



October 2008

REPUBLIC OF YEMEN

**IMPROVED CAPACITY FOR ENSURING THE
QUALITY AND SAFETY OF YEMENI SEAFOOD
PRODUCTS**

SECOND PROGRESS REPORT

February 2008 – August 2008

PROJECT STDF 69

A PROJECT FINANCED BY STDF AND YSEA

**This report has not been formally edited by YSEA and the International Trade Centre
UNCTAD/WTO (ITC)**

February 2008 – August 2008

Project Name:	IMPROVED CAPACITY FOR ENSURING THE QUALITY AND SAFETY OF YEMENI SEAFOOD PRODUCTS		
Executing Agency:	Yemeni Seafood Exporters Association (YSEA)	Project supervisor:	International Trade Centre UNCTAD/WTO (ITC)
PROJECT DESCRIPTION:	<p>The project is aimed at enabling YSEA to develop the capacity of its members to better meet the commercial requirements of SPS measures and thereby improve the quality and safety of seafood products emerging from Yemen. In particular the project's main objectives are to:</p> <ul style="list-style-type: none"> - Raise the minimum standard of Yemeni seafood in terms of quality and health in order to reduce the risk sometimes associated with these products and to improve opportunities for value adding. - Instil a greater understanding of export market needs and requirements so that Yemeni seafood producers can respond to these markets and maintain their competitiveness with other producers. - Enable YSEA to become an effective and proactive organisation that provides both the private and public sector with the information and resources to improve the quality of their products and ability to access key overseas markets. 		
Project Start Date:	1 August 2007	Project End Date:	31 July 2009

1. Budget overview

	STDF contribution to YSEA (USD)	YSEA contribution (USD)	Total (USD)	% of Total project cost
Projected Total Project Budget (USD)	408,750.00 ¹	80,975	489,725.00	100 %
Total expenditure to date (USD)	113,825.79 ²	27,141.15	140,966.94	29%
Expenditure for reporting period (USD)	105,480.79	20,981.46	126,462.25	26 %
Unspent funds (USD)	294,924.21	53,833.85	348,758.06	71%

¹ The STDF total contribution to the project is USD 425,510.00. This amount is broken down as follows: USD 408,750.00 to YSEA and USD 16,760.00 to ITC to cover its estimated supervisory services costs associated with five trips to Yemen (DSAs and flight tickets to Yemen)

2. General Reporting

A. BROAD PROGRESS ACHIEVED TO DATE:

The first year of the project was devoted to complete the project start-up phase, to build the local capacity and the foundation for an effective and efficient implementation of the project activities and commence the implementation of all the project components in May 2008. The main work achieved to date consists, *inter alia*, of the following:

- (i) Finalisation of contracting actions between YSEA, WTO and ITC as supervisory agency;
- (ii) Strengthening of the project management structure with definition of roles and responsibilities of the relevant stakeholders;
- (iii) Development of YSEA administrative procedures with regard to contracting arrangements for International and National Consultants, travel planning and financial payment disbursement along the lines of the ITC/UN procedures/formats;
- (iv) Appointment of all project team members; besides the YSEA project members, the project team is composed of a Project Manager, three YSEA Thematic Coordinators, five National and five International Consultants;
- (v) Starting of all the Work Packages with conduct of four international missions;
- (vi) Drafting of missions' reports;
- (vii) Conduct of two ITC monitoring missions to Yemen;
- (viii) Transferring by WTO to YSEA of 40 per cent of the total STDF contribution e.g. USD 163,499;
- (ix) Project office in Sana'a furnished with required equipments as mentioned in the project budget.

B. BROAD WORK ACHIEVED THIS PERIOD:

The last six months have been devoted to plan and carry out the implementation of project activities. A lot of effort has been made by the main parties to speed up the delivery. The following work has been achieved in the last six months:

Work related to the management of project activities

- The project management structure has been strengthened with the appointment of the last project team members, e.g. the International QC Standard Specialist, and the National QC Standard Specialist and Business Management Specialist
- ITC conducted a second supervisory mission to Yemen from 8 to 16 May 2008 that, *inter alia*, helped (i) strengthen the project management structure, (ii) supervise the assistance provided by two ICs on Quality Control and Business Management, (iii) review and plan the forthcoming project activities and (iv) follow-up on the budget expenses in accordance with allocated amounts in the project budget
- The second instalment of funds was transferred to YSEA on 24 May 2008, e.g. USD 102,187 (25 per cent of the project funds)

