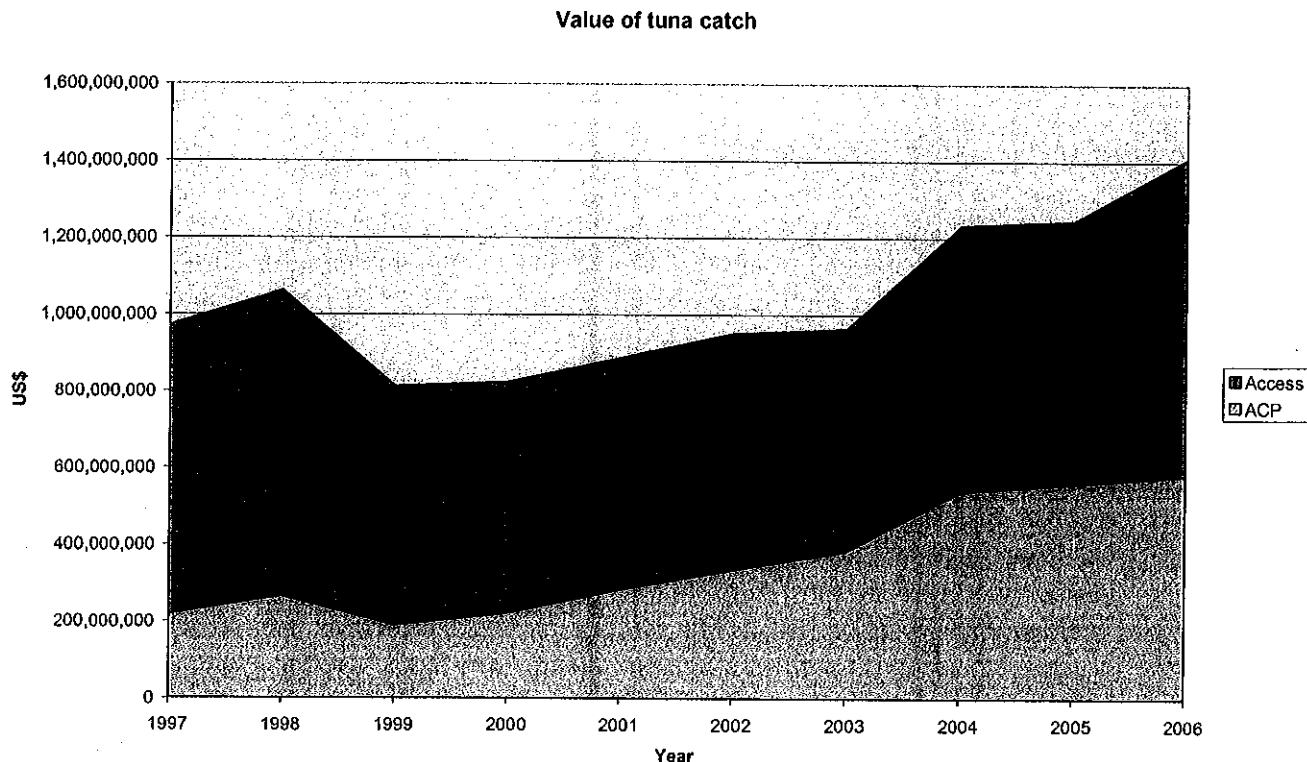
The policy and programme context for which the DEVFISH project was initially developed continues to strengthen in its support for project objectives. At the annual meeting of Forum Leaders in Vava'u in November, the heads of state of the Pacific ACP countries again "committed themselves to promoting domestic fisheries, in particular the development of national tuna industries." The 2nd project monitoring mission concluded that the project was highly relevant to real and perceived needs in the region at all levels of the intervention logic.

3.2 Progress towards achieving objectives

Overall objective

The overall objective of the DEVFISH project remains unchanged and that is: "to increase the contribution from the sustainable use of marine resources to the alleviation of poverty in the Pacific ACP countries".¹ It is difficult to monitor progress towards this objective on a six-monthly basis as improvements (such as increased employment in a new cannery) take some time to eventuate, and even longer before the data on these indicators comes through national reporting systems. Achievement of the objective is also influenced by many factors outside the control or influence of the project.

In very general terms however, the value of the tuna catch taken by domestic and locally based fishing operations (ACP) is increasing over time: both in total, and relative to the value taken under access agreements in ACP countries' EEZs (Access), as illustrated in the graph below for ten years' data up to the end of 2006. The most rapid growth occurred between 1999 and 2004, however, before the start of project activities.



¹ See Financing Agreement, Contribution Agreement, Inception Report - August 2005 and Six Monthly Report - January 2006

Project purpose

The project purpose is “to assist P-ACP countries in the establishment of a concerted policy and economic environment conducive to the further development of Pacific ACPs owned fishing and processing operations and an increased contribution of foreign fleets to the economic development of these countries.” The indicators for this project purpose rely on the perceptions of private sector fishing companies and, more specifically, the national industry associations. The Project monitoring mission has generally recorded the satisfaction of most private sector stakeholders with the activities of DevFish, but it is again difficult to fully attribute positive changes to the work of the project. There have also been negative changes in the economic environment (most obviously in global fuel prices) during the period for reasons outside the control of the project. The monitoring mission noted the need to review project indicators, which will be done as part of the mid-term review.

