

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC578

<b>Project Name</b>	Ocean Partnerships for Sustainable Fisheries&Biodiversity Conservation (P128437)
<b>Region</b>	OTHER
<b>Country</b>	World
<b>Sector(s)</b>	General agriculture, fishing and forestry sector (25%), Other industry (25%), Public administration- Agriculture, fishing and forest ry (25%), Agro-industry, marketing, and trade (25%)
<b>Theme(s)</b>	Biodiversity (25%), Environmental policies and institutions (25%), Other Private Sector Development (25%), Other economic management (15%), Other rule of law (10%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P128437
<b>GEF Focal Area</b>	Multi-focal area
<b>Borrower(s)</b>	Implementing Agency to be Determined, TBD (To be Determined)
<b>Implementing Agency</b>	To be determined
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/ Updated</b>	19-Nov-2013
<b>Date PID Approved/ Disclosed</b>	21-Nov-2013
<b>Estimated Date of Appraisal Completion</b>	24-Feb-2014
<b>Estimated Date of Board Approval</b>	25-Feb-2014
<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

## I. Introduction and Context

### Country Context

1. Healthy ocean ecosystems are vital to the food security and wellbeing of much of the world's population. Fisheries and aquaculture provide 16% of global animal protein (UNEP, 2006; FAO, 2010) and, worldwide, support millions of livelihoods, particularly in developing coastal and island states. Seafood has a first-sale value of more than \$190b/yr. Marine and coastal recreational tourism based around diverse and iconic marine life was estimated to be worth some \$161b in 1995. Despite such wide-ranging benefits, there are increasing concerns about the threats to the sustainability of these ocean ecosystem 'services', which are due primarily to human impacts on

underlying natural systems. In economic terms, many marine fisheries can be considered as underperforming natural resource assets. The net present value of future benefits from these is being eroded by destructive fish harvesting practices, pollution and habitat destruction. This outcome is symptomatic of the wide-scale failure of governance and institutional arrangements needed to ensure sustainable and efficient management of the marine environment and resources. The increasing global population, economic acceleration and associated demand for seafood and other ocean resources coupled with the threat of climate change, are all significant compounding factors.

2. The negative impacts of this failure are of particular relevance to many of the Bank's client countries whose economies, livelihoods and food security depend heavily on fisheries. Global studies (e.g. FAO's SOFIA, 2012) paint a worsening picture of fisheries becoming economically and biologically overexploited both within and beyond national jurisdictions. Increasingly, fisheries are characterized by their overcapitalization, overexploitation, illegal activity and negative spillover impacts on biodiversity. The latter includes a wide range of by-catch and indiscriminate harvesting that ignores broader ecosystem impacts. While on the one hand weak fisheries management continues to generate these negative outcomes and erode ocean wealth (e.g. World Bank, *Sunken Billions*, 2009), on the other much of the fishing industry continues to receive cost reducing subsidies amounting to some \$15-30b/year.

3. Of specific concern to the future ocean health and sustainable fisheries are the high seas, ocean areas that are beyond national jurisdiction, or ABNJ. These areas are recognized as one of the least managed global commons on Earth and represent a new frontier for efforts to address global environmental and sustainable development challenges. Globally, ABNJ comprise around 230m km<sup>2</sup>, with Economic Exclusion Zones (EEZs) around 130m km<sup>2</sup>. While ABNJ account for almost 65% of ocean area, they provide less than 10% of global fisheries production, due mainly to the higher primary productivity of coastal, continental shelf areas. Nonetheless, ABNJ provide a transitory home for valuable pelagic, highly migratory species such as tunas and billfish.

4. Recognizing the range of threats that unsustainable fishing practices represent to marine biodiversity and ecosystem integrity, the GEF approved a new global ABNJ Program in 2011 under the coordination of FAO with the goal of promoting "efficient and sustainable management of fisheries resources and biodiversity conservation in the ABNJ, in accordance with the global targets agreed in international forums". This would be accomplished through four components: (1) Sustainable management of tuna fisheries and biodiversity conservation in the ABNJ (FAO); (2) Sustainable fisheries management and biodiversity conservation of deep-sea ecosystems in the ABNJ (FAO/UNEP); (3) Ocean partnership for sustainable fisheries and biodiversity (World Bank; the subject of this PCN), and (4) Global coordination for marine ABNJ (FAO and Global Oceans Forum).

