

EX-POST EVALUATION OF THE CURRENT PROTOCOL TO THE FISHERIES PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN UNION AND CAPE VERDE

Final Report - Summary

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General background

Cape Verde is an archipelagic island state situated in the Eastern Atlantic, 375 miles to the west of Senegal and Mauritania. It is made up of 10 islands and 5 islets. It has limited natural resources and fresh water. Cape Verde is a former Portuguese colony. The population has grown rapidly since independence and is now around 465,000 persons. The country ranks 121 out of 182 countries in the UN Human Development Index. Cape Verde was re-classified as a non-Less Developed Country from 1 January 2008. Cape Verde is on track to achieve most of the Millennium Development Goals (MDGs) by 2015. The sharp reduction in poverty since 1990 has been complemented by significantly increased access to education and health care.

The Cape Verde economy is service-oriented, with commerce, transport, tourism and public services accounting for more than 74% of GDP in 2006. GDP was EUR 1,131.8 million in 2009, with a growth rate of 4%. Agriculture is susceptible to drought and scarcity of arable land, and accounts for only 8.5% of GDP, even though it remains the leading employer. Fisheries is estimated to account for about 2% of GDP. Net donor assistance was 13% of Gross National Income in 2008. Overall, Portugal is the largest donor, followed by the EU. Bilateral donors play an important role in the portfolio of support, accounting for 75%. Budgetary support is the main mode of support. The annual average inflation increased to 6.8% in 2008 but it is estimated to have dropped below 3% in 2009. Inflation is expected to remain around this level, which is consistent with the currency peg to the Euro. Overall Cape Verde is considered as one of the best performing countries in Africa in terms of political, economic and social development. Economic development strategy is set out in the Growth and Poverty Reduction Strategy Paper. Cape Verde became a member of the World Trade Organization in 2008 and has been member of the Economic Community of West African States (ECOWAS) since 1977.

Like other ACP states, Cape Verde is a signatory of the Cotonou Agreement with the EU and therefore obtains associate tariff preferences and is a beneficiary of the European Development Fund (EDF). Although Cape Verde was re-classified as a non-Less Developed Country it is still granted tariff preference under the GSP EBA (Everything But Arms) regime for a transitional period of three years. Whilst other ECOWAS states are negotiating Economic Partnership Agreements with the EU to satisfy WTO requirements, Cape Verde and the EU have established a Special Partnership, taking account for Cape Verde's status as a Peripheral Region Nation with much in common with the EU's outermost regions of the Azores, Madeira and Canary Islands. The geographic proximity and commonality of challenges faced contribute to increasingly close political linkages. The implementation of the Special Partnership Action Plan 2007-2013 is supported by the 10th EDF and included in the National Indicative Programme, which is allocated total resources of EUR51 million, most of which is delivered in the form of budgetary support.

Cape Verde fisheries sector

The continental shelves around the Cape Verde islands and islets are generally narrow, thus limiting the productivity of fisheries. The EEZ of Cape Verde covers an extensive area of about 785,000 km², characterised by relatively low productivity. By global standards, Cape Verde fishery resources are not considerable, but they do include commercially important species of migratory species such as tunas, along with small pelagic fish, and some demersal fish and lobsters. A Fisheries Management Plan suggests a total potential production of 35,000 to 43,000 tonnes (cf. an annual catch of about 9,000 tonnes) but as most stocks appear to be exploited to their full potential the plan is not considered by the consultants to be realistic. Cape Verde is a member of ICCAT and the Sub Regional Fisheries Commission. Cape Verde has satisfied EU sanitary conditions for access to that market (although a DG SANCO inspection in 2008 revealed some negative findings). Cape Verde has nominated its Competent Authorities to the European Commission in relation to Regulation 1005/2009 on IUU fishing.