Key planned results of the project

The project planned results include:

- I. Improved information for policy making available and used;
- II. New and improved strategies for fisheries development identified;
- III. Opportunities for participation of the P-ACP private sector in tuna fisheries improved;
- IV. Conditions for regional and international trade in tuna products and investment in tuna production improved;
- V. National policies and institutional arrangements for private sector tuna fishery development improved and better coordinated;
- VI. Project efficiently administered and project results widely distributed and applied.

Major achievements in each of these areas has been listed in the Executive Summary above, and is covered in more detail in the following section. The monitoring mission reported that indicators for the achievement of the project results are not well defined in the logical framework, and these are again being amended by the MTR.

3.3 Activities undertaken

Activities during July-December 2007

The focus of the third year work programme is devoted to addressing the policy and development planning area based on the information gathered and studies undertaken during the first and second AWP. The project will also continue with, and complete, the series of economic studies, started in the earlier programmes.

1. Improved information for policy making available and used

- The study on the economic benefits of the purse seine fishery and onshore processing was completed by DevAds (PNG) and the report circulated. The report found substantial economic benefits from local basing of purse seiners and onshore processing of their catches; but concluded that the contribution of many companies to Government revenue was disappointing. A summary of the main findings in an easily readable format will be prepared soon
- DevFish SPC sponsored a session on tuna fisheries at the SPC Heads of Planning and Statistics meeting in Noumea, with a view to raising awareness of the economic importance of the industry as well as improving its treatment in national accounts. Experts on the economics of tuna fisheries in the region and the compilation of national accounts were brought in as resource persons, as well as Project and FFA staff. Feedback from participants was very positive.
- A study on the economic benefits of the Samoan Alia fishery was also completed ‘in house’—this had been carried over from the previous AWP due to other commitments of the FFA staff member doing the work. The study determined that both Alia and conventional longline fisheries in Samoa deliver significant economic benefits, with the smaller Alias providing

slightly higher value added and more jobs. Under current economic conditions, Alias do not provide an attractive return on investment, however. One option for improving their profitability would be to replace the current 2-stroke outboards with more fuel efficient 4-stroke motors, which would quickly repay the higher capital costs through savings in fuel.

2. Information for development strategies

- A study on the feasibility of a regional longline access agreement, to provide access for local vessels to the EEZs of a group of ACP countries (the Sub-Committee on Tuna and Billfish countries) was completed by David Evans and associates. The study concluded that there was little support for the concept in some countries, where the locally based industry were mainly focused on the danger of such an arrangement allowing foreign controlled vessels into their EEZs. In other countries, however, the idea was appreciated by the domestic tuna industry. The best way forward is therefore likely to be a series of reciprocal arrangements between neighbouring countries or small sub-regional groups. A draft framework agreement under which these could be negotiated has been developed, and will be considered at the next meeting of the SCTB.
- A second major study on a strategy to maximize the economic benefits from the tuna purse seine and onshore processing industries was also awarded to a group of consultants headed by David Evans, and was still in progress at the end of this reporting period. The study is analyzing policies to encourage on-shore processing of the tuna catch; and how these can be applied on a sub-regional basis by the countries that are Parties to the Nauru Agreement (PNA). It has attracted a high level of political interest in Kiribati and Papua New Guinea.
- At the national level, a tuna industry development action plan for Papua New Guinea was completed during the period, and was launched at the Pacific Tuna Forum in September. A national fisheries development action plan, covering the whole fisheries sector, has been prepared in draft form for Tuvalu. This plan required collaboration with SPC on coastal fisheries issues, as well as extensive stakeholder consultation in the eight islands of Tuvalu. The final version of the plan should be ready in February. Discussions were held with fisheries officials from Palau, Kiribati and Samoa on future assistance with national development planning.

3. Strengthening of private sector participation in tuna fisheries

- During the first two years DevFish has focused mainly on the opportunities for developing locally owned and locally based fishing and processing operations, but the project purpose also requires attention to increasing the economic contribution of foreign fleets and this is being addressed in the current AWP. With a view to increasing the employment of Pacific Island crew on foreign fishing vessels, the project sponsored the participation of the managers of two crewing agency companies in the broader cooperation talks held under the US tuna treaty in San Diego. US purse seiners employ more Pacific Islanders than any other foreign P/S fleet, and the US fleet is currently expanding.
- A final draft of the report on 'Gender issues in tuna fisheries' was received from the consultants FishTech Ltd in November. The report still contained a large number of factual errors and irrelevant material, and was generally of an unacceptable standard. Following negotiations with the consultant, US\$4,000 was withheld from the final payment to pay for a re-write by another consultant.
- Two managers from Ailan Seafood Ltd. in Papua New Guinea were funded to attend a practical attachment on the production of value added tuna products for export markets at the Gourmet Food Company in Fiji. The company plans to expand its purchase of tuna from local fishermen, and has already identified a market for smoked products in the EU.
- A consultancy to develop a pilot project for small scale tuna pole and line fishing in Solomon Islands was contracted to Fijian consultant Robert Stone. The study has so far identified considerable potential for introduction of Indonesian-style pole and line techniques, and the consultant will visit Indonesia to collect information in the New Year.

