



Item 7 of the Provisional Agenda

COMMITTEE ON FISHERIES

Sub-Committee on Fish Trade

Sixth Session

Bremen, 3-6 June 1998

THE SUB-COMMITTEE ON FISH TRADE AS INTERNATIONAL COMMODITY BODY FOR FISH PRODUCTS AND ITS RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES

INTRODUCTION

1. The COFI Sub-Committee on Fish Trade was designated as the International Commodity Body (ICB) for fishery products by the Common Fund for Commodities (CFC) in February 1991 and was therefore in a position to sponsor fishery commodity research and development projects to be supported under the Fund's second account. The Regional Fish Marketing Information and Technical Advisory Services proposed projects and assumed the function of Project Executing Agencies (PEA). The Sub-Committee assumed the role of Supervisory Body.

STATUS OF PROJECTS

2. Four fishery commodity related projects have been approved by CFC since its inception. The first, executed by INFOPECHE became operational in May 1995 and terminates in April 1998. The INFOFISH executed project started implementation in the last quarter of 1996 and is fully operational. The project to be executed by INFOSAMAK is signed, but is awaiting a decision on the relocation of the centre prior to commencing implementation. The project proposed by INFOPECA was approved by the CFC Executive Committee in October 1997 and is awaiting final signature. Further details of

each of these projects, including the level of funding provided by CFC and other sources, for the fishery commodity development programme endorsed by the Sub-Committee as ICB can be found in document COFI:FT/VI/98/Inf.7.

REPORT ON "DEVELOPMENT AND PROMOTION OF VALUE-ADDED FISHERY PRODUCTS" (PEA: INFOPECHE)

3. This project was, in accordance with CFC priorities, oriented to least developed countries in West Africa. Pilot operations for the production of value added products were undertaken in The Gambia, with a view to the dissemination of results and subsequent provision of assistance to private industry in neighbouring countries. Based on the outcome of the pilot production and promotional activities a longer term investment programme would be formulated for the Gambian enterprises and subsequently, through replication of the experiences in neighbouring countries, provide a commercially acceptable basis for increased processing capacity and exports of higher value fish and fishery products from West Africa.

4. The project was successful in identifying markets of product based on fish species in Gambian waters, process value-added products, promote these products in trade fairs and train fish inspector in Hazard Analysis Critical Control Points (HACCP) methodology. A range of products was prepared using fish, crustaceans and cephalopods and was exhibited in June 1996 at the FISCH'96 fair in Bremen. The project is now completed, only awaiting the preparation of investment profiles for CFC lending programme.

REPORT ON "EXPORT PROMOTION OF VALUE-ADDED FISHERY PRODUCTS AND THEIR SUSTAINABLE DEVELOPMENT" (PEA: INFOFISH)

5. This project, also oriented to promotion and development of value added products and subsequent formulation of investment proposals centred on similar themes to the INFOPECHE project namely: market identification and evaluation; plant evaluation and normalisation; training in processing, quality assurance and introduction of latest quality standards, regulations and monitoring methodology (HACCP) as required for export to major world markets; trial production of value added products; analysis of feasibility and dissemination of results; and subsequent formulation of investment proposals. Seven companies in Bangladesh, based respectively in Chittagong, Cox's Bazar and Khulna are participating in the project. Activities commenced in the last quarter of 1996.

6. The project is progressing in a satisfactory way. Marketing studies for value-added products from Bangladesh were undertaken in Europe, United States and Japan, and products for these markets were prepared. The project was hampered in its progress through the EC ban on Bangladeshi seafood, which started in August 1997. The participation in the ANUGA fair (October 1997) had to be cancelled. Production trials resumed in February 1998, and the products prepared under the present project were exhibited in the Boston Seafood Show (March 1998) and in the European Seafood Exposition (April 1998). Investment profiles will be compiled towards the end of 1998. The project is expected to be completed by mid-1999.

REPORT ON "TECHNICAL INFORMATION SERVICES FOR SMALLHOLDER FISHERIES AND PROMOTION OF INTERNATIONAL TRADE" (PEA: INFOSAMAK)

7. The INFOSAMAK project, in addition to development of value added products and their promotion, training in quality assurance and identification of investment opportunities, seeks to improve smallholder fish production and aquaculture. It will also strengthen the capacity of the INFOSAMAK centre. A Quality Assurance training workshop was held in Yemen in early 1997 financed by the DANIDA funded Project GCP/INT/609/DEN, but full implementation of the project can only commence once INFOSAMAK's re-location has been consolidated.

