



PROJECT IDENTIFICATION FORM (PIF) ¹

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

PART I: PROJECT IDENTIFICATION

Project Title:	Oceans Finance Facility to Finance Effective Management and Transitional Reform of Oceanic Fisheries		
Country(ies):	Global	GEF Project ID: ²	4856
GEF Agency(ies):	WB (select) (select)	GEF Agency Project ID:	P128437
Other Executing Partner(s):	Conservation International, Government/regional organizations in pilot sites	Submission Date:	2012-03-12
GEF Focal Area (s):	Multi-focal Areas	Project Duration (Months)	60 months
Name of parent program (if applicable): ➤ For SFM/REDD+ <input type="checkbox"/>	Global Sustainable Fisheries Management and Biodiversity Conservation in the Areas Beyond National Jurisdiction (ABNJ) Program	Agency Fee (\$):	825,689

A. FOCAL AREA STRATEGY FRAMEWORK³:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
IW-4 (select)	Outcome 4.1: Areas Beyond National Jurisdiction (ABNJ) under sustainable management and protection (including MPAs)	Demonstration for fisheries management measures in ABNJ	GEFTF	6,524,311	30,000,000
IW-4 (select)	Outcome 4.2: Plans and institutional frameworks for pilot cases of ABNJ have catalytic effect on global discussions	Demonstration for fisheries management measures in ABNJ	GEFTF		
(select) BD-1	Outcome 1.1 Improved management effectiveness of existing and new protected areas.	Output 1. New protected areas (number) and coverage (hectares) of unprotected ecosystems - related to fisheries management.	GEFTF		
(select) (select)			GEFTF		
(select) BD-2	2.1 Increase in sustainably managed seascapes that integrate biodiversity conservation	Output 1. Policies and regulatory frameworks (number) for fisheries production sectors.	GEFTF	2,250,000	9,000,000
(select) BD-2	2.2 Measures to conserve and sustainably use biodiversity, incorporated	Certified fisheries production seascapes (ha)	(select)		

¹ It is very important to consult the PIF preparation guidelines when completing this template.

² Project ID number will be assigned by GEFSEC.

³ Refer to the reference attached on the [Focal Area Results Framework](#) when filling up the table in item A.

	in fisheries policy and regulatory frameworks				
(select)	(select)			(select)	
(select)	(select)			(select)	
(select)	(select)			(select)	
(select)	(select)			(select)	
(select)	(select)	Others		(select)	
Sub-Total					
Project Management Cost ⁴				(select)	
Total Project Cost					
					8,774,311
					39,000,000
					400,000
					1,000,000
					9,174,311
					40,000,000

B. PROJECT FRAMEWORK

Project Objective: To increase sustainable, net economic benefits captured by small island developing states and coastal developing countries from the more effective management and utilization of fisheries in selected seascapes both within EEZs and in ABNJ while preserving or enhancing ocean biodiversity conservation in these areas. Such economic benefits include contributions to macroeconomic objectives of economic growth, food security and welfare.						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Cofinancing (\$)
<p>1. Development of transformational pilot projects and supporting activities</p> <p>1.1 Preparatory analysis to identify reform pathways and scenario planning for strategic Pilot projects.</p> <p>1.2 Business cases assembled for each selected Pilot project.</p> <p>1.3 Public and private capital secured to implement Pilots projects</p>	Inv	<p>More effective policy, institutional and regulatory contexts provide incentives for, and enable, sustainable and responsible industry practices in targeted fisheries in and beyond ABNJ</p> <p>Areas of the ocean under effective and sustainable rights-based management delivering conservation objectives and contributions to welfare and growth in developing countries (including coastal and small island developing States).</p> <p>Stronger developing country capacity to engage in efforts to deliver effective fisheries management in priority seascapes in and beyond ABNJ, and participate economically in benefits from ocean wealth, particularly from fisheries.</p>	<p>Detailed participatory analyses for management reforms undertaken and change strategies identified for at least four pilot proposals (Two priority Pilots are fast tracked)</p> <p>Frameworks for effective management developed with fishing states, industry and civil society - based on preparatory analyses identifying strategic approaches for implementing at least four Pilot proposals (Two Priority Pilots are fast-tracked to implementation).</p> <p>Full business cases peer reviewed for Pilot projects - two by Yr2, further three by Yr3.</p> <p>Up to two Pilot projects fully financed by Yr 3.</p> <p>At least two further Pilot projects taken through to full business cases for consideration by Yr3 and if possible, financed.</p>	GEFTF	6,524,311	31,000,000

⁴ GEF will finance management cost that is solely linked to GEF financing of the project.

<p>2. Grant, enterprise, innovation and challenge funding</p> <p>2.1 Challenge projects contribute to program through pilot project / advocacy and communications objectives</p>	<p>Inv</p>	<p>Challenge grants catalyze innovative approaches to supporting Pilots or other seascapes that can be used to develop future investment niches.</p> <p>Grants incentivize civil society and the private sector to consider fisheries management issues in and beyond ABNJ and derive solutions.</p>	<p>A challenge grant facility established and open to innovate proposals from potential grantees in academia, private sector, governments and civil society.</p> <p>Set of principles and development challenges defined to which the fund will respond.</p>	<p>GEFTF</p>	<p>2,000,000</p>	<p>6,000,000</p>
<p>3. Monitoring and evaluation of Pilots and challenge grants, advocacy, & lesson learning</p> <p>3.1 Monitoring and evaluation of Pilot projects and challenge grants informs adaptation and advocacy messages</p> <p>3.2 Communications and Advocacy</p> <p>3.3 Knowledge transfer / experiential learning.</p> <p>3.4 Developing country engagement in Pilots</p>	<p>TA</p>	<p>Lessons learned from Pilots and preparatory reform analytical work have increasing influence over country, regional and global debate on the means of achieving sustainable fisheries with associated conservation and sustainable development outcomes.</p> <p>Policies, institutions and regulatory systems informed by Pilot project implementing activities which are relevant to an integrated approach to a wide-range of fisheries management issues</p> <p>Increasing developing country participation in ocean and fisheries management in ABNJ, including sustainable generation of economic wealth and benefits for human well-being generally in those countries.</p>	<p>Monitoring and evaluation reports covering Pilot project development processes - identification, design to business case and subsequent implementation, as well as IW:LEARN activities, including a IW:LEARN website, participation in IW:LEARN conferences and workshops, and production of at least two Experience Notes.</p> <p>WBG 'Economic Sector Work', including five influential policy-related documents [World Bank baseline] and one documentary film respective to Pilots projects by end of project.</p> <p>Events and conferences where Project work is platformed and disseminated.</p> <p>Costed communications strategy within 6 months of operations.</p> <p>Website and knowledge exchange platform established within Yr1 and supporting Pilot project development.</p> <p>Strategy developed and promoted for broader developing country</p>	<p>GEFTF</p>	<p>250,000</p>	<p>2,000,000</p>

			engagement in sustainable oceans and fisheries [World Bank baseline]			
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
Sub-Total						8,774,311 39,000,000
Project Management Cost ⁵				(select)		400,000 1,000,000
Total Project Costs						9,174,311 40,000,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
Other Multilateral Agency (ies)	World Bank	Soft Loan	15,000,000
Other Multilateral Agency (ies)	World Bank	Grant	15,000,000
CSO	Conservation International	In-kind	10,000,000
(select)		(select)	
Total Cofinancing			40,000,000

D. GEF/LDCF/SCCF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
WB	GEF TF	Multi-focal Areas	Global	9,174,311	825,689	10,000,000
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total Grant Resources				9,174,311	825,689	10,000,000

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table

² Please indicate fees related to this project.

⁵ Same as footnote #3.

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1. the [GEF focal area/LDCF/SCCF](#) strategies:

Marine areas beyond national jurisdiction (ABNJ) have been shown to be one of the least sustainably managed global commons on Earth – and represent a new frontier for efforts to address global environmental and sustainable livelihood challenges. ABNJ have been recognized by GEF as a global priority for action with implications for national, regional, and globally significant marine ecosystems, i.e. traversing both BD and IW focal areas, with an emphasis being placed on how these areas can be more effectively managed. Investing in effective management for sustainable fisheries, healthy ocean ecosystems and food security in ABNJ will leverage country investments within and beyond national jurisdiction, addressing both marine ecosystems, and the goods and services they provide.

