1. Country and Sector Background
The rationale for Bank involvement in this project is that it supports directly or indirectly all key elements in the Poverty Reduction Strategy, but with a regional focus on the coastal areas. The coastal districts remain among the poorest in Tanzania, and MACEMP provides an opportunity to target these populations directly through acting concurrently on their environmental and economic vulnerability. The underlying development hypothesis is that sound management of coastal resources, many of which are currently open access and are thus over-exploited or sub-optimally utilized, will contribute directly to improved incomes and to reduced vulnerability to external shocks. A second hypothesis (acting in a reverse causal direction from the first), is that increased local empowerment, through enhancing community management of the resource base and through better definition of coastal and marine property rights and responsibilities, will in turn lead to more sustainable use of the resource base through, for example, improved commercial fish stocks, reduced by-catch wastes, and reduction in destructive fishing practices. These two causal links are mutually reinforcing, contributing over time to a concurrent reduction in poverty and improvement in the quality of the resource base.
The project could alternatively have addressed only one of these two hypotheses through, for example, focusing on resource protection alone or on local empowerment alone. But such a single pronged focus would have left potential positive feedback effects to chance. The two pronged approach is thus also a risk management mechanism.

International donors have been active in this sector for about one decade. USAID has supported coastal district planning and the development of the National Integrated Coastal Environment Management Strategy (NICEMS) on mainland Tanzania, adopted officially in December 2003. The European Commission (EC) has concentrated on strengthening URT’s capacity in the Monitoring, Control and Surveillance (MCS) of the country’s EEZ through providing technical assistance and equipment to facilitate offshore management. Numerous donors and NGOs (WWF, IUCN, JSDF, Ireland, Norway, Finland, Sweden) are providing site-specific support for marine protected area management along the coast, including a wide spectrum of ecosystems on the mainland and the Zanzibar islands. At a regional scale, multi-country efforts to improve sustainable management and exploitation of the resources of the South West Indian Ocean are being supported through SWIOF, UNDP/LME project. Scientific knowledge of selected coral reef ecosystems is being improved through the GEF-supported Global Coral Reef Targeted Research and Capacity Building for Management Project. Sustainable management and improvement of cultural resources and assets along the coast have been the focus of attention by French assistance and UNESCO.

The gaps in the current assistance are primarily as follows:

1. lack of support for a common governance regime in the EEZ between Zanzibar and mainland Tanzania, although achieving and implementing such a regime is a policy priority and has supporting legislation such as the Deep Sea Fishing Authority Act.
2. lack of a systemic approach to developing a network of marine managed areas consistent with URT’s 2003 commitment at the World Parks Congress to increase its level of protection of the territorial seas from less than 4% now to 10% by 2012 and to 20% by 2025.
3. lack of explicit interventions that comprehensively tie coastal community livelihoods within a framework of empowerment and local resource management, such as that contemplated in NICEMS and in similar Integrated Coastal Management (ICM) policies on Zanzibar.

The Bank has a comparative advantage in addressing some of these gaps, and in providing unique contributions that could not be addressed by other donors or other means, as follows:

1. the Bank is seen as an impartial facilitator in developing and implementing a common governance regime in the EEZ. For example, the EC is concurrently negotiating a commercial fisheries agreement with URT while also providing technical assistance in areas that would influence the monitoring of that agreement.
2. the Bank can coordinate activities in MACEMP with those in its other operations, consistent with the intent of the Tanzania Assistance Strategy which is to “raise the effectiveness of development assistance and reduce the transactions cost of aid delivery.” Specifically, one of the components of MACEMP will deliver coastal community demand driven sub-projects through a TASAF 2 ring-fenced window.
URT can optimize the use of its borrowed resources by leveraging grant resources from GEF through the Bank which provide for financing of incremental costs associated with conservation of biodiversity in coastal and marine ecosystems and protection and sustainable use of transboundary fish stocks in Tanzania’s territorial sea and EEZ. The Bank is well placed to assist URT in achieving financial sustainability for this project because of the potential connection to other sectoral activities supported through Bank assistance. Specifically, the project contemplates establishment of a Marine Legacy Fund mechanism that will in due course require coordination of efforts by numerous ministries.

