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Report No: PAD5118

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 13.6 MILLION

(US$18 MILLION EQUIVALENT)

TO THE

REPUBLIC OF THE MARSHALL ISLANDS

FOR A

PACIFIC ISLANDS REGIONAL OCEANSCAPE PROGRAM - SECOND PHASE FOR ECONOMIC RESILIENCE

April 19, 2023

Environment, Natural Resources and the Blue Economy Global Practice
East Asia and Pacific Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2023)

Currency Unit =	United States Dollar
US$1 =	Special Drawing Rights (SDR) 0.75

FISCAL YEAR
January 1 – December 31

Regional Vice President:	Manuela V. Ferro
Country Director:	Stephen N. Ndegwa
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ABBREVIATIONS AND ACRONYMS

AM	Accountability Mechanism	MCS	Monitoring, Control, and Surveillance
CA	Competent Authority	MIFIMS	MIMRA's Fisheries Information Management System
CBPD	Community-Based Planning and Development	MIMRA	Marshall Islands Marine Resource Authority
CBRM	Community-Based Resource Management	MOF	Ministry of Finance
CFO	Chief Financial Officer	MPA	Marine Protected Area
COVID-19	Coronavirus Disease	MTR	Midterm Review
CQS	Selection Based Consultants' Qualifications	NSP	National Strategic Plan
DA	Designated Account	PAN	Protected Areas Network
DIDA	Division of International Development and Assistance	PDO	Project Development Objective
E&S	Environmental and Social	PICs	Pacific Island Countries
EEZ	Exclusive Economic Zone	PIF	Pacific Islands Forum
EM	Electronic Monitoring	PMU	Project Management Unit
ENSO	El Niño - Southern Oscillation	PNA	Parties to the Nauru Agreement
ePort	Electronic Port	POAP	Pacific Ocean Advisory Program
ESMP	Environmental and Social Management Plan	POM	Project Operations Manual
EU	European Union	PPA	Project Preparation Advance
FAD	Fish Aggregating Device	PPSD	Project Procurement Strategy for Development
FFA	Forum Fisheries Agency	PROP	Pacific Islands Regional Oceanscape Program
FFC	Forum Fisheries Committee	PROPER	Pacific Islands Regional Oceanscape Project - Second Phase for Economic Resilience
FIMS	Fisheries Information Management System	PSM	Port State Measures
FM	Financial Management	RMI	Republic of the Marshall Islands
FO	Finance Officer	RPF	Regional Partnership Framework
FSM	Federated States of Micronesia	SCD	Systematic Country Diagnostic
GCRF	Global Crisis Response Framework	SDR	Special Drawing Rights
GDP	Gross Domestic Product	SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment

GoRMI	Government of the Republic of the Marshall Islands	SEP	Stakeholder Engagement Plan
GRM	Grievance Redress Mechanism	SIDS	Small Island Developing States
GRS	Grievance Redress Service	SOP	Series of Projects
ICT	Information and Communication Technology	SPC	Pacific Community
IFR	Interim Financial Report	STEP	Systematic Tracking of Exchanges in Procurement
IPF	Investment Project Financing	TA	Technical Assistance
IRR	Internal Rate of Return	TOR	Terms of Reference
IUU	Illegal, Unreported, and Unregulated	VDS	Vessel Day Scheme
LMP	Labor Management Plan	VMS	Vessel Monitoring System
LRC	Local Resource Committee	WCPFC	Western and Central Pacific Fisheries Commission
M&E	Monitoring and Evaluation	WCPO	Western and Central Pacific Ocean
MARS	Micronesia Atoll Research Station	WG	Working Group

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Marshall Islands	Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience	
Project ID	**Financing Instrument**	**Environmental and Social Risk Classification**
P178544	Investment Project Financing	Moderate

Financing & Implementation Modalities

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

Expected Approval Date	Expected Closing Date
10-May-2023	30-Sep-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 the Republic of the Marshall Islands second phase's project ("RMI 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 Republic of the Marshall Islands.

Components

Component Name	Cost (US$, millions)
Strengthening Policy and Institutions	6.00
Strengthening Regional Collaboration and National Capacity for Oceanic Fisheries	1.80
Strengthening Regional Collaboration and National Capacity for Coastal Fisheries and Conservation of Critical Coastal Habitats	7.20
Project management	3.00

Organizations

Borrower:	Republic of the Marshall Islands
Implementing Agency:	Marshall Islands Marine Resources Authority

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	18.00
Total Financing	18.00
of which IBRD/IDA	18.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	18.00
IDA Grant	18.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Marshall Islands	0.00	18.00	0.00	0.00	18.00
National Performance-Based Allocations (PBA)	0.00	6.00	0.00	0.00	6.00

Regional	0.00	12.00	0.00	0.00	12.00
Total	**0.00**	**18.00**	**0.00**	**0.00**	**18.00**

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030
Annual	0.00	1.80	1.98	2.34	2.88	3.60	4.50	0.90
Cumulative	0.00	1.80	3.78	6.12	9.00	12.60	17.10	18.00

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	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Moderate
8. Stakeholders	Low
9. Other	Substantial
10. Overall	Moderate

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. The Additional Event of Suspension consists of the following, namely that the Recipient's fisheries laws and regulations have been amended,

suspended, abrogated, repealed or waived in a manner that is not compatible with Article 73 of the United Nations Convention on the Law of the Sea , or in a manner that would affect materially and adversely the ability of the Recipient or of the Project Implementing Entity to perform any of their respective obligations under the Project.

Sections and Description

Schedule 2. Section I.A.I(b) of the Financing Agreement. Institutional Arrangements: The Recipient shall cause the Project Implementing Entity to: (i) at all times maintain in the PMU, at a minimum, a Project coordinator, a Project finance officer, a procurement officer, and a Project assistant; (ii) recruit by no later than six (6) months after the Effective Date (or such later date as may be agreed with the Association in writing), a monitoring and evaluation specialist; and (iii) recruit by no later than six (6) months after the Effective Date (or such later date as may be agreed with the Association in writing) and thereafter maintain throughout the Project implementation period, an environmental and social officer and a procurement officer.

Sections and Description

Schedule 2. Section I.B.1 of the Financing Agreement. Subsidiary Agreement: The Recipient shall make the proceeds of the Financing available to the Project Implementing Entity in the form of a grant under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association.

Sections and Description

Schedule 2. Section I.C.1 of the Financing Agreement. Project Operations Manual: The Recipient shall cause the Project Implementing Entity to, by not later than three (3) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion):
(a) prepare and furnish to the Association for its review and no-objection a Project operations manual, which shall set forth, inter alia, detailed arrangements and procedures for: (i) institutional arrangements for the day-to-day execution of the Project; (ii) the preparation and successive updates of the Procurement Plan and its implementation arrangements; (iii) implementation arrangements for the Environmental and Social Standards and the ESCP; (iv) budgeting, disbursement and financial management arrangements; (v) Project monitoring, reporting, evaluation and communication arrangements; (vi) selection of activities, provision of equipment and implementation by the Project Implementing Entity of community activities under Part 3 of the Project; and (vii) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objectives ("Project Operations Manual");

Sections and Description

Schedule 2. Section I.F.1 of the Financing Agreement. Monitoring, Control and Surveillance: The Recipient shall ensure that, under the Project, all monitoring, control and surveillance activities are carried out in accordance with Schedule 2. Section I.F.1. of the Financing Agreement

Sections and Description

Schedule 2. Section I.D.1 of the Financing Agreement. Annual Work Plans and Budgets: The Recipient shall cause the Project Implementing Entity to, by not later than:

(a) three (3) months after the Effective Date (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion); and
(b) August 31 of each year for each subsequent year during the Project implementation period (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), prepare and furnish to the Association, for the Association's review and no-objection, an Annual Work Plan and Budget.

Sections and Description

Schedule 2. Section II. A.2 of the Financing Agreement. Mid-term Review: The Recipient shall: (a) ensure that, by not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, the mid-term review of the Project is carried out and, a mid-term report is prepared and furnished to the Association, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A.

Conditions

Type	Financing source	Description
Disbursement	IBRD/IDA	Section III.B. 1 of the Financing Agreement - Withdrawal Conditions; Withdrawal Period: Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed six hundred and ten thousand Special Drawing Rights (SDR 610,000) may be made for payments made prior to this date but on or after May 18, 2022, for Eligible Expenditures.

I. STRATEGIC CONTEXT

A. Regional and Country Context

1. **The Western and Central Pacific Ocean (WCPO) region covers 11 percent of the world's ocean and is home to 22 small island countries and territories. The geography of the Pacific Island Countries (PICs) creates common challenges and opportunities.** The PICs are small, with 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 coronavirus disease (COVID-19) pandemic. The region has a high concentration of fragile states, and 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. While fisheries are the single most important revenue source for many PIC economies and are an essential source of food and income for households, the coastal and archipelagic ecosystems of the 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, as well as local overfishing and habitat degradation from land use conversion and reef mining for construction material. The PICs are among the economies of the world most vulnerable to the effects of climate change and disasters, with the World Risk Index 2020 ranking six PICs among the top 20 most at-risk countries.

National Context

2. **The Republic of the Marshall Islands (RMI) is one of the world's smallest, most isolated, and vulnerable nations.** It is made up of 29 coral atolls and 5 isolated islands (24 of which are inhabited) and has a total land mass of 181 kilometer²(km) in the WCPO, with an exclusive economic zone (EEZ) of about 2 million km², the 19th largest in the world. About half of its EEZ borders international waters to the north and the other half borders three other PICs (Federated States of Micronesia [FSM], Nauru, and Kiribati) to the south. The population was estimated at 42,050 in 2021,[1] of which the two largest urban centers, Majuro (the capital) and Ebeye, account for about 28,000 and 9,600, respectively, while the remaining 35 percent of the population reside in rural neighboring islands. The country's small size makes it difficult to achieve economies of scale, its remoteness further raises the cost of economic activities due to added transport costs and affects competitiveness in export markets.

3. **The RMI is a middle-income country with gross national income of US$4,838 per capita.** Over the past 15 years, the real gross domestic product (GDP) has grown by a modest 1.5 percent on average per year, with fluctuations in growth related to changes in the construction, public service, and fisheries sectors. Except for fisheries, the country has limited natural resources. Fisheries' contribution to GDP in 2014 was estimated at 14.5 percent or US$26.3 million.[2] Key industries include production of copra and craft items, tuna processing, construction, and tourism. The private sector is responsible for the delivery of most core goods and services. The public sector accounts for around 40 percent of GDP and employs half of the formal labor market.

[1] *Marshall Islands* Population. *data.worldbank.org*.
[2] https://www.fao.org/fishery/en/facp/mhl?lang=en.

4. **The Government of the Republic of the Marshall Islands (GoRMI) took swift and bold precautionary actions immediately after the start of the COVID-19 pandemic to protect the population, however, with significant economic impacts.** International borders were closed in February 2020, with limited imported cases and no community transmission recorded until August 2022. The decline in economic activity contracted domestic activity and productivity, and the expected fiscal shock was limited by revenue from the fisheries sector and grants from development partners.[3] Although no long-term negative effects of the pandemic are expected on the fisheries sector, in the short term the decline from tuna exports and related vessel services has driven the economy into recession.

5. **Based on the 2019–2020 Household Income and Expenditure Survey, the poverty headcount is estimated at 7.2 percent of the population.** About 70 percent of the poor households live in rural areas, while the remaining are spread evenly between Majuro and Ebeye. The poverty rate is consequently lowest in Majuro (2.3 percent of individuals) and highest in rural areas (21.2 percent).[4]

6. **The RMI is considered as a fragility, conflict, and violence-affected country** because of inadequate state capacity and constant vulnerability to external shocks. The RMI's fragility stems from geography and limited economic viability, youth unemployment, poor land governance, and gender-based violence. Nearly 51 percent of ever-partnered[5] women have experienced physical or sexual intimate partner violence and 13 percent of all Marshallese women have experienced sexual violence by non-partners in their lifetime.[6]

7. **The RMI is facing increasing exposure and extreme vulnerability to the impacts of climate change.** These impacts are further exacerbated by high population density, particularly in Ebeye and Majuro. The RMI faces a high risk of cyclones, and the low-lying islands are susceptible to coastal floods and tsunamis. Extreme heat and drought conditions have also recently affected the islands. In late 2015/early 2016, below average rainfall, exacerbated by El Niño, induced local drought conditions and water shortages. The potential for disaster risk in the RMI is high due to the combination of economic and physical vulnerability and the islands' proneness to natural hazards (while previous nuclear testing on some of the atolls has made them uninhabitable) and is further exacerbated by climate change and variability.[7] As a result, the RMI ecosystems would face extreme pressure, with potential loss of marine and terrestrial species in the absence of effective conservation measures. Because of the anticipated increasing exposure to induced hazards and associated longer-term impacts, the GoRMI has indicated that for the country to survive, transformational adaptation and resilience measures are required.

B. Sectoral and Institutional Context

8. **Within the PICs, fisheries underpin the revenue source of their economy and are vital for food, nutrition, and livelihoods.** The well-being of island populations across the Pacific region depends on the productivity of fish stocks and regional, national, and local capacities to manage these resources sustainably while promoting alternative sources of livelihoods to reduce pressure on shallow water

[3] World Bank. 2021. *RMI Country Economic Memorandum and Public Expenditure Review*.
[4] https://rmieppso.org/wp-content/uploads/2022/09/hies/A_compendium_of_analyses_of_2019_20_HIES_in_the_Marshall_Is.pdf.
[5] This is a standard term used in Gender Based Violence to describe people as having had sex, been married, or been in a romantic relationship
[6] Proportion of (ever-partnered) women ages 15–64 years. Source: Jansen, Henrica A.F.M, and Brooke Takala Abraham. 2014. *Republic of the Marshall Islands National Study on Family Health and Safety*. Majuro: Republic of the Marshall Islands.
[7] World Bank. 2021. *Climate Risk Country Profile: Marshall Islands*.

depleted fish stocks. Their well-being would also benefit from addressing competition and promoting synergy with non-consumptive uses of living aquatic resources and habitats for tourism.

