

PNA

PNAO 2010 – 2020

10TH ANNIVERSARY

**A NEW DECADE,
A NEW OFFICE**

**HOW HEALTHY
ARE OUR TUNA
STOCKS REALLY?**

Our VDS - single most
ambitious management
scheme in the world

Our observers -
keeping them honest

FIMS is ours -
and fit for purpose

Our geographically
unique wild tuna

**YEAR BOOK
2019**



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- Kiribati
- Republic of the Marshall Islands
- Nauru
- Palau
- Papua New Guinea
- Solomon Islands
- Tuvalu
- Tokelau (observer)

Introduction from the Parties to the Nauru Agreement Ministerial Chair 2019

As the Parties to the Nauru Agreement (PNA) Ministerial Chair for 2019, it was my pleasure to oversight some significant reforms of the PNA Office. The office has been in existence for nearly a decade, and it had grown without proper consideration by the Parties of the governance systems and structures necessary to provide us with the information required for effective decision-making.

Resolving these issues involved the approval of a new Strategic Plan, a review of the PNA Office financial systems, and the development and implementation of the first Business Plan for the office. New financial systems and procedures were approved, and a new Senior Accountant has been appointed.

These and many other reforms are the building blocks the PNA Office needed to launch into its second decade. These reforms will benefit and be appreciated by those who follow us in facing the many new challenges we will encounter in the future.

Effective communication is always the key to a common understanding. This magazine-style annual report has been sought by the Parties through the 2020 PNA Office Business Plan. It provides a plain language view of the work of the PNA Office, so we can explain to our people at home what we do when we travel to meetings, and so the whole world can understand how we have made the Vessel Day Scheme work for the benefit of our Pacific islands.

For all your hard work, thank you, Kmal meral mesulang rokui; and good bye, mechikung ma uriul.

Hon F. Umiich Sengebau.

PNA Ministerial Chair 2019
Palau Minister for Natural Resources,
Environment & Tourism

“ For all your hard work, thank you, Kmal meral mesulang rokui; and good bye, mechikung ma uriul. ”



2019 PNA Yearbook

This Annual Report yearbook format is a well-overdue reform. I have sat around the table since long before the PNA Office was first established in 2010, first as a representative of PNG and for the last four years as your CEO. Looking back over that whole ten years, I can see this yearbook is something that has been needed right from the beginning. A way to keep our countries informed about what it is we are doing here, and our successes.

The year 2019 was challenging for the office, and for me personally as CEO.

As a Pacific Islander, I faced one of the biggest challenges of my career to end the contract of our Chief Financial Officer. This is a difficult thing for any Pacific islander but was even harder for me because the person was also from PNG and I could not do it without careful thought and being sure it was necessary. All the issues about that are known by the Parties and I will not talk about them again here. However, the issues and reasons we employed the CFO to fix in the first place were not fixed, in fact they got worse. Instead of increased confidence of the Parties in the finances of the PNAO, we had falling confidence. This situation led to two things: an annual audit which was qualified by the independent auditors Deloitte Guam because some financial transactions were not properly documented by the CFO; and then an independent review of PNAO finance function review by Deloitte NZ. For anyone who has ever led a business, a qualified audit is a bad result and as CEO I have to take full responsibility.

The good news from all these things is that the PNAO's finance function is back on track. We have a new structure for our financial reporting that links to the

business plan, a new Senior Accountant, a new finance system, and no evidence of fraud was ever found. In the end there were no big problems, it was just things had never been done properly, with the proper systems.

We have also been sorting out governance issues, which will mean better and more consistent service to the Parties. To me, now, it is like all the cogs in the gearbox finally started to work together and I have to thank everyone for that, especially the Audit and Budget Committee, because this has not been easy.

All these things have been a lesson for me, and I have to take my share of the responsibility. But there are lessons here for the Parties too. I have had to learn more about finances and governance and priorities, and so also must the Parties do their bit. The documents that are behind our governance need to be continually reviewed and updated. The Nauru Agreement in particular has to be reviewed, updated and corrected, and the same for every other instrument, right down to our regulations. After more than a decade, these are not finished. This has been a problem for me, and before me, and only the Parties can fix this. Without proper foundations for our structure and business, the PNAO cannot be as good as it should be.



During 2019 there were some achievements, progress, and some sad days:

- 2019 was the year we had a new Strategic Plan and a new Business Plan. These are welcome road maps for the future of PNA and PNAO.
- On the last day of 2019, the Parties finally owned FIMS. This is an achievement for everyone and the FIMS board now has a big challenge to bring the Parties profits and benefits.
- Our MSC certification has been maintained.
- Pacificall has continued to operate despite many external factors working against it in a difficult market.
- The PNA Observer Agency broke records with 714 trips during the year; and achieved a major milestone – passing 100,000 sea days coordinated.
- It was a sad day when our VDS Manager Patricia Jack resigned to take up a position back in FSM. Patricia is a loss and I express my appreciation here for her friendship and loyalty, and her many years of hard work from the early days of the PNAO when she was our first VDS Manager.
- Our new office building progressed well during the year and will be something the Parties can be proud of. A monument for the Pacific Islands to see what effective collaboration and cooperation can bring.
- We ended the year in a strong financial position.



I had hoped the 2020 annual meeting would be in Majuro because I wanted everyone to see the new office. I think once everyone has been in the office, they will understand what a big job this has been for everyone and that we should be proud of this project. Seeing the new office will also help us put into perspective and appreciate the cost, which we've talked about a lot. But we have now got a good office and it is not expensive for what we have. I am really proud of what we are leaving for the future, and all of us will be proud that we did this; it will be our legacy to future Officials, Ministers, and staff – for our countries.

The 2019 Ministerial Chair, the Hon F. Umiich Sengebau, mentioned our first decade and this is a milestone we must all recognise. It has gone too quickly. I hope we all appreciate what an achievement this is for everyone and that we can come together to reflect on everything that has happened, and by remembering those who came before us in these roles - some of whom are unfortunately no longer with us. When we are finally able to meet together, we can do this properly.

I am pleased to be able to present this first PNA yearbook and I look forward to hosting everyone here in Majuro to formally open the office and to celebrate the PNA Office 10th anniversary once travel restrictions are lifted.

I acknowledge the support of Ministers, and the hard work of Party Officials through their work in PNA meetings and all the other related meetings and gatherings. I thank the 2019 PNA (and Palau Arrangement) Officials Chair, Kathy Sisior from Palau, and the Audit and Budget Committee (ABC) Chair Charlie Deiye from Nauru, who guided us well throughout the year. I especially thank the ABC for their support and work on the PNAO's budget and finances.

Finally, as this is the first yearbook, I acknowledge my predecessor in the role of CEO, Dr Transform Aqorau and his hard work and commitment to establishing the PNA Office.

Ludwig Kumoru
CEO

PNA Office Building – Our Regional Icon

Amidst a growing feeling amongst the Parties to the Nauru Agreement (PNA) that the Forum Fisheries Agency (FFA) was not adequately addressing their specific concerns and commercial interests, a small group of PNA individuals met in the margins of the 5th Regular Session of the Western and Central Pacific Fisheries Commission (WCPFC) in Busan, Korea in 2008. The proposal to be considered was that the PNA establish a separate, stand-alone agency. At the Leaders meeting in Kiribati in 2009, things started to take shape when it was agreed that the PNA was to establish a separate agency, and that a small, self-funded office was to be head-quartered in Majuro in the Marshall Islands.

The new office building is symbolic of the unified commitment of the Parties to collaboration and cooperation - for our common good, our common wealth, and for the sustainability of our common tuna resources.

By early 2010, events had moved quickly, and the agency was formally established in the Marshall Islands. A small office was rented – just enough space initially for three workstations for Transform, Maurice and Anton. Later, Maurice moved to the air conditioner machinery room, Loreen was recruited, Anton retired, and later the staff increased to five with the arrival of Patricia and Herman. A magnificent board table and all office furnishings donated by PNG completely filled the office! It wasn't until 2018 that a two-desk annex was added to the office to create work space for new positions. The parties however had their sights set on their own stand-alone building as the PNA Office (PNAO) headquarters. The brief was that the building be iconic, modern, symbolic, and forward-looking. The new building would house the PNAO and the other businesses the PNA would establish.

Talk about constructing this new stand-alone building hit the agenda at the 2015 PNA Ministers' meeting in FSM. The Marshall Islands presented a concept for a new PNA building that would eventually house the PNAO, the PNA Observer Agency, and FIMS Inc.

This idea got traction and at the 2017 PNA Annual Meeting in Majuro, officials agreed to use reserve funds to finance the new building. Later that year, the Marshall Islands Marine Resources Authority (MIMRA) on behalf of the Marshall Islands government, put out a tender for the design and construction of the building. The contract was awarded to a Marshall Islands construction company, Pacific International Incorporated (PII).

The ground-breaking ceremony was held in February 2018 during the 2nd PNA Leaders meeting held in Majuro. Site preparation and ground works started the following September.

The new office building will be four stories. On the ground (first) floor are the car park, power control, storage space, and security/guard rooms. The second floor is the main office, which will house the PNAO secretariat and the PNA Observer Agency (POA) office, with a meeting room providing capacity to hold up to 20 people. The third floor will house FIMS Inc, and the main conference room with capacity to seat around 80 people. The fourth floor has two apartments, one of which is proposed as the CEO's residence. There is also a small entertainment area with a kitchen. All floors have magnificent views of Majuro Lagoon and the vibrant maritime and transshipment activities. On the rooftop, the building has two water tanks. Water from these tanks will be gravity-fed to the office including the fire sprinkler system. The building has a big underground water reservoir, with a capacity of 100,000 litres. The reservoir will store rainwater from the building to be pumped up to the tanks. The building's scenic elevator provides disabled access to all floors and is a feature visible from the outside.

The final touches are now underway. The new PNA building will be the most modern in the Marshall Islands, a true icon which will stand as a testament to the success of the PNA, the Vessel Day Scheme, and the positive impact of decades of hard work on the Parties' economies.



