



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 21-Jan-2023 | Report No: PIDC34947

**BASIC INFORMATION****A. Basic Project Data**

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|--|---|--|--|
| Country Tuvalu | Project ID P179599 | Parent Project ID (if any) | Project Name Tuvalu: Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience (P179599) |
| Region EAST ASIA AND PACIFIC | Estimated Appraisal Date Jul 10, 2023 | Estimated Board Date Sep 20, 2023 | Practice Area (Lead) Environment, Natural Resources & the Blue Economy |
| Financing Instrument Investment Project Financing | Borrower(s) Ministry of Finance and Economic Development | Implementing Agency Tuvalu Fisheries Department | |

Proposed Development Objective(s)

For Tuvalu's second phase's project ("Tuvalu PROPER"), the proposed Project Development Objective (PDO) is to strengthen regional collaboration and national capacity for the management and the sustainable development of the oceanic and coastal fisheries sector in Tuvalu.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

| | |
|---------------------------|-------|
| Total Project Cost | 13.05 |
| Total Financing | 13.05 |
| of which IBRD/IDA | 13.05 |
| Financing Gap | 0.00 |

DETAILS**World Bank Group Financing**

| | |
|---|-------|
| International Development Association (IDA) | 13.05 |
| IDA Grant | 13.05 |



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track II-The review did authorize the preparation to continue

B. Introduction and Context

Country Context

- Tuvalu is a microstate of the Polynesian sub-region of the southern Pacific Ocean which consists of nine atolls.** Tuvalu is recognized internationally as one of the most climate-vulnerable states on earth. Its islands have a surface area of only 26 square kilometers (km²) with an average height above sea-level of less than 3 meters (m) and an exclusive economic zone (EEZ) of about 750,000 km². In 2020, Tuvalu had a population of approximately 11,800 with limited employment opportunities and an economy that is highly dependent on external aid.
- Tuvalu is an upper middle-income country with a Gross National Income of US\$5,291 per capita.** Fishing and fishing licenses provided 53.9 percent of national revenue during 2015 – 2018. Fishing license fees were estimated at US\$19 million in 2018, having risen sharply from 2010 with the introduction of the Vessel Day Scheme (VDS)¹. Except for fisheries, the country has limited resources, with tourism and a small copra industry contributing to the Gross Domestic Product. The poverty headcount was estimated at 26.3 percent in 2010, when a Household Expenditure and Income Survey was last conducted, though extreme poverty is relatively uncommon. Poverty in Tuvalu is concentrated in the outer islands and is exacerbated by lack of access to services and employment coupled with vulnerability to shocks.² Because of the Government’s swift precautionary actions immediately after the COVID-19 pandemic hit, Tuvalu is one of the few Pacific nations that did not experience a decline in economic returns and contracted domestic activity and productivity.
- Tuvalu is considered as a fragility, conflict and/or violence affected (FCV) country because of inadequate state capacity and constant vulnerability to external shocks.** The fragility stems from the geography and limited economic viability, youth unemployment, poor land governance, and gender-based violence.

Sectoral and Institutional Context

- Fisheries underpin the revenue source of the PICs’ economy and are vital for food, nutrition, and livelihoods, and all fisheries activities in the region are likely to be affected by climate change.** The well-being of island populations across the region depends on the productivity of fish stocks, and local, regional, and national capacities to manage them sustainably. Their well-being would also benefit from addressing competition and promoting synergy with non-consumptive uses of living aquatic resources and habitats for tourism. Climate variation, which is known to have a profound effect on the distribution and abundance of fish and the productivity of aquaculture, is expected to grow in importance as a driver of the sector.³

¹ VDS is a scheme where vessel owners can purchase and trade days fishing at sea in places subject to the PNA <https://www.pnatuna.com/content/pna-vessel-day-scheme>.

