

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

Report No.: PIDC229

Project Name	West Africa Regional Fisheries Program APL C1 (P126773)
Region	AFRICA
Country	Africa
Sector(s)	General agriculture, fishing and forestry sector (100%)
Lending Instrument	Adaptable Program Loan
Project ID	P126773
Borrower(s)	GOVERNMENT OF MAURITANIA
Implementing Agency	Ministry of Fisheries and Maritime Economy, Ministry of Fisheries and Maritime Economy, Ministry of Fisheries and Maritime Economy
Environmental Category	B-Partial Assessment
Date PID Prepared	17-Jan-2012
Estimated Date of Appraisal Completion	09-Nov-2012
Estimated Date of Board Approval	28-Mar-2013
Concept Review Decision	
Other Decision	Continue Project Preparation (estimated Board Presentation March 28, 2013). Track 2.

I. Introduction and Context

Country Context

Coastal West Africa, from Mauritania to Ghana, is the westernmost region of the continent and home to a growing population of almost 300 million. With the exception of Mauritania, all of these countries are members of the Economic Community of West African States (ECOWAS). The region includes a wide range of countries at varying stages of economic development, five of whom have a per capita GDP below US\$1,000 (Gambia, Guinea, Guinea-Bissau, Liberia and Sierra Leone), and several of whom are emerging from conflicts within the last ten years. Poverty is widespread throughout this coastal region, and the economy in almost every country is heavily dependent on natural resources.

In the Islamic Republic of Mauritania in particular, the country has undergone a period of political instability with the overthrow of elected governments in 2005 and 2008. The presidential elections of July 18, 2009 facilitated the World Bank's re-engagement with the government. These recent developments underline challenges, as well as opportunities, for the country's future. Following the discovery of oil, Mauritania became an oil producing country in early 2006. Although the oil actual reserves were not as large as originally expected, the production of about 100,000 high quality crude barrels a day together with a more stable political situation, imply that Mauritania's medium growth perspectives have improved considerably. The Government is now concentrating on a strategy focused on increased employment, particularly for youth.

Sectoral and Institutional Context

Due to exceptional climatic and ecological conditions, the coastal countries of West Africa are endowed with some of the richest fishing grounds in the world. The marine fish stocks in these waters constitute a significant natural asset for the countries of West Africa, which is transboundary in nature (as both fish stocks and fishing fleets routinely migrate across national borders). Given the size of this asset, the marine fish resources off the coast of West Africa play a role in the culture, lives and economy of the population as large as any of the other natural resources in the region. More specifically, more than 1.6 million tons of fish are legally captured in West African waters each year, with an estimated wholesale value of US\$2.5 billion. At least 40 percent of this total amount of fish is caught in Mauritania's waters, where the sector contributes roughly 6 percent to the country's gross domestic product (GDP), and provide over one fourth of the country's public revenues, as well as roughly one third of export revenues.

Despite the cultural and economic importance of West Africa's marine fish resources, this natural asset is heavily underperforming, and could make a much greater contribution to economic growth and poverty alleviation if better managed. The underperformance of the region's fisheries is due to: (i) the dwindling size of the asset, resulting from insufficient capacity in the countries to govern and manage the use of the resources to sustainable levels and to prevent their overexploitation, and more specifically the inability of countries to prevent illegal fishing; and (ii) the fact that the resources are largely taken in an offshore economy by foreign or industrial vessels who rarely land their fish catch in the region or participate in the local economy, so that the countries only capture a fraction of the value.

Particularly in the case of Mauritania, the size of the country's marine fisheries asset is decreasing, as a failure to adequately govern the use of these resources has resulted in overexploitation of key species (e.g. cephalopods, selected demersal species). This overexploitation is not the result of illegal fishing, as Mauritania is the leader in the region in fisheries surveillance and enforcement, but rather a failure to create a framework of adequate fishing rights that can function as incentives for users to take a

long-term stake in the fishery and prevent overexploitation. As a result, the economic returns from these fisheries are well below their potential. Small pelagic resources are likely also over-exploited. Furthermore, the fisheries in Mauritania currently function as an offshore economy, with very little local value added in Mauritania and thus a relatively small amount of employment generated (less than 40,000 persons directly and/or indirectly employed). The infrastructure to support greater local landing and fish processing does not currently exist, nor do the various services and secure incentive frameworks for investors. In summary, the marine fisheries asset of Mauritania is heavily underperforming for the country, as a result of (i) weak governance that has facilitated overexploitation and diminishing returns from this natural asset, and (ii) a lack of infrastructure and support services needed to facilitate the transition onshore of the fisheries.

