

## SPECIFIC AGREEMENT N° 2

### BETWEEN THE NATIONAL FISHERIES SOCIETY (SOCIEDAD NACIONAL DE PESQUERÍA, SNP) AND THE CENTER FOR DEVELOPMENT AND SUSTAINABLE FISHERIES (CENTRO DESARROLLO Y PESCA SUSTENTABLE, CEDEPESCA)

This document represents the Specific Agreement N°2 signed between Sociedad Nacional de Pesquería, hereinafter referred to as SNP, with RUC N° 20148105872, legally represented by the President of the Board of Directors, Mrs. ELENA CONTERNO MARTINELLI, with ID N° 06349222, with legal address in Av. República de Panamá 3591, floor 9, San Isidro, Lima – Peru; and CENTRO DESARROLLO Y PESCA SUSTENTABLE, hereinafter referred to as CeDePesca, legally represented by its President, Mr. ERNESTO GODELMAN, with Passport N°AAC926473, with legal address in Calle José Rondeau 361, (B7603BDG) Mar del Plata – Argentina, according to the powers conferred on him in the agreement minutes dated August 11th, 2013, dully registered in Item N° 11131755 under Heading N° 2013-00075634- Registration Area N° II Chiclayo Office – Public Registries of Peru; according to the powers conferred on him, according to the following terms and conditions:

#### FIRST CLAUSE: ABOUT THE PARTIES

##### 1.1 About SNP.-

**Mission:** Sociedad Nacional de Pesquería – SNP (National Fisheries Society, in English) is a non-profit entity that groups Peruvian fishing and aquaculture companies that supply -to Peru and the rest of the world- marine ingredients, as well as fresh, canned, frozen fish and sea food, with high nutritional value, produced applying top quality standards and processes that ensure sustainability.

SNP offers to the aforementioned companies support and representation services. It promotes their further development within the fishing and aquaculture sector. It also supports them in reaching common targets regarding human resources and communities' welfare in their areas of influence, as well as fostering innovation, scientific analysis, nutrition and environmental protection, thus guaranteeing the sustainability of the Peruvian fisheries.

**Vision:** To consolidate the Peruvian fishing and aquaculture industry as world leader in the provision of first quality healthy food and ingredients, as well as in fishing and environmental sustainability. Industry which helps face the growing needs of food and nutritional health of the national and world population, and contributes to the growth of the Peruvian economy.

## 1.2 Regarding CeDePesca.-

Centro Desarrollo y Pesca Sustentable - CeDePesca (Centre for Development and Sustainable Fisheries in English) is a Latin American non-governmental organization, whose mission is to work in favor of sustainable and socially equitable fisheries in the region. CeDePesca has its headquarters in the city of Mar de Plata (Argentina), with legal representation and legal status in Peru, Panama, Chile, Brazil and Argentina. It is also present in Mexico and Guatemala. Moreover, it is registered in the International Union for Conservation of Nature (IUCN) as Latin American NGO and coordinator for Latin America of the World Ocean Network (WON by its acronym in English).

To fulfill its mission, CeDePesca carries out dissemination activities, training, support and research projects. It develops its competences looking for the integration of social, cultural, economic and environmental factors in the fishing management policies. It also promotes the generation of proposals and the implementation of sustainable fishing management policies. It also trains and provides information to the stakeholders and to the general community about debates and proposals regarding the fishing issue.

### **SECOND CLAUSE: GENERAL OBJECTIVE OF THE AGREEMENT**

The present Specific Agreement N°2 is signed within the context of the Framework Agreement of Institutional Cooperation signed between SNP and CeDePesca to undertake cooperation efforts to develop activities related to the marine and coastal environment with emphasis on attaining sustainability for Peruvian fisheries.

The general objective of the present Specific Agreement N° 2 is to put in practice a comprehensive Fishery Improvement Project (FIP) according to the recommendations of the Conservation Alliance for Sustainable Solutions (CASS) in view of strengthening research, management and sustainability in applying the ecosystem approach to the Peruvian anchovy northern-central stock Indirect Human Consumption (IHC) fishery. This would lead the way towards a certification according to a fishery sustainability standard compatible with FAO guidelines and approved by the Global Seafood Sustainability Initiative (GSSI).

