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Report No: PAD5491

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED GRANT

IN THE AMOUNT OF SDR10 MILLION
(US\$13.05 MILLION EQUIVALENT)

TO

TUVALU

FOR A

PACIFIC ISLANDS REGIONAL OCEANSCAPE PROGRAM—SECOND PHASE FOR
ECONOMIC RESILIENCE (P179599)

November 21, 2023

Environment, Natural Resources & The Blue Economy Global Practice
East Asia And Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 31, 2023)

Currency Unit = Australian Dollar (AU\$)

AU\$1.57035 = US\$1

US\$1.31414 = SDR 1

FISCAL YEAR
July 1–June 30

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ABBREVIATIONS

CA	competent authority
CBRM	Community Based Resource Management
CPMO	Central Project Management Office
DA	Designated Account
E&S	environmental and social
ESF	Environmental and Social Framework
ESMP	Environmental and Social Management Plan
FCA	Funafuti Conservation Area
FFA	Forum Fisheries Agency
FM	financial management
GoT	Government of Tuvalu
GRM	Grievance Redress Mechanism
HEIS	Hands-On Expanded Implementation Support
IA	implementing agency
ICT	information and communication technology
IDA	International Development Association
IFR	interim unaudited financial report
IRR	internal rate of return
IUU	illegal, unreported, and unregulated
LMP	Labor Management Procedure
M&E	monitoring and evaluation
MCS	monitoring, control, and surveillance
MTR	midterm review
NO	National Outcome
ODA	Official Development Assistance
OHS	occupational health and safety
PDO	Project Development Objective
PIC	Pacific Island Country
PIC-9	Nine Pacific Island Countries: Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Palau, Samoa, Tonga, Tuvalu, and Vanuatu
PMU	Project Management Unit
PNA	Parties to the Nauru Agreement
POM	Project Operations Manual
PPA	Project Preparation Advance
PPSD	Project Procurement Strategy for Development
PROP	Pacific Islands Regional Oceanscape Program
PROPER	PROP—Second Phase for Economic Resilience
PSMA	Port State Measures Agreement
RPF	Regional Partnership Framework
SOP	Series of Projects
SPC	Pacific Community

STEP	Systematic Tracking of Exchanges in Procurement
TA	technical assistance
TFA	Tuvalu Fisheries Authority (not yet established)
TFD	Tuvalu Fisheries Department
TORs	terms of reference
VMS	Vessel Monitoring System
WCPFC	Western and Central Pacific Fisheries Commission
WCPO	Western and Central Pacific Ocean

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Tuvalu	Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience: Tuvalu	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P179599	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input checked="" type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
08-Dec-2023	31-Dec-2029

Bank/IFC Collaboration

No

Proposed Development Objective(s)

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

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



the oceanic and coastal fisheries sector in Tuvalu.

Components

Component Name	Cost (US\$, millions)
Component 1: Strengthening Policy and Institutions	2.00
Component 2: Strengthening Regional Collaboration and National Capacity for Oceanic Fisheries	7.75
Component 3: Strengthening Regional Collaboration and National Capacity for Coastal Fisheries	2.00
Component 4: Project management	1.30

Organizations

Borrower:	Tuvalu
Implementing Agency:	Tuvalu Fisheries Department

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

World Bank Group Financing

International Development Association (IDA)	13.05
IDA Grant	13.05

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Tuvalu	0.00	13.05	0.00	0.00	13.05



National Performance-Based Allocations (PBA)	0.00	4.28	0.00	0.00	4.28
Regional	0.00	8.77	0.00	0.00	8.77
Total	0.00	13.05	0.00	0.00	13.05

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029	2030
Annual	1.00	1.70	3.00	4.00	2.00	0.85	0.50
Cumulative	1.00	2.70	5.70	9.70	11.70	12.55	13.05

INSTITUTIONAL DATA**Practice Area (Lead)**

Environment, Natural Resources & the Blue Economy

Contributing Practice Areas**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Low



9. Other

10. Overall

● Substantial**COMPLIANCE****Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).



Legal Covenants

Sections and Description

Article IV of the Financing Agreement — Remedies of the Association 4.01(a). The Additional Event of Suspension consists of the following, namely that the Recipient's function, mandate, legal character, ownership or control of the Fisheries Department has changed from that prevailing as of the Signature Date so as to materially and adversely affect the ability of the Recipient, through its Fisheries Department, to perform any of its obligations under this Agreement, or to achieve the objectives of the Project.

Sections and Description

Article IV of the Financing Agreement — Remedies of the Association 4.01(b). The Additional Event of Suspension consists of the following, namely that the the Marine Resources Act has been amended, suspended, abrogated, repealed or waived in a manner that is not compatible with international law, specifically the United Nations Convention on the Law of the Sea, or in a manner that would affect materially and adversely affect the ability of the Recipient to perform any of its obligations under this Agreement.

Sections and Description

Schedule 2. Section I.C.1 of the Financing Agreement. Annual Work Plans and Budgets:

The Recipient shall prepare and furnish to the Association, by not later than four (4) months after the Effective Date, and subsequently no later than July 1 of each year during the implementation of the Project (or such other interval or date as the Association may agree), for the Association's review and no-objection, an Annual Work Plan and Budget containing all eligible Project activities and expenditures proposed to be included in the Project for the following fiscal year of the Recipient, including a specification of the source(s) of financing for all eligible expenditures, and environmental and social measures taken or planned to be taken in accordance with the provisions of Section I.D of this Schedule 2.

Sections and Description

Schedule 2. Section II of the Financing Agreement. Project Monitoring, Reporting and Evaluation

1. Project Report: The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.
2. Mid-term Review: The Recipient shall:
 - (a) carry out jointly with the Association, not later than three (3) years after the Effective Date, or such other date as may be agreed with the Association, a mid-term review of the Project ("Mid-Term Review") to assess the status of Project implementation. Such review shall include an assessment of the following: (i) overall progress in implementation; (ii) results of the monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) progress on implementation of environmental and social measures; and (v) the need to make any adjustments to the Project to improve performance.



Conditions		
Type Effectiveness	Financing source IBRD/IDA	Description <p>Article V of the Financing Agreement— Effectiveness; Termination 5.01.</p> <p>The Additional Condition of Effectiveness consists of the following, namely that the Recipient has prepared and adopted a Project Operations Manual in form and substance satisfactory to the Association.</p>
Type Disbursement	Financing source IBRD/IDA	Description <p>Disbursement condition: Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:</p> <p>(a) for payments made prior to the Signature Date; or (b) under Category (2) unless and until the Recipient has developed a business model for the operationalization of an exploratory fishing vessel referred to in Part 2.2(a) of Schedule 1 to this Agreement, in a manner satisfactory to the Association.</p>



I. STRATEGIC CONTEXT

A. Regional Context

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

B. Country Context

2. **Tuvalu is a microstate of the Polynesian subregion of the southern Pacific Ocean, which consists of nine atolls.** Tuvalu is recognized internationally as one of the most climate-vulnerable states on earth. Its islands have a surface area of only 26 square kilometers, with an average height above sea level of less than 3 meters and an exclusive economic zone of about 750,000 square kilometers. In 2020, Tuvalu had a population of approximately 11,800, with limited employment opportunities and an economy that was highly dependent on external aid.

3. **Tuvalu is an upper middle-income country with a gross national income of US\$5,291 per capita.** Fishing and fishing rights provided 53.9 percent of national revenue during 2015–18. Fishing rights fees were estimated at US\$19 million in 2018, having risen sharply from 2010 with the introduction of the Vessel Day Scheme. Except for fisheries, the country has limited resources, with tourism and a small copra industry contributing to the gross domestic product. The poverty headcount was estimated at 26.3 percent in 2010, when a Household Expenditure and Income Survey was last conducted, though extreme poverty is relatively uncommon. Poverty in Tuvalu is concentrated in the outer islands and is exacerbated by a lack of access to services and employment, coupled with vulnerability to shocks.¹ Because of the government's swift precautionary actions immediately after the COVID-19 pandemic hit, Tuvalu is one of the few Pacific nations that did not experience a significant decline either in economic returns or contracted domestic activity and productivity.

4. **Tuvalu is considered a fragility, conflict and/or violence affected country because of inadequate state capacity and constant vulnerability to external shocks.** The fragility stems from the geography and limited economic viability, youth unemployment, poor land governance, and prevalence of gender-based violence.

C. Sectoral and Institutional Context

Oceanic Fisheries

5. **Fisheries represent an important revenue source for PIC economies, and are vital for food, nutrition, and livelihoods. All fisheries activities in the region are likely to be affected by climate change.** The well-being of regional

¹ World Bank 2017. RPF for Kiribati, Republic of Nauru, Republic of the Marshall Islands, FSM, Republic of Palau, Independent State of Samoa, Kingdom of Tonga, Tuvalu, and Vanuatu for the Period FY17–FY21 (Report No. 100997-EAP).



populations depends on healthy fish stocks, and on the regional, national, and local capacity to sustainably manage fisheries. Climate variability, which impacts the distribution and abundance of fish and the productivity of aquaculture, is expected to grow in importance as a driver of the sector.²

6. WCPO tuna fisheries account for more than half of global catch and represent a major source of revenue and foreign exchange for PICs.³ Tuna fishing rights paid for by fishing vessels to the Forum Fisheries Agency members were an estimated US\$480 million in 2021.⁴ Oceanic tuna fisheries provide an estimated 25,000 jobs in PICs.⁵ While the four major tuna stocks in the WCPO are currently considered healthy and not overfished, the overall mass of most tuna stocks is declining, and illegal, unreported, and unregulated (IUU) fishing is estimated to amount to losses of US\$333.5 million annually or around 6.5 percent of total fish catch in the region.⁶ To maintain the value of fishing rights and increase benefits to regional economies through increasing domestic revenues from the value chain, the PICs need to sustain and enhance their management effort, through building monitoring, control, and surveillance (MCS) capacities (for example, observer programs, vessel monitoring systems, port inspections) and creating an enabling environment for private operators (for example, certification of catch for export).

7. Small-scale fisheries are an important source of livelihoods and food security. The Pacific Community (SPC) has estimated that small-scale ocean fishing accounts for about one-third of the fisheries production in Tuvalu and represents a significant source of income and food security.⁷ In the outer islands of Tuvalu, fish consumption may exceed 80 kilograms per person per year (that is, four times the global average). Data from the Western and Central Pacific Fisheries Commission (WCPFC) indicate that about 1,300 tonnes of tuna species were caught by artisanal fisheries in Tuvalu in 2020.⁸

8. To build on these revenue opportunities, Tuvalu seeks to develop its local tuna fishing fleet, fisheries infrastructure, cold chain, and competent authorities to diversify and support economic resilience, employment, and livelihoods, while ensuring their full contribution to regional management through the national observer program, and enhanced MCS capacity.

9. Fisheries is Tuvalu's largest source of revenue after official development assistance (ODA). Despite the significant economic impacts of the COVID-19 pandemic, in 2021 Tuvalu collected a combined revenue of US\$32 million from fisheries. The selling of fishing days was the biggest contributor, accounting for 89 percent of the total revenue, while fishing licenses contributed 9 percent and transhipment 2 percent.⁹

10. To ensure this continued economic benefit, Tuvalu must meet its international obligations, including the Port State Measures Agreement (PSMA).¹⁰ The PSMA entered into force in 2016, and as of 2023, 76 countries are parties to it. The Agreement provides a framework for cooperation through which flag states or coastal states can request port states to carry out inspections of fishing vessels, either routinely or in conjunction with alleged or suspected incidents of IUU fishing. Tuvalu has not yet acceded to the agreement, but there is growing pressure from the international community for flag states and port states to do so, and accession to the PSMA is envisaged under the Tuvalu Fisheries

² Bell J. D., Johnson J. E., and Hobday A. J. 2011. Vulnerability of tropical Pacific fisheries and aquaculture to climate change. Noumea, New Caledonia: Pacific Community. 925 pp.

³ "Tuna Fisheries"; <http://pubdocs.worldbank.org/en/858301461833983033/WB-PP-Tuna-Fisheries.pdf>.

⁴ FFA and SPC 2022. Tuna Fishery Report Card 2022. <https://spccfpstore1.blob.core.windows.net/digitallibrary-docs>

⁵ Terawasi P and Reid C. 2017. Economic and Development Indicators and Statistics: Tuna Fisheries of the Western and Central Pacific Ocean. Honiara, Solomon Islands: Forum Fisheries Agency. 46 pp.

⁶ MRAG Asia Pacific 2021.). The Quantification of IUU Fishing in the Pacific Islands Region - a 2020 Update. 125 p.

⁷ Gillett. R. E. 2016. Fisheries in the economies of Pacific Island countries and territories: Chapter 18 Tuvalu. Pp 279–297.

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

⁹ WCPFC 2021. Tuvalu Fisheries Department, Ministry of Fisheries and Trade. Annual Report 2021, Funafuti, 2021.

¹⁰ FAO 2009. Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing



Department (TFD) Corporate Plan and an obligation under the Parties to the Nauru Agreement (PNA). Advantages for Tuvalu in joining the PSMA include (i) providing a vehicle for the inspection of flag vessels when they visit Tuvalu or foreign ports; and (ii) enabling Tuvalu to carry out inspections of the numerous fishing and carrier vessels that conduct transshipment activities in Funafuti lagoon.

11. **Seafood is the most internationally traded of all food commodities**, and for the past decade those nations with the major international markets for seafood have been introducing progressively more rigorous food safety requirements to protect their consumers from the health hazards associated with improperly handled or processed seafood. The European Union (EU) is the world's most lucrative seafood market but also the one that has the most stringent food safety and traceability requirements and is being used as a benchmark across the PICs. The Australian and New Zealand markets have also been increasingly tightening their food safety requirements. To meet EU requirements, Tuvalu is working toward establishing competent authorities (CAs) to meet EU sanitary and compliance traceability requirements. This will permit domestic fishing vessels to continue exporting to these lucrative markets and foreign vessels to continue transshipping in Tuvalu.

12. **Tuna has the potential to fill the increasing potential food gap in the PICs as populations increase but capacity of coastal reef fisheries does not.** As coastal reef fisheries are reaching their biological production limits, there is a need to transition to alternative protein sources for domestic consumption. In 2011, the Pacific Community estimated that an additional 115,000 tonnes of tuna would be needed for PIC domestic consumption per year by 2030, to maintain the current level of consumption. This could be achieved either through landings of bycatch from industrial vessels, or development of domestic small-scale fleets.¹¹ While transshipments could provide opportunities to land bycatch, Tuvalu is preparing the transition for small-scale fishers to move offshore to target tuna and tuna-like species.

Coastal Fisheries

13. **The contribution of coastal fisheries to food security and livelihoods in Tuvalu is vital**, with nearly all households engaging in coastal fishing. Small-scale commercial fishing supports the livelihoods of many who are not formally employed. While commercial fishing typically targets healthy stocks of tuna, subsistence fishing of lagoon and reef fish is placing pressure on less well-managed coastal resources, particularly around the capital, Funafuti. This is further compounded by increased migration to Funafuti. In the recently concluded first phase of the proposed Tuvalu Pacific Islands Regional Oceanscape Program (TV PROP), 28 coastal indicator fish species were identified as requiring management measures to ensure sustainable supply.

14. **Coastal protection, food supply, and revenues from fisheries are forecast to decline with climate change.** By 2100, productivity is projected to decline by 90 percent for coral-dependent species, 20 to 40 percent for reef-associated species, and up to 20 percent for targeted invertebrates.¹² Such changes are likely to have profound impacts on food security, especially in the outer islands, due to limited access to imported alternatives. To ensure fish are available for future generations, fishing efforts can be relocated to the ocean through provision of nearshore fish aggregating devices, which are placed far enough away from a reef to avoid attracting reef fish. Because it is easier to catch fish around the fish aggregating device, fewer people fish on the reef, reducing overfishing.¹³

15. **The well-being of Tuvalu's population depends on coastal fisheries productivity and effective management of those fisheries in the context of climate change. This will require measures to reduce coastal fishing pressure, including through promoting alternative livelihoods to sustain socioeconomic benefits.** As these fisheries show signs of overexploitation, Tuvalu is promoting community-based fisheries management and livelihoods diversification as per the regional strategy and in coordination with Pacific Community and Forum Fisheries Agency and their member countries.

¹¹ Bell J. D., Johnson J. E., and Hobday A. J. 2011. Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change. SPC New Caledonia.

¹² Bell J. D., Johnson J. E., and Hobday A. J. 2011. Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change. SPC New Caledonia.

¹³ <https://worldfishcenter.org/blog/nearshore-fish-aggregating-devices-boost-fish-supply-safeguard-oceans>.



