



**The World Bank**

Second South West Indian Ocean Fisheries Governance and Shared Growth Project - Region & Madagascar  
(P153370)

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# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 04-Jan-2017 | Report No: ISDSA20422

## BASIC INFORMATION

### A. Basic Project Data

Country Southern Africa	Project ID P153370	Project Name Second South West Indian Ocean Fisheries Governance and Shared Growth Project - Region & Madagascar	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 10-Jan-2017	Estimated Board Date 22-Mar-2017	Practice Area (Lead) Environment & Natural Resources
Lending Instrument Investment Project Financing	Borrower(s) Indian Ocean Commission (COI), Ministère des Finances et du Budget	Implementing Agency Ministère des Ressources Halieutiques et de la Pêche	

#### Proposed Development Objective(s)

The proposed Project Development Objective is to improve the management of selected fisheries at regional, national and community levels and to increase access by targeted fishers to alternative livelihood activities.

#### Components

- Component 1. Enhanced regional collaboration
- Component 2. Strengthening capacities for priority fisheries management
- Component 3. Strengthening capacities for engagement in alternative fishing practices and livelihoods activities
- Component 4. Project management and coordination

#### Financing (in USD Million)

Financing Source	Amount
Borrower	1.00
Global Environment Facility (GEF)	6.42
International Development Association (IDA)	65.00
IDA Grant	9.00
Japan Policy and Human Resources Development Fund	2.73
<b>Total Project Cost</b>	<b>84.15</b>

Environmental Assessment Category

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B - Partial Assessment

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

No

Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

**B. Introduction and Context**

Context

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**i. REGIONAL STRATEGIC CONTEXT**

**a. Regional Context**

1. **Fisheries is a key sector for the South West Indian Ocean coastal countries.** 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<sup>1</sup>, these countries are members of the South West Indian Ocean Fisheries Commission (SWIOFC), a regional fisheries body.<sup>2</sup> 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 6 percent in Mozambique, 2 percent in Tanzania and Madagascar<sup>3</sup>, 1.5 percent in Mauritius and 0.5 percent in Kenya and South Africa. Among the members of the Indian Ocean Commission<sup>4</sup>, with the exception of La Réunion, the

<sup>1</sup> Some of the French overseas territories, including La Réunion and several other islands, are located in the SWIO and surrounded by extensive Exclusive Economic Zones (EEZs).

<sup>2</sup> The South West Indian Ocean Fisheries Commission is a regional fisheries body under the Food and Agriculture Organization of the United Nations (FAO), whose objective is to promote the sustainable utilization of the living marine resources of the South West Indian Ocean region and address the common problems of fisheries management and development faced by the member countries, without prejudice to the sovereign rights of coastal States. The member States are: Comoros, France, Kenya, Madagascar, Maldives, Mauritius, Mozambique, Seychelles, Somalia, South Africa, the United Republic of Tanzania, and Yemen.

<sup>3</sup> For Madagascar, the 2 percent value is for 2013/2014. This is a decrease compared to 2006, before the shrimp production collapsed, when the fisheries sector is thought to have contributed in the order of 7 percent of GDP.

<sup>4</sup> A sub-region in the SWIO region, which includes: Comoros, Madagascar, Mauritius, Seychelles and France (La Réunion).



sector contributes around 22.5 percent annually to total exports within the region.<sup>5</sup> The total estimated value of these exports for the island (IOC) countries is around USD900 million per year, of which a large portion is attributed to tuna and shrimp.

2. **Coastal populations in the SWIO region heavily depend on fisheries for their livelihoods.** 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. While data are poor and likely underestimate the importance of the sector, direct employment in the fisheries sector is estimated at more than one million. Over 45 percent of the workforce are women, mostly involved in small-scale fisheries, including collecting, processing, trading, marketing and aquaculture.

3. **The fisheries sector is a major contributor to nutritional health and food security in the SWIO region.** The coastal rural population, in particular the poorest, has limited alternatives to fish as a source of animal protein as well as essential nutrients, vitamins, minerals and trace elements. Fish accounts for around 50 percent of animal protein intake in Mozambique, up to 70 percent in Tanzania, and 20 percent in Madagascar.<sup>6</sup>

#### b. Regional Challenges

4. **Pressure on fish stock has reached a high level.** An estimated 28 percent of the regional fish stock is over-exploited or depleted (especially the high-value coastal resources, such as shrimp, lobster, and sea cucumber which are easily accessible in particular to small-scale fishers), and a further 40 percent is fully exploited.<sup>7</sup> Depletion results from overfishing and unsustainable fishing practices by both large-scale and small-scale fishers, through fishing pressure above resource regeneration capacity and widespread use of destructive techniques with direct negative consequences on the environment and resource regeneration. This outcome is largely due to insufficient fisheries governance. As a result, critical ecosystems, already weakened by land-based pollution, are further endangered by productivity and biodiversity loss and destruction of habitats. Increase of fishing pressure on fully exploited stocks would have a further negative impact on fishing productivity with loss of production and revenue, subsequent loss of jobs and livelihoods, and would ultimately pose a threat to food security and nutrition.

5. **As small-scale fisheries modernize or the number of fishers increases, the limited potential of many coastal fisheries will require that the fishing effort be reduced to adjust to optimal resource regeneration capacity.** This will generally translate into fewer vessels or jobs in harvesting operations and will require attention to alternative livelihood opportunities in post-harvest value added, aquaculture or in other sectors. Reduction or elimination of destructive fishing is also a significant governance and social challenge, as communities are dependent on the declining catches from this spiraling environmental and economic depletion – typical of the tragedy of the commons. Co-management approaches can serve as important pathways out of overexploitation and poverty – particularly for the poorest – through providing communities with the mandate and skills to manage and benefit from fishery resources.

