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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 10-Mar-2024 | Report No: PIDIA00388



BASIC INFORMATION

A. Basic Project Data

| | | | |
|--|---|-------------------------|--|
| Project Beneficiary(ies) | Region | Operation ID | Operation Name |
| Somalia | EASTERN AND SOUTHERN AFRICA | P178032 | Somali Sustainable Fisheries Development Project - Badmaal |
| Financing Instrument | Estimated Appraisal Date | Estimated Approval Date | Practice Area (Lead) |
| Investment Project Financing (IPF) | 05-Feb-2024 | 30-Apr-2024 | Environment, Natural Resources & the Blue Economy |
| Borrower(s) | Implementing Agency | | |
| Ministry of Finance of the Federal Republic of Somalia | Ministry of Fisheries and Blue Economy of the Federal Government of Somalia | | |

Proposed Development Objective(s)

The Project Development Objective is to improve the capacity of targeted communities and authorities to benefit from and effectively manage selected fisheries

Components

Increasing the Capacity of Dependent Communities to Benefit from Sustainable Marine Fisheries
Strengthening Marine Fisheries Governance and Management
Project Management

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)?

SUMMARY

| | |
|----------------------|-------|
| Total Operation Cost | 55.00 |
| Total Financing | 55.00 |



| | |
|-------------------|-------|
| of which IBRD/IDA | 50.00 |
| Financing Gap | 0.00 |

DETAILS

World Bank Group Financing

| | |
|---|-------|
| International Development Association (IDA) | 50.00 |
| IDA Grant | 50.00 |

Non-World Bank Group Financing

| | |
|--------------|------|
| Trust Funds | 5.00 |
| PROBLUE MDTF | 5.00 |

Environmental And Social Risk Classification

High

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- After more than two decades of civil unrest, Somalia has taken steps towards stability, reconstruction, poverty reduction and inclusive growth.** The 2012 Provisional Constitution established the Federal Government of Somalia (FGS) consisting of five Federal Member States (FMS) and the capital, Mogadishu. A peaceful change in the FGS in 2022, institution-building efforts, and fiscal reforms are improving governance and placing the country on a stronger development trajectory. Limited presence of FGS and FMS agencies outside urban areas, conflict, insecurity, and humanitarian challenges including terrorist groups' attacks, mostly in Mogadishu and in southern Somalia, continue to constrain private sector investment and delivery of public services relief efforts affecting poverty and economic growth.
- Somalia is one of the poorest countries in the world and continues to face severe development challenges.** Public revenue generation remains an ongoing challenge, but Somalia reached the Heavily Indebted Poor Countries (HIPC) Initiative Completion Points in December 2023, providing significant total debt service savings. Maritime piracy in Somalia has considerably reduced since 2012, however remains a potential threat. Gender inequality and Gender Based Violence (GBV) are prevalent issues in Somalia.



3. **Somalia is highly vulnerable to climate change and has faced persistent humanitarian crises for decades with associated resource depletion.** In recent years, low rainfall has exacerbated severe drought conditions. Somalia is a chronic food crop deficit country, dependent on remittances and humanitarian assistance to finance consumption and imports. In particular, small urban and rural coastal communities have high food insecurity, living in harsh and isolated environments with poor sanitation, health, and educational services. Extreme weather events due to climate change will continue to exacerbate these challenges including in coastal areas.

4. **Despite the challenges, several factors offer entry points for the fisheries sector to contribute to development and poverty alleviation.** These include a young population, rapid urbanization which can together create service sector jobs ; rapid integration of ICT technologies and financial services for entrepreneurs, including in the fisheries sector, are opportunities to “leapfrog” towards financial inclusion, e-government, and digital entrepreneurship; a vibrant private sector connected to a global diaspora network that considers fisheries as an economic growth area; economic integration with the broader Horn of Africa and Red Sea region and a long coastline with a productive marine ecosystem. These general development opportunities could also enable stronger management and MSME development in the Somali fisheries sector.

Sectoral and Institutional Context

5. **Somalia’s fisheries resources are extensive, productive and diverse.** Strong seasonal upwelling off Somalia’s Indian Ocean coast provides one of the most productive marine ecosystems in the world with numerous fish and shellfish species, including valuable pelagic tuna resources. Conversely, its narrow continental shelf limits shallow-water habitat and therefore the abundance of demersal species. Reliable data is scarce, but it is estimated that annual domestic catch is between 30,000 and 50,000 tonnes. Some demersal stocks (*e.g.* sharks, lobster, grouper, and snappers) may be showing signs of overexploitation, especially near urban centers where fishing activity and demand is higher. Small pelagic resources are thought to be underutilized within Somali waters, although the large pelagic tuna stocks are assessed to be overfished at a regional level by the Indian Ocean Tuna Commission (IOTC).