This includes building on and promoting its domestic small-scale tuna fisheries and promoting aquaculture (milkfish farming and giant clam) production industries as income-generating opportunities.

D. National Policy Context and Institutions

16. **Fisheries development and policy are fundamental to Tuvalu.** The government vision for this sector is outlined in "Te Kete: Tuvalu National Strategy for Sustainable Development 2021–2030 (Te Kete),"¹⁴ particularly in three National Outcomes (NOs): NO4—climate change and disaster resilience increased; NO7—fisheries contribution to socioeconomic development and quality of life increased; and NO18—improve shipping, networking, and harbor facilities. Tuvalu's Marine Resources Act 2006 details the fisheries vision "to ensure the long-term conservation and sustainable use of the living marine resources for the benefit of the people of Tuvalu."

17. **The TFD Corporate Plan 2023–2025 outlines the priority focus areas to achieve the vision:** (i) develop a sustainable commercial fishery optimizing returns from Tuvalu waters; (ii) foster sustainable management of oceanic fisheries resources; (iii) improve management of coastal fisheries for sustainable inshore resources; (iv) execute a consistent data collection and analysis facility to ensure best decisions are made throughout; (v) increase value of fishing access licenses in Tuvalu waters; (vi) develop systems, staff capacity, and facilities for a Tuvalu Fisheries Authority (TFA); and (vii) promote public awareness and education on fisheries issues. The current proposed Project has been developed in alignment with the key outcome areas of the regional strategy *A new song for coastal fisheries—pathways to change: The Noumea strategy*¹⁵: (i) informed, empowered coastal communities; (ii) adequate and relevant information to inform management and policy; (iii) coastal fisheries management on a national and subnational scale; (iv) adequately resourced fisheries agencies supporting management and development underpinned by community-based ecosystem approaches; (v) up-to-date management policy, legislation, and planning; (vi) effective collaboration and coordination among stakeholders; (vii) more equitable access to decision-making within communities, including women; and (viii) diversification of livelihoods, reducing pressure on resources and enhancing community outcomes.

18. **The TFD and the proposed transition to the TFA.** The Government of Tuvalu (GoT), through a cabinet paper approved on April 26, 2023, endorsed the transition of the TFD to the TFA. The transition is expected to result in:

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

19. **Tuvalu has a unique legal environment for coastal fisheries management, recognizing the role of traditional decision-making and localized governance.** Management responsibilities are largely devolved to the Kaupules (Island

¹⁴ Ministry of Finance 2020.

¹⁵ SPC 2015.



Councils) under the 1997 Falekaupule Act. This requires the Kaupule to “provide for the improvement and control of fishing and related industries.” An example is the creation of the Funafuti Reef Fisheries Stewardship Plan through the Funafuti Conservation Area order that is based on a “whole-atoll approach” recognizing the role of people and healthy ecosystems. Coastal fisheries management and development is thus a joint effort between the TFD and the Kaupules.

E. Rationale for the Regional Approach

20. **The WCPO marine fish stocks form part of a marine ecosystem that is shared by all the PICs.** They are regional assets, whose health and sustainability require regional coordination to limit negative externalities and enhance the positive externalities yielded by national activities. Migratory species, such as tuna, are archetypes of this shared regional common good, and their sustainable harvesting requires coordination to avoid a “tragedy of the commons”¹⁶ scenario.

21. **Regional coordination is needed to foster synergy for effective management, equitable distribution of wealth, and optimal sectoral investments.** Countries face common constraints regarding their fisheries sector: governance challenges, insufficient human and institutional capacities, and a fragile business environment. The PICs therefore benefit from addressing these challenges jointly. Many technical dimensions of fisheries management benefit from synergy and economies of scale if managed or organized at a regional level (for example, MCS, research and development, and extension services). In contrast, large national investments, such as ports, fishing fleets, or processing plants, compete against each other and require regional planning for economic efficiency. The Forum Fisheries Agency (FFA) provides technical support to its member governments and administrations in developing or negotiating a number of regional or subregional instruments, such as, the Vessel Day Scheme, and assists in establishing regionally agreed guidelines for national and subregional tuna fishing licensing conditions. FFA has also played a lead role in supporting its members in policy coordination and the MCS of fishing activities.

22. **PICs already use regional platforms to share experience in implementing more sustainable and economically viable policies and practices for fisheries, and to agree on common management measures.** These platforms include the WCPFC, FFA, the Parties to the Nauru Agreement (PNA), Pacific Community (SPC), and the Forum Fisheries Committee (FFC). Reinforcing the WCPO countries’ capacities to participate actively in the WCPFC forum and to implement the WCPFC, FFA, PNA, and SPC resolutions is essential for the management and sustainable use of the fish resources and for further harnessing the oceanic and coastal fisheries to the regional economy, as well as for enhancing their socioeconomic benefits for the populations of the PICs.

23. **Based on lessons from the first phase of the FFA PROP, and the need to ensure regional cooperation and a regional approach to combating IUU fishing in the Pacific, the design of the recently approved FFA PROP—Second Phase for Economic Resilience (FFA PROPER) project is closely aligned with the mandate, expertise, and comparative strengths of FFA and supports country-level implementation.** It responds to the demand from FFA members for capacity building and technical advisory services that are deemed critical to the accomplishment of the regional objectives for a unified policy approach to combatting IUU in a more interconnected and united manner. This includes consistent data collection (robust data gathering from fishing activities within PICs’ national waters, improved collection and use of national fisheries data, consolidation at the regional level) and analyses across countries, as well as coordination on fisheries management measures, including through intelligence sharing. Key mitigating measures include adopting an integrated MCS strategy that aligns with regional and international arrangements to combat IUU fishing; enhancing overall MCS capability and capacity to increase regulatory compliance; and establishing and maintaining compliance

¹⁶ “First posited in 1968 by American ecologist Garret Hardin, the Tragedy of the Commons describes a situation where shared environmental resources are overused and exploited, and eventually depleted, posing risks to everyone involved” (<https://earth.org/what-is-tragedy-of-the-commons/#:~:text=First%20posited%20in%201968%20by,posing%20risks%20to%20everyone%20involved>).



competent authority status required for meeting traceability requirements.¹⁷ It also covers shared technology and equipment (for example, for national observer programs), and synchronization of technical assistance (TA) when appropriate to develop shared regional positions and build solidarity among the PICs. Tuvalu PROPER (TV PROPER) will contribute to the implementation of the regional strategy at the national level based on the subsidiarity principle.

F. The Pacific Islands Regional Oceanscape Program

24. **The Tuvalu Project will be the 12th¹⁸ under the PROP Series of Projects (SOP).** The PROP first phase began in 2014 in the Federated States of Micronesia, the Republic of Marshall Islands, the Solomon Islands, Tuvalu, and FFA (first cohort). It was expanded in 2019 and 2020 to Kiribati, Samoa, and Tonga (second cohort), and is expected to expand to Fiji, Palau, SPC, and possibly others (in a third cohort) soon. The Solomon Islands started implementing the PROP second phase in July 2022, the Republic of the Marshall Islands in May 2023, and FFA in July 2023. The SOP development objective is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats on which they depend. Each project can also have a specific Project Development Objective (PDO).

25. **From 2015 to 2022, Tuvalu benefitted from a PROP first phase project (TV PROP) designed to strengthen national and regional institutions responsible for the management of oceanic fisheries, as well as local and national institutions responsible for the management of coastal fisheries.** Key results achieved under TV PROP related to oceanic and coastal fisheries (on which the Tuvalu PROP's second phase, Tuvalu PROPER, will build) include the institutional strengthening of the TFD, including the design of the TFA and CA; completion of coastal resource assessments as the basis for management planning; rollout of monitoring programs on the outer islands using a community-based planning and development model with the Kaupule; and strengthening of Tuvalu's MCS capabilities. Annex 2 provides an overview of PROP, including how TV PROPER builds on the PROP first phase.

26. **TV PROP emphasized building capacity of the TFD to derive maximum benefit from foreign fishing licenses to support government revenues, and to manage coastal fisheries.** The Project enhanced MCS arrangements to improve control of fishing activities in the exclusive economic zone and to support Tuvalu's compliance with international agreements on tuna fisheries, including those of WCPC members. The project built the capacity of the TFD in coastal fisheries data collection through staff training, facility improvement, financing of resource monitoring surveys, and Funafuti Reef Fisheries Stewardship Plan development.

G. Tuvalu PROPER

27. **This project is the fourth in the PROP second phase – PROPER – and will build on the lessons learned from the first eight years of PROP implementation for improved, sustainable impacts.** PROPER projects will be aligned with the original overarching regional objectives of the SOP and will contribute to the regional goals of strengthening oceanic and coastal fisheries management. PROPER is designed as individually tailored projects, to be implemented by countries or regional organizations, that are contributing to the collective objective of improved fisheries management, climate change adaptation, and economic resilience. PROPER is structured to allow these projects to work together and for all national projects to contribute toward regional policy objectives and focus on addressing national priorities. TV PROPER will contribute in the short and medium term to socioeconomic recovery from the COVID-19 pandemic by contributing to the creation of employment and livelihood opportunities and, in the longer term, to the economic resilience of the sector and the country by maintaining and enhancing the economic value of both oceanic and coastal fisheries.

28. **The project will benefit from programmatic technical assistance provided by the World Bank (WB)-executed**

¹⁷ As per requirements for EU market access under the IUU Fishing Regulation, which is administered by the EU Directorate General for Maritime Affairs and Fisheries.

¹⁸ While not joining the PROP SOP, the Samoa Agriculture & Fisheries Productivity and Marketing (SAFPROM) project (Samoa) still benefits from, and contributes to, the regional goals of fisheries management and is aligned with the PROP objectives.



Pacific Ocean Advisory Program. The objective of Pacific Ocean Advisory Program is to inform the design of financing mechanisms, implementation, coordination, and monitoring of priority policies to guide future investments for a sustainable ocean economy and a healthier and more resilient environment (that is, a “Blue Economy”) in selected PICs. The focus is on strengthening the management and sustainable development of oceanic and coastal fisheries to optimize public expenditures in, and revenue generated from, these sectors, and improving food security and livelihoods for local communities. A second, closely related focus is on improving the resilience of ecosystems on which fishing and other key ocean economic sectors depend, while increasing opportunities for sustainable investments to support a Blue Economy.

29. **PROPER will build on the developments and achievements of TV PROP in several areas.** It will support the transition to the TFA and strengthen the competent authorities, including to enable export market access. It will help maintain the suitability of waters under national jurisdiction for transshipment activities, and of the Tuvalu flag for oceanic fishing vessels, paving the way for the domiciliation and domestication of the tuna industry as per the regional strategy. In addition, for oceanic fisheries, the focus will be on further improving the efficiency of MCS through trialing and applying new technologies, while realizing cost reductions, and developing in-house capacity for observer training and restoring Tuvalu’s contribution to the regional observer program,¹⁹ and ensuring Tuvalu’s fishing access fees remain significant. These activities are essential to maintain and increase the contribution of oceanic fisheries to the national economy. TV PROPER will also pave the way for a higher contribution of tuna to food security and healthy nutrition by building knowledge and know-how for increasing domestic landings, and an increased domestic participation in the tuna fisheries, while ensuring that government-led initiatives to increase fish supply to the capital do not adversely affect local fishing businesses and the families that rely on them, as per TFD Corporate Plan 2023–2025. To achieve this, the Project will support procurement of a pilot fishing vessel to determine tuna catch rates and economic viability of tuna fishing and marketing. It will also provide TA to identify options for facilitating private investments and public-private partnerships to maintain the pilot vessel fishing viable post-project and more generally stimulate local private sector investment in small-scale tuna fishing. This activity is critical to create the enabling environment for a public-private approach to crystalize a local economically viable business. Public funds are required to catalyze this activity because of the remote location and small economy. This approach will support enabling the business model of government taking the initial risk, demonstrating viability, and then encouraging private business to take over.

30. **The Project would also support an enabling environment for private sector development,** by improving shore facilities such as boatyards for vessel repairs, jetties, ramps, postharvest value chain potential through, for example, low-carbon cold chains, and safety at sea by, among others, trialing a Vessel Monitoring System (VMS) for local vessels fishing offshore as part of the government’s strategy to move fishing effort away from the coastal reefs.

31. **As indicated in paragraph 23, limited availability of data nationally and regionally has impeded coastal resource sustainable use and management.** For coastal fisheries, TV PROPER will consolidate national data collection arrangements; improve linkages to regional databases; strengthen data analysis, and the data collected will inform appropriate management of catch size limits and spawning aggregations; and support strengthening coastal MCS to raise awareness and enforcement of regulations.

H. Relevance to Higher-Level Objectives

32. **The project is consistent with the Regional Roadmap for Sustainable Pacific Fisheries (the 2015 Roadmap)** produced jointly by the FFA and SPC and endorsed by the Pacific Islands Forum (PIF) leaders for management and economic harnessing of the region’s tuna fisheries and the inclusive management and contribution of the region’s coastal

¹⁹ Tuvalu, like other PICs, is rebuilding its observer program, having lost its observers to other job opportunities during the COVID-19 pandemic period.



fisheries. It is also consistent with the *Noumea Strategy: A new song for coastal fisheries—pathways to change*,²⁰ endorsed by the 11th FFC Ministerial Meeting in July 2015 that envisions “sustainable well-managed inshore [that is, coastal] fisheries, underpinned by community-based approaches that provide food security, and long-term economic, social and ecological benefits to [PICs’] communities.” The project aligns with the PIF leaders-endorsed 2050 Strategy for the Blue Pacific Continent and the commitments to secure the well-being of all Pacific peoples, and aspirations to accelerate economic growth and protect the ocean and the environment. The project will further contribute to the collective agreement between the PIF leaders to achieve carbon neutrality by 2050.

33. **The project is aligned with the World Bank’s mission to end extreme poverty and boost shared prosperity on a livable planet** through creation of jobs and livelihood opportunities and, in the longer term, supporting sustainable sectoral growth underpinning broader national development and improved management of natural resources. In 2017, the World Bank Group agreed to a Regional Partnership Framework (RPF) for FY2017–21 for the nine PICs (PIC-9), that is, Kiribati, the Republic of the Marshall Islands, the Federated States of Micronesia, Nauru, Palau, Samoa, Tonga, Tuvalu, and Vanuatu. The RPF was extended for another two years, and a new RPF is being developed for implementation from FY2024. The RPF outlines four major focus areas, of which the following three are relevant to Tuvalu and to the Project: (i) *Fully exploiting the available economic opportunities*, focusing on the improved management of fisheries, increased incomes from agriculture, and expanded tourism opportunities; (ii) *Enhancing access to employment opportunities*, focusing on broadening opportunities for labor mobility and addressing gender inequality and gender-based violence through entry points that offer economic opportunities for the marginalized gender; and (iii) *Protecting incomes and livelihoods*, with an important feature on strengthening preparedness and resilience to natural disasters and climate change, through investments that offer climate-related co-benefits.

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

35. **The project is consistent with Tuvalu’s nationally determined contribution.** In the updated November 2022 nationally determined contribution that Tuvalu submitted to the United Nations Framework Convention on Climate Change (UNFCCC), Tuvalu committed (on adaptation) to strengthen community-based conservation programs for highly vulnerable nearshore marine ecosystems and enhancing nearshore coastal shellfish fisheries resources and coral reef ecosystem productivity. On mitigation, Tuvalu committed (i) to energy efficiency and renewable energy across all sectors; and (ii) to improve and rehabilitate boat harbors and maritime facilities to expedite cargo handling, build capacity to maintain maritime infrastructure, and develop a master plan for future harbor developments.

36. **The project contributes to the nationally determined contribution** by building resilience, reducing vulnerabilities, and strengthening adaptive management, including through protecting coastal resources via monitoring and community-based planning and development, promoting sustainable fisheries through data collection for fisheries management and actions to reduce IUU fishing, and building the climate resilience of the coastal and oceanic resources of Tuvalu; and through forward planning for fishing vessel support facility infrastructure for climate resilience and energy-efficient design, and developing and strengthening the institutional capacity of the TFD, local communities (Kaupules), and stakeholders.

37. The project is consistent with the National Adaptation Program of Action 2007, and the National Climate Change Policy 2021–2030.²¹ The National Climate Change Policy identifies three priority actions, to all of which the project

²⁰ SPC 2015.