Purse Seine Vessel Day Scheme – an International Success Story

The Parties to the Nauru Agreement (PNA) purse seine Vessel Day Scheme (VDS) is remarkable for many reasons. Outstanding amongst these are:

- The Western and Central Pacific Ocean (WCPO) tuna fishery it mostly controls, is the largest and most valuable in the world.
- It leads the management of the WCPO tuna fisheries, the only sustainably-harvested tropical tuna fisheries in the world.
- It generates very high levels of revenue for Pacific Island countries.

The key to the VDS is the annual process of agreeing a limit on the number of days that can be fished by purse seine vessels across the combined Exclusive Economic Zones (EEZs) of the Parties. The annual process involves:

- Setting the total allowable effort in fishing days.
- The distribution of those fishing days between the Parties as Party Allowable Effort.
- The allocation of those fishing days to fishing fleets and vessels.

The outcome of the VDS is that catches are controlled at sustainable levels, and the Parties are getting strong financial returns from fisheries access revenue and other licensing arrangements.

The foundation for the VDS is the 1982 Nauru Agreement, a binding agreement under international law between eight Pacific island countries, the Federated States of Micronesia (FSM), Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands and Tuvalu. This agreement has the goals of co-ordination and harmonisation of the management of fisheries, and co-ordination of approaches to fishing for common stocks.

The subsequent 1992 Palau Arrangement falls under the Nauru Agreement. The Palau Arrangement Parties are the PNA, plus Tokelau. The VDS was approved in 2006 as a management scheme under the Palau Arrangement.

Independent VDS Review

An independent review of the VDS was undertaken in 2014 by Ragnar Arnason, Professor in Economics at the University of Iceland. The review was considered by the Parties in 2016. The following text is a summary of Professor Arnason's introduction to that review:

The WCPO tuna fishery resources are spread over a huge ocean area and are found in significant volume in the EEZs (Exclusive Economic Zones) of more than 12 independent nations as well as the high seas between them. They are exploited by both local and distant water fishing nations using a variety of fishing methods. These attributes imply it is also one of the world's most difficult fisheries to manage effectively.

The PNA purse seine Vessel Day Scheme (VDS) represents an attempt by eight Pacific States, whose EEZs cover a large fraction of the distribution area of the WCPO tuna resources, to install a management system for this fishery capable of conserving the resource and securing the flow of net economic benefits from the fishery on a sustainable basis. Given the complexity of the fishery and the number of nations involved, this may be the single most ambitious attempt of this kind seen in the world so far.

There is overwhelming evidence that the VDS has been highly successful:

- *Under the VDS, two of the largest tuna stocks; skipjack and yellowfin, have been maintained in a very healthy state.*
- *The economic success of the VDS has been even more impressive. Since the introduction of the VDS, the fishing fee revenues collected by the VDS-partners have increased dramatically.*



The potent fisheries management component of the VDS system is not the limitation on vessel days per sea, but the fishing fee per vessel day. So, contrary to arguments sometimes made by representatives of the distant water fishing fleets, the fishing fee is the crucial part of the VDS. The higher this fee can be pushed, while the allowable fishing days are still being used, the more economically efficient will the tuna fishery be, and the greater its net contribution to the world economy.

Professor Arnason

Administering the VDS - a critical task for the PNAO

Patricia Jack was the first VDS Manager for the PNAO Office (PNAO). Patricia came to the PNAO from the FSM in 2012, and resigned from the position in late 2019 to return to FSM. Her depth of knowledge and understanding of the VDS will be missed by the office and the Parties - along with her sense of humour! After an international recruitment process, the office has been fortunate to be able to offer the vacant position to Aketa Taanga of Kiribati, who will take up the post as soon as COVID-19 travel restrictions have been lifted.



Patricia Jack
Former PNAO VDS Manager

The administration of the VDS is the core business of the PNA Office. If there is one thing the PNA Office must get right it is the effective administration of the VDS. And this is a challenging task, perhaps best explained through the annual process timeline. The fishing year is a calendar year and the VDS administration process begins in the second quarter (April to June) of the prior year; and finishes at the end of March of the year after the fishing year. So it's a process spanning two years for each fishing year, overlapping with the previous year, and the following year.

Total Allowable Effort (TAE)

The first step for every fishing year is to support the Parties to set the Total Allowable Effort. This is the total number of days that will be fished by the nine Palau Arrangement Parties for the following calendar year. This is usually resolved between April and July in the year before the fishing year. For 2019, the TAE was set at 45,034 days.

Party Allowable Effort (PAE)

The next steps involve the allocation of the TAE into Party Allowable Effort. This is done using the agreed allocation process.

Maximising benefits

The Parties then begin the steps to transform their PAE to fishing opportunities, and engage in negotiations for fishing arrangements that aim to maximise their benefits. Before the beginning of the 2019 fishing year, all fishing days had been reported as sold or committed through either domestic, foreign, or multilateral arrangements. This includes days committed under the multilateral treaty with the United States (UST), the FSM Arrangement (FSMA), and other sub-regional pooling arrangements (SRPA).

The VDS Register

In the lead up to the fishing year, all vessels have to be registered on the PNA VDS register. This starts as early as October each year, and is a mandatory requirement for all vessels that plan to fish under the VDS in the following fishing year. Historically, the number of vessels has been as high as 285, but in 2019 it was 250, made up of 157 foreign vessels, 27 Pacific island vessels, and 66 FSMA vessels.

During the fishing year the office is involved in changes to vessel details which may alter during the fishing period due to changes in ownership, management, flag, or vessel name.

Collaboration and trading

The process of assignment of days to licensed vessels is crucial for effective implementation of PAEs, and there is a need for constant liaison with Parties and their fishing partners to ensure days and vessels are correctly paired.

During the fishing year, the Parties then collaborate, trade days, and make PAE adjustments to be compliant with their allocations. The PNAO monitors all days fished by every vessel, and maintains records of balances and trades to ensure the integrity of the scheme. A detailed report is presented to the Parties each year.

During 2019, of the 45,034 day TAE, 5,976 days were fished under the FSMA; 2,626 days were fished under SRPA; and 2,332 days were fished under the UST.

Non-fishing days

Vessel days in Party waters that are claimed as non-fishing days, are validated by each Party to enable balance adjustments. This is normally 10 to 15 percent of all the days that vessels spend in Party waters. Claims for non-fishing days must be validated by the relevant Party by 30 March following the fishing year in question, after which the claim is removed from FIMS and deemed not allowable.

FIMS

The office oversights the maintenance and development of the Fisheries Information Management System (FIMS) to allow the Parties real-time access to their VDS data, and it collects and distributes funds from the FSMA and SRPA.



VDS in the news

The VDS is frequently in the news, in particular it is often recognised for the contribution it makes to the economies of the Parties. Some recent examples are given below:

- i. “the PNA’s purse seine vessel day scheme (VDS), a plan which generates revenue approaching \$500 million annually for participating countries, and makes a major contribution to the current positive status of the region’s tuna stocks”¹
- ii. “For the PNA, the Vessel Day Scheme was key to maintaining healthy stocks in the Pacific’s purse seine fishery and had also helped PNA nations reap huge economic benefits.”²
- iii. “...fiscal performance has improved significantly in recent years. Substantial increases in fishing license fees resulting from the introduction of the Vessel Day Scheme (a regional agreement that establishes the minimum price of a vessel day and limits the total number of vessel days sold) ...”³
- iv. “The Vessel Day Scheme (a regional agreement that establishes the minimum price of a vessel day and limits the total number of vessel days sold) and favourable weather conditions (which influence the migratory patterns of fish stocks) continue to bolster revenues from fishing-license fees..”⁴

VDS support

The PNA Office provide regular and ongoing support to Parties’ VDS officers. The administration of the VDS is a true multilateral arrangement that would not be possible without effective communication and collaboration. During 2019, two workshops were held to support the fishing industry, plus each country’s VDS and data officers.

As a result of all these processes leading up to, during, and after 2019, the office can report that purse seine PAEs were not reached by most Parties for the fishing year – which is not unusual. The TAE was under-fished by around 15 percent. These unfished days are not carried forward to future years.

On a final note, the VDS administration function also includes the longline VDS, with very similar steps and processes. The longline VDS is in its early years of operation but is has strong potential to support sustainable longline fishing, and to increase economic returns for participating countries.

The PNAO staff involved in the VDS administration appreciate how the VDS strengthens the Parties’ collective efforts to manage the fishery, and also the continuous commitment of the Parties to effectively implement the VDS over the last decade.

The VDS has empowered the Parties to leverage fishing interests to secure greater benefits for the Parties, whilst providing the framework for the Parties to effectively manage their respective PAEs. This has ensured collective fishing effort in the region remains within sustainable levels.

“

... one of the world’s most difficult fisheries to manage effectively

... this may be the single most ambitious attempt of this kind seen in the world so far

... overwhelming evidence that the VDS has been highly successful

The PNAO remains committed to supporting the Parties.

”

Professor Arnason

Our Tuna Stocks – Are They Sustainable?



Background

The four key tuna stocks fished for in the western and central Pacific – skipjack tuna, bigeye tuna, South Pacific albacore, and yellowfin tuna – are in a healthy state.

That was the most recent advice given to the Parties to the Nauru Agreement (PNA) by their scientific advisers from the Pacific Community (SPC) who provide scientific and technical support to Pacific island countries in the management and sustainable development of their tuna resources. SPC is also the contracted science services provider for the Western and Central Pacific Fisheries Commission (WCPFC).

The SPC advice regarding the healthy state of the tuna fishery is consistent with the findings of the WCPFC Scientific Committee, which follows a review of scientific assessments of the status of tuna stocks.

In more detail, the findings are that all four stocks are not overfished or depleted; and the current spawning stock is estimated to be large enough to sustain present fishing levels into the future.

In other words, **the current annual catch rate of all four stocks is sustainable.**

The SPC advice was welcomed by the members of the PNA and other Pacific Island countries, whose sustainable development is deeply dependent on securing benefits from the region's tuna fisheries.

