

## MFAT Management Response to Aquaculture 2020-2023 Evaluation

*This document summarises MFAT's response to the evaluation and guides release for publication. The document is reviewed and accepted by the Unit Manager, and approved by the Divisional Manager. Evaluation reports must be published on MFAT's website within 3 months of the final evaluation report being approved.*

*This document consists of 3 sections:*

- 1. Evaluation Recommendations, Responses & Actions*
- 2. Documentation of MFAT's Acceptance Of Final Report, Evaluation recommendations and MFAT's Management Response*
- 3. Publication Decision*

*Please email Word and PDF copies of the Management Response form to [MERL@mfat.govt.nz](mailto:MERL@mfat.govt.nz)  
Only the Recommendations, Responses and Actions will be published from this report.*

Evaluation Report Recommendation	MFAT Response and Action (Agree, Partially Agree, Reject)
<p><b><u>Prepare a workplan and budget for the remaining years of project implementation</u></b></p> <p>A detailed workplan and budget is prepared by WorldFish with New Zealand Ministry of Foreign Affairs and Trade (MFAT) approval for the remaining years of project implementation. The workplan and budget is broken down in to six monthly actions to facilitate monitoring.</p> <p>Based upon the maximum spending capacity to date of USD 700,000/year, the remaining balance from June 2023 would be enough to finance the project until June 2025, without the need for any additional funding.</p> <p>The constraints to ‘scaling-up’ are the extension capacity to reach new fish farmers, the availability of suitable sites for fish ponds and the interest of Local Service Providers (LSP) to establish the necessary cluster business models. A feasibility analysis must be carried out by WorldFish to ensure these constraints can be overcome and that the number of target beneficiaries is increased from 339 households to at least 500 households by project closure. Based upon the historical investment costs per farmer provided in Section 4.2.2, the remaining balance is enough to support an additional 268 farmers and there is no need for additional financing.</p>	<p><b>Agree.</b></p> <p>A detailed workplan and budget will be requested from WorldFish and based on this a decision will be made whether to extend the project (at no additional cost) until June 2025.</p> <p>It is critical to ensure that WorldFish can and will implement the recommendations made in this evaluation and address the constraints to ‘scaling up’ before committing to a no cost extension (current end date in March 2024).</p>
<p><b><u>Revise performance indicator targets and include ‘progress towards outcomes’ in reporting</u></b></p> <p>The target number of direct beneficiaries (500 households) is achievable with scaling-up. However, due to the small size of individual ponds, the target area of ponds and volume of fish produced will not be achieved. WorldFish revises the performance indicators in the Results Measurement Table to reflect the workplan.</p>	<p><b>Partially Agree</b></p> <p>Agree that 500 households is an achievable target by June 2025 given that 339 households have been reached to date.</p> <p>Agree that it is unlikely that the 80ha of ponds target will be achieved by June 2025 given that only 8.17ha of ponds have been created to date.</p> <p>Agree that 600 tonnes of fish production target is unlikely to be achieved by June 2025 as only</p>

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<p>Indicators relating to indirect beneficiaries are clearly segregated from direct beneficiaries.</p> <p>The nutrition indicator (MDD) is revised to 'increased tilapia consumption'.</p> <p>MFAT revises the six monthly progress report format to better link reporting to the workplan and budget and include reporting on progress toward outcomes.</p>	<p>32.5 tonnes were produced between April 2022 and March 2023.</p> <p>Agree that indirect beneficiaries' data is needed to truly measure impact. To date, WorldFish has only recorded direct beneficiaries data however the indicator requires indirect beneficiaries' data.</p> <p>Agree, however noting the report finding that tilapia is not currently an affordable source of nutrition.</p> <p>Agree, and we will work with WorldFish to ensure that progress reporting is more outcomes-focused in future.</p>
<p><b><u>Include an Exit Strategy in the Workplan to ensure sustainability</u></b></p> <p>An Exit Strategy is included in the workplan to ensure sustainability and accounts for limited support from Ministry of Agriculture and Fisheries (MAF) or donor partners. Technical support for farmers must be considered and is most likely to come from 'Master' fish farmers in each cluster, which needs to be developed. Replicating the private sector cluster business model will need to be driven by private sector entrepreneurs. This could be initiated through fish traders providing feed, seed and training to farmers under a 'buy-back' agreement, or other such models. The fish traders may be eligible for an agriculture or business loan from Banco Nacional de Comércio Timor-Leste to establish the cluster business model.</p> <p>Further lobbying is carried out by MFAT/WorldFish to ensure MAF funding for the Genetically Improved Farmed Tilapia (GIFT) broodstock hatchery at Gleno. As the Gleno hatchery is the anchor point for sustainability, a guaranteed budget from MAF to continue funding the operating costs of the hatchery is a pre-condition for continued MFAT financing of the project (PADTL2).</p> <p>The clusters are encouraged to become independently viable as soon as possible. Once</p>	<p><b>Agree</b></p> <p>We will request WorldFish to prepare an Exit Strategy and will also develop one for our own involvement before confirming the no-cost extension.</p> <p>Private sector and other NGO partner involvement is crucial in order to scale up tilapia production in order to create economies which will reduce high input costs, particularly feed.</p> <p>Agree, noting that Government of Timor-Leste involvement and funding are currently necessary to enable completion of PADTL2 (the current activity).</p>