²¹ World Bank Group and Asian Development Bank 2021.



contributes: (i) legislate and expand marine conservation areas in all islands of Tuvalu; (ii) strengthen monitoring, surveillance, and regulation of oceanic and coastal fisheries in accordance with the Marine Resources Act and amendments, the Conservation Areas Act, the Maritime Zones Act, and other relevant legislation and regulations; and (iii) improve the management of inshore fisheries and marine resources on each island.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

38. The Development Objective of the Series of Projects is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend. For this Tuvalu second phase project (TV PROPER), the PDO is to strengthen regional collaboration and national capacity for the management and the sustainable development of the oceanic and coastal fisheries sector in Tuvalu.

PDO-Level Indicators

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

B. Project Components

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

40. This component will provide institutional support to the national fisheries program, thereby enabling better regional, national, and subnational fisheries management and development. Activities under Subcomponent 1.2 will help ensure Tuvalu meets its international and regional obligations, and activities under Subcomponent 1.3 will enable Tuvalu to maintain and expand its participation in lucrative tuna fisheries export markets, through transshipments and exports. Activities supporting the establishment of the TFA (Subcomponent 1.1) will provide the expanded capability to help Tuvalu achieve these objectives.

Subcomponent 1.1 Technical assistance to support the TFD transition into the TFA.

41. The subcomponent will help the TFD achieve organizational development targets and close management gaps indicated in paragraph 19, above, through the design of the legislative and institutional framework to establish corporate structure, including financial regulations and systems, and capacity development. Activities that will be financed include (i) TA support to transition the TFD to the TFA with more managerial, operational, and financial autonomy, and enhanced decision-making powers, including on human resource policy; (ii) TA support to review fisheries legislation to ensure consistency with the new TFA; (iii) TA to build staff technical and operational capacity, including through training, internships, and secondments; and (iv) provision of goods to upgrade information



technology (IT) infrastructure and communications.

Subcomponent 1.2 Meeting Tuvalu's Flag and Port State Responsibilities.

42. The subcomponent will finance TA to improve the TFD's PSMA compliance to deter IUU fishing. Such efforts aim to enable long-term conservation and sustainable use of living marine resources and marine ecosystems because PSMA implementation disincentivizes IUU fishing vessels from entry in Tuvalu waters. Specific TA will be provided for (i) developing a *National Fleet Management Policy* establishing policies, rules, and standard operating procedures to ensure that Tuvalu-flagged fishing vessels comply with national and international fishery management arrangements; (ii) drafting legislation and regulations for vessel control and Port State measures to support the Policy; and (iii) facilitating accession to the *Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported, and Unregulated (IUU) Fishing*.²²

Subcomponent 1.3 Strengthening seafood safety standards.

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

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

44. This component will support Tuvalu in meeting its international and regional obligations, through improved compliance with the United Nations Convention on the Law of the Sea (UNCLOS), and expanded capability to contribute to regional MCS efforts through strengthened contribution of observers to the regional observer program and improved interoperability with FFA's Regional Fisheries Surveillance Centre, which coordinates joint MCS operations involving multiple PICs.

Subcomponent 2.1: Consolidating oceanic fisheries management.

45. This subcomponent will help the TFD align with current international and emerging regional standards for MCS including provision of observers. The TFD had 80 observers prior to the COVID-19 pandemic but only 50 remain. The project will support observer and debriefer training and equipping of observers to help develop the observer program to return staffing to the desired number of 80 observers and at least a 1:5 ratio of debriefers²³ as per Pacific Islands Regional Fishery Observer (PIRFO) recommendations. This subcomponent will contribute to addressing increasing MCS obligations by financing (i) TA to conduct MCS activities through training on dockside and at-sea inspections, boarding, and vessel operation and safety, as well as for the design and specifications for and procurement of a patrol vessel, patrols, and inspections; (ii) development of the observer program through TA from an international Observer Adviser, training of trainers, debriefers, and observers, and provision of observer equipment (electronic tablets, lifejackets, and so forth); and (iii) infrastructure rehabilitation including upgrading of the existing MCS Center to include a VMS room for IT equipment, new software, and other equipment.

Subcomponent 2.2: Harnessing of oceanic fisheries.

²² FAO 2009.

²³ A debriefer is an experienced former observer who meets with observers at the end of their trip to ensure that the data and information collected by an observer are checked for discrepancies and can be corrected before the information is entered into a database or analyzed.



46. The subcomponent will improve enabling conditions for domestic oceanic fisheries development to increase [fish landing and] contribution of oceanic fisheries to the national economy (for value addition into the domestic market) through TA, goods, and operating costs for (i) a feasibility assessment of a business model for supplying the domestic market with a pilot oceanic small-scale fishing vessel, including long-term costs and economic viability, and institutional arrangements [governance], for example, commercial or semicommercial, public-private partnerships; (ii) vessel and fishing equipment, and fishing and bait trials; (iii) a feasibility study and plan for the development of a commercial export tuna fishery, including different options for investment; (iv) assessing the technical and economic feasibility of establishing and operating climate-resilient fishery infrastructure (for example, boatyards, jetties, ramps), and assessing sites for and procuring floating jetties for Funafuti and rollup ramps for outer islands to support small-scale fishing fleets; (v) improving sea safety for the domestic fishing fleet as an enabling condition for domestic oceanic fisheries development with the testing and acquisition of a VMS for small-scale vessels, consultant services for the development of sea safety regimes²⁴ and policy, safety training and equipment (grab bags and VHF repeaters²⁵); (vi) informing marketing and postharvest development, with a domestic market study with a focus on tuna from the fishing trials, and an export market study and trials; and (vii) assessing the feasibility of and developing a pilot low-carbon cold chains in outer islands. The procurement of the pilot fishing vessel is predicated on the outcome of the feasibility assessment of a viable business model that tests and demonstrates the viability of commercial tuna fishing for local consumption, including successful identification of institutional arrangements for long-term operation of the vessel (for example, but not limited to, commercial or semicommercial, public-private partnership arrangements). These activities were selected to increase direct economic benefits from tuna resources to the Tuvalu population through activities from fish landing and micro-processing; and to the country from increased revenue derivable from fish landing economic activities, through establishing and incentivizing local fit-for-scale of domestic market commercial or semicommercial fishing. In addition, it would divert fishing pressure away from lagoons and coastal areas, and ultimately improve food security while promoting sustainable fishing in fragile coastal fish stocks.

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

47. This component aims to strengthen regional collaboration and national capacity for coastal fisheries management and development. It supports improved coastal data monitoring and reporting to regional bodies such as SPC, contributions to regional research, and meeting regional commitments of the *Regional Roadmap for Sustainable Pacific Fisheries* through which PICs work together for inclusive management and development of the region's coastal fisheries.

Subcomponent 3.1: Strengthening coastal fisheries monitoring and management.

48. This subcomponent will contribute to strengthening coastal fisheries information and community-based planning and development. It will finance TA, goods, and infrastructure and operating costs including (i) consultancy services and operating costs for collecting coastal fisheries data collection and management to support adaptive fisheries management, outreach and awareness, and expanded creel surveys, metronome trips, and ciguatera surveys; (ii) operating costs and TA for strengthening the MCS of coastal fisheries in Funafuti through construction of a watchman's hut, acquiring operating and maintaining MCS drones and two coastal vessels for territorial seas operations (contingent on assessment of, and agreement on, long-term operations and maintenance plans and budgeting); (iii) operating costs for further development and implementation of community fisheries management plans, for fisheries monitoring and management in outer islands, and TA support for developing bylaws and awareness

²⁴ This refers to a standard structure and systematic methodology that aims to improve maritime safety, including protection of life, health, and the marine environment.

²⁵ Repeater stations are stand-alone receivers and transmitters and are range extenders. The receiver receives transmissions on the repeater channel frequency and then retransmits them through the transmitter.



material on law enforcement of the Funafuti Reef Fisheries Stewardship Plan, including financing for the establishment of Outer Islands Steering Groups and annual consultations with stakeholders to evaluate the effect of adaptive management measures; and (iv) exchange visits and peer-to-peer learning events at the regional level between communities and stakeholders involved in the management of coastal fisheries.

Subcomponent 3.2: Developing research and small-scale aquaculture.

49. The subcomponent will support activities contributing to food security. This would be achieved through provision of goods, operating costs, consulting services, and civil works for (i) an underwater visual census (UVC) survey of the Funafuti Conservation Area; (ii) construction of coral nurseries to support rehabilitation of critical degraded wild habitats, and coral planting; (iii) supporting the milkfish farming initiative in outer islands, including an infrastructure upgrade to the farming area on Vaitupu; (iv) developing giant clam production for the existing Funafuti hatchery; (v) monitoring and investigating environmental threats with the Fisheries Laboratory; and (vi) undertaking fish biological research, including on spawning aggregations and size at maturity for key indicator fish species. During consultations for the project, communities identified priority areas of focus, such as improving existing milkfish operations in Vaitupu, supporting giant clam production in Funafuti, and developing the potential for coral nurseries and farming initiatives in islands including Nanumaga, Nui, Nukufetau, and Nukulaelae. Supporting improved management for sustainable coastal fisheries; and sustainable development of small-scale fisheries for livelihoods, food security, and healthier diets, are key focus areas of the TFD Corporate Plan. These investments lie at the nexus of science and research for marine species conservation for effective marine ecosystem management and planning, for a sustainable productive ecosystem.

Component 4: Project Management (US\$1.30 million)

50. This component will finance the day-to-day management and implementation of the project, including but not limited to consultancy costs for financial management (FM), procurement administration, monitoring and evaluation, management of environmental and social (E&S) risks, costs of information and communication technology (ICT) equipment, citizen engagement activities, and reimbursement of project preparation costs. It will also include costs associated with annual audits, and consultancy costs associated with the project midterm review (MTR) and Implementation Completion and Results Report.

C. Strategic Alignment

51. **Citizen Engagement.** Citizen engagement considerations are incorporated into the Project design, notably in Subcomponent 3.1, and are addressed in the Environmental and Social Framework (ESF) instruments. The Stakeholder Engagement Plan, which forms part of the Environmental and Social Management Plan (ESMP), identifies methods for actively engaging Project stakeholders during implementation. It will be used to ensure continuous citizen engagement and consultations on Project activities. Stakeholder engagement will involve a hands-on approach in the establishment of consultative forums, developing the terms of reference (TORs) and meeting procedures, organizing meetings, reporting on outcomes, and maintaining records of Project activities.

52. At preparation, a stakeholder consultation on the project design took place between 2021 and August 2023 at the corporate and community levels in Funafuti and in the outer islands to ensure synergy of the proposed project design with the National Sustainable Development Strategies 2021–2030 (Te Kete), and the TFD strategic plan 2023–2025. A national stakeholder consultation tool place in October 2023 in Funafuti to endorse the project. During implementation, consultation methods will be designed and applied in consideration of the different sociocultural norms that may inhibit participation and input into decision-making from women. The TFD would conduct a beneficiary satisfaction survey annually, this would be modulated with the community consultation to ensure proactive citizen engagement. The intention of the survey would be to assess beneficiaries' perception of Community Based Resource



Management (CBRM) and fisheries development activities supported by the project, including support for fisheries management plan development and resource monitoring, infrastructure, pilot fishing and associated activities (for example, safety at sea), with the aim of providing a feedback loop and guiding continued implementation of CBRM as well as fisheries development activities to foster domestic offshore fishing. The Results Framework includes one intermediate indicator: *Grievances registered related to delivery of project benefits that are actually addressed* through the Grievance Redress Mechanism (GRM). This indicator follows the citizen engagement guidance note, which proposed the above specific GRM indicator as suffixing for measuring both citizen engagement and GRM.

53. **Climate Change and Disaster Risk.** A screening of the Project for short- and long-term climate change and disaster risks was undertaken using the WB Climate and Disaster Risk Screening Tool. As described in the Country Context, Tuvalu has been identified as one of the most vulnerable to the adverse impacts of climate change.

54. Increased tropical cyclones, heatwaves, drought, and impacted groundwater are potential impacts on Tuvalu, along with damaging sea-level rise. As a result of changes in temperature, dissolved oxygen, and acidity, the maximum catch potential of current resident species has been forecast to decline significantly in Tuvalu.²⁶ The project aims at building the resilience of the fishery sector for a climate-resilient future, and focuses on activities to strengthen the management and institutional capacity to effectively monitor and improve performance in the sector.

55. **Climate co-benefits.**²⁷ Tuvalu faces high climate risk, due to the combination of economic and physical vulnerability and the islands' proneness to natural hazards, which is further exacerbated by climate change and variability.²⁸ These are driving major shifts in the productivity, distribution, and size of fish and invertebrate populations, and are impacting food security and livelihoods. Coastal habitat degradation, marine heatwaves, ocean acidification, and other extreme events are accelerating the impacts of climate change on ecosystems. The importance of improving fisheries management to build the sustainability of the sector as a response to climate change has been widely recognized.²⁹ Fisheries management is a “no regrets” approach that strengthens the climate resilience of fish populations, sensitive habitats such as coral reefs, and dependent communities and nations, while also creating wealth and economic growth.

56. **The project closely aligns with, and contributes to, advancing the priority actions of Tuvalu’s National Climate Change Policy,** including to (i) legislate and expand marine conservation areas in all islands of Tuvalu; (ii) strengthen monitoring, surveillance, and regulation of oceanic and coastal fisheries in accordance with the Marine Resources Act and amendments, Conservation Areas Act, Maritime Zones Act, and other relevant legislation and regulations; and (iii) improve the management of inshore fisheries and marine resources on each island. Project-supported infrastructure activities promote the reduction, limitation, or sequestration of greenhouse gas emissions through energy-efficiency and climate-resilience considerations in infrastructure such as boatyards, jetties, and ramps, which will enable Tuvalu to adapt to the negative impacts of a changing climate by adopting policy action, including investing in infrastructure able to reduce exposure to vulnerability to the impact of climate change.

57. **Gender.** The government’s commitments to promote gender equality are detailed in the Tuvalu National Gender Policy 2014, which focuses on strengthening institutions, women’s economic empowerment, increasing the

²⁶ Asch, R. G., Cheung, W. W. L., and Reygondeau, G. 2018. Future marine ecosystem drivers, biodiversity, and fisheries maximum catch potential in Pacific Island countries and territories under climate change. *Marine Policy* 88, 285–294.

²⁷ The low climate co-benefits results assigned to PROPER are related to an ongoing issue across all fisheries sector projects. Since climate change adaptation is an integrated objective of fisheries management, rather than an incremental investment to address climate risks, it is not reflected in the climate co-benefits methodology.

²⁸ World Bank Group and Asian Development Bank 2021.

²⁹ Bahri et al. 2021., T., Vasconcellos, M., Welch, D. J., Johnson, J., Perry, R. I., Ma, X., and Sharma, R., eds. 2021. Adaptive management of fisheries in response to climate change. FAO Fisheries and Aquaculture Technical Paper No. 667. Rome, FAO. <https://doi.org/10.4060/cb3095en>



number of women in decision-making, and ending violence against women. There is limited representation of women at the legislative level; of the 16 members of Parliament, only one is female. Notably, however, the one chief executive officer of agriculture and fisheries is female, and 40 percent of the directors in the agriculture fisheries sector are female. Only 17 percent of National Fishing Corporation of Tuvalu (NAFICOT) processors are female. Local politics are guided by cultural norms that tend to exclude women. At the local level, decision-making is undertaken by the male-dominated *Falekaupule*, a traditional assembly of elders with an executive branch of advisors for eight of the inhabited islands called the *Kapule*, and only in rare cases is more than one advisor female.³⁰

58. The gender assessment done as part of project preparation looked at gender in fisheries and found that commercial fishing activity accounts for only 0.9 percent to 2.6 percent of all fishing activities, while subsistence fishing and gleaning account for 88 percent to 95 percent. Approximately 80 percent of fishers are male and 20 percent are female, and they are predominantly focused on intertidal zones and soft benthic regions. A fisheries value chain survey found that men's and women's perception of fairness in terms of the price for their catch, when comparing the same value and size, differed. All men believed that the prices paid were equivalent, whereas 86 percent of women felt men received higher payments. Women identified the main challenges for fishing as distance to site (24 percent) and time constraints due to domestic responsibilities (20 percent). Eighty-four percent of women believed both genders contribute to decision-making in the sector; however, only 35 percent of women reported being involved in decision-making at the community level.

