



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 24-Oct-2023 | Report No: PIDA36258



BASIC INFORMATION

A. Basic Project Data

Country Tuvalu	Project ID P179599	Project Name Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience: Tuvalu	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 27-Oct-2023	Estimated Board Date 08-Dec-2023	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing	Borrower(s) Tuvalu	Implementing Agency Tuvalu Fisheries Department	

Proposed Development Objective(s)

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

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.

Components

- Component 1: Strengthening Policy and Institutions
- Component 2: Strengthening Regional Collaboration and National Capacity for Oceanic Fisheries
- Component 3: Strengthening Regional Collaboration and National Capacity for Coastal Fisheries
- Component 4: Project management

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
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DETAILS

World Bank Group Financing

International Development Association (IDA)	13.05
IDA Grant	13.05

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Regional Context

1. **The 22 small island countries and territories in the Western and Central Pacific Ocean (WCPO) region, which covers 11 percent of the world’s oceans, face common challenges and opportunities.** The Pacific Islands Countries (PICs) are small, with limited natural resources and narrowly based economies, and distant from major markets. They are also vulnerable to external economic and environmental shocks, such as the COVID-19 pandemic. In 2019, a quarter of Pacific Islanders were estimated to live below “basic needs poverty lines” according to the United Nations High-level Political Forum on Sustainable Development. The coastal and archipelagic ecosystems of PICs are under increasing global threats from climate change and local threats from increasing human populations and urban expansion, associated with solid waste and water pollution. They are also affected by local overfishing and habitat degradation from land use conversion and reef mining for construction material. The economies of the PICs are among the world’s most vulnerable to the effects of climate change and disasters; the World Risk Index 2020 ranks six PICs among the top 20 most at-risk countries.



Country Context

2. **Tuvalu is a microstate of the Polynesian subregion 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 three 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.

3. **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 either in economic returns or contracted domestic activity and productivity.

4. **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 (GBV).

Regional Sectoral and Institutional Context

5. **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 healthy fish stocks, and local, regional, and national capacities to manage them for sustainability. 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

6. **WCPO tuna fisheries account for more than half of global catch and represent a major source of revenue and foreign exchange.**⁴ Tuna license fees paid by fishing vessels to the Forum Fisheries Agency (FFA) members

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. RPF for Kiribati, Republic of Nauru, Republic of the Marshall Islands, FSM, Republic of Palau, Independent State of Samoa, Kingdom of Tonga, Tuvalu, and Vanuatu for the Period FY17–FY21 (Report No. 100997-EAP).

³ Bell J.D., Johnson J.E., Hobday A.J. 2011. Vulnerability of tropical Pacific fisheries and aquaculture to climate change. Noumea, New Caledonia: Pacific Community. 925 p.

⁴ Tuna Fisheries <http://pubdocs.worldbank.org/en/858301461833983033/WB-PP-Tuna-Fisheries.pdf>



amounted to an estimated US\$480 million in 2021.⁵ In addition, oceanic tuna fisheries are estimated to provide 25,000 jobs in PICs.⁶ Coastal fisheries provide 50-90 percent of animal protein in the diet of Pacific islanders, and the first or second source of income for 50 percent of coastal households. The wellbeing of PICs' populations depends on the productivity of fisheries, and national and local capacities to manage them effectively, while promoting alternative sources of livelihoods to reduce pressure on fish stocks. Anticipating and adapting to climate change impacts on oceanic and coastal fisheries and their habitats will be essential to sustain socio-economic benefits.

7. **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 security.⁷ In the outer islands, fish consumption may exceed 80 kilograms per person per year (i.e., four times the global average). 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 2020.⁸

8. **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, with decreasing numbers of longliners (from 70 to 31) and purse seiners (from 104 to 98) from the 2019 levels. The total catch of tuna in Tuvalu waters were 86,036 tonnes. Due to the COVID-19 pandemic, the purse seiners transhipped in a designated transshipment area, while the longliner continues to offload catches at Suva, Fiji.

9. **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 healthy stocks of tuna, subsistence fishing of lagoon and reef fish is placing pressure on coastal resources, particularly around the capital, Funafuti; this is further compounded by migration to the capital. The Project under the first phase of the Pacific Islands Regional Oceanscape Program (PROP) in Tuvalu identified 28 coastal fish species that required active management measures to ensure sustainable supply. The new 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.

⁵ FFA 2022. Tuna Fishery Report Card 2022. <https://spccfpstore1.blob.core.windows.net/digitallibrary-docs>

⁶ Terawasi P., Reid C. 2017. Economic and Development Indicators and Statistics: Tuna Fisheries of the Western and Central Pacific Ocean. Honiara, Solomon Islands: Forum Fisheries Agency. 46 p.