6. **Tuna fisheries are by far the most important in the region both in terms of value and total catch and,**

<sup>5</sup> Indian Ocean Commission – SMARTFish (2016 April). *Le Secteur des Pêches et de l’Aquaculture dans l’Espace COI: Retombées Socio-économiques versus dépenses publiques engagées pour sa gestion.*

<sup>6</sup> UNEP, 2015; FAO, not dated.

<sup>7</sup> SWIOFC, 2011.



**as tuna resources are migratory, they require regional management for ensuring stocks productivity and optimum harvesting.** In an effort to achieve this objective, the coastal nations and distant waters fishing nations collaborate within the frame of the Indian Ocean Tuna Commission (IOTC), an intergovernmental organization responsible for the management of tuna and tuna-like species in the Indian Ocean. The IOTC is responsible for monitoring the health of the stocks, promoting research relevant for the conservation and management of the resources and fisheries, as well as adopting conservation and management measures for the conservation and optimum utilization of the fish resources.

7. **Tuna fishing, processing and marketing remain dominated by foreign operators, with modest benefits retained in the region.** With some exceptions, much of the tuna fishery remains an 'offshore economy' with the region's developing coastal states playing a relatively marginal role despite the resource wealth. Since a large part of the catch is harvested in their national waters, SWIO countries could potentially exert significant influence by working together on the management of and access to these valuable regional marine resources to increase the share of benefits retained in the region.

### c. Rationale for a Regional Approach

8. **The SWIO marine fisheries are part of a larger marine ecosystem shared by all countries of the region.** This ecosystem is a regional public good, whose health and sustainability require regional coordination to limit the negative and enhance the positive externalities from national activities. All countries in the region are facing the same challenges:

- i. The fisheries sector in the SWIO is already largely regional, with each country's decision impacting on the other countries' activities. In particular, large national investments, such as ports, fishing fleets, or processing plants, are competing against each other: uncoordinated fisheries management generates suboptimal implementation costs and efficiency and results in suboptimal benefits for the region and individual countries.
- ii. The countries face common constraints and challenges with regard to their fisheries sector: weak national governance, weak human and institutional capacity, and a fragile business environment.
- iii. The SWIO countries have repeatedly called for attention to regional collaboration in the sector, recognizing the important contribution by the marine fisheries to regional and national goals: poverty reduction, food security, economic growth, balance of payments, and the value of natural capital.

9. Regional cooperation is currently being reinforced through the SWIOFish1 project, where a wide range of issues are tackled between member countries, particularly in terms of improving the conditions for access to tuna fisheries, strengthening the regional fisheries body, SWIOFC, to ensure effective and sustainable regional collaboration across stakeholders, as well as support to improve regional Monitoring, Control, and Surveillance (MCS) activities. The proposed SWIOFish2 project will serve as an avenue to help reinforce and widen this collaboration across countries and stakeholders in the extended region. The project strongly supports the realization of Sustainable Development Goal No. 14, which aims to *"Conserve and sustainably use the oceans, seas, and marine resources for sustainable development"*.



d. Theory of Change

10. **The measures and objectives supported by the proposed project would require a change management phase.** The regional approach aims to support the fisheries sector in the concerned countries to achieve better governance as a pathway to the overarching SOP development objectives, i.e., to increase the economic, social, and environmental benefits to SWIO countries from a sustainable exploitation model of fish resources. Measures will have to be taken to regulate the fisheries and foster new behaviors. This will imply, for example, restriction of access to fisheries, prohibition of gear and catch of certain fish, and law enforcement. For better acceptance and ultimately adherence of the fishers to the new management measures and objectives, the project will have to include a change management phase, and support the transition phase by providing incentives for new behaviors. The change management phase will include reforms in the fisheries sector management supported by financial transfers, assistance to alternative livelihoods, activities and business management, access to finance facilitation, and a communication campaign directly tailored to the implementation of the fisheries management plans in target areas:

11. **Financial transfers.** The new management measures may affect the fisherfolk financially with a possible revenue loss compared to an unregulated scenario. Financial compensation would help mitigate their loss, and could temper resistance to change and encourage good practices.

12. **Assistance to alternative activities and business management.** Regulating the fisheries might drive some stakeholders to enter, temporally or permanently, into alternative activities (in the case of fishing closure due to overexploitation, for example). Identified fisherfolk will be provided with training to help them learn a new job, acquire new skills, and create a new sustainable source of revenue. Finance management training will be provided to fisherfolk as the project may impact their revenues and income regularity (e.g., high income within a short period following the fisheries re-opening). For those who select professional conversion, technical assistance will be provided on how to run a business.

13. **Access to finance facilitation.** This set of activities will complement the training and implementation of regulations. The purpose would be to help the fishers to learn to save money for the long run and better manage their finances. Micro-credit or matching grant access will be enhanced for alternative livelihoods and fishing-related practices.

14. **Communication campaign.** Proper outreach and communication are critical for the success of the project. They will help the fisherfolk to understand why fisheries management would benefit them and the advantages of engaging in the change process. This will hopefully facilitate a softer transition from the current unregulated system to the implementation of fisheries management plans.

ii. THE SERIES OF PROJECTS APPROACH

15. Consolidating the emerging regional vision and collaborative framework, founded on the common objective of economic growth and poverty reduction based on the sustainable use of SWIO marine resources, can only be achieved over the longer term. The World Bank has been supporting the SWIOFish series of projects (SOP) and approved the first project, SWIOFish1, in February 2015. The SWIOFish SOP will serve as a long-term financing platform to help SWIO countries address the shared challenges and development issues through an expanded multi-borrower approach. The SOP encompasses the eleven developing countries of the SWIOFC.

