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Report No:

GEF PROJECT BRIEF
ON A
PROPOSED GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND
IN THE AMOUNT OF USD 10 MILLION
TO THE
UNITED REPUBLIC OF TANZANIA
FOR A
TANZANIA MARINE AND COASTAL ENVIRONMENT MANAGEMENT PROJECT
January 12, 2005

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ABBREVIATIONS AND ACRONYMS

AIGA	Alternative Income Generating Activity
AMC	Asset Management Committee
BMU	Beach Management Unit
CAS	Country Assistance Strategy
CBO	Community Based Organization
CCCE	Coastal Community Capacity Enhancement
CDD	Community Driven Development
CE	Capacity Enhancement
CFAA	Country Financial Accountability Assessment
CMA	Community Managed Area
CMAF	Community Mitigation Action Plan
CMC	Community Management Committee
CPAR	Country Procurement Assessment Report
CSPC	Community Subproject Cycle
CTB	Central Tender Board
CVF	Coastal Village Fund
DC	Development Communication
DED	District Executive Director
DFID	Department for International Development
DoE	Division of Environment
DPG	Development Partner Group
DSFA	Deep Sea Fishing Authority
EC	European Commission
EEZ	Exclusive Economic Zone
EIA	Environmental Impact Assessment
EOI	Expression of Interest
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organisation
FMR	Financial Management Report
FMS	Financial Management System
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIS	Geographic Information System
GMP	General Management Plan

GOT	Government of Tanzania
GPN	General Procurement Notice
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICB	International Competitive Bidding
ICM	Integrated Coastal Management
IDA	International Development Association
IEC	Information, Education and Communication
IFMS	Integrated Financial Management System
IMS	Institute of Marine Science
IOFC	Indian Ocean Fisheries Commission
IUCN	World Conservation Union
JSDF	Japanese Social Development Fund
KMKM	Kikosi Maalum cha Kuzuia Magendo
LEA	Limited Environmental Impact Assessment
LG	Local Government
LGA	Local Government Authorities
LGC	Local Government Council
LSP	Local Service Provider
M&E	Monitoring and Evaluation
MACEMP	Marine and Coastal Environment Management Project
MANREC	Ministry of Agriculture, Natural Resources, Environment and Cooperatives
MCA	Marine Conservation Area
MCS	Monitoring, Control and Surveillance
MDG	Millennium Development Goal
MIS	Management Information System
MMA	Marine Management Area
MNRT	Ministry of Natural Resources and Tourism
MOU	Memoranda of Understanding
MPA	Marine Protected Area
MPRA	Marine Parks and Reserves Act
MPRU	Marine Parks and Reserves Unit
MSME	Micro- Small- and Medium Enterprise
MTB	Ministerial Tender Board
MTEF	Medium Term Expenditure Framework
NEMC	National Environmental Management Council
NGO	Non Governmental Organization
NORAD	Norwegian Agency for International Development
NSC	National Steering Committee
NVF	National Village Fund
OM	Operational Manual
PADEP	Participatory Agricultural Development and Empowerment Project
PCU	Project Coordination Unit
PDO	Project Development Objective
PF	Process Framework
PGO	Project Global Objective

PIM	Project Implementation Manual
PIU	Project Implementation Unit
PMU	Project Management Unit
PORALG	President's Office – Regional Administration and Local Government
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
RC	Regional Commissioner
RPF	Resettlement Policy Framework
SACCOS	Savings and Credit Cooperative Society
SADC	Southern Africa Development Community
SBD	Standard Bidding Document
SDP	Standard Disbursement Percentage
SME	Small and Medium Enterprise
SPN	Special Procurement Notices
SWIO	South West Indian Ocean
SWIOFC	South West Indian Ocean Fisheries Commission
SWIOFP	South West Indian Ocean Fisheries Project
TAFIRI	Tanzania Fisheries Research Institute
TASAF	Tanzania Social Action Fund
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
ToR	Terms of Reference
UNEP	United Nations Environment Programme
URT	United Republic of Tanzania
USAID	United States Agency for International Development
VC	Village Council
WB	World Bank
WSSD	World Summit for Sustainable Development
WWF	World Wide Fund for Nature

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A. STRATEGIC CONTEXT AND RATIONALE

1. Country and sector issues

(a) What are the key elements of the client's sector or poverty reduction strategy, and through what instruments is it being implemented?

Tanzania has put in place policies and strategies on poverty reduction. These include the Poverty Reduction Strategy (PRS) finalized in 2000, which guides the World Bank's efforts in this sector. The PRS describes three key pillars or themes: (i) reduction of income poverty; (ii) improvement of human capabilities and reduction of vulnerability; and (iii) achieving and sustaining a conducive environment for sustainable development. The PRS has made some achievements particularly in respect to non-income outcomes such as in education and water. However, income poverty is still widespread both in rural and urban areas.¹ Local empowerment and participation through good governance is also regarded as a critical element in poverty reduction; these efforts are complemented by Tanzania's ongoing programs of decentralization of government functions, and increased reliance on private sector investment. Sound environmental management has also been endorsed as an important element of poverty reduction efforts, falling under the second pillar of the PRS through reducing vulnerability of individuals; the PRSC1 and PRSC2 have supported initiatives to improve environmental impact assessment, strategic environmental assessment, and analysis of poverty-environment linkages. Tanzania is currently reviewing its PRS with a view to deepening and widening interventions to reduce poverty as well as integrating Millennium Development Goals and cross cutting issues within PRS II. MACEMP is an important intervention to reduce coastal poverty within this framework.

(b) What are the key policy, institutional, and other issues (root causes, barriers, and threats) that affect the global environment and that constrain the achievement of better sector or poverty reduction results?

Growing coastal populations and persistent foreign interests in marine fisheries are placing increasing pressures on fisheries and the marine and coastal habitats that support them. Local fishermen and – to much larger extent – foreign fleets are fishing in de facto open access conditions in most of Tanzania's Exclusive Economic Zone (EEZ) and territorial seas. Marine and coastal ecosystems are being threatened from pressures such as destruction of critical habitats that provide spawning and nursery grounds for fish and other marine biodiversity, from over-exploitation of some key commercial and vulnerable species, and from inadequate management of fishing methods and fishing effort. Sustainability of near-shore and transboundary fish stocks is further undermined by inadequate information about the stress-level on and the resilience of resource base. The lack of clear access rights in near-shore waters continues to exacerbate the ongoing poverty in coastal communities and thwarts potential for substantial government revenue in the EEZ. On the terrestrial side, unplanned development and unregulated construction along the coastal margins threatens coastal ecosystems and the various functions and benefits derived from such ecosystems.

¹ The Millennium Development Goal (MDG) for sub-Saharan Africa was to reduce poverty from levels of 47 percent in 1990 to about 24 percent of the population in 2015. An intermediate goal of 30 percent was established for 2005, implying that – in Tanzania – fewer than 10 million would be living on less than a poverty cut-off line of US\$1 a day. But that goal has remained elusive. In 2004, while overall poverty levels are indeed below 30 percent, rural poverty levels in Tanzania are still 50 percent in some districts.

(c) What is the client doing to address the issues and constraints?

The laws and policies in mainland Tanzania and Zanzibar relevant to coastal and marine resources are relatively comprehensive. But their implementation is rather uncoordinated and current efforts focus on harmonizing legal instruments, or introducing new ones to conform to existing policies. Different institutional and legal systems exist for the mainland and Zanzibar, and there is potential for linkages through the Deep Sea Fishing Act 1998 and the Territorial Sea and Exclusive Economic Zone Act 1989. The government has stated in its policy letter [TBV] that priorities will focus on: implementation of the Integrated Coastal Environment Management Strategy and of National Fisheries Master Plan; and review and updating of Marine Parks and Reserves Act, the National Fisheries Sector Policy and Strategic Statement, and the Mangrove Management Plan. Progress is evident: the National Environmental Management Act (2004) provides for improved environmental regulation and overall planning. In addition, sectoral instruments to address poverty nationally continue apace through implementation of the PRS and forthcoming PRS II.

