

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA9505

Project Name	South West Indian Ocean Fisheries Governance and Shared Growth Project 1 (P132123)
Region	AFRICA
Country	Africa
GEF Focal Area	
Sector(s)	General agriculture, fishing and forestry sector (100%)
Theme(s)	Other environment and natural resources management (66%), Environmental policies and institutions (34%)
Lending Instrument	Investment Project Financing
Project ID	P132123
Borrower(s)	Ministry of Planning and Development, Vice Presidency of Finance, MINISTRY OF FINANCE
Implementing Agency	DGRH, Ministry of Fisheries, Ministry of Livestock and Fisheries Development, Mainland, Ministry of Livestock and Fisheries, Zanzibar, Deep Sea Fishing Authority, Indian Ocean Commission
Environmental Category	B-Partial Assessment
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Decision	

I. Project Context

Country Context

Nine countries border the waters of the South West Indian Ocean (SWIO) – the island nations of Comoros, Madagascar, Mauritius and Seychelles, and five mainland countries: Somalia, Kenya, Tanzania, Mozambique and South Africa. Together with Yemen, Maldives and France. These countries are members of the South West Indian Ocean Fisheries Commission (SWIOFC), a regional fisheries body . In recent years, the fisheries sector has formally accounted for up to 30 percent of Gross Domestic Product (GDP) in Seychelles, 8 percent in the Comoros, about 4 percent of GDP in Mozambique, 2 percent in Tanzania, and 0.5 percent in Kenya and South Africa. The SWIO region’s seafood exports (excluding South Africa) were approximately US\$1.3 billion in 2008, half of which were attributable to tuna and shrimp. Local industrial fisheries (mainly for shrimp) and tuna processing comprise a substantial part of the foreign exchange earnings. Both in terms of value and total catch, the tuna fisheries are by far the most important in the region,

followed by shrimp and other crustaceans. Aquaculture is one of the most rapidly growing food industries in several of these countries, and recreational fishing (sport fishing and diving) is a growing source of revenues.

The fisheries sector further plays an important role for the livelihoods of SWIO coastal populations. The small-scale and subsistence fisheries are of major social importance as an economic backbone of livelihoods and economies in rural coastal communities. An estimated 107 million people live within 100 kilometers of the coast in the SWIO countries, with the coastal population increasing at a disproportionately high rate. While data are poor and likely underestimate the importance of the sector, employment in the fisheries sector is thought to be in excess of one million and directly and indirectly involves a high proportion of the coastal populations of SWIO region. These are often among the most vulnerable, marginalized and landless communities, and highly exposed to climate change impacts. Over 45 percent of the workforce are women, mostly involved in the small-scale fisheries, including collecting, processing, marketing and aquaculture.

The sector is a major contributor to nutritional health and food security in the SWIO region. The coastal rural population, particularly the poorest, often has limited alternatives to fish for providing animal protein, as well as essential nutrients, vitamins, minerals and trace elements. Fish accounts for around 50 percent of animal protein intake in Comoros and Seychelles, 26 percent in Mozambique and Tanzania, and 20 percent in Madagascar and Mauritius (FAO, 2007).

Comoros

Comoros is a Union of three different islands (Grande Comore, Anjouan and Mohéli), each with different cultures and needs. Comoros has been a relatively peaceful country despite the multiple coups in earlier decades and a new government has rekindled the reform process. GDP per capita is US\$785 and about 45 percent of the population lives below the poverty line. Comoros is characterized by few natural resources, an economy predominantly occupied by a few primary industries (vanilla, cloves, ylang-ylang), a young and increasing population, a small domestic market, and inadequate transport infrastructure. Given limited agricultural land, fisheries have an important role to play in maintaining food security.

Agriculture and fisheries represent about a third of the country's GDP. Remittances from the Comorian diaspora amount to approximately 20 percent of GDP. Real GDP growth is projected to strengthen moderately from 2.5 percent in 2012 to the 3.5-4 percent range over 2013-2014, driven by a favorable performance of the agricultural sector, robust remittances and associated housing construction, and a modest recovery in foreign direct investment. While positive aggregate growth is a welcome break from the past, it is still too low: with a population growth estimated at 2.4 percent a year, much faster economic growth, sustained over a long period, and complemented by targeted programs, will be needed to reduce poverty. Comoros ranks 158 out of 189 countries in the 2013 Doing Business Index.