2. Objectives
The project development objective is to improve sustainable management and use of the URT’s Exclusive Economic Zone, territorial seas, and coastal resources. Sustainable management and use will be reflected in enhanced revenue collection, reduced threats to the environment, improved livelihoods of participating coastal communities and improved institutional arrangements.

The project’s global objectives are: (i) to develop an ecologically representative and institutionally and financially sustainable network of marine protected areas, and (ii) to build URT’s capacity to measure and manage transboundary fish stocks.

3. Rationale for Bank Involvement
The rationale for Bank involvement in this project is that it supports directly or indirectly all key elements in the PRS, but with a regional focus on the coastal areas. The coastal districts remain among the poorest in Tanzania, and MACEMP provides an opportunity to target these populations directly through acting concurrently on their environmental and economic vulnerability. The underlying development hypothesis is that sound management of coastal resources, many of which are currently open access and are thus over-exploited or sub-optimally utilized, will contribute directly to improved incomes and to reduced vulnerability to external shocks. A second hypothesis (acting in a reverse causal direction from the first), is that increased local empowerment, through enhancing community management of the resource base and through better definition of coastal and marine property rights and responsibilities, will in turn lead to more sustainable use of the resource base through, for example, improved commercial fish stocks, reduced by-catch wastes, and reduction in destructive fishing practices. These two causal links are mutually reinforcing, contributing over time to a concurrent reduction in poverty and improvement in the quality of the resource base.

4. Description
There are four components:

Component 1. Sound Management of the Exclusive Economic Zone (EEZ), with the objective to establish and implement a common governance regime for the EEZ that contributes to the long-term sustainable use and management of EEZ resources. Planning and policy support is provided to harmonize domestic legal and policy instruments, with a view to operationalizing the Deep Sea Fisheries Authority through: improved licensing of foreign vessels; enhanced monitoring, compliance and surveillance; establishment of a sustainable financing mechanism; and improved fishery stock assessments on near-shore stocks. Partnerships with neighboring countries, local communities and the private sector are strengthened so that URT can better meet its regional obligations for improving the sustainable use of trans-boundary fish stocks and for decreasing...
post-harvest losses through reducing by-catch and enhancing opportunities for domestic value-added processing.

Component 2. Sound Management of the Coastal Marine Environment, with the objective to establish and support a comprehensive system of managed marine areas in the Territorial Seas, building on Integrated Coastal Management strategies that empower and benefit coastal communities. Planning and policy support will be provided at the national, local government, and village levels to improve spatial planning along the coastal margin, to develop a national system plan for marine managed and marine protected areas (MPAs), and to promote marine zoning that encourages local co-management and decreasing open access conditions. Support is provided to strengthen the existing network of marine managed areas, and to increase the area under effective management to meet the URT objective of achieving 10% protection of its seas by 2012. Domestic partnerships are developed with local communities and the private sector to improve co-management efforts and to improve the overall cost efficiency of marine area management. Regional partnerships are enhanced to pursue joint marine management initiatives, including establishment of regional MPAs with bordering Kenya and Mozambique.

Component 3. Coastal Community Action Fund, with the objective to empower coastal communities to access opportunities so that they can request, implement and monitor sub-projects that contribute to improved livelihoods and sustainable marine ecosystem management. The component mirrors the structure of the Tanzania Second Social Action Fund (TASAF 2). It establishes a ring-fenced Coastal Village Fund (CVF) within TASAF 2 to deliver Community Demand Driven sub-projects to coastal populations in mainland Tanzania and Zanzibar islands. A Coastal Community Capacity Enhancement sub-component supports villages and local government authorities in ensuring that the CVF delivers sub-projects consistent with overall MACEMP objectives, using TASAF 2 access protocols.

Component 4. Project Implementation Unit (PIU), with the objective to provide efficient project implementation services. The PIU will support two Project Management Units to implement project activities on the mainland Tanzania and in Zanzibar, while providing technical oversight and liaison with TASAF 2. A comprehensive M&E Strategy and Development Communication Strategy will be managed through the PIU.