Work related to the implementation of project activities

- The missions of ICs were planned and executed as follows:
 - o 26 April to 10 May 2008 - Quality Control and Standards (WPs 1.1, 1.2, 2.1)
 - o 7 to 14 May 2008 - Business Management (WP 3.1)
 - o 13 to 24 June 2008 - Training (WP 1.4)
 - o 27 July to 2 August 2008 - Marketing (WPs 1.3, 2.2)

- The following work has been achieved:

WP 1.1: Application of risk assessment methodologies

WP 1.2: Development of an SPS standard

WP 2.1: Development of an SPS Strategy

The first mission led by the IC on Quality Control (I. Goulding) concerning the above WPs took place from 26 April to 10 May 2008. The IC met concerned authorities in Sana'a, Hadhramout and Aden. Features of the supply chain and main quality/food safety issues faced by the sector stakeholders have been identified and draft SWOT analysis for SPS conditions assessed. The main sector weaknesses have been identified in the high cost of compliance, weak official control applied to non-EU export, poor handling on board and landing sites, limited and highly seasonal supply of fish. Three introductory workshops on SPS Strategy, Risk Assessment and Fisheries Standard for Yemeni Fish Exporters have been organized on 30 April in Sana'a, 4 May in Hadhramout and 7 May in Aden. The approach recommended by the IC in his draft mission report has been reviewed by ITC; the report is currently under the Yemeni stakeholders' review for clearance.

The following approaches have been identified with regard to the above WPs 1.1, 1.2 and 2.1:

1. WP 1.1: Application of risk assessment methodologies

The field mission has identified the risk of marketing non-compliant products, as a result of a fundamental lack of understanding of the HACCP process.

A preliminary review of the export profile of fishery products has been undertaken to identify the main species and product forms entering international trade from the Mukalla area. This analysis will be developed further using export certification data from Mukalla, from Aden and Hodeidah to show the volume and value of product being distributed through different marketing channels.

A preliminary hazard profile of Yemeni fish product exports has been developed. It is proposed to further develop this approach by preparing an analysis of laboratory test results to identify where there are elevated risks of non-compliances.

The work will be presented in the form of a "Yemeni Fishery Products Hazards Guide" which will describe each hazard, the risk of its occurrence, and the type of control measures to be applied. It will thus draw on the hazard identification and hazard characterisation steps of a standard risk assessment methodology, but will not include elements such as dose response, exposure assessment and risk characterisation. The draft guide would be validated by stakeholders, translated and disseminated by YSEA as a technical resource to be used by industry QC staff in the updating of HACCP plans, by MFW inspectors and other supply chain stakeholders.

2. WP 1.2: Development of an SPS standard

The findings of the initial mission assessed the greatest concern along the value chain related to conditions of handling of fish on the vessels and at first sale. The WP's approach has been identified with the development of a new Yemeni standard as a basis for using the market to upgrade conditions in fishing and at auctions. It is proposed to develop two standard codes of practice: one to specify the standards of handling on board, and the other regarding landing and auction sites. A code of practice for the industry may also be developed, which could be linked to the code of conduct proposed by the project. These will provide the basis for the specifications of a pilot landing site programme managed by the private sector and for an approved supplier scheme linked to a quality mark (WP 1.3), aimed at identifying fish from fishers who meet the standards.

The IC will map out the content of the fishing vessel and the landing site/auction standards, for discussion and approval of the YSEA Board, before developing the draft content.

3. WP 2.1: Development of an SPS Strategy

A critical analysis of the SPS system for Yemeni fisheries products has been initiated. This would conclude with a SWOT analysis of the SPS system as a precursor to the development of a five-year SPS strategy document to be adopted by the main sector stakeholders and promoted and implemented with the

help of YSEA on behalf of the fishery industry sector. Active strategies for diversification of supplies (e.g. development of aquaculture), value adding opportunities and the development of new markets (e.g. China) would be considered. The strategy will address different levels in the supply chain, as well as differentiating between voluntary measures and regulatory measures.