The Fishery Sector is managed by the Directorate General of Fisheries which in 2008 was transferred to Ministry of Environment, Rural Development and Marine Resources (MADRRM) from the Ministry of Infrastructure, Transport and the Sea. The DGP is responsible for all aspects of administration and control, including fisheries MCS and is the Competent Authority for the application of sanitary controls. The INDP is an autonomous institute under the Ministry which provides the research in fisheries resources, fisheries statistics and inputs for fisheries management. It also has a development and

promotional function. The National Fisheries Council is a consultative body comprised of stakeholder organisations. The DGP possesses no means for fisheries MCS, and the Coast Guard service of the Cape Verde Army is co-opted to provide marine and aerial surveillance and control activities. There have been difficulties maintaining operational status of aircraft and the larger vessels, and only limited coastal patrols have been carried out in recent years, with no significant impacts on IUU fishing. Communication mechanisms with the fisheries administration are not formalised, and the fisheries MCS service is essentially not functional at present (although it was successfully operated during the period 2000 to 2004). A regional EDF intervention with the CSR in Dakar will seek to strengthen MCS activities using the Cape Verdean assets, both inside the Cape Verde EEZ and that of other countries.

Japan and Spain are the main bilateral donors engaged in fisheries. Cape Verde also participates in EDF regional fisheries programmes (ACP Fish II, SFP and CSR MCS) and will be a beneficiary of the World Bank Regional PROA fisheries project. Fisheries potential is given a high profile in the Growth and Poverty Reduction Strategy Paper. Elaboration of fisheries conservation and management plans is addressed in the National Action Plan for the Environment. In 2004 FAO supported the Ministry of Environment, Agriculture and Fisheries (MAAP) to develop a combined agriculture and fisheries policy, and a 10 year action plan. INDP has prepared a Fishery Resource Management Plan which sets out a strategy for the sector for the period 2004 to 2014. Although fisheries investment is relatively well funded by the general state budget (EUR 2.7 million from both treasury and donor sources) none of these documents sets out a comprehensive and unitary framework for the development of the fishery sector. As a result policy is developed and implemented on an *ad hoc* and relatively short term basis, and there is no longer term structural plan with costed implementation measures. In particular the optimal management of foreign fishing is not addressed.

The Cape Verdean fleet of semi-industrial and industrial vessels comprise some 70 vessels. There is a tuna fleet which operates different fishing gears, including longlines and pole-and-line methods. There is a small lobster fleet (comprising four vessels). Catches from small purse seiners target mackerel scad and other small pelagics. There is a small artisanal sector with about 1000 open decked vessels, employing over 3,000 fishers. Annual catches from the domestic fleet are in the region of 8,000 to 9,000 tonnes/year. In addition, two large Spanish-owned purse seiners are flagged to Cape Verde, which catches of 7-8,000 tonnes per year (but land their catch in Côte d'Ivoire). There are good port facilities in Mindelo (São Vicente Island) and Praia (Santiago Island). There is a shipyard in Mindelo with capacity to dry dock fishing vessels. Port cold storage facilities were damaged in a fire in 2008, but are being refurbished.

There are several fish processing establishments. Cape Verde enjoys tariff free entry to the EU for wholly originating fishery products. National production is insufficient to meet raw material demand for processing and export and Cape Verde has obtained a derogation from the Commission for a quota of non-originating canned tuna and mackerel products. The quotas are mostly well utilised. However, origin controls are not effectively applied and there is a risk of supply to the EU market of fishery products from unauthorised sources and IUU fishing.

In recent years, between 43 and 57 foreign vessels have been licensed to fish in the Cape Verde EEZ. Fleets from the EU, Japan and Senegal operate under a range of different access arrangements. Up to 18 Japanese vessels surface longliners target tuna under a private agreement with a Japanese Association, and up to 7 Senegalese pole and line vessels also target tunas under a Cape Verde-Senegal Fisheries Agreement. The most significant agreement is with the EU, under which an average of 45 vessels have operated, including 26-28 surface long liners targeting shark and swordfish, about 10-12 purse seine vessels and 8-10 pole and line vessels targeting tunas. The pole and line vessels operate out of Dakar since they are prohibited from fishing for bait fish in the Cape Verde zone. The purse seine vessels follow a migratory resource and are autonomous. These fleet segments do not use Cape Verde ports. However the surface longline fleets use Mindelo in São Vicente as an operational base. Chinese vessels operating in the region also use the repair and transshipment facilities (although they are not licensed to operate in the EEZ).