Relationship to CAS

The World Bank's new Africa Strategy focuses support towards assisting countries in the areas of (i) competitiveness and employment, and (ii) vulnerability and resilience, with a foundation on governance and public sector capacity. This investment is consistent with the Africa Strategy, as the objective is to sustainably increase the competitiveness of Mauritania's fishing industry and ultimately the wealth it generates for the country, through the introduction of governance reforms in the sector needed to secure the natural capital base, and through leveraging private investment and partnerships through construction of fish landing infrastructure. Given that the fish caught in Mauritania's waters are exported as food fish to a number of countries throughout West Africa, the investment would also provide a more secure entry point to these markets and thereby contribute to food security in the region.

In 2008, the World Bank completed a Regional Integration Assistance Strategy for Sub-Saharan Africa in order to help leverage increased benefits for the region through investments in cross-border integration and collaboration. The RIAS notes that one of the main rationales for World Bank support to regional integration in Africa is the need for assistance with the management of shared natural resources, such as fisheries. The RIAS highlights the fact that fisheries lie across borders and require regional collaboration to ensure sustainable harvesting and to prevent conflicts. As such, one of the three pillars of the RIAS is to support coordinated interventions to provide regional public goods, focusing on regional water resources, forestry and fisheries. For this reason, the West Africa Regional Fisheries Program is listed in the RIAS in the indicative lending program for the World Bank (Table 3, page 47).

Similarly, the Mauritania CAS for FY08 – 11 (Report No. 39532) highlights the fisheries sector under the first pillar aiming to accelerate growth and maintain macroeconomic equilibrium (pages 13, 32 and 33). The CAS notes that continued governance reforms will be needed to unleash the potential of the fisheries sector, and envisaged completion of an Economic and Sector Work (ESW) on the subject, that would lead to potential Bank intervention in partnership with the Global Environment Facility (GEF). The ESW was subsequently completed and delivered to the client, and this concept builds on the conclusions of the report, describing the nature of governance reforms needed.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

The development objective of the first phase of APL-C of the West Africa Regional Fisheries Program is to strengthen the capacity of Mauritania to govern targeted fisheries, and increase the contribution of these fisheries to the local economy. The targeted fisheries for this first phase include first and foremost the high value export species that have been most heavily overfished, among others: coastal shrimp, octopus, as well as demersal fish species (e.g. croakers, groupers, snappers, etc.) and small pelagic species. The Program will support more sustainable contributions from these fisheries to the country's economic growth via: (i) IDA credits and GEF grants invested in governance reforms to support more sustainability and transparency of supply, and (ii) IBRD enclave loan to support key fish landing infrastructure and public/private partnerships needed to capitalize on bigger fish stocks and more sustainable supply, most notably through more value added to the country's economy.

Background: The West Africa Regional Fisheries Program (WARFP) is a series of 3 overlapping Adaptable Program Loans (APLs), each of which has two phases of five years. As such, the WARFP utilizes the World Bank's APL instrument: (i) horizontally, on a regional basis to support 9 countries through a series of overlapping APLs (i.e. APL-A for Cape Verde, Liberia, Senegal and Sierra Leone; APL-B for Ghana and Guinea-Bissau, APL-C for Mauritania); and (ii) vertically, in that each country can receive support from two phases or installments over the APL Program, in order to deepen and expand the reforms supported in the first phase. The APL instrument is particularly well-suited to support the long-term reforms needed in the management and use of the region's fisheries, with logical sequencing of events and phasing of activities with agreed milestones, and flexibility needed in execution. The regional organization supporting the implementation of the WARFP is the Sub-Regional Fisheries Commission (SRFP), a regional fisheries body that includes the seven member states of Mauritania through Sierra Leone, with Ghana and Liberia participating as observers.

The first of the three overlapping APLs in the series, APL-A, was approved by the Board of Directors on October 20, 2009 for US \$55 million in IDA and GEF investments in the four countries of Cape Verde, Liberia, Senegal and Sierra Leone. The second APL in the series, APL-B, was approved by the Board on March 31, 2011 for US\$8 million in IDA and GEF investments in Guinea-Bissau. Similarly, the West Africa Regional Fisheries Program in Ghana was approved as a specific investment loan (SIL) on July 14, 2011, for US\$53 million in IDA and GEF investments. This concept note describes the third APL proposed in the series, APL-C, for the country of Mauritania. The remaining countries of Guinea and the Gambia could be added via subsequent APLs when ready. Taken together, this series of APLs (i.e., the West Africa Regional Fisheries Program) is expected to span 10 years, at the end of which

period it will have covered all nine eligible countries: i.e. the seven member countries of the CSRP (Cape Verde, the Gambia, Guinea, Guinea-Bissau, Mauritania, Senegal and Sierra Leone) plus Liberia and Ghana.