(d) How is the country eligible for GEF co-financing? (e) How does the project fit within national reports/communications to Conventions, national or sector development plans, or regional inter-governmental agreements?

Tanzania signed the Convention on Biological Diversity (CBD) on 12 June 1992 and ratified the CBD on 8 March 1996. As part of Tanzania's participation in the CBD, a Coastal Biodiversity Conservation Strategy was elaborated in 1995 and a National Biodiversity Strategy and Action Plan was formulated in 2000. Tanzania also is a party to the Convention on International Trade on Endangered Species (CITES), ratified on 29 November 1979. Supporting CITES, the Regional Lusaka Agreement on cooperative enforcement operations directed at illegal trade in wild fauna and flora, adopted in 1994, was signed by Tanzania on 8 September 1994. The Convention on the Conservation of Migratory Species of Wild Animals was adopted in 1979. The International Plant Protection Convention was adopted in 1951. The Convention Concerning the Protection of the World's Cultural and Natural Heritage (the World Heritage Convention) was ratified by Tanzania on 2 August 1977. Tanzania became a Contracting Party under the RAMSAR convention on 13 April 2000. In addition, Tanzania ratified the United Nations Convention on the Law of the Sea (UNCLOS) on 30 September 1985. Tanzania now also serves on the Governing Council of UNEP.

An important regional instrument is the Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region (the Nairobi Convention) and Related Protocols, which Tanzania ratified on 1 March 1996. The objective of the Convention is to ensure sound environmental management of the maritime and coastal areas of the East African region. It provides a framework for the protection and development of marine and coastal resources. The protocols focus on the conservation of flora and fauna and on measures for combating marine and coastal pollution.

2. Rationale for Bank involvement

(a) What is the rationale (and underlying development hypothesis) for the Bank's involvement based on the country/sector issues defined, and what alternatives have been considered?

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.

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.

(b) How does the Bank's involvement fit with the activities and policies of other international agencies and major stakeholders? What is the Bank's comparative advantage? (c) What are the incremental/unique contributions of the Bank's involvement that cannot be accomplished by other means or other sources of assistance?

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:

- 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.
- 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.

- 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:

- 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.
- 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.

3. Higher level objectives to which the project contributes

(a) How would the project contribute to: the borrower’s higher-level objectives for the sector and for poverty reduction? the relevant CAS objective(s)? the relevant GEF operational program goals?

The project will explicitly target all coastal districts on the mainland and Zanzibar islands, plus the 200 000 km² EEZ. The strategies being implemented are intended to be replicable throughout the coastal area, thus representing a potential target population of 8 million inhabitants along 1 424 km of coastline. The project will improve governance of the EEZ, and will increase the effective management and protection of the 37 000 km² of territorial seas.

(b) Does the project depart from the CAS in content or other significant respects? If so, how and why, and what implications does this have for the CAS program? [N/A]

B. PROJECT DESCRIPTION

1. Lending instrument

(a) What lending instrument is to be used and why?

The IDA Credit will be a Specific Investment Loan (SIL). This is the first such intervention in this sector and the project design is such that it will be stand-alone without subsequent phases.

One of the project components will transfer resources directly into a ring-fenced TASAF 2 sub-project funding envelope; TASAF 2 is also designated as a SIL.

(b) For IBRD loans only: why has the borrower selected the financial terms indicated on the cover sheet? [N/A]

(c) What type of GEF financing instrument is being proposed?

GEF financing is in the form of two full-size project grants relating to Operational Program 2 (Biodiversity – Coastal, Marine, and Freshwater Ecosystems) and Operational Program 8 (International Waters – Waterbody-based).

MACEMP has been developed at the same time that a potential Strategic Partnership for a Sustainable Fisheries Investment Fund for Sub-Saharan Africa has been under development within the Africa region. The Fisheries Partnership is conceived as a multi-country funding envelope that will finance individual national level projects contributing to sound management of LME fishery resources. GEF proposed financing would be US\$60 million. Tanzania is committed both to MACEMP and to the Fisheries Partnership. In January 2005 Tanzania's representative was selected to Chair the Technical Committee of the Fisheries Partnership, and Tanzania remains dedicated to the overall objectives of sound LME management. The Fisheries Partnership is still under development. When the Fisheries Partnership receives focal point endorsement, and if it subsequently receives GEF Council approval, URT will review the objectives and modalities of the Partnership and determine whether MACEMP should be considered as a subproject within the Partnership.

2. Project development objective and key indicators

(a) If the project is successful, what will be its principal outcome for the primary target group?

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.

(b) How will progress toward achieving this principal project outcome be measured?

Key performance indicators for the project are:

- KPI1 Revenue Generation to EEZ Authority [baseline = nil; EOP target = US\$25 million/yr]
- KPI2 MMA System own revenue generation as % of Recurrent Costs [baseline = 40%; EOP target = 150 %]
- KPI3 Coastal fisheries households achieving improved income expectations [baseline 0%; EOP target 80%].

Note: KPI3 is monitored based on samples of households participating in MACEMP financed CDD subprojects that are delivered through TASAF 2; TASAF 2 will also report on these households on the contribution to MDG indicators in Coastal Areas.

3. Project global environment objective and key indicators

(c) If the project is successful, what will be its principal outcome for the global environment

(especially the GEF strategic priorities)

The project global environmental objectives are:

OP2 – to develop an ecologically representative and institutionally and financially sustainable network of marine protected areas,

and

OP8 – to build URT's capacity to measure and manage transboundary fish stocks.

(d) How will progress toward achieving this principal project outcome be measured?

- KPI4 Percentage of territorial seas under effective management [baseline = 4%; EOP target = 10 %]
- KPI5 Daily observations of vessel catch and effort entered into URT Fisheries Information Management System. [baseline = 1000; target = 15000 annual]

4. Project components

(a) What are the components of the project?

There are four components requiring US\$57.13 million financing (including contingencies) as follows:

- 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 (US\$12.26 million).
- 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 ICM strategies that empower and benefit coastal communities (US\$24.47 million).
- 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 (US\$11.97 million).
- Component 4. Project Implementation Unit, with the objective to provide efficient project implementation services (US\$8.44 million).

(b) On what basis were the components selected?

The major target beneficiaries in this project are populations in the coastal communities that rely on marine and coastal resources; citizens throughout Tanzania will benefit from enhanced revenue generation from the EEZ. Improving management of these resources generally involves a series of activities consisting of: (i) policy planning support, (ii) investment, and (iii) building and strengthening partnerships to ensure sustainability. But the actual activities differ considerably in scope and nature in the offshore EEZ and the near-shore territorial seas and coastal areas. In the offshore, policy support is generally at a high national level requiring coordination of Zanzibar and mainland Tanzania policies, supported by harmonized monitoring and enforcement policies and complemented by partnerships that include collaboration with foreign countries. By contrast, in the near-shore, policy and planning support is directed to decentralized authorities at the district or community level, supported by a strengthened system of marine managed areas (that include centrally managed protected areas as well as co-managed near-shore fishing areas), complemented by a wide range of private and NGO partnerships. For this reason, the core Components 1 and 2 focus on the EEZ and near-shore areas respectively,

although each consists of operational sub-components that include specific policy planning, investment, and partnership elements.

