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**Financing Proposal for the EDF 9 Project Development
of Tuna Fisheries in Pacific ACP Countries (DEVFISH)**



FINANCING PROPOSAL FOR THE EDF 9 PROJECT
DEVELOPMENT OF TUNA FISHERIES IN PACIFIC ACP COUNTRIES
(DEVFISH)

SUMMARY

The Regional Strategy Paper and the Indicative Programme (RIP) agreed between the Pacific ACP (P-ACP) Countries and the European Community (EC) for the period 2002–2007 identify Fisheries Development as one of three focal areas for EDF9 cooperation. The Intervention Framework for the Fisheries focal area targets the improvement and co-ordination of poverty-eradication-oriented national fisheries sector policies as the objective of cooperation in the focal area of Fisheries Development. The DEVFISH Project is designed to meet that objective.

DEVFISH will complement the ongoing EDF-funded PROCFISH Project, which is focused on tuna and reef fishery assessment and monitoring, in fulfilling the vision of the Regional Strategy Paper and the RIP for P-ACP/EC cooperation in fisheries, and will broaden the growing pattern of cooperation between the P-ACP countries and the EC in fisheries generally.

Over the last 5-8 years, there has been a substantial focus in regional fisheries affairs in the Pacific Islands region on the establishment of new regional arrangements for conservation and management of tuna resources. Following the conclusion of the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (the WCPF Convention), the P-ACPs and the EC are cooperating with other states with a real interest in the tuna stocks of the region to put in place arrangements designed to ensure the conservation and sustainable development of the region's resources of tuna and related resources. With these arrangements now at an advanced stage there is an urgent need for P-ACP countries to refocus attention on the development of their commercial fishing and processing sectors and related activities. DEVFISH will be a key instrument in this process.

Key features of the proposed approach and scope of DEVFISH are:

- DEVFISH is focused on sustainable development of tuna fisheries which produce over 90 % of the fishery catch in the region by volume and over 85 % by value;
- DEVFISH will address all forms of commercial tuna fishing including small-scale and industrial fishing, and sports fishing, in addition to the protection of the interests of those involved in subsistence tuna fishing;
- DEVFISH is private sector-oriented;
- the budget is €3,0 million over four years, beginning in March 2004, as the first phase of a planned longer term programme of cooperation in fisheries development;
- DEVFISH will have two technical components. The first, at regional level, will describe and measure the current pattern of P-ACP participation in tuna fishing and processing; and identify opportunities and strategies for enhancing that participation and the economic benefits that flow from it. The second, at national level, will assist in the preparation of Action Plans for Promoting Private Sector Tuna Development.
- assistance will be coordinated by the Forum Fisheries Agency (FFA), as the lead regional agency in oceanic fisheries policy, and delivered through the FFA and the Secretariat of the Pacific Community (SPC), as the lead regional agency in technical aspects of fisheries sustainable development. Both agencies have a long and successful record of execution of EDF projects;
- the work is designed to complement, strengthen and draw on, ongoing FFA and SPC programmes and other relevant policies and programmes, including at a regional level, PROCFISH, and the EDF9 Pacific Regional Economic Integration Project; and
- DEVFISH will collaborate with other ACP-EU institutions and programmes including CDE, the PRO-INVEST programme, including the INTER-POWER, and INVEST-TECH facilities.

A RELEVANCE

1. Consistency with global objectives

1.1 European Community aid policy objectives and priorities

The Project will be a component of the P-ACP/EU Regional Strategy for cooperation for the period 2002-2007. That strategy is based on the objectives, principles and essential and fundamental elements for cooperation defined in Articles 1, 2 and 9 of the Cotonou Agreement; and the framework for regional cooperation set out in Articles 28, 29 and 30 of that Agreement. The strategy also reflects the focus on poverty reduction set out by the Council of the EU and the European Commission in their Statement on the EC's Development Policy of 10 November 2000 and their Communication and Resolution on Fisheries and Poverty Reduction. DEVFISH fits perfectly within the objectives and priorities established in those instruments.