⁷ Gillett. R.E. 2016. Fisheries in the economies of Pacific Island countries and territories: Chapter 18 Tuvalu. pp279-297

⁸ WCPFC. 2021. Annual Report to the Commission: Part 1 Information on Fisheries, Research and Statistics. Scientific Committee 17th Regular Session



10. **Coastal protection, food supply and revenues from fisheries are forecast to decline with climate change.** By 2100, as a result of climate change, productivity is projected to reduce by 90 percent for coral dependent species, 20-40 percent for reef associated species, and up to 20 percent for targeted invertebrates.⁹ Such changes are likely to have profound impacts on food security, especially in the outer islands. To ensure fish are available for future generations, regulations and management plans should be developed for coastal fisheries and implemented effectively, and fishing effort can be relocated onto other resources where resources are abundant.

National policy context and institutions

11. **Fisheries policy and development is fundamental to Tuvalu.** The government vision for this sector is outlined in “Te Kete: Tuvalu National Strategy for Sustainable Development 2021-2030 (Te Kete)”, particularly in three National Outcomes (NOs): NO4 - climate change and disaster resilience increased; NO7 - fisheries contribution to socio-economic development and quality of life increased; and NO18 - improve shipping, networking and harbor facilities. Tuvalu’s Marine Resources Act 2006 details the fisheries vision ‘to ensure the long-term conservation and sustainable use of the living marine resources for the benefit of the people of Tuvalu’. The Tuvalu Fisheries Department (TFD) Corporate Plan 2023-2025 outlines the priority focus areas to achieve the vision: (i) develop a sustainable commercial fishery optimizing returns from Tuvalu waters; (ii) foster sustainable management of oceanic fisheries resources; (iii) improve management of coastal fisheries for sustainable inshore resources; (iv) execute a consistent data collection and analysis facility to ensure best decisions are made throughout; (v) increase value of access fishing licenses in Tuvalu waters; (vi) develop systems, staff capacity and facilities for a Tuvalu Fisheries Authority (TFA); and (vii) promote public awareness and education on fisheries issues.

12. **TFD and proposed transition to TFA.** Government of Tuvalu (GoT) through a cabinet paper approved on April 26, 2023 endorsed the transition of TFD to TFA. The transition is seen as means to bring about the following:

- i. *Efficiency and authority to operate.* TFD is responsible for core fisheries management functions such as MCS, monitoring of fish stocks and sustainable management of Tuvalu’s fisheries resources. The current structure centralizes all decision-making at the minister level, impeding efficient management action. In line with global best practice, the transition to TFA would delegate decision making on these functions to a CEO/director, thereby improving operational efficiency and allowing for enhanced adaptive management.
- ii. *Staffing.* TFD has experienced a high level of staff turnover, with highly qualified fisheries experts leaving for better remuneration and career growth in external (largely regional) organizations. The transition to TFA is expected to result in improved remuneration, and clear staff accountabilities in line with the Corporate Plan and Key Performance Indicators (KPIs). Such a model has delivered better fisheries management in countries employing a similar approach.
- iii. *Finance and budgets.* TFD collects around 60 percent of government revenue but only receives 1.5 percent of the budget allocation. The transition to TFA would allow TFA to self-fund using a cost recovery model and also make financial and procurement processes more efficient. The current process depends on centralized systems in the Ministry of Finance, which has led to delays in implementation and outcome.

⁹ Bell J.D., Johnson J.E., Hobday A.J. 2011. Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change. SPC New Caledonia



13. **Tuvalu has a unique legal environment for coastal fisheries management and the law recognizes the role of traditional decision-making and localized governance.** Management responsibilities are devolved to a large extent to the Kaupule (or Island Councils) of each island under the Falekaupule Act 1997. This requires the Kaupule to ‘provide for the improvement and control of fishing and related industries in accordance with the Fisheries Act’. An example is the creation of the Funafuti Reef Fisheries Stewardship Plan (FRFSP) through the Funafuti Conservation Area (FCA) order that is based on a ‘whole-Atoll approach’, recognizing the role of people and healthy ecosystems. As such, TFD works closely with the Kaupules on coastal fisheries management and development.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

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

15. For this Tuvalu second phase project (TV PROPER), the 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.

Key Results

16. The PDO-level indicators are:

- (a) Fisheries management informed by timely availability of fisheries data to national and regional stakeholders:
 - (i) Observer reports submitted electronically (percentage)
 - (ii) Tuvalu-flagged tuna purse seiners reporting within deadlines to the Western and Central Pacific Fisheries Commission (percentage)
 - (iii) Records database for sanitary competent authority operational (Yes/No)
 - (iv) Islands with annual estimates of total catch of tuna and reef fish (number)
- (b) Indicator species with reversal of an overfished status for the target area (number)
- (c) Beneficiaries satisfied with fisheries development activities (percentage)

D. Project Description

Component 1: Strengthening Policy and Institutions (US\$2.00M)

17. This component will provide institutional support to the national fisheries program in Tuvalu for better regional, national, and subnational, as well as cross sectoral, coordination, management, and development of fisheries.