The two core components are complemented by community demand-driven sub-projects that support the overall project objectives. The sub-projects follow TASAF 2 targeting procedures – focusing on vulnerable groups – with the added caveat that eligible activities must promote sustainable marine ecosystem management. To permit harmonization of sub-project identification, appraisal, implementation, and monitoring, MACEMP will transfer sub-project funds to a ring-fenced TASAF 2 funding envelope. To facilitate this integration and improve transparency, these activities are isolated within the stand-alone Component 3 that mirrors TASAF 2: where the TASAF 2 components include a National Village Fund and Capacity Enhancement, MACEMP's Component 3 includes a Coastal Village Fund and Coastal Community Capacity Enhancement as its sub-components.

Experience with other projects in the URT demonstrates that a Project Implementation Unit (PIU) can effectively manage the differing demands and systems of Zanzibar and mainland Tanzania. As a risk mitigation mechanism, Component 4 is therefore dedicated to providing implementation support, including project monitoring and evaluation requirements.

(c) For each component, what is the principal target group and the main project-related outcome for that group? (d) For each component, what are the key inputs and outputs?

Component 1. Sound Management of the Exclusive Economic Zone (EEZ) (US\$6.44 million IDA; US\$5.07 million GEF; US\$0.75 million URT). The target population is all citizens of Tanzania as those benefiting from improved revenue generation from EEZ resources; MNRT and MANREC will lead implementation of Component 1. The main beneficiaries from Component 1 will be the Ministries responsible for Fisheries in both sides of the Union, MNRT and MANREC respectively. The Departments for Fisheries in the two Ministries would benefit from policy, regulatory, and institutional reform as part of establishing the common governance regime. The two agencies and the DSFA (once established) will benefit from targeted capacity building as part of their involvement in joint implementation of sound governance of the EEZ and sustainable management of the related living resources. Other beneficiaries would include key research organizations in URT that are involved in resource assessments and monitoring. The expected outcome is a shift from a *de facto* open-access towards a managed-access regime to provide for long-term sustainability and of the marine resource base and to maintain resilience of fish stocks to absorb controlled levels of utilization. MACEMP's comprehensive approach to sound governance of the EEZ is expected to contribute to financial sustainability through improved capture of resource rent supported by strengthened control and enforcement mechanisms and through incentives for sustainable resource use. This component will support URT's national contribution to meeting specific targets set at the WSSD related to maintenance and restoration of national and transboundary fish stocks to sustainable levels.

Component 1 has been organized into three closely inter-linked subcomponents:

- *Subcomponent 1(a)* will provide for the underlying planning support necessary for development of a sound EEZ governance and management regime. The aim is to develop a fisheries management system that caters for an appropriate balance between maximization of income from and long-term sustainability of the fisheries. To implement

the fisheries management system, a common EEZ authority capable of decision-making on behalf of the Union and fast and effective enforcement will be established. Planning support will include relevant policy, regulatory and institutional reform as well as development of the scientific knowledge base indispensable to inform sound and adaptable management of the marine resources. Financial sustainability will be supported through design of a Marine Legacy Fund (MLF). GEF OP8 funding (US\$1.62 million) will focus supporting management of the scientific knowledge base including design of an EEZ resource monitoring strategy and a near-shore stock assessment. GEF OP2 funding (US\$75,000) will provide supplemental financing to develop modalities for capturing genetic resource value within the MLF.

- *Subcomponent 1(b)* will provide the means for effective and efficient implementation of the EEZ Governance Regime. This will include strengthening of monitoring, surveillance and enforcement systems with a view to control fishing effort, implementation of a sustainable financing mechanism, as well as pro-active EEZ resource management and monitoring. Comprehensive and targeted capacity building and institutional strengthening for key operational agencies involved in EEZ governance and management as well as key research institutions will develop improved performance of these players in the sector. GEF OP8 funding (US\$1.44 million) will focus on implementing the EEZ resource monitoring strategy and MCS efforts, as well as providing one quarter (US\$250,000) of the initial seed capital for the MLF revolving fund.
- *Subcomponent 1(c)* will support partnership building for EEZ governance. This includes partnerships with the private sector to improve sector sustainability and food-security through enhanced post-harvest processes as well as appropriate landing and market facilities. The project will further strengthen the regional dialogue on sound governance and sustainable management of marine resources in the West Indian Ocean and build regional cooperation on transboundary marine and fishery issues. GEF OP8 funding (US\$1.69 million) will focus on supporting international and regional dialogs on EEZ governance and on supporting selected community investments associated with reduction of by-catch and post-harvest losses.

Component 2. Sound Management of the Coastal Marine Environment (US\$19.54 million IDA; US\$4.93 million GEF OP2). The target population is all coastal communities in Tanzania, with an emphasis on those dependent on near-shore resources of threatened high biodiversity value; MNRT and MANREC will lead implementation of Component 2.

Component 2 has been organized into three closely inter-linked subcomponents:

1. *Subcomponent 2(a)* will provide for the underlying planning support necessary for strengthening ICM at the local government level. The aim is to build capacity at the district level through resource assessment, capability mapping, and spatial planning. ICM planning support will also be provided to mainland and Zanzibar in the form of developing action plans for specific coastal areas, consistent with the National Integrated Coastal Environment Management Strategy (NICEMS) on the mainland and Environmental Management for Sustainable Development Act in Zanzibar. Community access will be strengthened through policy initiatives that support marine zoning (e.g., through a Community Territorial Sea) and through supporting a National Plan for community managed areas (“National CMA Plan”). Integration with terrestrial planning

will be ensured by providing support for integrated land-use/marine planning to coastal districts (e.g., through planning biosphere reserves).

2. *Subcomponent 2(b)* will provide the means for effective and efficient implementation of the network of MMAs and MPAs. The subcomponent concentrates 90% of its effort on site specific support, with about 10% allocated for umbrella support to core institutions. The umbrella support will include providing core funding support for institutions involved in implementing the National CMA Plan, as well as general MPA management training for staff in those institutions. Site specific support will be provided for:
(i) existing MPAs/MMAs/CMAs; (ii) five emerging sites; (iii) two mangrove areas at Chwaka Bay and Rufiji; and (iv) an unspecified number of cultural heritage sites, although some priority cultural sites have been targeted for initial years (Kilwa and other sites on the mainland; Livingstone House, Maruhubi/Mtoni ruins, Mangapwani ruins, cave system at Kiwengwa, Mtende and Chwaka in Zanzibar). The bulk of GEF funding (of US\$2.6 million) in this sub-component will be dedicated to expanding the current network of MMAs and MPAs by setting up and supporting full implementation of management plans at two new sites: the Pemba Channel Marine Conservation Area on Zanzibar and the Kilwa-Rufiji ecosystem on the mainland. In addition, GEF support (of US\$1.3 million) will finance the training requirements under the umbrella support, and about 10% of the support costs at existing sites, focusing on boundary demarcation and education campaigns at those sites.
3. *Subcomponent 2(c)* will develop and support the building of regional, community and private sector partnerships. Regional partnerships focus on strengthening the ongoing dialog with all states bordering the EEZ;² an initial focus will be on neighbouring Kenya and Mozambique with a view to establishing regional transfrontier protected area networks. Strengthening of community partnerships will be done through replicating co-management models currently being piloted at two areas (Kilwa and coastal areas of Zanzibar) by JSDF. Private sector partnerships will be encouraged through capacity building through a district level business advisory portal that addresses private sector constraints through MSME capacity building and through access to financial services. GEF financing (of US\$1.0 million) for this sub-component will finance the regional partnership building and an expansion of the community partnership model being tested by JSDF; the expansion sites will target communities near those sites being supported by GEF in Subcomponent 2(b).