The SPS strategy would focus on the weak points and strengths of the supply chain with ways to address the main constraints, such as securing EU market access, hygiene and management of model landing sites, unregulated export trade. The project has initiated the development of a proposal of a model-landing site, which meets marketing and quality standards, managed as private businesses in the distribution chain. Their design and management would address specific problems and solutions identified in the first sale of fish, such as restriction of access to food handling areas, increased transparency by weighing and grading, improved hygiene and handling and better services to the industry at lower cost. The project is being suggesting a private management of landing sites in order to try to address the issue of the sites' management and lack of competition. The sites could be either identified among those (25) currently under rehabilitation by the WB/EC 5th Fisheries Project or otherwise through other sources.

The framework of the strategy would be presented in the coming months in a broad national conference on Marketing, SPS measures and fisheries sector development in Yemen, and ideally adopted by the stakeholders.

WP 1.3: "Develop Yemeni seafood quality mark"

WP 2.2: "Compile SPS regulation database"

The first mission led by the IC on Marketing (U. Kleih) took place from 27 July to 2 August 2008 in the Aden governorate when members of YSEA, fish processing and exporting companies, Chamber of Commerce and Industry, Ministry of Fish Wealth (MFW) were met. The missions helped obtain a better understanding of the Yemeni seafood value chain, discuss the workings of a Yemeni Seafood Quality Mark (YSQM) and discuss format and content of an SPS regulations database. The first mission report has been submitted by the IC.

- Concerning the YSQM the mission helped clarify its scope and application, its ownership with YSEA, CA or Ministry of Trade, and potential inspection bodies such as MFW. Its development was discussed at length, particularly during one stakeholder workshop with owners and senior staff of all seafood exports companies in Aden on 30 July 2008 and follow-up meeting with the management team of YSEA. The general interest in the development of a quality mark and in particular a Yemeni mark, with international standards used as benchmark, was confirmed. The pros and cons of different quality standards were discussed. The issue of willingness to pay for the quality mark and to undertake related quality improvement measures has been identified as one of the key issues of such a scheme. The process of designing the logo has been initiated. A questionnaire to collect additional inputs on the quality mark from all the YSEA members has been developed and its outcome will be taken into account while deciding the components and organisational details of YSQM, most likely at a broad conference on fish marketing.

- Concerning the SPS database, discussion about its content and format has been held. The YSEA website is being used as a start to enhance access to documents (subscription required) and links to other websites such as FDA, EU/DG Sanco, FAO, Info Samak, JETRO, etc. In addition the field assessment envisaged the need for hardcopies and electronic copies of summaries of the main standards that are relevant for Yemeni seafood exporters, in both Arabic and English, in a user-friendly format (i.e. easy to understand and easy to download) and uploaded on the YSEA website.

- As part of the marketing assistance, YSEA successfully coordinated the participation of the association itself and of five exporters (e.g. Aden Gulf Fisheries Company, Pearl Fisheries Company, Altamimi Fisheries Company, Yemeni Fish Company and Burum Seafood Co) in the European Seafood Exposition (ESE), from 22 to 24 April 2008 in Brussels. A brochure on the STDF project was distributed. Five exporters contributed to 40% of cost of the participation. ITC attended the exposition with YSEA, with funding from ITC's regular budget. A questionnaire to collect feedback from the participation of exporters and YSEA has been developed, circulated. The survey highlighted the positive result of the participation, mainly, in terms of establishment of new contracts and business opportunities. A draft presentation on the outcome of the participation has been developed by YSEA.

WP 1.4: Develop a cross-sector training strategy based on common standards

The training needs assessment mission was led by the IC on Training (M. Karim) from 13 to 24 June 2008 when several meetings were conducted in Sana'a, Hadhramout and Hodaidah with high level officials of the Government and World Bank, fish processing and export association leaders, fishermen cooperatives, University teaching and research staff and the representative of the Chamber of Commerce and Industries. The first mission report has been submitted by the IC, reviewed by ITC and is waiting for clearance from YSEA.

The initial assessment led to the identification of an urgency of mass awareness building and specific training on food safety and EU rules for main stakeholder groups such as (a) fishermen, fish landing centres and auction hall operators, (b) ice plant and fish carrier operators, (c) YSEA top management, (d) quality control staff of MFW and fish processing plants. Hadramout, Hodeidah and Aden have been identified as the key centres for training where fish landing, processing and export are largely concentrated (85-90%).