EXPERIENCE AND OUTLOOK

8. Project identification, formulation and execution benefit from prior experience. The INFOFISH project in its execution and the INFOPESCA project in its formulation have both benefited from experiences and lessons learnt from the first pilot activities in The Gambia. INFOFISH has been able to encourage a more collaborative approach between participating companies, with each one concentrating on perfecting different but compatible value-added products. Discussion on preparation of investment proposals, and collection of the necessary data has started at an earlier stage in project implementation. The INFOPESCA project intends to carefully study experiences and lessons learnt from the INFOPECHE and INFOFISH projects and is also involving local research institutions in product development and preparing a mobile demonstration unit. When INFOPECHE replicates pilot activities in other West African countries, it will, in turn, take into consideration the INFOFISH and INFOPESCA experiences and mode of implementation

9. The fact that all these PEAs are members of an informal "network" facilitates exchange of ideas and approaches between them. The EASTFISH Project already described in document COFI:FT/VI/98/2 is putting emphasis on promotion of investment in its member states and once it is consolidated into an autonomous institution will be in an ideal position to promote CFC loan financed activities and also to monitor the implementation of loan funded projects. INFOYU, also described in document COFI:FT/VI/98/2, once its pilot phase is completed, will be in a position to propose and execute CFC funded activities in the fishery sector in China.

10. For full advantage to be taken of the momentum created in ongoing CFC funded fisheries related projects, which are all oriented to investment opportunities for the private sector, it will be important for CFC to finalise its lending plan and guidelines as soon as possible. During the seminar on investment opportunities held in October 1997, under the Gambian project, entrepreneurs insisted that precise guidelines for the preparation of proposals in the format required by CFC, together with the time frame and procedures for presentation; should be made available to assist them in the preparation of bankable proposals and to avoid unnecessary re-submissions. They also noted as important issue the loan guarantee mechanisms and the foreign exchange component of the loan. Similar concern were expressed by Bangladeshi companies during the national seminar (February

1998). The delay in the finalization of CFC lending policy created some problems in the fulfilment of the projects' objectives.

11. This will be equally important if new areas of activity discussed with CFC, such as aquaculture and cottage industry level enterprises, are to be promoted. These will also require financial assistance, possibly in the form of credit schemes, in addition to the more industrial level of processing and marketing to which present projects are oriented. With regard to these new areas of activity the INFO services together with other organizations such as Common Market for Eastern and Southern Africa (COMESA) are currently working to identify specific opportunities in collaboration with national authorities and prepare project profiles.

12. It will be noted that FAO's role in the execution of CFC funded projects is different from that in United Nations Development Programme (UNDP) or trust fund financed projects. All CFC projects relate directly to promotion of the private sector with the direct participation of private firms in concert with the national government. At the same time the capacities of the PEAs are strengthened through experience gained in executing these projects. While the official role of FAO is that of the "Supervisory Body", substantial professional staff time is spent in assisting and advising PEAs in the execution of their projects.

13. In view of CFC's desire to see a substantial level of co-financing of projects, efforts have been made to interest other donors. International Fund for Agriculture Development (IFAD) has participated in two of the four approved projects (see COFI:FT/98/2) and Danish International Development Agency (DANIDA) funded FAO executed training activities have also supported these projects, but so far no other potential donors have been identified. Additional avenues to be explored could include the International Finance Corporation (IFC), or in the case of Africa, the African Project Development Facility (APDF) in which IFC participates, or the Private Sector Development Unit (PSDU) of the African Development Bank (AfDB).

CO-OPERATION BETWEEN FAO, ITS INTERNATIONAL COMMODITY BODIES AND THE COMMON FUND FOR COMMODITIES

14. A Memorandum of Understanding (MoU) has now been signed between FAO and CFC, establishing the conditions for co-operation between the two Organizations, the modalities for project supervision by the ICBs in their role as Supervisory Bodies and other areas where FAO technical expertise and experience may be used by the Fund.

15. The Fund has also indicated its establishment of a "fast track" mechanism for the approval of small projects (up to US\$ 30 000) and also of a project appraisal/formulation fund. However precise details and documentation of these initiatives have yet to be finalized.

16. The progress made and the continued efforts being initiated to enhance collaboration and refine procedures and mechanisms for project formulation, appraisal and execution

are encouraging for the future expansion of activities.

SUGGESTED ACTION BY THE SUB-COMMITTEE

17. The Sub-Committee is requested to comment on progress made so far and in particular on future orientations for project activities. The Sub-Committee is requested to suggest additional avenues to be followed in the identification of possible co-financing sources. Members are requested to comment on and endorse the pipeline projects presented in Annex 1 and to present further project ideas or profiles for consideration.

ANNEX 1

PIPELINE PROJECTS

INFOPECA: Consolidation and expansion of artisanal fish production for export

In many countries in Central America, including Guatemala and Honduras, artisanal fisheries co-operatives are well structured and active, but lack the facilities at landing sites for unloading, handling and storing high quality fish which could be exported directly by them in fresh or processed form to markets in the USA or Europe. Such co-operatives also require improved fishing vessels and gear to ensure regularity of supply to their markets.