² World Bank. 2017. Regional Partnership Framework: for Kiribati, Republic of Nauru, Republic of the Marshall Islands, Federated States of Micronesia, Republic of Palau, Independent State of Samoa, Kingdom of Tonga, Tuvalu, and Vanuatu. Washington DC.

³ Bell J.D., Johnson J.E., Hobday A.J. 2011. Vulnerability of tropical Pacific fisheries and aquaculture to climate change.



5. **Marine resources are one of Tuvalu's most precious natural resources.** The Pacific Community (SPC) has estimated that small scale ocean fishing accounts for about one-third of the fisheries production in the country, and represents a significant source of income and food security⁴. Data from the Western and Central Pacific Fisheries Commission (WCPFC) indicates that about 1,300 tonnes of tuna species were caught by artisanal fisheries in 2020.⁵ In the outer islands, fish consumption may exceed 80 kilograms per person, per year (i.e., five times the global average).

6. **The COVID-19 pandemic impacted the tuna fisheries industry significantly; however, Tuvalu continues to generate revenue from transshipments, fishing rights, access fees and licenses.** In 2020, Tuvalu's fishing fleet comprised four active vessels, three purse seiners, and one longliner with a total catch of 9,923 tonnes. There were 204 foreign fishing vessels licensed to fish in the Tuvalu EEZ in 2020, with decreasing numbers of longliners (70 to 31) and purse seiners (104 to 98) from the 2019 levels. The total catch of tuna in Tuvalu waters in 2020 were 86,036 tonnes. Due to the COVID-19 pandemic, the purse seiners transhipped in a designated transshipment area, while the longline vessel continues to offload catches at Suva, Fiji.

7. **The contribution of coastal fisheries to food security and livelihoods in Tuvalu is considered vital.** Per capita consumption of seafood in Tuvalu is one of the highest in the world, with nearly all households engaging in coastal fishing. Small-scale commercial fishing supports the livelihoods of many who are not formally employed. While commercial fishing typically targets sustainable reserves of tuna, subsistence fishing of lagoon and reef fish is placing pressure on coastal resources, particularly around Funafuti; this is further compounded by migration to the capital. The Pacific Islands Regional Oceanscape Project (PROP) Phase 1 identified 28 coastal resources that required active management measures to ensure sustainable supply. The Project has been developed in alignment with the eight key outcome areas of the regional strategy "*New song for coastal fisheries – pathways to change: The Noumea strategy*": (i) informed, empowered coastal communities; (ii) adequate and relevant information to inform management and policy; (iii) coastal fisheries management on a national and sub-national scale; (iv) adequately resourced fisheries agencies supporting management and development underpinned by community based ecosystem approaches; (v) up-to-date management policy, legislation and planning; (vi) effective collaboration and coordination among stakeholders; (vii) more equitable access to decision making within communities, including women; and (viii) diversification of livelihoods, reducing pressure on resources and enhancing community outcomes.

Relationship to CPF

8. **The World Bank (WB) Group agreed to a Regional Partnership Framework (RPF), a strategic program for nine PICs (PIC9):** Kiribati, the RMI, the FSM, Nauru, Palau, Samoa, Tonga, Tuvalu, and Vanuatu for FY17–21 in 2017. The RPF was extended for another two years, and a new RPF is being developed for implementation from FY2024. The RPF outlines four major focus areas, of which the following three are relevant to Tuvalu and to the Project: (i) *Fully exploiting the available economic opportunities*, focusing on the improved management of fisheries, increased incomes from agriculture, and expanded tourism opportunities; (ii) *Enhancing access to employment opportunities*, focusing on broadening opportunities for labor mobility and addressing gender inequality and gender-based violence through entry points that offer economic opportunities for the marginalized gender; and (iii) *Protecting incomes and livelihoods*, with an important

Noumea, New Caledonia: Pacific Community. 925 p.