59. The gender assessment recommended that (i) the TFD strive for gender balance including through appointing a project gender focal point; (ii) the TFD staff receive gender awareness training; (iii) project monitoring efforts include sex-disaggregated data collection; (iv) women's cooperatives for fishery activities be established, with a budget set aside, including for marketing management; (v) training programs be established for women along the fisheries value chain; and (v) training programs be established for leadership training and networking. These recommendations are supported in the project through (i) appointment of a gender focal point in the TFD; (ii) capacity building of TFD staff, including gender awareness training (under Subcomponent 1.1) and training for fisheries staff to be warranted as authorized officers requiring 20 percent female participation (under Subcomponent 2.1) this will provide an opportunity to increase female participation in midlevel technical careers through warranted officers³¹, and not limit them to low-skill non-technical jobs. (iii) inclusion of disaggregated data in the results framework where applicable; and (iv) improved livelihood opportunities for women and understanding of constraints to women's participation in coastal fisheries under Subcomponent 3.2 and strengthening their decision-making in local fisheries management including through the establishment of island steering groups under Subcomponent 3.1, which requires the participation of the President of the Women's Association on the island. The project will measure progress by monitoring (i) Female staff benefitting from in-country and overseas trainings (ii) Female fisheries staff trained and warranted as authorized officers (under the Marine Resources Act).

60. **Private Capital Mobilization.** Oceanic fisheries are an important primary source of exports and national revenue for Tuvalu. While fisheries have stimulated growth and development, the contribution of oceanic fisheries to Tuvalu's and PICs' domestic economies and food supply has been limited, and so has private capital mobilization. The remote nature of the island further constrains this opportunity. The Project will support TA to identify national-level impediments, constraints, opportunities, and cost-benefits to investments in fisheries. Specifically, the Project would support a feasibility study and a trial to inform the development of a local tuna fishing fleet to maximize economic benefits for the domestic industry. A technical analysis will be undertaken on value-added product development, and advice and training will be provided to explore fishery product development trials, based on a study to understand the

³⁰ Clark, L. 2023. PROPER Gender Report. Tuvalu Fisheries Department. Funafuti, Tuvalu.

³¹ Currently TFD has thirteen midlevel staffs- eleven (11) male and two (2) female



domestic market. In addition, an export market study and trials will be undertaken to assess the potential for fishery product exports from the local tuna fishing fleet. The TA activities will inform potential private sector investments in priority commercial commodities. In addition, accreditation of a Tuvalu CA would also facilitate a private sector enabling environment for investment because of the associated potential EU market access and export. However, despite all these initiatives, due to the aforementioned constraints, private sector investment is minimal in Tuvalu, which limits private sector capital mobilization opportunities. For these reasons, no private capital will be mobilized under the project and no private capital will be directly enabled.

D. Project Beneficiaries

61. The primary beneficiaries are the TFD staff, who will benefit directly from improved capacities and structure for fisheries management. Other direct beneficiaries are Tuvaluans dependent on the country's fisheries, including fishers, fishworkers, and their households that will benefit from CBRM. National and Kaupule-level institutions, including outer islands engaged in fisheries management as well as community associations and government entities, will benefit from improved capacity to undertake resources assessments, formulate and analyze policy, and implement management measures. Ultimately, the general population of Tuvalu will benefit from a healthier marine environment and increased food security. Women will benefit from CBRM activities through the protection and management of coastal resources and facilitation of access to livelihood and development programs, as well as climate change adaptation programs.

E. Results Chain

62. **The Project aims to improve human and institutional capacity for the management and sustainable development of oceanic and coastal fisheries.** The theory of change submits that (i) developing national capacity for management and sustainable development of fisheries, combined with (ii) enhancing regional collaboration for fisheries management, would lead to sustained long-term improvement in oceanic and coastal fisheries management.

63. **Improving capacity for fisheries management** would secure a more sustainable future for Tuvalu by reducing degradation of coastal fisheries stocks and habitats and enhancing resilience to natural disasters and other external shocks. This is currently hindered by limited data availability to inform decision-making, and human resource and institutional capacity constraints. The proposed capacity building activities will lead to better informed decision-making about fisheries management supported by strengthened knowledge of, and capability in, accessing and applying fisheries data, which is central to building a resilient and sustainable fisheries sector aligned with regional and country aspirations.

64. **Improving capacity for sustainable development** of the fisheries sector will unlock greater economic opportunities via expanding access to export markets, more efficient revenue management via the TFA, and enhancing domestic value-added from fisheries value chains.

65. **Regional collaboration** plays an important role in helping the PROPER participating countries, and the FFA membership as a whole, develop and strengthen the coordinated systems needed to manage a shared resource on which all countries depend. The Project supports this through ensuring Tuvaluan fisheries patrols, inspections, and MCS efforts operate in line with regional standards, and that Tuvaluan fisheries observers contribute to the regional observer program with adequate capacity.

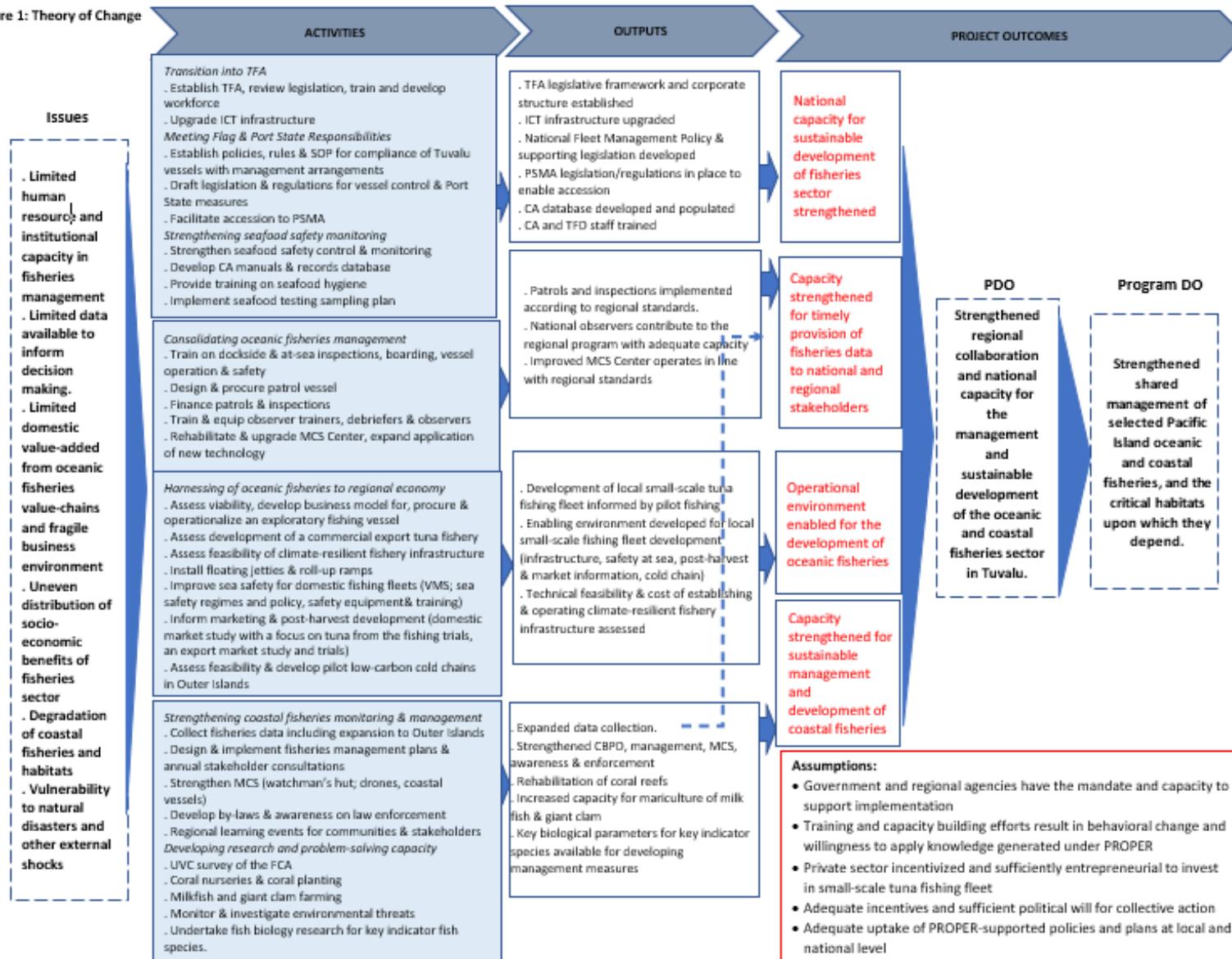
66. The project's theory of change is described in figure 1.



The World Bank

Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience: Tuvalu (P179599)

Figure 1: Theory of Change





F. Rationale for Bank Involvement and Role of Partners

67. TV PROPER builds on the experience and knowledge gained from the implementation of the first cohort of PROP projects in Tuvalu and in other PICs, as well as other regions via the West Africa Regional Fisheries Program (WARFP) and South West Indian Ocean Fisheries Governance and Shared Growth Program (SWIOFish).

68. The WB will add value through (i) its sustained engagement in the Tuvalu fisheries sector (since 2014), supporting long-term objectives toward addressing complex sectoral challenges and development opportunities through capacity building, institutional reform and strengthening, and adaptive management interventions that exceed typical project time frames; (ii) bringing global and regional knowledge and innovation, including through the Pacific Ocean Advisory Program, with access to knowledge created at the regional level such as on data collection systems for small-scale fisheries and domestic value-added mapping, and potentially dedicated technical assistance; (iii) providing financing including International Development Association (IDA) resources from national and regional IDA allocations; (iv) technical assistance to prepare and implement the project, while managing risks and tapping into the WB's global knowledge networks for results monitoring, capacity development, strategic communication, and knowledge development; and (v) its deep policy and operational engagement, partnerships, and convening power in the fisheries sector in the WCPO through continued engagement with regional partners such as the WCPFC, SPC, FFA, PNA, and the South Pacific Regional Environment Program (SPREP).

G. Lessons Learned and Reflected in the Project Design

69. The project builds on global experience in oceanic and coastal fisheries management and lessons learned from the PROP projects implemented in the PICs. Some of the specific lessons informing project design point to the need for the following:

- a) **Implementation readiness.** When PROP began, Tuvalu had little experience with managing WB-financed projects, and capacity for managing procurement, financial management, E&S safeguards, and monitoring and evaluation (M&E) capacity was insufficient when the project became effective. The PROPER design reflects greater consideration of the needs of a very small country with a limited labor pool and dispersed geography, such as the identification of opportunities to share multicountry procurement for greater purchasing power and for pooling regional resources to improve competitiveness, and the potential for regional collaboration. The project will (i) use a Project Preparation Advance to advance key activities prior to project implementation; (ii) include a budget for Project Management Unit (PMU) staff support and training with respect to project management, procurement, M&E, and E&S safeguards; and (iii) develop the M&E Plan, which will be included in the Project Operations Manual (POM). A Central Project Management Office (CPMO) has also been established by the GoT. CPMO has made a significant contribution to the preparation of the project and will support project implementation.
- b) **Development and implementation of coastal fisheries management plans are complex processes that require time, resources, and legal underpinning.** During the Tuvalu PROP, fewer coastal fisheries management plans were finalized than anticipated, and subsequent implementation did not advance as expected. Experience showed that the preparation and implementation of community fisheries management plans require not only close consultation with communities on their needs, objectives, and capacities, but also substantial work on the enabling legal provisions for issuing plans in each island and their local implementation. Processes can vary across Tuvalu for each Kaupule, and therefore require extra effort. These considerations have been factored into the TV PROPER project design.
- c) **Outputs and Project Efficacy.** The Tuvalu PROP helped to kick-start behavioral change on the part of



governmental policy makers and service providers, as well as fisher communities, which is expected to eventually lead to fishery resource conservation and livelihood improvements. This requires behavioral change. TV PROPER design includes an increased focus on behavioral change to influence the uptake of project outputs by service providers and beneficiaries, for example, recommendations emanating from draft fisheries management plans. TA will be complemented with support to operationalize recommendations within the project timeline.

- d) **A country-tailored project design is crucial to project success.** The Tuvalu PROP design did not adequately respond to the specific country context and fragility, conflict and/or violence affected considerations. The Results Framework was also not tailored to outputs and outcomes based on country needs and the institutional context. Additional staff time required at the onset of the first phase, such as provided by the CPMO, was not available. Under TV PROPER, the CPMO will provide the hands-on support required, particularly in early implementation.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

70. The TFD acts as a responsible custodian of oceanic or designated inshore fishery resources and fisheries rights. The Financing Agreement will be between Tuvalu (as Recipient of the grant) and IDA. If the TFA is established during the project lifespan, it would become the implementing entity.

71. The Tuvalu Cabinet has approved the establishment of the TFA. A draft bill, together with an explanatory memorandum, has been prepared and will be tabled in Parliament. Nationwide consultation, which is ongoing, is required before the new legislation can be tabled for its first reading (likely in November 2023). Further details on the implications of a possible TFA transition during the project lifespan are outlined in Annex 1 (paragraph 3).

72. The TFD (or its successor) will implement the project and will house the PMU responsible for day-to-day project implementation. The PMU, already staffed under the leadership of the TFD Director, will consist of a core team of consultants already hired and part of the Project preparation, that is, Project Coordinator, Accountant, Procurement Officer, and time-based Environmental and Social Framework (ESF) Officers. The specific implementation arrangements reflect the lessons learned from Tuvalu PROP, documented in the Implementation Completion Report, and highlighted above in paragraph 69a. In this context, the Central Project Management Office (CPMO) will provide high-level fiduciary backstopping, training, and service support on Project management during implementation. The respective roles of the CPMO and TFD will be clearly defined in the POM. The TFD, PMU, and CPMO will also interact with the National Infrastructure Committee and the Project Steering Committee as defined in each TOR to ensure project implementation works synergistically with other national development plans. Island Steering Groups will also be established to enhance stakeholder advisory capacity to PROPER. Project strategic guidance will be carried out by the Project Steering Committee that was established under the PROP first phase. More details on the implementation arrangements are provided in Annex 1. The POM has been drafted, with WB first review and comments provided, to be ready by negotiation. The POM includes a detailed description of the institutional arrangements and procedures for implementing the Project, including annual work plan development, M&E, reporting, financial management, procurement, E&S risk management, processes related to implementation of capacity building, and training activities. The preparation and adoption of the POM are linked to project readiness, and are therefore a condition to declare the project effective.

B. Results Monitoring and Evaluation Arrangements

73. The PMU will use a results-based management approach to align implementation with achievement of the Project's expected outcomes. Results monitoring will be carried out to focus on assessing progress toward the PDO and



intermediate indicators. Key elements of the project M&E system are included in the POM, including responsibilities for activity and process monitoring, progress monitoring, participatory monitoring to generate feedback from stakeholders and beneficiaries on a range of activity-related topics, outcome monitoring, and impact monitoring.

74. Project results will be monitored semiannually through a progress report submitted by the TFD and validated based on agreed data sources and methodology. Each Project report shall be prepared semiannually and is to be provided by the TFD (shared with the CPMO for information) to the WB within 45 days of the period covered in such reports. The WB implementation support missions will be carried out twice a year to assess progress on interim targets and agree on corrective measures. The TFD (through the PMU) will prepare and submit a midterm review (MTR) report to the GoT and the WB no later than six months before the project reaches its third year of implementation after the Project's effective date. The MTR report is to be jointly reviewed by the WB, GoT, TFD, and CPMO. The MTR will occur not later than three years after the Project's effectiveness date.

C. Sustainability

75. **Institutional sustainability.** Tuvalu remains strongly committed to the improved management of its fisheries sector. The Tuvalu Marine Resources Act 2006 demonstrates a commitment to ensure the long-term conservation and sustainable use of the living marine resources for the benefit of the people of Tuvalu, a vision to which the project will contribute. Investments are targeted toward enhancing the TFD's capacity in fisheries planning, management, and seafood safety, and continued collaboration with the FFA, SPC, and other Pacific Island governments. A core focus of the Project is to invest in establishing strong research capabilities within the TFD that can be sustained after Project closure.

76. **Economic sustainability and resilience.** The Project contributes to maintaining revenue from oceanic fisheries through its support for continuous and enhanced regional and national efforts while controlling the costs of monitoring through innovative technologies. It also contributes to maintaining or improving ecosystem services through CBRM to support sustainable livelihoods for fishing communities. Improved management of oceanic and coastal fisheries will ensure a stronger resource base and the economic activities they support, which in return will be more resilient to shocks.

77. **Climate, disasters, environmental sustainability, and resilience.** The Project contributes to the management of climate change and disaster risks through its support for the alignment of the fisheries sector with best international practices and standards on environmental sustainability. It aims to advance CBRM and coastal adaptation measures to protect coastal resources and enhance the safety of seafood consumption, which support the food needs and livelihoods of the people of Tuvalu. The project also supports the adoption of regional conservation and management measures and their implementation in national waters. Through its support for fisheries management and sustainable development, the project will assist Tuvalu in maximizing value of, and public revenue from, fisheries to support sustainable development.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic, and Financial Analyses (if applicable)

78. **Paris Alignment.** The operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation.

