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

Appraisal Stage | Date Prepared/Updated: 07-Aug-2019 | Report No: PIDISDSA25275

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Kenya	P163980	Kenya Marine Fisheries and Socio-Economic Development Project (KEMFSED)	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	19-Aug-2019	19-Nov-2019	Environment & Natural Resources
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	The Republic of Kenya	Ministry of Agriculture, Livestock, Fisheries and Irrigation	

Proposed Development Objective(s)

The Project Development Objective is to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities.

Components

Component 1 - Governance and Management of Marine Fisheries
Component 2 - Coastal Community Empowerment and Livelihoods
Component 3 - Project Management, and Monitoring and Evaluation

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
IDA Credit	100.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **A lower middle-income country since 2012, Kenya has experienced steady economic growth and declining poverty incidence, but inequality remains high.** GDP growth is projected at 5.8 and 6.0 percent in 2019 and 2020, respectively.[1] Following a brief slowdown in 2017 (4.8 percent), growth has been supported by a strong rebound in agricultural output, steadily recovering industrial activity, and still robust performance in the services sector. While poverty in Kenya is below the average in Sub-Saharan Africa, still about 1 in 3 people live below the international poverty line (US$1.90 per day in 2011 PPP). Kenya's Human Development Index value for 2017 is 0.590, which put the country in the medium human development category—positioning it at 142 out of 189 countries and territories.[2]

2. **Kenya Vision 2030, the country's development blueprint, has set ambitious targets of transforming Kenya into a newly industrialized, globally competitive, middle-income country.** The long-term agenda, which is being implemented through successive five-year medium-term plans, has three pillars: an economic pillar that aims to achieve GDP growth of 10 percent per annum; a social and environmental pillar that aims to build a society enjoying equitable social development in a clean and secure environment; and a political pillar that aims to build a people-centered, results-oriented, accountable democratic political system. Promoting equal opportunities across the entire Kenyan territory is key to realizing this vision.

3. **One of the most ambitious changes to the governance system has been Kenya's devolution or decentralization, brought about by the 2010 Constitution and prioritized in the Second Medium-Term Plan (2013-2017).**[3] To narrow the deeply entrenched regional disparities and to increase government responsiveness, responsibility, and decision-making, resources and revenue generation are being transferred from the central to the local level of public authority. Under a devolved structure, county governments are envisaged to play the

[1] World Bank (2018). *Kenya Economic Update: In search of fiscal space - Government spending and taxation: Who benefits?* Edition No. 18.

[2] http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/KEN.pdf

[3] Transition to Devolved Government (Transfer of Assets and Liabilities) Regulations, 2013.

primary on-the-ground role in delivering services, while the national government retains a policy-making, regulatory, and research role. In the fisheries sector, most of its functions are devolved to the county level, however, concurrent functions are the shared responsibility of more than one level of government. At the coastal level, beach managements units[4] (BMUs) play a crucial role, and the government's Fisheries BMU Regulation of 2007 has changed the perception of ownership of the resource—from a top-down government driven approach, to a co-management approach - with the natural resource considered a common property for present and future generations.

Sectoral and Institutional Context

4. **Kenya's marine fisheries are of strategic value given the role of the sector in supporting livelihoods and contributing to food security.** Kenya has a coastline of 640km on the Western Indian Ocean, in addition to a further 200 nautical miles Exclusive Economic Zone (EEZ) under Kenyan jurisdiction. For rural coastal communities, small-scale fishing is essential to overall household well-being, providing both income and nutrient-rich food, especially since the decline in coastal tourism in recent years due to security concerns. In 2016, the marine fisheries sector employed about 27,000 fishers, including 13,000 artisanal fishers.[5] The number of people supported indirectly by the sector as traders, processors, input suppliers, merchants of fishing accessories, or providers of related services, is considered much higher. [6] However, fishing-related activities, especially at the community level, are largely informal and dynamic, hence accurate figures are difficult to obtain. In addition, fish is a critical source of affordable animal protein[7] for consumption, particularly for coastal communities, and the sector is important for the preservation of culture and national heritage, including related industries such as tourism, and for recreational purposes.

5. **The Government of Kenya (GoK) recognizes the value of its marine resources, and the need for more effective management and protection.** The Second Medium-Term Plan (2013-2017) identifies the agriculture, livestock, and fisheries sector as a priority sector, and highlights the importance of the country's marine resources and fisheries for local employment, income generation, and livelihoods of coastal communities. Efforts to harness the fisheries potential and protect the country's fish stocks by establishing measures and enforcing fishing regulations and more effective management was identified as critical.

6. **The Government's Big Four Agenda,[8] which underpins the Third Medium-Term Plan (2018-2022), confirms Kenya's commitment to leveraging emerging opportunities in the Blue Economy.** The GoK has prioritized the blue economy as a key pillar of its Vision 2030 development agenda. Recent estimates suggest that the annual economic value of goods and services in Kenya's blue economy could be worth approximately

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[4] See sub-component 1.2 and Box 1.

[5] UNEP-Nairobi Convention and WIOMSA (2015). The Regional State of the Coast Report: Western Indian Ocean. UNEP and WIOMSA, Nairobi, Kenya.

[6] An estimated two million people are supported directly and indirectly by the overall fisheries sector, as fishers, traders, processors, input suppliers, merchants of fishing accessories, or providers of related services. CISP and KENWEB (2018). *Women of the Blue Economy. Gender Equity and Participation in the Management of Water Resources: Lessons from the Coast of Kenya and Somalia.* Nairobi: CISP. Estimates for the marine fisheries sector alone do not exist.

[7] In November 2018 the President launched an 'eat more fish' campaign aimed at encouraging Kenyans to increase dietary intake of fish

[8] The current administration's 'Big Four' includes: i) Enhancing Manufacturing, ii) Food Security and Nutrition, iii) Universal Health Coverage; and iv) Affordable Housing (see Official Website of the President of Kenya- http://www.president.go.ke/).

US$4.4 billion, beating the tourism sector share by more than US$1.4 billion.[9] Blue Economy as a term emerged in Kenya in May 2016, when the GoK renamed its then State Department of Fisheries to the State Department for Fisheries and the Blue Economy,[10] and established a Blue Economy Committee. The 2016 Fisheries Management and Development Act (FMDA) processed key regulatory and policy changes[11], and Kenya has become a leading country in Africa, in promoting sustainable blue economic development. In November 2018, Kenya hosted a high-level Global Conference on Sustainable Blue Economy, with the main theme of delivering on the UN's 2030 Agenda for Sustainable Development through a transition to a Blue Economy that is inclusive, sustainable and prosperous. The President pledged i) to adopt appropriate policies, strategies and mechanisms to harness the blue economy that will create job opportunities; ii) tackle waste management and plastic pollution; iii) ensure responsible fishing; and iv) ensure safety and security in the high seas.

7. **Kenya's marine fisheries are mostly artisanal and subsistence in nature.** It is estimated that approximately 80 percent of the total marine products come from coastal waters and reefs, while 20 percent is from offshore fishing. The artisanal sector is characterized by small crafts propelled by sail, outboard motors, and paddles. As such, artisanal fishers are restricted to reefs, estuaries and lagoons, and largely to near-shore waters, which host a large variety of fish species, including many small and pelagic species such as tuna, mackerels and demersal finfish, and invertebrate fisheries that include prawns, lobster and octopus. In 2016, artisanal marine fisheries production stood at about 24,000 metric tons, with demersals and pelagics dominating total landings.[12] Of the five coastal counties, Kilifi contributed the highest quantity of marine artisanal landings (12,211 metric tons, or 51 percent of total landings).[13] In comparison, total fish production in Kenya (including inland capture, marine capture, and aquaculture) amounted to about 150,000 metric tons, [14] with a market value of about US$240,000 million. Contribution of the fisheries sector to the national economy is much larger when the full

[9] UNDP, 2018.

[10] Currently renamed to State Department for Fisheries, Aquaculture and the Blue Economy (SDFA&BE), under the Ministry of Agriculture, Livestock, Fisheries and Irrigation (MoALFI).

[11] In 2016, the Fisheries Management and Development Act, 2016, established several entities under SDFA&BE, with specific mandates to undertake functions in the fisheries sector. These entities include: i) the *Kenya Fisheries Service (KeFS*): responsible for the conservation, management and development of Kenya's fisheries resources, development of standards and guidelines, monitor implementation of policies, provide education, awareness and support for conservation and sustainable use, etc.; ii) *Kenya Fisheries Advisory Council*: to advise the national government on fisheries policy related aspects, allocation and access to fisheries resources, intergovernmental agreements, etc.; iii) *Fish Levy Trust Fund*: with an mandate to provide supplementary funding of activities geared towards management, development and capacity building, awards and urgent mitigation to ensure sustainability of fisheries resource; and iv) *Kenya Fish Marketing Authority (KFMA):* with a mandate to market fish and fisheries products from Kenya, enforce national fisheries trade laws and international fisheries related trade rules, ensure that Kenyan fishery products enjoy market access at local, national, regional and international levels, etc. In addition to the above, the *Kenya Marine and Fisheries Research Institute (KMFRI)* was established in 1979 as a State Corporation with a mandate to undertake research in marine and freshwater fisheries, aquaculture, environmental and ecological studies, and marine research including chemical and physical oceanography. The KEMFSED project will include technical expertise from above entities as needed during implementation.