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16. The overarching SOP Development Objective is to increase the economic, social, and environmental benefits to SWIO countries from sustainable marine fisheries. The SOP Development Objective-level Results Indicators are as follows:

- i. Reduce the degradation of the status of fish stocks;
- ii. Increase in the fisheries-related GDP in participating countries; and
- iii. Increase in local fisheries-related value-added benefitting the households.

17. The SOP will help establish a financing, coordinating and knowledge exchange mechanism and will support a suite of regional and country-level activities over the medium and long term. Given the range of issues affecting countries of the SWIO region, the SOP activities target core governance and productivity challenges, the removal of critical constraints to private investment and sustainable business, bringing part of the 'offshore fisheries economy' within country economies, and adding value through regional collaboration and integration.

18. SOP Phases.<sup>8</sup> The SOP is a multi-phase operation to be implemented with iterative investments in each country roughly over a 15-year period. All SWIOFC member countries are eligible to participate, contingent on available funding. The first SOP phase aims to ensure conditions for achieving rational exploitation of fish resources for constant stock regeneration and high productivity as the cornerstone for a perennial and competitive fisheries and seafood industry. This phase will consolidate and strengthen regional cooperation on fisheries and living marine resources management and the blue economy through improved management of fisheries, reinforced regional fisheries institutions, knowledge exchanges and capacity development. It establishes the core human and institutional competencies and frameworks for sustainable fisheries management, blue economy development planning and supports incentives for stakeholders to engage in the needed reforms. It also develops community fisheries co-management and promotes increased regional, national and local value-addition. It prepares for major public and public/private capital investments required in the future (e.g., fleet adjustment, aquaculture and port infrastructure). As such, phase 1 has a major focus on human and institutional capacity development, design and implementation of fisheries management plans, and support to community livelihoods with a view to reducing the pressure on the resource. At present, this first phase includes the on-going SWIOFish1 project in Comoros, Mozambique and Tanzania and the proposed SWIOFish2 project in Madagascar. Projects for Seychelles and Maldives are also under preparation. Other SWIOFC countries could join the SOP in subsequent projects.

19. A potential future phase (phase 2) would further strengthen the policy reforms and empower stakeholders and users to have a greater role and incentives to secure the long-term health of the resource. It would support major investments prepared and shown to be viable in phase 1, including in infrastructure, in co-financing of aquaculture development, sector infrastructure and fleet adjustment and fisheries reform. It would deepen regional collaboration with a focus on ensuring sustainability of that collaboration and regional management efforts. Finally, it would further harness benefits along domestic and international value chains. Phase 2 investments could start in any country when phase 1 is completed, where fisheries management plans are effectively implemented as illustrated by law enforcement and decreased illegal practices, and infrastructure investments in the sector are prepared on the technical, environmental, financial and economic aspects. A potential third phase would be aimed at fully consolidating investments and activities undertaken under the

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<sup>8</sup> The World Bank has not committed to financing any activities beyond the proposed project. Any anticipated subsequent phases would be reviewed based on respective priorities of an agreement between the countries and the Bank, and the success of the proposed project.



previous two phases, as needed.

Figure 1: Phasing of SWIOFish SOP

Projects	Beneficiaries	SWIOFish Phase 1: Regional collaboration & foundation of fisheries management					SWIOFish Phase 2: Enhanced regional collaboration & fisheries governance					SWIOFish Phase 3: Value chain development and integration						
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
SWIOFish1 (P132123)	IOC / SWIOFC																	
	Comoros																	
	Mozambique																	
	Tanzania																	
SWIOFish2 (P153370)	IOC / IOTC - AIODIS - FPAOI																	
	Madagascar																	
SWIOFish4 (P157801)	Maldives																	
SWIOFish3 (P155642)	Seychelles																	
Potential SWIOFish Projects	Somalia																	
	Mauritius																	
	Kenya																	

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iii. Madagascar Country Context

20. **The long political crisis has taken a toll on the economy of Madagascar.** After five years of political stalemate, presidential and legislative elections finally took place at the end of 2013. A natural rebound after the prolonged crisis however has not yet taken place. The country was unable to reach the UN Millennium Development Goals (MDG) in 2015, and especially the eradication of extreme poverty, which in 2007 was deemed potentially achievable. Madagascar ranks 154<sup>th</sup> out of 188 countries in the 2015 Human Development Index. In recent years, growth remained below 3 percent compared to the pre-crisis rate of 5 percent (2004–2008). Faster and inclusive growth is necessary to make a dent in the elevated rate of extreme poverty, estimated at 82 percent of the population.

21. **The weak economy remains vulnerable to shocks.** The Malagasy economy is dominated by its primary sector (agriculture, hunting, forestry and fisheries) which represents about 26 percent of its GDP, 20 percent of the exports and employs around 75 percent of the population (African Economic Outlook, 2015). However, growth was mainly sustained by the secondary sector with industry progressing at 22 percent while growth of the agriculture sector remains negative with a 6.1 percent decrease in 2013. Industry performance was mainly due to export-oriented activities in the mining sector and dedicated manufacturing and processing zones, targeting European and Asian markets. Madagascar’s economy remains fragile and its capacity to absorb further shocks is at a bare minimum. This is coupled by the weak governance of natural resources and the widespread practice of illicit activities.