79. **Assessment and reduction of mitigation risks.** The operation is not at material risk of having a negative impact on the country's low greenhouse gas emissions development pathways. Project activities supporting capture fisheries and aquaculture production; conservation of natural habitats and ecosystems; and related ICT and digital technologies,



research, development, innovation, and capacity building are universally aligned. Universally aligned activities exclude infrastructure/buildings, vessels, and activities that finance value chains. Mitigation risks from the procurement of coastal patrol and exploratory fishing vessels, as well as support for the development of a local tuna fishing fleet, are considered to be low, as the operation will support the preparation of the specifications for technically feasible and economically viable low-emission, energy-efficient options. Carbon lock-in and transition risks are considered low, as these vessels have a limited lifetime, and a comparative assessment of optimal engine types will be conducted prior to procurement. In addition, the exploratory fishing vessel and coastal vessel will be used within Tuvalu's waters, resulting in limited or low greenhouse gas emissions. Activities to strengthen seafood safety monitoring by sending seafood samples to overseas laboratories through air freight passenger planes are also low risk, as there is no other viable option at present due to lack of skills and accredited laboratories in the country. Activities related to infrastructure are limited to small-scale renovations of the existing TFD office and the construction of a watchman's hut. These activities present low risk, as the TFD office is grid connected, and solar will be installed for the watchman's hut due to the unavailability of services at the proposed location. Value chain support, including feasibility assessments and piloting of low-carbon cold chains, will aim to reduce greenhouse gas emission impacts, including in the selection of refrigerants with low global warming potential and promoting energy efficiency throughout the value chain, to contribute to improved fisheries resource management in Tuvalu.

80. Assessment and reduction of adaptation risks. A screening of the Project for short- and long-term climate change and disaster risks was undertaken using the WB Climate and Disaster Risk Screening Tool, indicating that the project has a Moderate Risk of climate hazards having a material impact on the operation and its Development Objective. While these climate and geophysical hazards are likely to impact investments mostly related to the procurement and operation of vessels, ICT and digital technologies, and infrastructure upgrading, appropriate design considerations have been incorporated in the Project design to reduce the risks from climate hazards to an acceptable level. These measures include soft components that can help modulate the risks from climate change through strengthening evidence-based and climate-informed decision-making and compliance with fisheries management, empowering communities to manage fisheries through Community Based Resource Management, and strengthening data collection, storage, and processing to support climate resilience consideration in policy development, surveillance operations, and improved monitoring and reporting. In addition, the operation also includes climate resilience and adaptation design considerations through system-level planning, including climate resilience in feasibility assessments and institutional capacity and coordination to limit the exposure to an acceptable level of residual risk. With all these measures, the operation supports strengthening adaptive capacity and management to build resilience of coastal fisheries in Tuvalu.

81. Technical design of the Project. The Project design builds on the PROP first phase, as well as similar projects in other regions with good lessons that could inform implementation. There has also been intensive collaboration in the preparation stage to ensure appropriate designs and inclusiveness across all relevant departments within the TFD, including with the Kaupule, through a consultation process for strong ownership. In addition, the project activities, structure, and components have been designed to ensure complementarities among all components in an integrated approach to ensure implementation feasibility of each subcomponent and creating cumulative benefit accrual to the beneficiaries, the environment, and the country from the different activities financed.

82. Economic Analysis. A cost-benefit analysis provided an estimated internal rate of return (IRR) for the project, from each of the three operational components.

83. Activities under Component 1 are designed to strengthen the TFD into the TFA (1.1), which would lead to increased efficiency and transparency of fisheries management services and improved standing at the regional level. Other activities (1.2) are programmed to support national implementation of the Port State Measures Agreement (PSMA) and to set up the national competent authority supporting tuna exports and transshipments in waters under national



jurisdiction. Benefits (and cost savings) would flow from clearer financial regulations and systems, from upgraded communication infrastructure, and improved operating procedures to implement PSMA obligations as a Port State and Flag State. Improved traceability systems through official catch and food safety certification (1.3) would contribute to increased export and national value chain revenues. Component 1, benefits (and cost savings) would flow from clearer financial regulations and systems, with streamlined license applications and cross-checks, and more cost-effective processes through upgraded communication infrastructure and improved operating procedures to implement PSMA obligations as a Port State and Flag State. Improved traceability systems through official catch and food safety certifications (1.3) would contribute to increasing export and national value chain revenues. In 2020, license revenue collection by the TFD exceeded US\$31 million. The benefits from strengthened control, oversight, and efficiency are assumed to increase from USD\$0.5 million per year in year 2 to US\$2.0 million in year 6, representing between 1 percent and 6 percent of the annual revenue (2020 value) over the project duration, and US\$2.5 million per year between year 7 and year 10.

84. Component 2 expected benefits would result from increased oceanic fisheries management and capacity building through the monitoring, control, and surveillance (MCS) and competent authority (CA) investments (2.1) with sea patrols, observer deployment, and new capacity for port inspections of transshipments and landings from the Distant Water foreign fleet to implement the PSMA. Development of local fishing activities targeting oceanic stocks would also be supported, through (2.2) a domestic Vessel Monitoring System, and the provision of safety equipment and of landing, ice-making, and cold storage equipment for coastal communities. Expected benefits would arise from stronger access fee revenues and improved oceanic fisheries returns from local vessels landings and employment, including through the regional observer program.³²

85. The FFA Economic Development Indicators report³³ provides tuna-related employment data for Tuvalu, which includes harvest, processing, and ancillary services sectors; observers; and government employees (artisanal sector not included) in 2019 at 125 people employed. The scale of potential job creation from TV PROPER investments will be identified in feasibility studies for (i) the procurement and operationalization of an exploratory fishing vessel and fishing equipment; (ii) development of commercial export tuna fisheries; (iii) procurement of floating jetties for Funafuti and roll-up ramps for outer islands to support small-scale fishing fleets; (iv) domestic and export market studies and trials; and (vii) development of pilot low-carbon cold chains in outer islands.

86. Component 3 activities aim to strengthen regional collaboration and national capacity to manage coastal fisheries by (3.1) increasing local monitoring and resource management capacities through collaborative data collection (creel surveys), monitoring to prevent ciguatera poisoning, and MCS programs; and (3.2) developing research and small-scale aquaculture by the Outer Islands Steering Groups, with local UVS, biological research, and local aquaculture projects. The overall cost of both subcomponents is budgeted to be US\$2.47 million over 6 years. In a first instance, benefits from Subcomponent 3.1 are assumed to arise from improved reef and coastal ecosystem services, in terms of biodiversity, sustainable yields, and support to community livelihoods and nutrition, increasing from US\$0.5 million per year in year 1 to US\$1.0 million in year 6. For Subcomponent 3.2, benefits would arise from improved community management capacity in the Outer Islands, bringing food security through functional fish-bases, markets, and aquaculture projects, assumed to bring US\$0.5 million per year between year 3 and year 5, and US\$1.0 million per year in year 6 and thereafter without further investments.

87. Benefits from activities to improve or extend existing systems to manage oceanic and coastal fisheries in Tuvalu are expected to accrue to the national government and to coastal and Outer Islands communities. Activities under

³² Ruaia T., S. Gu'urau, and C. Reid 2020. Economic and Development Indicators and Statistics: Tuna Fisheries of the WCPFC. FFA, Honiara.

³³ Ruaia, Gu'urau, and Reid 2020.



Component 1 would generate marginal benefits mostly to the national government, the fisheries sector through increased efficiency and transparency of fisheries management services, and improved standing at regional levels through the TFA and competent authorities for tuna exports. Component 2 activities would benefit the national government as the national MCS capabilities are strengthened. Coastal communities would also benefit from improved landing infrastructure and improved safety at sea. Component 3 benefits would accrue mostly to coastal and Outer Islands communities.

88. The IRR estimated at the end of the Project (6 years), using a discount rate of 6 percent, would be 16 percent, with a net present value (NPV) of US\$5.96 million. Institutional strengthening activities in Components 1, 2, and 3 would be expected to keep delivering benefits over at least 10 years with no additional investment, leading to a potentially larger IRR of 28 percent and an NPV of US\$26.73 million. The IRR is not overly sensitive to a decrease in expected returns or to increased costs. The IRR after 10 years would decrease to 19 percent if expected benefits were decreased by 20 percent and costs increased by 20 percent.

89. Public sector provision of fisheries sector support remains necessary, as the private sector is limited in Tuvalu due to population size (it is the third-smallest independent country in the world), as well as transport constraints due to its remoteness. However, the Project will support TA on value-added product development and fish product development trials, and identify constraints and opportunities for fisheries investments. A feasibility study and a trial and export market study will be conducted to inform the development of a local tuna fishing fleet to maximize economic benefits for the domestic industry. The seafood safety activities under Subcomponent 1.3 will support accreditation of the Tuvalu CA and provide EU and other market access.

90. The WB will add value through its economic and technical expertise in the fisheries sector in the Western and Central Pacific Ocean (WCPO) and parallel support to the FFA, providing additional indirect support to Tuvalu. At effectiveness in 2014, PROP was the largest fisheries sector project in Tuvalu's history. TV PROPER reflects the WB's recognition of the importance of the sector and the Tuvalu government's commitment to this ongoing partnership.

B. Fiduciary

(i) Financial Management

91. A financial management (FM) assessment was carried out on April 25, 2023. In general, the proposed project FM arrangements meet the minimum WB requirements. The main FM risks are caused by the operating environments with low fiduciary capacity, remote locations, and internal control weaknesses. The FM mitigation measures include (i) the TFD has been selected as implementing agency (IA), which has prior experience as an IA for PROP first phase; (ii) the PMU is already in place, with personnel who are now experienced with and knowledgeable about WB project management; (iii) the CPMO is also in place to provide FM support as needed; and (iv) all project FM roles, responsibilities, and processes will be clearly set out in the project FM instructions as part of the POM, which will include the standardized FM manual. The underlying thin capacity across the public sector and high dependency on a small number of key personnel means it is not possible to fully mitigate Institutional Capacity Risk; thus, these risks remain substantial after mitigation. See Annex 1 for further details on FM arrangements.

(ii) Procurement

92. **Procurement will be carried out in accordance with the WB Procurement Regulations for IPF Borrowers (Fourth Version) dated November 2020.** The WB's Standard Procurement Documents must be used for all international competitive procurement. Procurement activities following national procurement arrangements must be conducted in accordance with the requirements detailed in the Procurement Regulations (paragraphs 5.3 through 5.6), using



documentation acceptable to the WB (as agreed) and as further elaborated in the approved Procurement Plan as loaded to the Systematic Tracking of Exchanges in Procurement (STEP) tool and approved.

93. **The TFD as the implementing agency has experience implementing a WB-financed project: Tuvalu PROP (P151780).** The CPMO, which includes an internationally recruited procurement adviser, is available to support, advise, and guide the implementing agency as it prepares and implements this WB-financed project. Thus, the TFD will be adequately supported to mitigate experience and capacity constraints and ensure that the planned and approved procurement activities are progressing in a timely manner. Key procurement documents and processes underpinning risk mitigation are:

- a. **Project Operations Manual (POM).** The POM must include a section on procurement arrangements, and will detail the requirements, roles and responsibilities, and service standards for procurement and contract management under the project.
- b. **Project Procurement Strategy for Development (PPSD) and Procurement Plan.** PPSD is finalized, to be endorsed at the project appraisal stage. It will outline the procurement arrangements for the Project (to include reference to Advance Contracting and Retroactive Financing). A detailed Procurement Plan covering the first 24 months of the Project is already prepared and will be approved prior to negotiations. There are no large-value complex international procurement packages under this Project.
- c. **STEP and procurement planning.** Use of the STEP system (including the contract management module) will be mandatory under this project. This tool is currently being used in all WB-financed projects in Tuvalu. Central Project Management Office (CPMO) procurement staff are familiar with the STEP system and will coordinate and support the TFD Project Management Unit (PMU). The WB's Hands-On Expanded Implementation Support (HEIS) and Procurement Capacity Building and support will be provided as needed and will be supplemented with periodic face-to-face training to be conducted in the country, both for the familiarity and understanding of the procurement requirements and the STEP system.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

94. The overall environmental and social (E&S) rating is Moderate in locations of moderate sensitivity with mostly temporary impacts, which would be managed through conventional E&S risk management approaches. The Project is expected to have a largely positive environmental impact through improved management and sustainability of fisheries. Activities include occupational health and safety (OHS) risks, risks in the equitable distribution of Project benefits, and risks and benefits to coastal fisheries livelihoods. Appropriate E&S instruments have been prepared, namely an Environmental and Social Management Plan (ESMP), Labor Management Procedure (LMP), Stakeholder Engagement Plan, and Environmental and Social Commitment Plan, and are deemed acceptable to the Bank. Consultations with key stakeholders were extensively conducted to inform and improve the project design and incorporate key stakeholder input/feedback to inform these E&S risk management documents. These draft documents were disclosed in-country on August 10, 2023, on the Tuvalu Fisheries Department website,³⁴ and internally on the WB site on October 15, 2023. A

³⁴ <https://tuvalufisheries.tv/library/>.



plain language E&S and instrument summary have been provided and comments from stakeholders invited. Consultation on the E&S risk management instruments is detailed in the ESMP and Stakeholder Engagement Plan.

95. The project activities with E&S implications include the upgrading of the Vaitupu Milkfish farm, coral rehabilitation, construction of a watchman's hut, and general activities that encompass various aspects of the Project, including procurement and use of equipment and technology, undertaking surveys and trainings, and TA.

96. Upgrading existing aquaculture facilities may result in various environmental and social impacts, depending on the scale and type of support provided. The ESMP includes requirements to assess and develop specific mitigations during Project implementation, with a technical expert consultant undertaking an E&S assessment of the proposed upgrades in alignment with the International Financial Corporation's (IFC's) Environmental Health and Safety Guidelines for Aquaculture. The consultant's output will be reviewed by the PMU and WB's E&S Specialists to determine the level of risk and the need for further measures, if required. The risks associated with coral rehabilitation projects have the potential to impact reefs where coral is harvested if planting materials are not sustainably sourced. To balance the potential negative impacts and enhance the potential positive impacts, the coral rehabilitation subprojects that have the highest likelihood of success will be selected, and this will be done through assessing and ranking the grant applicants, including selecting corals that are resistant to bleaching, and locations with a strong potential for restoration and regeneration. Construction of a watchtower will pose environmental risks that are temporary and manageable through the ESMP. The ESMP includes an assessment process and ToRs to guide review and update of a previously prepared Contractors Environmental and Social Management Plan (CESMP) for gaps to manage these risks, to ensure it meets the ESMP requirements and the WB's ESF.

97. Most of the project general activities risks are rated Low, except for safety risks associated with vessel use and certain surveys, which are categorized as moderate risk. Activities associated with vessels and safety gear use could create OHS risks during training, testing of equipment, maintenance, or performance of duties. Procurement of exploratory fishing vessels could create waste/spill risks associated with operation and maintenance. The trialing of electronic equipment, replacement of safety-at-sea equipment, and deployment of office and ICT equipment are associated with negligible waste. These will be mitigated through applying and having in place industry Standards of Performance for vessel operation, and effective electronic waste management for end-of-life electronics procured under the project. OHS and construction risks will be managed in accordance with the ESMP and LMP, which will be aligned to the Good International Industry Practice and Environmental Health and Safety Guidelines. The relatively large number of small and diverse activities requires a differentiated and subcomponent-specific approach to OHS risk identification and mitigation. The ESMP and LMP include activity-specific OHS management measures; requirements for TORs for technical assistance to develop OHS Standards of Performance, including Job Hazard Assessments; and emergency preparedness and response procedures. Community worker OHS risks are managed through the LMP and Code of Practice for Volunteer Workers. OHS risks of the watchman's hut and hut construction and operation will be covered by a Contractors Environmental and Social Management Plan (CESMP) already prepared, and would be updated during detailed design, as well as an Environmental and Social Code of Practice for Small Infrastructure. This Environmental and Social Code of Practice also covers OHS risks of other small infrastructure investments, for example, milkfish farming. Potential for downstream (that is, future) E&S risks and impacts associated with TA for legislative and policy change will also be assessed during project implementation, and this will be included in the TORs for the respective scope of work.

98. The risks associated with vessels will be further mitigated by institutional capacity building resulting from the development of a National Fleet Management Policy, which will have a positive impact for the sustainable management of fisheries. TA for drafting regulations to reduce illegal and unregulated fishing will also result in a positive impact on the environment and ecosystems. TFD training activities including but not limited to safety at sea, monitoring, control and surveillance, inspections, and product testing in the sanitary competent authority are also expected to have positive



impacts, resulting in improved compliance by the private sector, and improved/increased local government monitoring of external fishing activities in coastal waters.