However, the capacity to manage the areas beyond national jurisdiction that cover some 230 million km² of the Earth's surface is currently quite weak, and a reflection and extension of weak national capacity and willingness to manage the 130 million km² of areas within Exclusive Economic Zones (EEZs). For this reason, the proposed Oceans Financing Facility (the 'Project') will take an integrated 'coast-to-coast' approach to targeted straddling and migratory fisheries with target and by-catch species moving inside and outside of ABNJ. For example, tuna fisheries in the Western Pacific Ocean move from EEZ to EEZ and ABNJ. This wide focus will generate powerful additional and incremental value to activities conducted within and beyond national jurisdictions – reflecting the need to address comprehensively, effective management of straddling and high migratory fish stocks, and the protection of biological diversity. Moreover, in areas of significant biodiversity and ecosystem services, this approach will provide valuable opportunities to address conservation and protection needs simultaneously with sustainable use. For example, in areas where the international community has already targeted protection and conservation through well managed and well connected systems of marine protected areas (or other area-based conservation and management measures), the Project will help ensure these initiatives are integrated into wider seascapes. (Biodiversity – BD1).

Utilizing this 'coast-to-coast' approach, the proposed project is fully consistent with GEF's fifth replenishment (GEF-5) goals and respective focal area strategies aimed at enhancing capacity to deliver sustainable fisheries together with biodiversity conservation. Its objectives are to contribute to sustainable oceans development through partnerships that demonstrate effective conservation and management of marine biodiversity and ecosystem goods and services. It will ensure that successful outcomes and lessons learned inform debates and reforms in global, regional and national policies, institutions and regulatory processes aimed at transformational reform and investment in ocean public goods (International Waters IW-4 and Biodiversity BD-2 objectives).

In 2010, the GEF recognized (under IW-4 GEF-5) that unsustainable fisheries represent not only a principal threat to ocean ecosystems, but that improving the management of such fisheries also represents a sound entry point for biodiversity conservation. The Project will focus particular attention on facilitating the reform of oceanic fisheries within prioritized geographic areas - seascapes. As mentioned previously, the project would support pilot activities developed to demonstrate effective management arrangements for fisheries within and beyond national jurisdictions (i.e. relevant both to EEZs and ABNJ). Pilot project activities will contribute to conservation objectives, and to economic growth, human well-being, community welfare, and food security, i.e. achieve 'sustainable development' objectives through effectively managed ocean goods and services (BD-2). In particular, the Project will support sustainable development objectives of coastal and small island developing States (SIDS) and fishing States.

Furthermore, the Project intends to capitalize on GEF's proposal for a joint programmatic approach between IW and BD focal areas. This will help ensure influential results emerge quickly, enabling these to be used to inform future developments particularly under GEF-6. IW and BD objectives are

also supported by the Project's use of scientific evidence, technical assistance and capacity building support to take account of pressing conservation and management measures needed for the many 'non-target' species associated with specific fish stocks and fisheries. In this regard, the Project will adopt an ecosystem perspective in defining such needs and measures in pilot activities.

The Project also directly contributes to IW-4 through its explicit recognition of the crucial, cross-cutting roles of a diverse range of partners involved in supporting more sustainable fisheries management, both beyond and within national jurisdictions. The Project will define geographic priorities, develop and fund implementation of pilot projects for sustainable fisheries, together with the reversal of habitat destruction.

Sustainable Fisheries. As noted above, IW-4 recognizes unsustainable fisheries practices as a particular threat to ocean ecosystems. In fact many large and migratory fisheries in ABNJ and beyond, lack sound and sustainable management options that allow for the generation of economic value or the prevention of externalities that affect marine biodiversity. The Project responds directly to address these issues through developing up to six major Pilot activities and partnerships for fisheries within high-potential (i.e. reflecting a range of opportunities including political economy and existing effort – see below), globally sensitive ocean areas or seascapes. Pilot project activities will serve to develop and validate innovative institutional and management arrangements, demonstrating effective transitions towards sustainable fisheries and habitat conservation. Effective management frameworks based on empirical best practice will address global *ocean commons* issues primarily through implementing the necessary elements supporting rights-based approaches to sustainable fisheries management.

Pilot project activities will respond directly to interests expressed by fishing states and associated industry groups (harvesting, processing retailing), private sector, foundations, conservation groups, regional fisheries management organizations (RFMOs), and other stakeholders with key interests in sustainable development outcomes. Crucially, Pilot project activities will not only facilitate the improved application of existing instruments (such as Regional Seas Agreements, regional fisheries management arrangements – RFMAs, UN), but also integrated scientific analysis and prioritization of critical habitats on which fisheries depend, as well as promote exploration and application of innovative, market-based and industry-led approaches as proposed under GEF-5, including through preparatory analyses – including developing marine profiles – and business plans with investment niches clearly defined, for up to six priority seascapes.

A.2. national strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NIPs, PRSPs, NPFE, etc.:

The Project will build on and leverage national and regional strategies to effectively manage fish stocks and marine goods and services more broadly, i.e. support implementation of existing commitments. Wherever appropriate, it will also engage with and leverage existing multilateral and regional frameworks and mechanisms developed to implement the objectives and the obligations of the 1982 UN Convention of the Law of the Sea (UNCLOS) and UN Convention on Biological Diversity (CBD – detailed below).

In developing the Project – particularly key Pilot project activities and partnerships – both specific issues and the wider macro-economic context relevant to the operations and effectiveness of Regional Fisheries Management Organizations (RFMO) will be considered. For instance, there is increasing recognition of the challenges associated with coordinating and monitoring activities in ABNJ through existing multilateral and regional mechanisms developed to implement objectives of the UNCLOS as reflective of customary international law of the sea, together with the UN Agreement for the

Implementation of the UNCLOS Provisions relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (UN Fish Stocks Agreement – UNFSA). Consequently, the Project will pursue the objective of catalyzing transformative change by capitalizing on this growing recognition and desire to address these issues. This is of particular relevance to SIDS and coastal states seeking to increase areas of ocean under effective management, delivering on globally agreed sustainable development objectives, particularly conservation and contributions to human well-being, community welfare and economic growth.

The partnerships approach presents an opportunity for taking forward a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development – economic development, social development, and environmental protection addressing the major drivers of ocean degradation (unsustainable fisheries, unsustainable aquaculture, habitat destruction and pollution) – at the local, national, regional and global levels.

Project activities will demonstrate best practice that States can showcase through international conferences and meetings, including relevant UN processes – for example: the UN Commission on Sustainable Development which is reviewing progress in implementing Agenda 21 Chapter 17 on the Oceans and Seas, together with programs for Small Island Developing States (SIDS) as a cluster in 2014-15; Review Conferences examining implementation of the 1995 UN Fish Stocks Agreement which covers straddling and highly migratory stocks (the next Review Conference will be held after 2015); ongoing meetings of the UN General Assembly (UNGA) to consider ‘oceans and law of the sea’ and ‘sustainable fisheries’; as well as the Informal Consultative Process on Oceans and Law of the Sea (UNICPOLOS), and the UNGA Ad Hoc Open-ended Informal Working Group to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction.

As well as being consistent with UNGA Resolutions on Oceans and the Law of the Sea, Sustainable Fisheries and the UNFSA, Project design also responds to relevant objectives developed and decided by the 2010 Conference of the Parties to the Convention on Biological Diversity immediately following the elaboration by the GEF Council (held in 2010) of the GEF focal areas. Decision 'X/2.Strategic Plan for Biodiversity 2011-2020', identifies two targets directly relevant to conservation and sustainable use of marine biological diversity:

- **Target 6:** "By 2020 all fish and invertebrate stocks and aquatic plants are managed and harvested sustainably, legally and applying ecosystem based approaches, so that overfishing is avoided, recovery plans and measures are in place for all depleted species, fisheries have no significant adverse impacts on threatened species and vulnerable ecosystems and the impacts of fisheries on stocks, species and ecosystems are within safe ecological limits."
- **Target 11:** "By 2020, at least 17 per cent of terrestrial and inland water areas, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes."

In addition, Decision X/29 (paragraph 32) on Marine and Coastal Biological Diversity, also invited the GEF and other donors and funding agencies to support the identification of ecologically or biologically significant (EBSA) and/or vulnerable marine areas in need of protection and develop appropriate protection measures in these areas, and for States to progress these initiatives on a regional basis.

The baseline project would also aim to address the objective established by the 2010 Conference of the Parties of the Convention for Biological Diversity (CBD) in its October 2010 decision 'X/2.Strategic Plan for Biodiversity 2011-2020' related to the important role subsidies play in supporting overcapacity and overharvesting of fisheries resources:

- **Target 3:** "By 2020, at the latest, incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed in order to minimize or avoid negative impacts, and positive incentives for the conservation and sustainable use of biodiversity are developed and applied, consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions."