1.2 Objectives of the Regional Indicative Programme (RIP)

Fisheries is one of 3 focal sectors in the RIP for P-ACP/EC cooperation for the period 2002-2007. The RIP objective for fisheries interventions is the conservation and optimum exploitation of fish stocks by promoting regional cooperation and coordination of policies aimed at eradicating poverty and securing maximum benefits for the people of the region.

1.3 Link with annual regional review

DEVFISH will be reviewed within the annual review process for the P-ACP/EC Regional Strategy and RIP.

2. Sectoral analysis

2.1 Features of this sector

The P-ACPs are located in the most important tuna fishing ground in the world (see Annex 1 map). A third of the world's tuna catch comes from these waters. However, only a small share of the catch is harvested by P-ACP vessels or landed in P-ACP ports, with other fishing nations providing the bulk of fishing effort, in return for licence fees. Even with the low level of direct participation in fishing, the sector is a major contributor to economic welfare, with a recent ADB study estimating that around 10,000 Pacific Islanders are directly employed and that total tuna-related employment is in the range of 20,000–30,000 people. The economic livelihoods of thousands more are dependent on small scale commercial tuna fishing and marketing. In this situation, there are very large potential gains for P-ACPs from increasing the share of the benefits that they secure from tuna resources through increasing P-ACP fishing operations and capabilities; and from encouraging the localisation of other tuna fishery-related activities.

2.2 Status of regional policy

The existing regional tuna fishery policy framework has been based on cooperative arrangements among P-ACPs to ensure that foreign fleets comply with the national laws of P-ACPs and to assist P-ACPs to maximise the benefits from their tuna resources. At a national level, P-ACPs have adopted broadly comparable policies with respect to tuna that are set out in national tuna fishery plans. A major missing element in the regional tuna policy framework has been the establishment of a broader framework for the conservation and management of tuna resources throughout their whole range, including in the high seas. To address this lack, FFA Countries initiated consultations with fishing states and other states and territories of the region on the implementation of the UN Fish Stocks Agreement. These consultations resulted in the conclusion of the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (the WCPF Convention) in September 2000. Since then, P-ACPs have been engaged in a series of meetings of a Preparatory Conference, in which the Community is also participating, to make arrangements for the

establishment of the new regional Tuna Commission which is a central element of the Convention.

3. Problem Analysis

3.1 Target groups, beneficiaries, stakeholders

DEVFISH targets these groups, beneficiaries and stakeholders:

i) *Pacific Islanders involved in the tuna fishing, marketing and processing industries or businesses servicing those industries, or who have the potential to become involved.* Typically, those involved in fishing are among the poorest in their societies, turning to fishing despite the hardship and uncertainty, because of their lack of access to land and other resources. This includes those involved in subsistence and artisanal tuna fishing activities and support businesses for boat and outboard repairs on which they rely;

ii) *Pacific Islands investors and business people:* mobilising domestic investment and promoting greater participation by the domestic private sector in fisheries policy making are key elements in the strengthening of domestic tuna fishery industries. In a situation of limited opportunities for entrepreneurial involvement, expanding domestic tuna fishery industries can provide opportunities for investment in viable ventures as small scale operators in catching or selling tuna; or as investors (typically with a background in other private ventures in shipping, tourism or trading, or professional areas) in medium to large ventures in fishing, processing or supporting activities;

iii) *P-ACP fisheries administrations and related administrations:* the project targets increasing the effectiveness of those involved at a policy level in fisheries administrations and in related administrations such as transport, law and finance;

iv) *Pacific Island communities as fish consumers:* with inshore fishery resources under increasing pressure and a limited range of imported protein food, much of it low in quality and nutritional value, expanding and improving locally-based tuna fishing makes an important contribution to food security;