Subcomponent 1.1 Technical assistance to support TFD transition into TFA

18. The subcomponent will help TFD achieve organizational development targets and close management gaps indicated in paragraph 18 above through the design of the legislative and institutional framework to establish corporate structure, including financial regulations and systems, and capacity development. Activities that will be



financed include: (i) TA support to transition TFD to TFA with more managerial, operational and financial autonomy, enhanced decision-making powers, including on HR policy; (ii) TA support to review fisheries legislation to ensure consistency with the new TFA; (iii) TA to build staff technical and operational capacity, including through training, internships and secondments; and (iv) provision of goods to upgrade information technology (IT) infrastructure and communications.

Subcomponent 1.2 Meeting Tuvalu's Flag and Port State Responsibilities

19. The subcomponent will finance TA to improve TFD's PSMA compliance to deter IUU fishing. Such efforts aim to enable long-term conservation and sustainable use of living marine resources and marine ecosystems because PSMA implementation disincentivizes IUU fishing vessels from entry in Tuvalu waters.. Specific TA will be provided for (i) developing a *National Fleet Management Policy* establishing policies, rules, and standard operating procedures to ensure that Tuvalu-flagged fishing vessels comply with national and international fishery management arrangements; (ii) drafting legislation and regulations for vessel control and Port State measures to support the Policy; and (iii) facilitating accession to the *Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported, and Unregulated (IUU) Fishing*.

Subcomponent 1.3 Strengthening seafood health monitoring.

20. The subcomponent will strengthen the enabling environment for seafood safety to enable export of Tuvalu products to the EU. The activities financed will support the establishment and operation of the sanitary Competent Authority (CA) through (i) TA to develop CA inspection and control manuals and the CA records database, including hiring a seafood inspection and certification database expert; (ii) training on seafood product hygiene and financing CA staff attachments to the FFA; and (iii) operating costs for implementing the seafood testing sampling plan, with both in-house capacity and for sending samples to overseas laboratories for testing (to be funded by the project for an initial period).

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

Subcomponent 2.1: Consolidating oceanic fisheries management.

21. This subcomponent will help TFD align with current international and emerging regional standards for MCS including provision of observers. TFD had 80 observers prior to the COVID-19 pandemic but only 50 remain. The project will support observer and debriefer training and equipping of observers to help develop the observer program to return staffing to the desired number of 80 observers and at least 1:5 ratio of debriefers as per Pacific Islands Regional Fishery Observer (PIRFO) recommendations. This subcomponent will contribute to addressing increasing MCS obligations by financing: (i) TA to conduct MCS activities through training on dockside and at-sea inspections, boarding, and vessel operation and safety, as well as for the design and specifications for and procurement of a patrol vessel, patrols, and inspections; (ii) development of the observer program through TA from an international Observer Adviser, training of trainers, debriefers and observers, and provision of observer equipment (electronic tablets, lifejacket, etc.); and (iii) infrastructure rehabilitation including upgrading of the existing MCS Center to include a VMS room for IT equipment, new software and other equipment.

Subcomponent 2.2: Harnessing of oceanic fisheries to regional economy.

22. The subcomponent will improve enabling conditions for domestic oceanic fisheries development through TA and operating costs for: (i) feasibility assessment of a business model for a pilot fishing vessel, including long-term costs and economic viability, and governance; (ii) bait and fishing equipment, including carrying out fishing and bait trials; (iii) a feasibility study and plan for the development of a commercial export tuna fishery, including different options for investment; (iv) assessing the technical and economic feasibility of establishing and operating



climate-resilient fishery infrastructure (e.g., boatyards, jetties, ramps), and assessing sites for and procuring floating jetties for Funafuti and roll-up ramps for outer islands to support small-scale fishing fleets; (v) improving sea safety for domestic fishing fleets and policy, procurement of), and training; (vi) informing marketing and post-harvest development, with a domestic market study with a focus on tuna from the fishing trials, an export market study and trials; and (vii) assessing feasibility and developing of pilot low-carbon cold chains in outer islands. The procurement of the pilot fishing vessel is predicated on the outcome of the feasibility assessment of a viable business model that tests and demonstrates the viability of commercial tuna fishing for local consumption, including successful identification of institutional arrangement for long-term operation of the vessel.