4. Conditions for international trade and investment improved

- Most of the activities during the period focused on the European market. Although distant from Pacific tuna producers the tariff preferences, high demand and strength of the Euro have made this an attractive market for countries in the region. Retention and improvement of tariff preferences for tuna has been a key objective of the P-ACP countries in negotiation of an EPA with the EU; and the FDPS participated in a further round of negotiations in Brussels in September on the Fisheries Chapter of the proposed EPA. The EU offer to relax the rules of origin for canned tuna represents a very significant opportunity for the region's tuna industry. At the end of the year Fiji and PNG signed an interim trade in goods agreement and Solomon Is. can continue to export under the EBA initiative, so the three tuna exporters can continue to trade.
- These three were all subject to an inspection by the Food and Veterinary Office (FVO) of the EC during 2007. In November, DevFish provided a short-term consultant to assist the PNG Competent Authority address issues raised in the FVO report. The Project has now developed a good working relationship with the EU-ACP project "Strengthening Fisheries Products Health Conditions in ACP/OCT Countries", with a view to obtaining further assistance for the region from this source.
- The Pacific Tuna Forum (the first international tuna industry and trade conference of this type to be held in the Pacific) was held in Port Moresby in September. It was organized by Infofish and the PNG National Fisheries Authority with support from various other agencies and sponsors. Project staff were actively involved in the Forum: the FDPS made two presentations at the meeting and chaired the session on trade and markets; Devfish sponsored participation by one guest speaker from Europe; and arranged for representatives of four P.I. tuna industry associations to attend the Forum, using funds provided by the EU Pacreip project.
- Also in the area of investment, a meeting was coordinated between representatives of OPAGAC, the Spanish tuna industry association, and P-ACP Government and Industry representatives. This discussed a number of issues of mutual interest including possible EU industry investment in the region.

5. National Policies and institutional arrangements

- As noted above, assistance with general fishery development planning was provided to PNG and Tuvalu during the period. More specific assistance was provided in two other countries.
- In Nauru a consultant carried out a financial evaluation of the Nauru Fisheries Trading Corporation, with a view to restructuring and privatization of some services.
- In Papua New Guinea, a review was started of the fisheries credit scheme of the National Development Bank, with a view to improving the appraisal of loan applications and to ensure that the scheme meets the requirements of SMEs in the fisheries sector.
- DevFish funded equipment for a pilot project in PNG on the use of bio-fuel (coconut oil) as a substitute for diesel in fishing boat engines. Fish Aggregation Devices were also deployed in conjunction with SPC to support more fuel-efficient fishing methods for tuna. If successful, this approach may provide a way of addressing high fuel costs which are consistently identified as a major economic constraint to industry viability.
- A scholarship was sponsored for a student to research depredation by whales on longline caught tuna in Fiji – this will be the first of a two year study.
- The Project continued to support national tuna industry and fishing associations in a number of countries. Funding for Executive Officer positions in Kiribati, Tuvalu and Cook Islands continued during the period, and support for the EO of the Tonga Export Fisheries Association was extended for a further six months in recognition of her effectiveness in promoting industry positions in a number of Government forums.
- Assistance was also provided to Associations in Kiribati, Samoa, and Vanuatu to meet various requirements identified by their members.

6. Information dissemination

- The Project web-page was maintained and updated during the period, while hard copies of all reports were printed by SPC and circulated to relevant stakeholders.
- As new reports are released, the Project sends an email of the Executive Summary to interested stakeholders, with either a link to the full report on the Devfish webpage for regional studies or an offer to provide an electronic or hard copy on request.
- An earlier report on development options in the longline fishery was summarized for wider distribution. The full article was carried in 'The National' in Papua New Guinea and the 'Islands Business' website, while edited highlights were reported in IB print version and the Air Pacific magazine, as well as the SPC Fisheries Newsletter. This approach of publicizing the findings of the project through the regional media will be used further.
- In spite of these efforts, the mid term review has found that key industry and Government stakeholders are still not fully informed of project activities and findings. Further efforts will be made to develop a more effective communication strategy.

7. Management and Coordination

- The annual report covering the 2006/07 work programme together, with audited accounts, was submitted in August 2007.
- Unfortunately there was again a minor problem with the SPC audit, which delayed acceptance of the accounts and release of payment until early December.
- The SPC/FFA roundtable project planning meeting was held in Noumea in November, somewhat later than originally planned, due to staff travel and other commitments.

3.4 Resources and budget

The approved Annual Work Programme budget for 2007/08 is €1,029,758, of which approximately €215,000 represents commitments carried forward from the previous year. The remainder is required to support new activities in 2007/08.