v) *Pacific Island women:* past patterns of tuna development dominated by large foreign vessels undertaking long trips and landing at ports outside the region severely constrained participation by women in tuna-related activities, limiting their participation largely to processing and marketing of subsistence and artisanal catches. The development of national tuna industries, using locally-based vessels, run by medium-sized businesses and landing catches for commercial/industrial processing onshore provides greater opportunities for participation by women, especially since most on-shore tuna-related jobs are typically held by women, but differential opportunities and institutional constraints in employment, training, investment and business development opportunities remain as barriers to gender equality outcomes;

vi) *Broader groups of stakeholders* including potential European investors; and

vii) *The people of P-ACPs generally;* across the region the future economic welfare of communities is heavily dependent on the level and pattern of benefits that they draw from the use of tuna resources. The extent varies, from lower levels in countries with richer and more diverse natural resource bases, to higher levels on low island countries, which can be compared with the level of dependence on oil of some oil-rich countries – but in terms of food security, jobs, private incomes, revenue for government services and foreign exchange earnings to finance access to imported goods, it is significant to all.

3.2 Specific problems

The two specific problems addressed by DEVFISH are:

i) *at the regional level, the lack of a concerted effort to promote domestic development of tuna fishing and processing aimed at poverty eradication.* Regional cooperation in fisheries is very advanced in the region but the focus of this cooperation has been on conservation, and on compliance by foreign vessels. These two areas are largely public sector functions. Both FFA and SPC have been involved for a long time also in programmes to support small, medium and large scale domestic tuna development, but in terms of balance there has been much less concerted effort at the regional level on the development of domestic industries than on conservation and compliance. DEVFISH is a step towards redressing that balance;

ii) *at national level, weaknesses in policies to promote private-sector driven tuna fishery development.* For most of the 25 years that P-ACPs have exercised jurisdictions over 200 mile zones, conditions for participation by P-ACP interests in the highly competitive global tuna industry have been generally unfavourable, and the industry has been dominated by large, foreign freezer vessels roaming over large areas of ocean during long voyages. In this situation, many P-ACPs have pursued tuna fishery development through government ventures or government-driven programmes to encourage local fishing operators to become involved in commercial tuna fishing and processing. Performance has varied but success has been limited. More recently, technology changes favouring medium scale longlining; market developments favouring fresh fish supply, growing capacity of the Pacific Island private sector, improvements in infrastructure and transport services, a stronger stance by P-ACP as resource-owning states in pursuing domestic development, and improvements in the overall investment climate have created new opportunities for domestic private sector development, and the pace of domestic tuna industry development is quickening. However, across the region, policy reforms are needed to encourage private investment in tuna fishing and processing, targeted particularly at medium-scale locally owned and joint venture locally based operations. These reforms include improving the stability and transparency of government decision-making processes, and strengthening fisheries governance generally.

4. Origins and preparation of the project

DEVFISH has its origins in the call by P-ACPs for greater attention to their needs for domestic tuna development in a survey carried out for the FFA Corporate Plan for 2002; proposals by P-ACP private sector participants at a recent CDE workshop; new strength to the relationship in fisheries between the P-ACPs and the EC; and improvement in the prospects for commercial tuna development in the region, and technological changes. From these starting points, the P-ACPs and the Community identified development of fisheries as a focal sector in their Regional Strategy for the period 2002-2007 and earmarked funding for a project to strengthen national and regional fisheries policy in the RIP. In response, DEVFISH has been developed by consultation among relevant regional organisations through the Council of Regional Organisations of the Pacific (CROP). Marine Sector Working Group (MSWG)

The preparation of DEVFISH drew on the substantial experience of FFA and SPC in working with P-ACPs in tuna development issues in the region. Four important sources of inputs for the design of the Project were:

i) lessons learnt and information and experience gained from the preparation of national tuna management and development plans for P-ACPs, involving detailed reviews of resources, development prospects, infrastructure and training needs, gender and social issues, investment climates, legal frameworks, institutional structures and tuna management policies;

ii) the results of an FFA study on Domestic Tuna Industry Development in the Pacific Islands: The Current Situation and Considerations for Future Development Assistance completed in January 2003. The study was designed before the prospect for an EDF-funded intervention was identified to guide the development of an expanded programme of work by regional agencies to promote domestic tuna development. It catalogued constraints to domestic tuna industry development as separately seen by government and business interests,

proposed interventions to promote domestic development in each country and outlined areas for action at the regional level.