In addition such organizations have not been able to obtain the formal training and technical assistance which will enable them officially to comply with mandatory international standards, including HACCP for processed products and possibly ISO 9000, and so qualify for official "approval" to export to major world markets where considerable potential for their products exists.

The project components will:

- ensure recognition of conformity with required quality standards and procedures, permitting direct export to USA and Europe by selected fishing co-operatives or professional associations;
- create additional capture capacity within such co-operatives or professional associations to ensure regular supplies in supporting the purchase of more technically appropriate fishing vessels using environmentally acceptable fishing methods;
- install or improve landing, handling and processing facilities and equipment required for current and additional landings which is in conformity with the requirements for Good Manufacturing Practices, Hygiene and Sanitary

- Regulations and other international standards;
- provide technical assistance and training for introduction of HACCP methodology and conformity with ISO 9000 as appropriate and to ensure sound commercial management of operations and export initiatives;
- establish and consolidate access to export markets in the United States and Europe and concurrently improve access to national and sub-regional markets;
- disseminate results and technical know at the different levels to neighbouring countries in the sub-region.

The project will contribute to improved development, incomes and standards of living in the artisanal fishing communities in general and in rural fishing communities in particular. It will contribute to improved export earnings for participating countries and ensure improved availability and equitable distribution of fish for human consumption within the sub region.

Project duration 36 months

Estimated total cost (CFC, participating co-operatives, co-financing agencies): US\$ 2 000 000

COMESA: Production and marketing of value added fishery products in Eastern and Southern Africa

The project aims to develop and promote production and subsequent processing and marketing in fresh or value-added form of aquaculture products (tilapia and shrimp) and production of improved processed and value-added products from inland waters (Nile perch and dagaa) and marine fisheries (tuna). Pilot production would be carried out in selected COMESA Member Countries including: Zambia, Zimbabwe and Malawi for tilapia products; Kenya, Tanzania and Madagascar for shrimp; Kenya, Uganda and Tanzania for Nile perch; Zambia, Democratic Republic of Congo and Tanzania for dagaa products; and Seychelles and Madagascar for tuna products. Activities would involve, according the different products and species, small scale cottage enterprises many of which are run by women, and more structured industrial processing companies.

In order to ensure economic and financial viability of these initiatives, the project would also design and implement, on a pilot scale, specific supporting investment and credit programmes in close co-operation with national financial institutions to ensure sustainable production of value added products and expansion of such activities within COMESA after project completion. The project would also design and introduce management and conservation programmes to ensure sustainable exploitation of the resources concerned and environmentally acceptable aquaculture techniques particularly as concerns coastal shrimp culture.

The project components will include:

- collection and analysis, in collaboration with participating entrepreneurs and industries, of available information on present production, processing and

- marketing of species and associated products identified above;
- market studies on demand for selected species, in collaboration with participating entrepreneurs, and identification of associated value-added products for introduction in export, regional and local markets;
- definition of the technological, technical and physical requirements for improved tilapia and shrimp culture and for the production of value added products for these species as well as for Nile perch, dagaa, and tuna and, in association with local financing institutions, preparation of preliminary feasibility studies to facilitate future investment and credit support;
- implementation and monitoring of pilot production and marketing of identified species and products in international, regional and national markets;
- Evaluation of the physical, economic and financial performance of pilot production and marketing operations carried out under the project and preparation of conclusive feasibility studies for the benefit of participating entrepreneurs, future investors, financial institutions and concerned government agencies in the COMESA region.

The expected results of the project will include: better utilization of available fish production and landings for human consumption; creation of new export, local and regional markets for new or improved products; environmentally friendly aquaculture techniques; improved generation of income and employment from such activities; and improved access to credit and financing facilities for small scale and larger fishery industry enterprises; increased foreign exchange and government revenues from the fisheries sector.

Project duration: 36 months

Estimated total cost (CFC, participating enterprises, COMESA, local financing institutions and agencies): US\$ 3 200 000

INFOPECHE: Development and promotion of value added fishery products in West Africa

The project "Development and Promotion of Value Added Fishery Product" executed by INFOPECHE and financed by CFC under Grant No.26, undertook market research, production trials of value-added fishery products and training in quality assurance, in collaboration with private sector entrepreneurs in The Gambia as detailed earlier in COFI: FT/VI/98/9 and also in COFI:FT/VI/98/Inf.7.

In response to requests put forward at the Regional Seminar organized by the project to discuss and disseminate the results of the pilot activities, similar activities would be replicated elsewhere in the region, including in the first instance Guinea and Guinea-Bissau. The project approach would follow that outlined in COFI:FT/VI/Inf.7 but benefiting from experiences gained during the formulation and execution of similar projects by INFOFISH and INFOPECA.

Project duration: 24 months

Estimated total cost (CFC, participating enterprises, bilateral assistance and government agencies and Intergovernmental Organizations): US\$ 600 000.