Sectoral and Institutional Context

22. **The fisheries and seafood sector is a key contributor to the Malagasy economy, important for both local livelihoods and national growth, but it is still an underperforming sector.** With 5,600 km of coast, a maritime Exclusive Economic Zone (EEZ) covering over 1 million km<sup>2</sup>, and more than 117,000 km<sup>2</sup> of continental



shelf, Madagascar is endowed with substantial marine and coastal resources. However, the estimated catch potential of 480,000 tons is to be taken with caution in the absence of adequate research and statistics and it probably does not account for resource not accessible to small operators. Fisheries represented 2 percent of GDP<sup>9</sup> in 2010 and 13 percent of exports. Fish products play an important role for food security and nutrition, contributing about 20 percent of animal protein consumption.

23. **An estimated 500,000 people work in the fisheries and seafood sector<sup>10</sup>, the vast majority being in the small-scale sector.** A national survey (2012) identified more than 2,500 villages, where 58,000 fishing households represented around 45 percent of the total population. Around 102,000 fishers catch 135,000 tons of fish per year. Additional small operators are involved in marketing, processing and construction or repair of dugout canoes. The fishing communities are often the most marginalized populations and have limited access to basic social services and sufficient infrastructure to support human capacity and as sector development.

24. **The sector is a major source of foreign currency, but small operators have limited access to the high-value export markets.** The main exports come from the local industrial shrimp fisheries while the tuna fisheries remain dominated by foreign vessels and an offshore economy, as vessels rarely call into local ports. Small-scale operators have limited access to lucrative markets due to limited knowledge of good practices, adequate infrastructure and access to energy and cold technology, and proper sanitary and traceability arrangements.

25. **Meanwhile the decline in catch rates reveals a worrisome state of the marine resources, impacting the sector's socio-economic potential.** Few stock assessments take place, and available data indicates decline in many coastal fisheries accessible to small-scale operators, due to overfishing, harmful fishing practices and habitat destruction. The total illegal catch is estimated at around half of the entire sector's legal production. Without proper management, total and individual catches will decrease as revenues and profits, and ultimately jobs, livelihoods, food security and nutrition will be impacted.

26. **In the absence of a proper management system fisheries stocks are exploited beyond optimal biological, social and economic limits.** Less than 10 percent of the canoes are registered and catches are being largely unreported, stock assessments are rare, economic data are limited and widely dispersed among agencies. The limited data undermines the policy decision-making process for development and management. The result is that Madagascar is exploiting its fisheries stocks without knowledge of maximum sustainable yields and - as has recently been evidenced in the shrimp industry where the causes of massive declines are still being debated - incurring direct social and economic losses or failure to optimize revenue generation.

27. **The weak institutional framework hampers the management and development of the fisheries sector.** The Ministry of Aquatic Resources and Fisheries (MRHP)<sup>11</sup> is responsible for the fisheries sector, while other government agencies are responsible for related activities (e.g., Ministry in charge of environment and the State Secretary in charge of the sea). These institutions all suffer from a lack of human, technical and financial

<sup>9</sup> In 2006 the fisheries sector has contributed in the order of 7 percent of GDP. GDP increased from USD5.5 million in 2006 to USD10.8 million in 2010, while the fisheries contribution decreased in absolute value, mainly due to declines in production in particular in the shrimp sector.

<sup>10</sup> Enquête Cadre Nationale (2013).

<sup>11</sup> Comprising over 40 separate directorates, services and agencies, among others the *Agence Malagasy de la Pêche et de l'Aquaculture* (AMPA) that manages the revenue of the public sector, the *Observatoire Economique de la Pêche et de l'Aquaculture* (OEPA) that collects economic data on the fisheries sector to inform policy making, the *Autorité Sanitaire Halieutique* (ASH), which acts as the competent authority for seafood certification; the *Centre de Surveillance des Pêches* (CSP) in charge of surveillance. The latter two have been facing severe financial difficulties that have limited their potential to effectively carry out their tasks.



resources as well as a high staff management turnover and political instability.

28. **The policy and legal framework governing the sector requires updating and implementing.** Sector policies are outdated and their implementation has been limited. The Fisheries Law was updated in 2016, but the implementing legislation is yet to be drafted and needs to be made consistent with international and regional obligations. The lack of law enforcement and the absence of sanctions are likewise lacking. The monitoring and enforcement capacity has improved dramatically over the past two decades for industrial fisheries but it requires further strengthening to address the specificity of the small-scale fisheries. Following the 2009 political crisis, the Fisheries Monitoring Center has been facing financial difficulties, thus making it unable to carry out its tasks. In order to improve management and compliance, the MRHP wants to reinforce co-management arrangements and transfer some competencies to the local communities, something that will require capacity building.

29. **The concentration of MRHP presence and power in the capital city affects proper fisheries management and development.** The fishing sector's administrative and managerial presence is weak in the coastal regions, and no fisheries management plan is effectively implemented. At the local level, the ministry is lacking resources and governance capacity to implement policies. Not enough agents are deployed in the field, and those who are there are not adequately equipped.

30. **Strategic coordination across the other government bodies to develop the fisheries sector is essential to ensure proper management and development planning.** This would include coherent and non-conflictual approaches between the ministries in charge of environment and of the seas, to ensure proper balance between all usages of the maritime space.

31. **With small-scale fisheries reaching overexploitation and as fisheries management plans begin to be effectively implemented with support under the proposed project, alternative sustainable activities would need to be presented to the affected fisherfolk.** Fisherfolk affected by implementation of fisheries management measures will need compensation, incentives and support to be able to comply with the restriction measures in the short term (e.g., through targeted conditional cash transfers), to adopt good practices, as well as to explore alternative livelihoods to cope with temporary or permanent restriction of access to fisheries resources (i.e., during fishing closure periods or transition to new fishing practices, or for operators leaving the sector). Developing small-scale fisheries value-chains has promising alternative livelihoods and income generation potential for the poor and affected fisherfolk in the current context of difficult access to markets and low value-addition.

