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| 1. Project Data: | | Date Posted : 06/26/2001 | |
| PROJ ID: P001658 | | Appraisal | Actual |
| Project Name: Fisheries Development Project. | Project Costs (US\$M) | 15.5 | 15.1 |
| Country: Malawi | Loan/Credit (US\$M) | 8.8 | 7.9 |
| Sector(s): Board: RDV - Central government administration (43%), Animal production (40%), Agricultural extension and research (13%), Other industry (4%) | Cofinancing (US\$M) | 4.5 | 4.2 |
| L/C Number: C2225 | | | |
| | Board Approval (FY) | | 91 |
| Partners involved : NDF, ICEIDA | Closing Date | 06/30/1999 | 06/30/2000 |
| Prepared by : | | | |
| Reviewed by : | | Group Manager : | |
| Group: | | | |
| George T. K. Pitman | John R. Heath | Alain A. Barbu | OEDST |
| 2. Project Objectives and Components | | | |
| a. Objectives | | | |
| To realize the potential of the fisheries subsector to the economy as a whole . This was to be achieved through : fish production to increase nutrition and food supply; generating off -farm employment to reduce rural poverty, particularly among women; ensure environmental conservation and sustainability; and improving subsectoral institutional capacity for policy formulation, research, planning, monitoring and regulation . | | | |
| b. Components | | | |
| There were four: | | | |
| <ul style="list-style-type: none"> • Institution Building to strengthen the Fisheries Department with a focus on regulatory instruments and functions, staff training and technical assistance (US\$7.3 million). A corollary was for the FD to divest itself of all commercial enterprises (boat building, ice plants, commercial fishing, sale of gear and spares). • Production Component to rehabilitate capture fisheries through support of traditional /artisanal fishermen, semi-commercial and commercial activities, and establish a pilot program to increase women's involvement in fish marketing (US\$5.3 million). • Research directed at fish stock assessment, pilot lake conservation and aquaculture ((US\$1.9 million). • Infrastructure Component to rehabilitate/upgrade and build access roads, fishing jetties and shore -based facilities (\$1.0 million). | | | |
| c. Comments on Project Cost, Financing and Dates | | | |
| The project objectives were informally restructured in 1993 to eliminate the fisheries production component (because of fears of over-fishing), and simplification of components to more closely match the demonstrated lower -level institutional capability of the Fisheries Department . Thus the objectives became focussed on improving the institutional and managerial capacity of the FD and measures to improve the enabling environment for private-enterprise in fishing and related activities, including boat building and supply of gears and services . At mid-term review in 1996, further informal restructuring dropped the credit program, rural access roads and aquaculture initiatives and gave further emphasis to improving FD organization and management . As the modified objectives were the result of inadequate appraisal and implementation problems and not unforeseen exogenous factors, the original objectives are the basis of evaluation . | | | |
| 3. Achievement of Relevant Objectives: | | | |
| The main objective, realizing the economic potential of the fisheries sector was not realized although sectoral institutional capacity was significantly improved, albeit not very efficiently . | | | |
| 4. Significant Outcomes/Impacts: | | | |
| <ul style="list-style-type: none"> • A new and progressive Fisheries Conservation and Management Act was passed in 1997 and allows for co-management of artisanal fisheries which has improved the FD effectiveness in the field . As a result, extension activities have allowed formation of 267 Beach Village Communities to manage and regulate fisheries in their localities - but only 34 have been trained. | | | |

- The Fisheries Department was reorganized, strengthened, rehoused, provided with logistical support and decentralized.
- Divestiture of commercial activities took place but, in the absence of a viable private sector, they fell into disuse and the fisheries sector is less well served now than before the project - particularly the artisanal and semi-commercial fisheries.
- The private sector commercial fisheries (MALDECO) was revitalized by project investment and now returns a pre-tax profit.
- Incremental fish production attributable to the project increased by 900 tons compared with the 7,500 tons projected at appraisal. The shortfall was caused by failure of the boat building component and credit support for fisheries which would have allowed artisanal fishermen to upgrade boats and move offshore, and the number semi-commercial paired-trawl fishing boats to increase (there were 10 operational at appraisal, only 4 at completion).
- Fisheries staff facilitated formation of 259 credit groups (covering about 4,000 people). While achieving high coverage of women and repayment, much of this credit went into trade of consumer goods not related to fishing. It is unclear how much of the success of this component was due to parallel activities by other donors (GTZ).
- The Fisheries Training College at Mapwepwe was expanded and the college curricula updated and revised - however, its capacity far exceeds national requirements.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- Appraisal was defective in that it diagnosed the FD as weak yet at the same time overloaded it with a complex array of activities, many of which it was ill-equipped to implement (like managing the new office replacement which eventually cost \$7.6 million against the \$2.4 million budgeted). As a result the project had to be restructured - twice.
- The divestiture of FD's commercial activities was highly counter-productive because of inadequate understanding of local commercial incentives and interest.
- Poor fishermen are worse off now than before the project and the Bank's focus on helping private sector commercial fishing is seen as insensitive in view of prevailing rural poverty in Malawi.
- The fisheries credit program failed - in part due to restructuring of the credit sector - because of high interest rates (40-50%) and short-term lending that discriminated against investment in capture fisheries, fish processing and marketing.
- The design of women's program to support fish processing activities did not match demand and failed because of lack of credit facilities, iceplants and cancellation following restructuring in 1996.

| 6. Ratings: | ICR | OED Review | Reason for Disagreement /Comments |
|----------------------------|----------------|----------------|-----------------------------------|
| Outcome: | Unsatisfactory | Unsatisfactory | |
| Institutional Dev.: | Modest | Modest | |
| Sustainability: | Unlikely | Unlikely | |
| Bank Performance: | Unsatisfactory | Unsatisfactory | |
| Borrower Perf.: | Unsatisfactory | Unsatisfactory | |
| Quality of ICR: | | Satisfactory | |

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Failure to undertake realistic appraisal of institutional capability, capacity and limitations risks overloading projects with unachievable objectives and components.
- Doctrinaire or ill-thought out privatization has high risks where the private sector has been suffocated by undemocratic political regimes.
- Losing sight of the Bank's poverty alleviation goal and focussing investment on the private sector may create reputational risks to the Bank.
- Reaction to unsubstantiated threats to the sustainability of natural resources may have perverse consequences - in this case, cancelling measures to promote off-shore fishing put greater pressure on fragile inshore fisheries and had adverse impacts on poverty alleviation objectives.

8. Assessment Recommended? ☒ Yes ☐ No

Why? A cluster audit with the parallel GEF/SADEC Lake Malawi/Nyasa Biodiversity Conservation project may cast light on how to assess sustainable level of natural resource utilization and manage and regulate them ..

9. Comments on Quality of ICR:

Very thorough and candid - and it both explores the issues and provides good and consistent arguments underlying difficult judgements.