9. **Pacific small island developing states (SIDS) are on the front line of the global climate crisis, bearing the brunt of more frequent and intense extreme weather events, increasing temperatures, and sea level rise, all of which threaten people's livelihoods and food security.** Climate- and weather-related events such as droughts, landslides, typhoons, storm surges, and sea level rise pose stress on the already vulnerable ecosystems of Pacific SIDS. Climate change projections for the Pacific predict temperature increases, more extreme rainfall days, sea level rises, El Niño - Southern Oscillation (ENSO) events to continue, and typhoons to be more intense. Frequent natural disasters and climate change will continue to impose high costs and may even threaten the physical viability of some areas. Such events can and do cause severe damage to infrastructure and other economic assets and have adverse impacts on livelihoods. Saltwater intrusion from rising sea levels and more extreme storm surges has the potential to damage crops and contaminate freshwater supplies, while people living within the coastal zones are becoming more vulnerable to climate-related changes in precipitation, sea level rise, storms, and coastal erosion. In addition, drought and sea level rise generated through ENSO processes have required atoll communities to rely on imported food and water during times of stress, while intense coastal inundation associated with sea level rise and extreme king tides are causing damages to taro beds, soil, agroforestry, and critical infrastructure particularly on low lying atolls islets.[5] All fisheries and aquaculture activities in the region are likely to be affected by climate change.[8]

10. **The WCPO tuna fisheries account for more than half of the global catch, representing a major source of revenue and foreign exchange,[9] while coastal fisheries are essential for population well-being.** Fisheries management is key to maintaining those benefits. Economic benefits from oceanic tuna license fees paid by fishing vessels to the Forum Fisheries Agency (FFA) members amounted to US$550 million in 2019, representing more than 40 percent of the Governments' revenue, and were close to five times the fees paid in 2009 (US$114 million).[10] In addition, oceanic tuna fisheries are estimated to provide 25,000 jobs in PICs.[11] Their revenues depend on oceanic resource productivity and on regional and national capacities to enforce fisheries management and access rules.

11. **Tuna fisheries continue to play a pivotal role in generating revenue in the RMI.** The RMI has seen an increase in economic benefits from tuna fishery over the past 10 years, with revenue increasing from US$3 million in 2010 to US$35 million in 2020.[12] For 2015–2018, the average annual tuna fishing access fees totaled US$31 million, 47.8 percent of government revenue.[13] While management could secure continuous and higher revenues by increasing the productivity of fish stocks and fisheries, other sources of revenue are explored by better domiciliation and domestication of fishing and ancillary activities. One way of achieving this would be by increasing the local nutritional and livelihood benefits of the

[8] Bell, J. D., J. E. Johnson, and A. J. Hobday. 2011. *Vulnerability of Tropical Pacific Fisheries and Aquaculture to Climate Change*. Noumea, New Caledonia: Pacific Community. 925 p.
[9] Tuna Fisheries http://pubdocs.worldbank.org/en/858301461833983033/WB-PP-Tuna-Fisheries.pdf.
[10] FFA. Economic Development Indicators and Statistics 2020.
[11] Terawasi, P., and C. Reid. 2017. *Economic and Development Indicators and Statistics: Tuna Fisheries of the Western and Central Pacific Ocean*. Honiara, Solomon Islands: Forum Fisheries Agency. 46 p.
[12] MIMRA (Marshall Islands Marine Resource Authority). 2020. *Republic of the Marshall Islands: Tuna Fisheries Management Plan 2020–2025*.
[13] Bell, J. D., et al. 2021. "Pathways to Sustaining Tuna-Dependent Pacific Island Economies during Climate Change." *Nature Sustainability* 4: 900–910.

development of domestic tuna fisheries and markets, for instance, with the expansion of the anchored fish aggregating devices (FADs) network and the use of the bycatch and discards from the industry.

12. **Coastal fisheries play a crucial role in supporting local livelihoods, national food sovereignty and security, nutrition, and dietary health, with women playing a major role in the sector; this role is, however, jeopardized by anthropogenic pressure, climate change, and inadequate management.** Coastal, reef, and lagoon fishing activities provide 50 to 90 percent of animal protein in the diet of Pacific Islanders, and the first or second source of income for 50 percent of coastal households. However, nearshore marine resources show growing signs of local overexploitation as well as impacts from pollution near urban centers and more densely populated islands. These anthropogenic impacts are further exacerbated by the impacts of climate change, such as ocean acidification, increased intensity of weather events, sea level rise, and storm surges. PICs will not be able to maintain the fish consumption of their people, considering a population growth of 50 percent by 2035 and dwindling marine resources due to overfishing and climate change. Women's livelihoods will be particularly affected in the Pacific, as their participation in fisheries is estimated to be over 50 percent, when gleaning and subsistence fishing are included. Despite their dependence on coastal fisheries for economic opportunities, women remain underrepresented in the decision-making bodies in the sector.

13. **For both oceanic and coastal fisheries, anticipating and adapting to climate change impacts on fisheries resources and habitats will be essential to sustain socioeconomic benefits,** and management remains the best approach to build fish resources and the resilience of fisheries. Management of fish resources and fisheries will therefore contribute to the economic resilience of PICs and sustaining or creating of public and private revenues and employment and livelihood opportunities. In coastal fisheries, it will require the creation of conditions for future access control to ensure that fishing pressure can be adjusted to resource carrying capacity. Such adjustments could also benefit the tourism industry, by ensuring the protection of biodiversity and abundance of fish for recreational purposes.

14. **Healthy coral reefs, seagrass beds, mangroves, and coastal wetland habitats play a vital role in climate resilience and adaptation** by offering protection from increasing threats from sea level rise, floods, and storm events and help mitigate climate change through carbon sequestration. Coastal ecosystems in the PICs further produce some of the world's most significant marine biodiversity, yet the ecosystem health is diminishing with the decrease in water quality from erosion, runoffs, and marine pollution.

15. **Fisheries management is also a 'no regrets' approach that builds resilience to climate change for the fish populations, sensitive habitats such as coral reefs, and dependent communities and nations**, with the added bonus of creating wealth and economic growth and strengthening the economic resilience of coastal states and their fisher and fishworker groups, for the benefit of the wider population. The uncertainties around the severity of climate change in the Pacific region call for a robust adaptive fisheries management system for both oceanic and coastal fisheries to tackle future changes in the marine environment and the fish stocks supporting these fisheries. Generally, recovery and maintenance of fisheries resources closer to the larger stock sizes provide greater stability in fish recruitment and stock productivity, management parameters (such as allowable catch and/or fishing effort and noncompliance by fishers), and long run, catches, while it also lowers the probability of stock decline and the need for drastic management intervention. Consequently, maintaining or restoring stocks to levels that can increase their productivity, such as the 'maximum sustainable yield', contributes to adaptation to the effects of climate change and greater robustness to the effects of climatic variability (but also other shocks

such as pandemics). It benefits fishers through more sustainable and less uncertain catches and potentially greater profits, and ultimately benefits all value chain operators and consumers. Different climate-adaptive fisheries management scenarios have been modelled showing that the economic losses can be mitigated and, in some cases, economic gains from transboundary fisheries can be realized, if management is applied at the highest level (through, for example, stringent and frequent data collection, real-time catch monitoring, and yearly/seasonal allocation of catch or effort quotas in relation to the status of stock).

C. Rationale for a Regional Approach

16. **The WCPO marine fish stocks form part of a bigger marine ecosystem that cuts across the PICs.** They are a regional asset, whose health and sustainability require regional coordination to limit the 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' scenario. The fisheries sector in the WCPO is already largely regional, with each country's decision affecting other countries.

17. **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 WCPO PICs would 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, monitoring, control, and surveillance (MCS); research and development; and extension services). On the other hand, large national investments, such as ports, fishing fleets, or processing plants, are competing against each other and require regional planning for economic efficiency.

18. **PICs already use regional platforms to share experiences in implementing more sustainable and economically viable fisheries policies and practices and agree on common management measures.** These platforms include the Western and Central Pacific Fisheries Commission (WCPFC), FFA, Parties to the Nauru Agreement (PNA), the Pacific Community (SPC), and the Forum Fisheries Committee (FFC).[14] Reinforcing the WCPO countries' capacities to actively participate in the WCPFC forum and implement the WCPFC, FFA, PNA, and SPC resolutions are essential for the management and sustainable use of the fish resources and for further harnessing the oceanic and coastal fisheries for the regional economy and enhancing their socioeconomic benefits for the PICs' populations.

The Pacific Islands Regional Oceanscape Program (PROP)

19. **The project will be the tenth[15] under the PROP Series of Projects (SOP).** The PROP first phase began in 2014 in the FSM, the RMI, the Solomon Islands, Tuvalu, and FFA (first cohort); it was expanded in 2019 and 2020 to Samoa, Tonga, and Kiribati (second cohort); and it will expand to Vanuatu, Palau, and possibly others (third cohort) in the near future. The Solomon Islands started implementing the PROP second phase in July 2022. The SOP development objective is to strengthen the shared management of

[14] Refer to Annex 3 for further details on regional institutions.
[15] While not joining the PROP SOP, the Samoa: Agriculture and Fisheries Productivity and Marketing (SAFPROM) Project still benefits from, and contributes to, the regional goals of sustainable fisheries management and is aligned with the PROP objectives.

selected Pacific Island oceanic and coastal fisheries and the critical habitats upon which they depend. Each project can also have a specific Project Development Objective (PDO).

20. **Key outputs achieved under the PROP first phase in the RMI related to oceanic and coastal fisheries** (on which the RMI PROP's second phase, PROPER,[16] will build) include the continued institutional strengthening of MIMRA through the expansion of seafood health monitoring and the Competent Authority (CA), the Observer Program, and research capabilities to inform fishery management, as well as expansion of the *Reimaanlok* framework, a community-based management program for natural resources in the outer islands based on resource assessments and household surveys. Table 1 provides PROP output and PROPER incremental follow-on support, while Annex 2 provides an overview of PROP and the PROP first phase in the RMI.

Table 1. Summary of the RMI First and Second Phase PROP Projects

Outputs Achieved under RMI PROP First Phase	Planned Follow-on Activities under RMI PROPER
Strengthened management of oceanic fisheries	
Strengthening national and institutional capacity: • A pilot program was expanded to the longline fishery • MIMRA's strategic planning and human resource management was strengthened through a strategic and functional review • Activities progressed establishment of a CA for food safety monitoring through establishment of seafood safety legislation and providing training • CA staff were recruited and trained to administer food safety inspections and sample testing and were absorbed as MIMRA staff following PROP closure	**Expansion of policy and institutional strengthening:** • Technical assistance (TA) to inform fishing access negotiations, market access, and domestic development • Provision of equipment, software, training, and capacity development to complete establishment of the seafood and environmental health CA and the CA laboratory • Financing consultant services of two fisheries officers to support CA operations • Determining secure and optimized data collection systems and information retrieval for resource management
Vessel monitoring system (VMS) upgrades and MCS management: • IT upgrades were completed to expand MIMRA's fisheries information system to support the integration of new data sources (radar and satellite data) into the VMS	**Strengthening MCS capabilities:** • Trialing commercially available technologies for monitoring vessels for compliance in collaboration with regional organizations • Expanding electronic monitoring (EM) to meet current and future standards • Improving connectivity for real-time transmission of observers and port monitor's data into MIMRA's fisheries information management system (MIFIMS) • Conducting studies and a study tour for establishment of an electronic port (ePort) system to meet Port State Measures (PSM) obligations
Compliance and Observer Program strengthened: • The Observer Program was expanded with training and capacity building programs (2,620 total training days conducted). • Standard operating procedures were developed, including contracts and insurance for observers.	**Rebuilding the Observer Program:** • The Observer Program will be expanded with additional staff, increased training, and capacity-building programs to include new approaches post-COVID. In addition, real-time technology will be incorporated as part of the program.

[16] PROPER = Pacific Islands Regional Oceanscape Project - Second Phase for Economic Resilience.

Outputs Achieved under RMI PROP First Phase	Planned Follow-on Activities under RMI PROPER
• MIMRA developed and launched an Observer Safety Emergency Action Plan and distributed safety equipment.	
Strengthened management of coastal fisheries	
Strengthening coastal fisheries resource management: • 21 communities participated in the *Reimaanlok* framework process with community management plans developed and endorsed. • The Protected Areas Network (PAN) was formalized, and the PAN Office brought under MIMRA's mandate through the PAN (Amendment) Act 2018. • A Community Marine Monitoring Toolkit was developed for community-based resource management (CBRM).	**Expanding and capacity building in coastal fisheries resource management:** • Expansion of the *Reimaanlok* framework to up to five atolls per year • Training of communities in the Community Marine Monitoring Toolkit to support *Reimaanlok* • Engagement of a coastal fisheries data analyst to establish data collection and analysis protocols • Investigation of an outer islands research station feasibility study to inform future development to be located on Arno • Strengthening compliance in coastal areas through engagement of a coastal MCS consultant to support 24 local government jurisdictions
Food security strengthened: • FADs were deployed to provide alternative fishing areas • FADs' catch data compilation commenced	**Diversification for food security and livelihoods:** • Develop an Aquaculture Development Strategy on aquaculture potential. • Build capacity of communities in aquaculture techniques. • Conduct a study on promoting the utilization of local anchored FADs.
Marine pollution investigated: • The Marine Pollution Study 2021 was completed.	**Action to address marine pollution:** • Annual assessments of fish marketing flows and the analysis of fish consumption data for the development of human health guidelines • Ciguatera monitoring expanded through trailing protocols and establishing testing capacity at MIMRA laboratory • Assessing and developing a management regime for pollution sources in Majuro Lagoon • Developing and implementing a communications plan for public education

The Proposed Project: RMI PROPER

21. This project is the second in the PROP second phase and will build on the lessons learned from the first seven 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 sustainable oceanic and coastal fisheries management. PROPER is designed as a set of stand-alone projects, to be implemented by countries or regional organizations, linked with the collective aim of improved fisheries management, improved 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. RMI 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. Building on the experience from the PROP first phase, employment positions generated and funded through PROPER will be transitioned to MIMRA subject to a needs and performance assessment, as was the case with the CA officers engaged and funded by the PROP first phase. This approach builds sustainability beyond the project timeline.