At the end of December 2007, DEVFISH FFA had actually spent only 34% of its annual budget. DEVFISH SPC on the other hand had actually spent 47% of its approved budget by the end of the period. Since funding for the current AWP was only received in December, the low actual expenditure by DEVFISH FFA mainly reflects the fact that the payment of outstanding commitments was not fully processed by the end of the month. FFA expenditure plus commitments at the end of December was equal to 48% of the budget; SPC expenditure plus commitments was 55% of the budget. When commitments are taken into account, therefore, consolidated project expenditure was 50% of budget and thus on target for the middle of the AWP period.

A breakdown of expenditure by budget head for each Agency is provided in the tables below:

Table 1: FFA expenditure and commitments for June to December 2007

Item	Original budget	Total Actual & Commitment End of Dec 07	Balance End of Dec 07	Committed & Exp as % Budget
Opening Balance:				
<u>Detail Expenditures:</u>				
-				
1. TECHNICAL ASSISTANCE	€ 362,888	-€ 179,500.36	€ 183,387.64	-49%
2. EQUIPMENTS	€ 16,287	-€ 3,859.77	€ 12,427.23	-24%
3. MEETING & TRAVEL	€ 135,416	-€ 56,970.57	€ 78,445.43	-42%
4. OPERATIONAL COSTS	€ 19,651	-€ 7,920.12	€ 11,730.88	-40%
5. IN-COUNTRY SUPPORT	€ 144,068	-€ 84,887.60	€ 59,180.40	-59%
6. INDIRECT COSTS	€ 23,235	-€ 3,713.47	€ 19,521.53	-16%
7. OTHER COSTS	€ 0	€ 0.00	€ 0.00	
8. SPC COMPONENT	€ 328,213	-€ 215,424.40	€ 112,788.60	-66%
Total	€ 1,029,758	-€ 552,276.29	€ 477,481.71	-54%
FFA only totals	€ 701,545.00	-€ 336,851.89	€ 364,693.11	-48%

Table 2: SPC expenditure and commitments for June to December 2007

Item	Original budget	Total Actual & Commitment End of Dec 07	Balance End of Dec 07	Committed & Exp as % Budget
Opening Balance:				
<u>Detail Expenditures:</u>				
-				
1. TECHNICAL ASSIST.	€ 130,500	-€ 78,475.00	€ 52,025.00	-60%
2. EQUIPMENTS	€ 7,003	-€ 5,075.00	€ 1,928.00	-72%
3. MEETING & TRAVEL	€ 37,000	-€ 29,890.00	€ 7,110.00	-81%
4. OPERATIONAL COSTS	€ 26,500	-€ 22,785.00	€ 3,715.00	-86%
5. IN-COUNTRY SUPPORT	€ 117,510	-€ 40,859.00	€ 76,651.00	-35%
6. INDIRECT COSTS	€ 9,700	-€ 4,529.00	€ 5,171.00	-47%
SPC Totals	€ 328,213	-€ 181,613.00	€ 146,600.00	-55%

3.5 Assumptions and risks

Assumptions and risks identified in the inception, first six monthly and annual reports remain valid. This report will only comment on three identified risks, where there have been some changes:

General economic conditions do not remain favourable to tuna fishing

Changes in this area have been mixed: fuel prices have continued to rise since the start of the project, with an unfavourable impact on operating costs of both fishing and processing operations. The prices secured for longline caught tuna in traditional markets (US and Japan for fresh tuna with frozen

albacore supplied to the region's canneries) have also seen little improvement, although strong demand from Europe and the strength of the Euro and pound have favoured companies that are able to export to this market. On a more positive note, supply shortages during the second half of 2007 saw a rapid increase in the price paid for Skipjack and Yellowfin tuna for canning, promising improved profitability for the purse seine fishery.

Tuna catch rates continue to fall in all or some participating countries

The very poor longline catch rates experienced in several countries in the South and east of the region during 2003-05 seem to have been caused by unusual oceanographic conditions which have now returned to normal. Longline fleets in Fiji and Samoa have both reported improved catch rates in 2006 and 2007.

Support is not provided by other ACP-EU instruments

During the period, direct funding support for project activities was provided by PACREIP, and staff of the two projects were in regular contact on trade issues. Following the appointment of a new project manager for the SFP programme in Brussels, communications have improved dramatically. At the end of the period, the DevFish team leader was preparing two project proposals for SFP funding to assist the competent authorities in Fiji and PNG.

3.6 Management and coordination arrangement

Consultations have been maintained between project staff from both agencies (FFA and SPC) and the managers of the relevant divisions to ensure smooth implementation of the project's approved activities. The fifth coordination meeting was held during November 2007 to review the progress of activities implemented from July, outstanding issues from the previous year's work programme and other issues. Consultants carrying out the Mid term review also participated in this meeting to gain insight into the project's planning processes and activities. Project staff from both agencies have remained in regular contact by email.

As part of managing and coordinating project activities, relevant reports are produced and disseminated widely through the FFA and SPC websites, SPC's newsletter, fishing industry network and workshop presentations. In certain cases, there are specific activities implemented at the request of the P-ACP members for which the reports are distributed to those concerned directly. All reports whether country visit, workshops, meetings, and consultancy studies will be included in the annual report.