Mozambique

Mozambique's economic growth averaged 8.1 percent over the period 1995–2010, but relies largely on a growing number of 'megaprojects' and associated investments. The high economic growth has

not achieved inclusive or pro-poor objectives, as per-capita household expenditures in the bottom three deciles experienced absolute declines (2002-2009) and economic growth and poverty reduction in rural areas lags behind the urban and megaproject growth poles. The national poverty reduction plan (Plano de Acção para Redução da Pobreza, or PARP) attributes the recent poverty trends to: (i) low productivity in agriculture and fisheries; (ii) vulnerability of the rural economy to climatic shocks; and (iii) worsening terms of trade due to fuel and food price increases. Low levels of education also reduce labor mobility and opportunities to earn higher incomes. Around 80 percent of the workforce has not completed the first level of primary school, while only about 31 percent of the private sector workforce has completed at least the second level of primary school. Meanwhile, an estimated 300,000 young people are entering the labor market each year and with limited jobs in the formal economy, they are absorbed in the informal sector, including artisanal fisheries. Chronic malnutrition is high (some 47 percent of children under 5 are malnourished), only 6 percent of rural households have access to safe sanitation, and gender inequality remains high (Mozambique is ranked 125th out of 146 countries).

Mineral wealth and extractive megaprojects are likely to transform Mozambique's economy in the next decade. Massive investments in coal, gas, aluminum, beryllium, and titanium will create expanding growth poles and transport corridors but with likely stress on the marine environment. Meanwhile Mozambique ranks 139 out of 189 countries in the 2012 Doing Business Index.

Tanzania

The United Republic of Tanzania (URT) is the largest country in East Africa. Its extensive coastline 1,400 km coastline is accompanied by an Exclusive Economic Zone (EEZ) of 223,000 km² (equivalent to 24 percent of the land area) and a continental shelf of about 17,900 km² in area and from 6 to 80 km wide.. URT is administered by a two-government system, namely the Government of the United Republic of Tanzania (Union Government) and the Revolutionary Government of Zanzibar. About 16 million people live on the coast and the coastal population is growing at a more rapid rate than the rest of the country.

The URT has experienced a high level of economic growth averaging between five to seven percent per annum over the past decade. Economic performance is driven mainly by growth in mining, telecommunications, tourism, and construction. Exports have grown by about 17 percent annually since 2005, with gold accounting for 40 percent of total merchandise exports. The services sector has grown at around 8 percent over the past decade, driven by growth in trade, transportation, and tourism. But agricultural productivity, a primary economic activity of about 80 percent of households, has not grown at the same extent, resulting in insignificant changes in rural poverty.

Despite the economy's growth, poverty remains prevalent, with rural poverty stagnant at around 40 percent since 2001, and unemployment becoming a concern with nearly 2.4 million unemployed people – most of them young – representing 10.7 percent of the total labor force. Tanzania ranks 145 out of 189 countries in the 2013 Doing Business Index.

Sectoral and institutional Context

Comoros

The Comoros Exclusive Economic Zone (EEZ) is estimated at more than 160,000 km² covering 900 km² of continental shelf and 427 km of coastline. The EEZ is about 70 times the size of the country's land area and straddles the important tuna fishing grounds at the mouth of the Mozambique Channel. The sustainable yield of the marine capture fisheries is estimated to be 33,000 tons – mainly large pelagic species, such as tuna. About one-third of the fishing grounds are exploitable by traditional fishing methods targeting the resources of the narrow continental shelf. The domestic fleet lacks the capability to harvest offshore resources, which are captured by foreign vessels mostly operating under access agreements, generating substantial revenues for the national budget. Coastal waters are generally fully exploited, particularly the fisheries for high-value demersals (snapper, grouper and similar species). Underexploited resources are reported to include lobsters, cephalopods (octopus), sea cucumber and bivalve mollusks.