5. In parallel to the above, the Bank has helped develop and launch the Global Partnership for Oceans (GPO), a broad-based coalition committed to collaboration in catalyzing investment in fisheries and oceans. The Bank is a partner in the GPO and engages by aligning its existing oceans portfolio of over US\$1.4 billion with other partners, as well as leveraging new IDA and IBRD investments in priority ocean areas. Project Co-finance will be available through GPO partners and significant new Bank IDA/IBRD investments.

6. The project will contribute directly to the wider objectives of both the GPO and GEF's ABNJ Program. It will achieve this through identifying and designing a series of transformational pilots on well managed fisheries based on highly migratory stocks that straddle EEZs of several of our client states and adjacent ABNJ. Pilot design proposals resulting from the project will demonstrate a strong value proposition which will catalyze downstream investments. Pilot design will internalize the notion of Blue Growth for Bank clients. Reform strategies and tools with proven effectiveness offer crucial best practice lessons for the project and will inform pilot design.

## Sectoral and Institutional Context

7. Many of the world's most valuable fisheries are founded on highly migratory stocks which comprise arguably the most iconic members of high seas biodiversity – the tunas and billfishes.

8. Tuna. More than 85 countries engage in tuna fisheries. Globally, tuna landings are valued at over \$10b, while exports amount to some 8% of seafood traded internationally. Overexploitation of these fisheries is well documented. FAO (2012) notes that among the seven principle species of tuna, one third were estimated to be overexploited, 37.5 percent fully exploited, with just 29 percent “non-fully” exploited. FAO also notes that in the long-term, without significant management improvements, the status of tuna stocks is likely to deteriorate in the face of burgeoning market demand. This is likely to impact negatively on the economies of many Bank client countries. These stocks underpin millions of livelihoods and food security in regions such as the Bay of Bengal (where around 50% of the EEZ-based tuna catch is by small scale vessels). In the Western Central Pacific, tuna fisheries generate vital revenues from distant water fishing nations (DWFN) upon which their economies and citizens depend.

9. Billfish. Similar declining trends have been recognized in billfish species which include blue and white marlin, sailfish and spearfish. Although billfish are generally not targeted directly by DWFN fleets in ABNJ, they are nevertheless important incidental by-catch species from tuna long-line fisheries. Billfish serve two crucial yet highly disparate markets: commercial and recreational fisheries. Regarding the former, the commercial fisheries are often characterized by small-scale, multi-species fishing operations which supply low value seafood market in regions such as the Caribbean where they contribute significantly to local livelihoods, income and food security amongst local populations. In regard to the latter, as recreational gamefish, they are amongst the most prized ‘trophy’ species in the world. They support a vast and highly capitalized tourism sector valued at some \$70b per year, in itself a conservative estimate given this excludes the indirect impacts (World Bank, Hidden Harvests, 2012). FAO (2012) notes that recreational fisheries may generate 12 percent of the total world catch, and estimates that recreational fishers probably number more than 140m worldwide. Recreational fishing and the associated tourism business are developing rapidly in many Bank client states including African and Caribbean. Given that most recreational fishing involves ‘catch and release’, the potential for socioeconomic development associated with conservation is increasingly recognized. The divergence in value between recreational and commercial fisheries provides a substantial opportunity for conservation and value creation which this project aims to exploit.

10. The reported declining trends in many highly migratory fisheries can be attributed largely to ongoing weaknesses in existing institutional arrangements that determine access to them and the ways in which they are exploited. As noted above, these weaknesses have led to poor fisheries performance – a classic ‘tragedy of the commons’- in many parts of the world (World Bank’s Sunken Billions, 2009; GPO Framework, 2013). Economic spillovers or externalities are particularly acute in shared migratory stocks where the race to fish and capture rents from these valuable species occurs at multiple levels - within and between adjacent states, and between states’ EEZs and ABNJ.

11. The overarching institutional context within which this project is set comprises an array of international instruments, both hard and soft law, that have emerged over the last few decades in response to these trends and growing concerns for more effective management of ocean resources. Key amongst these are the United Nations Convention on the Law of the Sea –UNCLOS, the UN Fish Stocks Agreement (UNFSA) and the FAO Code of Conduct for Responsible Fisheries. Although the project is fully consistent with the guidance or mandates provided by these, their implementation has increasingly been questioned. For example, FAO (2012) notes that lack of

progress is not due to a dearth of global guidance, rather to the lack of complete and effective implementation of existing measures.