[12] Production from artisanal marine fisheries was constant at about 9,000 metric tons, annually; in 2014, SDFA&BE introduced a new catch data collection methodology, which showed that catch data had been underreported. As a result, production from artisanal marine fisheries was recorded at about 23,000 metric tons, 22,000 metric tons, and 24,000 metric tons, in 2014, 2015, and 2016, respectively.

[13] Kwale county contributed 5,011 metric tons (or 21 percent of total landings), followed by Lamu county with 4,666 metric tons (or 19 percent), Mombasa with 1,726 metric tons (or 7 percent), and Tana River with 552 metric tons (or 2 percent).

[14] Ministry of Agriculture, Livestock, Fisheries and Irrigation Kenya (2016). *Fisheries Annual Statistical Bulletin 2016*. State Department for Fisheries and the Blue Economy.

value chain is considered.

8. **While fishing traditionally is a male activity, women play a substantial role in the fisheries sector, making up nearly half of the overall fisheries sector workforce.** Present throughout the value chain, women are found in harvesting, processing, marketing, trading, and leadership roles. However, persistent gender inequalities resulting from fewer educational and training opportunities, societal attitudes and cultural beliefs around gender roles, and lack of collateral and access to credit, prevent women from fully participating in economic opportunities and in decision making. Women are often limited in growing their business, particularly as producers and business owners, and few women are represented in management positions in organizations such as Beach Management Units (BMUs). A limited understanding of women's unique roles and contribution to the sector can result in a lack of recognition of their needs and interests, therefore affecting their full participation in the fisheries value chain, and more broadly sustainable development outcomes.[15] Kenya's gender inequality value is 0.549, ranking it 137 out of 160 countries in the 2017 index.[16]

9. **Weak governance has affected nearshore fisheries and has led to overexploitation and degradation.** Increased fishing effort driven by a growing population, unemployment and limited alternative livelihoods, coupled with open access to fisheries in near-shore and territorial waters and the use of destructive fishing gear (e.g., beach seines), are degrading critical marine habitats and affecting the country's fish stocks. Available fish biomass will be further undermined by rising sea temperatures, and consequently eroding coastal livelihood security. Several important nearshore stocks including small and medium pelagic species, siganids, prawns, and ornamental reef species are fully or over-exploited, and in most cases, catches are exceeding maximum sustainable yield (MSY).[17] Kenya has recently begun introducing management of fishing effort in the artisanal and commercial sectors by implementing measures articulated in national fisheries regulations, national fisheries management plans (FMP), and local co-management area (CMA) plans, some of which were prepared under the World Bank -financed Kenya Coastal Development Project (KCDP, P094692). However, compliance with these measures by local fishers has been limited as they are dependent on fisheries for livelihoods, with little incentive to voluntarily control fishing effort even in circumstances where it would be expected to enhance stocks and increase fisheries production.

10. **Mariculture, as an alternative to capture fisheries, has not taken root as projected, and requires investment and technical expertise.** Marine fish species that are most commonly farmed include milkfish and mullet, accounting for approximately 90 percent and 10 percent, respectively, though still at a pilot scale. Marine shellfish culture includes mud (mangrove) crabs, prawns, and artemia, also at pilot scale. Key constraining factors include inadequate availability of fingerlings, crablets and other seeds for stocking of existing or new farms; inadequate availability of affordable feed supply; poor husbandry and technical knowledge; water scarcity due

[15] J. Siles, et al. (2019). *Advancing Gender in the Environment: Gender in Fisheries—A Sea of Opportunities*. IUCN and USAID. Washington, USA: USAID.

[16] In Kenya, 23.3 percent of parliamentary seats are held by women, and 29.2 percent of adult women have reached at least a secondary level of education compared to 36.6 percent of their male counterparts. For every 100,000 live births, 510 women die from pregnancy related causes; and the adolescent birth rate is 80.5 births per 1,000 women of ages 15-19. Female participation in the labor market is 62.4 percent compared to 68.5 for men. http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/KEN.pdf

[17] In fisheries terms, maximum sustainable yield (MSY) is the largest average catch that can be captured from a stock under existing environmental conditions. MSY aims at a balance between too much and too little harvest to keep the population at some intermediate abundance with a maximum replacement rate. Assessment of the stock was conducted through Weight of Evidence approach, Productivity Susceptibility Assessments (PSA) and knowledge experts.

to rainfall variability and other competing users; inadequate market information; and lack of accessible credit for fish farmers.

11. **The industrial marine fisheries sector is characterized by a few industrial prawn trawlers operating beyond 3 nautical miles offshore.** In 2016, a total of 544 metric tons of landed prawns were reported, with a bycatch of assorted finfish and many other species. The industrial sector also includes distant-water fishing vessels (i.e., purse-seiners and pelagic long-liners), in the exploitation of tuna and tuna-like species in Kenya's EEZ. [18] [19] The Kenyan EEZ is adjacent to rich tuna grounds in the western Indian Ocean, with seasonally increased abundance of migrating tuna in Kenyan waters, including yellowfin, bigeye and skipjack tuna.[20]

12. **Industrial fishing in territorial and offshore waters faces governance challenges in the form of Illegal, Unreported, and Unregulated (IUU) fishing.** IUU activities include unauthorized targeting of fish species, failure to report data on catch and export products to the authorities, violation of regulations regarding bycatch, including discarding and shark finning. Capacity to monitor marine fisheries, especially offshore, is limited. Kenya is said to be losing up to US$100 million annually to IUU fishing,[21] primarily through the activities of larger vessels operating offshore, and the elimination of IUU fishing in Kenyan waters is therefore a priority. A major step towards achieving this was initiated under the KCDP through the development of a monitoring, control, and surveillance (MCS) strategy that included the implementation of a vessel monitoring system (VMS) that is currently being used to monitor licensed foreign-flagged vessels.

13. **The economic value that Kenya generates from fish caught by licensed offshore industrial fishing vessels, primarily tuna-directed longline and purse seine vessels, is minimal and restricted to collection of license fees.** These catches are typically landed outside of Kenya and thus few Kenyans are employed in this sector. Appropriate fish landing and processing facilities are lacking, especially following the closing of Mombasa's tuna processing facility in 2013. However, new regulations now require fishing vessels to land part of their catch in Kenya, and it is also understood that Mombasa's facilities are being refurbished. Kenya expects to increase the presence of domestic operators in the industrial offshore sector, as reflected, for example, in its Tuna Fishery Strategy,[22] to increase domestically-generated revenues from both fishing and downstream value chain. Considering these efforts, it will be critical to ensure the sustainable use of Kenya's fisheries resources through activities such as monitoring of fish stocks and overall fishing effort, effective MCS, estimation of profitability or resource rents, and development of effective licensing/taxation regime towards sustainable generation of resource rents and their productive reinvestment into the economy.

14. **Impacts of climate change further compound the challenges faced by the marine fisheries sector.** While

[18] Kenya has not reported in full their EEZ landings to the Indian Ocean Tuna Commission (IOTC). Between 2016 and March 2018, Kenya issued 47 licenses to foreign and national tuna longline and purse seine vessels according to KeFS. While effort would have been in Kenyan waters, actual catches are not reported to the IOTC as Kenyan but are credited to the Flag State making the catch. This is an area of dispute by coastal states at the IOTC who bases catch on historical catch performance of the flag state only and does not recognize the catch as accruing to the coastal state when caught in the EEZ of the coastal state.

[19] The Exclusive Economic Zone (EEZ) is a sea zone prescribed by the United Nations Convention on the Law of the Sea (UNCLOS), over which a state has special rights regarding the exploration and use of marine resources. It stretches from 12 nm from the baseline, i.e., limit of the territorial sea, to 200 nm from the baseline.

[20] Indian Ocean Tuna Commission (2013). *Review of the statistical data and fishery trends for tropical tunas*. IOTC–2013–WPTT15–07_Rev1.

[21] Marete (2018) in Benkenstein, A. (2018). *Prospects for the Kenyan Blue Economy.* South African Institute of International Affairs.