V. GRIEVANCE REDRESS SERVICES

99. **Grievance Redress.** Communities and individuals that believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The project already has a functional grievance redress mechanism in place for PROP phase 1, the same system would be used for TV PROPER, and its accessible through the village community reporting system, the CMPO and TFD. The TV PROPER POM will include the GRM mechanism and its implementation. The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project-affected communities and individuals may submit their complaints to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank noncompliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank management and after management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.

VI. KEY RISKS

100. **Overall Risk Rating.** The overall project risk is rated Substantial, with Substantial risks for Technical Design, Fiduciary, and Institutional Capacity for Implementation and Sustainability.

101. **Technical Design Risk.** The amount of TA requiring TORs, concept papers, review of technical output/reports, and so forth, may delay implementation. This risk will be mitigated by using the services of specialized technical experts from within the region, such as FFA, SPC, (through WB PROP projects), and others hired by the project to develop TORs, and review and provide quality assurance on technical reports. Potential risks around the use of drones and compliance with the United Nations Convention on the Law of the Sea (UNCLOS) will be mitigated by applying WB Guidance Notes on "Managing the risks of unmanned aircraft operations in development projects," and on "IBRD/IDA Financing of Fisheries Enforcement Activities." A draft drone standard operating procedure to govern day-to-day operations and a maintenance plan have been developed based on the manufacturer's recommendations. This would be updated to ensure any gaps in line with current international standards are observed. In addition, the project ESF instruments include risk mitigation requiring that all drone operators under the project must be trained and licensed prior to procurement, which should be part of the contract for operation, maintenance, and transfer of equipment. Additional risk assessment would be conducted during activity implementation.

102. **Fiduciary Risk.** This risk is associated with limited institutional capacity within the TFD, and there is only a small pool of Tuvalu-based fiduciary experts, especially those with experience in World Bank (WB) procurement processes. The Project's procurement risk has been assessed as Substantial. Limited market capacity is the main cause of delays in procurement processing and poor contract management practices, which contributes to delays in the overall implementation progress. The government was offered and encouraged to make use of the WB's Hands-On Expanded Implementation Support (HEIS), as required, during implementation, to build in-country procurement capacity. This has



been accepted in principle and will be finalized during project implementation. In addition to HEIS missions that could take place, the Bank would include biweekly check-ins after effectiveness. This would be reduced to monthly check-ins as Project implementation capacity improves. Recognizing that the lack of fiduciary capacity affects all WB-financed projects, the Government of Tuvalu (GoT) has established a Central Project Management Office (CPMO), within the Ministry of Finance, with the necessary expertise and resourcing to support procurement processing and to proactively mitigate the associated risks. However, the presence of the CPMO would not sufficiently mitigate the risk because of the increasing Tuvalu portfolio and responsibility to support all projects.

103. The Project's financial management (FM) risk has also been assessed as Substantial. The main risk is caused by operating in remote locations, internal control weaknesses, and Tuvalu's weak disbursement profile during PROP Phase One. This risk will be mitigated by TFD's prior experience with Bank FM processes through PROP, including active involvement in the project design phase. The PMU is already in place; prior experience with and knowledge of Bank FM procedures, and active support from the CPMO will further mitigate implementation risks. However, the underlying thin capacity across the public sector and high dependency on a small number of key personnel means it is not possible to fully mitigate fiduciary risk. Thus, it remains Substantial after mitigation.

104. **Institutional Capacity for Implementation and Sustainability Risk.** Due to the small size of Tuvalu's public sector, public servants have wide-ranging responsibilities, and administrative capacity is stretched. In addition, the transition period from the TFD, prior to the expected TFA start date when the required structure is being put in place, would also likely impact implementation. This will be mitigated through providing interim consultant staff to support the new TFA structure. In addition, TFD's prior experience as an implementing agency would contribute to a reduced risk for implementation. The PMU is already in place and operational, with personnel who are experienced with and knowledgeable about Bank project management, with active support from the CPMO (focusing on fiduciary and E&S risks) that was established in 2021 within the Ministry of Finance, which will further mitigate implementation risks. However, current underlying thin capacity across the public sector, and high dependency on a small number of key personnel means it is not possible to fully mitigate Institutional Capacity, Technical Design, and Fiduciary (Tuvalu's weak disbursement profile during PROP Phase 1) risks. Thus, these risks remain Substantial after mitigation and would be reviewed as implementation progresses.

**VII. RESULTS FRAMEWORK AND MONITORING****Results Framework****COUNTRY: Tuvalu****Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience: Tuvalu****Project Development Objectives(s)**

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

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

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Fisheries management								
Fisheries management informed by timely availability of fisheries data to national and regional stakeholders (Number)		0.00	0.00	1.00	2.00	3.00	4.00	4.00
Observer reports submitted electronically (minimum) (Percentage)		20.00	20.00	30.00	40.00	65.00	90.00	90.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Tuvalu-flagged tuna purse seiners reporting within deadlines to the Western and Central Pacific Fisheries Commission (Percentage)		100.00	100.00	100.00	100.00	100.00	100.00	100.00
Records database for sanitary competent authority (CA) operational (Yes/No)		No	No	No	No	Yes	Yes	Yes
Islands with annual estimates of total catch of tuna and reef fish (cumulative) (Number)		0.00			1.00	2.00	4.00	4.00
Indicator species with reversal of an overfished status for target area (FCA) (minimum) (Number)		0.00	0.00	1.00	2.00	3.00	4.00	4.00
Fisheries development								
Beneficiaries satisfied with fisheries development activities (Percentage)		0.00	0.00	50.00	60.00	70.00	70.00	80.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Component 1: Strengthening Policy and Institutions										
Instruments developed or amended to strengthen policy and institutions (Number)		0.00	1.00	1.00	2.00	3.00	4.00	4.00	4.00	4.00
Legislation establishing the Tuvalu Fisheries Authority (TFA) drafted and submitted for approval (Yes/No)		No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
National Fleet Management Policy (NFMP) to ensure compliance of Tuvalu-flagged fishing vessels with regional commitments prepared and submitted (Yes/No)		No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Instrument for accession to the Port State Measures Agreement (PSMA) prepared and submitted (Yes/No)		No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Demand for accreditation of the Sanitary Competent Authority (CA) submitted to the		No	No	No	Yes	Yes	Yes	Yes	Yes	Yes



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
European Commission (EC) (Yes/No)									
Reliable high-speed connection for Fisheries headquarters and direct online communication with staff in outer islands (Yes/No)		No	No	No	Yes	Yes	Yes		Yes
In-country and overseas training delivered (cumulative) (Number)		0.00	0.00	5.00	10.00	15.00	20.00		20.00
Number of females benefitting from the trainings (cumulative) (Number)		0.00	0.00	2.00	4.00	6.00	10.00		10.00
Component 2: Strengthening Regional Collaboration and National Capacity for Oceanic Fisheries									
Fisheries staff trained and warranted as authorized officers under the Marine Resources Act (cumulative) (Number)		0.00	0.00	1.00	2.00	3.00	4.00		5.00
Females warranted as authorized officers (cumulative) (Number)		0.00	0.00	0.00	0.00	1.00	2.00		2.00
National observer program reinstated and maintained at 80 active observers (number / year) (Number)		60.00	60.00	65.00	70.00	75.00	80.00		80.00
National observer trainers accredited		0.00	0.00	0.00	2.00	2.00	2.00		2.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
(cumulative) (Number)									
Multipurpose fishing vessel operational (fishing days per year) (Days)	0.00	0.00	10.00	20.00	40.00	60.00			60.00
Small-boat Vessel Monitoring System tested on trolling boats on Funafuti (vessels equipped) (Number)	0.00	0.00	2.00	4.00	8.00	20.00			20.00
Component 3: Strengthening Regional Collaboration and National Capacity for Coastal Fisheries									
Islands developing new bylaws (Number)	1.00	1.00	2.00	4.00	6.00	8.00			8.00
Species with determined size at first maturity (cumulative) (Number)	0.00	3.00	6.00	10.00	15.00	20.00			20.00
Creel surveys analyzed (cumulative) (Number)	0.00	460.00	920.00	1,380.00	1,840.00	2,300.00			2,300.00
Giant clam spawning realized annually at the Funafuti hatchery (cumulative) (Number)	0.00	0.00	1.00	2.00	3.00	3.00			3.00
Component 4: Project Management									
Grievances registered related to delivery of project benefits that are actually addressed (Percentage)	0.00	50.00	50.00	60.00	60.00	70.00			70.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Fisheries management informed by timely availability of fisheries data to national and regional stakeholders	The number corresponds to interim targets of the sub-indicators achieved in the covered period. This indicator measures both the regional collaboration and national capacity aspects of the PDO.	Annual.	PMU reports. See sub-indicators.	Aggregation of results from the sub-indicators.	PMU M&E Specialist.
Observer reports submitted electronically (minimum)	Percentage of observer reports that submitted via e-reporting instead of paper reporting. The indicator will measure the achievement of the PDO in providing timely information and fostering regional collaboration, and will illustrate improved capacity in TFD and regional collaboration.	Annual.	Observer reports and observer program unit's monitoring system.	Comparison of number of observer reports submitted in paper and electronic format.	Observer program unit in the TFD Oceanic/Offshore Division and PMU M&E Specialist.
Tuvalu-flagged tuna purse seiners reporting within deadlines to the Western and Central Pacific Fisheries Commission	Percentage of Tuvalu-flagged tuna purse seiners providing daily catch and effort reports to WCPFC by the deadline of 30th April specified in conservation	Annual.	WCPFC annual report on CMM2022-26 (or any CMM which	Compliance ratio provided by the report.	TFD Oceanic/Offshore Division, and PMU M&E Specialist.



	and management measure CMM2022-06 (or any CMM which supersedes this measure).		supersedes this measure).		
Records database for sanitary competent authority (CA) operational	CA records database developed and populated to ensure traceability of fish products, delivery of safe products and facilitated trade of tuna products at regional and international levels. The indicator will measure the achievement of the PDO in providing timely information and fostering regional and international trade, and will illustrate improved capacity in CA.	Annual.	CA records database.	Evidence of CA records in the electronic database	CA, PMU, and M&E Specialist.
Islands with annual estimates of total catch of tuna and reef fish (cumulative)	Number of islands with reported annual catch of tuna and reef fish within Tuvalu archipelagic waters or territorial sea. The indicator will illustrate the improvement of TFD capacity on catch data recording, management, and analysis. Currently little or no records are reported or recorded.	Annual.	TFD Coastal/Inshore Division progress report.	Review of TFD Coastal/In-shore Division catch report from islands, Kapuele records.	TFD Coastal/Inshore division, and PMU M&E specialist.



Indicator species with reversal of an overfished status for target area (FCA) (minimum)	Number of fish species with reversal of an overfished status for target areas surveyed. Overfished status is measured by the percentage of mature individual (>50%) in catch for one particular species.	Annual.	Records of survey by TFD Coastal/Inshore Division.	Creel surveys and size-at, first, maturity analysis in specific areas (TCA).	TFD Coastal/Inshore Division.
Beneficiaries satisfied with fisheries development activities	Survey assessing beneficiaries' perception of Community Based Resource Management (CBRM) and fisheries development activities supported by the project, including support for fisheries management plan development and resource monitoring, infrastructure, pilot fishing, and associated activities (e.g., safety at sea). The survey would be modulated to respond to CE implementation and reporting.	Annual.	Survey carried out of project beneficiaries.	Survey administered to project beneficiaries.	Experimental vessel operators, TFD, and PMU M&E specialist.



Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Instruments developed or amended to strengthen policy and institutions	Number of instruments developed or amended to strengthen policy and institutions.	Annual	Draft instruments.	Reports on drafted instruments.	TFD Oceanic/Offshore and Coastal/Inshore Divisions.
Legislation establishing the Tuvalu Fisheries Authority (TFA) drafted and submitted for approval	TFA legislation drafted and presented to parliament.	Once.	TFD report and record of legislation review and revision process.	Progress report on legislation process.	TFD, and PMU M&E Specialist.
National Fleet Management Policy (NFMP) to ensure compliance of Tuvalu-flagged fishing vessels with regional commitments prepared and submitted	NFM Policy compliant with PNA, FFA, and WCPFC prepared and submitted. The indicator will measure the achievement of the PDO in ensuring a NFPMP policy that would foster regional collaboration and will illustrate improved regional collaboration and capacity in TFD for fleet management, on locally flagged vessels.	Once.	TFD report and record of policy review, drafting and revision process.	Progress report on policy preparation and submission.	TFD, FFA, PNA, PMU M&E Specialist.
Instrument for accession to the Port State Measures Agreement (PSMA) prepared and submitted	PSMA agreement instrument for accession prepared and submitted. The indicator will measure	Once.	TFD report and record of drafting, submission	Progress report on preparation and submission of the instrument for	TFD and M&E Specialist.



	the achievement of the PDO in fostering regional collaboration and will illustrate improved regional collaboration and capacity in TFD for IUU fishing management.		and processing the PSMA instrument for accession.	accession.	
Demand for accreditation of the Sanitary Competent Authority (CA) submitted to the European Commission (EC)	CA accreditation process commenced, and application submitted to the EC. The indicator will measure the achievement of the PDO in the progress toward accreditation of CA by the EC.	Once.	TFD report and record of CA application processing with EC.	Progress report on CA application preparation, submission and processing.	TFD Oceanic/Offshore Division, and PMU M&E Specialist.
Reliable high-speed connection for Fisheries headquarters and direct online communication with staff in outer islands	Number of days of availability of internet service provider (ISP) to support collection, analysis, transfer, and communication of data and information nationally.	Annual.	Records of ISP use for every TFD operations	Records of days deemed to have very unsuccessful ISP.	TFD HQ Funafuti, TFD outer island stations, and PMU.
In-country and overseas training delivered (cumulative)	Cumulative number of trainings attended or delivered for staff. Measure staff capacity enhancement through training.	Annual.	Training attendance sheet, individual staff career files maintained by the Human Resources	Review of training attendance sheet and individual officer career files.	TFD Human Resources Division, and PMU M&E Specialist.



			Division.		
Number of females benefitting from the trainings (cumulative)	Number of females of the staff trained in TFD. This would record TFD effort toward addressing gender disparity and measure number of women that are included in every TFD training conducted or delivered or sent for training overseas.	Annual.	Training attendance sheet, individual staff career files maintained by the Human Resources Division.	Review of training attendance sheet and individual staff career files.	TFD Human Resources Division, and PMU M&E Specialist.
Fisheries staff trained and warranted as authorized officers under the Marine Resources Act (cumulative)	Cumulative number of fisheries officers trained and warranted as authorized officers.	Annual.	Training attendance sheet, individual officer career files maintained by the Compliance Unit and Human Resources Division.	Review of training attendance sheet and individual officer career files.	TFD Oceanic/Offshore Division, and PMU M&E Specialist.
Females warranted as authorized officers (cumulative)	Number of trained officers from the cumulative trained that are female.	As per parent indicator.	As per parent indicator.	As per parent indicator.	TFD, and PMU M&E specialist.



National observer program reinstated and maintained at 80 active observers (number / year)	Cumulative number of observers operational in the program	Annual.	Training attendance sheet, individual observer career files maintained by the observer program unit and Human Resources Division.	Review of observer program unit records, logbooks, and career files.	Observer program unit, Human Resources Division, and PMU M&E Specialist.
National observer trainers accredited (cumulative)	Measure the observer operation capacity enhancement through number of accredited observer trainers accredited.	Annual.	Pacific Islands Regional Fisheries Observer (PIRFO) Trainers Certificates and Certificate 4 in Training Assessment and Evaluation.	Review of training certificates and observer career files maintained by the observer program unit and the Human Resources Division	Observer Program unit, Human Resources Division, and PMU M&E Specialist.
Multipurpose fishing vessel operational (fishing days per year)	This indicator will monitor the number of days in a year	Annual.	Records of fishing vessel	Review of fishing vessel logbook records.	TFD, and PMU M&E



	of operation of a multipurpose fishing vessel acquired under the project.		operations / logbooks.		Specialist.
Small-boat Vessel Monitoring System tested on trolling boats on Funafuti (vessels equipped)	Number of small boats fitted with VMS beacon and registered into the VMS database and subsequently tracked by TFD MCS Center to inform decision-making process at national and regional level.	Annual.	Records of small vessels from TFD MCS Center's VMS platform and Licensing unit of TFD Oceanic/Offshore and Coastal/ Inshore Division database.	Comparison of the information in the license database and the VMS database.	TFD MCS Center, Licensing unit of TFD Oceanic/Offshore and Coastal/Inshore Division, and PMU M&E Specialist.
Islands developing new bylaws	Numbers of islands developing new bylaws supporting fisheries management and organizational process to establish community consensus toward fisheries management. The process includes consultations, training on the by-laws and implementation for resource monitoring, and decision on management measures.	Annual.	Approved and adopted bylaws and elements confirming adoption.	At the end of the reporting period elements demonstrating that bylaws are approved or is adopted.	TFD Coastal/Inshore Division, Kapuale, PMU Community Liaison Officer, and PMU M&E Specialist.