Component 3. Coastal Community Action Fund (US\$10.97 million IDA; ; US\$1.00 million Community). The primary beneficiaries of this component are the vulnerable poor in coastal communities. The expected outcome is a reduction in income poverty, and increased participation of rural communities in sustainable resource management decisions and benefits. The component is designed as a stand-alone link to TASAF 2, and its two sub-components mirror those of TASAF 2:

- *Subcomponent 3(a)* provides sub-project funding through a Coastal Village Fund (CVF). While the number of projects delivered will be linked to demand, the CVF is expected to deliver approximately 400 sub-projects at an average value of US\$20,000 each over the

² In principle, this can also include all countries in the region that share transfrontier species, with a view to managing the area to the benefit of all through joint monitoring efforts, shared science, or establishment of refugia or other forms of deep sea protected areas.

project life. Sub-projects will follow the CDD model and will entail a community contribution of 5% to 20% of total sub-project value. The US\$8.0 million of IDA financing associated with this sub-component will be transferred to TASAF 2 into the MACEMP/TASAF 2 funding envelope. A resource allocation method provides a CVF allocation to coastal districts on the Tanzania mainland, and to Pemba and Unguja islands on Zanzibar.

- *Subcomponent 3(b)* provides Coastal Community Capacity Enhancement to assist coastal communities in accessing the CVF, and to facilitate identification, assessment, and monitoring of sub-project implementation. The US\$3.0 million of IDA financing will be managed through CCAF Coordinators stationed in each of the PMUs; this sub-component is not part of the MACEMP/TASAF 2 funding envelope.

Component 4. Project Implementation Unit (US\$8.44 million IDA). The primary beneficiaries of this component are the Project Coordination Unit and the separate project management teams on the mainland and in Zanzibar, as well as the financing partners. The expected outcome is an efficiently delivered project meeting high standards of transparency and participation. The PIU consists of two sub-components as follows:

- *Subcomponent 4(a)* consists of the *core staffing and technical assistance* to the project. Activities including: (i) office staff and overheads for the Project Coordination Unit; (ii) office staff and support for separate project management units (PMUs) in line agencies on the mainland (MNRT) and in Zanzibar (MANREC); and (iii) technical inputs relating to a project steering committee, a technical steering committee, and a roster of experts for sporadic advisory services. Some functions of the PCU will be transferred to the DSFA once operational.
- *Subcomponent 4(b)* will cater for the monitoring and evaluation (M&E) needs of MACEMP. These include annual reporting (including safeguards), annual audits, the mid-term review, and the project closing report. Baseline studies for project monitoring purposes are also catered for here. The PCU will also be responsible for overseeing a development communication (monitoring and learning) strategy.

(e) Of the sector issues mentioned in A.1, which are to be addressed through the project, and in what ways?

The principle sector issues involve reduction of income poverty, improved local empowerment and sound environmental management, with targeting to coastal areas. Indirect support to poverty reduction will be provided by improving the integrity of the far-shore and near-shore resource base. Environmental management is addressed for both marine and coastal resources. Marine management is addressed through harmonizing regulatory practices of fisheries, with a view to increasing the available resource rents and increasing the effectiveness of rent capture. Near-shore management will focus on designing and implementing a system of managed marine areas that includes formal MPAs, formal marine conservation areas, managed fishery areas, and near-shore marine zoning through a community territorial sea. Poverty reduction will be addressed more directly through supporting community demand-driven sub-projects in the coastal areas, and through improving empowerment of coastal communities in resource management.

5. Lessons learned and reflected in the project design

(a) How does the project design reflect the lessons from analytical work, ongoing and completed operations, and international best practices?

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. Key lessons reflected in the component design are:

- spatial planning within the context of an integrated coastal zone management strategy can reduce negative impacts of resource exploitation.
- sustainability of a network or system of protected and managed areas is feasible when a diversity of adaptive management models reflects local needs and capacity. A comprehensive and representative system is ecologically more resilient and will contribute to poverty reduction in near-shore areas while also providing ecosystem support for deep sea fisheries.
- co-management models will improve cost effectiveness and implementation efficiency of marine management, especially when applied to monitoring and enforcement tasks. Private sector involvement in co-management is particularly cost effective.

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 JSDF 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.

(b) Has past performance of projects in the sector been poor, according to ICRs, PPARs, and OED sector/thematic studies? If so, why, and how have past deficiencies been overcome?

There have been no similar projects in this sector addressing marine system or protected area management. In addressing the social dimensions, TASAF 1 was rated Satisfactory although it was recommended that eligible sub-projects be expanded to include income generating activities. TASAF 2 includes this adjustment and MACEMP design also underlines the importance of alternative income generating activities that complement sound marine and coastal resource management.

6. Alternatives considered and reasons for rejection

(a) Why was the proposed approach or design chosen?

The proposed project design is the result of over two years of consultations, discussions and negotiations that included stakeholders from community to policymaker level and essentially determined the means for best addressing poverty issues in coastal areas (see Annex 16).

Project identification and preparation benefited from a comprehensive and tangible process of community participation that was largely carried out as part of associated ESSD sector work. It involved extensive consultations with stakeholders, including end-users at the village level to identify issues in marine protected areas and marine managed areas (MPAs/MMAs) in the URT. Key issues identified related inter alia to sustainable livelihoods, constraints to development, gender issues, and cultural issues (including indigenous knowledge). Based on a review of these issues, the ESSD sector work made recommendations on how best to address the challenges of marine management under conditions of achieving dual goals of improved ecosystem integrity and poverty alleviation. The ESSD sector work clearly pointed to the need of a long-term support agenda and consequently the MACEMP project concept emerged.

Discussions and negotiations with key ministries followed and focused on synthesizing the results of the consultations, exploring different project alternatives and options for implementation, establishing priorities, identifying target sites, and further developing the linkages of the projects to sector activities being undertaken by government, other donors, and the World Bank. A series of subsequent consultative meetings with local level stakeholders ranging from community associations to members of civil society including private sector to district administration officials took place at each of the target sites identified and focused on

modalities of engagement in the project by different interest groups and the local administration. The project will build on successful initiatives in the country as well as pilot new approaches to participatory management of coastal and marine resources, and thus follow an adaptive learning process.

Following agreement and completion of project design based on stakeholder input, the two lead implementing agencies in Tanzania mainland and Zanzibar initiated an internalization process for MACEMP with stakeholders from central to local level that is still ongoing. The series of internalization events is aimed to ensure full understanding of the project and its implementation modalities by all stakeholders and tailored to the respective audiences from community-level to policymaker-level. The internalization process has received a lot of media attention and coverage in local newspapers, radio and TV broadcasting.

Stakeholder consultations and continued involvement of communities and beneficiaries are also fully integrated into all components of the six-year project design. This is evidenced, for example, through a comprehensive Development Communications (DC) Strategy; the CDD approach for subproject identification, development, implementation, and monitoring under Component 3; and the proposed development of Community Mitigation Action Plans in all MACEMP target communities as per Process Framework to guide all aspects of local community investments and MMA/MPA identification and implementation (Components 1 and 2).

(b) What alternative approaches/designs were considered and why were they rejected?

Numerous alternative approaches and designs were considered before settling on the current structure. These alternatives can generally be characterized as follows.