3.7 Financing arrangements

As per our five previous reports, the project is fully funded by EDF9 while complementary in-house support is provided by both the FFA and SPC. Financing of the project activities are governed by the Financing and Contribution Agreements and remains at EURO3,000,000 over the four year duration of the project.

In line with article 4(2) of the contribution agreement, a request for 80 percent of the third year proposed budget was submitted in August while funds were released in December 2007. Despite the delay in receiving funds for the second year work programme, both agencies were able to implement approved activities through left over cash balances carried forward from the second year work programme, and subsequently funding from FFA and SPC funds which have now been reimbursed.

3.8 Monitoring, Review and Evaluation arrangements

During August 2007, a monitoring team also visited the region for annual monitoring of the project. They visited 11 countries, and assessed the project against the usual five criteria: relevance and quality of project design, efficiency of implementation, effectiveness of project, its impact, and potential sustainability. The DEVFISH project was rated as 'good' in all five areas.

An independent Mid Term Review of the DevFish project started in September 2007 following selection of the consultants – Gillett Preston and Associates - by the RAO and EU Delegation in Fiji. Their draft report is due in February.

3.9 Sustainability Issues

The comments raised in all our previous reports regarding sustainability issues remain true at this stage. Since the project runs for only four years, all activities and initiatives supported by the project must have limited duration and are designed to be completed within the duration of this project. The project at this stage anticipates no ongoing activities that may require external funding.

The project has continued to support a number of capacity building activities and promoting skills transfer to national administrations and other stakeholders at the national level. At the regional level, project activities have complemented regional work programmes both at FFA and SPC. The FFA new structure has included the tuna development division and so it is anticipated that support to the development of the tuna industry will continue through its core staff and project funding.

At this stage, it is still unclear as to whether the project will continue into a phase II but based on the original project proposal and the desire by many P-ACP countries to develop their tuna industry, it may be possible to move to stage II depending the outcome of the Mid Term Review. The purpose of this project is very ambitious for a four year period and the indication from stakeholders is that further work is certainly required

4. Overview of Progress with activities envisaged in the Annual Work Plan 2007/2008

This section reviews progress to date with the main activities identified in the third AWP. As indicated above, a number of additional activities have been undertaken, mainly in response to national requests.

Result 1 – Improved information for Policy Making

- i) Engaging further a consultant to document the successes and failures of different strategies for promoting tuna development

ToR prepared for advertisement during January, with a view to engaging a consultant in February.

Result 2 – Strategies for fisheries Development Improved

- i) Assessing the role for new approaches to fisheries management that will promote domestic development is an ongoing activity and will include:

- a. Options for strengthening preferences for local vessels – the emphasis will be on the development of a regional strategy to maximize economic benefits from purse seine caught tuna in the PNA countries

Consultants engaged, with fieldwork progressing during the period

- b. Options for reciprocal access arrangements with a focus on a sub-regional arrangement management framework for the South Pacific long-line fisheries

Study completed – final report received and accepted

- c. A desk study on the key principles for a regional tuna development strategy and policy is also an ongoing activity but the emphasis now is geared towards developing National Fishery Development Plans:

- i. Completing PNG tuna actions plan;

Completed, approved by NFA Board of Directors

- ii. Further supporting Tuvalu fishery development plan;

Fieldwork completed, draft approved by Ministry of Fisheries subject to some elaboration.

- iii. Some components of Solomon Islands Fishery Development Plan.

NZAid will now support this work. Devfish assistance is now more likely to be provided to Kiribati

Result 3 – Private Sector Participation in tuna fisheries improved

- i) Get the CDE regional scoping mission report and the project to provide support for those good initiatives identified;

Report received – it does not really provide any useful guidance for DevFish activities

- ii) Assisting regional networking of Pacific Island private sector interest by working closely with the Pacific Islands Tuna Industry Association (PITIA);

The project has continued to liaise with PITIA

- iii) Complete the study on gender issues that is currently progressing from the second AWP, follow up on those recommendations that may require urgent attention while at the same time identify success stories that could become policy models within the region.

Revised draft report was received, but further work is needed. The consultant has been paid with a penalty retained to fund further research and editing.