### **THIRD CLAUSE: SPECIFIC OBJECTIVES OF THE AGREEMENT**

This agreement has the following specific objectives:

- a) Identify and propose improvements to the management strategies of the Peruvian anchovy northern-central stock IHC fishery, in view of ensuring its rational, sustainable and responsible use, considering the needs of the other components of the marine ecosystem.

- b) Establish parameters for planning, coordination and/or development of scientific research related to Peruvian anchovy northern-central stock IHC fishery, in addition to drafting specific proposals to improve its management according to the results of said research.
- c) Implement the Fishery Improvement Project (FIP) of the Peruvian anchovy northern-central stock IHC fishery and its corresponding budget, which are integral part of this Specific Agreement and are attached as Annexes A and B.
- d) Establish cooperation relations between the actions to undertake as part of the Peruvian anchovy northern-central stock IHC FIP and the Peruvian anchovy northern-central stock Direct Human Consumption (DHC) FIP.

#### **FOURTH CLAUSE: INTERINSTITUTIONAL COOPERATION**

SNP and CEDEPESCA will maintain in their relations the highest spirit of cooperation bearing in mind that the purpose of this Agreement is the common interest of both parties, Therefore, the actions that will be developed in its scope should be a positive example of cooperation.

In order to fulfill the objectives established in the Second and Third Clauses of this Specific Agreement, the parties will appoint as coordinators the following persons:

- a) For SNP : Jorge Risi Mussio -- General Manager of SNP
- b) For CeDePesca : Carmen Guerrero Azañedo -- Director in Peru

If any of the parties decides to replace its coordinator, the new appointment should be announced in writing to the other parties at least three (3) working days in advance.

#### **FIFTH CLAUSE: ABOUT RESPONSABILITIES**

As agreed by the parties, responsibilities will be shared as follows:

- a) The budget associated to the implementation of the FIP Action Plan for the Peruvian anchovy northern-central stock IHC fishery (see Annex B) will be covered by the SNP (and any other partner from the private fishing sector that would later sign the present Specific Agreement, see Seventh Clause).
- b) CeDePesca will offer general advice for putting the FIP in practice, being responsible for the timely execution of the actions detailed in the FIP Action Plan (see Annex A).
- c) SNP will actively seek the participation of other stakeholders of the fishing sector that are present in the commercialization chain of the member companies and whose participation would be essential for the success of the Action Plan.

- d) CeDePesca will be in charge of updating the FIP webpage in its website and will publish quarterly public reports. Moreover, it will update each semester the FIP profile in the FisheryProgress.org website.
- e) SNP and CeDePesca will meet at least three times per year to follow up on the advances of the FIP.

## **SIXTH CLAUSE: TECHNICAL INFORMATION GATHERED**

The technical information gathered thanks to the present Agreement might be used by each party with the necessary written authorization of the other parties. In any publication or dissemination activity, it will be stated that the documents and/or materials result from the works of the Peruvian anchovy northern-central stock IHC fishery.

## **SEVENTH CLAUSE: ABOUT PARTICIPATION**

The decision to accept new members to the FIP should be taken unanimously by all the parties. Its endorsement of the FIP will be formalized by means of addendums to this Specific Agreement, where the partners will accept all its clauses.

## **EIGHTH CLAUSE: SUSPENSION OF PARTICIPATION IN THE AGREEMENT BY DECISION OF THE PARTIES**

The parties might decide an early termination of their participation in the present Agreement at any time, giving early warning of their intentions to the other parties thirty (30) calendar days before the date in which they want their withdrawal to become effective. The termination of the Agreement will not prevent that the activities initiated because of it will be conducted until termination.

## **NINTH CLAUSE: JUSTIFIED CAUSES FOR THE SUSPENSION OF THE AGREEMENT**

The present Agreement might be suspended temporarily, partially or totally due to justified reasons that might prevent meeting the commitments made by any of the parties.