This Project would also help address the 2002 Johannesburg Plan of Implementation (JPOI) from the World Summit on Sustainable Development, (reaffirming Agenda 21), where States underscored the importance of “protecting and managing the natural resource base for economic and social development” to reduce impacts on the integrity of ecosystems that provide essential resources and services for human wellbeing and economic activities. The Project will contribute to addressing the following JPOI objectives to achieve sustainable fisheries (as well as the objectives of the Program) including:

- Targets relating to maintaining or restoring stocks based on maximum sustainable yield (MSY);
- Implementing the 1995 Code of Conduct for Responsible Fisheries, and 1993 Agreement to Promote Compliance with International Conservation and Management by Fishing Vessels on the High Seas, and other International Plans of Action, including for ‘fishing capacity’, Illegal, Unreported and Unregulated (IUU) Fishing (as well as ‘seabird’ and ‘shark’ bycatch);
- Addressing illegal unreported and unregulated (IUU) fishing;
- Encouraging RFMO arrangements to address the rights, duties and interests of coastal States and the special requirements of developing States regarding allocation of share of fishery resources for straddling stocks and highly migratory fish stocks, on the high seas and within exclusive economic zones;
- Complementing efforts to address the range of existing subsidies (via the baseline project); and
- Strengthening donor coherence and partnerships between financial institutions and relevant stakeholders to enable developing country capacity in achieving sustainable fisheries;

Other relevant objectives addressed by the Project, consistent with chapter 17 of Agenda 21 include:

- Maintaining the productivity and biodiversity of important and vulnerable marine and coastal areas, including in areas within and beyond national jurisdiction; and
- Developing and facilitating the use of diverse approaches and tools, including the ecosystem approach, the elimination of destructive fishing practices, the establishment of marine protected areas consistent with international law and based on scientific information, including representative networks by 2012 and time/area closures for the protection of nursery grounds and periods, proper coastal land use and watershed planning, and the integration of marine and coastal areas management into key sectors.

The Project recognizes particular challenges associated with reaching many of these targets, and the attendant need to **establish and prioritize achievable intermediate targets**. Moreover, the Project recognizes that such global targets are beyond the capacity of any one state or organization to address. In this regard, the Project will achieve transformative outcomes through collective action at country, regional and global levels catalyzed by the Pilot project activities.

The proposed Project is also part of a wider initiative, the *Global Partnership for Oceans* (see Section B1), and provides a major opportunity to contribute to global efforts on sustainable development in the lead-up to, and following the UN Conference on Sustainable Development (Rio+20). In particular, the project offers opportunities to inform possible new targets that might be considered for future adoption, such as **‘increases in ocean areas effectively managed’**, thereby contributing to improvements in the economic and biological performance of the oceans’ living resources, enabling greater benefit capture by coastal and island developing countries.

B. PROJECT OVERVIEW:

B.1. Describe the baseline project and the problem that it seeks to address:

The oceans make up 71% of the Earth's surface and 99% of the Earth's biosphere. Oceans arguably represent the largest and least effectively managed part of our planet – a **final frontier global commons challenge**. More specifically, the oceans' living (renewable, natural) resources and the ecological processes that sustain them, form a foundation for the quality of human life as well as providing 'services' to enrich it. Benefits derived from the oceans' living resources include a suite of interrelated goods and services that underpin essential development pathways including economic growth, trade and shipping, food security, biodiversity, water and nutrient recycling and climate regulation.

Ocean resources are substantial: marine ecosystems are some of the most biodiverse, yet least understood, in existence. Ecosystem services represented by fisheries are particularly important. They represent:

- 15% of animal protein for 3 billion people (essential nutrition for many);
- Food and livelihoods for 8% of the world's population who depend on fishing;
- International trade \$102b/year (2008) – 10% of total agriculture. Tuna alone represents a \$10b/yr industry (which equates to 20% of the global value of fisheries and 8% of total seafood) with participation by some 85 nations.
- The most internationally traded agricultural product from developing countries (\$20b/yr compared to coffee -\$6b; and rubber, cocoa, bananas, meat and tea, each less than \$5b/yr).

Set against these benefits are the drivers of change to the oceans' living resources, which can best be characterized by a shortfall in effective management (defined here as the implementation of policies, institutions and regulatory instruments that govern 'conservation' and 'sustainable use' of living marine resources) in major areas of economic activity. Ineffective management drives continuing overexploitation, especially in fisheries, increases pollution risks and exacerbates biodiversity loss. The prevailing de facto unregulated, open access *commons* nature pertaining to fisheries resources is inevitably leading to their depletion. This is particularly noticeable in fisheries where recent studies have shown the extent to which economically inefficient overcapitalization/excess capacity, subsidies and overfishing – the *race to fish* – has led to a situation where many fisheries, both within and outside national jurisdiction, are economically and biologically overexploited (FAO, 2010).

As a result, the wealth of fisheries is increasingly forgone – perhaps lost to society forever if current trends continue (World Bank, *Sunken Billions*, 2009). This level of *ineffective* management is compounded by an estimated \$15-30 billion/year of public funds used to subsidize failing industrial fisheries (references include OECD, FAO and World Bank), as well as support communities affected by these failures. Fishing also impacts non-target species such as sharks, seabirds, marine mammals and sea turtles, while bottom trawling damages – often irrevocably – fragile and iconic marine ecosystems. Unsustainable aquaculture development, habitat destruction and pollution also have a major impact on human and ecosystem health. For example, at least \$13 billion/year in negative impacts on human health are attributed to marine pollution.

Despite the large number of international fisheries instruments (agreements, Conventions, plans of action, legal and 'soft law' Codes of Conduct etc.) developed over the last two decades to address unsustainable fishing practices, FAO (*idem*, 2010) information presents a clear picture of a continued trend in depletion. This has important implications not only for biodiversity conservation, but also on the ability of fisheries to continue to contribute to the range of benefits noted at the start of this section: economic growth, employment, food supplies and social welfare, particularly in vulnerable developing countries.

Overexploitation related to highly migratory species such as tuna and bottom trawling for deep sea species, is well documented (e.g. FAO - SOFIA, 2010) and of particular concern. As noted above, unsustainable fishing practices are recognized by GEF as a primary threat to ocean ecosystem integrity. With specific regard to tuna and billfish, both FAO (idem, 2010) and IUCN Assessment of these fishes note the following serious concerns:

- Due to the substantial demand for tuna and significant overcapacity of tuna fishing fleets, the status and catches of tuna stocks will continue to deteriorate in the absence of effective management.
- The total catch of tuna and tuna-like species was about 6.3mt in 2008, of which the principal species (albacore, bigeye, bluefin, skipjack and yellowfin) contributed 4.2 mt. This represents a decline of about 0.2 mt from the peak in 2005 despite increasing effort.
- Skipjack was the most productive tropical market tuna (contributing about 57 percent to the 2008 catch of principal tunas) and yellowfin and bigeye were the other productive tropical species (contributing about 27 and 10 percent, respectively).
- Of the 23 tuna stocks, most are considered fully exploited (possibly up to 60 percent), some are overexploited or depleted (possibly up to 35 percent) and only a few appear to be underexploited (mainly skipjack). However, an increase in skipjack catches is not desirable at present as it may negatively affect bigeye and yellowfin tunas.
- Five of eight species of tuna are in the threatened or Near Threatened IUCN Red List Categories.

Moreover in this context, it is noted that these assessments consider only the levels of biological exploitation rather than (more conservative) management for maximum economic yield, which is likely to present a far worse picture. In this regard, it is noted that the ‘Maximum Economic Yield’ (MEY) of any fishery (i.e. the maximum value of fish obtainable calculated from the sum of extraction costs, normal profit and resource rent or *super-profit*) is obtained at lower fishing effort levels than comparable (conventionally used) biological optima ‘Maximum Sustainable Yield’ (MSY).

Poor Performance of Regional Fisheries Management Organizations (RFMOs). In implementing the activities funded by the Oceans Financing Facility, RFMOs are likely to play critical roles, particularly via support from FAO and partners in the wider ABNJ Program. RFMOs are the primary mechanism by which the duty to cooperate amongst fishing nations for conservation and management of international fisheries takes place. Most marine fish stocks are under some form of management by one or more RFMO, or Regional Fishery Management Arrangement / Body (RFMA/B).

Particular challenges are faced by the RFMOs responsible for managing oceanic fisheries, especially tuna. These relate to their own performance, scope (species and geography) and the significant shortcomings of approaches used in managing fisheries within RFMO areas. Given the worsening state of global fisheries, questions have arisen over how effectively RFMOs function and, in several cases, reviews have revealed serious shortcomings in performance – together with important opportunities to improve the effectiveness of their management approaches. A recent response by RFMOs responsible for tuna stocks has been to establish the Kobe Process as a mechanism for coordinated action with the fisheries industry, conservation groups and others, offering platforms to leverage private-public partnerships and international legal innovations. Whilst initially promising, this process has more recently been acknowledged as having limitations. Overcapacity and overfishing remain typical outcomes of governance arrangements within tuna RFMO areas and innovative approaches, including market-based and private sector initiatives, are urgently needed in order to move forward on effective management. The wider Global Sustainable Fisheries Management and Biodiversity Conservation in Areas Beyond National Jurisdiction Program (the ‘ABNJ Program’), with support from the GEF through FAO and partners, will help to build the capacity of fishing states and the RFMOs to implement such approaches.