22. The project will benefit from programmatic Advisory Services and Analytics and TA provided by the World Bank-executed Pacific Ocean Advisory Program (POAP). The objective of POAP is to inform the design, financing, implementation, coordination, and monitoring of priority policies and investments for a sustainable ocean economy and a healthier and more resilient environment 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 improve 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 sustainable ocean economy (or 'Blue Economy').

D. Relevance to Higher Level Objectives

23. **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 pursuing the management and economic harnessing of the region's tuna fisheries and the inclusive management and contribution of the region's coastal fisheries. It is also consistent with the Noumea Strategy: A new song for coastal fisheries - pathways to change, endorsed by the 11th FFC Ministerial Meeting in July 2015 that envisions "sustainable well-managed inshore 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, accelerate economic growth aspirations, 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.

24. **The project is aligned with the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity** through job creation and livelihood opportunities and, in the longer term, to the economic growth within the sector and underpin broader national development**.** In 2017, the World Bank Group agreed to a Regional Partnership Framework (RPF)[17] for FY17–21 (report #120479), a strategic program for the nine PICs (PIC9): Kiribati, the RMI, the FSM, Nauru, Palau, Samoa, Tonga, Tuvalu, and Vanuatu in 2017. The Performance and Learning Review (report #145750-EAP) of the RPF extended the RPF period for another two years, to FY23. The RPF recognizes the unique characteristics of each PIC9 to tailor country-specific solutions such that it is aligned with the RMI's National Strategic Plan (NSP) 2020–2030, specifically Pillars 2 and 4. The goal of the RMI NSP Pillar 4, together with its policy objectives, aligns perfectly with MIMRA's Strategic Goals. The RPF benefited from a Systematic Country Diagnostic (SCD)[18] that identified three constraints, which correlate with the exceptional economic geography of the PIC9: (a) small size and remoteness, which constrains their economic prospects; (b) geographic spread, which

[17] *Pacific Islands - Regional partnership framework : FY17-FY21 (English).* Washington, D.C. : World Bank Group. *http://documents.worldbank.org/curated/en/137341508303097110/Pacific-Islands-Regional-partnership-framework-FY17-FY21* (World Bank 2017)
[18] SCD for Eight Small Pacific Island Countries (World Bank 2016)

limits access to employment and public services and ultimately affects economies of scale in administration and service delivery; and (c) the high risk of exposure to economic crises and natural disasters.

25. **The RPF seeks to guide the World Bank Group's engagement in the PIC9 through building on what has been accomplished so far while also seeking to realize more impacts in the future.** The RPF outlines four major focus areas, of which three are relevant to the RMI and the project: (a) fully exploiting the available economic opportunities, focusing on improved management of fisheries, increased incomes from agriculture, and expanded tourism opportunities; (b) 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 women; and (c) 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.

26. **The project responds to the World Bank's Global Crisis Response Framework (GCRF)** by addressing two thematic areas:

- **Pillar 3: strengthening resilience.** The project is focused on building resilience, reducing vulnerabilities, and strengthening adaptive management including through the protection of coastal resources via the PAN, promotion of sustainable fisheries through data collection and actions to reduce illegal, unreported, and unregulated (IUU) fishing, and building the climate resilience of coastal and oceanic resources of the RMI.
- **Pillar 4: strengthening policies, institutions, and investments and rebuilding better.** The project is focused on planned rehabilitation of existing infrastructure for climate resilience and energy efficiency and developing and strengthening the institutional capacity of MIMRA and stakeholders.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

27. 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.

28. For this RMI second phase project (RMI 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 Republic of the Marshall Islands.

PDO Level Indicators

(a) Fisheries management is informed by timely access to data by national and regional stakeholders, as (i) number of data collection, integration, and processing systems automated; (ii) number of fish base and aquaculture sites with organized data collection

systems and information retrieval; and (iii) percentage of observers' and port monitors' data transmitted in real-time to MIMRA's fisheries information management system (MIFIMS)

(b) Minimum number of companies approved by the Competent Authority for export to the European Union market

(c) Minimum number of new communities adopting a resource management plan with marine element through the *Reimaanlok* process

(d) Minimum number of communities earning positive net income from piloted alternative livelihood initiatives under the Project.

B. Project Components

Component 1: Strengthening Policy and Institutions (US$6.0 million: US$2.0 million national IDA, US$4.0 million regional IDA)

29. This component will provide institutional support to MIMRA for the national fisheries program in the RMI for better regional, national, subnational, including cross-sectoral, coordination and management and development of fisheries. It will also strengthen the capacity of the departments under MIMRA through training for fisheries-related research, data and information mining, analysis, storage, and use for strategic decision-making to inform economic growth.

Subcomponent 1.1: Improve the capacity to manage and maintain the sustainability of fisheries (approximately US$2.6 million)

30. Subcomponent 1.1 will support addressing climate change issues through improving the capacity of MIMRA to effectively manage and maintain the sustainability of the RMI's fisheries. The food security, livelihood, and biodiversity outcomes of most concern as a result of climate change can be mitigated to a great degree through the implementation of climate-adaptive fisheries management.[19] This subcomponent would finance (a) building the capacity of MIMRA staff; (b) providing technical assistance to support RMI's capacity for managing and developing its oceanic and coastal fisheries; (c) assessing, developing and installing integrated digital data collection and processing systems; and (d) conducting an annual assessment of fish marketing flows, and collecting and analyzing data to inform the development of human health guidelines. Sub-component 1.1 is assigned to Pillar 4 of the GCRF.

31. Capacity development for MIMRA staff will focus on enabling staff to meet current and future regional and national obligations. Technical assistance will be provided through consultancies for economy, statistics, data analysis, legal, training, civil engineering, and coastal fisheries to inform fisheries management and development, including developing capacity for fishing access negotiations, building knowledge on market access, and building legal capacity. Consultancies will be undertaken for the assessment, development and improvement, and determining and designing of secure and optimized integrated data collection and processing systems for automation and enhanced information, analysis,

[19] Bahri, T., M. Vasconcellos, D.J. Welch, J. Johnson, R.I. Perry, X. Ma. and R. Sharma, 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.

usage, hardware and software for implementation in remote outer atoll sites,[20] including the previous *Reimaanlok* site under the PROP first phase.

Subcomponent 1.2: Strengthen seafood and environmental monitoring (approximately US$2.4 million)

32. The project would finance (a) support for MIMRA to carry out its functions as the CA[21], and supporting the establishment and operation of a laboratory, including through provision of relevant training; and (b) providing technical assistance and workshops to identify and manage pollution sources within Majuro Lagoon, and developing and implementing a communication plan to increase public awareness thereof. Sub-component 1.2 is assigned to Pillars 1 and 2 of the GCRF.

33. **Establishing and implementing the sanitary CA.** The CA is a function of MIMRA set up during the PROP first phase. Under the PROP first phase, the CA staff were recruited and trained to administer food safety inspections and sample testing. The project would support the scoping work for the establishment of a CA laboratory through provision of equipment, software, training, engagement, and capacity development, at MIMRA related to chemical and microbiological testing requirements for the European Union (EU) market. It will also be complemented by arrangements with external laboratories in place for tests that are unable to be undertaken in the RMI. To build on the foundational work established under the PROP first phase, activities would include consultancies to complete reviews and industry consultation for the CA. Training and awareness activities will be conducted in food safety training and workshops and external training and attachments as well as financing attendance at the FFA seafood safety trainings. A training program and competency skills required will be mapped to identify priority training and workshops required. Technical support for developing a laboratory methodology and standard operating procedures for operationalization will be provided alongside the provision of laboratory equipment, installation, and training support as determined by the methodology and standard operating procedures, including for monitoring ciguatera, particularly in reef fishes in remote locations. This activity will also support European Union Trade Control and Expert System (EU TRACES) training, laboratory assessments, laboratory accreditation costs, and laboratory operationalization toward achieving full CA operationalization through trialing protocols and establishing more comprehensive testing capacity at the main MIMRA laboratory. MIMRA is using the EU standard as a benchmark as the phytosanitary requirement is more stringent than other regional export requirements. Meeting the EU requirement will allow the RMI to export to the EU, and likely to the other high-value markets such as the United States of America, and Asia.

34. **Identifying and managing pollution sources in the Majuro Lagoon.** A Marine Pollution Study was completed by the University of Hawaii during the PROP first phase and identified areas of concern for fish consumption and public health. The activity aims to develop a strategic plan in conjunction with the relevant line ministries, particularly the Ministry of Health and Human Services, by establishing and coordinating a task force under the project. The project will fund consultant services for (a) developing terms of reference (TOR) for the task force and a study to identify pollution impacts and required management actions, (b) preparing a brief on the study outcomes to the MIMRA Board and cabinet, d (c) assessing impacts and developing a management regime for pollution sources in Majuro Lagoon, and (d) developing and implementing a communications plan to educate the public on study findings. The project will also finance the meetings of the task force for workshops and expertise required, for example, to

[20] New sites will be selected using the *Reimaanlok* framework.
[21] MIMRA carries out the statutory functions of the CA pursuant to Section 119(1)(g) of the Marshall Islands Marine Resources Act 1997 (Chapter 1 of Title 51 of the Marshall Islands Code)

discuss the development of communication materials (flyers and brochures) and awareness programs and inform pollution management decisions.

Subcomponent 1.3: Improving infrastructure and their operation (approximately US$1.0 million)

35. This subcomponent would finance (a) upgrading information and communications technology infrastructure at the MIMRA headquarters; (b) conducting an energy efficiency audit of MIMRA infrastructure to identify energy efficiency and additional climate resilience opportunities; and carrying out selected minor works designed to improve the energy efficiency and climate resilience of MIMRA headquarters. Sub-component 1.3 is assigned to Pillar 3 of the GCRF.

36. **Enhancing Information and Communication Technology (ICT) infrastructure.** Costings for renewing and upgrading ICT infrastructure for MIMRA's headquarters and fish base and aquaculture sites were completed during PROP. The upgrades will include installation of an enhanced videoconference system at MIMRA's headquarters to ensure that MIMRA can capably function within the virtual environment. Upgrading of the network and backup systems at MIMRA's headquarters and procurement of hardware for the office will be funded and new extensions and security and monitoring systems will be installed.

37. **Energy efficiency.** The project will fund a thorough energy audit of all MIMRA infrastructure to identify energy efficiency and additional climate resilience opportunities. The infrastructure includes nine fish base sites and four aquaculture hatcheries with the view to standardize energy systems, policies, and procedures to make servicing and maintenance requirements streamlined and efficient in the future. The audit will also cover the MIMRA headquarters at Majuro. The project will fund implementation of the audit recommendations, subject to the World Bank's approval, at MIMRA's headquarters in line with the Environmental and Social Management Plan (ESMP) for the project.

38. An initial energy efficiency audit of MIMRA's headquarters, carried out during project preparation, indicates that energy and carbon savings will be greater than 20 percent through the implementation of energy efficient measures and renewable energy installation. Adaptation benefits will be realized through revitalizing infrastructure in accordance with anticipated climate change impacts (that is, increased storm and cyclone intensity, sea level rise, and drought). Climate-resilient designs will consider weather-resistant materials, engineered stormwater drainage, rainwater storage, and wind-proof materials. Climate-friendly design and operational practices of aquaculture sites that may lead to avoided emissions and carbon sequestration will be explored.

Component 2: Strengthening Regional Collaboration and National Capacity for Oceanic Fisheries (US$1.8 million: approximately US$0.6 million national IDA, US$1.2 million regional IDA)

39. The component will specifically address a selected set of MIMRA's strategic actions that aim to strengthen regional and national capacity for the management and sustainable development of oceanic fisheries and their value chains.

Subcomponent 2.1: Consolidating the management of oceanic fisheries (approximately US$1.6 million)

40. The subcomponent will support oceanic fisheries management and address climate change adaptation through (a) enhancing MIMRA capacity for port inspection through the hiring of fisheries officers; (b) building capacity for monitoring, control and surveillance of vessels and oceanic fisheries

management, including through technical assistance, supporting the operationalization of satellite data analysis and trialing of selected monitoring technologies; (c) improving and expanding capacity for electronic monitoring (EM), including equipping domestic vessels with the required hardware and software, and providing related training; (d) upgrading software and equipment, and improving connectivity for the transmission of observer and port monitor data; and (e) supporting the establishment of an electronic port system, including carrying out selected technical assistance activities, providing relevant equipment and training. Sub-component 2.1 is assigned to Pillar 3 of the GCRF.

41. As part of electronic port establishment, a study tour[22] (including tickets and per diem) for select MIMRA staff, potential costs of a consultant to organize a tour in the host country will be financed. These subcomponent activities will contribute to the effective implementation of the vessel day scheme (VDS) and are recognized as an effective adaptation measure by reducing overcapitalization and excessive fishing. The cumulative and synergistic effects of climate change and other non-climate drivers must be recognized in the ongoing management of the fisheries.[23]

42. One of the key anthropogenic pressures for VDS integrity in managing stock yields is IUU fishing. In a 2020 report, the FFA estimated that approximately 192,000 tons of product, 6.5 percent of the total WCPFC convention area catch, is lost to IUU fishing, resulting in US$333.5 million in revenue losses. The project will reduce this pressure through improving MCS by increasing dissuasion through better monitoring of the marine areas under national jurisdiction. The project will enhance monitoring, data collection, and analysis through the expansion of the e-monitoring and e-reporting program to better understand, predict, and respond to changing abundances and locations of oceanic species catch, as well as their impacts on non-target species. These data will allow for adaptive responses to support the existing WCPFC management arrangements and the VDS and better manage the future climate-driven changes at both the national and regional levels.

43. **Fisheries officers.** Over the last years, Majuro has become one of the busiest tuna transshipment ports in the world. Due to the increased demands for MCS services associated with the establishment of the CA and regional obligations, two additional fisheries officers are required to assist fisheries inspectors to improve the quality and increase efficiency of port inspection including implementation of the inspection plan for longliners. The officers would also provide support for bio sampling, tag recovery, and FAD deployment as required. The officers will be financed during the project and then transitioned to the MIMRA budget following project closure.