- Budget Support vs Stand-alone Project. Because the project addresses similar themes to those in PRSC2, one alternative considered was to cast the project in terms that would be suitable for inclusion within annual PRSC operations. But budget support works for institutions that already exist, have clear mandates, and are funded by the budget; all that is needed in such a case is to provide funding and monitor use of the funds. In the case of MACEMP, the project supports the development of a new authority (the Deep Sea Fishing Authority) and its initial operational phase; this would not be likely to succeed under budget support. The stand-alone project alternative is also preferable because: (i) a traditional long implementation cycle would better permit targeted interventions; (ii) testing two concurrent development hypotheses relating to the linkages between environmental integrity and coastal poverty requires closer supervision efforts and greater M&E efforts than is usually possible within budget support.
- No EEZ Governance Component. The original project was conceived to focus on coastal livelihoods, with no explicit link to far offshore resources in the EEZ. URT subsequently identified EEZ Governance as a critical complementary objective. Its absence would have undermined the potential financial sustainability of many of the other initiatives in the coastal areas.
- Expanded EEZ Governance Component. The project is potentially significantly larger, incorporating necessary elements in EEZ science, as well as compliance monitoring of foreign vessels. Full inclusion of these elements was rejected because some also fall in the potential funding envelope of SWIOFP, which is being prepared in parallel to MACEMP. In principle, the allocation between MACEMP and SWIOFP was agreed

through consultations to let MACEMP focus on near-shore EEZ monitoring and compliance issues, while SWIOFP would focus on issues to the outer limits of the EEZ that will require more intense cooperation among countries within SWIOFP.³ From a practical perspective, for example, this implies that full scientific stock assessments throughout the EEZ will not be done within MACEMP, nor will MACEMP finance large vessels to undertake such assessments or to enforce compliance. MACEMP will, however, include near-shore stock assessments and the financing of vessels appropriate for near-shore assessments and enforcement.

- More components. Early renditions of the project were more complex and specified scientific knowledge management, private sector development, and community planning as separate distinct components. The separation of these components was rejected when it was determined that it would be more efficient for project implementation to integrate these activities within the current component structure.
- Explicit Inclusion of CDD Sub-projects within MACEMP. This alternative was rejected when it was determined that TASAF 2 could efficiently accommodate MACEMP's sub-project delivery requirements with minimal additional cost.
- Single Implementing Agency. Extensive discussions focused on the possibility of having a single implementing agency within URT to deal with both the Zanzibar and mainland Tanzania activities. Advantages of that arrangement might have resulted in fewer management staff and lower costs. This alternative was, however, rejected on the following grounds: (i) it may have marginalized some activities on Zanzibar, which would be contrary to the spirit of the project to promote local empowerment; and, (ii) it would have increased project implementation risks because it may have encountered additional capacity constraints by relying on one rather than two structures.

C. IMPLEMENTATION

1. Partnership arrangements (if applicable)

(a) If applicable, what other international agencies are financing the project? (b) How are the financing partnerships structured (e.g., parallel financing; pooled funding, etc.)? (c) How does the project relate to activities of other agencies in the country and what are the planned coordination/collaboration arrangements?

The GOT has stated its commitment to the principle that all donor activity related to marine and coastal management will be coordinated through the MACEMP PCU. Only GEF financing is direct co-financing, but a more complete listing of donor activities in the sector (outside of MACEMP) includes the following:

- GEF (*US\$10 million* co-financing). GEF financing is implemented by the World Bank and is blended with the overall project for implementation and reporting purposes. GEF financing is targeted to specific eligible activities (under OP2 and OP8) under a stand-alone Grant Agreement.
- EC (*~US\$2 million* parallel financing). EC financing is anticipated to focus primarily on

³ For the purposes of coordination, MACEMP accepts the near shore area as comprising all waters of less than 500 m depth. This implies that the near shore includes the continental shelf and the shallower parts of the continental slope. URT in fact has a relatively narrow continental shelf of 17 900 km² while the Territorial Seas (within the 12 nm limit) are approximately 37 000 km². It is within this zone that some of the more destructive foreign commercial fishing techniques also hamper artisanal pelagic fisheries and threaten shallower reef ecosystems.

activities complementary to Sub-component 1(b) and related activities associated with Monitoring, Compliance and Surveillance.

- French Assistance (~US\$2 million parallel financing). Financing will focus on activities complementary to Sub-component 2(b) relating to historic and cultural assets.
- JSDF (US\$1.818 million parallel financing). JSDF financing is implemented by the World Bank under a separate Grant Agreement that became effective in mid-2004; it targets selected eligible activities in two specific sites within the project and complements activities in MACEMP Component 2. JSDF implementation arrangements use MNRT in the mainland and MANREC in Zanzibar.
- SWIOFP (N/S parallel financing). Activities for SWIOFP will focus on scientific knowledge management and related policy in deep sea fisheries of international commercial interest while those for MACEMP will focus on scientific knowledge management of fisheries of domestic commercial interest (e.g., by-catch). Implementation of Tanzania's efforts under SWIOFP will be through MACEMP's Project Coordination Unit (PCU); TORs of key positions in the PCU will be reviewed and potentially adjusted by SWIOFP prior to filling these positions.
- UNDP/GEF/IUCN (~US\$2 million parallel financing). This project in the Mnazi Bay area will have approximately two years remaining in its project life that focus on developing and implementing the management plan. It complements Sub-component 2(b); the site is not within the initial target areas of MACEMP but it will benefit from the broader initiatives under MACEMP and could receive specific support in later years of MACEMP.
- USAID (~US\$2 million parallel financing). Financing will focus on activities complementary to Sub-component 2(a) through continued institutional support of the Tanzania Coastal Management Partnership, which will be mainstreamed as a government function within NEMC. This provides explicit support to ICM planning capacity and training needed for decentralized implementation.
- WWF/DFID (~US\$2 million parallel financing). Proposed financing will focus on implementing management plans and providing core support at selected existing MPA sites specified in Sub-component 2(b). In particular, this would support a Seascope for the existing Mafia initiative that includes the Rufiji/Kilwa areas.
- Global Coral Reef Targeted Research and Capacity Building for Management Project (N/S parallel financing). A global project – with one site in Zanzibar – in which financing will focus on conducting targeted research on coral reef ecosystem health that can inform policy and management decisions. Further, capacity building for science-based management of coral reefs in developing countries will be supported.

UNDP/GEF/UNOPS (N/S parallel financing). The Agulhas and Somali Current Large Marine Ecosystem Program is currently under preparation and will focus on filling the knowledge gap needed to inform the regional ecosystem-based approach to sustainable management of resources in the two LMEs including regional ecosystem monitoring.

2. Institutional and implementation arrangements

(a) Which institution(s) will be responsible for implementation of the project and its various components?

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 thereof.

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. The PMUs will be responsible for day-to-day implementation, financial management, procurement, processing, and other follow up on issues pertaining to either side of the Union. PMUs will further prepare the annual work plans for consolidation by the PCU. The PCU is regarded as a transitional body and many of its functions will be absorbed and transferred to the DSFA once operational.

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. The CCAFTC consists of the two CCAF Coordinators and the MACEMP Project Coordinator; it can refer individual subproject proposals to external review if necessary.

(See Annex 6 for detailed ToR of the different functions of the Implementation Arrangements.)

(b) On what basis were the institutional arrangements selected?

The project implementation arrangements were selected from a number of potential options following discussion and consensus by a broad forum of key project stakeholders during project preparation. Alternative arrangements considered and rejected included fully parallel project coordination structures for Tanzania mainland and Zanzibar or one joint implementation structure representing both sides of the Union without parallel features. The institutional arrangements presented above were selected as a model acceptable to all. The proposed set up will provide for joint and harmonious reporting to the World Bank and other Donors on project progress through the joint PCU linking Tanzania mainland and Zanzibar. In contrast, the project management units attached to both MNRT and MANREC will provide for day-to-day project management according to the needs and specifics of each side of the Union. The slight duplication of responsibilities and functions in the current implementation structure is intended to reduce risks related to implementation capacity in both Ministries.

The initial CDD model for implementation of community-based livelihood initiatives is now absorbed in the demand-driven operational set-up for Component 3 that follows the TASAF 2 implementation model. As mentioned above, Component 3 will be implemented through TASAF 2 and this will be addressed in the legal agreement for MACEMP.