Weak uptake of Rights-Based Fisheries. Empirical evidence from international best practice demonstrates that **rights-based approaches** to fishery management (including effective monitoring, control and surveillance (MCS) and compliance and enforcement (C&E) of participants in fisheries where overall catch limits and allocations of rights to fish have been developed using best available science and ‘ecosystem’ and ‘precautionary’ approaches to management of stocks and associated species) are a powerful key to reversing the incentives that currently drive overexploitation and overcapitalization in most fisheries worldwide. Yet, despite this evidence, very few fisheries worldwide have to date successfully adopted this approach. For example, Costello et al (2009) identifies only 2% of fisheries (analyzed from a database of over 11,000 samples) involved a form of rights-based management (further analysis is underway to collate information on cooperative management systems which often encompass rights based systems other than catch share based such as area based allocations). Effective (transferable, exclusive, long-term, secure) rights provide a means of capitalizing the high rents available from fishing into the value of the rights, resulting in important changes in how fishers exploit the resource (moving away from a *race to fish*, towards efficiency, conservation and more sustainable exploitation, as well as food and livelihood security). Existing policies often ignore rents and are largely based on regulating the symptoms of overexploitation. Unless rents are properly dealt with in policy and regulation, fishers’ rational, market-driven tendency to overexploit resources will continue unabated. Parallel management measures (such as MPAs, MCS to support rights and stop free-riders and IUU fishing, and market based approaches especially catch and product traceability) are complementary tools that may support priority outcomes including conservation and sustainable use of biodiversity.

Unlocking the potential economic benefits of fisheries and generating wealth (captured as rent) can contribute to local, national and regional macroeconomic development objectives of many coastal economies. For instance, in the tuna fisheries of the Western and Central Pacific Ocean with a landed value of some US\$4.5 billion in 2010, Pacific States participation is low, with most ‘income/rent’ from the resource coming from the about \$70m in ‘access’ payments received by fishing States, notwithstanding 80% of the resource is caught within their EEZs. Overall, only 6% of revenue from the fishery is captured by the region. Securing a greater share of the rent can make meaningful contributions to Pacific SIDS’ sustainable development, aspirations and economies; include growth, poverty reduction and food security, as well as positive impacts on conservation. Investing in rights-based management as part of a ‘effective management regime’ has the capacity to transform declining fisheries that require subsidies to ensure their economic viability, to ones that are stable, support national and regional economies and food security, and which provide resilience to global changes, natural disasters and social and economic shocks.

The generalized ineffectiveness of existing management approaches in many ocean areas is largely due to difficulties in agreeing on allocation and access arrangements for fisheries that hold the key to providing the necessary incentives to rationalize existing overcapacity, tackle overfishing and generate rents and fisheries wealth to be applied to implementing commitments and achieving effective management. Rights allocation amongst fishing nations and associated industries remains one of the major obstacles to the development of stable cooperative arrangements to exploit international fish resources (OECD, 2007; see above). Defining *effective* rights-based management arrangements calls for detailed analyses of best practice with regard to allocative processes, compliance, and enforcement. It also calls for analysis of the institutional and investment context needed to support such processes within specific geographical and political economy contexts. Finally, it requires demonstration of compelling outcomes (including economic growth and stable or increasing returns (including catch per unit of effort – CPUE) in a sector otherwise underperforming economically and subsidized by public monies, improved food security, community welfare and poverty alleviation) to secure the agreement of those who participate in (or are removed from) the fishery.

Rights-based management may be introduced either through existing RFMO processes or through market and industry-led approaches and will be empowered by the partnership approach taken by this Project. Market and industry-led initiatives can also provide powerful forces for improving management frameworks where opportunities exist to do so. Importantly, there is increasingly evidence of a desire to do so driven by fishers' growing recognition of the severe threat to future profitability. Market-led incentive systems can also help leverage corporate social responsibility and foster good practice. Further leveraging to sustain and scale up this work will be achieved through innovative finance in which the project partners have particular expertise. This includes establishment and management of trust funds, debt and equity finance for investments meeting sustainability criteria, debt-for-nature swaps, debt buy-downs, and payment for ecosystem service (PES) programs.

World Bank and CI baselines include: IBRD, IDA and IFC projects; the Global Program for Fisheries (PROFISH) and the Alliance for Responsible Fisheries (ALLFISH), CI marine programs and the new Global Partnership for Oceans (GPO).

The World Bank IBRD and IDA baseline contribution includes current IDA and IBRD investments in fisheries and marine protected areas at a total of over US\$450 million. One example of this portfolio is the West Africa Regional Fisheries Program, which currently includes over US\$125 million in 6 countries for strengthened governance, reduced illegal fishing and increased local value added to fish products. To date, countries such as Liberia and Sierra Leone have begun to significantly reduce illegal fishing, with local communities reporting higher fish catches as a result. Another example focused more on marine protected areas is the Mesoamerican Barrier Reef System Project, which provided US\$11 million to help protect this fragile reef system. As a result of this project, Belize, Guatemala, and Honduras adopted a common policy framework for use of the shared reef resources, and management or operational plans for 17 representative marine protected areas were drafted or updated. According to the Implementation Completion Report, the Mesoamerican Barrier Reef System is now widely recognized as a world-class resource in part due to the inclusion in the school curriculum of material emphasizing its importance; media spots and other publicity. Other similar programs and projects include the Coral Triangle Initiative (CTI) in Indonesia, the Mediterranean Environmental Technical Assistance Program, and the India Integrated Coastal Zone Management Project, to name a few. This fisheries and marine protected areas portfolio is focused on reforming fisheries management, aligning well with the Bank's lending strategy which notes that poverty reduction is best addressed through economic growth, and that growth itself is heavily influenced by institutions and governance. Much of this reflects the findings of the Growth Commission and seminal economic sector work in the *Wealth of Nations* and *Sunken Billions*.

In the area of Biodiversity, the World Bank supports several global initiatives, including the Critical Ecosystem Partnership Fund, Save our Species Program, and a proposed Alliance for Zero Extinction. In addition, a large portfolio of about 200 projects addresses biodiversity across the regions of the world. Results and lessons learned to date have shown the importance of a central focus on reforming management of the resource base as the key to sustainably enhancing economic returns from the fisheries sector, and investing over the long-term in reforming the institutions around secure and transparent rights needed to reduce the open access nature of the fisheries.

Through its 2011 draft Environment Strategy the Bank seeks to catalyze transformative change to increase the contribution of Oceans to a *green, clean and resilient global economy* through investments in natural capital and improving environmental sustainability. Success will be measured in terms of increasing ocean areas under effective management (local, national and regional levels). The Project will be a central element of this transformational change. The Bank is currently stepping up its efforts related to effective management of the use of the oceans on a coast-to-coast basis, addressing issues both within and outside national jurisdictions. This is in recognition of the

enormous negative impacts that degraded marine environments and coastal zones will have on the future global economy and development, and of the need to respond with some urgency to reverse this decline.

The Global Partnership for Fisheries (PROFISH) has a strategic focus on promoting and facilitating the contribution that fisheries can make to sustainable economic growth, improved nutrition, food security and welfare. PROFISH focuses on public sector governance and notably on policy reform. It recognizes that weak governance arrangements in fisheries, particularly the lack of a clear definition of property rights, is the main driver of overexploitation and overcapitalization that inevitably leads to the unsustainable outcomes characterized by overfishing in many fisheries around the world today – the loss in natural resource wealth, environmental degradation and biodiversity loss, and increasing hardship in many fishery-dependent communities. These outcomes represent a severe threat to future food security and jeopardize the central role that valuable fisheries assets could play in addressing poverty reduction. Going forward, PROFISH will continue to focus on global sector studies such as the recent *Sunken Billions*, the economic justification for fisheries reform, together with targeted technical support to reform programs in specific countries and regions throughout the Bank’s portfolio.

PROFISH activities also focus on dialogue with industry on sustainable fisheries issues, including the establishment of a sustainable fisheries industry alliance (ALLFISH). ALLFISH was established under the GEF-4 focal area International Waters SP1, with the objective to establish a framework and process to engage the fishery industry and other stakeholders, including the LME projects and their commissions, in efforts to improve fisheries governance, advance the recovery of fish stocks and make fisheries sustainable.

The International Finance Corporation (IFC) is engaged in assessing the benefits and risk of increasing direct investment, particularly in aquaculture, guided by quantitative evaluation of the parameters defining sustainability.