Component 3: Strengthening Regional Collaboration and National Capacity for Coastal Fisheries (US\$2.00M)

23. The component would specifically aim to strengthen regional collaboration and national capacity for the effective management and sustainable development of coastal fisheries with two subcomponents focusing on:

Subcomponent 3.1: Strengthening coastal fisheries monitoring and management.

24. This subcomponent will contribute to strengthening coastal fisheries information and CBPD. It will finance TA, goods, infrastructure and operating costs including : (i) consultancy services and operating costs for collecting coastal fisheries data collection and management to support adaptive fisheries management, outreach and awareness, and expanded creel surveys, metronome trips, and ciguatera surveys; (ii) operating costs and TA for strengthening the MCS of coastal fisheries in Funafuti through, construction of a watchman's hut, acquiring, operating and maintaining MCS drones and two coastal vessels for territorial seas operations, (contingent on assessment of, and agreement on, long-term operations and maintenance plans and budgeting) ; (iii) operating costs for further development and implementation of community fisheries management plans, for fisheries monitoring and management in outer islands, and TA support for developing by-laws and awareness material on law enforcement of the FRFSP, including financing for the establishment of Outer Islands Steering Groups and annual consultations with stakeholders to evaluate the effect of adaptive management measures; and (iv) exchange visits and peer-to-peer learning events at the regional level between communities and stakeholders involved in the management of coastal fisheries.

Subcomponent 3.2: Developing research and small-scale aquaculture.

25. The subcomponent will support activities contributing to food security. This would be achieved through provision of goods, operating costs, consulting services and civil works for (i) an underwater visual census (UVC) survey of the FCA; (ii) construction of coral nurseries to support rehabilitation of critical degraded wild habitats, and coral planting; (iii) supporting the milkfish farming initiative in outer islands, including an infrastructure upgrade to the farming area on Vaitupu; (iv) developing giant clam production for the existing Funafuti hatchery; (v) monitoring and investigating environmental threats with the Fisheries Laboratory; and (vi) undertaking fish biological research, including on spawning aggregations and size at maturity for key indicator fish species.

Component 4: Project management (US\$1.30M)

26. This component will finance the day-to-day management and implementation of the project, including but not limited to financial management (FM), procurement administration, monitoring and evaluation, management of environmental and social risks, and reimbursing project preparation. As required, it will also cover the costs of ICT and finance activities for citizen engagement. It will also include yearly audits, midterm review (MTR), and project Implementation Completion and Results Report.



Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Areas OP 7.60

No

Summary of Assessment of Environmental and Social Risks and Impacts

27. The overall E&S rating is Moderate, in locations of moderate sensitivity with mostly temporary impacts which would be managed through conventional E&S risk management approaches. The project is expected to have a largely positive environmental impact through improved management and sustainability of fisheries. The project is a continuation of the previous PROP Phase 1. Activities include OHS risks, risks in the equitable distribution of project benefits, and risks and benefits to coastal fisheries livelihoods. Appropriate E&S instruments have been prepared, namely an Environmental and Social Management Plan (ESMP), Labor Management Procedure (LMP), Stakeholder Engagement Plan (SEP), and Environmental and Social Commitment Plan (ESCP), and are deemed acceptable to the Bank. Consultation with key stakeholders were extensively conducted to inform and improve the project design and incorporate key stakeholders' input/feedback to inform these environmental and social risk management documents. These draft documents have been disclosed in county on August 10, 2023 on the Tuvalu Fisheries Department website¹⁰ and on World Bank site on October 15, 2023. A plain language E&S and instrument summary has been provided and comments from stakeholders invited. Consultation on the E&S risk management instruments is detailed in the ESMP and SEP.

28. The project activities with E&S implications includes the upgrading of the Vaitupu Milkfish farm, coral rehabilitation, construction of a watchtower, and general activities which encompass various aspects of the project including, procurement and use of equipment and technology, the undertaking of surveys and trainings, and TA assistance.

29. Upgrading existing aquaculture facilities may result in various environment and social impacts depending on the scale and type of support provided – the ESMP includes requirements to assess, and develop specific mitigations during the project implementation with a technical expert consultant undertaking an E&S assessment of the proposed upgrades in alignment with the IFC's EHS Guidelines for Aquaculture. The consultant's output will be reviewed by the PMU and WB's E&S Specialists to determine the level of risk and the need for further measures if required. The risks associated with coral rehabilitation projects have the potential to impact reefs where coral is harvested if planting materials are not sustainably sourced. To balance the potential negative impacts and enhance the potential positive impacts, the coral rehabilitation subprojects that have the highest likelihood of success will be selected and this will be done through assessing and ranking the grant applicants, including selecting corals that is resistant to bleaching, and locations with strong potential for restoration and regeneration.