⁴ Gillett. R.E. 2016. Fisheries in the economies of Pacific Island countries and territories: Chapter 18 Tuvalu. pp279-297

⁵ WCPFC. 2021. Annual Report to the Commission: Part 1 Information on Fisheries, Research and Statistics. Scientific Committee 17th Regular Session



feature on strengthening preparedness and resilience to natural disasters and climate change, through investments that offer climate-related co-benefits.

9. The RPF benefited from a SCD that identified three constraints which all correlate with the exceptional economic geography of the PIC9: (i) small size and remoteness, which restrict economic prospects; (ii) geographic spread, which limits access to employment and public services, and ultimately affects economies of scale in administration and service delivery; (iii) the high risk of exposure to economic crises and natural disasters.

C. Proposed Development Objective(s)

10. The Development Objective of the SOP is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend.

11. The proposed PDO for the second phase project in Tuvalu (“TV PROPER”) is to strengthen regional collaboration and national capacity for the management and the sustainable development of the oceanic and coastal fisheries sector in Tuvalu.

Key Results (From PCN)

12. Progress will be monitored against three PDO-level indicators to measure the strengthened regional collaboration and national capacity for fisheries management and development (first composite indicator); and the strengthened capacity at community-level for fisheries management and development (second and third indicators):

- ❖ *Strengthened regional collaboration and national capacity for fisheries management and development:*
 - *Fisheries management informed by timely access to data by national and regional stakeholders*
 - *Minimum percentage of observer reports submitted electronically*
 - *Minimum percentage of domestic tuna fishing vessels reporting to the Tuvalu MCS Operations Center as per the Standard operating Procedures established under the National Fleet Management Policy*
 - *Competent Authority’s records digitalized, and data exchange protocol developed*
- ❖ *Strengthened capacity at community level for fisheries management and development:*
 - *Number of by-laws to implement the Funafuti Reef Fisheries Stewardship Plan adopted and evaluated during project life by communities*
 - *Percentage of operators of domestic fishing vessels reporting utilization of the project-financed climate-resilience infrastructure*

D. Concept Description

Project Design

13. The proposed Tuvalu PROPER is aligned with the conceptual framework of the PROP SOP and comprises three technical components.

Component 1: Strengthening Policy and Institutions (USD\$2M)

14. This component will provide institutional support to the national fisheries program in Tuvalu for better regional, national, and sub-national, as well as cross sectoral, coordination, management and development of fisheries. This will be achieved through:



Sub-component 1.1 Improving the operating environment of TFD

15. Activities supported under this sub-component would include: (i) establishment of a TFA through short term technical assistance to develop the legislative framework and the subsequent establishment of the Board of Directors and the associated corporate structure requirements; (ii) strengthening human resources in TFD through attachment training and workshop participation, as well as professional and workforce development scheme support; and (iii) upgrading TFD IT infrastructure and communications to facilitate TFD involvement in virtual settings. Component 1 activities are aligned with Pillar 3 of the GCRF.

Sub-component 1.2 Meeting Tuvalu's Flag and Port State Responsibilities

16. Activities supported under this sub-component would include: (i) developing a *National Fleet Management Policy* through the establishment of policies, rules and standard operating procedures to ensure that Tuvalu-flagged fishing vessels comply with national and international fishery management arrangements; (ii) short term technical assistance for drafting regulations and other supporting legislation to give legal effect to the Fleet Management Policy; and (iii) short term technical assistance for accession to the *Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing* (the Port States Management Agreement, PSMA).

Sub-component 1.3 Strengthening seafood health monitoring

17. Activities supported under this sub-component would include: (i) initial and ongoing technical training for two core staff of the CA in inspections and product testing protocols, supported by an annual training and advisory mission by a fishery product hygiene specialist; and (ii) short term technical assistance to establish a database for entering and storage of CA records and their transmission to data exchanges in market states, including the continuation of support for updating and maintenance of the database.