Result 4 – Trade and Investment in Tuna Products Improved

- i) Regional study of laboratory services – consultancy study;
Study deferred so that consultancy funds could be used to meet more urgent needs for assistance to the Competent Authorities in Fiji and PNG following FVO inspections
- ii) Engaging suitable and qualified consultants to follow up on those recommendations relating to improving seafood safety and quality policies made during first and second AWP - Niue;
ToR completed – a consultant will be engaged to provide on-the-job training in Niue and two other countries, following an SPC-sponsored training course in April.
- iii) Coordinate the participation of tuna industry representatives from the P-ACP to the Pacific Tuna Conference with funding from PACREIP;
Completed – 4 participants attended; a fifth was unable to obtain the necessary visa to travel through Australia.
- iv) Coordinate the participation of EU key tuna players at the Pacific Tuna Conference in Port Moresby;
Completed – one participant/speaker was funded.
- v) Pursue funding possibility on the study of mobility of factors of production under the Forum Secretariat PACRIEP project;
Not yet undertaken.
- vi) Development of a legal & institutional arrangements for fishery product exports using results of the national consultancies – continuous activity;
Ongoing – a National Control Plan template was prepared for Fiji and can be adapted for use in other countries.
- vii) Organize and coordinate a workshop between vessel owners and seamen employment agencies;
Completed – representatives were sponsored to attend a pre-arranged meeting at which vessel owners were well represented.
- viii) Report and study on prospects for enhanced business relations relating to Brussels and PNG tuna conferences and seafood trade shows;
Various meeting between EU and PACP industry representatives have been arranged. A comprehensive study is now under consideration as a result of these meetings.

Result 5 – National Private Sector Development Improved

- i) Country visits on request by P-ACP states in relation to strengthening of associations through funding or technical assistance to fishing associations;
Support continues to be provided to Associations in six countries, with activities planned in at least two more.
- ii) Provide Value added tuna products training for industry representatives from PNG and others;
Completed for PNG; a request from Marshall Islands is still pending.
- iii) Develop comprehensive new national policy proposals for selected P-ACP countries with action plans reflected in the National Action Plans.
Reported above for PNG and Tuvalu.

Result 6 – Project coordinated and results applied

- i) Completion of the interim audit for the second year work programme funds and submission of the second annual report;
Completed, approved and funds received
- ii) Regular up-date of DevFish website with regional reports printed and circulated;
Ongoing
- iii) Project steering committee 3 in Niue;

As a result of the decision to move the next annual FFC meeting to Palau, the steering committee meeting will be held there in May.

iv)

Regular six monthly meeting between project staff from FFA and SPC to be held in Noumea and Honiara.

Meeting held in Noumea in November; next meeting scheduled for March in Honiara.

Annex 1 DEVFISH LOGICAL FRAMEWORK

ANNEX 1: PROJECT LOGICAL FRAMEWORK – Objective and Purpose			
Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<p>To increase the contribution from the sustainable use of marine resources to the alleviation of poverty in Pacific ACP Countries</p>	<p>Increase of 15% in the net value added contribution to GDP in constant prices across the region from tuna fisheries sectors by end of project.</p> <p>15% increase in employment in tuna fisheries and processing by end of project.</p> <p>15% increase in export value in constant prices across the region by end of project</p>	<p>End-of-Project Evaluation Report</p> <p>National accounts</p> <p>Central bank reports</p>	
<p>Overall Objective</p>			
<p>To contribute to the establishment of a concerted policy and economic environment conducive to the further development of Pacific ACPs owned fishing and processing operations and to an increased contribution of foreign fleets to the economic development of those countries.</p>	<p>Organisations representing tuna fishers and fishing industry report improved awareness of policy and economic constraints in at least 10 participating countries by the end of year 2.</p> <p>Organisations representing tuna fishers and fishing industry report significant improvements in the policy and economic environment, and increased business confidence in at least 7 of the participating countries by the end of project</p>	<p>National reports</p> <p>Regional reports (especially by FFA & SPC)</p> <p>Project reports, including reports establishing benchmarks for the Purpose-level OVIs.</p> <p>Mid-term Review and End-of-Project Evaluation Reports</p>	<p>Quality of overall governance does not deter private investment in fisheries</p> <p>Private sector investment responds to improved fisheries policies</p> <p>General economic conditions remain favourable to tuna fishing</p> <p>Abundance and distribution of tuna resources remains favourable to commercial fishing in participating countries</p>
<p>Project Purpose</p>			