## **TENTH CLAUSE: INTERPRETATION AND CONTROVERSY**

The discrepancies that might arise as a consequence of the interpretation and application of the present Agreement and its Annexes should be solved in good faith, paying heed to the spirit of partnership cooperation that has led the parties to subscribe it.



For those legal and judicial issues that might arise, the parties have the legal addresses stated here above and, in case of differences about working guidelines, the parties might terminate the present Agreement according to the process indicated in the Eighth Clause.

#### **ELEVENTH CLAUSE: LENGTH OF THE AGREEMENT**

The present Agreement will have a duration of 18 months from the date of its signature between the parties, it can be extended by common agreement of the parties, if deemed necessary.

In witness thereof, two (02) identical copies are signed, in Lima, on January 4<sup>th</sup>, of the year two thousand and seventeenth.

ELENA CONTERNO MARTINELLI  
*President of the Board of Directors*  
**SNP**

ERNESTO GODELMAN  
*President*  
**CeDePesca**

## **ANNEX A. Fishery Improvement Project (FIP) to reach a certifiable status for the Peruvian anchovy northern-central stock IHC fishery**

### **I. Background:**

The northern Humboldt Current system (NHCS) is an important area of one of the most productive world marine ecosystems, the Humboldt Current Large Marine Ecosystem (HCLME), significant for showing the highest world fish catch (FAO 2012). Moreover, it is one of the largest in catch volumes of a single species, Peruvian anchovy (*Engraulis ringens*).

The Humboldt Current extends along the coast of Chile and Peru. The NHCS corresponds to Peru. On the whole, the HCLME dynamics is influenced by the ocean circulation created by the wind, presenting surface water masses with relatively low temperatures and salinities. In general, they flow northward towards the Equator along the Eastern verge of the South Pacific Ocean, starting around latitude 40°S till 4°S. The HCLME includes a complex patchwork of relatively cold currents and countercurrents. However, their biodiversity has global significance. The relatively stable winds that run parallel to the coast (Trade Winds) towards the Equator cause the upwelling of cold waters rich in nutrients, thus generating high primary and secondary productivity. Notwithstanding, occasionally the upwelling that causes the productivity of the system is interrupted due to the development of the warm phase of the El Niño Southern Oscillation (ENSO). This implies the dissemination of an atmospheric disturbance that weakens the strength of the South Pacific anti-cyclone (SPA), with a domino effect over the Eastern Western Pacific Trade Winds. This weakens or neutralizes the upwelling, thus modifying the food availability for fish and higher trophic levels.

The Peruvian coastal upwelling system is geographically large due to its low latitude. It develops an almost permanent upwelling, thus accounting for high fishing productivity despite the presence of the most intense and shallow Oxygen Minimum Zone (OMZ). The coastal ecosystem borders the oceanic system, dominated by the Shallow Subtropical Waters (SSW). Despite the coastal system exporting its production towards the open sea through the Ekman Transport, the SSW also generate their own productivity.

In the oceanic area, in front of the Peruvian coasts, picoplankton (microflagellates, for instance) is the most abundant. However, the most important group of species in terms of trophic interface with the species from pelagic, demersal and benthic communities, including the coastal ones, is the ephausiids or krill (the species most commonly studied is *Euphausia mucronata*).

Between the coastal pelagic species of the NHCS, the Peruvian anchovy is predominant and creates one of the most important single species fisheries worldwide (FAO 2016).