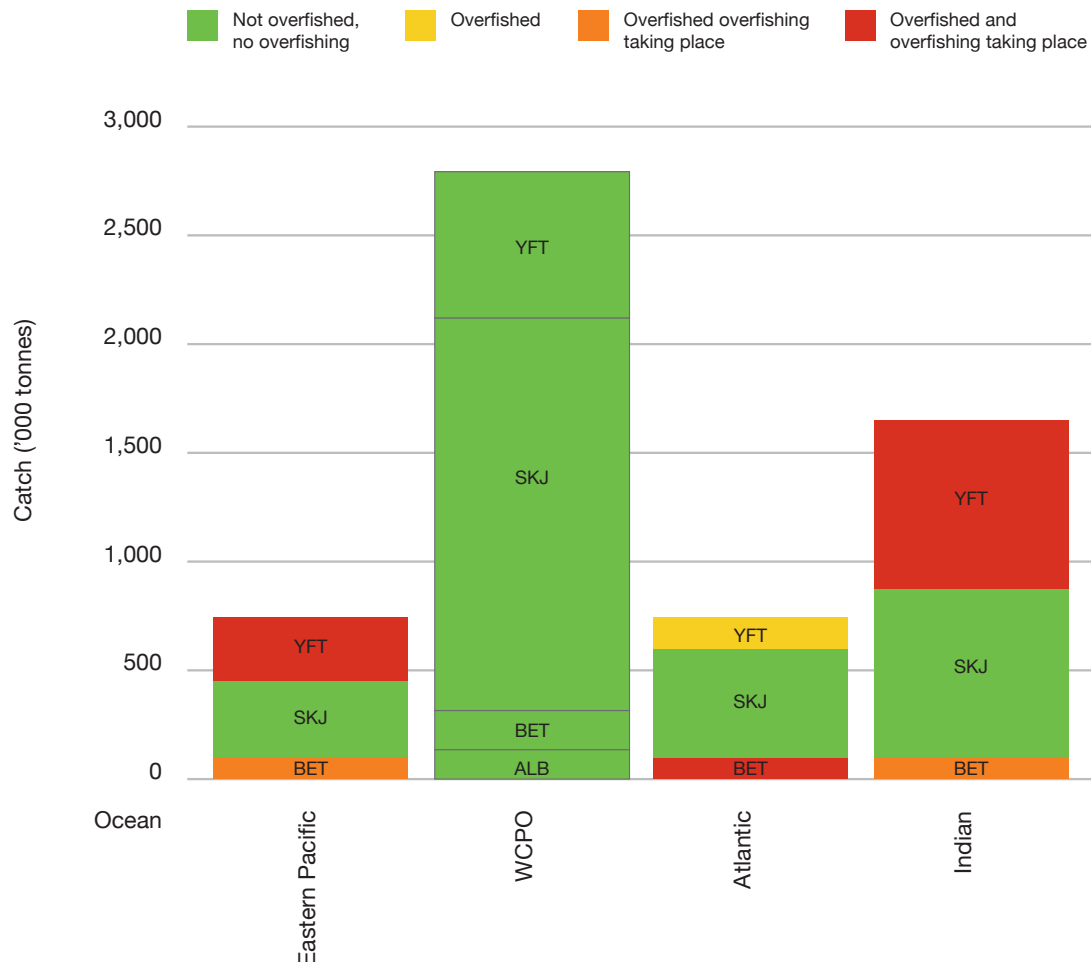
Annual catches of the four tuna species (bigeye, skipjack, South Pacific albacore, and yellowfin) in PNA waters have averaged around 1.5 million tonnes in recent years. This is around sixty percent of the total catch of these tuna in the broader Western and Central Pacific Ocean (WCPO).

These stocks are also globally important, contributing more than thirty percent of world tuna supplies, and making a crucial contribution to global food security.

An outstanding feature of the recent SPC advice, is that the WCPO is the only regional ocean area where the stocks are healthy, and the tuna fisheries are sustainable. This is illustrated in the figure overleaf showing the stock status and catch in each regional ocean area. The WCPO is the only area where all four major stocks are “in the green”.



Catch and Stock status by Ocean



With most of the WCPO catch taken in PNA waters, it is the effectiveness of the fishery management and conservation measures implemented by the PNA and other Pacific Island countries which has supported the healthy state of regional fish stocks. The PNA Vessel Day Schemes (VDS) for both purse seine and longline fishing, are particularly important in securing this positive tuna stock status: most WCPO tuna catches occur under the control of the VDS.

Looking Ahead

While the uniquely healthy status of tuna stocks in this region is an undeniably positive outcome, we cannot be complacent. There is room for further improvement in the way the PNA and other Pacific Island countries manage tuna fishing in their waters. There are gaps and weaknesses in the fishery management and conservation measures in place, particularly on the high seas. Unfortunately, some distant water fishing nations which use these waters, are not supportive of the PNA's efforts to ensure effective high seas management arrangements. Indeed, some countries may even be 'turning a blind eye' to their fleets fishing in contravention of existing WCPFC rules.

In the longer term, climate change issues are expected to generate a whole new set of challenges to the management of our tuna stocks. Managing fishing cautiously and keeping the stocks healthy, is a critically important step towards meeting those challenges.

Pacifical – Geographically-Unique Wild Tuna



Pacifical is a global tuna marketing company set up by the eight Parties to the Nauru Agreement (PNA) countries, in 2011. The aim was to promote the PNA, and to actively trade Marine Stewardship Council (MSC)-certified tuna catches.

Pacifical is a partnership between the eight Parties, and Sustunale, a Dutch company which had pioneered the marketing and development of free school caught tuna.

The Pacifical brand is a **Geographical Indication**¹, a mark on every certified product package which says to consumers that this is quality tuna from the pristine tropical waters of the PNA region. The most famous Geographical Indication (GI) is for the sparkling wine called 'Champagne' from the Champagne region of France. By law, no other sparkling wine can be called Champagne. Other examples are Cognac, Scotch, Havana, Tequila, and Darjeeling.

Pacifical represents the largest ocean area in the world producing verified sustainably-sourced tuna. This is supported by a catch traceability scheme that uses a **block chain**² database. Data is gathered from the moment of catch, until delivery of the end-product to the consumer. This level of transparency is of increasing interest to consumers, promotes their engagement, and adds to the value of the product. There have been more than 200 million views of the Pacifical GI by consumers globally on opening their tuna product.

Every retail package of Pacifical tuna has a number on it, which allows the consumer to trace the history of their fish (when and where it was caught, on what boat, and where it was processed) at this website <https://track.fish/pacifical-tuna>. You can paste in this can code U73X2CBNN 3NMBN as an example.

Pacifical was the first large scale block-chain initiative in the forty-two billion dollar world-wide tuna industry. In 2019, Pacifical was recognised by SeaWeb (a global non-profit ocean conservation organisation) as an innovation award finalist for *'Identifying and applying new solutions to ecological challenges, market needs or sustainability barriers.'*

By the end of 2019, Pacifical tuna was available in forty countries around the world and was approaching 100 million dollars of trade.

(Netherlands born Henk Brus is the CEO of Sustunale, founded in 2007.)



¹ A 'geographical indication', or 'GI' identifies a good as originating in a specific region where a particular quality, reputation or other characteristic of the good is essentially attributable to that geographic origin <https://www.ipaustralia.gov.au/trade-marks/understanding-trade-marks/types-trade-marks/certification-trade-mark/geographical>

² Block chain is a distributed database that exists on multiple computers at the same time. It is constantly growing as new sets of recordings, or 'blocks', are added to it. Each block contains a timestamp and a link to the previous block, so they form an incorruptible chain that cannot be interfered with. This is how crypto-currencies like *Bitcoin* are protected.

Fisheries Information – A Key to Success!



As everyone in fisheries management knows, it's all about data, data, and more and better data. Without good data, we are literally trying to steer a course in the fog, without a compass.

But designing the right system to collect, store, and analyse fisheries data, has always been challenging. History shows that around the world, more new fisheries information systems have failed to live up to expectations, than have succeeded.

After a few false starts of their own, Papua New Guinea's (PNG) National Fisheries Authority (NFA) partnered with Quick Access Computing (QAC) to design and develop a new fisheries data platform. In 2007, the first version of the National Fisheries Authority Fisheries Information Management System (NFA FIMS) came off the production line.

The system was built with flexibility and ease of use in mind. As time went by, more and more modules were added, all Cloud-based and fully accessible through a web browser. By 2012, the system was well proven and already getting broad recognition for its superior performance and the flexibility of the system design. PNG supported FIMS being used by the PNA Office for VDS regional fleets. A new collaboration emerged between NFA, PNAO and QAC, leading to the FIMS we see today.

Access to real time, accurate information isn't only critical for government decision-makers, so a decision was made to create additional functions in FIMS for fishing industry companies. This industry portal was called industry-FIMS and now provides support for hundreds of fishing vessels and fishing industry companies to manage their fishing operations, and to meet their fishing activity reporting obligations to their fisheries authorities – all through electronic reporting (e-reporting).

A tablet-based application was developed to allow vessels to e-report catch and other information such as vessel position, notices, and observer requests. Data can be lodged to fisheries authorities direct from the industry FIMS portal.