(See Annex 6 for detailed charts of Implementation Arrangements)

(c) What capacity constraints need to be addressed, including financial management and procurement, and how will this be done?

TBD during appraisal.

(d) What will be the flow of funds and the accountabilities for financial reporting?

To be finalized during appraisal.

IDA and GEF disbursements will be based on standard procedures and use of SOE methods.

Five Special Accounts will be opened for the implementation of MACEMP:

-Special Account IDA for Tanzania mainland for C1, C2, C3b, C4

-Special Account IDA for Zanzibar for C1, C2, C3b, C4

-Special Account GEF for Tanzania mainland for incremental cost of C1, C2

-Special Account GEF for Zanzibar for incremental cost of C1, C2

Funds for C3a will be disbursed through a TASAF 2 Special Account and will be managed through a separate project account for the Coastal Village Fund.

3. Monitoring and evaluation of outcomes/results

(a) Where will the data for the project's outcome and results indicators come from?

The monitoring will be undertaken by all key partners (within MNRT on the Mainland and MANREC in Zanzibar), communities, district administration, private/NGO sector and World Bank). Results indicators for the Community Coastal Action Fund Component will also rely partially on the TASAF 2 management information system.

(b) Where will the capacity and responsibility for collection of indicator data and analysis of results be located? Do capacities have to be strengthened? If so, how? (c) What additional costs

are required, if any?

The Project Coordination Unit and Project Management Units will maintain an information database linked to the Management Information System (MIS) and the results framework. This will allow the agencies to assess and report on the quality and quantity of work at each level. Specific capacity strengthening will occur through including M&E elements into training activities in all components. An M&E Specialist (at a base cost of US\$225,000) will be part of the core project team in the PCU to facilitate this strengthening. In addition, specific M&E activities have been defined within Sub-component 4(b) at a total cost of US\$2.4 million; these include establishing a project MIS, baseline surveys, an M&E implementation strategy, a development communications strategy, annual M&E reporting, annual safeguard reporting, the MTR, annual audits and the completion report.

(d) What mechanisms will allow the indicators to be used by managers and policy-makers to assess the project's effectiveness during implementation and after the project is completed?

The M&E Specialist will be responsible for compiling an annual report that reflects key performance indicators and related management indicators.⁴ The annual report will be part of routine reporting requirements that involve the project steering committee and technical committee. During implementation, the project MIS will be integrated with information systems in MANREC and MNRT and will remain in place after project completion. Information relating to MACEMP sub-projects executed through TASAF 2 will also be made available to the TMU to be disseminated through TASAF 2 communication programs.

4. Sustainability and Replicability

(a) What is the evidence of the borrower's commitment to and ownership of the project and the relevant policies?

The Minister of State for Environment and the Permanent Secretary, Vice President's Office wrote to the World Bank specifically requesting assistance to address poverty issues in coastal areas.⁵ A Project Preparation Team comprising representatives of both Government and non-Government entities was established in December 2003 to assist MACEMP preparation. Several consultative workshops were facilitated by this team involving: government ministries from Zanzibar and the mainland; private sector; NGOs and bilateral partners. This commitment to the Project is complemented by GOT's commitment to 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

⁴ During project preparation, the potential use of the "Reporting Progress at Protected Area Sites: A simple site-level tracking tool developed for the World Bank and WWF" Toolkit was evaluated for its applicability to activities in Component 2 of MACEMP. It was determined that the Toolkit is most applicable to single site evaluations, and that existing M&E systems and those being developed under MACEMP would better and more cost-effectively serve the needs of MANREC and MNRT in evaluating the overall effectiveness of implementing a system. KPIs for the project also reflect system effectiveness, rather than the effectiveness of individual sites. The costs of implementing the procedures described in the Toolkit were regarded as too onerous; an optimal implementation of the Toolkit (annually at all project areas including all stakeholders in 30 to 50 community sites) would cost approximately US\$1.3 million; a minimal implementation (baseline, mid-term and closing) would cost about one half of this amount. Full implementation of the Toolkit is hence excluded from the project. It will, however, be made available to selected individual MPAs for use on a voluntary basis to pilot it as a local management tool.

⁵ Letters received in 2002 from Minister and in 2003 from the PS. New letters to be obtained in association with the Policy Letter in January 2005.

sub-projects in Component 3 is shown through Government interest in the CDD 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.

(b) What other factors are critical to the sustainability of the project's objective?

The on-going commitment to decentralization is important both for assigning resource rights to local communities and for allowing revenue retention at the LGC level to provide the necessary recurrent expenditures for any infrastructure built through community efforts. Furthermore, commitment to continued harmonization of the MCS regimes in mainland Tanzania and Zanzibar is a pre-requisite for implementing the DSFA 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.

(c) How has the project design attempted to address these factors?

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.

5. Critical risks and possible controversial aspects

(a) What are the major risks that may affect the achievement of the project's development objective? (b) What are the major risks that may affect the realization of each component's results?

Risk	Risk Rating	Risk Mitigation Measure
Implementation of decentralization in the country slows down.	M	Clear division of responsibilities between LGCs (supported under the LGSP) and VCs (supported under TASAF 2 and MACEMP). New National Environment Act supports decentralized capacity. PRSC provides budget support for building capacity at district level.
Conflicts arise between Zanzibar and mainland Tanzania in executing activities.	M	Establishment of a Project Coordination Unit (PCU) to assist the two Project Management Units (PMUs) in coordinating implementation of project activities.
Delays in operationalizing of Deep Sea Fishing Authority.	S	Facilitation within project to operationalize DSFA. Revenue generation and increase already evident and partially independent of DSFA operations.
Difficulty in identifying appropriate alternative income generating opportunities.	S	Technical assistance is provided within MACEMP for identifying opportunities. Some opportunities will replicate existing pilot activities (in JSDF project) or other projects (e.g., IUCN alternative income assessment).
Target communities are unable to access TASAF 2 funding window.	M	TASAF 2 legal agreement specifies the modalities of ring-fencing to accommodate community projects demanded by MACEMP. The TASAF 2 Operational Manual contains specific information regarding the community investment packages funded through MACEMP. MACEMP's Development Communication Strategy will facilitate accountability and governance.
Delivery capacity is constrained because of unavailability of qualified staff.	S	Targeted capacity building efforts are imbedded into all project components to ensure staff of key implementing agencies have the skills necessary to carry out the proposed project activities. Training programs explicitly incorporated in start-up years, with a training plan currently being developed by other donors (EU).
Parallel activities in deep sea stock assessments (planned under SWIOFP) not undertaken.	M	Potential expansion of project activities to additional stock assessments can be self-financed through eventual EEZ revenues.
Overall Risk Rating	M	

Risk Rating – H (High), S (Substantial), M (Modest), N (Negligible or Low)

The major risk associated with the option of not undertaking the project is continued degradation and inefficient exploitation of coastal resources, which directly increases the vulnerability of coastal populations. Poverty may be exacerbated in target areas as new development opportunities bypass local populations because of lack of exposure and skills; benefits will flow

to outsiders.

A careful evaluation of the international legal claims associated with the EEZ of URT and those of neighboring countries shows that the project does not involve disputed areas. The review did, however, reveal that there is currently no formal agreement between Comoros and URT regarding the EEZ boundaries between the two nations. Because legislation in both countries recognize the equidistance principle, there is no dispute. During project preparation, an exchange of letters to this effect has been initiated [TBV appraisal], and the project itself caters for ongoing dialogue to put in place a formal agreement.