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farmers and LSPs are connected to markets (i.e. have income to reinvest in their business), no further subsidies are provided by PADTL2.	Connections to markets is important to ensuring demand and consumption is increased.
<p><b><u>Focus upon scaling-up</u></b></p> <p>Any new phase of the project focuses upon scaling-up activities to include more beneficiaries and increased tilapia production. WorldFish seeks partnerships / sub-contracts with INGOs to implement the expansion, based on the cluster business model and BMP extension materials developed by PADTL. The previous Combating Malnutrition and Poverty through Aquaculture in Timor-Leste (COMPACTL) project implemented by WorldFish in collaboration with Mercy Corps and Hivos and local NGOs Prospek and Fraterna between 2014 and 2016 provides a template for such partnerships.</p> <p>Existing clusters are encouraged to increase membership and new clusters are established in Dili, Bobonaro, Lautem, Ermera, Manufahi and Baucau municipalities by PADTL2. As production increases, proximity to market will become increasingly important and these municipalities have higher urban populations and are closer to Dili...A pre-condition for any additional funding is agreement on the number of new clusters to be established in Dili, Baucau, Ermera, Lautem and Bobonaro municipalities with the supporting feasibility analysis, as mentioned above.</p>	<p><b>Agree</b></p> <p>The extension period should focus on sustainability as the current model is not sustainable as it has not yet reduced high input costs nor increased demand. As there are no current solutions to the high cost of fish feed the only foreseeable way to reduce the cost of tilapia production and therefore the price for consumers is to increase scale to drive down unit costs. Partnering with iNGOS with expertise in business expansion is recommended to assist WorldFish achieve this scale up. Any decisions of future phases will be dependent on progress during this extension period.</p> <p>Agree proximity not only to farmers and land but to potential markets and/or consumers is crucial.</p> <p>MFAT plan to extend the Activity at no cost for an addition year subject to issues being addressed (see above recommendations). Funding beyond June 2025 would be subject to an assessment of the commercial potential for new clusters.</p>
<p><b><u>Strengthen exiting clusters</u></b></p> <p>PADTL2 carries out a business audit of the PPP hatcheries to assess financial viability and sustainability. Further support for institutional strengthening is provided, as required.</p> <p>As Baucau has a high potential demand for tilapia, a new PPP hatchery is established there to strengthen the existing cluster model by PADTL2 or another development partner.</p>	<p><b>Agree</b></p> <p>We will request WorldFish to arrange for an audit of the hatcheries including additional institutional strengthening options. This audit is particularly important to support WorldFish's relationship with the new government and to generate and maintain Timorese government support of this project. If an exit is decided then this audit and institutional strengthening will help ensure sustainability.</p>

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<p>The use of Interns and Field Facilitators by PADTL2 is continued to provide the important field presence.</p> <p>In addition to supplying tilapia to supermarkets, a marketing strategy is developed by PADTL2 to target the traditional wet market segment.</p>	<p>Other recommendations agreed with as well. Increasing fish consumption will require national marketing campaigns to increase popularity and demand.</p>
<p><b><u>Develop strategy to improve inclusivity</u></b></p> <p>Although tilapia production is suitable for women and youth and a Gender Equality and Social Inclusion (GESI) report was prepared, a strategy was never implemented to improve inclusivity. As recommended in the GESI report, links between women and youth and microfinance and informal education providers are established to improve inclusivity.</p>	<p><b>Agree</b></p>
<p><b><u>If nutrition is the priority objective, MFAT seeks a better strategic approach</u></b></p> <p>Due to the high costs of production of GIFT tilapia in Timor-Leste and the methodology used to measure nutrition levels, tilapia production alone is not an effective means of improving nutrition. If improving nutrition for poor households is the primary objective of MFAT investment, rather than increasing incomes, a more nutrition-focused approach is needed. This is likely to include the low cost production of diverse nutritious foods in home gardens and improved knowledge and practices on nutrition, rather than a sector commodity driven approach.</p>	<p><b>Partially Agree.</b></p> <p>While nutrition was a priority objective from the outset, the evaluation has shown that tilapia is almost inaccessible for poorer households due to the high price. Nevertheless, MFAT will discuss with WorldFish better approaches to improving nutrition during the remaining time available, including through their partnership with Mercy Corps to increase tilapia consumption.</p> <p>Disagree that alternative (non-GIFT tilapia) nutrition-focused initiatives such as home gardening should be pursued, as (a) there is insufficient time left to action this, even assuming a one-year no-cost extension; and (b) as a specialist agency, WorldFish is not best placed to implement broader approaches.</p>