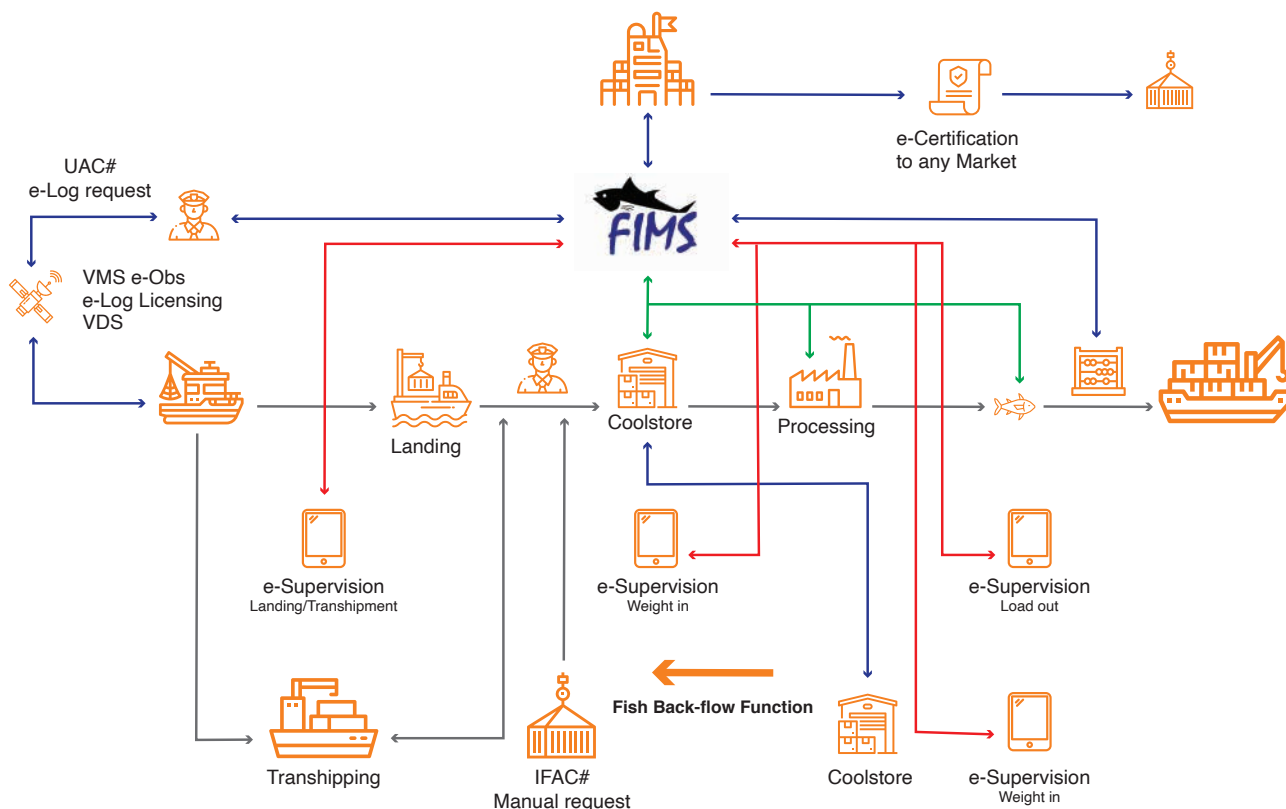
FIMS – The Big Picture

FIMS is now a mature system consisting of a suite of integrated modules for fisheries licencing, catch documentation – and certification and audit for catch-tracing and compliance. FIMS is also used in compliance case management, with full accountability and transparency to support compliance actions. A comprehensive fisheries observer module allows for observer bookings and management, plus electronic reporting and debriefing. This module also provides a 24/7, two-way secure communication link between onboard observers and their onshore observer programs, supporting both observer safety and observer program integrity. In addition, the system includes a comprehensive vessel and client register, as well as providing for asset tracking in near real-time for vessels through the Vessel Monitoring System (VMS) and the vessel's Automatic Identification System (AIS).

A powerful component of the system is the Vessel Day Scheme (VDS) module which assists agencies to view all VDS interactions, with full accountability and transparency. Agencies can be confident the Vessel Day Scheme data displayed in FIMS is accurate – as long as the vessel is reporting its position and catch data accurately of course!

As FIMS and its associated modules grew, so did the QAC team. Joining the FIMS leadership of Darren Saunders and Mark Oates, expert developers, software and hardware resources, project management, industry support and training personnel came onboard to provide a higher level of service and support to all FIMS and iFIMS users.

FIMS Fit for Purpose



The creation of FIMS Inc

The PNA controls the world's largest and most sustainable tuna purse seine fishery, managed under the VDS, which generates revenue for the Parties of around US\$500 million each year. A key element of the VDS success story has been the adoption and implementation of FIMS by the PNA Office and PNA members. FIMS is unrivalled globally in what it can do, and for its ease of use. Designed by users for users, FIMS has evolved to collect, store, display and analyse the full scope of fishery information – and with features that give it a unique competitive advantage over other information management systems.

In June 2019, PNA Ministers agreed to acquire the company that owned the FIMS software. This decision was based on FIMS being a strategic asset that underpins the management of the purse seine fishery.

The acquisition was finalised in late 2019, supported by independent due diligence, and extensive work with the company to reach agreement on both the structure of the transaction, and a seamless ownership transition into the new company, **Fisheries Information Management System Incorporated** (FIMS Inc.)

FIMS Inc. is now owned by the eight PNA countries, and Tokelau. The company commenced trading on 1 January 2020. Ministers have appointed a company board from each of the nine. A smaller, skills-based board is proposed in future. The company has retained all the associated management, sub-contractor, and developer capacity, along with all support systems and processes to ensure continuity and growth of the FIMS intellectual property.

FIMS Inc. is a domestic company based in Majuro with management reporting to the FIMS Inc. board. As well as providing services to the PNA Office and Parties, and growing the business, the company has a range of strategic goals and objectives. These include increasing the percentage of people involved from shareholder nationalities in both management and technical roles, as well as ensuring all FIMS clients have both a super-user, and a qualified trainer on location for each module, over the next three years.

The PNA and FIMS Inc. are committed to and remain focussed on the mission “FIMS Fit for Purpose”; and continuing to deliver world-class, value-for-money services to clients.



Kathy Sisior (PNA Officials' Chair 2019), and left to right **Maurice Brownjohn** (PNAO Commercial Manager and FIMS Inc. Company Secretary), **Mark Oates** and **Darren Saunders** (Quick Access Computing).

Marine Stewardship Council - Certified Sustainable

More than ten years ago, Parties to the Nauru Agreement (PNA) leaders tasked the PNA Office to proceed with a full assessment for Marine Stewardship Council certification of the PNA skipjack fishery, with the goal of increasing the value of the tuna resource.



“ Just before Christmas 2011, an announcement was made that many in the fishing industry had been eagerly awaiting. After two years of rigorous assessment against the Marine Stewardship Council’s (MSC) Fisheries Standard, one of the world’s largest tuna fisheries, the Parties to the Nauru Agreement (PNA) Western and Central Pacific skipjack fishery, achieved certification.

Rupert Howes,
MSC CEO

”

So what is the Marine Stewardship Council (MSC)¹? The Council is an international non-profit organisation on a mission to end overfishing, and to restore fish stocks for future generations. Their stated aim is for future generations to be able to enjoy seafood, and oceans full of life, forever. The MSC’s vision is one of oceans teeming with life, and seafood supplies safeguarded for the present and future. The MSC’s mission is to use their ecolabel (the ‘blue fish’ tick) and fishery certification program, to contribute to the health of the world’s oceans by recognising and rewarding sustainable fishing practices, influencing the choices people make when buying seafood, and working with partners to transform to a sustainable seafood market.

What exactly is MSC certification? For wild fisheries, MSC certification is the gold standard ecolabel certification. Ecolabels are a voluntary identification system for food and consumer products. They are a form of sustainability measurement, intended to make it easy for consumers to satisfy their environmental concerns when they purchase products. The first tuna ecolabel most people can remember was “dolphin friendly”. These days it’s not just about being friendly to one animal or one part of the ecosystem, but to the entire ecosystem.

MSC assessments are ecosystem based. They take into account the three pillars of:

- The best available science for sustainable fish stocks.
- Minimising environmental impacts.
- Effective fisheries management.

Assessments are conducted to these standards by independent assessment bodies.

So, how have we done?

- In 2011, the free school skipjack fishery in PNA waters became *the first* industrial purse seine fishery in the world to be MSC certified.
- In 2016, free school yellowfin were also added to the certification.
- In 2018, certification was expanded to include catches in the Tokelau Exclusive Economic Zone.
- Our certification program has been continuously and successfully reviewed and renewed.

¹ <http://www.msc.org/about-the-msc/what-is-the-msc>



Chain of Custody Certification

Fishery chain of custody is a term used to describe a trail of evidence: the process of chronological documentation that records the sequence of custody, control, transfer, and disposal of tuna – all the way through the supply chain from the boat that caught the fish, to the shop that sells it to the customer. Every PNA product package has a code on it, which buyers can use to see where and when their fish was caught, and on what boat. Consumers just have to go to the website <http://www.pacificall.com/blockchain/>

It is the MSC certification that recognises a fishery as sustainable, but it is the Chain of Custody (CoC) certification which provides the guarantee to consumers that what they are actually buying, has come from the MSC certified fishery. For the PNA, this is particularly important because the MSC certificate only covers fish caught from free-swimming schools, and not fish caught around Fish Aggregating Devices (FADs) or other floating objects. Free school fish catch needs to be kept separate from other catch, right through the supply chain.

To achieve this goal, a unique CoC program was developed, tailor-made for the purse seine fishery, which goes further than MSC requirements.

- The PNA CoC was first certified in 2013.
- It was recertified in 2016, and again in 2019.

The CoC program is independently audited every year. Under the program, the PNA Office is the central office with more than 350 individual sites, including fishing vessels, carrier vessels, and regional offloading wharf sites. The scheme is supported by collected and verified data from independent observers. Reporting occurs at several stages of the supply chain, including transshipment of catch, offloading in port, and fish grading at the cold store receiving the catch.

Other important aspects of the PNA CoC include:

- All vessels and plants subject to a compliance agreement.
- Observers and company contacts are MSC trained.
- 100% at-sea observer coverage, including sets, storage onboard and well transfers, to ensure no mixing (observers are also all MSC-trained).

- 100% observer monitoring of transshipment and discharge right to the factory/cold store.
- 100% daily e-reporting by vessels.
- Minimum in-hold physical separation of MSC eligible and non-eligible tuna.
- Mandatory weekly MSC reports by all vessels.
- Captain's declaration/log sheets and industry data provide a back-up to validation.
- Hourly satellite monitoring of vessels, and other surveillance data.
- Mass balance checks by weight.
- Checks for FAD indicator species in batches of catch.
- Additional ad-hoc internal audits by PNA observers, placement officers, and Pacificall surveyors.
- Social monitoring by observers whilst on board vessels.

The PNA CoC scheme operates like a series of filters, with no catch eligible for certification until it has passed through all the filters. The scheme has a unique feature in that there is no self-certification – everything is independently monitored.

In 2018, the MSC revised their standards to include a scheme requiring compliance with labour standards, and social audits of container loading sites.

The PNA free school tuna fishery is the largest and most complex fishery ever certified by MSC. It is the only MSC certificate owned by such a large group of countries. MSC certification through the Pacificall platform has brought positive global attention to the PNA fishery.