The fisheries sector contributes 8 percent to GDP (about 24 percent of the 'agriculture GDP') and also makes up 5 percent of total foreign exchange annually. The sector is a net supplier of foreign exchange and through fisheries access agreements is a key component of the country's balance of payments. The small-scale fisheries directly employ about 8,500 (about 6 percent of the country's population) and up to 30 percent of the population is dependent on fishery. Fishing households – both full-time fishers and subsistence fishers who alternate between agricultural work and fishing – make up a significant proportion of the households below the poverty level (40 percent of inhabitants in Grande Comore and 70 percent in Anjouan). Per capita fish consumption is 29 kg per year, almost entirely supplied from the domestic fisheries. Marine ecosystem services represent an estimated 37 percent of the total economic value of ecosystem services, and Mohéli Marine Park, the first marine protected area (MPA) in the Comoros was established in 2001.

Most of the coastal fisheries are under heavy pressure with very limited potential for expansion (with the notable exception of the tuna fisheries). There are no significant mariculture or fish exports (though recent foreign investment may generate exports). Tuna is fished predominantly by foreign fleets not landing in Comoros; therefore opportunities for economic growth, employment and value added, based on tuna, are currently limited. However the fees paid to the Government for access of foreign vessels to the jurisdictional waters and their resources amount to approximately US\$1.3 million per year.

The National Directorate for Fisheries (Direction Générale des Ressources Halieutiques, DGRH) and its line Ministry, the Ministry of Production, Environment, Energy, Industry and Craft, exercise central authority on fisheries. The fishers are grouped in cooperatives and at island level the three 'island regional syndicates' are grouped under the Syndicat National pour le Développement de la Pêche aux Comores (SNDPC). The SNDPC is the principal interlocutor between the fishing communities and the fisheries administration and has an important role in promoting compliance, registration of fishers and as a conduit for the administration of fisheries and projects. A range of Non-Governmental Organizations (NGOs) and Civil Society Organizations (CSOs) are engaged in conservation of the coelacanth, whale watching, coral reef monitoring and eco-tourism. The main objective of Comoros' Fisheries Development Strategy (Stratégie d'Aménagement des Pêcheries) is to contribute to poverty reduction of the most disadvantaged fishing households by developing sustainable fish production and processing, with particular attention to the role of women.

Comoros' legal and institutional frameworks, human capacity and infrastructure for fisheries are all weak. This contributes to deficient management of small-scale fisheries and monitoring of the offshore tuna fisheries, which are dominated by foreign fleets operating under access agreements or

illegally. Weak governance and a poor investment climate also limit domestic and foreign investment and contribute to poor sector growth. The lack of fishing port facilities, transportation, distribution, processing, and export infrastructure, combined with a small and domestic market with weak purchasing power, make supplying the local market unprofitable for large fishing vessels and fleet operators. The knowledge of the environmental, social and economic state of the fisheries is deficient and current capability for applied fisheries research is low. However, government commitment, along with an improving investment climate and potential for further increases in production, make the small-scale fisheries a prospect for strong and sustainable development in the future.

Mozambique

The fisheries sector makes a substantial direct and indirect contribution to poverty alleviation. It contributes to food security, balance of payments, public revenues, employment and gender equity. Despite a relatively low direct contribution to GDP (2 percent), the social contribution of fisheries is considerable. About 850,000 households, or about 20 percent of the population, rely on fisheries for some part of their income and even more may rely on fishing for subsistence and food security. Many fishing communities are small, isolated, poor, and in a semi-subsistence situation, and fishing and fish marketing are usually part of a complex livelihood strategy often integrated with agriculture. Fisheries are the foundation of economic growth in many rural and some urban areas. Fish is a key component of the Mozambican food basket (27 percent of protein) and rising imports show that domestic supply is not meeting demand. Women make up almost half the labor force and are mostly engaged in gleaning, such as gathering shellfish in the intertidal areas, and in post-harvest processing and marketing.

The sector could make significant additional contributions to inclusive growth, food security and employment. Recent estimates show that economic rents from shrimp fisheries could be increased by about US\$30 million per year. Aquaculture remains an infant industry for which the national Fisheries Master Plan (Plano Director das Pescas 2010-2019) has set ambitious goals. Linking sustainable community fisheries to urban markets, industrial growth poles and export markets can underpin employment and growth. There is increasing interest from small and medium enterprises (SMEs) in 'semi-industrial' fisheries for snapper, tuna, swordfish and other high-value species. Value-chains are embryonic: only 10 percent of the rural fisheries' labor is employed in processing and marketing. This indicates substantial opportunities for post-harvest value-addition.