6. Loan/credit conditions and covenants

Are there any significant, non-standard:

- Conditions for Board presentation and/or loan/credit effectiveness? If so, what are they? [See OP/BP 13.00, Signing of Legal Documents and Effectiveness of Loans and Credits]

The following are Conditions of Effectiveness:

1. PCU established, and Project Coordinator and Procurement Advisor appointed.
2. PMUs established (2), and Project Managers (2) and Accountants (2) appointed.
3. Special Accounts (5) and Project Accounts established and counterpart funding for 6 months deposited. [Note: Two are already established for PPF and PDF-B.]
4. M&E Manual acceptable to the Bank has been adopted and indicator baselines and targets identified.
5. Functional financial management system and Procurement Plan for Year 1 and 2 in place and satisfactory to the Bank.

The following are Conditions of Disbursement:

1. URT Second Social Action Fund (TASAF 2) must be effective before disbursement can occur under Component 3. [TASAF 2 approved by Board 30 November 2004; Effectiveness expected 21 February 2005.]

- Legal covenants applicable to project implementation? If so, what are they?

Legal covenants with links to TASAF 2 will be incorporated in the DCA.

D. APPRAISAL SUMMARY

1. Economic and financial analyses

Project structure is not amenable to a full stand-alone financial or economic analysis. Selected micro-economic analyses were, however, conducted to ensure that the chosen structure was economically efficient and financially sustainable over the long-term. The following summarizes the findings of these analyses:

- *EEZ fishery economics.* Current rent collection is far from adequate, largely because of lack of an effective licensing system and inadequate harmonization of licensing fees. Modest improvements have been made over the past year which indicate the long-term potential. Whereas historically fishery licenses have captured less than US\$100,000 annually in total, in 2003 the licenses generated just over US\$700,000 and in 2004 this had climbed to US\$1.3 million simply through better licensing mechanisms. Illegal fishing continues, however, and fees fall short of their potential. An analysis of the tuna catch in the peak 2004 season, for example, suggested that the industry exceeded

US\$220 million in value. Capturing a part of this share, through licensing or through value-added processing in Tanzania, could see some US\$50 million annually in fishery rents to URT.

- *MMA and MPA system economics.* The current system is high cost and suffers from a long legacy of donor dependency. Own revenue generation is about 40% of operating costs. MPA financing relies 87% on foreign donors. Future efforts will need to rely on cost reduction through using co-management models that feature partnerships among government, communities, and private sector.
- *Role of a financial sustainability mechanism (the Marine Legacy Fund).* Risk pooling is an important means for ensuring sustainability of institutional mechanisms (such as the DSFA) and a protected area system. Analyses of a financing mechanism for an MPA system recommended that a Marine Legacy Fund be established with a long-term fund value of the order of US\$50 million. Using the fund also to underwrite fixed costs of an EEZ Authority would increase this amount to US\$75 million. The model is that of a revolving fund with multiple inflows (from all resource sectors in the EEZ) and outflows to guarantee the fixed operational costs of core agencies and parts of the system.
- *CCAF economics.* There is evidence that communities can construct assets that are cost-effective compared with costs incurred under other mechanisms, with the added benefit of local ownership which protects the assets from vandalism and deterioration. The CDD model requiring 5%-20% local contribution provides in-built incentives to choose efficient and locally appropriate designs.

In addition, an incremental cost analysis (ICA) assessed the incremental costs that would be eligible for GEF financing. The total expenditure under the Baseline Scenario is estimated to be US\$47.13 million while the total expenditure under the GEF Alternative is estimated to be US\$57.13 million. The incremental expenditures (costs) under the GEF Alternative are therefore approximately US\$10.0 million. Incremental costs associated with OP2 are US\$5.0 million. Incremental costs associated with OP8 are US\$5.0 million. The incremental cost of OP8 could be substantially greater but no assessment was undertaken of the investments, domestic benefits, and global benefits associated with deep water management (>500 m depth) of the EEZ; these investments and benefits are associated with programs to be delivered under SWIOFP.

2. Technical

what is the rationale for the selected technical design or approach? How does it conform to international standards? How is it appropriate to the borrower's needs.

The fundamental technical design feature of this project is that it clearly separates offshore management issues of the EEZ and those associated with near-shore coastal management. Within each of these, planning is linked to implementation, and is further reinforced through building regional and local partnerships to encourage adaptive management and replication of successful experiences. Poverty alleviation issues in coastal communities are more directly addressed through a stand-alone component, the execution of which will complement EEZ and coastal management efforts without encumbering such efforts.

The design conforms to international standards primarily to the extent that it permits EEZ issues to be addressed within an international or regional framework that considers proper management

of resource stocks (consistent with international codes of conduct and best practices) while also providing a basis for clearly monitoring the effectiveness of revenue generation efforts linked to international commercial fisheries. In the near-shore areas, the technical design of the project reflects best international practices of integrated coastal zone management (ICZM), while following domestic efforts to implement formal strategies related to ICZM. Such efforts reduce vulnerability of coastal populations through improved incomes and greater security, while concomitantly contributing to more effective biodiversity conservation and management. The technical standards of the project are in fact quite high, and in many ways surpass typical international and World Bank practice through the introduction and testing of innovative elements within a closely monitored structure. Examples of such innovative elements include: (i) introduction of a financial sustainability mechanism that promotes risk pooling; (ii) testing of a community territorial sea (marine zoning) model to reduce non-sustainable open access exploitation; (iii) linking the sub-project activities of MACEMP into an existing proven delivery mechanism through another World Bank project (TASAF 2). It is expected that these elements will improve sustainability, social acceptability, and overall delivery efficiency of project finances.

The technical design also meets the client's needs through: (i) addressing directly the low rent capture associated with open access to offshore fishery resources; (ii) building on existing laws and policies such as the UN Convention on the Law of the Sea, the DSFA Act, NICEMS, and the new Environmental Act; (iii) recognizing the legitimate interests and expertise extant in both Zanzibar and mainland Tanzania, and reinforcing cooperative efforts between these parties; and, (iv) providing a portal for overseeing and coordinating other donor efforts to contribute to sound marine and coastal management.

A critical technical element of the project is the Development Communications (DC) Strategy which concurrently acts as: (i) an awareness building device for stakeholders ranging from policymakers to individual households in fishing villages; (ii) a project management tool for assisting local government and communities in identifying appropriate subproject interventions; (iii) a project coordination tool for facilitating coordination between TASAF and MACEMP, as well as other projects; and, (iv) an accountability and transparency mechanism for communicating targets and access norms for project activities and funding. The DC Strategy consists of a robust package spearheaded by a fulltime DC specialist, complemented by an array of media ranging from print to radio to local theatre productions. The Strategy is modeled after the successful TASAF communication norms with which stakeholders are already familiar, and builds on this through the development and inclusion of messages that are specific tailored to coastal communities and MACEMP objectives.

3. Fiduciary

The Government has submitted to the Parliamentary Committee a draft new procurement Bill to repeal the current Public Procurement Act of 2001 based on 2003 Country Procurement Assessment Report (CPAR) recommendations. The new Bill is expected to be passed by the Parliament in October 2004 and will become effective in January 2005 [TBV]. New legislation is being put in place to improve the current GOT procurement system. Identified future weaknesses will be addressed through training being developed by the Local Government Reform Program, especially as it affects the Village and Local Governments.

In addition to the annual audits of MACEMP, internal auditors from the MNRT and MANREC will also be doing their own reviews and reporting on their findings to the MACEMP PCU. District level internal auditors will also be expected to carry out audits of the sub-project activities being financed from MACEMP/TASAF 2 in their jurisdiction and report to the LGCs. Fiduciary Controls regarding MLF, procurement, and financial management procedures will be finalized during appraisal.

4. Social

[More detail expected after disclosure of Process Framework]

The client has elaborated a Process Framework (PF) that will be followed in all instances involving local populations; the PF was reviewed, approved and disclosed in country and at the World Bank Info Shop expected in early February 2005. Key features recommended in the PF and incorporated within MACEMP design include: (i) specific support for Community Mitigation Action Plans (CMAPs) at the community level; (ii) inclusion of social screening procedures for all community based investments (including those financed through the TASAF 2 window); (iii) introduction of formal dispute resolution mechanisms.