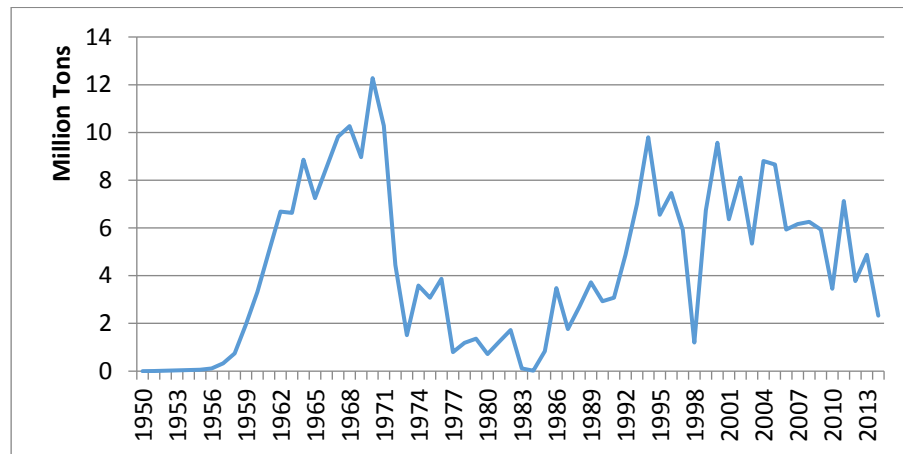


Chart 1. Landings of Peruvian anchovy stock center-north 1950-2014 (Source FAO-FISHSTAT)

According to IMARPE summer cruises, between 2005 and 2016 the Peruvian anchovy northern-central stock average biomass fluctuated around 8.5 million tons, (Chart 2).

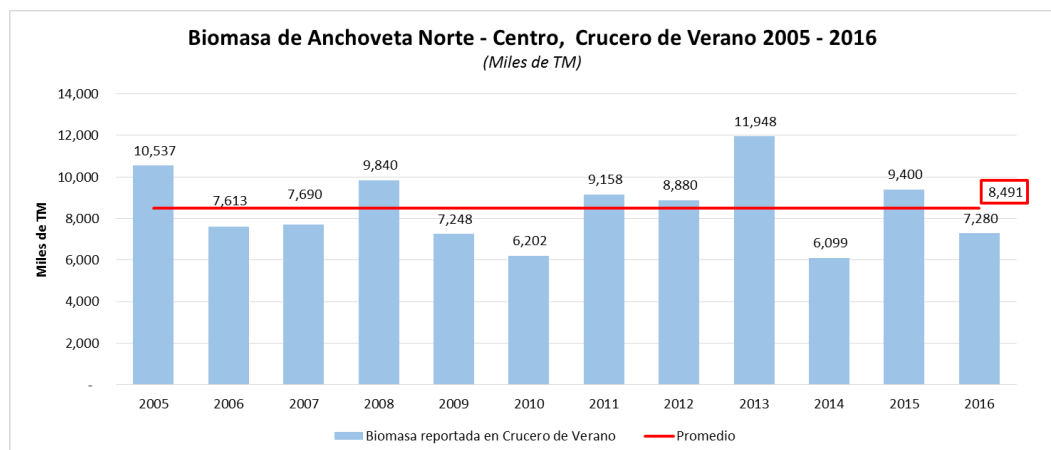


Chart 2: Evolution of Biomass North-Center 2005-2016 (Source: IMARPE, summer cruises reports)  
Miles de TM: Thousands of Metric Tones

One of the first conservation measures of the Peruvian anchovy stock was to establish in 1955 a minimum size of 12 cm and a minimum mesh length (Biologist Velardo Vildoso Baca). In the seventies, new measures were drafted related to catch control by means of establishing annual global fishing quotas.

The most important current management measures are the following:

- Total allowable catches
- Minimum catch size of 12 cm
- Minimum mesh size 13 mm - ½"
- Exclusion zone for industrial fishing till 5 marine miles from the coast
- Regulation of the fishing capacity or effort of the vessels
- Time and space closures for the protection of juveniles and the reproductive process



- Maximum Allowable Catch per Vessel
- Establishing a maximum percentage of bycatch of other species, maximum 5% of the catch.
- Establishing a Surveillance and Control Program of Marine Fishing and Landing, as well as Satellite Follow Up.

IMARPE dedicates significant financial and human resources to the follow up and research of this fishery. It benefits from a large data flow, both regarding the Peruvian anchovy stock as well as the group of variables and impacts related with it.