[22] Ministry of Agriculture, Livestock and Fisheries Kenya (2013). *Kenya Tuna Fisheries Development and Management Strategy, 2013-2018.* Kenya

the impacts of climate change are unequally known, both in terms of scope and severity, hazards posed by weather events and climate, such as sea level rise, extreme weather events, sea surface temperature change, or ocean acidification, will determine how and where fishing will be done. This will also reflect on the status of Kenya's coastal assets, both natural and socio-economic. Climate change can adversely affect the productivity of marine and coastal fisheries, affecting future catch levels and rates of recovery for fisheries, due to shifts in the availability of food, habitat, and appropriate ocean conditions for fish stocks. At the same time, coastal communities will be affected by shoreline erosion, floods, and extreme weather events, compounded by a lack of basic infrastructure and limited ability to adapt. Adaptation to climate change and resilience measures are needed to support the most vulnerable communities in their transition to alternative and more climate-resilient livelihoods.

C. Relevance to Higher Level Objectives

15. **The project responds to the GoK's priorities and goals by supporting the Kenya Vision 2030, its associated Medium-Term Plans, and the Big Four Agenda with its focus on leveraging emerging opportunities in the Blue Economy.** The Second Medium-Term Plan and its objective of better protecting and harnessing the country's marine resources will be supported through activities targeted at strengthening institutional capacity to better safeguard marine fisheries and improving fisheries management and governance. One of the Big Four Agenda's focus areas is advancing the capacity and competitiveness of the manufacturing sector through leveraging emerging opportunities in the Blue Economy. The project responds to these goals by promoting the sustainable management of the country's marine fisheries resources and enhancing related livelihoods.

16. **In recognition of Kenya's ongoing devolution, the project is aligned with the county integrated development plans (CIDPs) of the coastal counties.** Through extensive consultation during the preparation process, coastal county priorities are integrated in project design, and coastal counties are not only represented in the project's implementation arrangements but will also be fully responsible for executing devolved sector functions.

17. **The project is addressing climate change impacts through risk mitigation and climate adaptation, in line with the Kenya National Adaptation Plan 2015-2030 (NAP),[23] the National Climate Change Action Plan 2013-2017 (NCCAP), and the National Climate Change Response Strategy (NCCRS).** During project preparation and with the support from the Global Finance for Disaster Risk Reduction (GFDRR) Fund, a climate and hazard risk assessment was carried out that identified future climate change impacts on coastal assets and communities and developed a set of adaptation measures that were integrated in the project design. The project is aligned with the NCCAP which aims to assess climate change impacts on various sectors including fisheries and develop priority adaptation actions. The project is also aligned with the NAP and identifies enhancing the resilience of the fisheries value chain as a priority adaptation action. The NAP represents the basis for the adaptation component of Kenya's Intended Nationally Determined Contribution (INDC, July 2015) that was submitted to the United National Framework Convention on Climate Change Secretariat.

18. **The project is consistent with the Kenya FY2014-2018 Country Partnership Strategy (CPS),[24] and the related 2017 Performance and Learning Review**.[25] The CPS highlights the importance of the country's coastal

[23] Government of Kenya (2013). National Climate Change Action Plan 2013 – 2017. Kenya
[24] World Bank (2014). Kenya - Country partnership strategy for the period FY2014-2018. Washington, D.C.: World Bank Group
[25] The Performance and Learning Review 2017 maintained the strategic objectives of the CPS and extended it to FY20

areas, and the need to support the region through financing and infrastructure. Strengthening the capacity of coastal communities towards better managing the risks stemming from climate change is also noted as a critical goal. The project responds to these goals by contributing to employment generation and improving the livelihoods of coastal communities. The project is aligned with the World Bank Gender Strategy FY16-23, by including specific interventions and avenues targeting women.

19. **The Kenya Inclusive Growth and Fiscal Management Development Policy Operation (DPO, P168204) is aligned with specific activities of the Project.** The DPO is expected to support selected priorities within GoK's medium-term plan, and accordingly, policy and institutional reforms proposed under the DPO complement other Bank-financed operations, including the KEMFSED project, that support the Big-Four agenda. Of the four reform pillars that are foundational to creating an enabling environment for the delivery of GoK's inclusive growth agenda, the pillar on enhancing farmer incomes and food security is of relevance to the Project. The DPO also complements the Project in the areas of issuing regulations for implementing the FMDA to support sustainable exploitation of fishery stocks; and on a surveillance system with up to date licensing information that will help in the reduction of IUU fishing and replenishment of fish stocks to the benefit of coastal fishers.

20. **The project contributes to the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity.** Being a marine fisheries project, the geographic scope includes the coastal sub-counties of the five counties that are riparian to the Indian Ocean. By focusing on improving the livelihoods of the poor communities, the project will provide direct support to these poor rural coastal communities by providing access to complementary livelihoods, and in parallel, engage with them to voluntarily participate in managing their dwindling resource thereby resulting in enhanced stocks and increased fisheries production. To achieve these objectives, the project design includes activities and interventions that are timely, high priority to these communities, and contribute to the poverty agenda. The coastal region includes some of the poorest counties in Kenya, with Tana River, Kwale, and Kilifi ranking among the 14 counties with highest overall poverty and food poverty incidence.[26] For example, Tana River, Kwale and Kilifi counties showing overall poverty headcount rates at 62.2, 47.4 and 46.4 percent respectively. Most of the coastal population relies on coastal and marine ecosystems for employment, livelihoods and nutrition, however, population growth, narrow diversity of income sources and mostly open-access fisheries has led to increased overfishing and near-depletion of fish stocks in nearshore and territorial waters. The project will strengthen the management of fisheries that are priority to coastal livelihoods, however, compliance with management measures by fishers has been limited as they rely on fisheries for livelihoods with little incentive to voluntarily control fishing effort. Provision of access to complementary livelihood activities will help in diversifying household income sources and reduce dependence on capture fisheries. Project activities related to marine fisheries governance and management are aligned with Kenya's long-term goals as outlined in its Vision 2030, i.e., transforming Kenya into a globally competitive middle-income country. Having a fisheries governance structure in place is key to supporting the sector transition towards becoming ecologically sustainable. Project activities related to better managing and conserving marine resources, reducing illegal fishing, and enhancing the value of fish products in value chains, will lay the foundation for increased sector contribution to the overall economy.

21. **The project is aligned with the criteria of the IDA18 Scale-Up Facility (SUF)[27] and supports priorities of the Africa region by addressing reforms in the sector through governance and management, among others.** As

[26] According to the Basic Report for Wellbeing in Kenya KNBS 2018, Tana River, Kwale, and Kilifi represent the 8th, 13th, and 14th poorest counties in Kenya in view of overall poverty incidence, and 7th, 14th, and 8th in view of food poverty incidence.

[27] Refer to Annex 2 for details on the project's financial returns.

designed, successful implementation of the project is expected to contribute to transforming the fisheries sector, the coastal ecosystem and coastal communities. Distinct aspects of the project that are transformational in nature and that will contribute to this change include: i) effective governance and management of the sector based on research, planning and measures that fishing communities adhere to that will reduce inefficiencies and help maintain a healthy stock, resulting in an improvement in socioeconomic status of the coastal communities and increase in sector contribution to the overall GDP in the long term; ii) supporting the increase in marine fisheries and mariculture related livelihood activities in coastal communities especially by better inclusion of youth and women will result in direct and indirect benefits to these groups in terms of employment and income; and iii) productive grants to coastal beneficiaries will have a direct impact on their socioeconomic status across the coastal counties.

22. **In addition to the above activities that will contribute to transforming the fisheries sector, the project links to several of the SUF soft prioritization filters as follows:**

a) Being implemented in a coastal state, the project is integrated with the regionality elements of the fisheries sector by including activities that are aligned with the principles of the South West Indian Ocean Fisheries Governance and Shared Growth Project (SWIOFish) Program.[28] Since fisheries are a shared resource and are by nature migratory, the results supported by the project will *deliver benefits beyond borders*.

b) The project supports *resilience building* in the coastal communities by supporting the establishment of a bad weather SMS alert system for fishers which will increase fishers' preparedness to extreme weather events and strengthening safety at sea.

c) The project will also provide coastal/rural beneficiaries with basic services such as water supply and irrigation to help increase their *preparedness to potential impacts of climate change events.*

23. The proposed US$100 million project will add about 0.1 percent of GDP to the stock of Kenya's debt. Given total debt levels are at about 55 percent of GDP, the amount added remains small and will not lead to a material deterioration in the current debt rating—which stands at moderate risk of debt distress.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective (PDO) is to improve management of priority fisheries and mariculture and increase access to complementary livelihood activities in coastal communities.