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5. Financing

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<td>BORROWER/RECIPIENT</td>
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<td>INTERNATIONAL DEVELOPMENT ASSOCIATION</td>
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<td>GLOBAL ENVIRONMENT FACILITY</td>
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6. Implementation
Implementing Arrangements. The Ministry of Natural Resources and Tourism (MNRT) in Tanzania mainland and the Ministry of Agriculture, Natural Resources, Environment and Cooperatives (MANREC) in Zanzibar will have overall responsibility for project implementation. Both Ministries will coordinate closely with the Vice President’s Office, the Ministry of Foreign Affairs, the Ministry of Lands, PO-RALG, and the National Environment Management Council (NEMC) for specific project activities.

At the national level a Project Steering Committee (PSC) composed of the Permanent Secretaries responsible for Natural Resource, Finance, and Local Administration from both sides of the Union as well as the PS of the Vice President’s Office will guide on policy, institutional, and regulatory reform as well as strategies for implementation. The PSC will also adopt the annual work plan and corresponding budget and semiannual update there of.

A Technical Committee composed of Directors of key ministries and institutions as well as private sector representatives will monitor and guide project operations, advise on research needs, and review annual work plans and budget as well as annual progress and performance
reports prior to submission to the PSC. Responsibility to review and clear the procurement process below set thresholds is delegated to the two Directors of Fisheries. Short-term support for quality control, risk mitigation, and technical and scientific guidance would be available from a Roster of Experts on the basis of an honorarium agreement.

One joint Project Coordination Unit (PCU) will facilitate coordination between Tanzania mainland and Zanzibar and be responsible for consolidated reporting on all aspects of project implementation to the Technical Committee and the World Bank. It will serve an advisory function for Project Management Units (PMUs) in Tanzania mainland and Zanzibar on all operational aspects such as monitoring, disbursement, financial management, procurement, and reporting.

Implementation at local level will follow the current decentralized administrative structure, which provides for significant delegation of control to the regional and district level as sector district officers answer directly to the local District Council instead of the line Ministry. Coastal Community Subprojects financed via the CCAF would be implemented according to the TASAF 2 implementation structure through Local Service Providers and Community Management Committees under supervision from Village or Shehia Advisory Council. To interact with the TASAF 2 sub-project approval mechanism, a CCAF Technical Committee (CCAFTC) is established to meet quarterly and participate in TASAF 2 Sector Experts Team which reviews subproject eligibility against sector norms.

7. Sustainability
The commitment to the Project in government is reflected in policies contained in the PRSP, the Fisheries Acts of both mainland Tanzania and Zanzibar, the National Integrated Coastal Environmental Management Strategy for mainland Tanzania, Environmental Management for Sustainable Development Act (1996) for Zanzibar, and the new National Environment Act. Commitment to sub-projects in Component 3 is shown through Government interest in the community driven development approach as a way of empowering communities to participate in the implementation of the PRSP. There is also commitment to decentralization below the LGC as a way of empowering communities, and this is demonstrated by constitutional provisions that recognize Village Government as the third sphere of governance (to complement National and Local levels). These emphases are also mirrored in the Fisheries Acts of the two sides of the Union Government. As the project design matured, issues in the EEZ gained a high level of priority, with a high degree of attention being given from the Ministry of Finance itself, to the losses in revenue from commercial fisheries due to the prevailing absence of a sound governance regime for offshore fisheries. Consequently, opportunities for improving governance in the EEZ began to take center stage mid-way in project development, which is reflected in Component 1 of the project. At the same time a highly consultative sectoral analysis on options for sustaining the marine environment was carried out involving a wide range of stakeholders. The findings of this analysis provided the basis for Component 2.

The on-going commitment to decentralization is important both for assigning resource rights to local communities and for allowing revenue retention at the Local Government level to provide the necessary recurrent expenditures for any infrastructure built through community efforts. Furthermore, commitment to continued harmonization of the monitoring regimes in mainland Tanzania and Zanzibar is a pre-requisite for implementing the Deep Sea Fishing Authority Act and for improving rent capture from offshore fisheries. Project preparation resources facilitated
the resuscitation of the dialogue on implementing the DSFA Act. Currently there is a high level of commitment to ensuring that agreement is reached on modalities for removing constraints for implementing this Act.