ANNEX 1: PROJECT LOGICAL FRAMEWORK – Results

Regional Component	(Note: the Sources of Verification listed below apply to all of the Results)	Sources of Verification
<p>Result 1: Improved Information for Policy Making Available and Used</p> <p>Measures available and being used, of benefits from tuna fishing & processing for local, locally based foreign and foreign vessels under different forms of arrangement</p>	<p>National Reports</p> <p>Regional Reports, including reports by FFA & SPC</p> <p>FFA and SPC websites</p>	<p>Necessary support is available from other relevant regional programmes</p> <p>Governments make use of outputs of regional and national components of the Project</p> <p>Participating Governments and private sector interests cooperate in making information available</p> <p>Effective coordination with broader Regional Economic Integration activities</p> <p>Support available from other ACP-EU instruments</p>
<p>Result 2: New and Improved Strategies for Fisheries Development Identified</p> <p>Models available and being used of economics of different forms of tuna fishing and processing</p> <p>Assessments available of effectiveness of existing strategies for tuna development, and possible new approaches</p>	<p>Project documents, including technical reports, workshop reports, progress reports, Mid-Term Review and End-of-Project Evaluation</p> <p>Information from Forum Secretariat on Regional Economic Integration initiatives</p> <p>Reports of regional activities (workshops, consultations etc) involving Pacific ACP private sector interests and EU-Pacific ACP dialogue on fisheries</p> <p>Feedback from participating governments and private sector interests</p>	<p>Project documents, including technical reports, workshop reports, progress reports, Mid-Term Review and End-of-Project Evaluation</p> <p>Information from Forum Secretariat on Regional Economic Integration initiatives</p> <p>Reports of regional activities (workshops, consultations etc) involving Pacific ACP private sector interests and EU-Pacific ACP dialogue on fisheries</p> <p>Feedback from participating governments and private sector interests</p>
<p>Result 3: Opportunities for participation of the P- ACP private sector in tuna fisheries Improved</p> <p>Proposals for policy improvement for promoting private sector development</p> <p>Institutional changes providing greater private sector participation in decisions and policies</p> <p>Strengthened networking of private sector interests in tuna fisheries</p> <p>Enhanced participation by women in tuna-related activities</p>	<p>Regional economic integration initiatives include well-developed fisheries aspects</p> <p>Enhanced P-ACP/EU trade, investment and business relations in fisheries, particularly tuna</p> <p>Improved national fisheries governance, and fisheries policies and programmes in areas relevant to private sector development in which participating governments have requested assistance</p>	<p>Regional economic integration initiatives include well-developed fisheries aspects</p> <p>Enhanced P-ACP/EU trade, investment and business relations in fisheries, particularly tuna</p> <p>Improved national fisheries governance, and fisheries policies and programmes in areas relevant to private sector development in which participating governments have requested assistance</p>
<p>Result 4: Conditions for Regional and International Trade in Tuna Products and Investment in Tuna Production Improved</p> <p>Regional economic integration initiatives include well-developed fisheries aspects</p>	<p>Enhanced P-ACP/EU trade, investment and business relations in fisheries, particularly tuna</p> <p>Improved national fisheries governance, and fisheries policies and programmes in areas relevant to private sector development in which participating governments have requested assistance</p>	<p>Regional economic integration initiatives include well-developed fisheries aspects</p> <p>Enhanced P-ACP/EU trade, investment and business relations in fisheries, particularly tuna</p> <p>Improved national fisheries governance, and fisheries policies and programmes in areas relevant to private sector development in which participating governments have requested assistance</p>
<p><i>National Component</i></p> <p>Result 5: National Policies And Institutional Arrangements For Private Sector Tuna Fishery Development Improved and Better Coordinated</p> <p>Satisfactory project reports, work programmes and audited accounts.</p> <p>Information on Project results is widely available and being used</p>	<p>Satisfactory project reports, work programmes and audited accounts.</p> <p>Information on Project results is widely available and being used</p>	<p>Satisfactory project reports, work programmes and audited accounts.</p> <p>Information on Project results is widely available and being used</p>
<p><i>Coordination Component</i></p> <p>Result 6: Project efficiently administered and project results widely distributed and applied.</p>	<p>Satisfactory project reports, work programmes and audited accounts.</p> <p>Information on Project results is widely available and being used</p>	<p>Satisfactory project reports, work programmes and audited accounts.</p> <p>Information on Project results is widely available and being used</p>

ANNEX 1: PROJECT LOGICAL FRAMEWORK – Activities

Activities	Means (Project-Financed)	Costs (Project-Financed)	Assumptions
<p>Regional Component</p> <p><u>Result 1: Information for Policy Making</u></p> <p>Activity 1.1: Measure Tuna Fishery Economic Performance</p> <p>Activity 1.2: Analyse the economics of different forms of tuna fishing and processing ventures</p> <p>Activity 1.3: Analyse changes affecting economic viability of tuna operations</p> <p><u>Result 2: Strategies for Fisheries Development</u></p> <p>Activity 2.1: Evaluate the performance of different strategies for promoting tuna development</p> <p>Activity 2.2: assess the role for new approaches to fisheries management that will promote domestic development</p> <p>Activity 2.3: identify strengths and weaknesses of alternative fisheries development strategies</p> <p><u>Result 3: Private Sector Participation</u></p> <p>Activity 3.1: identify areas for improving policies which promote P-ACP private sector participation in tuna</p> <p>Activity 3.2: assist regional networking of Pacific Island private sector interests in tuna fisheries</p> <p>Activity 3.3: promote gender equality in participation in Pacific Islands private sector tuna development.</p>	<p>Note: all Project components will be substantially supported by means provided by FFA and SPC through existing programmes, and by national fisheries administrations</p> <p style="text-align: center;"><u>Regional Component</u></p> <p style="text-align: center;">€1,007,500</p> <p style="text-align: center;">€392,000</p> <p style="text-align: center;">€208,000</p> <p style="text-align: center;">€35,000</p> <p style="text-align: center;"><u>Regional Component</u></p> <p style="text-align: center;">Sub-Total</p> <p style="text-align: center;">€1,642,500</p> <p>i) Two long term experts;</p> <p>ii) short term national, regional and international consultants;</p> <p>iii) four regional workshops</p> <p>iv) equipment 20</p>	<p>Funding of complementary FFA and SPC activities supporting the Project activities is secure</p>	

Result 4: Trade and Investment

Activity 4.1: promote the application of improved seafood safety and quality policies, programmes and practices

Activity 4.2: ensure proper treatment of fisheries aspects of regional economic integration initiatives

Activity 4.3: promote EU-Pacific ACP trade, investment and business relations in fisheries, particularly tuna

National Component

Result 5: National Private Sector Development

Activity 5.1: strengthen national consultative processes and national representation of private sector interests involved in tuna

Activity 5.2: prepare National Action Plans for Promoting Private Sector Tuna Development

Coordination Component

Result 6: Wider application of project results

Activity 6.1 Plan Project activities effectively and implement within budget.