Key Policy Issues For The PNA – Now And In The Future

By way of background, soon after establishing their EEZs in the late 1970s and early 1980s, eight countries agreed to align their policies for managing tuna fisheries in their EEZs. They signed a small but important piece of international law, the 1982 Nauru Agreement. The Parties to the Nauru Agreement was born! In that early stage, PNA policy-making was focused on harmonising the management of foreign fishing in their EEZs through legally-binding arrangements, and applying terms and conditions for fishing access. These were set out in the 1st and 2nd Implementing Arrangements to the Nauru Agreement.



The Parties to the Nauru Agreement (PNA) policy settings are extremely complex, in part because the tuna resources in PNA waters are a portion (albeit a large portion) of a common stock that extends beyond the PNA Exclusive Economic Zones (EEZs). These common tuna stocks are also fished for by other Pacific Island countries outside the PNA, as well as Indonesia and the Philippines. Additionally, they are utilised by states whose fleets fish the high seas, including some powerful distant water fishing states.

As a result, PNA's engagement in policy-making includes collaborating with other Pacific Island countries, Australia, and New Zealand through the Pacific Islands Forum Fisheries Agency (FFA); and, since 2004, with a broader group of coastal states and distant water fishing states via the Western and Central Pacific Fisheries Commission (WCPFC).

Over time, the scope of PNA policy-making has broadened. Limits on the numbers of purse seine fishing vessels were adopted in the 1992 Palau Arrangement, while preferential reciprocal arrangements for domestic purse seine vessels were adopted in the 1994 Federated States of Micronesia (FSM) Arrangement. With over 90 percent of the industrial purse seine fishery occurring in PNA waters, the FSM and Palau Arrangements – together with the 1st and 2nd Implementing Arrangements – began to substantially control the regional tuna purse seine fishery, and reshape it in directions that increased the benefits from the fishery to the PNA.

The PNA's control over the regional tuna purse seine fishery was further strengthened by the implementation in 2007 of the purse seine Vessel Day Scheme (VDS), and the adoption of an associated set of measures in the 3rd Implementing Arrangement. These measures include a seasonal closure on Fish Aggregating Devices (FADs), 100 percent purse seine observer coverage, and compulsory retention of all tuna catches. The VDS and these associated measures, now underpin the management of the purse seine fishery throughout the Western and Central Pacific Ocean (WCPO).

PNA's policy-making capacity was broadened and strengthened with the establishment of the PNA Office in 2010, with policy development being one of the core functions of the Office. The key elements of current policy development include:

- VDS policy development.
 - o This includes providing advice each year on setting Total Allowable Effort (TAE), allocating Party Allowable Effort (PAE), collaborative pooling arrangements, and enhancing the longline and purse seine VDSs.
- Continuing the development of collaborative arrangements for management of fishing in PNA waters.
 - o This work is currently focused on enhanced management of FADs, including a globally-innovative FAD registration and tracking program; new FAD reporting initiatives, and requirements for e-reporting. It also includes a PNA ban on vessels which engage in high seas bunkering, and the development of a PNA e-Monitoring program.
- PNA engagement with other Pacific Island Countries.
 - o Working with the FFA, PNA contributes to broader regional policies and standards, which serve the interests of Pacific Island countries.
- PNA engagement with the WCPFC.
 - o PNA uses the leverage of the high standards covering the large volume of fishing in PNA waters, to promote compatible management arrangements throughout the WCPO.
- Providing policy analysis and advice.
 - o The current focus is on emerging economic and conservation-related issues that may affect the PNA tuna fisheries. The impacts of climate change on fish stocks and distribution are becoming increasingly important.

The extensive policy agenda is developed through support for discussions amongst the Parties at PNA meetings; support for the Parties at meetings of the FFA, WCPFC and other relevant bodies; and the direct participation of the PNA Office in relevant technical working groups and other collaborative arrangements.

This long-standing support framework for policy collaboration within the PNA, has been highly successful in promoting effective tuna conservation and management among the Parties. It has also meant that PNA initiatives and policies are applied effectively and more generally throughout the WCPO, which benefits the PNA and other Pacific Island countries.

Key measures of the effectiveness of PNA policy-making are:

- The increase in fisheries-related revenues to Parties from US\$60-70 million to US\$450-500 million over the past ten years.
- Continuing expansion in PNA domestic tuna fishing and onshore processing operations.
- The conservation and management measures applied by the Parties, which support the uniquely-positive status of regional tuna stocks when compared to other oceanic regions. WCPO tuna fisheries are the only sustainably-harvested tropical tuna fisheries in the world.



The Parties And Their Office Enter A New Planning Phase



The Business Plan includes a range of governance reform projects that will continue throughout 2020 and 2021, that are on track, and progressing well.

These include the policy manual, the risk framework, broadening the scope of the Audit and Budget Committee, creating a PNAO core business statement, review of financial policies and procedures, developing a monitoring and evaluation framework, reviews of staff job descriptions and contracts, reviews of staff and financial regulations, implementation of a staff performance management system, developing information security policy and data sharing policy, reviewing PNA meeting rules of procedure, developing a dispute resolution process, and developing donor engagement and meeting observer policies.

The year 2019 saw a new planning framework put in place to provide more transparency and certainty around PNA Office activities and budgeting.

In that context, three important planning goals were achieved. The first was the approval of the PNA Strategic Plan 2019-2025. This lays out the high-level direction the Parties want for the PNAO.

The second achievement was the approval later in the year of the PNAO Business Plan. The Business Plan provides details of the work to be undertaken by the PNAO in the next year (the annual workplan), with an indication of new directions and new projects over a further two years. The plan includes budget estimates.

Finally, individual work plans for PNAO staff were implemented. The individual work plans allocate responsibilities for annual workplan activities to each PNAO staff member.

The whole planning framework is built on the foundations of the three objectives of the Strategic Plan:

- i) A stronger PNA.
- ii) PNA influence on sustainable management of tropical tunas is maintained and grown.
- iii) Socio-economic opportunities throughout the fisheries value chain are identified, and like-minded Parties cooperate to capture them.

Overall, this renewed emphasis on planning will make the PNA and its Office even more effective.

The PNAO Business Plan is broken down into four parts that reflect the core business functions of the office:

1. The VDS
2. Pacific and MSC
3. PNAO Operations
4. The Office
 - a. Support activities for the PNA
 - b. Corporate and Executive

PNA Office Finance Functions – A Timely Review Brings Welcome Change

It was an open secret that the PNA Office financial functions needed attention. After the former Chief Financial Officer failed to get things on track, a decision was made that more serious action was needed.

In 2019, the Parties appointed Deloitte New Zealand to undertake a finance function review of the PNA Office. As well as reporting on the PNAO's financial position, the objectives of the review included identifying:

- The issues that needed to be addressed to ensure the PNA has confidence in the PNAO's financial position.
- What systems needed to be improved to ensure the finance function is efficient and effective and meeting the needs of decision-makers and stakeholders.
- What finance capabilities are needed in the finance team.
- The investment required to support the strategic direction of PNA.

The outcomes sought from the review were that:

- The CEO would have higher quality, timely information to manage the PNAO.
- Staff would have the necessary financial information to do their jobs.
- The Parties would have better financial information to help understand the costs of services and inform pricing decisions, and to help them exercise their governance responsibilities.

This review proved to be a turning point for the PNAO. The review was endorsed by PNA Ministers in September 2019. Review recommendations, and responses and actions, are summarised in the following table:

Recommendations	Responses and Actions
Improve governance practices with regular management reporting, success measures, better explanation of PNAO core business, better communication, and adaptable governance processes. Need to agree performance areas and measures for PNAO to report against.	A significant range of governance projects have been completed, including new terms of reference for the Audit and Budget Committee, a review of PNAO salaries, implementation of individual workplans, and the risk management framework. Others are underway, including revised financial policies and procedures, drafting new PNAO regulations, and developing a sustainable funding strategy.
Prepare a business plan which clearly articulates priorities.	Business plan completed.
Update the 2020 budget so the true cost for work programs is known, with clear treatment of Office and Party revenue, that aligns with business plan priorities. The updated budget adjusted and reformatted to show each work program, and one-off activities.	2020 budget completed.
Update key financial policies for Office and Party revenue and expenditure, with a formal approach to cost allocation.	Progressing well with the support of Deloitte NZ.
Revise the chart of accounts to reflect accounting policies, to support reporting and budgeting, and to meet audit requirements and treatment of revenue and expenditure.	Completed.
Implement a CEO reporting framework to report against KPIs to an agreed timetable that presents the facts around the financial and non-financial performance of key work programs.	A monitoring and evaluation framework is underway and has been presented to Parties.
Review capability of PNAO finance function.	Completed. Senior Accountant and Finance Officer positions have been appointed.
Upgrade finance system.	The Xero finance system has been implemented.

Deloitte has been appointed as the PNA Office's virtual Chief Financial Officer (CFO), giving staff access to real time support and advice. The new PNAO Senior Accountant, Kaili Kramer-Andrike, has provided her own commentary on the reforms undertaken so far. Kaili says:

Both I and the new accounts clerk Sladen Jieta only commenced this year, so we are on a steep learning curve. I am from the Marshall Islands and have a strong audit background (previously an auditor for Deloitte Majuro). I am taking a leadership role on the PNAO's Financial Function Review reforms and I've been very active in preparing the financial statements and reconciling accounts. I am working on the completion of my CPA qualification. Sladen's work experience included working with the Bank of Marshall Islands, and he is confident in his core roles of invoicing, reconciling, and bills transactions.

The 2019 unaudited financial statements have been completed and were ready for discussion during the Officials' annual meeting. This means the Parties were able to effectively discuss the financial position of PNAO. Following discussions during the independent audit, the Office is anticipating some minor adjustments to the financial statements.

The financial software has been changed from QuickBooks to Xero. This allows remote access to our accounting software. The CEO and Accountant can work remotely from anywhere in the world if we have internet access. Xero also comes with a reporting function which allows for more frequent and timely reporting of our financial position. We are retaining our old system (QuickBooks) for the time being, but only for payroll transactions and for Pacific accounts.

Quarterly financial statements have been provided to the Parties for discussion as the office's new systems and new human capacity have come online. Moving forward, we expect to be able to routinely produce timely financial reports.