A new initiative of the World Bank and partners which seeks to healthier oceans is the Global Partnership for Oceans (GPO). The GPO is a new, global partnership to better align the relevant existing resources and investment instruments of the partners, in order to provide grant, loan and equity financing to the responsible governments, users and stakeholders in a number of selected ocean areas that contain the greatest concentration of living marine resources, supported by a knowledge platform to disseminate lessons learned and key information, as well as a global advocacy effort to communicate results. There are three components of the GPO:

Component 1: Valuation of Enhanced Ocean Ecosystem Services and Identification of Reforms;

Component 2: Investments in Governance Reforms and Innovative Best Practice Examples in Priority Ocean Areas (National, Regional), supporting: (i) rights-based fisheries management, (ii) sustainable aquaculture development, (iii) marine pollution reduction; and (iv) habitat conservation and enhancement; and

Component 3: Global Knowledge and Advocacy for the Living Oceans.

The GPO focuses on ocean areas both within and beyond national jurisdiction, and aims to support and complement the ABNJ-specific efforts and activities of the GEF-funded ABNJ Program. In particular, partners in the ABNJ Program would also be expected to participate in the GPO. This Project would therefore identify investment opportunities for deploying best practice approaches to the management of fisheries, that could be replicated and supported more widely through the GPO,

including the World Bank's portfolio, Conservation International's investments, PROFISH, ALLFISH and the range of GPO partners.

Conservation International (CI) is well-tailored to provide a strong scientific foundation, field capacity, and financial leverage for the Project, through five key program areas:

Ecosystem Science and Tools: Research and tools to understand and respond to ecosystem threats and opportunities include:

1. Developing a Seascapes approach for comprehensive marine management including pilots in Eastern Tropical Pacific, Papuan Bird's Head, Sulu-Sulawesi and Abrolhos Seascapes. A Seascapes Guidebook describing the approach has been published in collaboration with multiple partner organizations (Conservation International (CI), International Union for Conservation of Nature (IUCN), The Nature Conservancy (TNC), Wildlife Conservation Society (WCS), World Wide Fund for Nature (WWF).
2. Integrating ocean physical, biological and ecological data with biogeographic classifications and providing an inventory of ocean features including seamounts, mid-ocean ridges, canyons, and development of a complementary Global Ocean Habitats (GOH) Project;
3. Pioneering, with a large number of partner organizations, the first iteration of an Ocean Health Index, currently in the final stages of peer-review and expected to be launched in 2012. Already several governments have expressed an interest in applying the approach within their EEZs.
4. Completing a global marine geographic priority setting analysis currently in peer-review, based on spatial analysis of over 12,000 marine species ranges and a dozen major threats to marine ecosystems.
5. Engaging all relevant researchers in a recent IUCN Red List Assessments of all of the world's Tunas and Billfishes;
6. Developing an approach to climate change vulnerability assessments building on experiences from Madagascar, Ecuador, Philippines and Brazil and helping countries and communities adapt to the impacts of climate change on ecosystems and people. A vulnerability assessment manual is under development together with NOAA.
7. Exploring approaches and mechanisms for conservation of coastal and marine ecosystems rich in and sequestering carbon, so called 'blue carbon' conservation.
8. Researching the biodiversity, ecosystem services, and human well-being aspects of marine management areas, drawing on both natural and social sciences, through the Marine Management Area Science (MMAS) program.
9. Developing, with partners, a software program named "[Artificial Intelligence for Ecosystem Services](#)" (ARIES) that explicitly accounts for the spatial and temporal dynamics of the flows of ecosystem services in a given area.
10. Working (also with partners) on the [Multi-scale Integrated Models of Ecosystem Services](#) (MIMES) tool, a suite of models for ecosystem dynamics and marine spatial planning, valuation, and decision-making. The models quantify effects of land and sea use change on ecosystem services and can be run at global to local levels.

Marine and Food Security Project Implementation: CI's strategic regional marine work, recognized in UN General Assembly Resolutions, includes: supporting the Coral Triangle Initiative; Micronesia Challenge; Eastern Tropical Pacific Seascape Project; and 'Pacific Oceanscape Framework' adopted by the Pacific Island Leaders Forum in August 2010. CI's report (with World Fish Center), "[Blue Frontiers: Managing the environmental costs of aquaculture](#)," released June 14, 2011, is the first global assessment of environmental costs and potential benefits of aquaculture. The ecological impact of aquaculture, already providing half the seafood consumed worldwide, is compared by species, method, and country, and to other sources of protein and nutrition.

Biodiversity and Protected Area Research and Management: CI works in 16 coastal and marine ecosystems to develop knowledge and partnerships for comprehensive conservation and

development strategies that lead to integrated plans for coastal and marine zoning and management at the local, regional, and national levels. CI's Marine Rapid Assessment Program conducts scientific surveys (Marine RAPs) with local and international scientists to fill in data gaps on marine biodiversity. CI also works to integrate and mitigate impacts of external investors, including through gaining industry support for Marine Protected Areas (MPAs) and representative networks.

Private Sector & Sustainable Supply Chains: CI's Center for Environmental Leadership in Business (CELB) is a catalyst for innovation, convening corporate leaders to develop green business models and commitments to healthy ecosystems and sustainable growth. CELB helps corporate partners assess the risks and opportunities of their operations and supply chains; adopt environmental goals, action plans and timetables; and communicate progress and results with key stakeholders. An example is CI's partnership with Wal-Mart, the world's largest retailer, which has challenged itself and its suppliers to promote sustainability in the sourcing of seafood.

Innovative Finance and Grant Making: CI has successful experience with multi-donor modalities through the Critical Ecosystems Partnership Fund (CEPF). CEPF is a \$125m investment program partnership of CI, the GEF, the World Bank, the Government of Japan, the John D. and Catherine T. MacArthur Foundation and Agence Française de Développement (AFD). CEPF investments are based on a rigorous, science-based analysis and priority-setting process which could also be applied to marine planning. CEPF has grants management and capacity building expertise which can make it an efficient and effective OFF implementation mechanism/partner. In addition, CI's Ecosystem Finance & Markets (EFM) Division specializes in designing innovative and sustainable financing for ecosystem conservation. Other EFM units include:

- The [Global Conservation Fund \(GCF\)](#) which designs long-term financing for protected areas through trust funds and other long-term financing vehicles.
- The [Conservation Stewards Program \(CSP\)](#) which develops conservation incentive agreements as part of payment for ecosystem service (PES) programs in partnership with communities which own or rely on natural resources.
- [Verde Ventures](#) (VV) which catalyzes loans and equity investments for sustainable small and medium-sized enterprises that contribute to conservation goals.
- CI's [Carbon Fund](#) which aims to reduce greenhouse gas emissions by providing incentives to stop deforestation and improve use of GHG sequestering areas.

B. 2. [incremental /Additional cost reasoning](#): describe the incremental (GEF Trust Fund) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF financing and the associated [global environmental benefits](#) (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

Incrementality. While the baseline projects and initiatives will provide broad support to sustainably enhancing the health of the oceans, via investments in rights-based fisheries, sustainable aquaculture, marine pollution reduction and coastal and ocean habitat conservation, it will be largely focused in areas within national jurisdiction. Similarly, they will not focus on development of pilots and scalable models, but rather finance for implementation of those things proven to work. For this reason, the Project provides significant incremental benefit, as it will develop Pilot projects in migratory fisheries within and beyond ABNJ, which could demonstrate workable models for wider replication and support by the baseline project. This focus on promoting effective management of targeted fisheries in ABNJ will complement and add value to efforts underway by the partners in the Global Partnership for Oceans to address similar commons issues primarily within EEZs. This will enable links between what are often seen as disparate efforts to address marine area management, thereby addressing a shortfall in current management arrangements that often has detrimental effects on biodiversity (both in terms of ecosystems and species). Enabling effective outcomes in the one, calls for similar approaches to be adopted in the other especially

where stocks are shared or migratory. Thus, rights-based approaches that have been effective in fisheries within EEZs to both enhance sustainability and leveraging biodiversity conservation, could be tested and applied in migratory fisheries in (and beyond) ABNJ, together with Governments and industry stakeholders.

The Project thus represents an opportunity to identify investment opportunities for deploying best practice approaches to the management of fisheries and in so doing, secure healthy ocean ecosystems, and important contributions to food security and economic growth in developing States – including SIDS. Furthermore, by encouraging reforms in the ways oceanic fisheries are managed and regulated, the Project responds directly to GEF’s challenge to mainstream biodiversity conservation and sustainable use of production seascapes.