However, the complexity of the elements at stake calls for the use of the industrial vessels potential to strengthen the environmental and fishing data collection, in particular as regards the dynamic nature of the Peruvian anchovy distribution. Indeed, this has been performed over the last fifty years.

## **II. Need and Objective of a Fishery Improvement Project (FIP)**

This Fishery Improvement Project (FIP) aims at strengthening research, management and sustainability when applying the ecosystem approach to the Peruvian anchovy northern-central stock IHC fishery, and thus achieve a certifiable status according to a fishing sustainability standard compatible with the guidelines of the FAO, approved by the Global Seafood Sustainability Initiative (GSSI).

The FIP will follow the guidelines of the Conservation Alliance for Sustainable Solutions (CASS) to guarantee its credibility and it will show maximum cooperation with the authorities and direct stakeholders of the FIP. It will be open to any constructive suggestions and comments made by any of the parties.

Of the preliminary analysis of strengths and weaknesses performed by CeDePesca for the Peruvian anchovy fishery for indirect human consumption appear four main issues to be addressed:

1. It is necessary to prove that the fishery fulfills the requirement of paying heed to the ecosystem needs.
2. The catch control rules in the case of low biomass should be more specific, the same as the management objectives related to the ecosystem.
3. Unreported fishing and vessels operating on the verge of legality represent a potential danger for the sustainability of the fishery.
4. It is necessary to achieve a better understanding of the fishery impacts on protected species and habitats.

Consequently, the following Action Plan for the Peruvian anchovy indirect human consumption Fishery Improvement Project was defined (northern-central stock):



**Action 1. Update the pre-assessment of the Peruvian anchovy fishery for IHC.**

**Responsible Partner: CeDePesca**

- Task 1.1. Update the contents of the performance analysis of the Peruvian anchovy northern-central stock IHC fishery.

**Action 2. Prove that the management system takes into account the ecosystem needs**

**Responsible Partner: CeDePesca**

- Task 2.1. Hire a well-known scientist to draft the document together with CeDePesca staff.
- Task 2.2. Draft an informed document showing the true influence of Peruvian anchovy in the ecosystem, which is its biomass trend in relation to the ecosystem needs, and the population trends of the species that feed on this stock.

**Action 3. Build a database derived from data gathered by the industrial fishing vessels**

**Responsible Partner: SNP-Humboldt Institute**

- Task 3.1. Create a database from data gathered by industrial vessels to monitor and analyze the ecosystem, in cooperation with IMARPE, promoting the participation of universities in the analysis, assessment and research. The corresponding protocols should be defined beforehand.
- Task 3.2. Promote technological and methodological innovation and development in the fishing sector, monitoring and assessment of the ecosystem, by means for instance of the use of new sonar systems to reduce uncertainty in the fishery management.

**Action 4. Promote improvements in the management system**

**Responsible Partner: CeDePesca**

- Task 4.1. Draft a proposal so that the catch control rules in the case of low biomass and the management objectives related to the ecosystem be more explicit. This proposal should include mechanisms to guarantee the respect of management rules by artisanal and small-scale fleet.

**Responsible Partner: SNP-Humboldt Institute**

- Task 4.2. Draft a proposal for a new fishing penalties regime, contemplating the selectivity and technological innovation limitations. In addition, it should act as a deterrent against those non-sustainable practices under the control of the ship-owner.

**Action 5. *Promote actions to put in practice traceability and minimize illegal activities in the fishery***

**Responsible Partner: CeDePesca**

- Task 5.1. Establish wide alliances between stakeholders when solving unreported fishing and illegal vessels in the fishery.
- Task 5.2. Draft a report for the implementation of the DS 006-2015, as well as for the supply agreements for canned and frozen food plants.
- Task 5.3. Organize workshops between the stakeholders to help define IHC/DHC ratio in the catch quota, and a compulsory and effective system of certificates for DHC.
- Task 5.4. Meet with the authorities to adopt and implement improvements derived from the previous items and to find new ways of supporting the implementation of the DS 006-2015.
- Task 5.5. Dissemination of the results obtained from workshops and reports.