The project provides explicit institutional capacity development to develop and implement policies that promote sustainability in the EEZ and, more significantly, it provides in-built incentives for encouraging successful outcomes. Successful implementation of MCS efforts and the DSFA will enhance revenues to URT. Successful design and implementation of the Marine Legacy Fund, for example, will improve the financial sustainability of MCS efforts and of the marine protected area network. MPAs will be designed in conjunction with income earning opportunities so that local people support continuation. Successful implementation of sub-projects through the TASAF 2, for example, will provide models for other communities to replicate and will provide an impetus and justification for greater decentralization. Project design also aims to provide a legal basis for protecting the interests and livelihoods of communities through the demarcation of special areas whether on land or the sea. Project design internalizes a number of key lessons learned from various donor and government supported initiatives in coastal areas, which should minimize risks and ensure sustainability. For example, the project allows Tanzania to participate in regional initiatives that encourage a sustainable fisheries regime.

8. Lessons Learned from Past Operations in the Country/Sector
Project Component 1 (Sound EEZ Management) builds on existing work that has culminated in unimplemented legislation for harmonized governance of the EEZ (through the Deep Sea Fishing Authority) and builds on 3 years of experience and capacity building in Monitoring, Compliance and Surveillance that was initiated under EC leadership. It seeks to achieve conformance with international best practices as dictated under the FAO Compliance Agreement and Fish Stock Assessment Agreement, to ensure sustainable fisheries within the EEZ. Key lessons reflected in the component design are:

- harmonization of regulatory practices is important to improving fishery management.
- effective MCS can increase revenue generation and retention, while also reducing wasted fishery by-catch.
- measures proposed in this project, predation by foreign ships will result in destruction without the of the fishery; increased fishing intensity is already observable.
- financial risk management is improved through introducing effective revenue pooling and sharing mechanisms.
- partnerships at all levels (including local communities, and neighboring countries) can enhance the effectiveness of deep sea fishery management.

Project Component 2 (Sound Management of Marine Coastal Environment) builds on the government’s general policy direction for decentralized planning and management, complementing the Local Government Reform Programme (LGRP) and fitting into mainland Tanzania’s National Integrated Coastal Environment Management Strategy (NICEMS). The development of marine managed areas has been informed by two years’ of sector work that identified key design elements in such a system. Some of these design elements include: support for a system of networks with co-managed local areas, reliance on alternative income generating mechanisms to facilitate adjustment to new modes of sustainable resource use, introduction of
marine zoning through a community territorial sea, participation in risk pooling mechanisms, and incorporation of cultural assets and resources to enhance protected area management.

Project Component 3 (Coastal Community Action Fund) directly complements the TASAF 2 operation and builds on lessons learned from TASAF 1. Key additional lessons reflected in the component design are:

- alternative livelihoods schemes that promote sustainable resource use are consistent with decreasing income poverty and improving local empowerment.

Project Component 4 (Project Implementation Unit) builds on experience from other Bank operations in Tanzania that involve delivery of activities both in Zanzibar and the mainland. More specifically, the implementation model follows that of the Japanese Social Development Fund financed coastal management project, implemented by the same task team in sites in Zanzibar and the mainland. Key lessons reflected in the component design are:

- inclusion of two separate project management units attached to line agencies reduces project risk and improves implementation efficiency.
- use of distinct stand-alone M&E activities improves overall execution as they do not interfere with day-to-day implementation of the other components.

9. Safeguard Policies (including public consultation)

The following safeguard policies are triggered: Environmental Assessment (OP/BP/GP 4.01); Natural Habitats (OP/BP 4.04); Cultural Property (OPN 11.03, being revised as OP 4.11); and, Involuntary Resettlement (OP/BP 4.12).

The Borrower has prepared an Environmental and Social Management Framework (ESMF) and a Process Framework (PF) which have been reviewed by the World Bank and by Government. It is expected to be approved and disclosed at the World Bank Info Shop and in country on or before February 1, 2005.

10. List of Factual Technical Documents
- Environmental and Social Assessment
- Process Framework
- Integrated Environmental and Social Data Sheet

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