The development objective of the series of overlapping APLs, taken together, is to sustainably increase the overall wealth generated by the exploitation of the marine fisheries resources of West Africa, and the proportion of that wealth captured by West African countries. The APLs would achieve this objective by: (i) strengthening the countries' capacity to sustainably govern and manage their fisheries; (ii) reducing illegal fishing; and (iii) increasing the value and profitability generated by fish resources and the proportion of that value captured by the countries.

Key Results

A. Improved Governance of Targeted Fisheries:

- Indicator 1: A detailed action plan to implement the Government's fisheries policy (2008 Strategy) is developed (yes/no);
- Indicator 2: Laws and regulations for the sector revised, as well as the institutional framework, in order to implement the policy action plan (yes/no);
- Indicator 3: A fishing vessel and license registry system is in place, and accessible to the public (yes/no);
- Indicator 4: The high-value coastal shrimp and the octopus fisheries show signs of a recovery, as measured by an increase in total landings per unit of fishing capacity (e.g. number of fishing vessels).

B. Increased Contribution of the Fisheries to the Local Economy:

- Indicator 5: At least a 25 percent increase in annual net economic benefits to Mauritania from the targeted fisheries.

III. Preliminary Description

Concept Description

In the case of Mauritania, the following components and activities would be financed from the West Africa Regional Fisheries Program:

Component 1. Good Governance and Sustainable Management of the Fisheries

This component would provide: (i) technical assistance and training for the development of a detailed action plan to implement the Government's fisheries policy (2008 Strategy); (ii) the introduction of limited and secure rights to the octopus and shrimp fisheries via the implementation of the existing management plans, as well as the potential introduction of rights to the small pelagic fisheries; (iii) development of a functional fishing vessel and license registry, and (iv) establishment of a Fisheries Economic and Policy Planning Unit, which would house a publicly available dashboard. These governance reforms would aim to cap or reduce fishing effort on a number of high-value stocks via the introduction of a fixed number of rights, to sustainably enhance the natural capital base of the fisheries. With a more stable and predictable supply of fish resulting, this component would therefore utilize IDA credit and GEF grant as an entry point for an IBRD enclave loan to finance infrastructure for private partners to invest locally in Mauritania's fisheries. The country aims to encourage private investment to land more fish locally to increase the value added from the sector, but without a stable and predictable supply of fish, even the best infrastructure would not be a sufficient incentive. Thus this component and these governance reforms would allow the Government and private partners to invest in a local industry based on a healthy natural capital asset.

Component 2. Increasing the Contribution of the Marine Fish Resources to the Local Economies

This component would mobilize an IBRD enclave investment to support the creation of an environment where the country can capture more of the economic benefits from its marine fish resources, based on the governance and policy reforms introduced in Component 1. This would include an environment where more of the fish caught in the country's waters is handled locally (e.g., landed, processed) to generate more local value added, under better sanitary conditions. More specifically, this component would support a fish landing site cluster at Nouadhibou, which would operate in partnership with the private sector to generate sufficient foreign exchange to provide the needed security for the investment. As mentioned previously, currently a large number of the lower value small pelagic species caught in Mauritania's waters, are taken abroad and processed, and then exported back into a number of markets in West Africa where demand for food fish is high. This investment would provide for a better entry point for these fish products into the regional market, reducing the need for foreign processing in some cases. Projected revenue generation from the landing site cluster at Nouadhibou to secure the IBRD enclave would likely come from one of two (or both) potential sources: (i) a private partner who is given a concession on the port and operates the facility, charging fees to vessels landing fish and using the site; and/or (ii) private investors in storage/processing/transshipping facilities in and around the site.

Component 3. Coordination, Monitoring and Evaluation and Program Management

This component would provide technical assistance and operating costs to the Ministry of Fisheries and Maritime Economy to manage the program of nationally-implemented investments. The Ministry would create a monitoring and implementation unit at the level of the Cabinet, supported by a technical team of experts to be recruited by the project, including a fisheries economist, a specialist in fisheries infrastructure and a fisheries policy and management specialist. Working with the various Departments of the Ministry, this team would prepare an annual work program, budget, update of the monitoring and evaluation indicators and procurement plan that would eventually be reviewed with the steering committee and transmitted to the Regional Coordination Unit for the Program, housed at the Sub-Regional Fisheries Commission (CSRP). At this scale, the CSRP would provide technical support to the Ministry in implementation, as it does for all of the countries participating in the WARFP, as well as implementation of regional information-sharing and transparency initiatives.

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. Tentative financing

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Bank for Reconstruction and Development	30.00
International Development Association (IDA)	12.00
Global Environment Facility - IBRD as Implementing Agency	7.00
Total	49.00

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