[28] The SWIOFish is a regional Bank-financed program operating in South West Indian Ocean countries including Comoros, Madagascar, Mozambique, Tanzania, Seychelles, and Maldives. Its component on enhanced regional collaboration includes Kenya among others, being an Indian Ocean coastal state. It aims at increasing the economic, social, and environmental benefits from sustainable marine fisheries. The KEMFSED project shares with SWIOFish a primary focus on improving management of priority marine fisheries and is aligned with regional aspects of SWIOFish in terms of strengthening governance in Kenya's EEZ; controlling IUU fishing through improved monitoring, control and surveillance and related training including on safety at sea; and strategic planning of national tuna fisheries and related fisheries research.

Key Results

1) PDO Level Indicator #1: Fisheries management plans implemented
2) PDO Level Indicator #2: Proportion of nearshore waters under improved management
3) PDO Level Indicator #3: Annual production in mariculture by small-scale producers supported by the project
4) PDO Level Indicator #4: Beneficiaries in targeted coastal communities with access to complementary livelihood activities (disaggregated by sex)
5) PDO Level Indicator #5: Share of target beneficiaries with rating 'Satisfied' or above on project interventions (disaggregated by sex)

D. Project Description

Component 1: Governance and Management of Marine Fisheries (approx. US$49.8 million)

24. Component 1 will support the GoK in strengthening governance and management of Kenya's renewable marine resource towards ensuring the long-term sustainability of fish stocks. Sustaining these resources, especially in view of Kenya's broader blue economy efforts, will result in optimizing the socio-economic benefits accrued by the GoK and the coastal communities who depend on these resources. This will be achieved through implementing several important interventions that are grouped into the following three sub-components: i) enhancing governance and management of marine fisheries within the broader blue economy; ii) improving management of nearshore fisheries; and iii) infrastructure development for fisheries management. Across the various activities, climate resilience and integrated climate and disaster risk reduction will be taken into consideration and where applicable integrated into sector policies, regulations, plans, and management tools supported by the project.

25. Governance of marine fisheries will be strengthened through an improved policy and regulatory framework, and implementation of specific measures intended to protect marine resources. Relevant national and county level plans and strategies will be developed and/or updated to help optimize fisheries and their management, as well as collection and input of fisheries data into an integrated fisheries management system that will contribute towards strengthening Kenya's broader MCS systems. Research and technical support will be targeted towards enhancing available marine resources, highlighting alternate methods to sustainably exploit fish stocks, and for mariculture development. A national governance framework for nearshore fisheries co-management will be developed and implemented that will cover approximately half of Kenya's nearshore waters. Construction of select national and county fisheries infrastructure will be supported with the aim of strengthening the management and administrative capacity of key fishery institutions and enabling private investment. Artisanal fishers' safety in the face of growing climate variability will be strengthened, and climate and disaster risk reduction aspects will be integrated into relevant plans.

26. **Sub-Component 1.1: Enhance Governance of Marine Fisheries and Blue Economy (approx. US$15.6 million).** Sub-component 1.1 aims to optimize the use of, and increase the benefits derived from Kenya's marine fisheries within the broader blue economy, while simultaneously ensuring that the long-term sustainability of these resources is not compromised. This will be achieved through: i) strengthening fisheries policy and regulation; ii) marine spatial planning (MSP); iii) strengthening the management of priority fisheries including MCS in both nearshore and EEZ, and the research needed to support decision making.

a) *Strengthening fisheries policy and related legislation.* Mariculture policy and regulations that will ensure consistency with national objectives for aquaculture will be developed. These will be aligned with the ongoing devolution in Kenya, with regards to the specific roles that the national government and coastal counties play in the governance of marine fisheries. They will also ensure that growing climate change related impacts are adequately considered.

b) *Marine spatial planning (MSP).* Integrated environmental management harmonized with economic development, fiscal policy and social goals, is critical for Kenya to develop its blue economy effectively. Due consideration will be given to impacts of increasing climate variability and climate-related trends in oceanography. This sub-component will support a MSP process[29] with the following elements: developing an MSP framework, undertaking strategic environmental assessments (nearshore and offshore), and zoning of areas for specific use including establishing joint community management areas (JCMAs). The MSP process is critical for developing a sustainable and climate-resilient blue economy in Kenya.

c) *Strengthening the management of priority fisheries.* The management of priority fisheries[30] will be strengthened through implementation of fishery improvement projects for selected priority fisheries incorporating activities aimed at systematically improving stocks and related ecosystems, and strengthening their climate resilience (e.g., stock assessments, spatial assessment of habitats). This will result in improved socio-economic benefits to the fisher communities. Kenya's national tuna strategy 2013-2018 will be updated to ensure a cohesive approach toward the management and development of tuna resources including consideration of climate change impacts, and the project will provide support for Kenya to fulfill its commitments to the Indian Ocean Tuna Commission (IOTC). Capacity will be strengthened toward implementing the MCS strategy developed under the KCDP. Monitoring capacity will be strengthened by enhancing Kenya's existing fisheries information management system (FIMS) so it becomes an integrated national and county-level system that will facilitate fisheries related data capture and analysis for effective decision-making – not only in support of MCS, but also as tool to improve management of the fisheries. This will also include developing alternate methods for registration, and monitoring of fishing effort including fishers, fishing boats and related gear types. Control will focus on the implementation of the regulatory conditions under which the exploitation of Kenya's marine resources is conducted. Surveillance will be strengthened through fulfilling port state measures agreement obligations, implementation of standard operating procedures, increased regional cooperation through data sharing protocols and vessel monitoring systems as well as land and sea patrols aimed at reducing IUU fishing.

27. **Sub-Component 1.2: Improve Management of Nearshore Fisheries (approx. US$8.3 million).** The sub-component will be undertaken in synergy with related priority fisheries stock assessments, MSP and FIMS developed under sub-component 1.1. A standardized national governance framework for nearshore fisheries co-management will be developed and implemented in approximately half of Kenya's nearshore waters, through direct engagement with at least 35 of the 85 Indian Ocean BMUs.

a) *Formulate co-management governance framework.* All relevant activities under this sub-component will be consistent with, and in support of, implementation of the FAO Voluntary Guidelines for Small-Scale

[29] Roberts, Julian. 2018. Scoping Study on the Status of MSP in Kenyan Waters. GoK KEMFSED Project Preparation Study.

[30] Including those for snapper fisheries in the North Kenya Banks, small-scale purse seine (ringnet), small-scale line-caught tuna, shallow water prawn, octopus, and the inshore/creek basket trap

Fisheries. In support of the national governance framework for fisheries co-management, the project will support revision of the existing 2007 BMU Regulations and preparation of national co-management guidelines and BMU standard operating procedures (SOPs). Once completed, awareness-raising and training on these governance instruments will be conducted with all the 85 BMUs. The project will also support the national technical caucus on fisheries co-management and the Indian Ocean BMU network, to convene periodically towards ensuring a common approach across the five coastal counties.

b) *Establish joint co-management areas (JCMAs).* Implementation of the national governance framework for fisheries co-management will include reviewing the two JCMA plans developed under the KCDP (Malindi-*Ungwana* Bay and Shimoni-Vanga) comprising a total of 21 BMUs and developing new JCMAs for two additional BMU clusters of approximately 15 BMUs. These planning processes will be participatory and consensus-driven, with facilitation by county fisheries staff and expert co-management consultants. Participatory identification of fisheries management measures will be informed by relevant analytics including fisheries resources and risk assessments, the latter including climate risks. Alongside that, BMU committees will receive training in principles of fisheries management and threat mitigation, including climate-related threats. Implementation of the JCMA plans will be supported through a program of regular mentoring by county fisheries staff and national-level oversight. There will be a specific focus on sustainable revenue-generation and financing of BMU activities, and on periodic performance monitoring of BMUs channeled to a national database which will be incorporated into the FIMS developed under component 1.1.

Box 1: BMU, CMA, JCMA

A beach management unit (BMU) is a community-level organization of fishers, fish traders, boat owners, fish processors and other stakeholders who traditionally depend on fisheries-related activities for their livelihoods. Duties and functions of BMUs are provided for in the 2007 *Fisheries (Beach Management Unit) Regulations*, which requires a BMU to be established at each site where fish are landed, (marine and freshwater). The primary objective of a BMU is to strengthen the management of fish-landing stations, fishery resources and the aquatic environment, in collaboration with county and national authorities. This includes collection and management of relevant data and improving fishers' safety-at-sea. The law also provides for designation of co-management areas (CMAs) and joint co-management areas (JCMAs) areas of marine or freshwater, including fishing grounds, within which BMUs may undertake fisheries management activities jointly with the Director of Fisheries and county authorities. Currently there

c) *Strengthening of BMU capacity.* Under the umbrella of developing JCMAs, BMU capacity will be strengthened in several areas, including on marine surveillance, safety-at-sea and boat handling and maintenance. BMUs clustered within joint co-management areas will be supported with boats and associated equipment suitable for nearshore surveillance activities, to detect and report non-compliance with agreed fisheries management measures, as well as provide capacity for sea rescue. Surveillance operations will be guided by BMU SOPs developed as part of the co-management governance framework, and by in-situ training provided to BMU surveillance teams. Safety-at-sea training will be provided to all BMUs along the Kenyan coast and, in addition, the project will collaborate with relevant institutions to bring weather related information to the coastal communities.