12. Of particular relevance to the project, the UNFSA specifically addresses the conservation and management of straddling, highly migratory stocks. It obliges states inter alia to agree measures to ensure the optimal utilization of these stocks either through bilateral arrangements or through regional organizations. UNFSA exhorts that such measures take account of ‘special conditions’ of developing States (such as economic dependency) and that any management measures established for ABNJ in respect of these stocks do not undermine the effectiveness of management measures adopted by coastal States within their jurisdictions. This institutional context is not only relevant to this project, but also provides rationale for the Bank’s engagement in management of fisheries that extend beyond the jurisdictions of our client countries and into ABNJ. There are two relevant facts in this regard: (a) the crucial importance of stakes held by some Bank clients in these shared fisheries to their current and prospective economic wellbeing; and (b) the fact that this stake will be undermined unless effective fisheries management arrangements are established in both ABNJ and EEZ.

13. The project starts from a well-established base. For the past seven years, the Bank’s Global Partnership for Fisheries (aka PROFISH) has supported efforts to address threats to oceans in Asia, Africa, the Southwest Indian Ocean and globally. These efforts have built on an emerging body of international best management practice from around the world that demonstrates the potential for enforceable access rights set within an effective regulatory context, to deliver sustainability, increasing productivity and biodiversity conservation. Although PROFISH efforts to date have focused on coastal fisheries, the project will build on lessons from successful reforms. For example, several Pacific island states under the Palau agreement have been able to develop a form of rights-based management (a market for ‘vessel days’) that generates significant net economic and social benefits. Such initiatives serve to demonstrate the value proposition for coastal developing states and fishery stakeholders, to develop a collective interest to sustainably derive value from these fisheries.

### **Relationship to CAS**

The project will invest in several seascapes globally, no country specific activities have been defined.

## **II. Proposed Development Objective(s)**

### **Proposed Global Environmental Objective(s) (From PCN)**

14. The project will develop business plans that attract investment into a series of fisheries improvement pilots that mainstream the sustainable management of highly migratory stocks (such as tuna, billfish and sharks) spanning areas within and beyond national jurisdiction. The business plans will incorporate a value proposition for investment – the economic, technical, financial and political/institutional rationale needed to attract public and / or private sector investment.

15. Once implemented (which can happen either during or after project completion), the pilots will contribute to increasing sustainable, net economic benefits to coastal and island developing countries while enhancing ocean biodiversity conservation.

### **Key Results (From PCN)**

16. The following results will be achieved:

i. Conducive institutional frameworks. By the end of the project (EOP) institutional frameworks and supporting policies for sustainable and profitable fisheries will be integrated within the design of at least two pilots.

- ii. Investment incentives. The value proposition offered by reformed institutional and regulatory frameworks addressing enforceable use / access rights to fisheries will catalyze public and/or private investment in at least two pilots by EOP.
  - iii. Increasing capacity of clients states to engage effectively in regional/international policy processes. By the EOP, there will be strong evidence of increased developing country capacity to 'voice' views on sustainable management of highly migratory fisheries in engagements with relevant RFMOs.
  - iv. Increasing stewardship role of private sector/communities. Business plans for pilots will internalize the environmental and biodiversity related spillovers of fishing (such as bycatch, habitat destruction and wider ecosystem impacts) within the economic choices of individuals, firms or communities.
  - v. Innovation funds. A special fund relevant to the effective development of each candidate Pilot in prioritized areas catalyzes innovation relevant to the Project's PDO. Grants will complement and support the development of the business plans for selected Pilots. The specific aim of these funds is to further attract investment into business plans / pilot proposals whose implementation will deliver transformational impact i.e. to add investment value to the pilot design process.
17. The results noted above will be further refined and clarified during the preparation (PPG) phase, ensuring these are quantifiable and measurable.

### III. Preliminary Description

#### Concept Description

18. The Project will finance the prioritization, analysis and development of detailed proposals and business plans for four globally significant pilots related to fisheries on highly migratory stocks (tuna and billfish) occurring within developing coastal and island states' EEZ and adjacent ABNJ. The development of business plans will focus on the value proposition offered by fisheries under forms of rights-based management supported by enabling institutional and regulatory contexts (para 13).

19. As noted in Section 1A, the project complements and potentially informs the Global Partnership for Oceans (GPO). Moreover, it will synergize and collaborate closely with at least two parallel IDA fisheries-related investments in South Asia and Pacific (see below). The Project will also draw on existing Bank experience with similar GEF Global projects, in particular ALLFISH and PROFISH (during its development stages). The ALLFISH model for collaboration with the private sector (i.e. the seafood industry as well as finance) will help inform effective ways to leverage private investment in sustainable business scenarios and reform processes.