iii) SPC experience in providing technical advice to P-ACPs on small and medium scale tuna fishery development options and constraints, conducting of in-country training activities and fishing trials to assess economic feasibility and viability, and the production of technical manuals and other information materials in support of sustainable small-scale domestic small and medium scale tuna fishery development.

iv) FFA experience in providing economic and policy advice to P-ACPs on tuna development project proposals, and on taxation, investment and other policy areas.

In addition, the approach to gender considerations reflects the CROP Gender Strategy to which FFA and SPC are committed, and the FFA and SPC Gender Policies.

B FEASIBILITY

5 Project description

A logical framework for the Project is set out in Annex 2.

5.1 Overall objective

DEVFISH is designed to contribute to the following long term objective: To increase the contribution from the sustainable use of marine resources to the alleviation of poverty in P-ACPs. It will contribute to this objective through a focus on the sustainable development of highly migratory oceanic living resources, particularly tuna fisheries.

5.2 Project purpose

The DEVFISH purpose is to increase the benefits that P-ACP men and women secure from tuna resources through increasing Pacific Island owned fishing operations and capabilities, and increasing the contributions from foreign fleets to economic development in P-ACPs.

5.3 Results

The Project is designed to support regional thinking and national action. A Regional Component will support analysis, consultation and training at the regional level on shared and common aspects of tuna development. A National Component will support in-country activities to apply ideas developed in the Regional Component and secure real gains in private sector tuna fishery development at national level. A third Coordination Component will ensure effective implementation and wider application of Project results. Planned results are:

i) The Regional Component:

Result 1: Improved Information for policy making available and being used:

Result 2: New and improved strategies for fisheries development identified

Result 3: Opportunities for participation of the P-ACP private sector in tuna fisheries improved

Result 4: Conditions for regional and international trade in tuna products and investment in tuna production improved

ii) The National Component:

Result 5: National policies and national institutional arrangements for private sector tuna fishery development improved and better coordinated

iii) The Coordination Component.

Result 6: Project results widely applied

5.4 Activities

Regional Component: Result 1: Improved Information for Policy Making

Activity 1.1: Measure Tuna Fishery Economic Performance. The economic contribution of the fisheries sector is poorly measured. In general, the only performance measures available are catches or values of catches. These measures are inadequate to measure the levels of benefits received by P-ACPs; the shares of benefits that they receive from catches in their

waters; the relative benefits that they receive from licensing foreign boats compared to developing their own vessels; or the different levels of benefits from tuna taken by different methods such as longlining or purse seining. The Project will build on a recent ADB study to estimate benefits from tuna fishing, processing and servicing based on net added value (contribution to GDP). A regional workshop will be held to present results and strengthen capacity for national statistical administrations to improve measurement of benefits from fisheries.

Activity 1.2: Analyse the economics of different forms of tuna fishing and processing ventures: simple models will be developed of the economics of different forms of tuna fishing and processing. Such models are the core of most feasibility studies, they provide insights for policy analysis, especially the impacts of taxes, fees and levies, and they indicate what forms of tuna development are most likely to be economically sustainable. There have been many ad hoc exercises of this kind, and the Project will build on these to provide a valuable analytical tool which will be made available in reports and manuals for both the public and private sectors.

Activity 1.3: Analyse changes affecting economic viability of tuna operations: in market structures (including the impact of events under the WTO), fishing and processing technology and transport services;

Regional Component: Result 2 Improved Strategies for Fisheries Development

Activity 2.1: Evaluate the performance of different strategies for promoting tuna development: P-ACPs have adopted a range of approaches to promoting tuna development. Performance has been mixed, but the results have not been well documented. Under this activity, examples of successes and failure will be documented. The work will aim at documenting not only the aspects directly related to fisheries policy, but also broader aspects including the impact of quality of governance, political stability, the size and role of the private sector, and cultural attitudes to private sector development.