Evaluation of the fisheries agreement between the EU and Cape Verde

The EU vessels operate under an EU-Cape Verde Fisheries Partnership Agreement and Protocol adopted by Council Regulation (EC) No. 2027/2006. The Agreement provides fishing possibilities for highly migratory species for EU vessels fishing in Cape Verde waters. The Protocol was originally

adopted for a 5 year period, but the Agreement and Protocol only entered into force on the 30 March 2007. The current protocol expires on 31 August 2011, when it will have had a duration of 4 years and 5 months. The Agreement provides fishing possibilities for up to 25 purse seiners, 48 surface longliners and 11 pole and line vessels. The opportunities are allocated to Spain, France and Portugal.

The Agreement also establishes a framework for partnership between the two parties with a view to defining a fisheries policy in Cape Verde and identifying and supporting a matrix of implementation measures. The EU financial contribution is a total of EUR 385,000/year, of which compensation for access to Cape Verdean waters amounts to EUR 325,000 per year (based on a reference tonnage of 5,000 tonnes of tuna valued at EUR 65 per tonne). The compensation is supplemented by a specific amount of EUR 60,000 towards the promotion of sustainable and responsible fishing in Cape Verde waters. In the Protocol the authorities of Cape Verde have committed to allocate 80% of the EU's total financial contribution to the implementation of a fisheries sector policy. Under the Agreement, operators of EU tuna seiners and surface longliners pay a licence fee of EUR 35/tonne, and pole and line vessels pay EUR 25/tonne, with minimum annual payments specified for each segment.

Between 2007 and 2010, an average of 48 EU vessels per year drew licences to fish in the Cape Verde zone under this Agreement. These comprised an average of 12.75 purse seine vessels, 26.25 surface longline vessels and 9.25 pole and line vessels. Overall 58% of the available licences were drawn. During the period 2007 to 2009, the catches averaged 2610.6 tonnes per year (52% of the reference tonnage), of which some 80% was swordfish and sharks caught by longliners. There is a notable trend of increasing demand from the purse seine fleet in 2010 (attributed to transfer of Spanish and French vessels from Indian Ocean to East Atlantic operations).

The Agreement has delivered catches valued at EUR 4.30 million in 2007, EUR 3.02 million in 2008 and EUR 5.89 million in 2009. Total catch value over the three years period was EUR 13.21 million, with an annual average of about EUR 4.40 million. On average, 86% of the financial value derived from the Agreement by the EU fleet was in the form of the surface longline opportunities, and 14% due to the purse seine segment. The pole and line segment contributed only 0.6% of the revenue generated by the Agreement. Overall the agreement has contributed about 1% of the value of external fishing undertaken by the EU fleet. Of the three EU fleet segments, the surface long fleet is the most dependent, gaining 3.4% of its revenues from this Agreement. The Agreement generated value added for the EU economy estimated at EUR 1.98 million/year (excluding downstream value added). The EU vessels drawing licences employ about 259 EU nationals (8% of the total EU nationals employed on EU vessels operating under Fisheries Partnership Agreements).

Overall, for the EU, the Agreement had a moderately positive cost:benefit ratio of 3.6 (annual cost to the EU and the EU fleet of EUR 0.54 million compared to an annual benefit of EUR 1.98 million). This means that for every EUR spent on the Agreement by the EU, EUR 3.6 are generated. The average catches taken were only marginally more than half of those expressed in the reference quantity, which suggests that the EU has also paid for unused fishing opportunities, accounting for the limited efficiency of the Agreement.

Cape Verde has benefited from the financial contribution of EUR 385,000/year, and licence fees (including payments for additional catches) amounting to an average of EUR 161,000 per year (making a total of EUR 546,700/year). Around 71% of this value is derived from the European Union financial contribution and 29% from the vessel operators. During 2007 to 2009 this accounted for an average of 24% of the budgeted investment (including from donors) in fisheries. Some 113 jobs for nationals of Cape Verde are linked to vessels drawing licences under the Agreement. They generate an estimated additional economic benefit for Cape Verde of EUR 0.94 million/year. Including these wages, the Agreement has contributed about 0.1% of GDP.