The Project’s focus on targeted migratory species fisheries within and beyond ABNJ, together with the baseline project’s focus on similar issues largely within EEZs, will strengthen cooperation and the effectiveness and complementarities of conservation and management measures between coastal States and States fishing for the same and associated stocks on the high seas (UNCLOS). The project will mobilize existing and planned efforts by the World Bank and other lending agencies related to more effective management of fisheries within EEZs, generating the potential to enable developing countries including SIDS to secure the benefits of sustainable fisheries, healthy ocean ecosystems and food security. By focusing on targeted fisheries within and beyond ABNJ, the Project will spatially link sustainable fishing and biodiversity conservation activities in EEZs and ABNJ. While the focus would not explicitly be on small-scale fisheries, in cases where targeted migratory fisheries within and beyond ABNJ include small-scale fishers, traditional patterns of access would be recognized and incorporated into social process frameworks. In each case, the Project will encourage partnerships and collaboration between the Governments and key industry stakeholders in the fishery (e.g. vessel owners, wholesalers, processors and buyers), to develop viable business cases for more sustainable use patterns. These business cases would then form the basis for follow-up finance from private sources such as the International Finance Corporation, among others.

As a result of this focus on targeted fisheries where partnerships could be forged between the public and private sector, the project would aim to achieve **transformational changes** in these fisheries, including: (i) a move away from the “race to fish” towards efficiency, conservation and less destructive exploitation, through the demonstration of fisheries management effectiveness in five priority seascapes, and (ii) the shifting of the discussions about fisheries management from being about supplying niche and small upscale markets for sustainable fish or applying command-and-control paradigms, to fostering rights-based management that can unleash the power of the oceans to drive economic growth in developing countries, protect food security and save biodiversity. The associated **global environmental benefit** will be the enhancement of management effectiveness of the oceans through catalyzing sustainable fisheries that in turn will accelerate economic growth, protect international trade, boost food security and secure healthy ocean ecosystems and the services they provide.

Co-financing. The GEF increment will be co-financed by: (i) grants from a specific Ocean Financing Facility (i.e. a multi-donor trust fund) to be established under the Global Partnership for Oceans (GPO) in addition to the baseline of the World Bank Group and CI existing portfolios, and (ii) additional financing from World Bank IDA credits in eligible countries and CI in-kind contributions.

Incremental Activities (the Project). The Project will prioritize, analyze in depth and develop detailed proposals and business cases for up to six globally significant Pilot project activities – through a global prioritization process. At least two of these Pilot project activities would then be financed as long-term transition programs, with public and private finance mobilized by the GPO, after the close of the GEF project. This approach responds directly to the GEF-5 strategy, which states that it will support Pilot project activities that ‘develop and test technology and management arrangements for both pelagic and deep-sea environments’ and that such Pilot project activities could not only engage with existing

processes (such as RFMOs, and Regional Seas Agreements), but also with market and industry approaches. The Project would utilize programs such as ALLFISH to link with private sector operators to work as partners in investing in more sustainable business models, which could carry fisheries reforms forward.

The first Pilot project has already been identified: the Pacific Oceanscape (spanning the Western and Central region) with highly migratory tuna stocks, beginning with the further development of the vessel day scheme for tuna long-lining operations (in complement to wider support from the ABNJ Program for the RFMO). Remaining Pilot project activities will be defined through a rapid global stock taking and prioritization process that build on existing analytical work by partners, including the first iteration of the Ocean Health Index, the marine geographic priority setting analysis and information on opportunities for rapid outcomes, and would be conducted during the preparation phase. Pilot project selection will depend on a range of criteria which will include: (i) social and political commitment and capacity, (ii) private sector interest, drive and leadership, (iii) civil society support and capacity, and (iv) fish stock status, threats and marine ecosystem importance factors. The selection will thus consider public commitment to rights-based management together with willing private sector stakeholders and a compelling public interest story in an area with important global public goods. It should be noted that given the global scope of the Project, pilots could include fisheries targeted by a range of actors and countries, e.g. Argentina, Chile, Indonesia, Korea, Mexico, Morocco, Peru, Philippines); OECD countries. Where possible, the Project will aim to promote learning and collaboration between various countries, particularly south-south collaboration.

Preparation activities will include the following:

1. *Define ocean priority areas according to need, opportunity and potential investment niches.* A global stock-take would be undertaken of existing regional initiatives related to oceans fisheries management reform with strong potential to address the Project's objectives. This work will build upon the first iteration of the Ocean Health Index, the marine geographic priority setting analysis and other technical analyses currently undertaken by CI and partners, which will provide the foundation for identifying and prioritizing candidate seascape Pilot project activities with significant potential to generate rapid improvement in fisheries management and ocean health. The GEF funding would thus allow for mapping of candidate fisheries priorities (both in terms of production and opportunity for reform), together with marine geographic priorities provided by CI, to select the pilot fisheries.
2. *Regional investment frameworks developed for 5-6 priority regions and making the economic case for private sector investment in order to achieve sustainable fisheries.* Project design will be distinguished by the rigor of its profiling approach, and its agility in identifying opportunities for innovative partnerships and finance commensurate with the value for biodiversity and ecosystem goods and services of key importance to sustainable development (especially food security, sustainable livelihoods, rent capture by coastal States and SIDS). Given the work that has already been conducted and strong opportunities, the first pilot site of the Pacific Oceanscape in the Western and Central Pacific has been identified. An additional 4-5 priority seascapes will be identified during the project preparation phase, as targets for pilot projects that could introduce approaches and tools leading to sustainable fisheries and associated biodiversity management.
3. *Pilot project activities for sustainable fisheries proposals short-listed.* Having identified priority areas and developing investment niches and opportunities that build on the existing political economy, private sector interest and threats matrix (etc.), the Project will confirm the Pilot project activities to operationalize those investment niches. Pilot project activities will focus on the need for reforms based on effective property rights together with parallel supporting measures (including marine protected areas in areas of high risk / priority biodiversity, and supporting monitoring control and surveillance (MCS) and compliance and enforcement (C&E) efforts) as the means to generate outcomes responding to the World Bank's 'triple bottom line' – contributions to economic growth,

poverty reduction and food security, and biodiversity conservation. As already noted, a maximum of six Pilot proposals will be confirmed for financing, and proposed in the project document.

Implementation Activities. The full Project, to be defined in a project document, will include the following components:

Component 1: The development of large scale Pilot project activities in priority seascapes

Component 2: Oceans Innovation Challenge fund

Component 3: Monitoring and evaluation of Pilots and Challenge Grants, advocacy and lesson learning.

Component 1: The development of large scale Pilot project activities for sustainable fisheries in priority seascapes

This main component is intended to result in a series of a maximum of six funded major regional Pilot project activities for trans-boundary fisheries that span ABNJ and EEZ jurisdictions (e.g. tuna fisheries) or that are entirely within ABNJ, but in areas adjacent to SIDS or coastal developing states. Such projects will have the capacity to achieve relatively rapid transformational change through effective fisheries management. Pilot project activities will demonstrate incremental impacts in terms of contributions to, inter alia: economic growth (in particular, benefit capture by developing countries and associate community welfare impacts); biodiversity conservation (measured by appropriate indices such as the Ocean Health Index and the World Bank's emerging **Fisheries Performance Index**); and food security (sustainable fisheries extraction benefiting global supplies).

Activities in each pilot would include the following:

1.1 Preparatory analysis including identifying reform pathways and supporting detailed sector analyses and scenario planning for up to six selected Pilot project activities. Visioning exercises and detailed scenario planning and analyses will be undertaken, leading to the development of a reform roadmap agreed by all key stakeholders (which may include industry, governments, RFMO and civil society groups). In deriving effective Pilot project activities, the Project will focus on modeling the cost of further inaction to society at large, economies and ecosystems and will build the case for action, including clear identification of winners and losers and how these would be dealt with. Depending on the pilots selected during the preparation phase, some existing economic and sector work and analyses may be available as baseline material.

1.2 Business cases assembled for each selected Pilot project. In parallel with the technical and institutional roadmap planning approach, a detailed investment strategy will be developed by the Project through integrating existing information and consultation with relevant interests for each of the priority geographies, notably the private sector participants throughout the value chains. These consultations with all stakeholders would ensure the potential negative distributional impacts of these systems (in particular if market/industry-led) are considered. This process will also take into account direct drivers of biodiversity loss and degradation of ecosystem goods and services (including habitat change, climate change, overexploitation, and pollution) and indirect drivers of change (including demographics, global economic trends, governance, institutions and legal frameworks, science and technology, and cultural values). In other words, supporting sustainable development of global public goods provided by marine biological diversity, and marine ecosystem services, by investing in implementation of existing commitments and using (and strengthening where necessary) existing arrangements. Each candidate Pilot project will undergo rigorous cost-benefit analyses by specialist business analysis, taking into account the operations of the various segments of the value chain, building upon existing baseline analytical work already conducted. Running adjustments will be made to project design where needed to ensure financial requirements are addressed as far as possible.

1.3 Public and private capital mobilized to implement Pilot project activities. Working through the Global Partnership for Oceans, public and private capital markets will be identified and confirmed for candidate Pilot project activities in parallel to the above. The Oceans Finance Facility would provide the financing needed, together with the GPO partners.