Activity 2.2: assess the role for new approaches to fisheries management that will promote domestic development: With the conclusion of the WCPF Convention, those interested in tuna supplies are already seeking to establish closer relations with States in whose waters tuna are found, as an approach to securing future access. This activity will document a range of new approaches that will be available to P-ACPs to use the value of access to their waters to accelerate domestic tuna development, including strengthened preferences for local vessels, strengthened arrangements for reciprocal access among P-ACPs, and harmonisation of laws relating to tuna development;

Activity 2.3: identify strengths and weaknesses of alternative fisheries development strategies: taking the performance measures, the evaluation of performance of past strategies, and the understanding of changes in markets, technology and the impact of the new regional tuna management framework, work under this activity will first document and then explore in a regional workshop, ways in which national tuna development policies and strategies could be strengthened, and options for generating further gains from coordinated regional action.

Regional Component: Result 3: Opportunities for participation of the Pacific Island private sector in tuna fisheries improved

Activity 3.1: identify areas for improving policies which promote P-ACP private sector participation in the tuna fishery sector: especially in fisheries management and in tax, finance, infrastructure, investment and related areas

Activity 3.2: assist regional networking of Pacific Island private sector interests in tuna fisheries: the Project will seek the support of CDE and other relevant agencies to continue the support for regional networking of private interests in tuna businesses.

Activity 3.3: promote gender equality in participation in Pacific Islands private sector tuna development: a regional synthesis will be prepared drawing on several national reports on Social and Gender Impacts of Tuna Development prepared by FFA, SPC and the Forum Secretariat, aimed at identifying strategies to address constraints to participation by women in Pacific Islands tuna development.

Regional Component: Result 4: Conditions for regional and international trade in tuna

products and investment in tuna production improved

Activity 4.1: promote the application of improved seafood safety and quality policies, programmes and practices: a report will be prepared identifying P-ACP needs to respond to the requirements for higher standards of seafood safety and quality in important export markets and in domestic markets, including describing alternatives for institutional and legal arrangements for responsibility for seafood safety and quality. If appropriate, a regional workshop will be held for government and private sector participants to address these issues. Additional assistance will be provided by Project staff to apply appropriate policies and develop appropriate legal and institutional arrangements at a national level; and activities related to seafood safety and quality are expected to be an important focus of the action plans prepared under Activity 5.1. Activities related to seafood safety and quality will be coordinated with the CDE-managed ACP project; Strengthening Fishery Products Health Conditions In ACP/OCT Countries.

Activity 4.2: ensure proper treatment of fisheries aspects of regional economic integration initiatives: DEVFISH will be coordinated with the EDF9 Regional Economic Integration Project to ensure a full treatment of fisheries aspects of regional economic integration. This activity will include a study on issues concerned with mobility of factors of production, including encouraging intraregional investment in fishing or processing; vessel mobility, including preferential access arrangements, access to ports etc; labour mobility including mutual recognition of qualifications, access across the region to training institutions, and preferences for regional over non-regional crew. The Project will also contribute, where appropriate, to the development of the fisheries aspects of the P-ACP/EU Partnership agreement, including related arrangements for access for European vessels to fish in the region.

Activity 4.3: promote EU-P/ACP trade, investment and business relations in fisheries: DEVFISH will seek support from other ACP-EU instruments to prepare a report on prospects for enhanced P-ACP/EU fisheries business relations, and undertake activities such as consultations and study tours to promote closer business relations.

National Component: Result 5: National policies and national institutional arrangements for private sector tuna fishery development improved

Activity 5.1: strengthen national consultative processes and national representation of private sector interests involved in tuna: DEVFISH resources will be available to support training, consultancies or workshops for purposes including:

- i) strengthening national processes for participation by the private sector and other stakeholders in national tuna management and development, including the preparation of National action Plans under Activity 5.2; and
- ii) establishing or strengthening bodies such as associations of fishers or fishing/processing businesses to represent private sector tuna interests, .