44. **Trialing commercially available monitoring technologies.** The FFA and SPC are conducting studies to identify commercial technologies to improve the capabilities of member countries to monitor vessels for compliance and IUU fishing in collaboration with regional organizations to improve data provision and monitoring at a national level. The project will fund the application of identified technologies to enhance MIMRA's capacity to respond to oceanic fisheries management. A consultancy will also be undertaken on the analytics on fishing operation and transshipment for 'dark vessels' including the procurement of software and equipment acquisition to support operationalizing satellite data analysis based on the outcomes of the TA.

45. **Expansion of the EM program.** In 2019, MIMRA relocated into newly constructed headquarters, which includes a state-of-the-art Fisheries Monitoring Center command center financed by PROP. The

[22] Prior approval of the host country will be sought for the study tour.
[23] Bahri et al. 2021.

MCS center comprises a VMS operations center and automated applications for electronic reporting, transshipment monitoring, and arriving vessel intelligence analyses. MIMRA now has a modern and fully functioning MCS system, which will enable the RMI to monitor oceanic fishery activities, including tuna catch levels, and transshipment and help stop IUU fishing more effectively. The project would finance the expansion of the EM program through hardware and software procurement including installation on domestic vessels. Training support will also be provided to MIMRA staff. To bring about regional cohesion to EM, there is an PNA commitment for full coverage with EM for longliners operating in their waters by 2023. The project is supporting the national capacity for achieving a regionally agreed objective.

46. **Improving connectivity for transmission of observer and port monitors data.** The project will fund activities to improve the use of technology and connectivity used by the observers and port monitors. A trial to live feed from the transshipment lagoon into the MIFIMS will be conducted with a Wi-Fi system to capture real-time data that will cover six to eight people at one time. The funding will be used to procure tablets and software upgrades and cover the costs of airtime.

47. **Establishment of ePort to support PSM obligations.** Consultancies and a study tour of the Solomon Islands ePort system have been identified as key activities to support the establishment the system in the RMI. The Solomon Islands became the first nation in the region to establish an ePort operating the Catch Documentation System. The Solomon Islands PROPER is supporting the second phase of the Solomon Islands ePort system through the Ministry of Fisheries and Marine Resources and a knowledge exchange through a study tour of the Noro ePort system by MIMRA staff will be funded under RMI PROPER, a collaborative knowledge exchange between the respective fisheries agencies. To further support establishment, a consultancy will be undertaken to conduct an initial analysis to develop the Data Logical Model, Data Conceptual Model, and other requirements for ePort establishment at Majuro Port. A further study will be conducted to explore how to effectively adapt the existing Noro ePort system to suit the RMI conditions and requirements including programming and testing of the system. To support implementation, a study to develop the interface between the systems of the fishery industry and MIMRA and procurement of equipment for the CA and industry required for the interface will be funded under the project.

Subcomponent 2.2: Harnessing oceanic fisheries to regional economy (approximately US$0.2 million)

48. This subcomponent would support: (a) studies to identify economic opportunities in the aquaculture value chain: and (b) providing nutrient and feed analysis equipment to MIMRA and carrying out training on its maintenance and operation. Sub-component 2.2 is assigned to Pillar 1 of the GCRF.

49. The studies will identify opportunities in the aquaculture value chain to diversify livelihoods and reduce the pressure on coastal fisheries through over exploitation, a key climate change adaptation. The equipment will also be able to facilitate other nutritional analysis applications in the RMI. The feed analysis equipment identified by the study will be purchased under the project including training in the operations and maintenance of procured equipment. The equipment will also contribute to food security and the health of the population through expanded nutrient analysis capabilities.

Component 3: Strengthening Regional Collaboration and National Capacity for Coastal Fisheries and Conservation of Critical Coastal Habitats (US$7.2 million: US$2.4 million national IDA, US$4.8 million regional IDA)

50. The component would specifically address a selected set of strategic actions that aim to strengthen regional collaboration and national capacity for the management and sustainable development of coastal fisheries and their value chains with two subcomponents. The activities under Component 3 have been developed in alignment with the regional eight key outcomes areas of the ”Noumea Strategy: A new song for coastal fisheries - pathways to change’. These areas are (a) informed, empowered coastal communities; (b) adequate and relevant information to inform management and policy; (c) coastal fisheries management on a national and subnational scale; (d) adequately resourced fisheries agencies supporting management and development underpinned by community-based ecosystem approaches; (e) up-to-date management policy, legislation, and planning; (f) effective collaboration and coordination among stakeholders; (g) more equitable access to decision-making within communities, including women; and (h) diversification of livelihoods, reduction of pressure on resources, and enhancement of community outcomes.

Subcomponent 3.1: Strengthening coastal fisheries and habitat management (approximately US$2.4 million)

51. Subcomponent 3.1 will support climate change adaptation by actively managing coastal resources in anticipation of the modelled decline in species and distribution of fish and the loss and degradation of coral reef ecosystems through ocean acidification. This subcomponent will focus on three key areas to strengthen coastal fisheries and habitat management by financing (a) improvements in MIMRA research capacity in the area of coastal resources management, including assessing the feasibility of an outer island research station; (b) strengthening fisheries coastal management, through the empowerment of selected local communities to better manage their fisheries through community-based resource (CBRM) tools, and preparation and implementation of selected community fisheries management plans, including the provision of technical assistance, training, selected minor works, and required equipment for the purpose; and (c) improving the capacity of selected local governments and communities in coastal areas to respond to illegal, unreported and unregulated fishing, and promoting community awareness. Sub-component 3.1 is assigned to Pillar 3 of the GCRF.

52. **Developing research capacity.** The project will fund the hiring of a coastal fisheries data analyst to identify coastal data collection priorities, analyze data, and disseminate the findings to inform fisheries management. The SPC has highlighted that the challenge of managing coastal fisheries throughout the region requires adequate ongoing monitoring of coastal fisheries using management tools that require data to make informed decisions. MIMRA is investigating the development of an outer island research station named the Micronesia Atoll Research Station (MARS) in Arno. MIMRA envisions the facility to be constructed and expanded over phases, focusing on the research of marine atoll ecosystem health and recovery in the RMI and in other atolls regionally, which could learn from the RMI. The proposed feasibility study will further determine the opportunities and limitations of the proposed MARS. The project will fund the feasibility and costing study to establish and operate MARS. To further build the RMI’s capacity to manage coastal resources, a study will be conducted to determine the specifications and current market prices for a coastal research vessel.

53. **Strengthening and expanding the *Reimaanlok* and PAN.**[24] The *Reimaanlok* (Looking to the Future) process was developed, and eventually launched by the GoRMI in 2008,[25] to fill the need for a conservation area planning framework and develop principles, process, and guidelines for the design, establishment, and management of conservation areas that are fully owned, led, and endorsed by local communities based on their needs, values, and cultural heritage. It is a participatory eight-step conservation planning and implementation process involving communities with their community leaders, local government councils including the Coastal Management Advisory Council, and experts from national agencies and research institutions. With the support of PROP 21 community fisheries management plans were developed using the *Reimaanlok* process. Also, with the project's support, the PAN has been formalized through the Protected Areas Network (Amendment) Act of 2018[26] that provides for MIMRA to have oversight of activities of the PAN Office. RMI PROPER will continue to support the network through trainings and consultations for communities, boat chartering, and travel expenses of facilitators, with provision to expand to new sites through training on the Marine Monitoring Toolkit, conducting surveys for scientific baselines, and supporting communities to develop management plans for up to five atolls per year. The project will finance goods, services, and minor works to support implementation of select plans in line with the community-based planning and development (CBPD) approach. MIMRA will be responsible for the procurement and implementation of these activities Examples of project activities include supporting the establishment of MPAs, development of fishing regulations, awareness raising activities, and procurement and installation of marker buoys to demarcate regulated areas.

54. A 2022 study on the impacts of marine protected areas (MPAs) demonstrated that following the significant mortality of corals and calcifying substrates from the 2015–2017 ENSO climatic event, fish biomass recovery was enhanced in areas with MPA networks, showing the importance of protected areas for climate adaptation.[27] The expansion of the established *Reimaanlok* network, a framework for protecting coastal resources through CBRM, will improve the resilience of coastal resources to anticipated climate change impacts. The combined model of CBRM with science-based PAN will sustain coastal resources against climate impacts.

55. In the RMI, women are less likely to participate in decision-making processes for managing coastal resources than men. To increase opportunities for women's participation in resource management within communities, the MIMRA team encourages a minimum number of two women to be elected to local resource committees (LRCs) that administer and oversee the *Reimaanlok* process for their communities. The project will ensure that this target is met within communities where new LRCs are established.

56. **Strengthening compliance in coastal areas management.** The activity will take place within five nautical miles (by an Act of 2016)[28] from the coastline, in what is called the local nearshore waters of the local governments and communities. A coastal MCS consultant will be engaged to improve awareness and communications with local governments and communities in identifying and responding to blue boats,

[24] The PAN are designated areas for the conservation and management of natural resources in the Marshall Islands
[25] Reimaan National Planning Team. 2008. Reimaanlok: National Conservation Area Plan for the Marshall Islands 2007–2012. Published by N. Baker: Melbourne; http://rmimimra.com/media/attachments/2021/06/08/reimaanlok_national_conservation_area_plan.pdf.
[26] Protected Areas Network (Amendment Act) 2018 http://www.rmimimra.com/media/attachments/2021/06/08/protected-areas-network-pan-amendment-act-2018.pdf;
[27] Houk, P., et al. 2022. "Climate Change Disturbances Contextualize the Outcomes of Coral-Reef Fisheries Management across Micronesia." *PLOS Climate*.
[28] RMI Maritime Zone Declaration Act 2016 http://www.rmimimra.com/media/attachments/2020/08/03/maritimezonesdeclarationact2016_1.pdf.

dark vessels, and other IUU activities. Support will be provided to 24 local government jurisdictions including the printing and delivery of awareness materials to strengthen community capacity in responding to IUU fishing. The project will also fund the procurement of hardware for MIMRA fisheries officers at the local government level, training of communities on existing IUU reporting software and conducting a trial using the Global Fish Watch Program. MCS capabilities of local government's fisheries staff associated with fisheries enforcement will be developed through delivery of training in remote communities and supporting these local government's fisheries staff with essential MCS equipment and safety grab bags. The SPC conducted a coastal MCS technologies analysis to compare available technologies applicable to coastal MCS. MIMRA will evaluate the relevant outcomes applicable to the national context and conduct a trial of EM systems at the outer islands and remote locations for coastal MCS.

Subcomponent 3.2: Developing and diversifying livelihoods in support of coastal fisheries management and to improve the sustainability of outer islands infrastructure (approximately US$4.8 million)

57. This subcomponent will support fish products' preservation, value addition, and marketing and will help alleviate pressure on reef species for sustainable long-term socioeconomic benefits through sustaining outer island infrastructure and accelerating the uptake of income-generating opportunities. The project would finance (a) assessing the suitability, energy efficiency and climate resilience of MIMRA outer island facilities, and carrying out selected minor works to rehabilitate, upgrade and/or demolish selected fish bases, sub-bases and market sites to improve their energy efficiency and climate resilience; (b) improving the Project Implementing Entity's aquaculture development capacity and strengthening MIMRA's aquaculture sector engagement with local governments and communities; (c) supporting the development of aquaculture as an alternative income generating activity for selected communities, including providing aquaculture equipment and building the capacity of the selected communities for such purpose; and (d) conducting a study on promoting the utilization of local anchored FADs, and supporting the purchase and deployment of such devices. The activity will include investigating the feasibility of biodegradable FAD materials under the RMI National FAD program, and community training to maximize the benefits of FAD fishing practices. For all project related assets under subcomponent 3.2, a POM will be developed and adopted which will outline FM arrangements, internal controls and details on the selection, prioritization and approval of income generating activities under this sub-component. Sub-component 3.2 is assigned to Pillar 1 of the GCRF.

58. **Improving MIMRA's existing outer island assets.** This will include the rehabilitation and upgrade of MIMRA's existing outer island assets, that is, repairing and greening (including energy efficiency and climate resilience) nine fish bases and sub-bases and two markets that support value addition. An assessment of the suitability, energy efficiency, and climate resilience of existing facilities will be conducted, and activities will be prioritized based on the outcome of this assessment. The renovations are intended to be minor works to improve climate resilience, ensure fully functional assets, improve health, safety, and security, and upgrade the fit-out with enhanced equipment. Due to budget limitations, construction of new buildings is excluded from this activity. Where an existing asset is in irretrievably poor condition, alternative options will be considered, which may include removing the existing asset to make the site safe, finding an alternative building to renovate, using demountable buildings, and/or upgrading other available assets such as jetties. Most activities are expected to be completed by the existing MIMRA works officers, but more complex activities may require procurement of additional design of upgrades or specialist technicians to install or repair equipment.

59. **Strengthening aquaculture.** An aquaculture consultant will be engaged to develop an aquaculture development strategy and recommendations to strengthen MIMRA's engagement with local government and communities on aquaculture potential. This consultant will (a) support capacity building of MIMRA aquaculture and coastal division staff, (b) support workshops and training in aquaculture techniques with communities in current and potential aquaculture areas, and (c) provide technical guidance to identify equipment required and specifications and support the procurement process for existing MIMRA aquaculture facilities to support implementation of the strategy. This subcomponent will strengthen aquaculture through the development strategy with recommendations to include climate change considerations, emission reductions in aquaculture design and operation, and the promotion of women taking up income-generating aquaculture activities. Women are typically presented fewer opportunities to formally generate income from the sector, and this activity will identify opportunities to increase their engagement and uptake. Training and workshops in aquaculture techniques will involve a climate change component, and equipment for existing aquaculture facilities will be procured with climate-proofing considered.

Component 4: Project management (US$3.0 million: US$1.0 million national IDA, US$2.0 million regional IDA)

60. This component will finance strengthening of MIMRA's project management and implementation capacity, including for financial management (FM) and procurement administration, monitoring and evaluation, and management of environmental and social risks.