Deloitte has reviewed our draft financial policies, which are now being finalised to reflect the current accounting system. Our accounts are continuously updated and monitored, and transactions accounted for. Monthly reports are being generated for internal discussions with the CEO. Discrepancies and errors are being resolved in real time. The office proactively monitors its year-to-date actuals against budget expenditures and revenues. Any significant variations are immediately investigated and verified. The accounts clerk, accountant, and our Virtual CFO (Deloitte NZ) have a great working relationship and are in regular communication.

Deloitte's latest implementation progress report on implementation of the finance function reforms recognises a strong response from the office.

Kaili is enjoying this new challenge and is a great asset to the office.

“ I am from the Marshall Islands and have a strong audit background (previously an auditor for Deloitte Majuro). I am taking a leadership role on the PNAO's Financial Function Review reforms ”



Kaili Kramer-Andrike
PNAO Senior Accountant

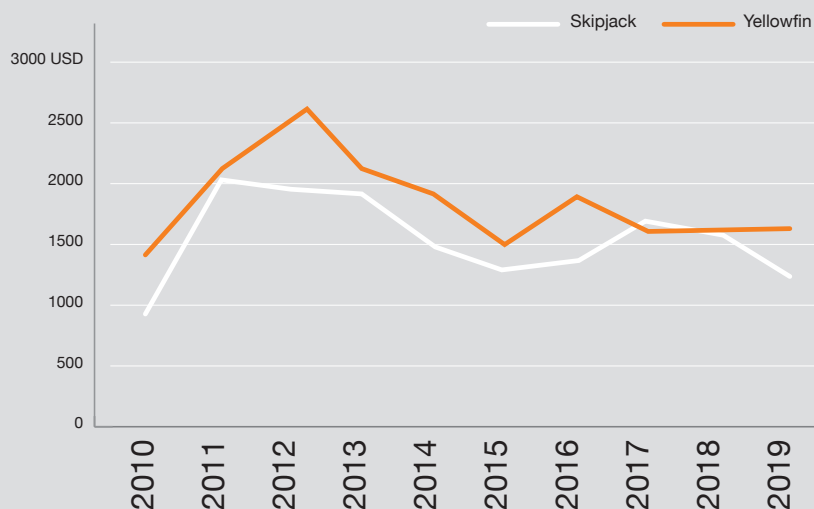
Economic Data Helps Better Decision-Making

Economic data about fishing fleets and fishing operations helps decision-makers to make better choices about both fishery management, and access fees. Good data supports resource sustainability, industry viability, and strategies to maximise benefits for the Parties to the Nauru Agreement (PNA).

The PNA's economic modelling helps to monitor the economic performance of both the purse seine and longline fleets. Annual reports are prepared for officials and ministers to help assess the profitability of each fishery, which in turn assists in determining benchmark prices and access fees for bilateral and multilateral negotiations, and Vessel Day Scheme (VDS) tender processes.

The purse seine fishery economic analysis has taken place since 2009 and provides the basis for strengthening country awareness of vessel profitability and general economic performance, against a backdrop of changes in fish sale prices.



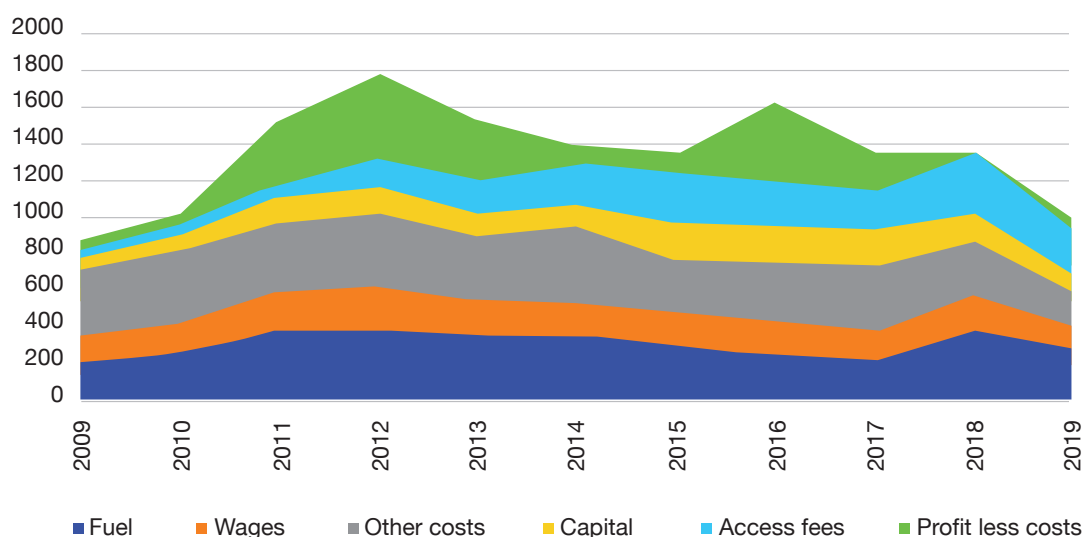


Economic findings for the 2019 year are:

- The annual weighted Bangkok skipjack price fell by 23% from \$1,643/metric ton (MT)¹ in 2018 to \$1,266/MT in 2019.
- Fleet economic rents (profits) generated in Western and Central Pacific Fisheries Commission waters (excluding the high seas) are estimated at \$394 million in 2019, which is significantly down from \$633 million in 2018.

- The average sales price (vessel days) for all vessels was \$11,984/day in 2019. The average sales prices to distant water fishing nation vessels (DWFNs) was \$12,590/day.
- With an assessment of vessel profitability of the 260 vessels on the PNA register, 143 vessels (55%) were estimated to be operating on economic rents above the agreed benchmark of \$8,000/day. Seventy-two vessels were generating rents exceeding \$15,000/day (86 in the preceding year). Ninety-four vessels were paying rents against the DWFN current average sales price of \$12,590/day.
- Catch per unit of effort (CPUE) rose marginally to 35MT/day across the fleets, with a slight increase in yellowfin tuna catches. The downturn in revenues was primarily due to the significant drop in skipjack prices.
- Fuel costs were around 10% lower than the preceding year.
- The historic picture of vessel profitability against access fees, demonstrates how the PNA has successfully captured an increasing proportion of the rents over the years. The current estimate of earnings from 2019 access fees, is \$493 million.

The following chart shows how estimated profits have fluctuated in line with changes in prices and costs.



Further work is underway on an assessment of the economic performance of the longline fleet.

¹ All currency in United States Dollars (\$)

The PNA Observer Agency – Keeping Them Honest

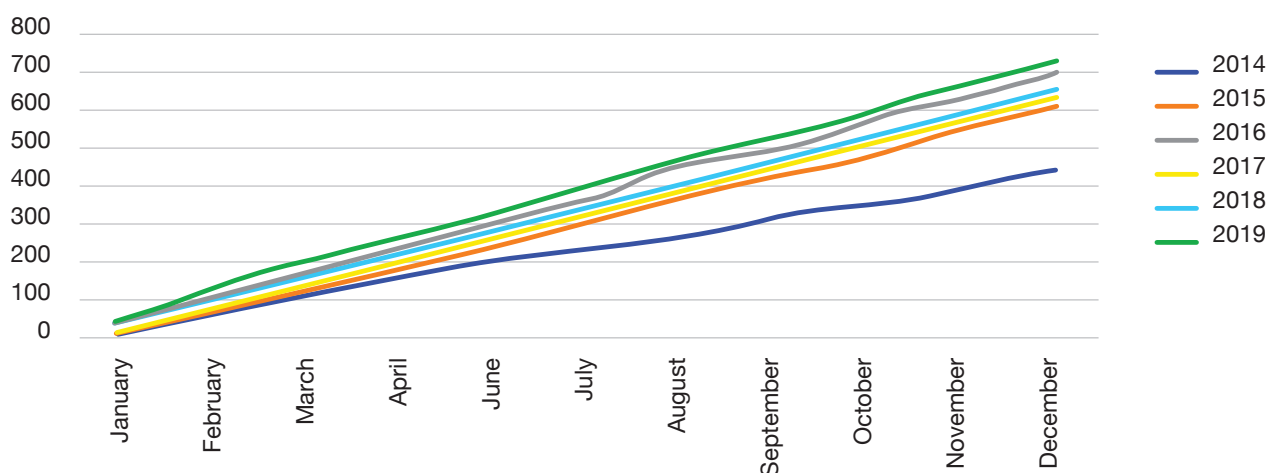
The Parties to the Nauru Agreement (PNA) Observer Agency, known as the POA, was established by PNA Ministers in 2011 at their 6th annual meeting. The goal of the POA is to support the PNA's long-term strategic interests in high-quality fisheries monitoring. The agency is managed under contract by MRAG Asia Pacific, an independent consulting firm dedicated to the sustainable use of natural resources through sound, integrated policies and practices. Since the program started in 2013, the POA has coordinated more than 105,000 observer sea days (the 100,000 milestone was reached in 2019) making it one of the largest programs of its type anywhere in the world.

The PNA has a fisheries observer on board every purse seine fishing vessel operating in PNA waters. Observers are independent monitors of what happens at sea and an important tool in keeping a watch on compliance with PNA conservation and management rules. Observers are trained in sampling techniques and provide a comprehensive report of every day at sea.

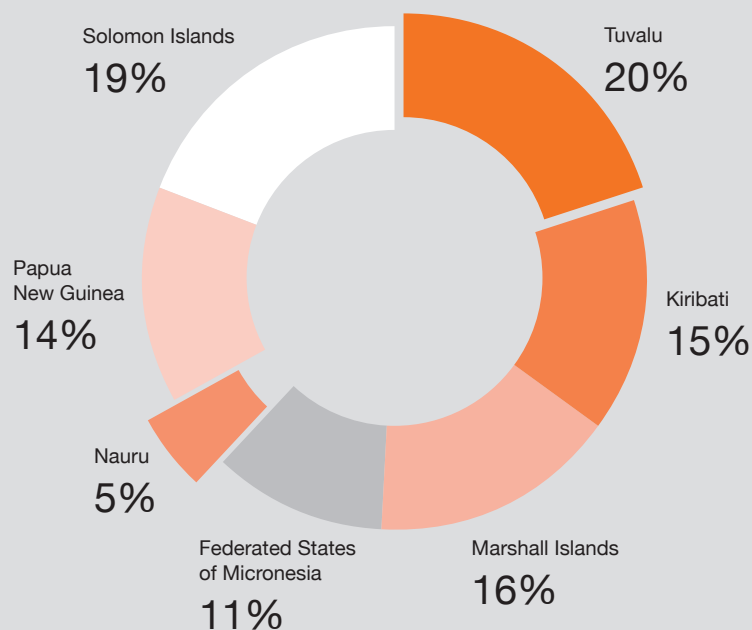
The POA's support network for observers continues to grow and develop, with offices in Pohnpei, Majuro, and Rabaul, and agents in each of the main transport and transshipment hubs. Networks of regional financial institutions, accommodation and meal providers, and travel and transport suppliers, have all been established to provide support for observers and vessels as they move around the region.