Activity 5.2: prepare National Action Plans for Promoting Private Sector Tuna Development: a significant share of DEVFISH resources will be available to provide assistance on request by P-ACPs in the preparation of National Action Plans for promoting private sector tuna development. This assistance will include national, regional or international consultancies; workshops or other forms of consultation and training. The Action Plans could

take a variety of forms depending on the needs in participating countries. In some countries this activity could involve assistance in preparing a broad action plan involving reviews of relevant fisheries management policies, and tax and investment policies; plans for human resource and infrastructure development; enterprise development and proposals for finance programmes, and analysis of social and gender considerations. In other cases, there might already be broad-based private sector tuna development under way and the Action Plan might address a particular feature or features such as improving technical skills, enhancing the development and operation of port facilities and services, or establishing appropriate seafood safety and quality policies and programmes. Similarly, the focus in some countries might be on small scale commercial tuna fishery development; and in other countries on medium and larger scale development.

In order to access assistance under the National Component, each P-ACP will identify a National DEVFISH Consultative Committee involving relevant state and non-state actors. The Committee will be responsible for preparing an analysis of the obstacles to national private sector tuna development, including governance issues, formulating requests for assistance under the National Component based on the analysis of obstacles to national private sector tuna development, and guiding the implementation of DEVFISH activities conducted under the National Component.

Coordination Component: Result 6: Project results widely applied

Activity 6: disseminate information and follow-up on project outcomes: In addition to ensuring effective Project implementation, a Project Coordination Unit will ensure effective documentation and widespread dissemination of information on results from the Project, including reports and manuals. The Unit will also prepare proposals to follow up Project activities through other ACP-EU instruments, cooperation with other sources of technical and financial assistance and with national governments and industries.

5.5 Indicators

Good catch and fish trade data is available to give some basic indicators of participation in the regional tuna fishery by Pacific Island vessels or vessels based in P-ACP as indicators of achievement of DEVFISH results. There is also data on contributions of fishing and fish processing value added to national GDPs of varying quality which is planned to be improved by Project activity. The major difficulty with performance indicators will be the time that it takes for the effects of DEVFISH activities to be reflected significantly in indicators at this level. The substantial established processes of regional consultation on fisheries at which Project activities will be discussed can be expected to provide a good flow of information on performance of activities. Wherever possible, data generated by the Project will be disaggregated by gender.

6. Project analysis

6.1 Lessons from past experience

The design of DEVFISH reflects lessons from the substantial past experience of FFA and SPC in assisting P-ACPs to develop their tuna fisheries and in the implementation of regional fisheries projects and programmes. The way in which some of these lessons were used in the preparation of the Project is described in Section 4 above. With respect to private sector development some of the key lessons from this experience which have been taken into account in the design of DEVFISH are:

- i) in general government involvement in fishing operations has been a failure and should be discouraged;
- ii) encouraging private sector tuna development requires a richer consultative process between government fisheries managers and the private sector, including the building and strengthening of private sector institutions and cooperative mechanisms;

iii) the scope for promoting private sector development and the approach to supporting it depend on factors such as cultural attitudes to private business, the character and quality of governance and skills in the public and private sectors. In response, project design has to be flexible enough to accommodate those differences, but coherent enough that it does not result in a disparate set of national activities whose impact can not be measured.

6.2 Linkage with other operations

DEVFISH picks up from where the work on preparing national tuna plans noted in Section 4.1 has left off. DEVFISH will also have important links with other relevant regional programmes through the CROP MSWG. The primary links will be with the Economics and Marketing and Division of FFA and the Fisheries Development section of the SPC, and other relevant FFA and SPC Programmes. Other important links will be with the Forum Secretariat in respect of trade and investment aspects; the University of the South Pacific (USP) in respect of the relevant research and education capacities of the USP, including in the area of seafood safety and quality; the South Pacific Applied Geo-science Commission (SOPAC), which is implementing the EDF8 Project: Reducing Vulnerability in P-ACPs; and the South Pacific Regional Environment Programme (SPREP) in respect of environmental issues.