The result of these three activities would be agreement and consensus on clear strategies for long-term private investment in more sustainable fisheries in each pilot, based on the public-sector fisheries management reforms undertaken or agreed, and finance secured to implement those strategies.

Rights-based fisheries management (RBM). In each of the above pilots, the Project will stress the role of RBM in underpinning the GEF-5 biodiversity and international waters objectives (see Section B.1.). The Project recognizes the technical and political economy challenges associated with operationalizing this approach, particularly ensuring such arrangements have necessary institutional underpinnings (policy, legal and governance regulatory contexts) to secure effective management. RBM is also at the nexus of biodiversity and broader ecosystem services. In this regard, the project will contribute to broader thinking on ocean use, particularly governance approaches that can effectively address global commons issues.

There are many issues that this Component will need to be considered, not least that related to the wider, global implications of reform. For example, benefits that accrue from improved status of the resources through Rights Based Fisheries (RBF) could be eroded by uncontrolled fishing outside the focal area if there is mixing / migration of stocks. Also, global markets for some products such as tuna, may mean that competitive disadvantages in the global market for reforming regions might arise if similar efforts are not made in other ocean regions. This highlights the potential global goods significance of this work – and the potential for action that complements existing global initiatives such as a global register of fishing vessels.

Component 2: Oceans Innovation Challenge fund

A challenge grant facility will be established and innovative proposals invited from a range of potential grantees from academia, private sector, governments and civil society. The Project will define a set of criteria and challenges that this fund seeks to address – for example, creation of links between market-based certification and RBM in targeted fisheries within and beyond ABNJ. Challenge grants will aim to make a transformational impact, by catalyzing innovative approaches to supporting Pilot project activities. The grants will provide an incentive for civil society and the private sector to both develop and implement innovative solutions to address fisheries management issues. Grants may be bundled with innovative sources of financing (e.g. insurance) to test viability and returns over the medium and long term. The fund will aim to be opportunistic, and incremental, developing efforts of interested private operators and associations for example.

Component 3: Monitoring and evaluation of Pilots and Challenge Grants, advocacy and lesson learning

The following sub-components are identified:

3.1 Pilot project and Innovation Challenge Fund monitoring and evaluation reports which inform adaptation and advocacy messages. The Project will monitor and evaluate Pilot project and Innovation Challenge Fund activities under implementation from their outset. Information gathered will not only be used to steer Pilot project implementation, but will also be used to generate lessons for other projects and management/regulatory reform processes. This monitoring and evaluation of the specific activities of this Project, and the lessons learned, will feed into the overall monitoring and evaluation (M&E) system established for the entire ABNJ Program (i.e. the Global Capacity Project). The Project will have a results framework and monitoring plan based on a menu of standardized core indicators derived from the ABNJ Program Result Framework. Outputs will be evaluated for the degree to which they are contributing to the expected outcomes and ultimately to the

ABNJ Program's goal. The ABNJ Global Program Coordination Unit will assist project teams as needed to implement M&E arrangements. At least 1 percent of the total IW GEF investment will be used for IW:LEARN activities, including a IW:LEARN website, participation in IW:LEARN conferences and workshops, and production of at least two Experience Notes. The Project will also complete GEF IW and BD Tracking Tools for submission as required.

- 3.2 *Communications and Advocacy.* In addition to monitoring investments to ensure their effectiveness, the Project will contribute to wider efforts by the partners in the Global Partnership for Oceans to mobilize public interest behind catalyzing real change in marine fisheries. By showcasing early results in the priority seascapes, and learning lessons from the Challenge grants (see Component 2), the Project will shift discussions about ocean governance from being about supplying niche and small up-scale markets for sustainable fish or applying command-and-control paradigms to fostering rights-based management as part of effective management of these resources, to unleash the power of the oceans to drive economic growth in developing countries, and protect food security and biodiversity. Key components of this advocacy and messaging effort are likely to include international events and side events (e.g. at UN, OECD and other meetings), effective use of media (including social messaging and documentary film), annual Global Partnership for Oceans (GPO) meetings and wider GPO advocacy efforts. Annual GPO meetings would be a contribution of the baseline project, as well as dissemination via knowledge products developed by the Partnership.
- 3.3 *Knowledge transfer/experiential learning.* The Project will engage with the range of professional networks linked to the Global Partnership for Oceans related to oceans, fisheries, biodiversity conservation and so forth, to mainstream Project activities and results as they emerge, into oceans management thinking. This will build upon, and contribute to, at least five influential policy-related documents on the costs and pathways for fisheries reform produced by the World Bank, as part of the baseline project.
- 3.4 *Developing country engagement strategies.* Given the Project's objective of facilitating the engagement of developing countries in the ocean economy (for example, through increasing participation by coastal developing states in sustainable tuna fisheries), this sub-component will work with the Global Partnership for Oceans partners and advocacy component to build awareness within a range of states supporting a common and coherent 'voice' on the need for more effective participation in Project activities and, more specifically, engagement in Project Pilot project activities.

- B.3. Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF). As a background information, read [Mainstreaming Gender at the GEF.](#):

The project will focus on the maintenance of the global public goods benefits provided by marine ecosystem services. Such services contribute significantly to peace, security, cooperation and friendly relations among all nations in conformity with the principles of justice and equal rights and to the promotion of the economic and social advancement of all peoples of the world. Catalyzing transformative progress towards sustainable development through the project, providing enabling conditions and incentives to achieve these objectives, would *inter alia* contribute to poverty alleviation, sustainable fisheries and food security (triple bottom line benefit).

Fisheries not only provide food and jobs – 1 billion people in the developing world depend on fish as a

primary source of protein and at least 3 billion jobs depend upon it – but also they contribute to growth, accounting for over 10% of GDP in some countries. More than 120 million people worldwide depend on fish for all or part of their incomes. In 2000, FAO found that 35 million people worldwide were directly engaged in fishing and fish farming. Most are in the developing world and the majority is small-scale, artisanal fishers eking out a living from coastal and inshore resources. The highest numbers of fishers and aquaculture workers are in Asia (85 per cent of the world total), followed by Africa (7 per cent), Europe, South America, North and Central America (about 2 per cent each) and Oceania (0.2 per cent). Ill-managed fisheries threaten these jobs, as well as the other marine goods and services that house real wealth (e.g. coral reefs support over a million animal and plant species and their economic value exceeds US \$ 30 billion a year). As fisheries begin to fail in the face of unsustainable catches and rising by-catch issues, the return on investments are also diminishing. These investments (e.g. in equipment, transportation, skill-sets) often total the sum of a household's wealth in many developing countries, and their depreciation only further endangers livelihoods for communities already on the periphery. Catalyzing transformative progress towards sustainable fisheries through the project would *inter alia* contribute to enhancing the resilience of local communities dependent upon the ocean, while simultaneously bolstering economic growth, international trade, and food security beyond these immediate communities.

Worldwide, in most fishing communities, women play a key role in fisheries along the value chain. They engage in a wide range of activities, including as:

- workers (paid and unpaid) within the fisheries, in pre- and post-harvest activities, including liaison work with institutions and agencies . In many countries, it is mostly women who are engaged in aquaculture.
- workers in seafood processing plants;
- caregivers of the family and in maintaining social networks and the culture of fishing communities, allowing the male heads of family to spend much of their time at sea; and,
- workers in non-fisheries sectors to supplement the household income, and the often erratic returns from the fisher.

Yet, they remain largely invisible, and their roles, unacknowledged. Similarly, their primary concerns, often intertwined with family matters, center on food security and revenue stability. To bring their perspectives fully into the GPO, the Challenge Grant window in the Oceans Financing Facility will earmark 50% of its funds for project ideas proposed by women to ensure that food security concerns are not overwhelmed by sub-projects that display a drive to correct governance to simply accelerate economic growth or international trade.

The program's impact on sustainable fisheries on a 'coast-to-coast' basis (effecting linkages between the policy and management linkages of ABNJ with those of EEZ) will have positive spillover on gender.

The project will help ensure that developed countries and fishing nations with an interest in broader ocean and maritime affairs, are better able to engage in a constructive process leading to practical action. Small Island Developing States such as Caribbean and Pacific Island Nations are a case in point. Enabling their full participation in processes that will enable them to capture and sustain a greater proportion of the wealth of fisheries through more effective and equitable management arrangements will be the theme of the pilot activities. In so doing, the project will engage in awareness and capacity building within interested states, building on existing efforts in this regard.