28. **Sub-Component 1.3: Infrastructure Development for Fisheries Management (approx. US$25.9 million).** The sub-component will include the construction of key fisheries-related infrastructure including: i) fisheries headquarters building in Nairobi, "Uvuvi House" or fisheries house, to house key entities undertaking and providing fisheries-related functions and services including the State Department of Fisheries, Aquaculture and

the Blue Economy (SDFA&BE), Kenya Fisheries Service (KeFS), Kenya Fish Marketing Authority (KFMA), Kenya Fish Levy Trust Fund and Kenya Fisheries Advisory Council; ii) with a devolved fisheries sector and coastal counties playing a key role in the execution of activities at the coastal and community level, where required, coastal county fisheries department offices and BMU offices will be upgraded or renovated as well as other fishery related infrastructure such as landing clusters, and iii) recognizing the need to strengthen the technological and skills capacity in mariculture in Kenya, construction of a national mariculture resource and training center (NAMARET) will be supported. This new facility will undertake the much-required research in fish breeding toward supplying commercial hatcheries with improved broodstock for fast and efficient production. The laboratory will support the scientific, experimental and technological requirements for a state-of-the-art system, and the training center will be used for capacity development and training of skills in mariculture. All construction or rehabilitation related works will be subject to detailed disaster and climate risk screening, to ensure that infrastructure investments are climate-resilient, and where feasible, promote green infrastructure technologies, and optimize adaptation benefits.

Component 2: Coastal Community Empowerment and Livelihoods (approx. US$41.1 million)

29. Component 2 will strengthen livelihoods in coastal communities through provision of a combination of technical and financial support. This will include demand-driven sub-projects and complementary capacity-building and training of beneficiaries. Women, youth and vulnerable and marginalized groups (VMGs) will be specifically targeted by creating opportunities along the value chain. The component will contribute to Kenya's devolution agenda by assigning the primary responsibility for execution of the sub-project cycle to the five coastal counties, and by providing the necessary institutional strengthening for county fisheries and agricultural departments to deliver improved services to coastal communities. The strategy to be supported under the component will enable poor coastal fisher and farmer households in 19 coastal sub-counties to increased access to non-fishing related livelihood activities. This holistic approach will be further pursued through the development of strategic partnerships with existing or new commercial enterprises, applying agriculture or mariculture related contract farming schemes benefitting smallholder out-growers.

30. The component will provide synergistic support to the implementation of component 1 and enable poor coastal households to comply with nearshore fisheries co-management regimes by improving their access to complementary livelihood activities and social welfare facilities. This recognizes that nearshore fisheries co-management plans are likely to contain measures where artisanal fishing effort may need to be managed, including for example establishing optimal small no-take replenishment zones while considering impacts of climate change, to secure the long-term productivity of fish stocks. While such measures are expected to enhance fisheries production and fish catches in the medium term and help mitigate the impacts of future climate variability, these may temporarily impact fishers' livelihoods in the short term. However, providing complementary livelihood activities and social welfare sub-projects will directly and indirectly benefit these households and provide incentive for compliance with such measures.

31. **Sub-Component 2.1: Enhance Coastal Community Livelihoods (approx. US$29.1 million).** The sub-component will finance sub-projects to an estimated 20,000 eligible beneficiary households within two specific categories: i) productive or livelihood; and ii) social and environmental. Sub-projects will be targeted to informal common interest groups (CIGs) of households within eligible communities. Beneficiary groups could include existing micro-businesses that are not formally registered either as a company or cooperative. Existing VSLs could potentially be eligible to receive grants for sub-projects (livelihood and social) provided they meet the criteria as outlined in the Project Grant Manual (PGM). Both categories of grants will specifically target women, youth and

VMGs. As needed, there will be in-kind contribution from the beneficiary groups.

32. *Productive or Livelihood sub-projects* for small-scale producers organized into informal CIGs will be demand-driven, targeting both improved fisheries livelihood as well as complementary non-fishing livelihood activities, primarily in four areas: i) mariculture; ii) non-fishing livelihood activities such as crop and livestock production, petty trading etc.; iii) capture-fisheries value enhancement or reduction of post-harvest losses; and iv) adoption of sustainable practices in use of fishing gears as an alternative to gears contributing to over-fishing. Providing support to productive sub-projects will help bolster livelihood security in coastal communities, strengthen adaptive capacity to climate change impact related stresses, and enable communities to comply with nearshore fisheries co-management regimes. Livelihoods grants will not finance any activity that could potentially lead to overall increase in fishing effort, except where there is a clear justification that such increase relates to adoption of innovative gears to access under-exploited stocks or adoption of more sustainable fishing practices. Such gears could potentially enhance artisanal fishers' access to tuna and tuna-like species through pole-and-line or dropline gears, and to nearshore prawn stocks beyond standing depth. During implementation, women-headed households will be targeted based on findings from the project social assessment.[31]

33. Project preparation studies and engagement with stakeholders identified that communities in coastal sub-counties include households with fishers and farmers, or household members that practice both farming and fishing. To contribute towards socioeconomic development in poor coastal fishing communities, the project is designed with a holistic approach that embraces the broader rural coastal community, comprising both fishing and non-fishing households. The approach acknowledges that the livelihood status of coastal fishing households is inextricably linked to the wider economy in coastal sub-counties. Accordingly, the criteria and procedures for selection of beneficiaries of productive grants, outlined in the PGM, recognize that diversifying and boosting the broader rural economy in coastal sub-counties is a pre-requisite for diversifying opportunities in fishing households. Beneficiary identification procedures will ensure avoidance of elite capture, the application process will not present a barrier to less-advantaged households (e.g., lower income, lower education, single-parent), and households will have equal access to grant support and capacity-building. Similarly, women and women-headed households will be identified and targeted for livelihood sub-project grants and supported in preparing grant proposals. All sub-projects will be screened for financial, social and environmental sustainability, including having climate-smart design, where relevant.

34. *Innovative Productive Alliances* includes support for productive livelihood related activities that will support eligible smallholder outgrowers, through strategic partnerships with existing or new commercial agriculture or mariculture related enterprises. The strategic partnerships will provide a basis for long-term sustainability of project interventions. Farmers and fishers within four existing enterprises applying fair trade and social responsibility principles (Kutoka Ardhini, Equator Kenya, Kilifi Moringa Estates, and Che Shale) will be initially supported through funding of subprojects and technical assistance. The participation of these enterprises in the project will be governed by the PGM and a tripartite memorandum of understanding between each enterprise, the Client and the respective county government. Additional eligible enterprises would be identified and included during implementation once the required due diligence process is satisfactorily completed. This productive alliance activity specific to mariculture will benefit from the proposed NAMARET under sub-component 1.3, which will support emerging mariculture enterprises seeking to work with community outgrowers by providing training, technical demonstration and seed supply (target mariculture species could

[31] A Social Assessment was conducted under the project (with PPA funding) that has informed the Vulnerable and Marginalized Groups Framework (VMGF) and the Environmental and Social Management Framework (ESMF)

include mud crab, prawns, artemia, sea cucumber and red seaweed).

35. *Social and Environmental sub-projects* will support investments that build social and environmental capital, similar to the successful Hazina ya Pwani Maendeleo (HMP) program implemented under the KCDP. Identification of social and environmental sub-projects will be demand-driven and requiring in-kind contribution from the beneficiary group where needed. For environment sub-projects requiring community participation in the form of labor (e.g., mangrove replanting, restoration, conservation and management), the beneficiaries will be remunerated. Sub-projects supported will be not-for-profit, however, it will be ensured that beneficiary groups develop mechanisms for sustainable operation of assets or activities in collaboration with existing county programs. Social subprojects would include for example, enhancement of community-level access to health, education, water and sanitation services. This will be especially useful to the VMGs who often have limited access to social services. Environment subprojects would include for example mangrove planting, activities relating to pollution reduction and improvement of solid waste management.