None of the catches of tuna species by EU vessels in the Cape Verde account for more than 0.2% of the catches from the fish stocks concerned, and the impact of the tuna fishing opportunities on sustainability is therefore minimal. However EU catches of swordfish, blue shark and mako shark, accounting for a small but important proportion of total catches of these stocks (estimated at 4.7%, 4.5% and 3.7%, respectively). With regard to swordfish, the available evidence suggests that the northern stock is fished sustainably. With regard to blue shark and mako shark, there is no indication that fishing has resulted in depletion of stocks. However there is considerable uncertainty in the stock assessments, particularly so in the case of the mako shark. This raises concerns regarding the sustainability of the Agreement and it is not possible to state with certainty that their inclusion is

sustainable. Furthermore, there are well documented instances of discards of non-commercial species of sharks and negative interactions of surface longlining in the region with marine turtle populations. With regard to this segment, more efforts are required to improve information on catch and bycatch, with a view to assessing their impacts and making better management recommendations.

The fishing operations conducted under the Agreement appear to fully comply with the management recommendations of ICCAT and the fisheries management regulations of Cape Verde. However Cape Verde has lost its capacity to mobilise observers on EU vessels. There are also concerns regarding non-compliance with reporting conditions imposed on EU vessels in terms of entry and exit reporting, and submission of catch reports by vessels. Other than this no specific breaches by EU vessels of Cape Verde regulations have been detected.

Within the Agreement, the partnership approach and the associated financial contribution have provided the means for the implementation of an agreed matrix of support measures in support of a sustainable fisheries policy. There have been no problems experienced with disbursement. However the programme of measures was not formally adopted until the first (and only) Joint Committee meeting between the parties in June 2009. Whilst there have been two rounds of technical discussions (in March 2009 in April 2010) the level of engagement during the early part of the Protocol is considered to be insufficient to ensure the relevance of the measures selected and to monitor their implementation.

There has been progress in the implementation of some of the policy support (institutional development, sanitary controls, and artisanal fisheries), although it is notable that these coincide with areas where there has been a good degree of donor intervention activity. Progress on the measures relating fisheries MCS has been almost negligible. The DGP has not yet so far been able to establish a corps of fisheries inspectors dedicated to the MCS function. Limited training will start only in 2010. An initial effort to create an observer corps has not been sustained. There have been technical problems with vessels and aircraft, but there has been no use of FPA funds to help accelerate repairs. There has been negligible participation by the DGP in the limited patrols undertaken. Opportunities to build shore based MCS capacity (for example for effective port state controls such as monitoring of imported fishery products and transshipment in Cape Verdean ports) have not been taken with the result that there is an ongoing risk of IUU fishing linked to the Cape Verde fisheries. The policy axes and overall objectives agreed by the parties are relevant, but the specific objectives are not always relevant or structured within a valid logical framework to address the problems identified. The process misses a proper problem analysis, with a programmed and phased plan for development. Furthermore those measures which have been successfully implemented substantially coincide with activities supported by donor projects, raising questions regarding the additionality of the FPA measures.

With regard to policy coherence, for the EU the Fisheries Partnership Agreement has provided access to fishing opportunities for EU fleet segments from fishery dependent areas, created employment, and provided for additional supplies to the EU market. There is a realistic potential to link catches by EU vessels to Cape Verdean processing and export activities. Although there are reservations regarding the sustainability of some of the opportunities exploited, the Agreement has proved to be highly relevant to the Common Fisheries Policy of the EU. Although it has had no impact on IUU fishing until now, the Agreement has potential to achieve this in future. The Agreement provides an additional dimension to the Special Partnership between the EU and an important Peripheral Region Nation, and could complement a future Atlantic dimension to the EU's Integrated Maritime Policy. There are specific synergies with a number of EDF regional development programmes (ACP Fish II, SFP and the forthcoming regional MCS programme implemented by CSR). The Agreement may therefore be considered coherent with the EU's fisheries, maritime and development policies.

For Cape Verde the Agreement has provided about 24% of the financial means for public investment in fisheries, thus contributing towards economic development and sustainability of the sector. It has had a particular impact (along with donor support) on building institutional capacity, providing facilities for small scale fisheries and improving compliance with EU sanitary conditions for trade in fishery products, all important conditions for increasing the economic contribution of the fishery sector.

Overall the Agreement has also allowed the EU and the Cape Verde Authorities to maintain a policy dialogue, with a view to promoting responsible fishing, although the success of the partnership approach has so far been limited by the low level of engagement, a sub-optimal intervention design and weak integration with linked donor programmes. Nevertheless, despite the under-performance of

some aspects of the Agreement, it appears that it is strongly in the interest of both parties to conclude a new protocol that would prolong this partnership between Cape Verde and the European Union.