6.3 Results of economic and cross-sectoral appraisals

Economic and cross-sectoral appraisals at both regional and national levels have consistently identified the sustainable development of fisheries, especially the development of oceanic fisheries targeting mainly tuna, as a major prospect for improving the economic welfare of Pacific Island communities.

6.4 Risks and assumptions

There are two major sets of risks and assumptions related to the Project. They are:

- i) assumptions that Governments will use the results of the Project, and that the private sector will respond to improved policies. The risks from these assumptions will be addressed by Project efforts to ensure that information on Project results is widely disseminated and that Governments and private sector are involved closely in the Project;
- ii) the assumption that complementary activities at FFA and SPC will be maintained and that some Project activities will be supported by other ACP-EU instruments and coordinated with some other P-ACP/EU Projects. The risks from these assumptions will be addressed through arrangements for coordination with the agencies involved.

7 Project implementation

7.1 Physical and non-physical means

1) Regional Component: The core element of this component will be the provision of two Project-financed long term experts – a Fisheries Development Policy Specialist responsible for economics and policy, and a Fisheries Development Specialist responsible for technical aspects. Terms of Reference are attached in Annex 3. They will both undertake regional-level analyses and cooperate in the implementation of national activities, and will be supported by short term national, regional and international consultants. Four regional workshops are planned – one in the first year to review preliminary results on participation, opportunities, constraints and strategies; one in the fourth year to review progress and assess results and future needs; and two in the intervening years on specific policy aspects.

2) National Component: this work will be undertaken using national, regional and international consultancies, workshops and consultations, and the provision of start up assistance for national consultative and representative bodies involving private sector participation.

3) **Coordination Component:** A small Project Coordination Unit will be established in FFA, led by a Project Coordinator, in the form of a Pacific Island Professional, with an appropriate technical background.

In addition to the Project-financed means, FFA and SPC will provide technical contributions to Project activities through participation by technical staff financed by FFA and SPC own resources, and will make contributions in kind.

7.2 Organisational and implementation

The contracting authority will be the RAO. FFA and SPC will be implementing agencies, with the former taking the lead role. The Deputy Director FFA will be Project Supervisor. The FFA Fisheries Development Policy Specialist will be Team Leader. A Project Steering Committee (PSC) including representatives of participating P-ACPs, FFA, SPC and the RAO will meet annually to provide technical and administrative oversight. The Delegation of the EC will attend and observe all PSC meetings. The programme will be implemented by means of a decentralised Contribution Agreement between the RAO and FFA.

7.3 Appropriate technology

In terms of fishing technology, DEVFISH will build on recent SPC work to actively promote policies and practices of environmentally appropriate fishing, the avoidance of unnecessary bycatch, and the mitigation of impacts on associated species.

7.4 Timetable; Cost and financing plan

The Project budget is set out in the table alongside. A more detailed budget is set out in Annex 4.

The activities financed by the Project budget will be supported by complementary activities financed by FFA and SPC from their own resources. Implementation of the Financing Agreement is planned to start in the first quarter of 2004. A general implementation schedule is set out in Annex 5.

<i>DEVFISH PROJECT BUDGET</i>	
Expenditure Item	(€)
Technical Assistance	1,429,500
Equipment	102,500
Meetings & Travel	519,500
Operating Costs	115,500
In-Country Sub-Projects	520,000
Sub-Total	2,687,000
Indirect Costs	116,000
Project Running Costs	2,803,000
Evaluation	65,000
Contingency	132,000
Total Project Costs	3,000,000

The Financing Agreement shall be concluded by 31 December of the year following the year in which the global financial commitment related to 9EDF funds was adopted. Failing this, the corresponding appropriations shall be cancelled. The final date of execution of the Financing Agreement is hereby set at 31.12.2009. Any balance of funds remaining available under the present grant must be automatically cancelled six months after the end of the period of execution of the financing agreement. The Contracts and Contribution Agreements or other instruments, which implement the financing agreement, must be signed no later than three years from the adoption of the corresponding 9th EDF global financing commitment. This deadline cannot be extended. The above provision does not apply to contracts relating to audit and evaluation, which may be signed later.