36. *Scholarships for formal vocational skills training and secondary school completion*. Complementing the grant schemes described above, a program of scholarship grants for youth will be implemented primarily to support formal vocational skills training including for example technical and vocational education and training (TVET), certificate or diploma courses, all lasting not more than two years. The type of training supported will be demand-driven with an aim to strengthen longer-term capacity of communities and counties to engage in, and benefit from, coastal and blue economy development, as well as increased understanding of climate change related impacts on marine and coastal resources and ecosystems. Secondary school completion will focus on those students with good academic standing who are otherwise unable to complete Form IV due to financial constraints. Identification of beneficiaries for short vocational training will be integrated with the process of identifying sub-project production grant recipients. Where possible, girls will be prioritized as beneficiaries of scholarships. The project's M&E system will include specific indicators to track progress of recipients of scholarship grants including for example, job placement, direct application of vocational skills gained, etc. during the life of the project.

37. **Sub-component 2.2: Support Services for Livelihood Enhancement and Capacity Development (approx. US$12.0 million).** The sub-component will support technical assistance for the timely and successful implementation of all phases of the sub-project cycle described under sub-component 2.1, by providing capacity building and extension services in coastal counties. Support services for sub-project identification, preparation and delivery will be mainly provided by county technical officers and extension teams, and where applicable, in collaboration with staff from partner enterprises, and with training and quality-control by a specialist service provider. The sub-component will also support training of beneficiaries using a participatory integrated community development (PICD) approach. Services will include:

38. *Management and oversight of sub-project delivery.* County project implementation units (CPIUs) and extension teams in each of the five coastal counties will support the implementation of sub-projects related to productive, social and environmental objectives, in accordance with the PGM. The CPIU staff and consultants will assist during the sub-project cycle by providing support to extension teams: i) to raise awareness, identify beneficiaries, support sub-project application and approval processes, and provide technical assistance for subproject implementation; ii) in the development of smallholder outgrower partnerships (*see paragraph 34*); and, iii) in ensuring robust monitoring of sub-project implementation and in up-to-date record-keeping. The NPCU will oversee progress of sub-projects across the five counties.

39. *Community skills development*. Sectoral technical and extension staff in the five coastal counties (fisheries and agriculture) supported through a training of trainers' program, will organize delivery of demand-driven skills and micro-enterprise financial management training to beneficiaries of grants for livelihood, social and environmental sub-projects. The NPCU's training coordinator will aggregate training plans from each of the counties and annual training plans will guide the identification and selection of beneficiaries for targeted training. Affirmative selection will apply to women and VMGs. Regular technical assistance, mentoring and trouble-shooting support for all grant beneficiaries will be implemented through the strengthened county extension services. This in turn will support sustainability of interventions, lesson-learning and monitoring.

Component 3: Project Management, and Monitoring and Evaluation (approx. US$9.1 million)

40. Consistent with the devolution framework, this Component will finance supplemental support for project management at both national and county levels to ensure coordinated and timely execution of project activities. It will include the establishment and operation of a NPCU within SDFA&BE (based in Nairobi and supported by a decentralized team located in Mombasa) and a county project implementing unit (CPIU) in each of the five participating coastal counties. With functions clearly defined in the PIM, these units will be responsible for project oversight, coordination and reporting; support to governance structures; financial and procurement management, external/internal audits and accounting; quality control and assurance systems; environmental and social safeguards compliance; development and implementation of a communications and stakeholder engagement plan; M&E, gender informed project implementation; and technical audits and evaluation studies as needed. The NPCU and CPIUs staff will operate from a dedicated office space for the project and will be adequately equipped to successfully perform their functions. Staff to these Units will be seconded on a full-time basis from the Ministry of Agriculture, Livestock, Fisheries and Irrigation (MoALFI) or County structures, except for those positions where the required skills are not available. The CPIUs in all five counties will also be instrumental in supporting the delivery of community-based activities within component 2. Specific roles and responsibilities, together with project protocols and procedures are detailed in the PIM.

E. Implementation

Institutional and Implementation Arrangements

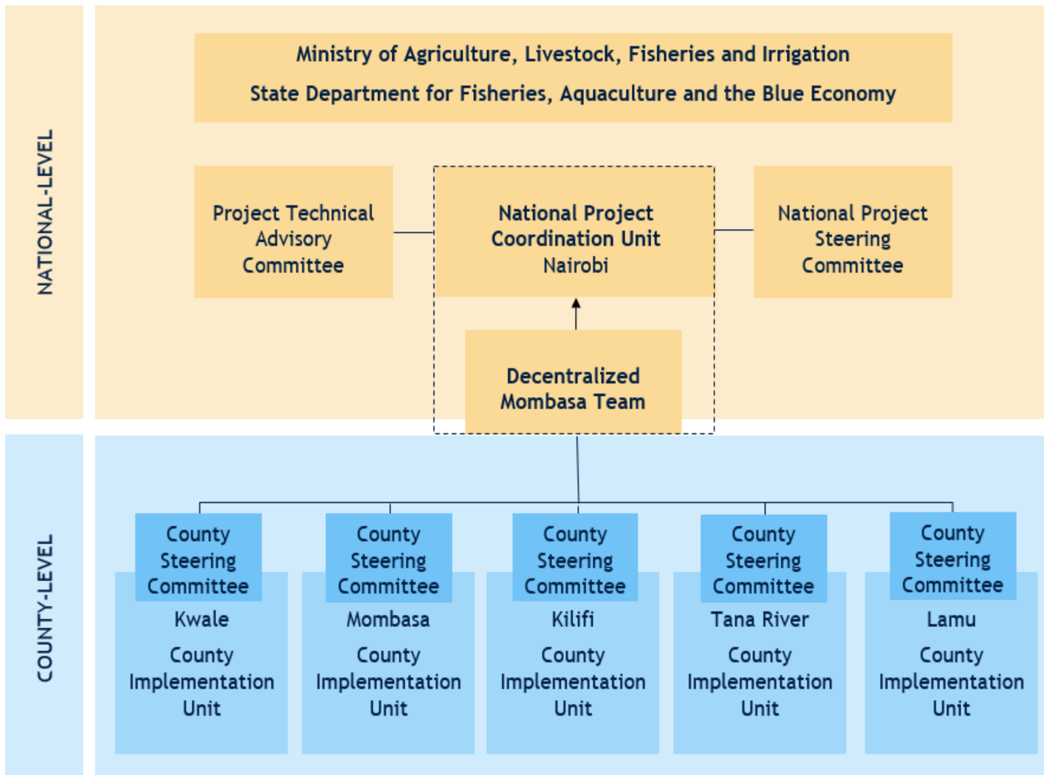
41. The project design has taken into consideration devolution[32] aspects, considering that the fisheries sector is defined as partially devolved. Project implementation will be led by the national government with counties executing specific activities at the county level. Based on lessons learned and valuable experience from other Bank-financed projects (e.g., KCSAP, NARIG, WSDP) and in consultation with the GoK, the project is designed to have a simple and efficient implementation structure.

42. **National level:** The proposed project's implementing agency is the Ministry of Agriculture, Livestock, Fisheries and Irrigation (MoALFI) with its State Department for Fisheries, Aquaculture, and the Blue Economy

[32] Devolution in Kenya was ushered in by the 2010 Constitution and formally began in March 2013. This resulted in a shift in Kenya's institutions, as multiple powers, responsibilities, and funds have shifted from the national government to 47 elected county governments. Devolution reform seeks to tackle top-down to a more responsive, bottom-up form of government. Counties assumed responsibilities for delivering several devolved services. The fisheries sector is accepted as partially devolved, where the national and county governments have defined responsibilities, and some shared or concurrent functions.

(SDFA&BE) having the overall project implementation responsibility. Project oversight and policy guidance will be provided by a national project steering committee (NPSC),[33] while a project technical advisory committee (PTAC)[34] will be responsible for providing technical advice to the NPCU on implementation aspects.

43. A national project coordinating unit (NPCU) would be established in Nairobi to manage and coordinate project implementation activities.[35] Part of the NPCU functions would be decentralized to Mombasa, especially those supporting the counties for execution of community-based activities. The NPCU staff will be seconded to the project on a full-time basis by the national government, and recruitment of external staff will be done only where internal capacity is limited.



44. **County level:** The five coastal counties (Kwale, Mombasa, Kilifi, Tana River, and Lamu) would be responsible for carrying out specific activities at the county level and their engagement will be formalized through county participation agreements with the MoALFI. Each county would establish a county project steering committee (CPSC), responsible for decision making and providing oversight, and a county project implementation unit (CPIU), responsible for execution of project activities at the county level. Unless adequately justified, the composition, roles and responsibilities of these structures will be similar in all five counties. The project will provide support to each county for capacity building and institutional strengthening through a standard package of goods, equipment and training. CPIUs (through county field officers) or staff from the productive alliance

[33] The NPSC will be co-chaired by the Principal Secretary of SDFA&BE and the Chairman of the Agriculture Committee, Council of Governors. NPSC members will comprise of Principal Secretaries from relevant state departments of line ministries and two Governors representing participating counties.