The core trainers' team with their minimum qualifications have been identified in a small but effective team of 15 core trainers from MFW-QC, fish processing plants' QC, universities. The types of training course, venues and training centres for the core trainers and the stakeholders have been suggested and further discussion is being undertaken with YSEA and ITC to approve the approach.

WP 3.1: Support development of a vision, strategy and action plan for YSEA

A first mission, led by the IC on Business Management (L. Joker) from 8 to 14 May 2008, helped identify the role and the importance of YSEA and acquire an overall understanding of the trade of fishery products. The development of the YSEA strategy to identify its role to support the sector has been initiated. A number of strategic options/initiatives have been identified in relation to the services that YSEA should or could deliver to its members (i.e. advisory/negotiator role towards the national and international authorities; Promotion at International Seafood Expositions and study tours; Market information provider; Consultancy services, Training).

The approach recommended by the IC in his draft mission report has been reviewed by ITC; the report is currently under the Yemeni stakeholders' review.

The triennial YSEA Association meeting took place on 25 August 2008 and was attended by all the YSEA members (32). The performance of YSEA over the past three years was discussed and it concluded with an initial proposal of YSEA vision for the coming three years. The proposal will be further developed by the STDF project. YSEA participated on 28 August 2008 in a very comprehensive workshop organised by the Chambers of Commerce in Mukalla attended by the FW Minister and representatives of government and local authorities, Union of Cooperatives. Three YSEA companies presented their view on how to upgrade and solve the obstacles of the fisheries sector.

It is proposed to organise work for 4-5 intensive days with 1-2 representatives from YSEA, the IC and NC on Business Management to develop the strategy and create the back bone for the action plan that YSEA then could finalise on its own. Subsequently the strategy would be discussed within YSEA and adjusted accordingly; once complete it should be presented to the industry and politicians and possibly adjusted afterwards to ensure that it has both industry backing and political acceptance.

WP 3.2 "Develop an Association website"

The development of the YSEA website has commenced by a local website designer based in Sana'a under the supervision of an IC (K. E. Birkbeck) from home. YSEA has registered its website domain with the following name: www.ysea-yemen.org. A first draft of the structure, content, graphics, resource and database linkages has been developed but further inputs from YSEA board and IC are needed to better shape the website. The draft structure of the website is now available on line at www.ysea-yemen.org/index.php.

C. BROAD WORK REMAINING FOR NEXT PERIOD AND BEYOND:

The coming months will be devoted to deliver the outputs stated in the project document and apply the approach reported above for each WP identified during the first international missions both at national and international level and, *inter alia*, to:

- (a) Finalise the first mission reports and share them with stakeholders;
- (i) Strengthen the counterpart's ownership on technical issues and monitoring and evaluation of project's progress against the project verifiable outcomes;
- (b) Plan and execute the second international missions for all international consultants;
- (c) Closely follow up on the work executed by the national consultants in between international missions;
- (d) Plan and prepare a conference on Fish Marketing and SPS measures in Yemen, aimed at bringing together a wide range of sectoral stakeholders (i.e. Ministry of Fish Wealth, Ministry of Industry and Trade, WB, ITC) to share information regarding current activities in the fisheries sector to ensure well-coordinated and coherent response to the need for compliance with SPS requirements and to further develop the fisheries sector. The conference will be organised tentatively in Q4 2008 or Q1 2009 when suitable to the main stakeholders (i.e. Minister of Fish Wealth).

The third ITC supervisory mission is likely to take place on the occasion of the foreseen conference on Fish Marketing and SPS measures in Yemen.

D. OTHER COMMENTS:

About five months' delay has been accumulated in the real implementation of the project activities and at least seven months' delay in reaching some of the verifiable outputs stated in the project document. Effort is being put to try to complete the activities within the foreseen project duration, wherever possible, taking advantage of the contingency time included in the initial work plan. The delay is mainly due to the time needed (i) to strengthen the capacity of the counterpart to manage an internationally funded project not only from a logistic point of view but also in terms of technical inputs, (ii) to identify suitable and available project team members; and (iii) to finalise agreements among the parties.