32. **Developing access to electricity in coastal villages can reduce post-harvest losses and facilitate access to markets for micro-, small- and medium enterprises.** The limited access to electricity hampers the development of the fisheries sector by restricting access to cold and processing technologies. Access to off-grid electricity through pre-electrification of coastal fishing villages would support sectoral development and community well-being. Furthermore, the seafood sector in Madagascar could benefit from the start from eco- and climate-friendly technology, as the country is still in the process of developing the needed infrastructure and its associated technologies and skills in the sector.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

33. The proposed Project Development Objective is to improve the management of selected priority fisheries at regional, national and community levels and increased access by targeted fishers to alternative



livelihood activities.

## Key Results

34. The PDO-level indicators of the project will be as follows:
- i. Compliance rate of SWIO countries with IOTC resolutions (average percentage);
  - ii. Small-scale fishing units in the priority areas using prohibited gear observed during on-shore inspections (percentage);
  - iii. Additional villages in priority areas accessing electricity for post-harvest and value-addition activities (number);
  - iv. Fishers in the priority areas engaged in alternative livelihood activities and fishing practices supported by the project (number);
  - v. Share of targeted community members with rating 'Satisfied' or above on project interventions (disaggregated by sex, age);

## D Project Description

35. **Subsidiarity principle.** As described in section I, many of the challenges addressed by the project are regional in nature. Addressing them requires action at the national level, which will yield important regional benefits, enhance country ownership and efficiency, and strengthening national institutions will help enhance the overall health of fisheries in the region. Project implementation will follow a principle of subsidiarity, whereby only project activities that are transnational will be managed at the regional level through a regional body (component 1), through the Indian Ocean Commission (IOC), as in the case under SWIOFish1. Most of the activities will be implemented at the national level (components 2 and 3). The fourth component will support regional and national project management activities.

36. At the regional level, the proposed project would build on and extend the activities supported by the SWIOFish1 with a specific focus on enhancing regional tuna fisheries management, addressing challenges specific to Island Developing States and strengthening small-scale fishers' voice in regional fora. At the national level, the proposed project will focus on Madagascar, as described further below.

37. **Geographical and investment prioritization.** To optimize project resources and focus interventions, project activities will be implemented gradually. At the local level, the first three-year phase will focus on the three priority areas described earlier. After the first phase, a mid-term review will evaluate the successes and challenges in implementing management plans locally, and activities in general and, for the remaining three years, either propose an extension of the approach to new sites, consolidate the support to existing sites, or refocus this support to a subset of sites.

38. **Prerequisite for financing productive infrastructure.**<sup>12</sup> To access productive infrastructure financing, each priority region should meet all the prerequisites. First, the management plans should be developed, cleared, and adopted in each of the targeted areas. At this stage only community infrastructure not impacting

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<sup>12</sup> Infrastructure linked to fish production.



fish exploitation would be financed. Once the theory of change takes effect and fisheries management plans are implemented and accepted by targeted populations who engage in alternative fishing practices and livelihoods activities, investment in productive infrastructure related to the fisheries sector will be considered (i.e., planning). Once a change of behavior and adhesion to the new management plans is evident as illustrated by lower infraction rates, a shift to actual investment in productive infrastructure will take place and will continue subject to tangible legal compliance and management results observed in the fisheries.

39. **Thematic prioritization.** At the national level, a similar phasing will be adopted: a subset of priority national activities (i.e., statistics, legal and institutional framework and access control system) that directly supports the local implementation of the fisheries management plans will be funded in the first phase. Depending on the results and available funds, a second subset, with lower priority but still directly supporting local implementation of fisheries management, will be discussed and potentially financed following the mid-term review.

40. **Towards a seascape approach in Madagascar through a cooperation platform.** The Global Environment Facility (GEF) will finance a coordination platform gathering government entities linked with the sea. This will be a tool for sharing information and experiences related to field challenges. This platform for collaboration will put around the table the MRHP, the Ministry in charge of environment and the State Secretariat for the Sea.

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## Project Components

41. **Component 1. Enhanced regional collaboration.** (*IOC – Regional IDA financing*). This regional component covers three core activities: (1.1) support the implementation of IOTC resolutions in the SWIO countries enhancing their compliance with their international fisheries obligations; (1.2) support the coordination between African and Indian Ocean Developing Island States (AIODIS) for collaborating and sharing their own experiences to address some of their specific challenges; and (1.3) support the newly created *Fédération des Pêcheurs Artisans de l’Océan Indien*<sup>13</sup>, FPAOI (Indian Ocean Federation of Artisanal Fishers) to facilitate coordination and strengthen the participation of the artisanal fisher associations in the SWIO region in regional and international fora.

42. **Component 2. Strengthening capacities for priority fisheries management** (*Madagascar – Regional and national IDA financing and GEF financing*). The component primarily targets policies, strategies, institutions, legal frameworks, and actions by the public sector necessary to improve priority fisheries management and performance, supporting regional marine environmental health and resilience to climate change. It will be backed by applied research activities aimed at understanding the resource base, and building human and institutional capacity necessary to implement fisheries policies and management plans. The sub-components include: (2.1) Fisheries public policy including the improvement of the legal and institutional framework, the statistical system, the applied research, the central administration capacity, the inter-ministerial coordination and the sanitary certification system; (2.2) Sustainable management of fisheries and conservation of resources, including the development of fisheries management plans, their enforcement; (2.3) Strengthening decentralization and local governance, including developing the co-management system, the local participatory strategic planning and the presence of the administration in the regions.

43. The GEF financing would specifically support the improvement of the statistical system under sub-component 2.1 (USD3.2 million) and the enforcement of fisheries management plans under sub-component 2.2

<sup>13</sup> Members are fisher associations from Comoros, France (Réunion), Madagascar, Mauritius and Seychelles. The Federation objective is to defend the interests of the small-scale fisheries sector.