7.5 Special conditions and accompanying measures to be taken

The key requirement for sustainability of DEVFISH outcomes at the regional level is met by the commitment of P-ACPs to ensuring sustainability of tuna fisheries through the WCPF Convention. At the national level, each P-ACP will be required to establish a DEVFISH Consultative Committee and undertake an analysis of obstacles to national private sector tuna development before being able to access assistance under the National component.

7.6 Monitoring arrangements and follow-up

Within 3 months of start-up FFA and SPC will establish an overall work programme and a system of project monitoring and evaluation. FFA will compile 6 monthly reports detailing activities against project milestones and indicators as described in the Logical Framework. These reports will be sent to the RAO and the EC Delegation (Suva) within 30 days of completion of each 6 month period. A consolidated annual report will be presented at the PSC.

7.7 Reviews/evaluations/audits: procedures and reports

The Project will be subject to independent mid-term review and end-of-project evaluation. FFA will arrange for an annual independent financial audit to be sent to the RAO office. Audits will comply with international standards.

C SUSTAINABILITY

8 Measures ensuring sustainability

8.1 Ownership by beneficiaries

DEVFISH will be seen as a direct response to continuing calls by P-ACP for regional fisheries activities to be directed more towards securing their development potential, especially in tuna fisheries, and calls by P-ACP fisheries businesses for private sector interests to be more clearly reflected in development assistance activities.

8.2 Cross-sectoral sustainability

Resource sustainability will be ensured through the new regional tuna conservation and management arrangements. The sustainability of impacts on gender will depend on the extent to which DEVFISH can identify and promote the application of strategies to address constraints to participation of women in tuna activities, and promote onshore employment.

8.3 Policy measures

The major policy measures to be taken are ratification of the WCPF Convention; and promotion of the principles set out in the FAO Code of Conduct for Responsible Fisheries. A key element of DEVFISH is to identify through the National Private Sector Development Action Plans policy measures that need to be taken at national level.

8.4 Institutional and management capacity

With substantial resources being committed to strengthening fisheries public sector institutions from other sources, DEVFISH institutional strengthening activities will target the strengthening of consultative processes between the public sector and private sector stakeholders.

8.5 Complementarity and sectoral co-ordination between donors

There is a high degree of co-ordination of donor activity in regional fisheries activities through the work of the Forum Fisheries Committee (the FFA governing body), the annual SPC Heads of Fisheries meeting, and the CROP MSWG.

8.6 Economic and financial sustainability

Based on a recent ADB study, the annual value of the tuna catch in P-ACP waters is estimated at around €700 million at fob prices. These figures exclude fish processing, which could more than double the value of the tuna fishery sector. In addition, tuna catches with almost the same value are taken in adjacent high seas waters. P-ACPs also earn around €60 million annually from licence fees, with further benefits from servicing domestic, regional and foreign fleets. The result is that even though most of the regional catch is taken by foreign vessels and landed in foreign ports, the dependence of several P-ACPs on fisheries is approaching the level of dependence of Middle East States on oil. Against this background, it seems clear that there is

scope for even modest achievement of the objective of DEVFISH to make a substantial contribution to poverty reduction in P-ACPs.

With respect to financial sustainability of activities after the Project, DEVFISH will not generate any Project-financed activities that will require additional funding after Project completion. However, DEVFISH is designed as the first phase of a longer term programme depending on its effectiveness. In addition, an aim of the Project will be to ensure sustainability of the key elements of the Project by embedding the results and values of the Project in the programmes of regional organisations and in the fisheries policies of P-ACPs.