¹⁰ <https://tuvalufisheries.tv/library/>



Construction of a watchtower will not pose environmental risks, this activity was already prepared under TV PROP with a C-ESMP already prepared to mitigate any risks. The C-ESMP would be reviewed again before construction.

30. Most of the project general activities risks are rated low, except for safety risks associated with vessel use and certain surveys which are categorized as medium risk. Activities associated with vessels and safety gear use could create OHS risk during training, testing of equipment, maintenance, or performance of duties. Procurement of exploratory fishing vessels could create waste/spill risks associated with operation and maintenance. Trialing of electronic equipment, replacement of safety-at-sea equipment, and deployment of office and ICT equipment associated with negligible waste. These will be mitigated through applying and having in place industry SOP for vessel operation, and effective electronic waste management for end-of-life electronics procured under the project. Occupational health and safety and construction risks will be managed in accordance with the ESMP and LMP which will be aligned to the Good International Industry Practice (GIIP) and Environmental Health and Safety (EHS) Guidelines. The relatively large number of small and diverse activities requires a differentiated and sub-component-specific approach to OHS risk identification and mitigation. The ESMP and LMP include: activity-specific OHS management measures, requirements for TORs for technical assistance to develop OHS SOPs, including Job Hazard Assessments, and emergency preparedness and response procedures. Community workers OHS risks are managed through the LMP and Code of Practice for Volunteer Workers. OHS risks of the watchtower and hut construction and operation will be covered by a C-ESMP to be prepared during detailed design, as well as a Environmental and Social Code of Practice (ESCoP) for Small Infrastructure. This ESCoP also covers OHS risks of other small infrastructure investments, e.g. milkfish farming. Potential for downstream (i.e., future) E&S risks and impacts associated with TAs for legislative and policy change will also be assessed during project implementation and this will be included in the ToRs for the respective scope of work.

31. The risks associated with vessels will be further mitigated by institutional capacity building resulting from the development of a National Fleet Management Policy, which will have a positive impact for the sustainable management of fisheries. TA for drafting regulations to reduce illegal and unregulated fishing will also result in a positive impact on the environment and ecosystems. TFD training activities including but not limited to safety at sea, monitoring, control & surveillance and inspections and product testing in the Sanitary Competent Authority (CA) are also expected to have positive impacts, resulting in improved compliance by the private sector, and improved/increased local government monitoring of external fishing activities in coastal waters.

E. Implementation

Institutional and Implementation Arrangements

32. TFD acts as a responsible custodian of oceanic or designated inshore fishery resources and fisheries rights. The Financing Agreement will be between Tuvalu (as Recipient of the grant) and IDA. The FA will reflect that the function of the implementing entity, TFD or its successor, in the event that the TFA is established during the project lifespan would transfer to the successor.

33. Tuvalu Cabinet has approved the establishment of the TFA. A draft Bill together with an explanatory memorandum has been prepared and will be tabled in Parliament. Nationwide consultation, which is ongoing, is required before the new legislation can be tabled for its first reading.

34. TFD (or its successor) will implement the project and will house the PMU responsible for day-to-day project implementation. The PMU, already staffed under the leadership of the TFD Director, will consist of a core



team already hired and part of the project preparation i.e Project Coordinator, Accountant, Procurement officer, and time based ESF Officers, short-term Gender, and M&E Specialists. Based on lessons learned from Tuvalu PROP, documented in the ICR, greater consideration has been given to the challenges, of a very small country with a limited labor pool and dispersed geography in the design of Tuvalu PROPER. In this context, CPMO will provide high-level fiduciary back stopping, training, and service support on project management during implementation. The respective roles of the CPMO and TFD will be clearly defined in the POM. These roles will also interact with the National Infrastructure Committee and the Project Steering Committee as defined in each TOR. Island Steering Groups will also be established to enhance stakeholder advisory capacity to PROPER. Project strategic guidance will be carried out by the Project Steering Committee that was established under the PROP first phase.

35. A POM has been drafted, with WB first review and comments provided, to be ready by negotiation. The POM includes a detailed description of the institutional arrangements and procedures for implementing the Project, including annual work plan development, M&E, reporting, financial management, procurement, E&S risk management, processes related to implementation of capacity building and training activities.

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