20. It is expected that at least two of the pilot proposals will be financed from public and/or private finance as long-term transition programs by the end of the project. As shown in Fig. 1, however, such future investments in pilots are outside of the scope of the project even though these may occur within the project's lifetime. Given the project's close association and partnership with both the GPO and IDA investments, the project will broker and leverage future investment opportunities associated with this partnership approach.

21. Business plan development and analyses will be undertaken throughout implementation by appropriate executing agencies (EA). These will be either regional or global organizations with relevant credentials. EAs will be identified during the preparation phase and will help in the

definition of regional project activities. EAs that are currently already under consideration respective to regions where suitable candidates are being examined include the following four:

- Caribbean - West and Central Atlantic Fisheries Commission (WECAFC [www.fao.org/fishery/rfb/wecafc/en](http://www.fao.org/fishery/rfb/wecafc/en)).
- Eastern Pacific - World Wildlife Fund ([www.worldwildlife.org](http://www.worldwildlife.org)) working in association with Inter-American Tropical tuna Commission (IATTC - <http://www.iattc.org/>).
- West and Central Pacific - Forum Fisheries Agency (Pacific Islands FFA - <http://www.ffa.int/>).
- Bay of Bengal - Bay of Bengal Programme Inter-Governmental Organization (BOBIGO <http://www.bobpigo.org/>).

The Project will also provide innovation funds in support Pilot development, and monitor overall progress.

22. Throughout project implementation, the Bank will supervise, provide technical guidance and draw lessons from project experiences with support from a small but influential global advisory board comprising an international group of experienced fisheries management specialists. Arrangements for this will be proposed in the PAD. Furthermore, the project will maintain active collaboration with the FAO-led ABNJ Program (above) to ensure project coherence and mutual lesson learning.

23. Three project Components are proposed:

Component 1: Definition and development of business plans for long-term transformational pilots for sustainable fisheries in priority ocean areas. This primary component will support the development of business plans for four regional pilot activities for fisheries on highly migratory stocks spanning developing states' waters and ABNJ. Pilot development will involve detailed technical / analytical, financial and institutional planning. Strategic partnerships will be encouraged between specific private sector partners engaged in these fisheries and agencies responsible for national and regional policy, regulation and compliance. These partnerships will inform and enable institutional reforms needed to generate a clear value proposition for downstream investment in long-term pilots.

Component 2: An innovation fund supporting Component 1. The overall aim of this facility is to contribute to the transformational impact that Pilots are expected to realize. This represents an approximately \$2million grant window open to organizations ranging from private sector, NGOs through to academia. The PPG phase will define a set of criteria and challenges that this fund seeks to address – for example, creation of links between market-based certification and rights-based management in targeted fisheries; technologies for by-catch reduction such as circle hooks; or innovative monitoring control and surveillance tools, and south-south exchanges and capacity building. The grants aim to stimulate innovation that directly supports prioritized Pilot activities and the Project's PDO. Grants will complement and support the development of the business plans for selected Pilots. The fund will be opportunistic and incremental, for example developing efforts of interested private operators and associations.

Fund scoping is led by Conservation International (CI) under contract with the Bank and in partnership with the prospective EAs outlined above. Operational efficiency will be key to its eventual success given the need for ideas to inform Pilots development as soon as possible. Options

for ensuring the operational efficiency are being evaluated in the design of this funding window as well as refinement of the criteria for selection of activities. CI was identified in the original PIF and Program Framework Document as an Executing Partner, and is committed to supporting this Component. CI is providing some \$10 million in-kind parallel financing through technical support, grants, long-term financing for marine protected areas, and loans to small and medium enterprises, and is well versed in activities related to innovative finance and grant making, including with World Bank.

Component 3: Monitoring, evaluation and lesson learning (from Components 1 and 2).

Several sub-components will be implemented in support of Component 1 and 2. In summary, these address: (i) monitoring, evaluation and technical advice regarding project activities ; (ii) knowledge, communications and advocacy; and (iii) developing country engagement strategies. As noted above, the Project will maintain an informal monitoring role of any third party funded pilots for the remainder of the Project period.

#### IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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

#### V. Financing (in USD Million)

Total Project Cost:	10.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Global Environment Facility (GEF)			10.00
Total			10.00

#### VI. Contact point

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**Borrower/Client/Recipient**

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Title:

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**VII. For more information contact:**

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