The sector faces several threats. Weak management of the important shrimp fisheries combined with rising fuel prices and reduced demand for high-value shrimp means the sector's economic performance has declined in recent years. The number of artisanal fishers involved in marine fisheries doubled from 2002 to 2007 leading to overexploitation of artisanal fisheries. Declining terms of trade, low, or negligible domestic value addition to fish products, and recent outbreaks of farmed shrimp diseases all contribute to weak sector growth. An unattractive business climate including poor access to investment capital and credit has meant low private sector investment. With high interest rates and a weak network of rural and micro-credit organizations, financing sustainable fisheries and aquaculture remains challenging.

The Ministry of Fisheries (Ministério das Pescas, MP, or Ministry) has overall responsibility for fisheries and works through a range of subsidiary institutions, including those dedicated to small-

scale fisheries, aquaculture, research, fish quality, sector finance and fisheries administration. Equity in joint venture shrimp companies and other investments are held by a state company (Emopesca E.E.) while strategic port infrastructure is vested in four financially-autonomous port companies under the Ministry. A number of industry associations represent the private sector in a well-established formal dialogue.

The Fisheries Master Plan was formally launched in December 2010 and articulates the strategic plan of the government for the sector. It is closely aligned with the PARP and the Government's 5-year Plan (Plano Quinquenal do Governo). Food security is its first priority, followed by poverty reduction and improved balance of payments. Aquaculture and improved human and institutional capacity are seen as important means to these ends. It also provides long-term quantitative targets for the fisheries sector's contribution to the national objectives and is based largely on a series of sub-sectoral strategic plans (e.g., shrimp, small-scale fisheries, and aquaculture). The targets for 2019 include a 3-kg increase in per capita fish consumption (from 8 to 11 kg) based on national production; an increase of US\$100 million in net foreign exchange; and a massive increase in large- and small-scale aquaculture production to over 100,000 tons per year. While progress towards the production and economic targets is lagging, a series of reforms are under way. These include some separation of powers (i) over fisheries and aquaculture concessions, and (ii) with respect to enforcement. In addition, a new fisheries act enabling long-term (up to 15 years) fisheries concessions to be granted has been laid before the national assembly.

Tanzania

Tanzania's small-scale fisheries account for 98 percent of total fish production, 1.3 percent of GDP and contribute up to 9.9 percent of fish exports, worth an estimated US\$12.4 million, the vast majority of which come from the lakes. While the contribution of small-scale fisheries to GDP may appear marginal, the sector is a vital source of food security, employment and income, and combined with agriculture serves as the mainstay of coastal livelihoods.

The small-scale fisheries sector is however constrained by inadequate infrastructure, including lack of capacity for processing, storage and transportation facilities. Post-harvest fish losses (quantity or value) due to lack of storage, processing and marketing facilities are estimated to be around 20 percent. Destructive fishing techniques, particularly dynamite fishing, constitute a major threat to small-scale fisheries and coastal tourism through degradation of reefs and critical habitats. Weaknesses in management and enforcement aggravate the current situation.

Some fisheries management, planning and oversight functions have been decentralized to the community level through Beach Management Units (BMUs) in Mainland and Village Fisheries Committees (VFCs) in Zanzibar. Such arrangements in principal empower local fishers to monitor and take responsibility for the management and development of local marine resources.

The URT has an important seaweed mariculture industry. In Zanzibar over 15,000 people, mainly women, earn a modest income from seaweed cultivation, producing around 5,000 tons (dry weight) per year. A range of value added products are produced but the income earned by growers is meager, as little as US\$0.10 per kg of the dried raw material. There is important potential for aquaculture (including mariculture) along the coast, provided the enabling environment is in place.

As fisheries are not considered a Union matter, mainland Tanzania and Zanzibar manage their

fisheries resources separately. The Deep Sea Fisheries Authority (DSFA) is responsible for the management of fisheries in the country's EEZ, including for issuing tuna fishing licenses to foreign vessels. Overall policy in mainland fisheries has been guided by the National Fisheries Sector Policy and Strategy Statement since 1997, and in Zanzibar by the Fisheries Sector Policy of 2002.