(USD3.2 million).<sup>14</sup>

44. **Component 3. Strengthening capacities for engagement in alternative fishing practices and livelihoods activities** (*Madagascar – Regional and national IDA financing and PHRD financing*). This component supports the fisheries management activities in component 2 by building acceptance and adherence to the fisheries management plans on the part of the targeted communities. This component directly benefits the targeted local population by providing financial transfers, training, and small community infrastructure. Accompanying measures identified in the co-management plans developed under component 2 will be implemented here, including compensation for potential access restrictions. The sub-components include: (3.1) Short-term compensatory measures through cash transfer mechanisms; (3.2) Promoting good practices and alternative activities, through in particular training and extension services, promotion of safety at sea and financial education; (3.3) Infrastructure in support of community and sector development including PHRD financing for off-grid energy services.

45. **Component 4. Project management and coordination** (*IOC - Regional IDA financing; Madagascar – Regional and national IDA financing*). This component will support regional project coordination and implementation, country-level implementation and management, and monitoring and evaluation at regional and country level. The sub-components include: (4.1) regional coordination and (4.2) project management at the national level.

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## Implementation

### Institutional and Implementation Arrangements

46. **At the regional level, the Indian Ocean Commission (IOC) will implement the regional activities covering SWIOFC and its member countries.** The IOC is a regional leader in fisheries and marine environment with strong internal capacity for project management. It has successfully implemented regional World Bank and other projects funded by development partners and is currently implementing the regional activities of the SWIOFish1. The IOC, also mandated by the African and Indian Ocean Island Developing States to drive their agenda, and a partner of the Indian Ocean Federation of Artisanal Fishers and the Indian Ocean Tuna Commission, would implement the related regional IDA grant. The Regional Implementation Unit (RIU), hosted by IOC and created under SWIOFish1, will cover all the fiduciary and project management aspects.

47. **At the national level, a National Implementation Unit (NIU) within the Ministry of Aquatic Resources and Fisheries (MRHP) will be responsible for the coordination and implementation of the national activities, as well as the related fiduciary aspects.** Established during project preparation, the NIU is already operational. It is composed of dedicated staff from the MRHP and will be supported by consultants, when and if required. The NIU consists of: (i) a Project Coordinator and two deputies; (ii) a Financial Management Specialist; (iii) a Procurement Specialist; (iv) a Safeguards Specialist; and (v) a Monitoring and Evaluation Specialist. The NIU will implement the project under the oversight of a National Steering Committee, already in place.

48. **At the local level, a Local Implementation Unit (LIU) will be responsible for the coordination and the implementation of the local activities in each of the five priority regions.** These LIUs will be set up by effectiveness and embedded within the Aquatic Resources and Fisheries Districts (*Circonscriptions des*

<sup>14</sup> The project will be allocating at least 1% of the GEF IW grants towards supporting IW:LEARN activities, for instance producing an Experience Note, a Results Note and establishing a homepage following the IW:LEARN guidelines. Moreover, the project will participate in regional IW:LEARN activities and International Water Conferences during implementation.



*Ressources Halieutiques et de la Pêche*), under the responsibility of the Regional Director (*Directeur Régional des Ressources Halieutiques et de la Pêche*). The Head of District (*Chef de Circonscription*) will act as the local project coordinator and will be assisted by two technical leads (one per component) and a deputy coordinator, if needed. Administrative and financial assistants will be recruited to support the Regional Directors on fiduciary aspects in each of the priority regions. As such, the project will be an important driver for the current decentralization agenda of the MRHP.

49. **The MRHP will establish formal partnerships to facilitate the implementation of some project activities**, mainly at the local level and in areas outside its core mandate. These partners include: the Local Development Fund (*Fonds de Développement Local*) for the improvement of local governance and development planning; the Intervention Fund for Development (*Fonds d'Intervention pour le Développement*) for cash transfers; the Renewable Energy Development Agency (*Agence de Développement des Énergies Renouvelables*) for the community pre-electrification; and the Agricultural Services Center (*Centre de Services Agricoles*) for the promotion of alternative livelihoods. In addition, the MRHP will select executing agencies in each of the project areas to assist it in implementing the co-management activities and coordinating the co-management adherence activities.

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**F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

In Madagascar, the project will be focusing in five target areas. Those selected areas have been identified by the Malaga National Plan as strategic regions for fisheries, and potential fisheries growth poles. Of them three regions where fishery management plans have been developed or are under finalization are considered priority, namely : Ambaro bay and Ampasidava in the Diana and Sofia regions; Antongil bay in the Sava and Analanjirifo regions and Maintirano area in Me region. The two other areas, in the Androy and Atsimo-Atsinanana regions, are characterized by fisheries development potential and the weak presence of the administration as well as the food shortage challenge in the Androy region

**G. Environmental and Social Safeguards Specialists on the Team**

Paul-Jean Feno, Peter F. B. A. Lafere

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Overall, the environmental and social impacts of the project are expected to be positive. However, small-scale, localized negative effects may arise during the implementation of limited, site-specific civil works envisaged under the project. These may include rehabilitation or expansion of fisheries infrastructure (landing sites, markets, office buildings). Safeguards management can be adequately handled through good engineering practices for design and construction. In light of the above, we propose that this project is classified as a Category B project. Since