[34] The PTAC will be co-chaired by the Director General of the Kenya Fisheries Service (KeFS) and the Chair of the County Executive Committee Agricultural Caucus. PTAC members will comprise directors of relevant line ministry departments, director generals of relevant government entities and representatives from the Council of Governors, private sector and civil society.

[35] The NPCU will be headed by the national project coordinator and staffed with coordinators for the two project components, an M&E officer, finance officer/project accountant, procurement officer, training officer, communications/public relations officer, and environmental and social safeguards officers. Other specialists will be seconded as required from relevant departments on a part-time basis.

partnerships will also provide support to communities in organizing smallholder fishing and non-fishing households into common interest groups (CIGs) for the participatory identification and preparation of livelihood, social or environmental sub-projects. Community sub-project support would be provided to beneficiaries organized into CIGs to be formed in the 19 coastal sub-counties of the five project counties. County field officers will also be responsible for identifying vulnerable and marginalized members of the community through affirmative targeting approaches. In the case of the commercial enterprises that are already engaged for participation in the productive alliances, the roles and responsibilities for the implementation of sub-projects by CIG is outlined in a tripartite Memorandum of Understanding (MoU) to be signed between the SDFA&BE, the county and each partner, prior to initiating implementation.

Additional details on national and county institutions is provided in the project implementation manual (PIM). The PIM also includes details on technical aspects of all components and activities, guidance related to data collection, M&E, supervision and reporting procedures, and the procedures to fulfil FM and procurement requirements. Documents related to environmental and social safeguards and legal agreements will be annexed to the PIM, as well as TORs for Year 1 consultancies, towards implementation readiness. Both the NPCU and CPIUs will operate as per TORs, included in the PIM. The implementation of sub-projects under component 2 will be guided by a project grant manual (PGM) which will complement the PIM by describing procedures for the sub-project cycle. The PIM and PGM will be updated as necessary during the life of the project.

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

Project interventions will be in the coastal sub-counties of Mombasa, Kwale, Kilifi, Tana River, and Lamu. While the exact locations of project interventions (under component 2) are not known at this stage, it is recognized that Kwale, Kilifi, Lamu and Tana River counties are home to Vulnerable and Marginalized Groups (VMGs) who meet the OP 4.10 criteria in terms of their language, culture, attachment to given lands and being subordinate to the more dominant communities among whom they live. The livelihood strategies of the VMGs within these counties range from nearshore fishing – the closer a community is located to the sea – to subsistence farming, livestock keeping and small-scale businesses, the farther a community is from the sea. Under component 1, specific location for two activities are identified at this stage—i) the national mariculture resource and training center (NAMARET) in Kwale County will be located on government-owned land (KMFRI-owned plot of land), with no potential significant social impacts, as was determined during screening and the ESIA process. The ESIA identified environmental impacts as those related to construction and waste treatment during the operational phase of the project; and ii) the fisheries headquarters building in Nairobi is also identified and will be located on government-owned land. As required, an ESIA will be prepared once the design of the facility is prepared.

G. Environmental and Social Safeguards Specialists on the Team

Svetlana Khvostova, Environmental Specialist
Lilian Wambui Kahindo, Social Specialist

Benjamin Kithome Kilaka, Social Specialist
Ben Okindo Ayako Miranga, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Environmental risk associated with proposed project activities is equivalent to environmental category B based on information obtained during project preparation. The scale of project interventions is not expected to result in significant, adverse environmental, health or social impacts. Since the exact locations and hence site-specific details of activities and scope of works are not identified at this stage (except for NAMARET as per paragraph below), the relevant environmental safeguards instrument that has been prepared through a wide set of stakeholder consultations is an Environmental and Social Management Framework (ESMF). The ESMF provides detailed processes for identification and screening of activities for critical environment and social risks; procedures for evaluating environmental risks and impacts; guidance for the development of site specific mitigation and monitoring plan when subproject details are identified; and describes institutional arrangements for safeguards implementation and proposes capacity building measures. The ESMF provides guidelines for the development of site-specific Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs) that will include mitigation measures to address the potential environmental and social impacts of subprojects, once the activities, location and scope are identified. Based on the application of the procedures outlined in the ESMF, site specific ESIA and/or ESMP will be prepared for all sub projects as needed, based on the results of screening, and publicly disclosed prior to finalization of the design and commencement of

		any construction. During subproject preparation, the project implementing teams will apply findings from the ESIA/ESMP to further improve project designs and minimize adverse impacts, while maximizing positive impact on people and the environment. Potential sub-project activities that could potentially cause adverse environmental impacts proposed for funding include: i) under component 1, construction of: a headquarters building in Nairobi to house the fisheries entities that are being established under the MoALFI (SDFA&BE, KeFS, KFMA, etc.); a national mariculture resource and training center in Kwale county; renovation of county government fisheries offices; and upgrading of landing sites and provision of basic services; and ii) under component 2, livelihood activities related subprojects for small-scale producers, and targeted social services delivery projects at community level. Other potential impacts may be related to mariculture activities and development of a marine spatial plan—which includes the need to develop a strategic environmental and social assessment. The only activity where the location is identified and for which a design is completed and a site-specific ESIA prepared is the national mariculture resource and training center (NAMARET). The ESMF together with the ESIA for the NAMARET (both including executive summary in Swahili) were publicly consulted and disclosed in-country and on the World Bank website
Performance Standards for Private Sector Activities OP/BP 4.03	No	OP/BP 4.03 (World Bank Performance Standards for Private Sector Activities) is not applicable the project, as it is not expected that any of the activities would qualify as Private Sector Activities, based on the criteria set forth by the policy: i) an activity is designed, constructed, operated and/or owned, by a Private Entity, is productive and is necessary to meet the development objectives of the member country in which it is implemented; ii) the Private Entity is fully responsible for identifying, assessing and managing the environmental and social risks associated with the activity; and iii) the Private Entity has a generally recognized capacity to identify, assess and manage the environmental and social risks associated with the activity.

Natural Habitats OP/BP 4.04	Yes	The project will design its investments to avoid negative impacts on environmentally sensitive areas and will work with relevant stakeholders, where needed, such as the Kenya Wildlife Service, to enhance the management effectiveness of protected areas including the establishment of buffer zones and providing capacity building to the communities. The ESMF includes (i) a screening mechanism to avoid sites with potential to cause significant or irreversible conversion or degradation of natural habitats, including marine ecosystems, (ii) identification of subproject level risks and mitigation measures towards avoidance or minimization of impacts on natural habitats, which will be followed by the project. To guide during construction of the NAMARET, the ESIA includes measures to minimize impacts on natural habitats in proximity to the project site. The authorities will undertake public consultations and seek guidance from KWS and relevant CSOs on minimizing any potential negative impacts during construction and operation of the NAMARET facility.
Forests OP/BP 4.36	Yes	At the community level under component 2, the project may include activities of planting and/or restoring degraded mangroves in some of the coastal counties. As indicated in the ESMF, any activity related to planting and/or restoring of degraded mangroves will be undertaken in accordance with the 2017-2027 National Mangrove Ecosystem Management Plan, prepared by the Ministry of Environment and Forestry (MoEF) and Regional Development Authorities. During project preparation, no activities with large-scale impacts on forests were identified. Specific subprojects will be screened for OP 4.36 provisions to incorporate them into ESIAs, as required. In preparation for NAMARET construction, the ESIA requires, as one of the first steps, identification of the important trees within KMFRI plot and protecting them prior to commencement of works to ensure they remain unaffected by project activities.
Pest Management OP 4.09	No	Pest management policy is not triggered for this project, however, as a precautionary measure, the

		project ESMF includes guidelines for screening out the proposed activities which may lead to procurement of pesticides and avoiding the use of bactericides in aquaculture activities when possible, and provides guidelines and mitigation measures in cases when this would not be avoidable.
Physical Cultural Resources OP/BP 4.11	Yes	Physical cultural resources policy is triggered since some project activities may be in areas which may not have been subjected to archeological surveys whose cultural resources are therefore unknown. The screening in the ESMF includes provisions of OP4.11, including avoidance of projects with potential impacts on significant heritage sites (e.g., Old Lamu Town and Shimoni caves), relevant capacity building and monitoring requirements. In addition, the ESMF includes a sample chance find procedure to be included into sub-project specific ESIAs, and in all civil works contracts. The chance find procedure includes provisions for treatment of cultural heritage impacts (if discovered) in line with Kenyan laws.
Indigenous Peoples OP/BP 4.10	Yes	Four of the five coastal counties targeted under the proposed project (Tana River, Lamu, Kilifi and Kwale) are home to Vulnerable and Marginalized Groups (VMGs) who meet the criteria of OP 4.10 in terms of language, culture, attachment to given lands and being subordinate to the more dominant communities among whom they live, as well as other Vulnerable Groups. Under the World Bank financed-KCDP, a VMG Framework (VMGF) was prepared following a comprehensive Social Assessment (SA), which found that the livelihood strategies of the VMGs within these counties ranged from nearshore fishing, the closer a community is to the sea – to subsistence farming, livestock keeping and small scale trades, the farther a community is from the sea. The findings of the SA resulted in the development of a VMG Plan (VMGP) to mitigate risks, which was disclosed in December 2015. Activities under component 1 of the proposed project will include management or regulating fishing effort of priority fisheries, to enhance stock productivity to result in medium-to-long-term benefits to the coastal communities. However in the short term, it may negatively impact the livelihoods