The overall goal of the National Fisheries Policy is to promote conservation, development and sustainable management of fisheries resources for the benefit of present and future generations. The Fisheries Sector Development Program (FSDP) for the mainland has been designed to realize the objectives of Tanzania Development Vision 2025 and the National Fisheries Sector Policy. The overall goal of the FSDP is to develop a sustainable, competitive and more efficient fisheries and aquaculture industry that contributes to the improvement of the livelihoods of stakeholders and the national economy while preserving the environment. A number of other policy and planning instruments target marine and fisheries resources, including: the Tanzania Prawn Fishery Management Framework of 2004, the Zanzibar Environmental Policy of 1992, and the National Environment Policy of 1997.

II. Project Development Objective(s) / Global Environmental Objective(s)

A. Project Development Objective(s)

The Project Development Objective is to improve the management effectiveness of selected priority fisheries at regional, national and community level.

B. Global Environmental Objective(s)

The Global Environment Objective is to improve the management effectiveness of selected priority fisheries at regional, national and community level.

III. Project Description

Component Name

Component 1. Enhanced regional collaboration

Comments (optional)

All SWIOFC countries will participate in this first component, implemented by the IOC. It will support the provision of a regional public good through regional coordination and cooperation for the management and sustainable development of fisheries in the SWIO.

Component Name

Component 2. Improved governance of priority fisheries

Comments (optional)

The component primarily targets policies, strategies, institutions and legal frameworks, and actions by the public sector necessary to improve priority fisheries management and performance, as well as regional marine environmental health and resilience to climate change. It will be backed by activities aimed at understanding the resource base, and building human and institutional capacity necessary to implement fisheries policies and management plans.

Component Name

Component 3. Increased economic benefits from priority fisheries

Comments (optional)

The component primarily targets increasing the value addition and diversifying fishers' livelihoods to reduce poverty and pressure on the region's fisheries, improving the regional business climate, enabling the private sector productivity and investment, and supporting public investments critical

to a viable private sector. Measures decided by the co-management plans developed under component 2 will be implemented here, including compensation for potential access restrictions.

Component Name

Component 4. Project management and coordination

Comments (optional)

The component will support regional Project coordination and implementation, country-level implementation and management, and monitoring and evaluation at regional and country level. It will operate through Regional and National Steering Committees (RSC/NSCs) and Regional and National Implementation Units (RIU/NIUs).

IV. Financing (in USD Million)

Total Project Cost:	91.00	Total Bank Financing:	75.50
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			42.70
IDA Grant			32.80
Global Environment Facility - Cofinancing Trust Funds			15.50
Total			91.00

V. Implementation

The SWIOFC, as the regional fisheries body, is the existing platform for regional dialogue and cooperation on fisheries management and development. As such, it acted as the steering committee for the previous SWIOFP. The SWIOFC would be the ideal candidate to manage the Project but it currently lacks the capacity to do so: it is a relatively young institution with a small secretariat supported by FAO and limited financial autonomy. The IOC, being a regional leader in fisheries and marine environment with strong internal capacity for project management, and having successfully implemented regional Bank and other donor-funded projects, has been chosen by the member countries to support project implementation, until such time as this responsibility can be taken over by the SWIOFC.

The following regional implementation arrangements have been agreed upon: a Regional Implementing Unit (RIU), consisting of a regional coordinator housed under SWIOFC and a finance and procurement unit (FPU) housed within the IOC, will be responsible for regional component implementation and coordination. It will operate under the oversight of a Regional Project Steering Committee (RSC) of SWIOFC composed of Fisheries Permanent Secretaries. The FPU will be responsible for the administration of the regional project funds and related fiduciary aspects. This arrangement will provide for a forum for all SWIOFC member countries to participate in the discussion of regional issues.

At the national level, the Project will be implemented by the respective ministries/agencies with a mandate for fisheries management, through the establishment of (i) National Project Steering Committees (NSCs) and (ii) National Project Management Units (NIUs). Implementation capacity is variable in most of the national fisheries agencies. However, in the three countries (Comoros, Mozambique and Tanzania), basic national-level implementation capacity has been established through recent or existing World Bank fisheries or coastal zone projects.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)**VII. Contact point****World Bank**

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