6. **Climate change directly impacts Somali fisheries, reducing fish stocks and changing the marine ecosystems on which they depend, through acidification, sea-level rise, higher water temperatures, and changes in ocean currents and circulation¹.** By the end of the century, the Somali upwelling zone will become about 20 percent less productive overall. Furthermore, the vulnerability of the fisheries is based on cumulative effects of climate change, other drivers of change, and human responses. Somalia’s socioecological risk of climate change to fisheries scores ‘very high’. Declining productivity will be exacerbated if habitats and species are not sufficiently protected from fishing pressure. Fishery infrastructure and livelihoods of fishing communities will also be impacted by high risk of flooding in the coastal areas of Somalia and climate vulnerability also extend to value chains. The impacts further risk increased food insecurity and lost livelihoods for coastal communities. The climate vulnerability of the Somali fisheries highlights the importance of long-term climate resilience of fisheries by maintaining robust fish stock and marine habitats and reducing non-climate stressors through development and implementation of climate-resilient fisheries management, including capacity building of fishing communities, legal and regulatory framework for sustainable fisheries, monitoring control and surveillance to

¹ Federal Government of Somalia. 2022. Somalia’s First Adaptation Communication to the UNFCCC.



reduce unsustainable fishing practice (including IUU), fisher safety, climate-smart fishery infrastructure, and resilient value chains

7. **The new 2023 Federal Fisheries Law establishes the basic division of responsibilities among FGS and FMS.** The Law divides fishing grounds into three zones:

- *Fisheries Restricted Zone (0-12nm)*: constitutes the Territorial Sea of Somalia and is reserved exclusively for artisanal fishing and related activities by Somali citizens and Somali vessels of up to 12 meters in length overall, and management responsibility lies with the contiguous FMS;
- *Fisheries Protection Zone (12-24nm)*: reserved exclusively for fishing and related activities by Somali citizens and Somali vessels of up to 24 meters in length overall. While the contiguous FMS shall have the right to issue licenses for artisanal fishing vessels, other management responsibility lies with the FGS;
- *Fisheries Exclusive Economic Zone (24-200nm)*: open to all fisheries and fleet and where management responsibilities lie with the FGS.

8. **The domestic fishing sector is largely small-scale and artisanal.** Approximately 122 fish landing sites have been identified along the Somali coast. While sectoral statistics are woefully outdated; estimates of the number of fishers ranged from 10,000 fishers to 30,000. In addition, total full and part-time fisheries related indirect employment was estimated to be 90,000 people. The main fishing season for the domestic fleet extend during the northeast monsoon, between December and February, when sea conditions are calm. During the southwest monsoon, May to October, fishing activity from the domestic fleet is reduced. Illegal fishing has been rampant in Somali waters for decades, create conflicts with local communities and greatly increase the risk of overexploitation of stocks and marine habitat degradation. Development of domestic fisheries value chains is limited by poor landing infrastructure, handling and processing facilities and equipment, and seasonal rough sea conditions. There is an active private sector, which has invested in fishing, cold storage, fish collection, and processing, but currently mostly only operates in the vicinity of large coastal cities and has yet to capture the full potential of domestic and high-value export markets. Post-harvest losses are currently estimated at between 25% and 40%. Somalia participates in regional fisheries management activities though its membership of several Regional Fisheries Bodies (RFBs). Weak governance and the lack of management systems threaten the sustainable exploitation of fish stocks, but initial steps are being taken. The new Fisheries Law (2023) provides some initial clarity on the respective fisheries management mandates of FGS and FMSs, but significant work remains to promote cooperation between them, to develop the implementing regulations, and build capacity to enable authorities and local communities to put measures into practice. In Somali fisheries sector gender roles are distinct with men primarily engage in fishing, international trade of high-value species and some domestic distribution, and women engage in processing, local markets, wholesale and retail, and restaurants, occupying few decision-making positions and having lower earning potential.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective is to improve the capacity of targeted communities and authorities to benefit from and effectively manage selected fisheries

Key Results



9. Key results include:

1. Climate informed fisheries management plans formulated, and implemented (Number)
 - Of which Co-management plans in place and operational (Number)
2. FMDC meetings (Number)
3. Fishing communities with improved capacity to benefit (Number)
 - Of which at least 25% of beneficiaries are women (Number)
4. Project beneficiaries (direct) (Number)
 - Of which are women (Percentage)
5. Reduction in food loss and waste in targeted value chains (Percentage)

D. Project Description

10. **Component 1. Increasing the Capacity of Dependent Communities to Benefit from Sustainable Marine Fisheries.** aims to establish or improve small-scale fisheries sustainable infrastructure that is climate resilient, and financially viable and value chains with primary beneficiaries being fishers, fish workers and their communities including cooperatives and MSMEs².