Activity 6.2 Submit necessary reports, work programmes and audited accounts on a timely basis.

Activity 6.3 Hold necessary coordination and steering committee meetings

Activity 6.4 Disseminate information through a web page and circulation of reports, with emphasis on the private sector and follow-up on project outcomes

	<u>National Component</u>	<u>National Component</u>
i) national, regional and international consultancies		
ii) workshops and consultations		
iii) start up assistance for national consultative and representative bodies		
		Sub-Total
		€520,000
<u>Coordination Component</u>		
i) Project Coordinator/Pacific Island Junior Professional		€317,500
ii) PSC Meetings		€24,000
Equipment		€10,000
Info Dissemination		€35,000
Computer/Office support		€138,000
Indirect costs/Review/Contingency		
		Sub-Total
		€524,500
		€313,000
		TOTAL
		€3,000,000

Annex 2 Consolidated Financial Report to 31st December 2007

Item	Approved Budget	Budget Variation	Pre-financing paymt 80%	FFA Sep Exp & Comm't	SPC Sep Exp & Comm't	Total Exp & Comm't Sep 07	Budget available	Exp % budget
Approved budgets 2007/8	€ 1,029,758.00		€ 823,806.40	€ 701,545.00	€ 328,213.00			
Detail Expenditures:								
1. Technical Assistance								
FDFS - FFA	€ 135,000.00		€ 108,000.00	€ 79,493.06		€ 79,493.06	€ 55,506.94	-59%
PC - FFA	€ 65,711.00		€ 68,568.80	€ 39,716.63		€ 39,716.63	€ 45,994.37	-46%
FDO - SPC	€ 86,000.00		€ 68,800.00		€ 43,032.00	€ 43,032.00	€ 42,968.00	-50%
S/term Consultants	€ 186,677.00		€ 149,341.60	€ 60,290.68	€ 35,443.00	€ 95,733.68	€ 90,943.32	-51%
	€ 493,388.00		€ 394,710.40	€ 179,500.37	€ 78,475.00	€ 257,975.37	€ 235,412.63	-52%
2. Equipments								
Equipments	€ 6,404.00		€ 5,123.20	€ 398.92	€ 535.00	€ 1,433.92	€ 4,970.08	-22%
Computer Support	€ 16,886.00		€ 13,508.80	€ 2,960.85	€ 4,540.00	€ 7,500.85	€ 9,385.15	-44%
	€ 23,290.00		€ 18,632.00	€ 3,859.77	€ 5,075.00	€ 8,934.77	€ 14,355.23	-38%
3. Meetings & Travel								
Workshops	€ 71,152.00		€ 56,921.60	€ 35,507.67	€ 10,000.00	€ 45,507.67	€ 25,644.33	-64%
P-ACP Travel	€ 89,800.00		€ 71,840.00	€ 19,929.93	€ 19,890.00	€ 39,819.93	€ 49,980.07	-44%
PSC travel/meeting	€ 7,464.00		€ 5,971.20	€ 1,532.97	€ 0.00	€ 1,532.97	€ 5,931.03	-21%
Meeting support	€ 4,000.00		€ 3,200.00	€ 0.00	€ 0.00	€ 0.00	€ 4,000.00	0%
	€ 172,416.00		€ 137,932.80	€ 56,970.57	€ 29,890.00	€ 86,860.57	€ 85,555.43	-50%
4. Operational Costs								
Information dissemination	€ 15,000.00		€ 12,000.00		€ 11,061.00	€ 11,061.00	€ 3,939.00	-74%
Office Support	€ 23,976.00		€ 19,180.80	€ 4,703.94	€ 7,441.00	€ 12,114.94	€ 11,861.06	-51%
Audit	€ 7,175.00		€ 5,740.00	€ 3,216.18	€ 4,313.00	€ 7,529.18	€ 354.18	-105%
	€ 46,151.00		€ 36,920.80	€ 7,920.12	€ 22,785.00	€ 30,705.12	€ 15,445.88	-67%
5. In-Country Support								
	€ 261,578.00		€ 209,262.40	€ 81,647.95	€ 40,859.00	€ 122,506.95	€ 139,071.05	-47%
6. Indirect Costs								
	€ 32,935.00		€ 26,348.00	€ 3,713.47	€ 4,529.00	€ 8,242.47	€ 24,692.53	-25%
Totals	€ 1,029,758.00		€ 823,806.40	€ 333,612.25	€ 181,613.00	€ 515,225.25	€ 514,532.75	-50%