B.4 Indicate risks, including climate change risks that might prevent the project objectives from being achieved, and if possible, propose measures that address these risks to be further developed during the project design:

Given the focus on delivering short-term (within three years) demonstrable benefits from the project, an investment strategy that focuses on risk identification and mitigation is clearly desirable. For this reason, the project will focus effort on pilot activities that are demonstrably building upon already

existing local/regional political and organizational commitment and activity (in some cases, adding value to existing processes), existing investment opportunities, strong public support, biodiversity “quick wins” and so forth. Criteria for such selection will include risk analysis. The following risk register is considered.

Risk	Level	Mitigation
Lack of industry willingness to participate.	Low	Steps are already underway to ensure key industry stakeholders play leading roles in the development of pilot project activities. This will ensure a level of buy in from the industry from the very outset of the project. The prioritization process will identify the key issues and drivers and identify best practice examples to resolve issues and promote full industry engagement.
Climate change associated effects on oceanography, primary productivity, fish stocks and artisanal and industrial fisheries (e.g. shifts in currents, upwelling, food-chain, species range, distribution, composition, and abundance)	Low/unknown	Beyond the project horizon. Adaptation is addressed in parallel through the introduction of resilience. The program will enhance awareness of climate change risks to fisheries in ocean areas providing additional incentives both for mitigation and adaptation activities.
Governments acting through RFMO and largely unaware of the likely outcomes of RBFM of fisheries, may be politically adverse to enabling a strengthened industry.	Moderate	Without active cooperation from industry, public initiatives will not be effective. An articulate industry with a clear sustainability agenda can yield both public and private benefits by helping to implement and legitimize effective management arrangements, and target financial flows.
Financing for major pilot project activities may be difficult to identify - perception of risk by investors who may not recognize the potential value of new approaches and reformed governance arrangements	Low/medium	Major effort from outset will go towards building partnerships with public and private finance providers including IFC, Development Banks, industry sources, foundations and so forth.
Governments may perceive a political risk from a strengthened industry voice.	Moderate	Without active cooperation from industry, public initiatives may not be effective and an articulate industry with a clear sustainability agenda can yield both public and private benefits by helping to implement and legitimize new governance arrangements.
Too much of a fisheries focus and too little on	Low	The focus on addressing weaknesses in fisheries management is intended to enable innovative RBF

biodiversity		approaches that have been shown to demonstrate best practice in terms of their potential, with effective regulatory structure, to delivery environmental outcomes. The project will therefore ensure RBF emerges as well as the need to consider how the political and financial power of industry and markets might best and most equitably be harnessed to ensure triple bottom line (including biodiversity) outcomes
Political economy and institutional resistance to change exacerbated by a shift in emphasis from command and control to rights-based fisheries	Medium	Convincing communications and advocacy leverage will be needed to shift the existing top down, science-based paradigms into one which recognizes the need to harness markets through the use of judicious regulatory instruments negotiated and agreed by all parties. In addressing this challenge, the project will draw from international best practice – from lessons learned from successful transitional reform elsewhere, including in other sectors.

B.5. Identify key stakeholders involved in the project including the private sector, civil society organizations, local and indigenous communities, and their respective roles, as applicable:

In each of the selected Pilot project fisheries, the Project will work with a wide range of stakeholders, notably the various industry and private operators, and Government fishing agencies with jurisdiction over some portion of the waters used by the stock or over some of the fishing fleets.

Private Sector Operators. The key partners in implementing this project would be the private sector at all levels of operation (including up and down the value chain) depending on the fisheries in question in each of the pilot areas, together with the relevant Government agencies and where relevant, regional economic integration organizations with a role and interest in ensuring that institutional frameworks at regional, national and local levels support the investments being made and maximize the potential for securing effective management. Partners would also include groups at each step along the targeted value chains, including fishers and fleets, processing, marketing and wholesale operations, and the communities dependent on them.

Government Fisheries Agencies. Countries whose fleets are utilizing targeted fisheries within and beyond ABNJ, and particularly those countries with jurisdiction over some portion of the waters used by the stock, would be key partners in implementation of the pilots. In many cases, pilot and business case development will depend on identification and willingness to introduce fisheries management reforms by the participating national fisheries agencies.

B.6. Outline the coordination with other related initiatives:

FAO is the coordinating agency for the overall ABNJ program as well as the GEF implementing agency for Projects 1 and 4 and the GEF co-implementing agency with UNEP for Project 2. The World Bank will establish a specific governance structure for the Project (Project 3), working in coordination with FAO, UNEP and the other partners in the ABNJ Program. The World Bank would participate in the Global Steering Committee for the ABNJ Program, as well as draw upon the Technical Advisory Group (TAG) of the Program.

At the same time, the World Bank would work with the separate governance arrangements for the Oceans Financing Facility (the Project – Project 3), as part of the wider GPO. The partnership structure and governance arrangements for the Oceans Financing Facility and wider GPO will be determined over the course of preparation (funded with a project preparation grant

- PPG).

In terms of the Pilot project activities, FAO support through the ABNJ Program will focus on the RFMOs, while the Oceans Financing Facility will support a wide range of Governments and stakeholders directly in the adoption of rights-based fisheries management. These two efforts will be complementary – beginning for example in the first pilot supported – the Pacific Oceanscape in the Western and Central Pacific. In this case, the Oceans Financing Facility, with GEF co-financing from this project, would provide support to the Parties to the Nauru Agreement Office (PNAO) to further develop and extend the vessel day scheme for selected tuna fisheries, in complement and collaboration with the efforts of the Western and Central Pacific Fishery Commission and its activities as part of the wider ABNJ Program.

Similarly, in terms of the monitoring and evaluation of this specific Project, it will feed into the wider Global Coordination of the ABNJ Program (Project 4), executed by the Global Oceans Forum.

C. DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

The World Bank occupies a key position among the international institutions which are engaged in global fisheries in that it is a source of leveraged funding. The Bank engages closely with high level policy makers, public officials, and development planners whose decisions bear upon the governance of the fishing industry. It is a focal point for global industry. Its core aim is to assist developing countries and countries in transition in their fight against marginalization in today's globalized world. The focus of the World Bank's work generally and specifically in fisheries is in improving governance in both the public sector and the private sector to underpin sustained economic growth.

The World Bank's Global Program on Fisheries ([PROFISH](#)), focuses on public sector governance. The program operates a funding partnership between developing countries, fishery sector donors and international institutions. PROFISH projects are focused on fisheries policy reform, good governance, and dialogue with industry on sustainable fisheries issues, including the establishment of a sustainable fisheries industry alliance (ALLFISH).

The World Bank Group, including IFC leverages its investments and commitment through partnerships with the private sector, NGOs and the scientific community to create the critical mass required for transformational change.

Overall, the WBG has three particular comparative advantages in the oceans work:

- capacity and convening power to address political economy constraints to governance reforms and to enable financing of transitional process including through private sector engagement and working with public and private financial markets (e.g. IFC).
- specific skills in addressing global commons issues, particularly in fisheries both beyond and within national jurisdictions. Particular knowledge on managing high seas species including tuna.
- adopting an enhanced global public goods agenda within which oceans (marine environment including EEZs and areas beyond national jurisdiction).

Conservation International's [Global Marine Division](#) seeks to advance ocean health and human well-being through properly **valuing** oceans and the benefits they provide, **inspiring** people to engage through marine flagship species, **measuring** progress with the Ocean Health Index, **managing** oceans through the Seascapes approach, marine protected areas and marine spatial planning, **reforming** fisheries (coastal, High Seas and aquaculture), and **preparing** for climate

change through vulnerability assessments and blue carbon conservation.

C.1 Indicate the co-financing amount the GEF agency is bringing to the project:

Through implementation of the Oceans Financing Facility of the Global Partnership for Oceans, the World Bank will provide US\$30 million in co-financing to the project from both soft loans (IDA credits) and grants from the multi-donor trust fund of the GPO. Conservation International will provide US\$10 million in-kind financing to the project through technical support, grants to civil society organizations, long-term financing for marine protected areas, and loans to small and medium enterprises, through the Oceans Financing Facility and parallel mechanisms.

C.2 How does the project fit into the GEF agency's program (reflected in documents such as UNDAF, CAS, etc.) and staff capacity in the country to follow up project implementation:

The World Bank's new Environment Strategy recognizes the potential contribution that healthier ocean ecosystems could make to global economic growth, and prioritizes investments to help countries sustainably enhance the value of their natural ocean resources, as well as reduce the negative external impacts upon them, such as from pollution. This priority was reflected by the President of the World Bank in a speech to the World Oceans Summit hosted by the Economist in Singapore on February 24, 2012, where the Bank's commitment to develop the Global Partnership for Oceans was announced. This commitment has been further demonstrated by the number of Country Assistance Strategies where sustainable ocean uses are prioritized, such as fisheries (e.g. Cape Verde, Liberia, Mauritania, Sierra Leone, etc.).

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

- A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Karin Shepardson		03/12/2012	John Virdin	202-473-8408	jvirdin@worldbank.org

++END++