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		the locations and impacts of the potential civil works cannot be clearly defined at this stage, an Environmental and Social Management Framework (ESMF) has been prepared by the Borrower prior appraisal stage
Natural Habitats OP/BP 4.04	Yes	As stated above, the overall environmental and social impacts of the proposed project are expected to be overwhelmingly positive and the project expected impacts on Natural Habitats are also expected to be significantly positive, through efforts to improve participatory conservation and management of key fisheries habitats. Nonetheless, potential civil works could have minor small-scale impacts on Natural Habitats. Likewise, additional expansion of areas under management could have variant impacts on livelihoods (see OP/BP 4.12 below). Provision would be made in the ESMF to adequately address such possibilities.
Forests OP/BP 4.36	No	The project does not involve forests.
Pest Management OP 4.09	No	Aquaculture investments are envisaged, but it is not expected that they would involve the use of pesticides or other pest management products.
Physical Cultural Resources OP/BP 4.11	Yes	Since project activities are largely going to take place in near-shore and off-shore waters or in rural areas, and no major movement of earth or excavation is anticipated, it is unlikely that known physical cultural resources will be impacted. However, natural features and landscapes with some level of cultural significance might be adversely impacted by the project. To the extent that some of the possible infrastructure investments that may occur under the project, such as rehabilitation or expansion of landing sites, markets, office buildings, may be located in coastal towns or where there are historical sites, care will be taken to avoid development plans that may impact these cultural resources.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous peoples in the project area.
Involuntary Resettlement OP/BP 4.12	Yes	The project is not expected to involve land acquisition leading to involuntary resettlement of project affected persons (PAPs), as project infrastructure would take place on already existing sites. However, because the project proposes to strengthen the effectiveness management and protection



of natural resources in near-shore or off-shore waters as well as potentially expand areas under protection, these access restrictions, be it seasonal, temporary or permanent, may provide some prospect for negative impacts on livelihoods for some individuals in some coastal communities, at least in the short-term. Footnote 6 of OP 4.12 suggests that in situations where restrictions to access of resources are taking place under community-based projects, such as fisheries co-management arrangements, the policy does not apply. However, it is reasonable to assume that some decisions taken to restrict access to fisheries could be initiated by the Government, and will not fall solely within the authority of the local communities. We therefore proposed to trigger this policy. As part of project preparation, a Process Framework (PF) has been prepared and extensively consulted upon to ensure people views and concerns are fully taken into consideration in the final project design.

Safety of Dams OP/BP 4.37	No	Project activities will not involve dams.
Projects on International Waterways OP/BP 7.50	No	Project activities will not be located or take place in international waterways.
Projects in Disputed Areas OP/BP 7.60	No	Project activities will not be located or take place in disputed areas.

## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Overall, the environmental and social impacts of the project are expected to be positive. However, small-scale, localized negative effects may arise during the implementation of limited, site-specific civil works envisaged under the project. These may include rehabilitation or expansion of fisheries infrastructure (landing sites, markets, office buildings). In addition, the project is not expected to involve land acquisition leading to involuntary resettlement of project affected persons (PAPs), as project infrastructure would take place on already existing sites. However, because the project proposes to strengthen the effective management and protection of natural resources in near-shore or off-shore waters as well as potentially expand areas under protection, these access restrictions, be it seasonal, temporary or permanent, may provide some prospect for negative impacts on livelihoods for some individuals in some coastal communities, at least in the short-term.

In light of the above risk and potential negative impacts of the sub-projects could be financed by the project, the



Project is classified as category B in the World Bank's Environmental Assessment classification due to the low size and site specific nature of its foreseen social and environmental risks and impacts. The four environmental and social Safeguard Policies triggered by this operation are: OP 4.01 - Environmental Assessment, OP 4.04 - Natural Habitat, OP 4.11 - Physical Cultural Resources, and OP 4.12 - Involuntary Resettlement.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The types of rehabilitation or expansion of fisheries infrastructure (landing sites, markets, office buildings) and whose potential environmental and social effects are well understood, unlikely to be significant, and readily manageable.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. The only feasible project alternative is the presently chosen project design.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

At the national level, Madagascar has a legislative and regulatory framework which is conducive to good environmental management. In compliance with the Malagasy Environment National Law under Décret N°2004-167 (MECIE), with the small size of potential social infrastructures to be financed, It was recorded the no specific Environmental and Social Management Plan is necessary to be prepared. The national environmental law will be reinforced by the World Bank safeguard policies for this proposed project. The project has engaged the services of a consultant to prepare two separated safeguards instruments. These instruments have assessed the potential impacts of all activities to be supported by the proposed operation, the expected adverse environmental and social impacts, and identified mitigation measures, including the principles, procedures to be followed for the safeguards policies triggered: OP 4.01 - Environmental Assessment, OP 4.04 - Natural Habitat, OP 4.11 - Physical Cultural Resources, and OP 4.12 - Involuntary Resettlement.

An Environmental and Social Management Framework (ESMF) has been prepared to be used to screen sub-project proposals for environmental, social, gender, and health and safety impacts by using the ESMF screening form and checklist. The ESMF includes an Environmental and Social Management Plan (ESMP) for each subproject could be financed by the project. Due to the small size of sub-projects, the impacts and risks are of site specific nature and easily manageable with specific mitigation measures.

In line with GOM and World Bank policies, the ESMF/ESMP outlines guidelines: (i) an environmental and social screening process,(ii) generic mitigation measures for each potential eligible subprojects, (iii) principles and dispositions to be followed and adopted during civil works and exploitation phase of subproject to reduce risks, impacts to acceptable level. The screening outcomes will determine the kind of Environmental and Social Management Plan (ESMP) to be adopted. The screening of the sub-projects will be done by the safeguard focal point of National implementation Unit (NIU) during the subproject identifications. In frame of this proposed operation, the technical studies of future subprojects will be prepared or updated when the financing are available. NIU with the regional directorate will be responsible for the selection and development of ESMP when subproject site identified. The results of public consultation and field visits during the preparation of ESMF, no archaeological vestiges could be met and selected by the project to identify their subprojects to be financed by the project. For more assurance, the ESMF has made provisions for cultural resources management in the event the Physical Cultural Resources OP 4.11 is triggered during the implementation phase and includes a chance finds procedures for inclusion in the contractors contract.