		of the fishing VMG communities. Since the exact location of project interventions is unknown at this point in time and in order to continue addressing the livelihood needs, strategies and aspirations of the VMGs, the project undertook an social assessment and prepared a VMGF. The VMGF therefore builds on the project's SA as well as the VMGF and SA that was developed under KCDP. The VMGF accommodates lessons learned, and was publicly disclosed in Kenya and on the World Bank website. Furthermore, the proposed project will build on the KCDP best practices and engage the VMGs at all stages of the project including during implementation. Findings of the SA and VMGF have been incorporated in the project design and under component 2, county field officers and extensionists will be responsible for identifying VMG members of the community through affirmative targeting approaches.
Involuntary Resettlement OP/BP 4.12	Yes	The project does not anticipate any large scale involuntary resettlement and land acquisition under the proposed types of investments including construction and rehabilitation of infrastructure. Any new construction (e.g., fisheries building NAMARET) will be on public/government land. While resettlement of households can be avoided, some economic displacement may be expected for example, at landing sites. Since the exact locations of project interventions are unknown at this stage, a framework approach has been adopted through which the project developed a Resettlement Policy Framework to outline the types of compensation required for the project activities and guide the preparation of Resettlement Action Plans as needed during project implementation. Restriction of access to resources could be expected, for which a Process Framework has been prepared. As part of the screening and follow up ESIA process for the proposed NAMARET facility, it was confirmed that construction of the hatchery and training center will not trigger OP4.12 policy, as the buildings will be located on KMFRI-owned plot of land, with no encroachment on site.

Safety of Dams OP/BP 4.37	No	The policy will not be triggered, based on the screening of proposed project activities conducted during preparation.
Projects on International Waterways OP/BP 7.50	No	The policy will not be triggered, based on the screening of proposed project activities conducted during preparation.
Projects in Disputed Areas OP/BP 7.60	Yes	The Project has triggered the WB's policy on Projects in Disputed Areas (OP/BP 7.60). Kenya and Somalia are in dispute over the delimitation of maritime spaces claimed by both states in the Indian Ocean. Kenya claims the maritime boundary as being parallel to the line of latitude, whereas Somalia is of the view that the boundary should extend to the southeast as an extension of the land border. As required by OP 7.60, the GoK sent a letter to Somalia, on September 6, 2018, informing of the proposed Project, its objective and scope, and requesting Somalia's no objection to carrying out the Project. Somalia responded on October 31, 2018, by referring to the pending proceedings before the International Court of Justice (ICJ) and suggesting that neither party should conduct any activities, including those associated with the Project, in any area that is under dispute, until the ICJ renders its judgement. In view of the continued dispute and Somalia's response to the notification of the Project, the Project has been redesigned to ensure relevant activities exclude interventions in the area under dispute. Specific interventions that were redesigned include i) activities targeted at collecting fisheries catch and effort data; ii) strengthening of surveillance and enforcement capacity; iii) implementation of activities targeting emerging fisheries; and iv) implementation of Kenya's national monitoring, control, and surveillance strategy including surveillance patrols and preparation of action plans. In line with paragraph 3(b)(ii) of OP 7.60, the Project documentation bears a disclaimer stating that, by supporting the Project, the WB does not intend to make a judgment on the legal or other status of the territories concerned or to prejudice the final determination of the parties' claims. At the same time, it is expected that the two countries continue working together at the technical level toward finding a solution that may include

	implementing the Project in the disputed area, despite the ongoing process at the ICJ. If, at some point in the future, an agreement was to be found, the Project will be restructured to include the disputed area.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

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

Preparation of Environmental and Social Management Framework (ESMF), Process Framework (PF), Resettlement Policy Framework (RPF), Social Assessment (SA), confirmed that the proposed project activities can be assigned EA Category B. Based on a wide set of public consultations and field review of the types of proposed activities, in addition to a significant number of positive impacts, potential negative impacts were also identified. Such impacts can occur if recommended mitigation measures are not put into place, and may include:

1. Environmental issues: Solid and effluent waste pollution of water and soil; destruction of mangroves and other pressures on ecologically sensitive areas; increased rates of sedimentation and erosion; decreased fresh water quality and quantity; introduction of invasive plant species; damage to physical cultural resources; occupational health and safety issues; potential spread of communicable and water borne diseases, etc.

2.Social issues: traffic safety issues; impacts on cultural heritage; impacts on women's access to water for household use and access to household plots; physical and economic displacement (with potential impacts on VMGs); loss of livelihoods; risks of Gender Based Violence, labor and employment related impacts; and restricted access to resources due to project implementation, etc.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

All potential negative impacts identified during preparation are expected to be site specific and temporary and potential large scale, significant and/or irreversible impacts are not expected as a result of implementation of project activities.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The ESMF provides guidance to site-specific ESIAs to include analysis of alternatives, including selection of location and technologies used. This includes not only guidance for infrastructure development for fisheries management (sub-component 1.3), but also subproject specific environmental and social due- diligence for activities under component 2, which covers livelihood projects for informal small-scale producers, and targeted social services delivery projects at the community level. Physical and economic displacement will be avoided and minimized, where displacement will occur, compensation will be provided for all the affected persons as guided by OP 4.12.

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

The overall implementation arrangements are based on lessons learned from other Bank-financed projects, including the KCSAP, KCDP, NARIG and WSDP, among others. The national PCU that will be responsible for managing and coordinating overall project implementation activities, will be headed by the national project coordinator, and include,

among other staff, Environmental and Social Safeguards Officers. Overall, the NPCU is familiar with WB safeguards policy requirements and their implementation, as several of the NPCU staff have experience with other Bank-financed projects.
At the County level, project implementation arrangements will replicate the governance and operational functions of the national level, and each county will establish a county project implementing unit (CPIU). Counties will have the primary responsibility for executing community-related initiatives (component 2). The project will provide support to each county for capacity building and institutional strengthening, including safeguards training and sensitization.

At the community level sub-project support would be provided to eligible beneficiaries organized into Common Interest Groups to be formed in 19 coastal sub-counties of the five project counties. County field officers will be responsible for identifying vulnerable and marginalized members of the community through affirmative targeting approaches.

For any subprojects that include physical infrastructure, ESIAs/RAPs/VMGPs will be developed as needed. In addition, safeguards oversight for civil works will be done at the county level by the relevant county government departments. For component 2 grants, screening of proposals will first be conducted by the CPIU. Regular internal meetings convened by the county project coordinator will be held to endorse the approval of sub-project proposals by the relevant departments within the county government.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Participatory approach is one of the central methods utilized by the project and will be utilized throughout the project implementation. The preparation of safeguards instruments included a wide set of stakeholder consultations with groups such as county and national level government, sub-county level stakeholders, communities, local fishers beach management units (BMUs), community based organizations (CBOs), non-governmental organizations (NGOs), research, conservation groups and local communities, relevant state and non-state institutions at county and national level. Each consultative meeting was designed to incorporate inputs from women, youth and VMGs. Free Prior and Informed Consultations that lead to broad community support for the project was carried out for the VMGs. During implementation, the environmental and social due diligence reports (ESIAs, ESMPs, RAPs, VMGPs, and others as needed) will be prepared where needed and disclosed (following subproject specific consultations) at the community, county and national levels, as well on the World Bank website.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
03-Jun-2019	27-Jun-2019	

"In country" Disclosure

Kenya
27-Jun-2019

Comments

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
03-Jun-2019	27-Jun-2019

"In country" Disclosure

Kenya
27-Jun-2019

Comments

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission for disclosure
05-Jun-2019	27-Jun-2019

"In country" Disclosure

Kenya
27-Jun-2019

Comments

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
Yes
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?
No
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?
NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?
Yes
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?
Yes

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?
Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?
No
Does the project design include satisfactory measures to overcome these constraints?
NA
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?
No

OP 7.60 - Projects in Disputed Areas

Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared
Yes
Does the PAD/MOP include the standard disclaimer referred to in the OP?
Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes
Have costs related to safeguard policy measures been included in the project cost?
Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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APPROVAL

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