**Action 6. *Determine the impact of the industrial fleet on protected species and other ecosystem components and, if necessary, mitigate them.***

**Responsible Partner: CeDePesca**

- Task 6.1. Document experiences of companies related with the monitoring of the impact of the fishing activities on other components of the ecosystem.
- Task 6.2. Establish a data gathering protocol and a training program for onboard observers that in turn will train selected crew members.
- Task 6.3. Recruit and train one onboard observer for training the crew.
- Task 6.4. Put in practice a program for data gathering on board during an annual fishing season (a whole year).
- Task 6.5. Analyze and publish the results of the data gathering program.
- Task 6.6. Promote space and time measures to mitigate the impact if they appear necessary from the analysis of the data collected.

## Working Schedule

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Action 1. Update the pre-assessment of the Peruvian anchovy northern-central stock IHC fishery</b>														
Task 1.1. Update the contents of the performance analysis of the Peruvian anchovy northern-central stock IHC fishery and determine differences between the performance analysis results for DHC and IHC fisheries														
<b>Action 2. Prove that the management system takes into account the ecosystem needs</b>														
Task 2.1. Hire a well-known scientist														
Task 2.2. Draft a document														
<b>Action 3. Build a database</b>														
Task 3.1. Create a database from data gathered by industrial vessels														
Task 3.2. Promote technological innovation to reduce uncertainty in the fishery management														
<b>Action 4. Promote improvements in the Management System</b>														
Task 4.1. Draft a proposal for catch control in case of low biomass														
Task 4.2 Draft a proposal for a new fishing penalties regime against non-sustainable practices														

**Action 5. Promote actions to put in practice traceability and minimize illegal activities in the fishery**

Task 5.1. Establish alliances when solving unreported fishing and illegal vessels in the fishery	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Task 5.2. Draft a report for the implementation of the D.S. 006-2015	■	■	■																
Task 5.3 Organize workshops between the stakeholders to help define IHC/DHC ratio in the catch quota			■						■										
Task 5.4. Meet with the authorities to adopt and implement improvements derived from the previous items	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Task 5.5. Dissemination of the results obtained from workshops and reports			■	■					■	■									

**Action 6. Determine the impact of the fleet to be certified on protected species and other ecosystem components and, if necessary, mitigate them**

Task 6.1. Document experiences related with the monitoring of the impact of the activities on the components of the ecosystem	■	■																	
Task 6.2. Establish a data gathering on board protocol	■																		
Task 6.3. Recruit and train one onboard observer	■																		
Task 6.4. Put in practice a program for data gathering on board	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Task 6.5. Analyze and publish the results of the program								■											■
Task 6.6. Promote space and time measures to mitigate the impact if necessary																			■

## ANNEX B. Budget for actions planned

Activity	Total	Responsible CeDePesca	Responsible SNP
<b>Observers Program (12 months)</b>	<b>55,000.00</b>	<b>30,000.00</b>	<b>25,000.00</b>
Preparation	1,000.00	1,000.00	
Equipment and insurance	1,000.00	1,000.00	
Boarding and supervision	50,000.00	25,000.00	25,000.00
Analysis and publication of results	3,000.00	3,000.00	
<b>Implementation Plan (14 months)</b>	<b>59,500.00</b>	<b>30,500.00</b>	<b>29,000.00</b>
Staff wages	30,000.00	15,000.00	15,000.00
Professional wages (Task 2.2))	2,500.00	2,500.00	
Professional wages (Task 4.2)	10,000.00		10,000.00
Advice and supervision	5,000.00	5,000.00	
Updating of pre-assessment	3,000.00	3,000.00	
Workshops	3,500.00	1,500.00	2,000.00
Expenses, trips, lodgment	4,000.00	2,000.00	2,000.00
Administrative expenses	1,500.00	1,500.00	
<b>TOTAL BUDGET (14 months)</b>	<b>114,500.00</b>	<b>60,500.00</b>	<b>54,000.00</b>