Species with determined size at first maturity (cumulative)	Number of fish species, that have been recorded through catch size census , sampling and for which size at first maturity (Lm50) has been determined (size for which 50% of individuals are sexually mature).	Annual.	Size at first maturity analysis reports.	Review of creel surveys and size at first maturity analysis reports.	TFD Coastal/Inshore Division, and PMU M&E Specialist.
Creel surveys analyzed (cumulative)	Number of creel surveys analyzed to inform evidence-based fisheries management.	Annual.	Creel survey reports.	Review Management Information System (MIS) Database.	TFD Coastal/ Inshore Division, and PMU M&E Specialist.
Giant clam spawning realized annually at the Funafuti hatchery (cumulative)	This indicator will monitor annual realized giant clam spawning events at the Funafuti hatchery.	Annual.	Hatchery records.	Review of hatchery records.	TFD aquaculture unit, and PMU M&E Specialist.
Grievances registered related to delivery of project benefits that are actually addressed	Measure the percentage of grievances received from project beneficiaries and actually processed by TFD / PMU(percentage)	Annual	Individual grievance files.	The total number of grievances received against number addressed expressed as a percentage will be monitored. The indicator will be achieved if the percentage of grievances addressed of cases received is equal or above 70 percent.	TFD, PMU M&E Specialist.

**ANNEX 1: Implementation Arrangements and Support Plan****COUNTRY: Tuvalu**

Pacific Islands Regional Oceanscape Program—Second Phase for Economic Resilience: Tuvalu

Implementation Arrangements

1. The TFD will be the implementing agency (IA) for the Project. The TFD has extensive knowledge of WB policies and procedures, having implemented the PROP first phase project, with a fully staffed PMU. To avoid project implementation delays and the need to train new staff, the PROP first phase PMU staff are being maintained due to their knowledge of WB operations. They are involved in project preparation, ensuring they are familiar with PROPER, ultimately leading to a smooth transition to implementation. The PMU will remain under the leadership of the TFD Director of Fisheries.
2. The PMU will be responsible for day-to-day management of the project, including financial management (FM), procurement, preparation of E&S instruments, consolidation of the workplan and budget, financial audit, and compliance with WB ESF, M&E, and a learning system. When required, individual consultants with specialized skill sets and preferably familiar with WB operations, will be recruited to support the PMU. The CPMO will provide additional project management oversight, support, and backstopping for procurement, FM, and ESF.
3. The Tuvalu Cabinet has approved a proposal for the TFD to be transitioned to the TFA. The draft bill to effect this change had its first reading in Parliament in July 2023, following a nationwide consultation, and is expected to pass into law in the Parliamentary session in November 2023. It is planned that 2024 will be a transitional year and the TFA will start operating in 2025. The transition period prior to the expected TFA start date would be used to conduct the required WB fiduciary assessments, to confirm TFA has the required structure in place to be a project implementing agency (IA). The financial regulations and procedures and other management protocols and procedures will be developed during the transition period starting in 2024, and the WB fiduciary and ESF teams will conduct the required appraisal of the TFA during this transitional period. It is expected that a project restructuring will be required once the authority has been established and a signed subsidiary agreement will be required when restructuring is approved.
4. A Project Steering Committee that was established under the PROP first phase will be maintained for the project and will be responsible for strategic guidance, synergy, and coherence of the Project with TFD's Corporate Plan 2023–2025. The members of the Project Steering Committee are provided in table A1.1. The Project Steering Committee will meet regularly, at least on a biannual basis. Any members may request an additional meeting through the Tuvalu PROPER project coordinator, as may be required to respond to specific issues.
5. Project infrastructure activities will also require review and approval from the National Infrastructure Committee. Island Steering Groups will also be established to enhance stakeholder advisory capacity to PROPER.

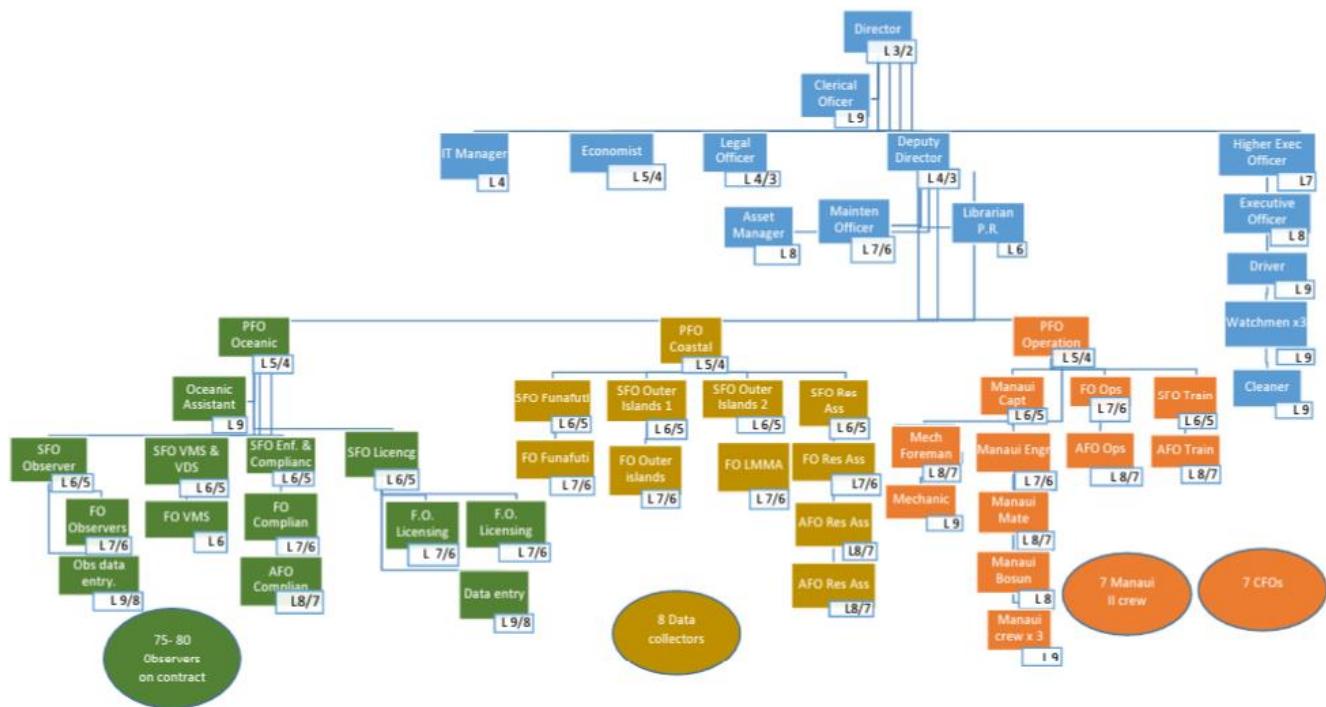


Table A1.1. Project Steering Committee Members

Agency	Members
Fisheries Department	Director (chair) and senior staff
PROPER PMU	Coordinator and others, as required
TFSP2 (complementary Project)	Project manager, adviser
CPMO (Ministry of Finance)	Manager or nominee
Other government department and agencies, e.g., environment, agriculture, etc.	Director or nominee

6. The Project will be implemented by the TFD, which will be responsible for coordination and implementation of the Project through the PMU. The PMU will be responsible for day-to-day management of the Project, including FM, procurement, and ESF compliance and reporting to the TFD and Project Steering Committee. The POM will describe the institutional arrangements for day-to-day project execution, including procurement, ESF compliance, FM, M&E, and the relationship with the CPMO. The POM would also provide clarifications for provision of equipment and implementation by TFD of community activities under Part 3 of the Project. Figure A1.1 shows the organizational structure.

Figure A1.1. Tuvalu Fisheries Department (TFD) Organizational Structure



Procurement

7. **Institutional arrangements for procurement.** The implementing agency will be responsible for ensuring that the procurement requirements of all the subcomponents are met. It will also be supported by a procurement adviser and a procurement officer within the CPMO.



8. **Applicable procurement regulations.** Procurement for the Tuvalu PROPER will be carried out in accordance with the WB Procurement Regulations for IPF Borrowers (Procurement Regulations), dated November 2020, and the provisions stipulated in the Financing Agreement. For procurement activities subject to international competition based on method thresholds, the WB's Standard Procurement Documents must be used. Procurement under the Project will also need to be transacted in accordance with the requirements of the GoT, to the extent that those requirements are consistent with the requirements detailed in the applicable Procurement Regulations. In case of inconsistencies or conflicts, the requirements in the WB Procurement Regulations take precedence. The Project Implementation Guidance (ProcGuide) prepared for fragile and small states in the Pacific, which includes more detailed guidance and template procurement documents for use, will be a useful tool.

9. **Project procurement risk assessment.** A procurement risk assessment of the TFD has been carried out and the overall project procurement risk rating is Substantial.

10. **Procurement types.** The various types of procurements to be financed and indicative cost estimates are noted in table A1.2 and described in the following paragraphs.

Table A1.2. Types of Procurement (approximate)

No.	Procurement Type	Indicative Costs
I.	Works	US\$0.22 million equivalent
II.	Non-consulting services	US\$0.027 million equivalent
III.	Goods	US\$4.5 million equivalent
IV.	Consulting services	US\$2.5 million equivalent

- I. **Works.** This includes **construction of floating jetties**.
- II. **Non-consulting services.** This includes coral planting services from one local nongovernment organization.
- III. **Procurement of goods.** This may include fishery patrol vessels, fishing vessels and fishing gear, IT equipment, a vessel monitoring system, field equipment, monitoring devices, VHF equipment, and so on.
- IV. **Procurement of consulting services (firms and individuals).** Nineteen technical assistance firms and individual consultants will be selected under this project. The detailed activities can be seen in the procurement plan and PPSD.

11. **Advance contracting.** The GoT plans to proceed with the procurement processing of several key procurement activities before signing the Legal Agreement. In such cases, if the eventual contracts are to be eligible for WB financing, the procurement procedures, including advertising, shall be consistent with Sections I, II, and III of the WB Procurement Regulations. A Recipient undertakes such advance procurement at its own risk, and any concurrence by the WB on the procedures, documentation, or proposal for award of contract does not commit the WB to finance Tuvalu PROPER. Advance contracting will be used to prioritize the direct selection of the PMU consultants (previously engaged under Tuvalu PROP).

12. **Frequency of procurement supervision.** In addition to the prior review to be carried out by the WB, implementation support missions will be undertaken at least once a year. One in five procurement packages not subject to the WB's prior review will be examined ex post on an annual basis.

13. **Procurement Plan.** A Procurement Plan covering the planned procurement activities for the first 18 months of Project implementation will need to be prepared. The procurement arrangements for the key procurement activities under the Project will be detailed in the PPSD prepared by the Recipient. The PPSD and the 18-month Procurement Plan are completed and approved.



14. **STEP.** The use of the WB's STEP tool will be mandatory for the project. The STEP tool is currently being used in all other WB-financed projects in Tuvalu. Training on the use of the tool will be provided as required.

15. **Procurement risk assessment.** A procurement risk assessment has been carried out, and key procurement risk areas include:

1. Limited capacity, which may hinder procurement and contract management and lead to delays in procurement processing, resulting in delays in project implementation
2. A limited pool of locally based experts with experience in WB procurement processes
3. Poor response to market approaches for procurement activities subject to international competition

16. To help mitigate these risks, the CPMO, with its procurement adviser, will provide support to Tuvalu PROPER, although the task of managing and coordinating procurement activities in the project will be the responsibility of the Tuvalu PROPER Project Coordinator.

FM Implementation Arrangements

17. **FM risks and mitigation.** The main risks are caused by operating in environments with low fiduciary capacity, remote locations, internal control weaknesses, and Tuvalu's weak disbursement profile during PROP Phase One. To mitigate the risks, TA will be provided under the project to enhance the capacity of implementing agencies to perform FM functions, and to provide ongoing advisory support, as needed. The PMU under the TFD will be responsible for day-to-day implementation of PROPER in accordance with the well-established centralized system existing in Tuvalu. All project FM roles, responsibilities, and processes will be clearly set out in the project FM instructions as part of the POM, which will include the standardized FM Manual, including sections on budgeting, disbursement, FM arrangements, and monitoring and reporting. The establishment of the CPMO, including the CPMO-developed standardized FM Manual for all WB projects in Tuvalu, has reduced the assessed FM risk for Tuvalu projects. The CPMO support and monitoring will ensure that expenditures are properly recorded and documented and associated project fund flows are closely monitored.

18. **Staffing.** A Project Accountant will be hired to aid the TFD with FM aspects of project implementation and to work closely with the CPMO. The CPMO FM specialist will supply high-level oversight, training, and service support on project implementation; however, the costs for this support are funded through another WB-financed project.

19. **Budgeting.** A budget and annual work plan for the whole project will need to be prepared, with appropriate levels of detail (for example, component or category), and to send to the WB for No Objection.

20. **Counterpart Funding.** No counterpart funding is envisaged.

21. **Project Preparation Advance (PPA).** The GoT submitted a PPA request, which was received in July 2022. The PPA financing agreement was signed on June 29, 2023. All PPA ESF documents, that is, the Stakeholder Engagement Plan, LMP, and Environmental and Social Commitment Plan, have been approved by the WB. All PPA activities have TORs approved and requests for expressions of interest published. Retroactive financing of the PPA was from January 11, 2023.

22. **Funds Flow.** A new Designated Account (DA) will be set up for the project. The IA will coordinate and authorize the funds flow through the DA and make all payments for the project. Funds will flow from the WB to the government of Tuvalu via (i) advances, that is, funds will flow from the WB into the DA for advances, or to the nominated GoT bank account, for reimbursement of pre-financed expenditures, (ii) direct payments, (iii) reimbursement of expenditure, and (iv) special commitments.

23. **Accounting arrangements.** All government funds are bound by the Tuvalu Government Financial Instructions, and



CPMO has developed a Financial Management Manual (FMM) for guidance. Copies of all accounting records for the project must be supported and made available to auditors and the WB, as needed.

24. **Internal Controls.** Government agencies and public bodies in Tuvalu must follow the FM policies and procedures as detailed in the Public Finance Management Act (PFMA), revised in 2008. An internal audit (pre-audit process) function is performed by the Tuvalu Audit Office over government ministry transactions. The TFD does not have an internal audit and investigations division. Detailed step-by-step FM instructions will be supported as part of the POM. The CPMO will provide support to the PMU to prepare and support (via spreadsheets) a contract/commitments register and an asset register to ensure adequate controls over Project contractual payments and assets respectively sent to the audit office.

25. **Periodic Financial Reporting.** Project interim unaudited financial reports (IFRs) will be prepared and consolidated by the TFD on a quarterly basis. The financial reports will include an analysis of actual expenditure for the current period, year to date, and cumulative to date, plus outstanding commitments, compared against the total project budget. The format will be developed and agreed by the TFD, the IAs, and the WB before the due date for the submission of the first IFRs. The IFRs will be submitted by the TFD to the WB within 45 days of the end of each calendar quarter via the WB's Client Connection system.

26. **External Audit.** The Tuvalu financial year-end changes to June 30, starting from July 1, 2024. Currently, there are no overdue audits for WB projects in Tuvalu. The IA will prepare the annual Project financial statements, incorporating all Project components and expenditures, and the audited annual Project financial statements must be sent via the Client Connection system to the WB within six months of the end of the fiscal year and shall be made publicly available by the Recipient in a manner acceptable to the WB according to the General Conditions for IDA Financing: Investment Project Financing. The Tuvalu Audit Office handles the audits of public assets, liabilities, equity, and money, and the audit of financial statements of public bodies and related agencies. The audited Project financial statements are to be prepared by the "International Public-Sector Accounting Standard Under the Cash Basis of Accounting," as required by the TFD for all projects.