2019 was a milestone year for the POA, with a record 714 observer trips departing, and over 19,700 observer sea days coordinated.

Total Observer Trips POA



Cumulative observer trips per month, 2014- 2019.



There were 250 observers contracted by the POA, with the number of sea days by those observers spread around amongst the Parties.

Nationality of observers used on POA trips by number of sea days to 1st Jan to 31st December 2019.

Observers start their trips by boarding vessels from a number of ports. During 2019, Majuro was the busiest port, with Pohnpei, Tarawa, Rabaul, and Kiritimati also active.

The quality of data obtained from each observer trip is measured through an end-of-trip debriefing process. The debriefing scores achieved by POA observers have improved every year and this year reached a new milestone, averaging 96.6%.

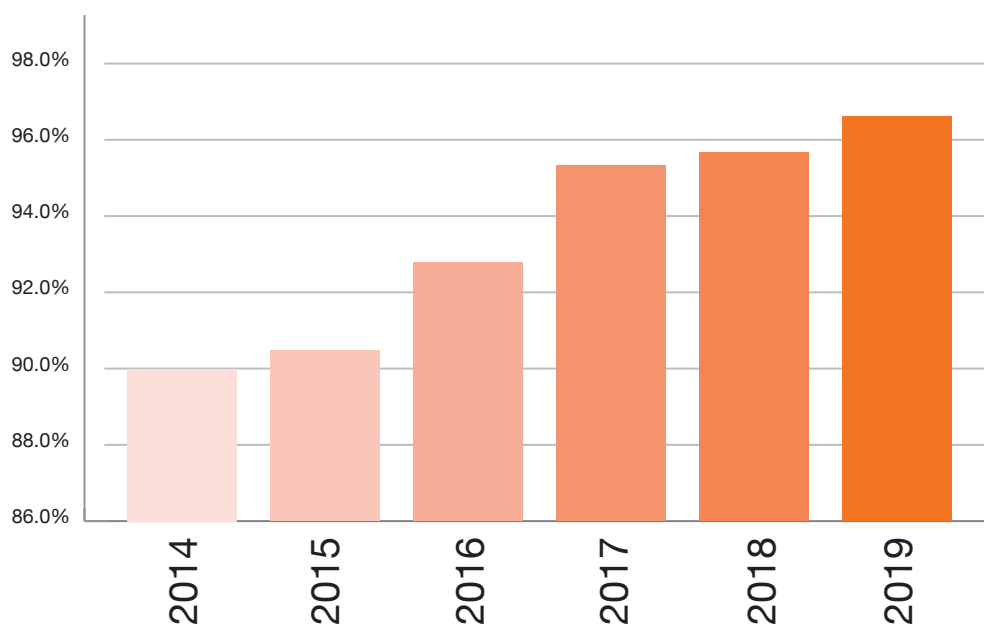


Figure 3: Debriefing Scores 2014 - 2019

Prize winners for
best-performing
observers in 2018



Other Notable Highlights From 2019

- POA staff completed a major e-reporting training project (funded by the Global Environment Facility) with over 150 observers and national program staff trained across seven workshops, and/or one-on-one training. Electronic reporting of trip data (e-reporting) is a key focus for the future. This project was partly responsible for an increase in e-reporting of trips in 2019, with more than 20% of all trips undertaken utilising e-reporting.
- As part of the project, staff also undertook an audit of two-way satellite communications devices used by observers, with one of the objectives being to increase safety. The project led to unused devices being deregistered, and the implementation of a new system of managing data plans to reduce costs.
- A new compliance notification system has been implemented for observers. Under the new system, potentially serious offences are automatically reported to the Home Party, the coastal State, and the Party providing the observer, so an immediate investigation can be coordinated.

In February 2019, a highly productive POA Coordinator's meeting was held in Nauru. This was a valuable forum for discussion, and the development of recommendations to continuously improve the program. Key issues included observer data sharing, and observer accommodation. Excellent hospitality was provided by our hosts, the Nauru Fisheries and Marine Resources Authority. Thanks go to Harold Vilia from the Solomon Islands Ministry of Fisheries and Marine Resources for chairing the meeting.

The Golden Caliper awards for the best-performing observers in 2018 were decided at this meeting.

Parties can be confident in the POA's systems, which are managed under MRAG Asia Pacific's certification under the internationally-recognised Quality Management Standard ISO 9001.



CEO's Annual Report Highlights

PNAO Program Areas: **1.**The VDS **2.** Pacifical and MSC **3.**PNAO Operations
4. Office **A.** Support activities for the PNA **B.** Corporate and executive

1. The VDS

The introduction of the VDS was a key driver for the establishment of the PNAO. The effective and efficient administration of the scheme is the PNAO's core business. The VDS involves a range of processes that are conducted in accordance with agreed requirements, policies, and procedures.

KPI: The Key Performance Indicators for VDS administration are:

- That the VDS is unqualified in the PNAO external independent audit.
- The costs of VDS administration and management are fully recovered from industry.

a. Tasks: Effective and Efficient VDS Administration

Activities	Deliverables	CEO Summary report
Administration of VDS.	Accurate and timely services and reports.	Monthly, quarterly, and annual meeting reports were provided as required. At the end of 2019 the VDS Manager Patricia Jack resigned and returned to FSM. The new VDS Manager will take up the post once travel restrictions are lifted. The VDS Officer Penihulo Lopati has been appointed to act in the post until this occurs.

2. Pacifical and MSC

The role of the PNAO is to maintain Marine Stewardship Council (MSC) fishery certification, and MSC chain of custody certification, thus supporting the Parties' interests in the MSC and Pacifical joint venture program.

KPIs: The key performance indicators are that:

- MSC fishery certification maintained.
- MSC chain of custody certification maintained.

a. Tasks: Effective and Efficient Administration of Marine Stewardship Council Certifications

Activities	Deliverables	CEO Summary report
Implement, administer, monitor, audit, and maintain MSC fishery and MSC chain of custody certification.	MSC fishery and MSC chain of custody certification.	Certifications were maintained.

b. Tasks: Strategic Support for the PNA Association

Activities	Deliverables	CEO Summary report
Provide support to PNA Association and Pacific Board operations.	Secretariat support and advice to the Parties.	Annual meeting report provided. Communique provided to association after each Board meeting.

3. PNAO Operations

Under the heading of PNAO Operations, the PNAO administers the contract for the PNA Observer Agency (POA).

KPIs: The KPI for PNAO Operations is effective administration of the POA contract.

a. Tasks: PNA Observer Agency

Activities	Deliverables	CEO Summary report
Oversight of POA contract, administration of POA funds, and reporting on POA activities.	PNAO meets its contractual obligations.	The POA coordinated close to 20,000 observer sea days across a record 714 trips. A total of 250 observers were used with trips broadly distributed across seven of the eight Parties

4. Office

Office includes:

1. A range of activities for the PNAO to assist the Parties build and maintain influence on tuna fishery management, undertake program reviews, support regional engagement, and to facilitate development opportunities.
2. Services required to effectively administer the PNAO, such as for corporate service-related activities, and the executive.

KPI: Key performance indicators for the office are:

- i) Unqualified external independent annual audit.
- ii) Effective budget administration within the parameters of the Financial Regulations.

A. Support activities for the PNA

a. Tasks: Strengthening support for the Parties to influence management of Pacific fisheries

Activities	Deliverables	CEO Summary report
<ul style="list-style-type: none">• Influence Western and Central Pacific (WCP) high seas purse seine fisheries, including allocation processes.• Influence WCP high seas longline fisheries, including allocation processes.• Drive Fish Aggregating Device (FAD) tracking policy.• Drive development of harvest strategies.• Support for catch documentation and catch reporting scheme policy.• Drive e-monitoring and e-reporting policy.• Lead on transshipment and bunkering policy development.• Lead and contribute to WCPFC Technical and Compliance Committee policies and processes.• Lead and contribute to WCPFC Scientific Committee policies and processes.• Lead the development of policies impacting PNA, at FFA and SPC forums and meetings	Policy analysis papers, preparation, and advice, and key issues statements.	Papers provided for annual and special meetings, and any special purpose meetings or negotiations.
<ul style="list-style-type: none">• Economic analysis.• Undertake economic research and economic policy development to underpin the PNA's longline strategy.	Maintain PNA economic model.	Profiling continued of the economic state of the fleets against annual catch rates, prices and costs, including fuel.

b. Projects: Focused technical reviews and advice

Activities	Deliverables	CEO Summary report
<ul style="list-style-type: none"> • Examine issues surrounding trade-offs resulting from the impacts of management measures between purse seine and longline at Party level. • Identify and monitor emerging fishery related conservation issues that may impact tuna fisheries, such as climate change. • Evaluate the financial and non-financial costs and benefits, and geopolitical issues, of the US Treaty; including the costs of VDS administration, and the PNAO's overall involvement. 	Reports to Parties.	Reports presented to Parties as required.

c. Tasks: Focused, issues-based engagement with WCPFC, and other regional agencies

Activities	Deliverables	CEO Summary report
Lead annual Ministerial strategic dialogue on current and emerging WCPFC issues, and future engagement strategy.	Ministerial strategic dialogue organised and held in conjunction with Ministerial meeting.	Annual meeting of Ministers held.
Seek mutual support and common positions from FFA members on PNA positions and proposals.	Formal meetings and presentations to explain positions and seek support.	FFA members' support secured for PNA positions.
Actively use PNA experience to add value to other FFA members' processes (e.g. support for the South Pacific Group).	Formal engagement with secretariats of FFA members' processes.	Acknowledgement of support.
Collaborate with WCPFC, FFA, SPC, and Forum Secretariat, with respect to matters of common interest to the Parties.	Formal annual engagement with senior staff of secretariats.	Areas of collaboration identified in MOU.

d. Tasks: Supporting the identification and implementation of new development opportunities

Activities	Deliverables	CEO Summary report
<ul style="list-style-type: none"> • Provide support for Parties to assess potential development opportunities. • Provide support for the implementation of commercial developments. • Facilitate donor involvement in Party development activities. • Provide advice on developments, and investment trends, across the industry, regionally and worldwide. 	Provide advice and support	Advice and support provided as requested.