Taking the above into consideration, the last six months achieved a good impact to the project implementation concerning:

- To draw the attention and interest of YSEA members and non-members to the importance of the Project in establishing a long run solid based foundation towards YSEA recent and future activities and services to be provided
- To contribute for the first time in the European Fish Expo 2008 on the name of Yemeni Seafood Exporters Association with five exporters
- To manage the successful planning and delivery of four international missions in less than four months from May to August 2008, proposing an implementation approach for the project components
- To outline the proposed preliminary vision, scope and objectives of YSEA strategy for Yemeni Fish Exports that shall be elaborated and finalized during the project implementation activities.

It must be noted that additional efforts need to be put to strengthen the capacity of YSEA to successfully implement the project from a technical point and monitor the technical contributions at national level. In addition, particular attention should be given by the project stakeholders to closely monitor the execution of the assignments of the National Consultants and Technical Coordinators and take required measures whenever any constraint might arise during the implementation of the project. It is suggested to extend the project duration till end of December 2009 to enhance YSEA to strengthen its technical capacity to deliver project activities.

3. Deliverable / Targets Table (Log-frame)

Item ID	Item Description	Target Finish Date	Actual or Forecast Finish Date	Status: (% Complete)	Comments
1	WTO contract signed with YSEA	August 2007	8/8/2007	Complete	
2	WTO contract signed with ITC	August 2007	3/9/2007	Complete	
3	Clearance of Inception Report	September 2007	November 2007	Complete	
4	Clearance of first interim report (six months)	February 2008	May 2008	Complete	
5	Clearance of second interim report (twelve months)	September 2008	October 2008	In progress (90 %)	Report submitted to WTO on 6/10/2008
6	Clearance of third interim report (eighteen months)	March 2009	March 2009	Not started	
7	Clearance of final report	July 2009		Not started	A request to extend the project duration till December 2009 will be submitted to WTO
8	Transfer of project funds (first instalment)	September 2007	20/11/2007	Complete	USD 61,312 (15 per cent of the project funds)
9	Transfer of project funds (second instalment)	February 2008	24/05/08	Complete	USD 102,187 (25 per cent of the project funds)
10	Transfer of project funds (third instalment)	August 2008	November 2008	Not started	Subject to WTO clearance of project's second interim report (USD 81,749)
11	Transfer of project funds (fourth instalment)	February 2009	February 2009	Not started	Subject to WTO clearance of project's third interim report (USD 81,749)
12	Project Manager contracted	October 2007	15/11/2007	Complete	
13	YSEA personnel staff contracted	September 2007	November 2007	Complete	
14	International and National Consultants contracted	December 2007	May 2008	Complete	Five International Consultants, five National Consultants
15	YSEA Administrative Procedures: Hiring of consultants, travel arrangements	December 2007	May 2008	Complete	

16	WP 1.1 Develop risk assessment methodologies	November 2008	April 2009 ³	In progress (20%)	QC IC and NC contracted. First mission carried out on 26 April – 10 May 2008.
17	WP 1.2: Development of a SPS Standard	May 2008	February 2009	In progress (20%)	QC IC and NC Consultants contracted. First mission carried out on 26 April – 10 May 2008.
18	WP 1.3: Develop Yemeni seafood quality mark	August 2008	April 2009	In progress (10%)	Marketing IC and NC contracted. First mission carried out on 26 July – 2 August 2008.
18.1	European Seafood Exposition 2008 - Brussels	April 2008	22-24 April 2008	Complete (95%)	The budget initially allocated to attend four expositions would be used to participate only in two or three events (high cost of participation and limited time). Exhibition report to be finalised.
19	WP 1.4: Develop harmonised training standards	July 2009	July 2009	In progress (10%)	IC and NC on training contracted. First mission carried out 13 – 24 June 2008.
20	WP 2.1: Develop sector-wide SPS strategy	June 2008	April 2009	In progress (10%)	QC IC and Marketing NC contracted. First mission carried out on 26 April – 10 May 2008.
21	WP 2.2: Compile SPS regulation database	September 2008	June 2009	In progress (10%)	Marketing IC and NC contracted. First mission carried out on 26 July – 2 August 2008.
22	WP 3.1: Develop Business Planning Capacity	April 2009	April 2009	In progress (10%)	Business Management IC and NC contracted. First mission carried out on 7–15 May 2008.
23	WP 3.2: Develop YSEA Website	November 2008	June 2008	25%	International and National Web designers contracted.