61. This component will support procurement, FM, environmental and social (E&S) instruments' implementation; preparation of annual work plans and organization of audit reports; and coordination between regional and national activities. It will provide institutional support and capacity development for project management, coordination (for example, training), implementation, and monitoring and evaluation (M&E) system to report on the project's expected results (disaggregating by gender, where appropriate) and systematize the project's lessons learned. As required, it will also cover the costs of ICT and finance activities for citizen engagement. It will also include audits, midterm review (MTR), and project Implementation Completion and Results Report. Component 4 is assigned to Pillar 4 of the GCRF.

Strategic Alignment

Gender

62. In early 2015, the GoRMI adopted its National Gender Mainstreaming Policy that guides the development of laws, frameworks, and practices to address the needs, priorities, and aspirations of all Marshallese in key priority areas, notably for this project; economic empowerment; and decision-making. Traditionally, the society in the RMI is matrilineal and women are decision-makers, with land rights passed down through a mother to her daughters. These traditional values and customary rights coexist with dissonant gender stereotypes on gender roles and inequality. There is a sizeable gender gap in economic opportunity in the RMI, and men are more than twice as likely to be in the labor force: in 2019, the labor force participation rate of women between 15 and 64 years was only 29 percent, compared to 63.7 percent for men.[29] Within the agriculture and fisheries sector, women represent about 10 percent of the workforce. Despite their much lower participation, women's gross earnings in fisheries have been

[29] RMI 2019 HIES retrieved from ILOSTAT.

estimated to surpass those of men, with men earning US$0.89 for every US$1 earned by women.[30] There are no recent gender assessments of the fisheries sector in the RMI, and there are indications that formal employment statistics may be underestimating the extent of women's role in coastal fisheries, as they may fail to account for women's unpaid work in the sector (for example, harvesting invertebrates).[31] Evidence from across the Pacific shows that women often face disproportionate barriers to starting and expanding income-generating activities within the fisheries sector, such as limited access to finance, information, and markets, in addition to discriminatory norms within households and communities.[32] Within MIMRA, 24 of the 96 positions are occupied by females, while 8 of the 10 managerial positions are currently held by women. At the same time, evidence suggests that within outer island and remote communities, women are still largely absent from formal decision-making related to natural resource management, constrained by patriarchal gender norms and stereotypes.[33]

63. The project will support improved livelihood opportunities for women and understanding of women's participation in coastal fisheries and strengthen their decision-making in local fisheries management. Subcomponent 3.2 will focus on identifying opportunities for enhancing women's participation in alternative income-generating activities (for example, handicrafts[34]) and target a 30 percent female participation within pilot communities. Activities would include dedicated outreach as well as the provision of direct support and services to women within project communities. Under Subcomponent 3.1, data collected for preparing community resource management plans will be disaggregated by gender and will identify the specific fishing activities and needs of women and men. In communities where the project provides support for the establishment of LRCs, they will include at least two representatives of women's groups from within the communities. The Results Framework will track women's increased participation in income generation supported by the project through the following indicator: Minimum percentage of females implementing aquaculture income-generating activities piloted under the project: Baseline: 0, Target: 30 percent.

Citizen Engagement

64. Inclusion and participation of coastal communities is integral to the project design, notably in Component 3, to align beneficiaries' perception and expectations and the social impact of the interventions with management decisions. The project will finance the implementation of the Stakeholder Engagement Plan (SEP) that includes a feedback and grievance redress mechanism (GRM). The SEP and ESMP will provide measures to facilitate inclusive engagement and participatory decision-making at various national, provincial, and local levels, especially for the inclusion of vulnerable groups, particularly women and youth. During implementation, consultation methods will be designed and implemented to maximize engagement with various social groups, including socially disadvantaged persons, and address sociocultural norms that impede participation. To the extent possible, the project stakeholder engagement will use engagement structures within the national system (for example, community, village, chiefdoms, state, and MIMRA-led events and gathering).

[30] SPC. 2018. *Gender Equality: Where Do We Stand*? Republic of the Marshall Islands, Majuro.
[31] Asian Development Bank. 2009. *Fisheries in the Economies of the Pacific Island Countries and Territories.*
[32] Pacific-European Union Marine Partnership Programme. 2020. *A Review of Pacific Gender and Fisheries Literature*.
[33] Kattil-deBrum, T. K. 2022. "Marshallese Women and Environmental Change: Their Role and Power in Resource Management." *SPC Women in Fisheries Information Bulletin 36.*
[34] United Nations Development Programme. 2013. "Namdrik Atoll Local Resources Committee, The Marshall Islands." Equator Initiative Case Study Series. New York, NY.

65. MIMRA will explore the possibility of conducting a beneficiary satisfaction survey at project effectiveness, before MTR and project closure. The purpose of the survey would be to assess beneficiaries' perception of coastal and aquaculture activities supported by the project, including promotion of community livelihood diversification for fisheries management, support for community-based MCS, and resource monitoring, with the aim to provide a feedback loop and guide continued implementation of community-led initiatives. The Results Framework includes one intermediate indicator: time for registered project-related grievances to be addressed through the GRM.

Climate risks

66. A screening of the project for short- and long-term climate change and disaster risks using the World Bank Climate and Disaster Risk Screening Tool deemed the exposure of the project's location to be High risk due to historical climate and geophysical hazards and the expectation that the RMI will experience future events of higher intensity, duration, and frequency. The impacts of climate change to the project's physical infrastructure and assets have been assessed as High, due to the expectation that oceanic fisheries will be affected by climate change and infrastructure will be subject to increasingly adverse climatic conditions. The project includes soft components that can help reduce the risks from climate change through strengthening evidence-based decision-making and compliance with oceanic and coastal fisheries management and empowering communities to manage their fisheries through the *Reimaanlok* framework and hard infrastructure measures (including building climate-resilient structures).

Maximizing Finance for Development

67. The project will enable the mobilization of private capital for development by addressing key binding constraints that are currently impeding private investment in the fisheries sector. Key actions that will be undertaken include the strengthening of infrastructure and operational capacity for improved oceanic and coastal fisheries management (Components 1 and 2). Subcomponent 3.2 will support a gap analysis to identify approaches for improving infrastructure and systems for compliance with new fish processing and export regulations by the domestic fishing industry to enable greater access to premium markets. It will also support the identification of income-generation opportunities for coastal fisheries and their value chains. The latter will support new business and investment opportunities for small-scale fisheries and for promoting livelihood diversification for small-scale operators as well as facilitating private sector investments on priority commercial commodities.

C. Project Beneficiaries

68. The primary beneficiaries are the MIMRA staff who will benefit directly from improved capacities and working conditions and Marshallese dependent on the country's fisheries, including fishers, fish workers, and their households who will benefit from CBRM. National and provincial institutions—including outer islands engaged in fisheries management, community associations, and government entities—will benefit from improved capacity to undertake resources assessments, formulate, and analyze policies, and implement management measures. The general population of the RMI 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.

69. Project activities and enhanced compliance will generate regional benefits for the countries sharing the common marine ecosystem. The citizens, ecosystems, and economies of other PICs will also benefit from the project's investments that look for solutions to the challenges facing the PICs and promote regional public goods by managing shared resources, exploiting economies of scale, and facilitating collective action to address common goals. Operators and investors in the WCPO tuna value chain will benefit directly and indirectly from a CA, a more sustainable resource base, and decreased risks for their operations and investment. Consumers will benefit from more stable product flows and prices.

D. Results Chain

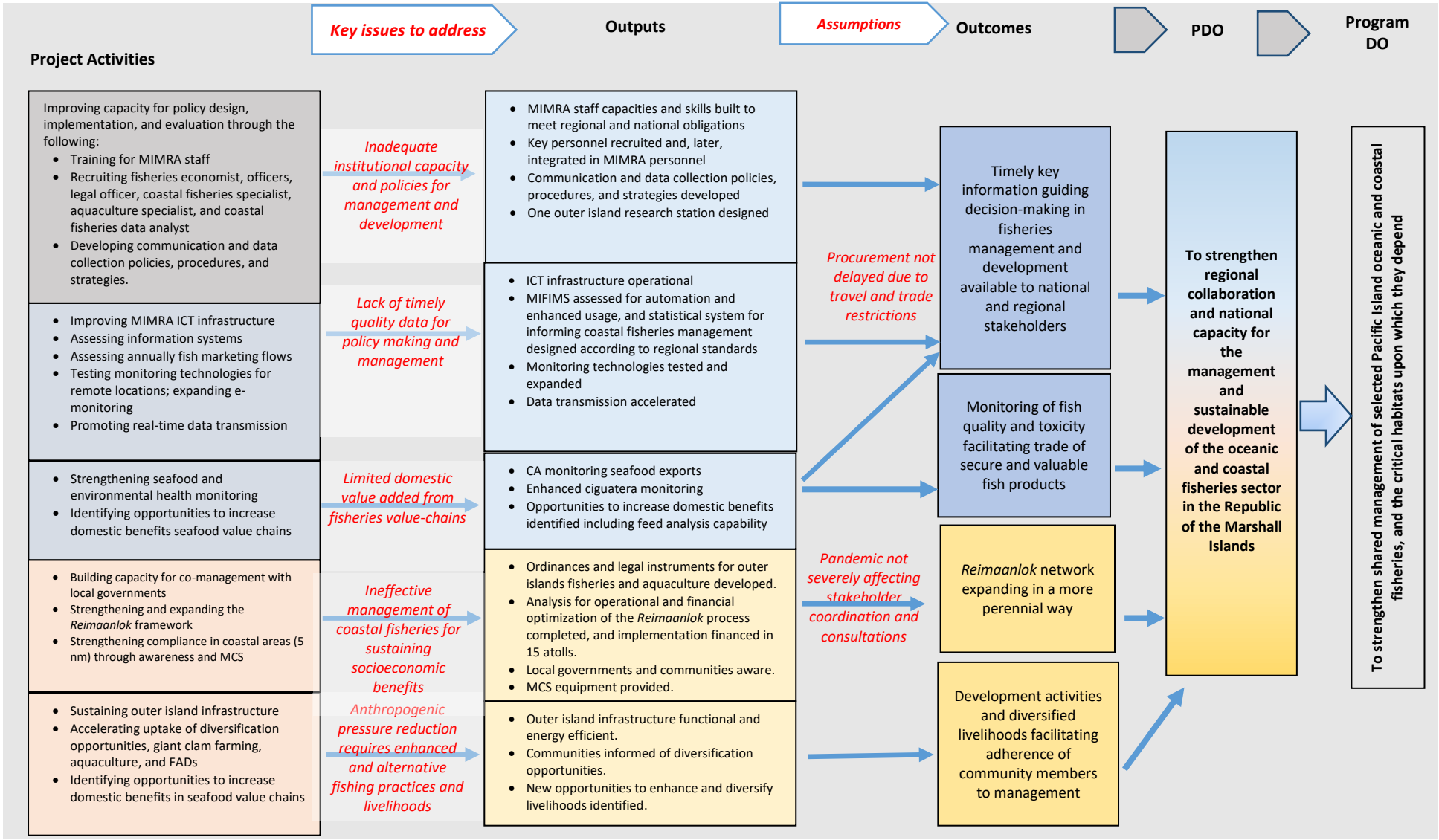
70. The project's theory of change is described in Figure 1.

E. Rationale for Bank Involvement and Role of Partners

71. The World Bank has been supporting the fisheries sector in the RMI since 2014. RMI PROPER is building on the experience and knowledge gained from the implementation of the first cohort of PROP Projects in the RMI, as well as in other PICs.

72. The World Bank's involvement will add value through (a) global knowledge and innovation; (b) long-term engagement through the SOP, which offers the opportunity for setting long-term objectives and addressing complex sectoral challenges and development opportunities through capacity building, institutional reform and strengthening, and successive and adaptive management intervention that exceed typical project timeframes; (c) leveraging increased IDA resources from dedicated regional IDA allocations and serving as a platform for leveraging additional sequenced financing; (d) operational assistance to prepare and implement the project while managing risks and tapping into the World Bank's global knowledge networks for results monitoring, capacity development, strategic communication, and knowledge development; and (e) its deep policy and operational engagement, partnerships, and convening power in the fisheries sector in the Pacific region.

Figure 1. Theory of Change



F. Lessons Learned and Reflected in the Project Design

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

- **Country-tailored project design.** In some countries, PROP was not well aligned with national priorities, leading to limited government buy-in. While the SOP continues to provide a common regional framework and overarching collective objective that fosters regional collaboration, the series of second phase projects are being designed to respond better to the specific country context and government demand. This project also reflects the differentiation of the Results Framework across the SOP, by considering the intended outputs and outcomes based on country needs, the institutional context, and the specific project objectives. At a regional level, PROPER's design is more closely linked with the regional fisheries agreements and operating frameworks such as the WCPFC, PNA, FFA, and SPC.
- **Matching national implementation arrangements with quality regional TA and extensions for field interventions for advancing regional strategies.** Recent success in reducing IUU fishing in the region by one-third[35] illustrates the importance of regional cooperation and national implementation. Sectoral line ministries participating in PROP have expressed increased demand for TA and capacity building from regional organizations and knowledge providers, such as the FFA and SPC, to support project implementation. This approach will be expanded under the new PROP phase. Close coordination with these regional organizations will offer a platform for cross-country knowledge transfer and capacity building and further ensure regional coordination and convening power around shared goals. Parallel PROPER projects are also under preparation with the FFA and SPC and will directly complement country-specific PROPER interventions and activities.
- **Building implementation capacity at the subnational level and addressing barriers for adequate funds flow for provincial-level implementation.** To ensure the impact of project activities at the subnational levels and create increased ownership of project activities, existing barriers to funds flow to the provincial level and capacity constraints will be addressed and incorporated into the Project design. The latter will be strengthened through the project implementation arrangements being anchored in existing government structures at the provincial level to ensure long-term sustainability.
- **Empowering and training communities to effectively manage coastal fisheries** is a critical part of the project design. Communities dependent on small-scale fishing and aquaculture are likely to be part of the informal economy and often lack access to production inputs, markets, financial resources, and knowledge of production techniques. They are inherently exposed to income and livelihood risks and other vulnerabilities, which are intensified by high exposure to climate risks, and would benefit from social protection measures.
- **Identification and promotion of a range of income-generating opportunities is necessary to support effective management of natural resources.** While CBRM will improve and maintain the productivity of coastal resources in the medium term, communities are more

[35] MRAG Asia Pacific. 2021. *The Quantification of Illegal, Unreported and Unregulated (IUU) Fishing in the Pacific Islands Region - a 2020 Update*. 125 p; Associated FFA Media Summary https://sustainpacfish.org/observers-compliance-resources/.

likely to support management and conservation goals when these are supported by income-generating activities, including from local value chain investments, and diversification of livelihood opportunities. To this end, the project includes technical analysis to inform potential additional financing to improve the development and diversification of coastal fisheries and aquaculture potential.