B. Corporate and Executive

Activities	Deliverables	CEO Summary report
Upgrade financial management system.	New system in place.	Complete.
Review capability of finance function.	Accountant recruitment.	Complete.

e. Tasks: Effective and efficient PNAO corporate services

Activities	Deliverables	CEO Summary report
Administration of the PNAO corporate documentation including Nauru Agreement, Palau Arrangement, FSM Arrangement, PS VDS, LL VDS, staff regulations, financial regulations, policy manual, and procedures.	Maintain, implement, and review corporate documentation.	Administration of corporate documentation continued in accordance with practices.
Annual independent audit.	Facilitate and support audit. Report to the Parties.	The annual independent audit of PNAO finances was qualified triggering a review of PNAO's finance systems with no findings of impropriety.

f. Tasks: PNAO governance

Key governance reforms during 2019 were the completion of the PNA Strategic Plan signed in Palau by Ministers, and the Business Plan (BP) approved by Officials at the Special PNA meeting in Port Moresby. Parties approved the establishment of the PNA Audit and Budget Committee (ABC). The ABC first met in Palau in March 2019 and has continued to meet regularly. An independent review of PNAO financial systems was conducted by Deloitte New Zealand and an implementation plan was developed.

Activities	Deliverables	CEO Summary report
Implement Strategic Plan.	Monitoring and evaluation framework in place.	Strategic Plan approved at Ministerial annual meeting.
Implement BP.	BP finalised and implemented.	BP approved in December 2019.
Annual and special meetings of the Parties and ABC organised as required.	Meeting dates notified, papers provided on time, meeting records approved.	In accordance with agreed timeframes.
Annual budget prepared to provide stable budgetary resources.	Annual budget developed for approval of the Parties.	2020 budget approved.

g. Projects: PNAO governance

Activities	Deliverables	CEO Summary report
Review staff position descriptions to ensure consistency, provide clarity of roles, and avoid duplication.	Job descriptions reviewed.	Complete.
Review staff contracts to ensure alignment with relevant regulatory and policy instruments.	Contracts reviewed.	Complete.

h. Tasks: Ongoing development of internal and external PNA relationships

Activities	Deliverables	CEO Summary report
Work with other countries considering joining the VDS.	Liaise with interested countries.	During 2019 there was only minor progress with additional countries joining the VDS.
Maintain formal cooperation mechanisms with regional organisation secretariats. (e.g. FFA and SPC) underpinned by formal meetings that are conducted in a transparent manner, attended by the relevant senior staff or heads of respective organisations, with meeting records.	Annual meetings between PNAO staff and senior staff from FFA, SPC, and WCPFC.	The PNAO signed a MOU with FFA to encourage collaboration. The relationship with FFA is constructive.
Support for PNA brand and reputation through corporate social responsibility (CSR) strategies.	Implement strategies to ensure appropriate industry standards and guidelines,	The PNA's constructive relationship with SPC has continued.
Undertake targeted activities to ensure the PNA brand is recognised for its efforts in leading sustainable tuna fishery management, and its reputation is built and protected.	Ensure MSC certified product caught from PNA waters is linked to the PNA brand.	During 2019, Tokelau and the Parties signed a formal MOU with respect to the FSMA.

i. Projects: Review existing commercial programs

Activities	Deliverables	CEO Summary report
Commission an independent cost-benefit assessment of the PNA Association and its role in Pacific, including clarifying objectives, and comparing alternative strategies to potentially achieve those objectives.	Report to the Parties.	The terms of reference for the review were approved by the Parties at Port Moresby in December 2019.

j. Project: Establishment of FIMS inc.

Activities	Deliverables	CEO Summary report
Appointment of Board, and support for Board establishment and operations.	Functioning Board.	FIMS inc. Board appointed and operational.
Implement all necessary steps to ensure FIMS acquisition in accordance with agreed plan and timeframe.	FIMS acquired.	Acquisition executed.
Support the establishment of FIMS inc. including corporate services, governance systems, and accommodation.	Establishment support.	FIMS inc fully established.

k. Project: Delivery of capital project (new office building)

Activities	Deliverables	CEO Summary report
Finalise office construction.	Contract and construction oversight for new office building.	Finalise office construction. Contract and construction oversight for new office building. Progress up until the end of 2019 was documented in an independent report by the Palau Department of Works. That report assessed building cost increases and progress to date. In summary, the report was satisfied with progress of the building, assessed it as 70 to 75% complete, and stated that the additional cost were justified. This report was sent to Ministers. The Minister from FSM fully supported the report and the use of reserves for additional costs. The Minister for RMI supported the report. The Palau Minister (Chair) directed the CEO to draw use reserves for project funding.



Our Dedicated Staff



Ludwig Kumoru
CEO

Ludwig Kumoru has been involved with the PNA for around 20 years, first as a representative from PNG and now as the PNAO's second CEO. Ludwig's background is as a biologist and fishery manager with the PNG National Fisheries Authority. He held a position as NFA Deputy Managing Director when he joined the PNAO in 2017.



Maurice Brownjohn
Commercial Manager and
FIMS Inc. Company Secretary

Maurice Brownjohn left England for PNG in his 20's where he built a career in the tuna industry, becoming a leader in bridging the gap between government and industry. He joined the PNAO from PNG in 2010 to help establish the new office in Majuro. His responsibilities as Commercial Manager include MSC certification, Pacific, and FIMS Inc., and supporting the Parties in their commercial development activities.

Kaili Kramer-Andrike the Senior Accountant for PNAO. She is from the Marshall Islands and joined the office in 2020 from her previous position as Senior Auditor at Deloitte in Guam. Her key duties include monitoring and reporting of PNAO's budget and financial position, ensuring accounting standards are adhered to, leading and supporting the accounting staff and consultants, and supporting the CEO with monthly financial reports.

John Kelimana is the IT Officer. He joined the office in 2017 from his previous post at the Solomon Islands Government's ICT Support Unit. His key duties include network and IT systems administration and support, verifying observer data, and delivering MSC training to observers.

Penihulo (Hulo) Lopati is from Tuvalu where he started his career as an observer before moving into licensing. He joined the PNAO in 2017 as VMS Officer and is currently Acting VDS Manager whilst pandemic travel restrictions prevent the new VDS Manager Aketa Taanga from joining us from Kiribati.



Kaili Kramer-Andrike
Senior Accountant



John Kelimana
IT Officer



Penihulo (Hulo) Lopati
Acting VDS Manager



Sangaa Clark
Policy Manager

Sangaa Clark joined the PNAO in 2010 as a consultant and then became the Policy Manager in 2012. Her key duties include developing policies for VDS-related activities such as the TAE, PAEs and pooling arrangements, as well as providing support for Parties to strengthen their influence on the management of Pacific fisheries.

Sladen Jieta is the Accounts Clerk. He is from the Marshall Islands and joined the office this year from his previous post at Bank of Marshall Islands. Key duties include day-to-day financial transactions, including invoice processing, book-keeping records, billing support, tracking expenses, and working with clients to assist with transactions.



Sladen Jieta
Accounts Clerk

Loreen A. Bigler is the Corporate Services Manager and joined the PNAO in 2011. Loreen is from the Marshall Islands. Her previous post was Finance Manager with the Marshall Islands Visitors Authority. Loreen is responsible for corporate services functions including office policy, and liaison with RMI Government authorities, banks, and other organizations.



Loreen Bigler
Corporate Services Manager



Patricia Jack Former PNAO VDS Manager

Patricia Jack joined the office from FSM in 2012 as the first VDS Manager with responsibility for VDS administration and support. Highly regarded by her colleagues and Parties, Pat remained in the position until returning to FSM in early 2020.

Reference

¹ <https://www.undercurrentnews.com/2019/03/06/pna-to-look-at-increasing-value-of-vessel-day-scheme-extending-it-to-longliners/>

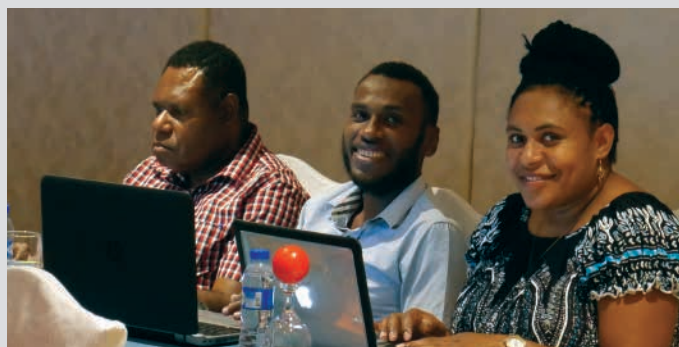
² <http://www.tunapacific.org/tag/vessel-day-scheme/>

³ <http://pubdocs.worldbank.org/en/681491563917604796/mpo-npi.pdf>

⁴ <https://books.google.fm/books?id=dtJ0DwAAQBAJ&pg=PA22&lpg=PA22&dq=world+bank+vessel+day+scheme&-source=bl&ots=WqCS42dHrM&sig=ACfU3U3xu04F8RmP6YRhiJ771ZhsCcwlbQ&hl=en&sa=X&ved=2ahUKewiE9onQ85PoAhWXh-J4KHSdMALE4ChDoATAAegQChAB#v=onepage&q=world%20bank%20vessel%20day%20scheme&f=false>



Leaders, Ministers, Officials and



Delegates at Regional Meetings



YEAR BOOK 2019



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