11. The project will support the identification, planning and construction of climate-resilient and gender-responsive small-scale fishing infrastructure at a minimum of 12 sites based on needs analyses and in consultation with selected communities and stakeholders. These investments are designed to enable subsequent private sector investments in catching, processing and transporting seafood as well as in boat construction, repair, and maintenance of equipment (e.g. engines, fishing gear, etc.) and related private infrastructure (e.g. ice machine, cold stores, etc.). Infrastructure management/business plans will define management options for the infrastructures. Possible infrastructure at selected sites includes cold stores fitted with energy-efficient power supply, ice-production facilities, storage facilities, as well as processing facilities, all of which are critical for handling fish catch in increasingly warmer climate; jetties to protect navigation channels from coastal flooding; and local markets (which reduce fish loss and waste compared to exports) to lay the foundation for private sector investment. For Mogadishu, the project will support the development of a long-term vision and investment plan including feasibility studies, social-economic and environmental assessments, and potentially some preliminary infrastructure.

12. The project will support, in consultation with beneficiary communities, the development and implementation of associated fish value chains that support fisheries at selected infrastructure sites. It will further support strengthening or establishing sectoral organizations, including cooperatives and associations, and improving labor conditions and promoting women into leadership roles through capacity building and mentoring. For selected sites, beneficiaries (fishers, processors, and related businesses). These activities aims to reduce fish losses from weather-related impacts, improve product quality and develop new products and improve access to appropriate equipment and training.

13. **Component 2: Strengthening Marine Fisheries Governance and Management** will set the foundation for long-term climate resilient Somali fisheries that are managed for sustainability by investing in fisheries governance as laid out

² Unless otherwise indicated, activities in all components aim to be gender-responsive to address the gender barriers described in the I.B Sector Context section. Further details of gender efforts are provided below in IV. PROJECT APPRAISAL SUMMARY, Part C.



in the new national Fisheries Law³. The main beneficiaries will be FGS and FMS fisheries ministries, fishers, fish workers and their communities, as well as investors.

14. The project will provide technical assistance and operational support to the Fisheries Management and Development Council (FMDC) and its meetings, as well as legal and technical support to FGS and FMS fisheries ministries. The project will help finalize and adopt the Fisheries Policy, revise of FMSs Fisheries Law for harmonization with the 2023 Federal Fisheries Law and adopt implementing regulations. Building on these initial advances, it will produce and support initial implementation of ecosystem-based and climate-informed management plans including through co-management. The project will also support the enhancement of the capacity of the ministries to effectively manage Somali fisheries through public infrastructure rehabilitation and construction, equipment and capacity building. The project will further support the strengthening of fisheries Monitoring Control and Surveillance of fishing vessels and fishing activities, in order to fight Illegal, Unreported and Unregulated (IUU) fishing in Somali waters. This will be done through the adoption of strategic MCS documents and plans, equipment and small-patrolling assets as well as support to fisheries patrols in the territorial sea and Exclusive Economic Zone (EEZ) of Somalia. The project will support the development of a comprehensive and robust data collection system in Somalia, including fisheries statistics, registration of fishers and vessels as well as other socio-economic information. The project will include the undertaking of stock status determination of a number of selected priority stock. These activities will increase knowledge on the sector and stocks to support management and guide private sector investment. Finally, the project will support some strategic studies on fisheries and blue economy for medium and long-term development.

15. The PROBLUE Multi Donor Trust Fund will provide a US\$5 million grant to *Badmaal* specifically for activities under Component 2. These activities will include 1) meetings of the FMDC, 2) the strengthening of all policy, legal and regulatory frameworks at FGS and FMS levels, 3) the development and initiation of implementation of all management plans, 4) the development of registrations systems for fishers, vessels and licenses, 4) development and implementation of strategies and reforms for gender empowerment, 5) the development and implementation of a Fisheries Information Management System and 6) the determination of the status of priority stocks.

16. **Component 3: Project Management Monitoring and Evaluation.** This component will ensure effective implementation of project activities and fiduciary management and effective monitoring and evaluation, and the application of/in conformity with the Bank's Environmental and Social Framework

| Legal Operational Policies | Triggered? |
|--|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Area OP 7.60 | No |
| Summary of Screening of Environmental and Social Risks and Impacts | |

³ LEGAM reviewed the Fisheries Law and assessed it to be in conformity with Article 73 of UNCLOS.