- **Investment in strong project management.** The original project management arrangements deployed at the beginning of PROP, where the FFA had a role in supporting the management of national projects, involved functions outside the FFA's core role and mandate. As a result, there was a need to transfer project management to national line ministries along with the addition of technical experts to fill gaps in expertise and build the capacity of counterpart project management staff. RMI PROPER includes a fully staffed Project Management Unit (PMU) to reduce the administrative burden on the implementing agency and minimize the risks of implementation delays. Increased oversight of project management functions, including FM, procurement, and E&S aspects, has also been built into the RMI PROPER management arrangements.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

74. MIMRA is a statutory authority set up by the Marshall Islands Marine Resources Act 1997 (Chapter 1 of Title 51 of the Marshall Islands Code) to run the exploration, exploitation, regulation, corporation, and management of marine resources in the RMI. The project Financing Agreement will be between the RMI (as Recipient of the grant) and IDA. The IDA will need to sign a Project Agreement with MIMRA as the project implementing entity. The RMI (through its MOF) would enter into a Subsidiary Agreement with MIMRA, to make the proceeds of the grant available to MIMRA, as the project implementing entity. The signing of a Project Agreement and Subsidiary Agreement are effectiveness conditions of the project, as required by the relevant IDA General Conditions.

75. MIMRA will implement the project and will house the PMU responsible for day-to-day project implementation. The PMU, under the leadership of the MIMRA Director, will consist of a project coordinator, procurement officer, a project finance officer (FO), and a project assistant as minimum staffing to be maintained throughout implementation. A procurement officer or equivalent resource must be hired with six months of project effectiveness and maintained throughout project implementation. The procurement role is currently being undertaken as part of the deputy project coordinator's role as captured in the TOR. An E&S officer will be positioned within the PMU and hired within six months of project effectiveness and maintained throughout project implementation. An M&E specialist will also be a part of the PMU.

76. Project strategic guidance will be carried out by the Working Group (WG) that was established under the PROP first phase. The WG is chaired by the Deputy Director, Coastal and Community Affairs, with the RMI PROPER project coordinator as Secretariat, and representatives from MIMRA and the PMU as members. The WG will meet on a quarterly basis to review project implementation progress to ensure continued alignment with the RMI's NSP 2020–2030 and MIMRA's Strategic Goals. More details on the implementation arrangements are provided in annex 1.

B. Results Monitoring and Evaluation Arrangements

77. The PMU will use a results-based management approach to align implementation with the achievement of the project's expected outcomes. Results monitoring will be carried out to focus on assessing progress toward the PDO and intermediate indicators and as inputs to determine the outlook for meeting desired project outcomes. Key elements of the project M&E system are included in the Project Operations Manual (POM). The PMU will hire a time-based M&E specialist not later than six months after project effectiveness. The M&E specialist will be responsible 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. Project results will be monitored semiannually through a progress report submitted by MIMRA and validated based on agreed data sources and methodology to World Bank. Each Project report shall be prepared semi-annually and is to be provided by MIMRA to GoRMI to forward to the Bank within 45 days of the period covered in such reports. The World Bank implementation support missions will be carried out twice a year to assess progress on interim targets and agree on corrective measures. MIMRA (through the PMU) will prepare and submit a MTR report to the GoRMI and the World Bank no later than three years after the Project's effective date, with such MTR report to be jointly reviewed jointly by the World Bank, GoRMI and MIMRA within six months of its submission. The MTR will occur not later than three years after the project's effectiveness date.

C. Sustainability

78. **Institutional sustainability.** The GoRMI remains strongly committed to the improved management of its fisheries sector facilitated by MIMRA. The Marshall Islands Marine Resources Act of 1997 demonstrates a national commitment to strengthen conservation, management, development, and sustainable use of the fisheries and aquatic resources of the RMI, areas to which the project will contribute to. Investments are targeted toward enhancing MIMRA's capacity in fisheries planning, management, and seafood safety and continued collaboration with FFA, SPC, and Pacific Island governments. A core focus of the project is to invest in establishing strong research capabilities within MIMRA that can be sustained post project closure.

79. **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 and address marine pollution for seafood safety. 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.

80. **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 Marshallese. 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 the RMI to maximize value and public revenue from fisheries to support sustainable development.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

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 MIMRA 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 by creating cumulative benefit accrual to the beneficiaries, the environment, and the country from the different activities financed.

82. **Economic and financial analysis summary.** A simple cost-benefit analysis(CBA) of the project was conducted to estimate the quantifiable direct benefits generated by the project from its three operational investments of Components 1 to 3. Activities planned in Component 1 are assumed to prevent an erosion of revenue under the status quo from the lack of training, technical expertise, and suitable data systems to monitor, evaluate, and learn. In addition, benefits (such as improved trade, public health, veterinary services, and plant health) are expected from the newly established seafood safety CA. Operationalizing of the CA will allow local fish to be tested and exports to be certified, leading to reduced post-harvest losses, improved local market provision, increased incomes and improved nutrition.

83. Benefits from activities under Component 2 stem from improved management of oceanic fisheries, presently worth at least US$31 million[36] to the RMI treasury annually. Investments will contribute to the upgrade of MIMRA Headquarters, the toxicology laboratory, improved traceability through ePort, e-monitoring, and e-reporting, and expected benefits that would stem from further reduction in IUU activities locally, mostly from improved MCS capacity, thereby increasing national value added.

84. Benefits from activities to sustainably manage costal fisheries and habitats under Component 3 are assumed to stem from the improved management capacity of local communities to support or improve the value of both subsistence and commercial coastal fisheries production. The project's benefits can be attributed to improved (or preserved) coral reef ecosystem services, well within a likely Total Economic Value (TEV) between US$200 million and US$838 million per year.

85. From the CBA, the estimated overall economic internal rate of return (IRR) is 20 percent after 10 years, without further investment. The Net Present Value (NPV) is US$7.74 million, assuming a 6 percent discount rate. Institutional strengthening activities in Components 1, 2, and 3 are expected to deliver benefits over at least 10 years with little additional investment. The IRR is expected to decrease to 12 percent, if the expected benefits decrease by 20 percent together with costs increasing by 20 percent. The sensitivity analysis shows that the project is not overly sensitive to such changes; according to the CBA undertaken, the project is viable, and the results do not change fundamentally.

[36] RMI-MIMRA. 2020. *Republic of the Marshall Islands Tuna Fisheries Management Plan 2020–2025*.

B. Fiduciary

(i) Financial Management

86. The FM assessment carried out on May 30, 2022, found that MIMRA's FM arrangements meet the minimum requirements of the World Bank. MIMRA currently has the finance staffing resources required to effectively manage the project's FM arrangements. MIMRA will carry out the FM and disbursement functions for the project, including budget preparation and monitoring; performing the accounting, financial reporting, internal controls; and managing the external audit arrangements for RMI PROPER. The Finance Officer (FO) has been hired and will be onboarded and trained before the effectiveness date. MIMRA will adopt a comprehensive POM, no later than three months after the effective date, which includes the arrangements and procedures for day-to-day execution of the project, including budgeting, disbursement, and FM arrangements. MIMRA has an outstanding audit report for FY21 (October 2020 – 30 September 2021) for PROP Phase I (P151760). The audit is ongoing and scheduled to be completed and submitted to the Bank by 30 June 2023. Further details of FM arrangements are in Annex 1.

(ii) Procurement

87. Procurement for the project will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing Goods, Works, Non-Consulting and Consulting Services, November 2020 (Procurement Regulations), as well as the provisions stipulated in the Financing Agreement, Project Agreement, and the project's Procurement Plans. The project shall continue to use the Systematic Tracking of Exchanges in Procurement (STEP) tool, which is currently being used for the procurement activities as part of the project preparation phase, implemented under retroactive financing. The PMU is also using the new contract management module to better track the key deliverables of contracts, key performance indicators, and payments.

88. The MIMRA PMU will be responsible for conducting and monitoring procurement activities. MIMRA has knowledge and experience of World Bank procurement policies and procedures based on the implementation of the preceding project including managing the retroactive financing activities for this project preparation. Procurement for project activities is expected to be affected by risks such as (a) price increases for commodities due to the global impact of the Russia's invasion of Ukraine and the COVID-19 pandemic and (b) limited market supply for critical TA consultancy packages and civil works. The proposed mitigation measures are to initiate an advanced procurement arrangement, that is, to start all critical procurement for project implementation but not sign any contract before the grant is effective.

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

D. Environmental and Social

89. The project is expected to have mostly temporary E&S impacts, which would be managed through conventional E&S risk management approaches. The project is expected to have a largely positive

environmental impact through improved management and sustainability of fisheries. The project will hire an E&S officer within six months of project effectiveness. Ad hoc E&S specialists will be engaged, as required, throughout implementation for specialized tasks. In the interim, the MIMRA PMU and MIMRA technical team have been working with the Central Implementation Unit safeguards team and the World Bank E&S specialists during project preparation. The ESCP, ESMP, SEP and Labor Management Plan (LMP) were disclosed in November 2022 in country on MIMRA website[37]. The ESCP, SEP, Environmental and Social Review Summary (ESRS) and PID were disclosed on February 9, 2023 on the World Bank's external site.

90. Construction risks, though minimal, may include handling and disposal of hazardous materials, waste, community and worker health and safety impacts, contamination of water sources and marine water, dust and noise nuisance, soil erosion, and unsustainable sourcing of materials/use of finite resources. Operational impacts could include minor pollution risks, consumption of power and water (to be mitigated through resource use efficiency practices), and occupational health and safety risks. Procurement of equipment and technology will require end-of-life management of e-waste. There is potential for downstream impacts (overfishing and generation of waste) associated with drifting FADs. However, the project is only supporting anchored FADs, thereby mitigating the risk envisaged from waste, particularly as biodegradable FADs will be promoted. The FADs will not primarily target the highly migratory tuna; tuna stocks are in good health across the region and the level of exploitation will be marginal compared to industrial fleet. The FADs will reduce emissions and other waste from boats searching large areas for stocks and contribute to improved sea safety due to known locations and reduce pressure on coastal fish stocks, for which higher risks of overexploitation exist. Aquaculture operations have the potential to reduce marine water quality and alter habitats; however, these are existing small-scale community projects with minimal inputs and discharges, and the risk is considered to be low and manageable.

91. Capacity building, expansion of the *Reimaanlok* network, and community awareness activities will have a positive impact on the management of fisheries. TA for environmental impacts is expected to be positive through improved fisheries management, including sustainability; development of alternative fishing grounds through FADs to reduce pressure on nearshore fish stocks; and increased capacity in national and subnational regulatory institutions.

92. The risk of sexual exploitation and abuse/sexual harassment (SEA/SH) is assessed as low. The project involves only minor civil works, and measures to manage risks are provided in the LMP. These include the requirement for workers to be orientated on and sign a workers' Code of Conduct and good oversight/supervision to ensure adherence to these measures. The GRM provided in the SEP includes a referral pathway to the Women United Together Marshall Islands (WUTMI) for SEA/SH-related grievances. Worker behavior can be informed by appropriate training and codes of conduct and good oversight/supervision. SEA/SH service providers are available in the RMI and will be consulted during project preparation and implementation. To address potential inequities in accessing project benefits, the POM and SEP will include procedures to promote the empowerment of women and other vulnerable groups through improved voice in the planning, prioritization, and implementation of livelihood diversification project activities. The project will develop and implement an LMP that will establish labor guidelines for all categories of project workers and include a Code of Conduct and a functional grievance

[37] *http://www.rmimimra.com/media/attachments/2022/11/17/environmental-social-management-plan-esmp-rmi-proper.pdf*
http://www.rmimimra.com/media/attachments/2022/11/17/labor-managment-procedure-lmp-rmi-proper.pdf

mechanism for labor grievances. All planned land use for the project relates to existing facilities on government-owned or already leased land and no 'green' land acquisition is anticipated. There is, however, potential for temporary relocation of activities if demolition is required.

V. GRIEVANCE REDRESS SERVICES

93. **Grievance redress.** Communities and individuals who believe that they are adversely affected by a project supported by the WB may submit complaints to existing project-level grievance mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of WB non-compliance 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 WB Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the WB's GRS, please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the WB's Accountability Mechanism, please visit https://accountability.worldbank.org.

VI. KEY RISKS

94. The overall risk to achieving the PDO is rated Moderate. All individual risk categories (except "Other" risk) are rated either Moderate or Low. "Other" risk is rated Substantial, bearing in mind the potential impact that climate change and natural hazards could have on project implementation. Despite the project's adaptation and mitigation actions, the protracted impact of climate change in the region still makes the project vulnerable. The project mitigates some climate risks by improving capacity for fishery management, strengthening conservation of critical coastal habitats, and strengthening stakeholder coordination nationally and regionally.

VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Marshall Islands

Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience

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 the Republic of the Marshall Islands second phase's project ("RMI 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 Republic of the Marshall Islands.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Timely key information guiding decision making in fisheries management and development								
Fisheries management is informed by timely access to data by national and regional stakeholders (Number)		0.00	0.00	0.00	1.00	2.00	3.00	3.00
Number of data collection, integration, and processing systems automated (Number)		0.00	0.00	0.00	1.00	2.00	3.00	4.00

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Number of fish base and aquaculture sites with organized data collection systems and information retrieval (Number)		0.00	0.00	1.00	2.00	3.00	4.00	4.00
Percentage of observers' and port monitors' data transmitted in real-time to MIMRA's fisheries information management system (MIMFIS) (Percentage)		0.00	25.00	50.00	75.00	100.00	100.00	100.00
Monitoring of fish quality and toxicity facilitating trade of secure and valuable fish products								
Minimum number of companies audited by the Competent Authority for export to the European Union market (Number)		0.00	0.00	2.00	4.00	6.00	8.00	8.00
Reimaanlok network expanding in a more perennial way								
Minimum number of new communities adopting resource management plan with marine element through the Reimaanlok process (Number)		0.00	2.00	4.00	6.00	8.00	8.00	8.00
Diversified livelihoods facilitating adherence of community members to fisheries management								
Minimum number of communities earning positive net income from piloted alternative		0.00	0.00	0.00	2.00	4.00	5.00	6.00

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
livelihood initiatives under the Project (Number)								

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Component 1: Strengthening policy and institutions								
Minimum number of capacity development activities that MIMRA staff join per year (Number)		0.00	28.00	28.00	28.00	28.00	28.00	28.00
Minimum number of food safety trainings conducted by MIMRA (Number)		0.00	4.00	4.00	4.00	4.00	4.00	4.00
Minimum percentage of females participating in training (Percentage)		0.00	25.00	25.00	25.00	25.00	25.00	25.00
Component 2: Strengthening regional collaboration and national capacity for oceanic fisheries								
Minimum percentage of nationally flagged vessels on which electronic monitoring technologies are operational to achieve regional compliance objective (Percentage)		0.00	5.00	15.00	30.00	60.00	80.00	100.00
Minimum percentage of port-call forms that are digitized (Percentage)		0.00	25.00	50.00	100.00	100.00	100.00	100.00

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Component 3: Strengthening regional collaboration and national capacity for coastal fisheries								
Minimum number of coastal communities trained on marine community monitoring toolkit to support Reimaanlok process (Number)		0.00	2.00	4.00	5.00	6.00	10.00	10.00
Minimum number of IUU community learning events under the Project (Number)		0.00	2.00	4.00	6.00	8.00	10.00	10.00
Minimum number of female participants at IUU community learning events (Number)		0.00	20.00	20.00	20.00	20.00	20.00	20.00
Minimum number of fish base/sub-base and market structures upgraded including with renewable energy systems (Number)		0.00	0.00	2.00	5.00	8.00	11.00	11.00
Minimum number of communities with aquaculture development strategy in their resource management plan implementing them with MIMRA (Number)		0.00	0.00	1.00	1.00	2.00	3.00	3.00
Minimum percentage of females implementing aquaculture income generating activities piloted under the project (Percentage)		0.00	30.00	30.00	30.00	30.00	30.00	30.00

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Component 4: Project management								
Time for registered project-related grievances to be addressed through the Grievance Redress Mechanisms (average) (Days) (Days)		0.00	21.00	21.00	21.00	21.00	21.00	21.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Fisheries management is informed by timely access to data by 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 and M&E Officer
Number of data collection, integration, and processing systems automated	Types of MIMRA data that are both 1) automated and 2) transferable to regional databases	Biannual	Department records	Count number of data systems that have automation and are compatible with fisheries regional databases.	Oceanic

				1. Boarding and inspection data, 2. port monitoring data, 3. cold storage transfer data, 4. electronic monitoring data from longline vessels.	
Number of fish base and aquaculture sites with organized data collection systems and information retrieval	Minimum information collected from fish bases: purchase vs. sales volume; from aquaculture sites: production vs distribution volume	Biannual	Department records	Count the number of sites that are using the new system	Coastal
Percentage of observers' and port monitors' data transmitted in real-time to MIMRA's fisheries information management system (MIMFIS)	Sets of data transmitted through tablet-based app vs the total sets of data transmitted	Biannual	MIMFIS	Count of data entries in MIMFIS compared to total including paper records	Oceanic
Minimum number of companies audited by the Competent Authority for export to the European Union market	National companies will be assessed by the CA as meeting the standards for European Union (EU) compliance	Biannual	CA audit records	Count number of companies audited by the CA for EU compliance	Competent Authority
Minimum number of new communities adopting resource management plan with marine element through the Reimaanlok process	Developing a community-based Resource Management Plan is key part of participation in the PAN.	Biannual	Program records	Count number of resource management plans with marine element	Coastal
Minimum number of communities earning positive net income from piloted alternative livelihood initiatives under the	Alternative livelihood initiatives = Aquaculture (including giant clams) +	Annual	Records kept by Coastal staff	Fisheries economist will analyze available records to determine if	Coastal

Project	FADS. Community counts toward indicator if records indicate positive net income was earned among participating individuals /groups.		(including records from buyers for each farmer for giant clams) Community associations records forms completed by (some) fishermen using FADS	community realized net financial benefits	

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Minimum number of capacity development activities that MIMRA staff join per year	Trainings	Biannual	Program records	Count number of capacity development activities that MIMRA staff participate in	PMU with support from relevant MIMRA divisions
Minimum number of food safety trainings conducted by MIMRA	Food safety to be compliant with EU rules	Biannual	Program records	Count number of food safety trainings conducted	Competent Authority
Minimum percentage of females participating in training	Percentage of participants that are female	As per parent	As per parent indicator	As per parent indicator	As per parent indicator

		indicator			
Minimum percentage of nationally flagged vessels on which electronic monitoring technologies are operational to achieve regional compliance objective	Longline electronic monitoring datasets. Target is to monitor a subset based on scientific needs, not all.	Annual	PNA - FIMS	Count of longliners with data in FIMS compared to total number of longliners	Oceanic
Minimum percentage of port-call forms that are digitized	4 forms in total: catch log sheet, transshipment and/or unloading forms, cold storage and containerization forms, export forms	Biannual	Port-call records	Count of forms manually recorded on paper versus automized or electronic forms developed and synced to database	Oceanic
Minimum number of coastal communities trained on marine community monitoring toolkit to support Reimaanlok process	Trainings	Biannual	Program records	Count of communities participating in training	Coastal
Minimum number of IUU community learning events under the Project	The monitoring component training will be conducted in the communities	Biannual	Program records	Count of learning events conducted	Oceanic and Coastal
Minimum number of female participants at IUU community learning events	Number of participants that are female	As per parent indicator	As per parent indicator	Review of sign-in sheets collected at trainings	As per parent indicator
Minimum number of fish base/sub-base and market structures upgraded including with renewable energy systems	Upgrades include structural repairs as well as renewable energy infrastructure	Annual	Program records	Program records	Coastal
Minimum number of communities with aquaculture development strategy in their resource management plan implementing them with MIMRA	The Aquaculture Development Strategy is already in place. Recommendations that have also been made in a	Biannual	Program records	Review of community resource management plans with aquaculture development strategy incorporated	Coastal

	community's resource management plan and are compatible with environment / resources will count toward the indicator.				
Minimum percentage of females implementing aquaculture income generating activities piloted under the project	Percentage of livelihood participants that are female	As per parent indicator	As per parent indicator	Program records	As per parent indicator
Time for registered project-related grievances to be addressed through the Grievance Redress Mechanisms (average) (Days)	Measure the timely processing of the grievances by MIMRA / PMU.	Annual	Individual grievance files	The duration for the handling of the grievance will be monitored. The indicator will be achieved if the average duration for addressing cases is equal or inferior to 21 days.	PMU M&E Officer

ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Marshall Islands
Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience

Implementation Arrangements

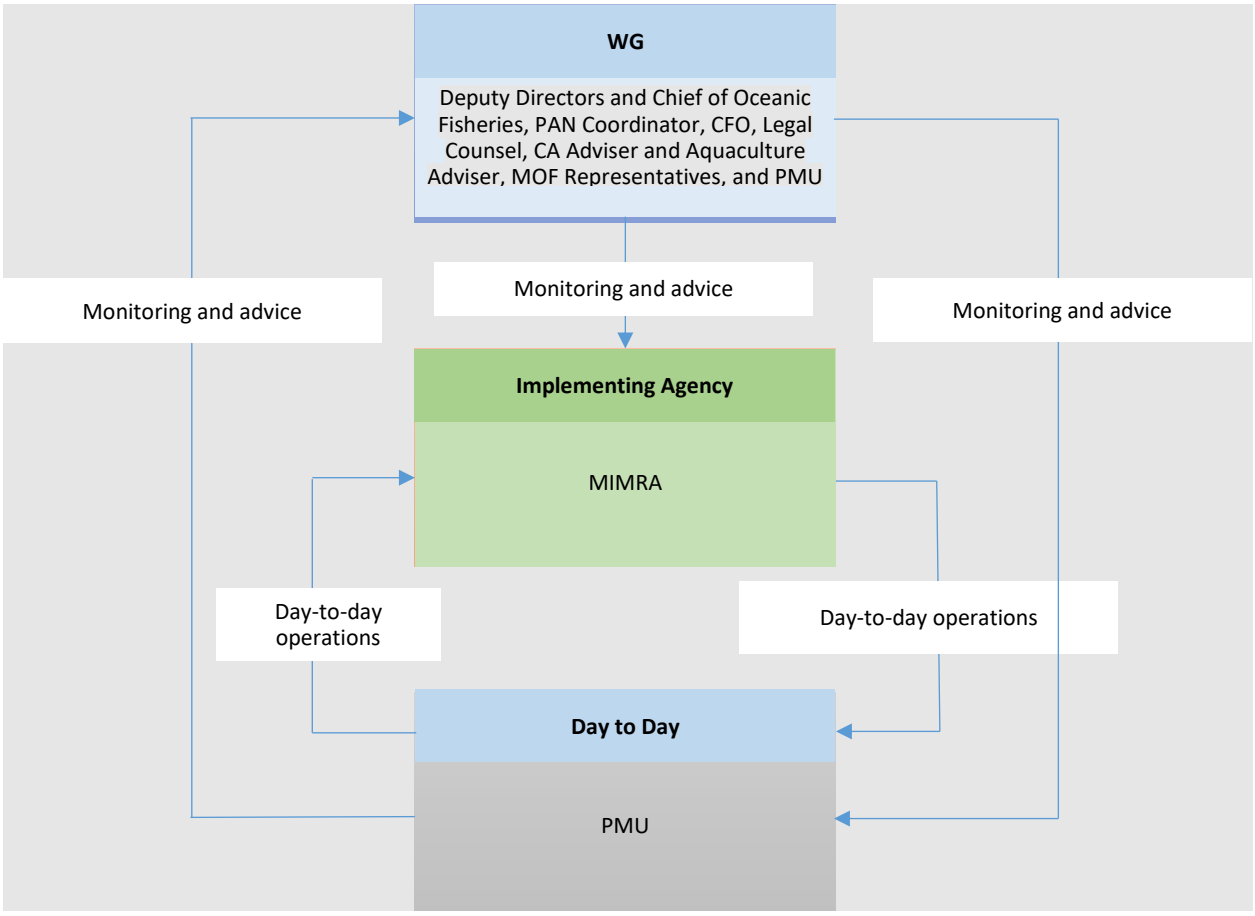
1. A WG, established under the PROP first phase, will be maintained for the project and will be responsible for strategic guidance synergy and coherence of the project with RMI's NSP 2020–2030 and MIMRA's Strategic Goals. The WG is chaired by the Deputy Director, Coastal and Community Affairs, with the RMI PROPER project coordinator as Secretariat. The members of the WG are provided in Table and the WG process is detailed in Figure 1.1. The WG will meet regularly, at least on a quarterly basis. Any members may request an additional meeting through the RMI PROPER project coordinator, as may be required to respond to specific issues.

Table 1.1. WG Members

Agency	Members
MIMRA (implementing agency)	• Deputy Director, Coastal and Community Affairs • Legal Counsel • Chief Financial Officer (CFO) • Deputy Director, Oceanic and Industrial Affairs • PAN Coordinator • Chief of Oceanic Fisheries • Competent Authority Adviser • Aquaculture Adviser
MOF	• Assistant Secretary, DIDA
PMU	• PROPER Project Coordinator • Accountant • Project Assistant

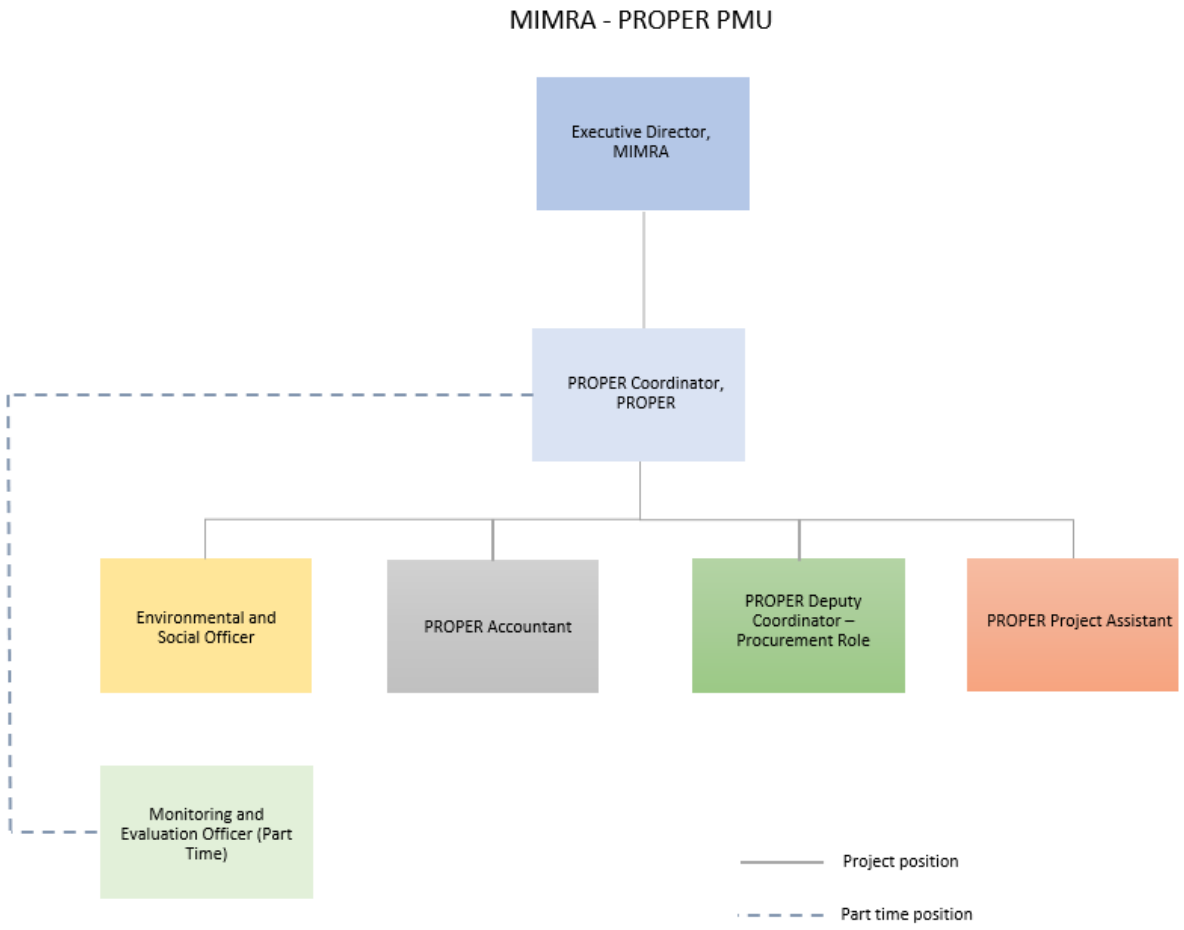
Note: DIDA = Division of International Development and Assistance; MOF = Ministry of Finance.