27. **Disbursement methods and supporting documentation arrangements.** IDA financing of the Project will be at 100 percent, inclusive of taxes. The Project expenditures eligible for financing are listed in table A1.3. The disbursement methods to be used in this project will be advance, direct payment, and reimbursement. The DA will be used for relatively small disbursements related to all Project components, including local purchases of goods and services and operating costs. For larger Project payments, the direct payment method can be used by the Project, and the withdrawal application enables funds to flow directly from the WB to the supplier. The DA ceiling will be AUD 800,000 and the minimum application for direct payment and reimbursement will be AUD 180,000. The POM will further detail disbursement aspects of the Project. The implementing agency will maintain a Statement of Expenditure to document eligible Project expenditures in Client Connection.

Table A1.3. Financing Agreement Disbursement Categories and Amounts

Category	Amount of the Grant Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs for the Project, except Part 2.2(b)	11,850,000	9,061,000	100%



(2) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Part 2.2(b)	700,000	536,000	100%
(3) Refund of Preparation Advance	500,000	403,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
TOTAL AMOUNT	13,050,000	10,000,000	

Implementation Support Plan

28. **Strategy and approach for implementation support.** The Project implementation strategy is based on (i) ensuring a high degree of implementation readiness of Project components; (ii) focused technical, financial, and procurement reviews by the WB; (iii) close and constant focus on high-risk areas, such as quality and speed of procurement; and (iv) close and continuous follow-up on issues highlighted during implementation support missions. The Implementation Support Plan will consist of a continuous dialogue with the TFD and Ministry of Finance, and will include systematic joint reviews of program implementation, and regular oversight and support for project fiduciary activities. It will enable the early identification of problems and the provision of timely TA to correct issues as they arise. Lessons learned from implementing the Project will be incorporated in future revisions of the POM, and further training will be offered to PMU staff and other relevant stakeholders, where necessary.

29. The WB will provide support on procurement and FM, as required. This will include training of the respective PMU staff; providing guidance on the technical specifications of TORs; reviewing procurement documents and providing feedback to the PMU; monitoring progress against the detailed Procurement Plan; reviewing the implementation of accounting, reporting, and internal controls; and providing feedback to the PMU based on the submitted reports.

30. Coordination will be maintained with other development partners and nongovernmental organizations working in the fisheries sector, in particular the governments of Japan, the Republic of Korea, and New Zealand.

31. **Implementation Action Plan.** Issues under PROP identified in the Implementation Completion and Results Report included delayed procurement due to limited local market service providers to serve the procurement pool, difficulties attracting international consultants, and reluctance of goods suppliers to ship to Tuvalu. These issues are also identified in the TV PROPER PPSD and will be addressed as outlined in table A1.4.

Table A1.4. Implementation Action Plan

Action	Date	Financing
TORs for TA to be prepared: a) TA International Observer Adviser	Prior to project effectiveness	TV PROPER PPA
b) Legal Consultant Updating Fisheries Legislation c) TA Develop policies, rules, and standard operating procedures for National Fleet Management Policy d) TA Legal Consultant to support regulations and legislation for vessel control and PSMA e) TA Implementation of PSMA regulation	Within 12 months of project effectiveness	



f) TA Specifications development for MCS center and VMS room g) TA MCS equipment installation and setup h) TA Assessment of emerging MCS technology i) Feasibility study (TA) for establishing and operating permanent, climate-resilient fishery infrastructure (boatyards, jetties, ramps) j) TA International. Domestic Market study (related to fishery trials) k) TA Fisheries Specialist on options for developing an industrial tuna purse seine fishery l) Cold Storage (solar) specialist m) TA international. IT Consultant to maintain, update, and improve Management Information System (MIS) database n) TA international. Training in Exploratory Statistics o) TA international. Hands-on training for operators and documentation.		
Firm TORs to be prepared in advance: (1) TA Institutional Organizational Framework, Financial Regulations and Systems (2) TA Development of CA inspection and control manuals.	Prior to project effectiveness	
(3) TA for MCS Technical Development (4) Feasibility study (TA) for establishing and operating permanent, climate-resilient fishery infrastructure (boatyards, jetties, ramps) (5) TA Market Study and Product Development (6) TA Aquaculture (milkfish).	Within 12 months of project effectiveness	

32. **Team composition.** The WB's implementation support team is expected to consist of two experienced co-task team leaders in charge of overall coordination of TV PROPER activities, and an environmental analyst and operations officer to support implementation. In addition, regionally based technical, procurement, FM, and E&S specialists will provide implementation support in their areas of expertise. If required, implementation support consultants will be hired on an ad-hoc basis to provide real-time TA to the TFD to support smooth implementation where capacity is inadequate.

33. **Implementation Support Plan and resource requirements.** Three implementation support missions will take place during the initial 12 months of implementation. This will be reduced to two implementation support missions in subsequent years. These periodic support missions will be complemented by regular audio and video interactions with the relevant counterparts (see table A1.5 for estimates of staff weeks per year).

Table A1.5. Implementation Support and Resource Plan

Time	Focus	Skill required	Resource estimate (staff weeks/year)



0–12 months	Implementation support coordination	Co-task team leaders	12
		Environmental specialist	8
	Overall technical support	Operations officer	8
	FM	FM specialist	4
	Procurement	Procurement specialist	4
	E&S Framework	Environmental specialist	4
		Social specialist	4
Total staff weeks (0–12 months)			44
12–72 months	Implementation support coordination	Co-task team leaders	10
		Environmental specialist	6
	Overall technical support	Operations officer	6
	FM	FM specialist	3
	Procurement	Procurement specialist	3
	E&S Framework	Environmental specialist	3
		Social specialist	3
Total staff weeks (per year, 12–72 months)			34



ANNEX 2: Overview of PROP and Phase 1 PROP Project in Tuvalu

1. This Project is the 12th under the PROP Series of Projects. PROP was developed in 2013 as an IDA Regional Window program and Series of Projects (SOP). PROP's first phase began in 2014 with implementation in the Federated States of Micronesia, the Republic of the Marshall Islands, the Solomon Islands, Tuvalu, and with FFA (first cohort), and expanded in 2019 and 2020 to Kiribati, Samoa, and Tonga (second cohort). Second-phase projects were approved for the Solomon Islands and the Republic of the Marshall Islands and started implementation in 2022 and 2023, respectively, and a second-phase project for FFA was approved in July 2023. This would be the second phase project for Tuvalu. An additional second-phase project is under preparation for the Federated States of Micronesia, and the SOP is expected to expand to Fiji, Palau, SPC, and Vanuatu, and possibly others (third cohort) in the near future (table A2.1). The SOP development objective is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats on which they depend, while each project can have a specific PDO.

Table A2.1. PROP SOP Phases

	1st Phase: Regional collaboration and foundation of fisheries management							2nd Phase: Enhanced regional collaboration and fisheries management capacity							3rd Phase: Value chain development and regional integration					
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
FFA	Completed							Under implementation							Anticipated					
Solomon Islands	Completed							Under implementation							Anticipated					
Micronesia, Fed. Sts.	Completed							Under preparation							Anticipated					
Marshall Islands	Completed							Under implementation							Anticipated					
Tuvalu	Completed							Under preparation							Anticipated					
Samoa		Under implementation							Anticipated							***				
Tonga		Under implementation							Anticipated							***				
Kiribati		Under implementation							Anticipated											
Vanuatu		Under preparation							Anticipated											
Palau		Under preparation							Anticipated											
Fiji		Under discussion							Anticipated											
SPC		Under preparation							Anticipated											

2. PROP is promoting a sequenced approach where each new country project scales up successes, builds on lessons learned from the previous project, and expands to new domains of activities to move toward achieving the SOP development objective. While the first phase of PROP focused on fisheries management through national contributions to regional management efforts and strengthening national capacities, the second phase will further enhance these aspects, scaling up successes and building on lessons from the first phase while paving the way for a third phase to further harness oceanic fisheries to the regional economies, develop and diversify domestic value chains, and promote regional integration.



3. **Key outcomes of the implementation of the first phase of the PROP Project with FFA include** (i) significant capacity building and training of FFA member countries and contributing to improving the shared management of oceanic fisheries, in particular, MCS capacity, related shared standards and procedures, and TA for compliance with sanitary and IUU-related requirements to export fish to the European Union; (ii) regional collaboration, via support from the SPC, for improved management and market linkages for the sea cucumber fishery, including resources assessments and development of management plans; and (iii) via support from the Office of the Pacific Ocean Commissioner, improved collective regional understanding of ocean finance concepts and opportunities, including through dedicated studies, conferences, and a fellowship program, with a country-specific Ocean Finance Profile developed for Tonga.

4. **Key outcomes of the implementation of the first phase of the PROP Project with Tuvalu include** (i) laying the analytical groundwork for a future TFA and potential CA, which complies with sanitary and IUU fishing-related requirements to export fish to the EU; (ii) building TFD capacity in coastal fisheries data collection, expanding coastal resource assessments and monitoring programs under community-based planning, and development to the outer islands with the Kaupule; and (iii) strengthening Tuvalu's observer program and MCS capabilities to enhance effective control of fishing activities in the exclusive economic zone and supporting Tuvalu's compliance with international agreements on tuna fisheries (table A2.2).

5. **TV PROPER will offer increased emphasis on strengthening policies and institutions, including strengthening the capacity of the TFD for research, analysis, and strategic decision-making to inform economic growth.** TV PROPER will build and expand on the success of the PROP first phase to further strengthen and improve MCS capabilities, coastal resource management including Funafuti lagoon, sea safety of local vessels, and the domestic economic value of the oceanic fishery.

Table A2.2. Summary of the Tuvalu First and Second Phase PROP Projects

Achievements under Tuvalu PROP 1st phase	Expected achievement under Tuvalu PROPER
Strengthening policy and institutions	
Strengthening national and institutional capacity: <ul style="list-style-type: none"> - Development of the TFA concept - Effective negotiating strategies to engage with PNA, FFA, and WCPFC developed and implemented - Initial steps toward establishment of Tuvalu competent authorities (CAs) 	Expansion of policy and institutional strengthening: <ul style="list-style-type: none"> - Establishment of the TFA - Ongoing support for TFD staff in attachment, training, and workshop participation, and expansion to professional development schemes <p>All EU requirements completed to attain CA accreditation</p> <p><i>Note: EU timeline for finalizing accreditation is out of GoT control</i></p>
Strengthened management of oceanic fisheries	
IUU fishing and MCS management: <ul style="list-style-type: none"> - A remote satellite technology trial for the identification of "dark" vessels to combat IUU fishing - Comprehensive review of MCS arrangements 	Strengthening MCS capabilities: <ul style="list-style-type: none"> - Improved efficiency and reducing the costs of MCS - Establishment of an MCS operations center and evaluation of emerging technologies to support MCS, including electronic reporting, electronic monitoring, shore-based marine radar, and further satellite applications - Introduction of MCS for local vessels
Compliance and observer program strengthened: <ul style="list-style-type: none"> - Expansion and upgrade of the national observer program, 	Rebuilding the observer program: <ul style="list-style-type: none"> - Key drivers of observer attrition addressed



including through the preparation of a redeployment plan following COVID-19 restrictions	
	<p>Building the domestic economic value of the oceanic fishery:</p> <ul style="list-style-type: none"> - Increased economic benefits through the development of the local offshore domestic tuna fishing fleet from exploratory domestic fishing vessels, vessel management, and creating the enabling environment for national fishing and bait startups - Value chain addition through a domestic market study, value-added product development advice and training, export market study, and cold storage facilities
Strengthened management of coastal fisheries	
<p>Strengthening coastal fisheries resource management:</p> <ul style="list-style-type: none"> - Resource assessments, including creel surveys, metronome trips, and ciguatera and water quality monitoring. Assessments identified overfishing in Funafuti and in all sampled outer islands - Coastal fisheries database, the TFD MIS improved 	<p>Expanding coastal fisheries management:</p> <ul style="list-style-type: none"> - Expansion of, and ongoing support for, creel surveys, metronome trips, and ciguatera monitoring, including the development of a community-based creel monitoring program on the outer islands - Further improvements to coastal resource management on the outer islands through adaptive management
<p>Strengthening the management of the Funafuti lagoon:</p> <ul style="list-style-type: none"> - Improved management of the FCA and implementation of the Funafuti Reef Fisheries Stewardship Plan, by supporting community-based management initiatives 	<p>Improved management of Funafuti lagoon:</p> <ul style="list-style-type: none"> - Strengthening MCS in the FCA through patrols and the community-driven bylaws
<p>Strengthening sea safety of local vessels:</p> <ul style="list-style-type: none"> - Safety grab bags and training provided to Funafuti fishers 	<p>Expanding sea safety of local vessels:</p> <ul style="list-style-type: none"> - Safety enhanced through domestic VMS for local Funafuti vessels to support oceanic fishing in offshore areas and expansion of safety program beyond Funafuti to outer atolls

Table A2.3 provides a summary of PROP first- and second-phase projects.

Table A2.3. Summary of PROP First- and Second-Phase Projects

Individual projects	Financing (US\$ M)	Key focus	Period status
First-phase projects			
Solomon Islands	IDA: 6.10 GEF: 1.37	<p>Management of oceanic fisheries</p> <ul style="list-style-type: none"> . Strengthen capacity of national & regional institutions to manage tuna fisheries . Ensure equitable distribution within PICs of benefits of managed tuna fisheries <p>Management of coastal fisheries</p> <ul style="list-style-type: none"> . Manage coastal fisheries that can generate export earnings . Support livelihoods, food security, and dietary health . Empower stakeholders to manage targeted coastal fisheries . Link sustainable coastal fish products to regional markets . SPC involved in regional implementation of management of sea cucumber 	2014–2021 Completed
Micronesia, Fed. Sts.	IDA: 5.50		2014–2021 Completed
Marshall Islands	IDA: 6.75 GEF: 1.83		2014–2021 Completed
Tuvalu	IDA: 7.00 GEF: 0.91		2014–2022 Completed



FFA	IDA: 3.97 GEF: 2.19	Sustainable financing of the conservation of critical fishery habitats . Establish Pacific Marine Conservation Development Financing mechanisms to support large Marine Protected Areas . Pilot Pacific Blue Carbon regional program for small to medium-sized fishery habitats	2014–2021 Completed
Samoa	IDA: 9.00 for fisheries	Samoa: Agriculture & Fisheries Productivity and Marketing (SAFPROM) project Strengthening National Institutions: . Institutional capacity building for crops and livestock Strengthening the performance of selected value chains . Public-good infrastructure . Matching Grant Program	2019–2025 Ongoing
Tonga	IDA: 10.00	Tonga: Pathway to Sustainable Oceans Strengthening Fisheries Governance . Strengthening fisheries compliance capacity . MCS in Tonga's exclusive economic zone Strengthening the Knowledge Base for Fisheries and Aquaculture . Improving fisheries science for decision-making of selected fisheries . Developing high potential aquaculture technologies . Strengthening Tonga's Special Management Area Program Investing in Sustainable Fisheries Management and Development . Developing an effective policy and regulatory framework to support aquaculture development and inshore commercial fisheries	2019–2026 Ongoing
Kiribati	IDA: 19.50	Strengthening MCS of Large-Scale Oceanic Fisheries . Strengthen MCS capacity . Improve enforcement, including facilities and infrastructure Diversifying Marine-Based Revenue Streams for Outer Island Coastal Communities Improving Seafood Toxicology and Safety Measures in selected fisheries . Develop pollution and seafood toxin assessments for Tarawa lagoon and coastal fisheries . Build capacity in seafood toxicology and construction of supporting laboratories . Develop legal and regulatory frameworks	2020–2027 Ongoing
Vanuatu	IDA	To be determined	Proposed
Palau	IBRD, trust funds	To be determined	Proposed
SPC	IDA	To be determined	Proposed
Fiji	IDA, CIF, trust funds	To be determined	Proposed
Second-phase projects			
Solomon Islands	IDA: 13.5M	Strengthening regional collaboration and national capacity for the management and sustainable development of the oceanic and coastal fisheries sector in the Solomon Islands	2022–2027 Ongoing
Marshall Islands	IDA 18M	Strengthening regional collaboration and national capacity for the management and sustainable development of the oceanic and coastal fisheries sector in the Republic of the Marshall Islands	2023–2028 Ongoing
FFA	IDA: 9M	Strengthening regional capacity for the management and sustainable development of the oceanic fisheries sector in selected Pacific Islands	2023–2028 Ongoing
Micronesia, Fed. Sts.	IDA: 30M	Strengthening regional collaboration and national capacity for the management and sustainable development of the oceanic and coastal fisheries sector in the Federated States of Micronesia	2023–2028 Pipeline
Tuvalu	IDA: 13.05M	Strengthening regional collaboration and national capacity for the management and sustainable development of the oceanic and coastal fisheries sector in Tuvalu	2023–2029 Pipeline