Component 2: Strengthening Regional Collaboration and National Capacity for Oceanic Fisheries (USD\$7.75M)

18. This component would comprise two sub-components:

Sub-component 2.1: Consolidating oceanic fisheries management

19. This sub-component will contribute to **addressing increasing MCS obligations** by: (i) building the capacity of TFD to conduct MCS activities through training, patrol and inspection support; (ii) supporting the development of the observer program through training and equipment; (iii) expanding the application of new technology to support MCS, as well as the establishment and fitting out of an MCS operations center; and (iv) improving sea safety for domestic fishing vessels through safety at sea training for fishers, and the distribution of safety equipment. Sub-component 2.1 activities are aligned with Pillar 3 of the GCRF.

Sub-component 2.2: Harnessing of oceanic fisheries to regional economy

20. This sub-component will contribute to **increasing domestic value-added, economic diversification, and employment** through: (i) the development of a local tuna fishing fleet through the procurement of exploratory fishing vessels (three 12-metre catamarans), as well as fishing and bait trials and training to increase direct economic benefits from tuna resources, improve food security and divert fishing pressure away from lagoons and coastal areas; (ii) studies to assess the technical feasibility and the cost of establishing and operating permanent fishery infrastructure (jetties, ramps and facilities) to support small fishing vessels in Funafuti and procurement of climate resilient boating infrastructure, two floating jetties and ten roll up ramps for Funafuti and outer islands local fishing vessels; (iii) improving sea safety for domestic fishing vessels through a local vessel monitoring system as enabling condition for domestic oceanic fisheries development and (iv) studies to inform marketing and post-harvest development, including a domestic market



study, value-added product development advice and training, an export market study and trials, and solar refrigeration equipment. Sub-component 2.2 activities are aligned with Pillars 3 and 4 of the GCRF.

Component 3: Strengthening Regional Collaboration and National Capacity for Coastal Fisheries (USD\$2M)

21. The component would specifically address a selected set of activities that aim to strengthen regional collaboration and national capacity for the management and sustainable development of coastal fisheries with two subcomponents focusing on:

Sub-component 3.1: Strengthening coastal fisheries, monitoring, and management

22. This sub-component will contribute to (i) strengthening coastal fisheries information and CBPD through the expansion of the creel survey monitoring program, supporting metronome trips that function as support for surveys, implementing adaptive fisher management plans, outreach and awareness, as well as procurement of equipment for increased ciguatera monitoring; (ii) outer islands monitoring and management support through the development of community creel survey monitoring programs, fisheries operating cost assistance and workshops to improve outer islands coastal fisheries management; (iii) strengthening the MCS of coastal fisheries in Funafuti through support for the development of by-laws for the enforcement of the FRFSP; and (iv) the costs of workshops with stakeholders to evaluate and effect adaptive management measures.

Sub-Component 3.2: Developing research and problem-solving capacity

23. The sub-component will provide on demand funding for select activities relating to mariculture, coral planting pilots, underwater visual census (UVC) survey of the FCA, and fish biology research. Activities will contribute to securing food security as well as enabling the collection of data to ensure TFD can proactively adapt and respond to environmental threats including climate change. Activities include: (i) a small grants scheme to undertake pilot coral rehabilitation projects; (ii) mariculture support to outer islands through technical assistance for milkfish farming, including an upgrade to the farming area on Vaitupu; (iii) technical support for the existing Funafuti Hatchery in collaboration with the New Zealand Tuvalu Fisheries Support Programme Phase 2 (TFSP2); (iv) support to the Fisheries Laboratory to ensure that officers are able to respond to and investigate fisheries issues; and (v) technical assistance to research on spawning aggregations (SPAG) and size at maturity. Sub-component 3.2 activities are aligned with Pillar 3 of the GCRF.

Component 4: Project management (USD\$1.3M)

24. This component will finance the day-to-day management and implementation of the project, and reimbursing project preparation.

| Legal Operational Policies | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

Summary of Screening of Environmental and Social Risks and Impacts



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APPROVAL

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