Figure 1.1. WG Process



2. The project will be implemented by MIMRA, which will be responsible for the coordination and implementation of the project through the PMU. The PMU will be responsible for the day-to-day management of the project, including FM, procurement, and Environmental and Social Framework compliance and reporting to the implementing agency and WG. Figure 1.2Figure presents the organizational chart of the PMU. The POM will describe the institutional arrangements for day-to-day project execution, including procurement, Environmental and Social Framework compliance, FM, and M&E. The POM would also provide clarifications for provision of equipment and implementation by the project implementing entity of community activities under Part 3 of the Project.

Figure 1.2. RMI PROPER PMU Organizational Structure



Financial Management

3. **FM implementation arrangements.** The project will use the existing MIMRA FM system (QuickBooks Pro). The project's FM and budget review processes are to be detailed in the POM including planning and budgeting, accounting, internal controls, funds flow, financial reporting, monitoring, and auditing systems. Financial reporting required during implementation includes interim financial reports (IFRs) on a quarterly basis and independent annual audited financial statements.

4. **Budgeting.** MIMRA prepares an annual budget, which is monitored through the MIMRA financial system. The first budget will be submitted no later than three months after the effective date, then no later than August 31 for each subsequent year during the project implementation period. MIMRA's budget is approved by the MIMRA Board of Directors. The PMU will prepare an overall planned project budget , split this into annual budgets, which will be revised at least on a six-month basis. The budget should be consistent with the Procurement Plan, and MIMRA will coordinate with the PMU for project budget guidance and review.

5. **Accounting.** The project will use MIMRA's accounting system, which is on an accrual basis, uses QuickBooks Pro. While some minor modifications may need to be made to the chart of accounts, QuickBooks Pro can segregate transactions by class, and the current arrangements meet all the accounting

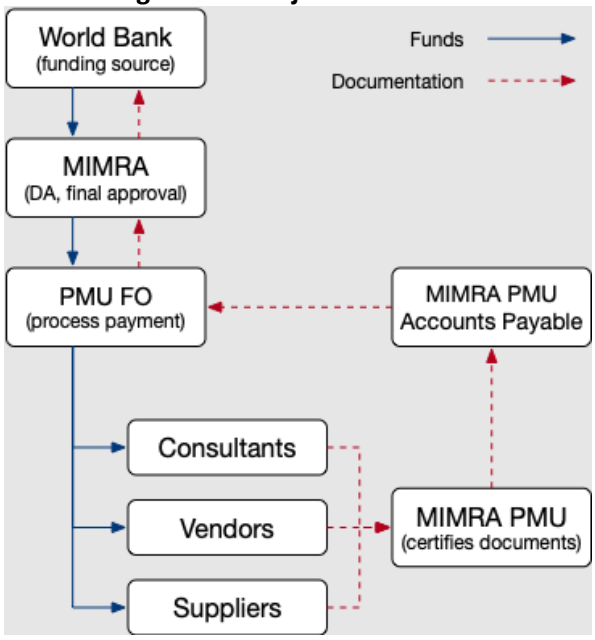
and reporting requirements for the project. The project cost center has been set up, which will enable the preparation and generation of project-specific financial reports on effectiveness. The project will follow the MIMRA and GoRMI financial year, which is from October to September.

6. **MIMRA FM staffing.** MIMRA has four accounting staff: a CFO, an assistant CFO, an accounts payable officer, and an accounts receivable officer. All these officers will be maintained by MIMRA and will work with the FO. The PMU will have one FO to lead the FM functionalities for day-to-day FM and disbursement aspects of the project.

7. **Internal controls.** MIMRA uses the GoRMI Finance Manual and an Employee Policy Handbook. Controls within the payment cycle are adequate and there is segregation of duties of incompatible activities. Expenditure is managed through different levels of authorization depending on the amount. MIMRA does not have an internal audit function and reliance will be placed on the annual audits and some oversight from regular project reviews by the Bank FM specialist and other World Bank staff. Project assets, commitment, and contract registers will need to be created and maintained for the project. A POM will be developed and adopted within three months of effectiveness, will outline FM arrangements and internal controls on project assets. MIMRA's FM policies and procedures will be followed by the PMU. However, if there are procedures not in compliance with the World Bank Financing Agreement, the World Bank FM procedures will apply. Such deviations will be clearly mentioned in the POM.

8. **Funds flow.** Project funds will flow from the World Bank directly to a segregated Designated Account (DA) to be opened in US dollars at a financial institution acceptable to the World Bank. This arrangement would require the establishment of a Subsidiary Agreement to be signed between the GoRMI and MIMRA. MIMRA will use the same DA used for the RMI PROP first phase. Figure 1.3 below provides the project fund flow arrangements.

Figure 1.3. Project Funds Flow



9. **Retroactive financing.** Retroactive financing not exceeding SDR 610,000 (equivalent to US$800,000) will be allowed by for payments before the date of the Financing Agreement that were on

or after May 18, 2022[38], for eligible expenditures under this project. Payments will be made only for project expenditures against contracts procured in accordance with applicable World Bank Procurement Procedures.

10. **Financial reporting.** MIMRA will report sources and uses by component and activity/subcomponent, on a current fiscal year, semesterly, year-to-date, and cumulative basis, commitment reporting and expenditure and commitment to budget reporting. Reporting by category will also be required if there is more than one disbursement category. MIMRA will be required to prepare biannual IFRs in a format agreed with the World Bank, which will be submitted no later than 45 days after the end of the reporting periods, March 31 and September 30. The change in the frequency of reporting from quarterly in the PROP Project to biannual is due to (a) the Moderate risk rating assessment of PROPER, (b) the timeliness of IFR submissions under PROP, and (c) the timeliness of MIMRA's audit report submissions. The IFRs will be prepared on a cash basis and submitted directly to the World Bank through Client Connection.

11. **External audit.** MIMRA's annual accounts are audited by a private audit firm. The project's annual audit will be a part of MIMRA's annual audit, with submission of the audited financial statements due nine months after the end of the fiscal year.

12. **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 1.2. 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 World Bank to the supplier. The DA ceiling will be US$2 million and the minimum application for direct payment and reimbursement will be US$100,000. 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 1.2. Financing Agreement Disbursement Categories and Amounts

Category	Amount of the Financing Allocated (expressed in SDR)	Amount of the Financing Allocated (expressed in US$ equivalent)	Percentage of Expenditures to Be Financed (inclusive of taxes)
(1) Goods, works, non-consulting services, and consulting services, Operating Costs, and Training and Workshops	13,600,000	18,000,000	100
Total Amount	**13,600,000**	**18, 000, 000**	

[38] Date is based on the expected signing date of May 18, 2023, following Board Approval. This footnote can be deleted in the Signing Version.

Procurement

13. **Project Procurement Strategy for Development (PPSD).** This shows that procurement packages are low to moderate value contracts. There are two major civil works activities with an estimated cost range from US$200,000 to US$500,000, Several goods and consultancies packages also need to be procured under this project. There are limited national and local contractors/suppliers available with the required capacity and experience. A regional and international market approach may be needed for several key works and consultancy packages. As the civil works and goods are not complex and do not require special technology or execution methods, the Request for Bids and Request for Quotations methods with an international or national market approach will mainly be applied. For consultant services, the market approach for specialized and critical consulting services required under the project will likely be international procurement, using either Quality and Cost-Based Selection or Selection Based Consultants' Qualifications (CQS). Smaller consulting assignments will be procured using Fixed Budget Selection, Least-Cost Selection, CQS, and the Individual Consultant method with a national market approach, as appropriate.

14. **Procurement Plan.** Based on the PPSD, an initial Procurement Plan (for the first 24 months) was finalized prior to negotiations. It will be updated by the MIMRA PMU at least on an annual basis to (a) reflect project implementation, (b) allow for changes, and (c) add new packages as needed for the project. All Procurement Plan updates, or modifications will be subject to the World Bank's prior review and 'no objection'. Contracts not subject to prior review will be subject to post review and the World Bank will carry out procurement post reviews on an annual basis with an appropriate sample.

Implementation Support Plan

15. **Strategy and approach for implementation support.** The project implementation strategy is based on: (a) ensuring a high degree of implementation readiness of project components; (b) focused technical, financial, and procurement reviews by the World Bank; (c) close and constant focus on high-risk areas, such as quality and speed of procurement; and (d) close and continuous follow-up on issues highlighted during implementation support missions. The Implementation Support Plan will consist of a continuous dialogue with MIMRA and the MOF, 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 POM will be incorporated in future revisions of the POM, and further training will be offered to the PMU staff and other relevant stakeholders, where necessary.

16. The World Bank 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.

17. Coordination will be maintained with other development partners and non-governmental organizations working in the fisheries sector, in particular the EU and the Australian Ministry of Foreign Affairs and Trade.

18. **Team composition.** The World Bank's implementation support team is expected to consist of two experienced co-task team leaders in charge of overall coordination of RMI 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 MIMRA to support smooth implementation where capacity is inadequate.

19. **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 1.3 for estimates of staff weeks per year).

Table 1.3. 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 analyst	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**
12–60 months	Implementation support coordination	Co-task team leaders	10
		Environmental analyst	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, 12–60 months)			**34**

ANNEX 2: Overview of PROP and Phase 1 PROP Project in the RMI

1. **This project is the tenth under the PROP SOP.** PROP was developed in 2013 as an IDA Regional Window Program and SOP. The PROP first phase began in 2014 with implementation in the FSM, the RMI, the Solomon Islands, Tuvalu, and the FFA (first cohort), and was expanded in 2019 and 2020 to Samoa, Tonga, and Kiribati (second cohort). The Solomon Islands started implementing the PROP second phase in July 2022. 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 2.1. 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 preparation**						Anticipated					
Solomon Islands	**Completed**								**Under implementation**						Anticipated					
Micronesia	**Completed**								**Under preparation**						Anticipated					
RMI	**Completed**								**Under preparation**						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 PDO.** 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 PROP with the FFA include:** (a) significant capacity building and training of the FFA member countries and contributing to improving the shared management of oceanic fisheries, particularly MCS capacity, related shared standards and procedures, and TA for compliance with sanitary and IUU fishing-related requirements to export fish to the EU; (b) regional collaboration, through support from the SPC, for improved management and market links for the sea cucumber fishery, including resources assessments and development of management plans; and (c) with 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 PROP in the RMI include:** (a) enhancing MIMRA's strategic vision and planning processes through revising and updating corporate guidance documents; (b) assisting MIMRA in delivering its Strategic Goals in line with the National Observer Program, fisheries MCS, food safety monitoring, and human resources management; (c) expanding the *Reimaanlok* process; and (d) completing a Marine Pollution Study.

5. **RMI PROPER will offer increased emphasis on strengthening policies and institutions,** including strengthening the capacity of MIMRA departments for research, analysis, and strategic decision-making to inform economic growth. RMI PROPER will build and expand on the success of the PROP first phase to further strengthen seafood safety by establishing and implementing the CA laboratory, improving the research capabilities through capacity building, and developing MARS and identifying livelihood diversification activities through repair and upgrade of outer island assets and robust technical analysis.

Table 2.2. Summary of PROP First and Second Phase Projects

PROP Individual Projects	Financing (US$, millions)	Key Focus	Period Status
First phase projects			
Solomon Islands	IDA: 6.10 GEF: 1.37	**Management of oceanic fisheries** • Strengthen capacity of national and regional institutions to manage tuna fisheries. • Ensure equitable distribution within PICs of benefits of managed tuna fisheries. **Management of coastal fisheries** • 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
FSM	IDA: 5.5		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 MPAs • Pilot Pacific Blue Carbon regional program for small to medium fishery habitats	2014–2021 Completed
Samoa	IDA: 9.00 for fisheries	Samoa: Agriculture and Fisheries Productivity and Marketing Project (SAFPROM) **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 EEZ **Strengthening the Knowledge Base for Fisheries and Aquaculture**	2019–2026 Ongoing

PROP Individual Projects	Financing (US$, millions)	Key Focus	Period Status
		• 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	
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, others	To be determined	Proposed
Second Phase Projects			
Solomon Islands	IDA: 13.50	**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
FFA	IDA	**Strengthening regional capacity** for the management and sustainable development of the oceanic fisheries sector in selected Pacific Islands	Proposed
Marshall Islands	IDA		This project
Micronesia, Fed. Sts.	IDA	To be determined	Proposed
Tuvalu	IDA	To be determined	Proposed
SPC	IDA	To be determined	Proposed

ANNEX 3: Map of the Republic of the Marshall Islands