17. **The project's potential environmental risks and impacts are related to relatively small-scale infrastructure and capacity building investments in the fisheries sector in Somalia.** The project's overall Environmental and Social Risk rating is 'High.' Environmental risks are rated as 'Substantial' and relate to risks and impacts associated with civil works, contamination of aquatic systems and water quality due to organic waste and wastewater, oil leakage from fishing vessels, hazardous materials, and chemicals during the operation of these facilities. The project is not expected to generate a large volume of hazardous waste during construction and operation.

18. **On the other hand, social risks are rated 'High.'** The project will also need to consider potential tensions between and inter communities overfishing rights and access to new public infrastructure. Beyond these specific inclusion and conflict risk, the project will have to carefully treat any land needs and consequent resettlement questions for small-scale community infrastructure, even though the consultative approach with beneficiaries and small-scale investments may be expected to reduce the risk level. The applicability of ESS7 will be clarified during subproject preparation. Questions on security of project workers and beneficiaries will need to be addressed.

19. **While the project may lead to increased small-scale fishing effort, improvement of the fisheries' regulatory framework should overall reduce overfishing risks.** The main adverse environmental risks and impacts during construction would be associated with small-scale fisheries infrastructure construction or rehabilitation with the potential for marine works interference with coastal processes causing erosion or accretion. Potential risks and impacts are mostly temporary, predictable, and reversible or avoidable by careful design work. Due to the context in Somalia, Security issues need to be carefully assessed and managed in selected locations for interventions as well as in Mogadishu and in FMS capitals.

20. **The SEA/SH risk relates especially to Component 1 (which involves small-scale fisheries infrastructure).** The project induced risks of GBV/SEAH can persist due to social and structural inequalities that create vulnerable conditions such as lack of access to fisheries resources, dangers of trafficking targeting women and girls offering the promise of work, food and/or fish products. Also, shifting social and power dynamics regarding fisheries roles may limit women's ability to fully participate in the economic opportunities and decision-making by exposing many of them to various forms of GBV, including harassment, particularly when securing licenses or other related business permits along the coastlines. The contextual risks for GBV (including SEA/SH) are generally high in Somalia. The SEA/SH prevention and response action plan will be included in the ESMF, which will be prepared before appraisal.

E. Implementation

Institutional and Implementation Arrangements

21. All project interventions will be carried out in a manner consistent with the Federal Fisheries Law of Somalia. The project will be implemented by the MFBE of the FGS, with the support of ministries of fisheries in the FMSs, and with involvement, consultation and technical contributions of beneficiary communities.

22. **The proposed investments will be located in existing Somali fishing communities, with a first set in 12 locations identified during preparation in full consultations with the federal and state authorities.** The intervention and



investment will be package in these locations for maximum impact, with potential scalability in the future. Beneficiary communities will be associated and consulted for full ownership of the project activities.

23. **A project management unit (PMU) will be established within the MFBE and Project Implementation Units (PIU) will be established within each FMS Ministry of Fisheries.** The PMU will be responsible for overall project implementation and coordination with stakeholders, including procurement and contract management, environmental and social safeguards issues, monitoring and evaluation, overall quality control of project activities and execution, and enabling effective communication among stakeholder agencies and beneficiary communities. The PIUs will be responsible for the coordination and implementation of project activities in fishing communities within each of the participating FMS

24. **The Technical Working Group of the Director General (DG-TWG) of Fisheries will serve as steering committee for the project and advise the PMU.** With a least two meetings a year, the DG-TWG will review project progress and identify policy or regulatory issues, particularly those that require coordination between FGS and FMS and among FMS and financial reporting.

25. **The project will support other institutions and government agencies that establish formal partnerships, through memoranda of understandings, with the MFBE.** This support will facilitate implementation of project activities that fall outside of the core competencies of the MFBE. These include food safety, enforcement, scientific research, and education and may include such entities as the Food Safety and Quality Control Agency, Police and Navy, Research Institutes and Universities respectively.

CONTACT POINT

World Bank

Julien Marie Francois Million
Senior Fisheries Specialist

Stephen Ling
Lead Environmental Specialist

Borrower/Client/Recipient

Ministry of Finance of the Federal Republic of Somalia

Implementing Agencies

Ministry of Fisheries and Blue Economy of the Federal Government of Somalia
Mohamoud Sh. Abdullahi
Director General
dg@mfmr.gov.so



FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

| | |
|----------------------|---|
| Task Team Leader(s): | Julien Marie Francois Million, Stephen Ling |
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Approved By

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|---------------------------|-------------------------------|-------------|
| Practice Manager/Manager: | Julien Marie Francois Million | 10-Mar-2024 |
| Country Director: | Kristina Svensson | 11-Mar-2024 |