³ The forecast finish dates of all the WPs are very challenging for the counterpart. The forecast finish dates would be postponed of four months if the STDF WG clears the request of extension of project duration till end of December 2009.

					Proposal of structure drafted
24	ITC First Monitoring Mission	October 2007	8-16 October 2007	Complete	
25	ITC Second Monitoring Mission	May 2008	7-17 May 2008	Complete	
26	ITC Third Monitoring Mission	November 2008	November 2008	On going (20%)	Subject to the execution of the conference on SPS
27	ITC Fourth Monitoring Mission	February 2009			
28	ITC Fifth Monitoring Mission	June 2009			
29	SPS Conference	November 2008	December	On going (20%)	Subject to availability of key stakeholders (i.e. Minister of MFW)
30	Project external evaluation			Not started	

4. Target Delay Notes

Target Item ID	Target Delay Notes
16-23 and 29	<p>A) All the main project activities are delayed by at least five months. To be able to successfully implement all the challenging project activities and deliver the stated verifiable outcomes within the initial duration of the project, all the concerned parties have been asked to highly commit themselves to handle a very intensive schedule and give priority to the project implementation whenever required.</p> <p>B) The reason for delay is mainly due to the time required for building local capacity in managing such a challenging technical, internationally funded project, for the development of YSEA administrative procedures, identifying suitable and available International and National Consultants.</p> <p>C) High pressure is put on all the parties to meet the project's deadlines that were initially set in the project document. In order to include some contingency in the implementation of activities and enable the counterpart to strengthen its technical ownership of the project it would be advisable to extend the project duration until December 2009.</p>

5. Mid (End)-project financial statement

Items	STDF Contribution			YSEA Contribution		
	Actual costs	Original Budget	Balance	Actual costs	Original Budget	Balance
1.YSEA staff costs				16,875.00	42,375.00	25,500.00
2. Local consultancy (Fee and DSA)	26,000.00	96,000.00	70,000.00			
2.1 Project Manager	14,250.00	30,000.00	15,750.00			
2.2 Q C consultant	1,000.00	2,500.00	1,500.00			
2.3 B M consultant	1,000.00	3,000.00	2,000.00			
2.4 Training consultant	2,000.00	13,000.00	11,000.00			
2.5 Marketing consultant	2,000.00	9,500.00	7,500.00			
2.6 Website designer	3,450.00	5,000.00	1,550.00			
2.7 Local DSA	2,300.00	33,000.00	30,700.00			
3. International consultancy (Fee and DSA)	37,358	160,950.00	123,592.00			
3.1 Q C and Standards	10,000.00	63,750.00	53,750.00			
3.2 Business Management	6,000.00	11,250.00	5,250.00			
3.3 Training	7,500.00	15,000.00	7,500.00			
3.4 Marketing	6,000.00	22,500.00	16,500.00			
3.5 Website	2,625.00	5,250.00	2,625.00			
3.6 DSA	5,233.00	43,200.00	37,967.00			
4. ITC Project supervisory	4000	5,760.00	1,760.00			
5. Ex post evaluation	0	10,000.00	10,000.00			
6. International flights	13,622.63	39,600.00	25,977.37			
7. ITC international flights	8,000.00	11,000.00	3,000.00			
8. Domestic flights	2,833.82	12,200.00	9,366.18			
9. Equipments	4,375.00	8,000.00	3,625.00			
9.1 Desks and chairs	910					
9.2 Tel extension	450					
9.3 Projector	850					
9.4 Lap top	1,385.00					
9.5 Computer – screen projector	710					
9.6 ADSL 2 + router wireless	70					
10. Workshops	0	20,000.00	20,000.00			
11. Training material	0	12,000.00	12,000.00			
12. Training costs				0	17,000.00	17,000.00
13. Promotion	29,636.34	45,000.00	15,363.66			
14. Office rent and utilities				5,000.00	12,000.00	7,000.00
15. Secretarial support				5,266.15	9,600.00	4,333.85
15.1 Secretary officer				4,000.00		
15.2 Stationary				1,266.15		
16. Translation	0	5,000.00	5,000.00			
17 Total project contribution	113,825.79	408,750.00	294,924.21	27,141.15	80,975.00	53,833.85
18 Total (with contribution to ITC on items 4 to 7)	125,825.79	425,510.00	299,684.21	27,141.15	80,975.00	53,833.85