As stated above, the overall environmental and social impacts of the proposed project are expected to be

overwhelmingly positive and the project expected impacts on Natural Habitats would also be significantly positive, through efforts to improve participatory conservation and management of key fisheries habitats. Nonetheless, potential civil works could have minor small-scale impacts on Natural Habitats. Likewise, additional expansion of areas under management could have variant impacts on livelihoods with identified in the Process Framework (PF). Provision is been made in the ESMF to adequately address such expectation. Any subproject funded under the project will be screened for their potential to cause negative impacts to natural habitats under the ESMF procedures. If sub-projects are likely to cause irreversible or significant damages to habitats they will be excluded from project funding.

In light of the above, this project has been classified as a Category B project, which requires a partial assessment of social and environmental impacts. Though the project is not expected to involve land acquisition leading to involuntary resettlement of project affected persons (PAPs), as project infrastructure would take place on already existing sites; however, because the project proposes to strengthen the effective management and protection of natural resources in near-shore or off-shore waters as well as potentially expand areas under protection, these access restrictions, be it seasonal, temporary or permanent, may provide some prospect for negative impacts on livelihoods for some individuals in some coastal communities, at least in the short-term. In fact, footnote 6 of OP 4.12 suggests that where restrictions to access of resources are taking place under community-based projects, such as fisheries co-management arrangements, the policy would not apply. However, it is reasonable to assume that some decisions taken to restrict access to fisheries will be initiated by government, and will not fall solely within the discretion of the local communities. Therefore, this policy has been triggered and, as part of project preparation, a Process Framework (PF) has been developed and the extensively consulted upon to ensure people views and concerns are fully taken into consideration in the final project design. The PFs established a process whereby individuals, households or communities who may lose some or all of their livelihoods from fishing or fisheries-related activities, as a result of project investments, are able to participate in a process to minimize such negative impact on project affected communities livelihood and living condition, precisely by (i) designing the fisheries resource restrictions; (ii) determining measures necessary to restore or improve their livelihood conditions , and (ii) implementing and monitoring relevant project activities. The PF include institutional arrangement, capacity building, grievance redress mechanism and an estimated budget for PF implementation. Special attention will be given to women, youth and other vulnerable groups whose livelihood are intrinsically linked to the fishing activities.

The NIU will bear overall responsibilities for compliance with safeguard activities to national and Bank policies. The NIU has assigned one environmental and social safeguards focal points to be trained by the project Social and Environmental Safeguards Specialists. The Environmental and Social Focal Points (ESFP) will be in charge of coordinating the implementation of the ESMF and PF including gender, handicaps and vulnerable groups, the monitoring (control and audit) of social and environmental aspects and be an interface between the project, local authorities and other stakeholders. To ensure effective Bank supervision, the NIU will prepare and update reports on the implementation of the safeguards instruments to be submitted prior to Bank Implementation Support Mission (ISM). The supervision of safeguards implementation will be done as part of the overall project implementation by the NIU and as part of the Bank's biannual ISMs.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders include coastal artisanal fishing communities including small-scale commercial fishers, fish and seaweed farmers, households where fishing makes up a substantial part of their livelihoods and subsistence fishers. Other stakeholders include producer and professional organizations, industry or fisher organizations, local co-



management institutions, the central and regional fishery services, and the association of sellers in the localities. During the project preparation and the development of the ESMFs and PFs, public consultation and participation were conducted by the project team and the consultant, which included various field visits and stakeholder meetings. The NIU will be responsible for the public disclosure of the PF and ESMF documents in country media and locations accessible to beneficiaries, (ii) the implementation of communication and sensitization campaigns on programs financed by the project before, during, and after the works, as part of the information, education and communication activities financed under the proposed project.

The draft ESMF and PF have been received at the Bank in October 10th, 2016. All the environmental and social safeguards instruments will be approved by the Bank and disclosed in-country and at Infoshop after RSA clearance, before appraisal.

**B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank  07-Nov-2016	Date of submission to InfoShop  09-Dec-2016	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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**"In country" Disclosure**

Madagascar  
09-Dec-2016

Comments

Ministry of Aquatic Resources and Fisheries' website and later on related information was published in national newspapers.

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank  07-Nov-2016	Date of submission to InfoShop  09-Dec-2016
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**"In country" Disclosure**

Madagascar  
09-Dec-2016

Comments

Ministry of Aquatic Resources and Fisheries' website and later on related information was published in national newspapers.

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**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

Yes

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

Yes

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

Is physical displacement/relocation expected?

No

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

Yes

Provide estimated number of people to be affected 12,246

**The World Bank Policy on Disclosure of Information**

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Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

No

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

No

### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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## CONTACT POINT

### World Bank

Xavier F. P. Vincent  
Sr Fisheries Spec.

Benjamin Garnaud  
Sr Natural Resources Mgmt. Spec.

### Borrower/Client/Recipient

Indian Ocean Commission (COI)  
Raj Mohabeer  
Project officer  
raj.mohabeer@coi-ioc.org

Ministère des Finances et du Budget



**Implementing Agencies**

Ministère des Ressources Halieutiques et de la Pêche  
Nirina Randria  
Project Coordinator  
niryrg@yahoo.fr

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Xavier F. P. Vincent Benjamin Garnaud
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**Approved By**

Safeguards Advisor:		
Practice Manager/Manager:		
Country Director:		

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