For sub-projects funded through the TASAF 2 window, protocols will follow the stricter of MACEMP procedures (which are governed by the MACEMP PF) and TASAF procedures (which are governed by the TASAF 2 Resettlement Policy Framework). This component will not finance any sub-project through the TASAF 2 envelope where communities have been unable to successfully resolve any resettlement issues. The TASAF 2 Operations Manual and various handbooks outline procedures which communities must follow to ensure that the safeguards are observed.

5. Environment

[To be finalized after appraisal based on disclosed ESA/ESMF.]

Are any of the following environmental issues important in the project? If so, (i) how are they integrated in the project/program/sector reform to enhance its environmental benefits and (ii) how will the main environmental benefits be monitored?

- *Establishing policy, regulatory and institutional frameworks for environmentally sustainable growth and resource management, particularly in sectors that potentially affect the environment*

This is a Category B project whose potential adverse environmental impacts are few and site-specific. The ESA noted that the project had many positive environmental impacts. The ESA identified the following as key concerns around potential negative impacts: (i) restrictions of access and short-term reduction in income to artisanal fisheries from MCS activities; (ii) restrictions of access and development impacts from support to MMA/MPA investments; (iii) development impacts from sub-project investments through TASAF 2; and, (iv) risks to cultural property. An evaluation of the existing institutional structure for monitoring and controlling impacts showed that legislation relating to environmental management, coastal zone

management, fisheries management and coastal forest management was comprehensive and relatively modern. Principle weaknesses are associated with implementation at the decentralized level (district or local government). For impacts associated with MMA/MPA management in Component 2, support to communities would mitigate this weakness. For sub-project investments, MACEMP sub-projects will follow the same procedures as those adopted by TASAF 2. When E-PRA's are done with communities, potential environmental impacts will be identified and a Limited Environmental Impact Assessment (LEA) will be conducted under the leadership of Ward and District extension staff trained in environmental issues. MACEMP has developed additional guidelines for coastal communities that will be applied at the time of desk appraisal of sub-projects being considered under the TASAF 2/MACEMP funding envelope. Within the CDD approach, projects that cannot develop mitigation measures that are acceptable to the community and are in line with national environmental policy guidelines and norms cannot be funded by TASAF 2 or MACEMP.

As part of the ESA, the client has elaborated an Environmental and Social Management Framework (ESMF) which was reviewed, approved and disclosed in country and at the World Bank Info Shop expected end January, 2005.

A key institutional recommendation of the ESA – to address potential cumulative impacts with other donor activities – is that “when donor-supported coastal and marine management projects exist where area-based activities overlap, MACEMP should coordinate such activities.” This coordination role of MACEMP is reflected in the project design.

Environmental benefits of the EEZ component of the project are associated with sound management of EEZ fisheries, reduction of by-catch waste, and support for implementing UN Convention on the Law of the Sea. Monitoring of these benefits will be through the stock assessments and through the monitoring component of the MCS efforts. Environmental benefits of the MMA/MPA component are associated with improved biodiversity quality and reduced threats on the biodiversity. This is monitored through the M&E strategy of MACEMP, which involves community-based reporting of ecosystem conditions and of artisanal fishing effort by gear type. The ESMF also elaborates M&E requirements for safeguard reporting which will be integrated into the M&E Strategy.

· *Enhancing livelihoods of the poor through: (i) improved and transparent management of natural resources or (ii) reduced vulnerability to environmental change (e.g., natural disasters such as floods)*

A specific project objective is to enhance livelihoods of the poor through improving the resource base quality and improving access to these resources and to social infrastructure. Reduced poverty will reduce vulnerability. In addition, mitigation measures are in place to prevent increases in vulnerability. The project supports interpretation and implementation of the new Environmental Management Act, 2004 at the LGA level. Within the sub-project cycle of TASAF 2 funding, safeguards are in place to mitigate impacts. Where no negative environmental impacts are identified, the LGC officer responsible for environment and natural resource management will sign off at the desk appraisal stage that this is so, and confirm that a LEA has

been conducted for sub-projects with identified impacts. Measures to minimise and mitigate environmental impacts will be confirmed during field appraisal, and again the leader of the appraisal team will sign off that this has been done. Sub-projects requiring Environmental Impact Assessments (EIAs) will be sent to the NSC for evaluation by the SET (which will send environmental experts to the LGCs to conduct the necessary EIA, upon recommendation of the MACEMP CCAF Technical Committee).

· *Protecting people's health from environmental risks and pollution*

There will be many community sub-projects aimed at improving the health of poor communities through the provision of clean water and sanitation facilities. The promotion of environmental awareness during sub-project identification, appraisal, and implementation will have positive impacts on the attitude of whole populations towards environmental protection.

6. Safeguard policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[x]	[]
Natural Habitats (OP/BP 4.04)	[x]	[]
Pest Management (OP 4.09)	[]	[x]
Cultural Property (OPN 11.03 , being revised as OP 4.11)	[x]	[]
Involuntary Resettlement (OP/BP 4.12)	[x]	[]
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	[]	[x]
Forests (OP/BP 4.36)	[]	[x]
Safety of Dams (OP/BP 4.37)	[]	[x]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[]	[x]
Projects on International Waterways (OP/BP/GP 7.50)	[]	[x]

7. Policy Exceptions and Readiness

This project contains no Policy Exceptions.

The Government is ready and committed to implementing the project. A policy letter is expected end of January, 2005, outlining this commitment. Negotiations among stakeholders regarding operationalizing the DSFA have already been initiated. Agreement has been reached between mainland Tanzania and Zanzibar on the project implementation modalities.

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas.

TECHNICAL ANNEXES

1. Country and sector or program background

Background

Mainland Tanzania and Zanzibar are endowed with a rich diversity of tropical marine and coastal systems including coral reefs, seagrass beds, mangrove stands and cultural resources. Marine resources are critical to Tanzania's economic and social development and underpin the livelihoods of coastal communities, who rely heavily on the sea for their food and income. Coastal communities of the United Republic of Tanzania are characterized by extreme poverty, with less than US\$100 per capita GDP at current prices according to the national survey. Hence, addressing the issues associated with the small-scale, sustainable use of coastal resources is critical to poverty eradication and slowing rural to urban migration. The economy of coastal communities depends mainly on smallholder farming, subsistence forestry, artisanal fishing, lime and salt production, seaweed farming, livestock husbandry, and small-scale trade. Coastal and marine resources, if well managed, can contribute substantially to growth and reduction of poverty. Poor management for the same resources will lead to their degradation which could contribute to: (i) engendering threats to public health; (ii) undermining attainment of Millennium Development Goals (especially for reduction of poverty, reduction of malnutrition, and protection of the environment), and (iii) putting at risk flora and fauna of importance to global biodiversity. The coastal and marine resources in URT are facing a number of threats including: (a) open access to marine fisheries resources resulting in unsustainable utilization; (b) insufficient skills, knowledge, and institutions for sustainable use and management of coastal and offshore fisheries; (c) unregulated coastal development; and (d) poor scientific understanding of the status of the fishery resources and biodiversity in general, and factors affecting it. Many of the problems, opportunities and linkages of marine and coastal activities in Tanzania have regional implications, particularly exploitation of fisheries, management of marine ecosystems, and exploitation of coastal mineral and offshore energy resources. The Marine and Coastal Environmental Management Project (MACEMP), funded through IDA credit and GEF grant is designed primarily as an institutional support project that strengthens existing and new institutions in their mandate to provide better management of coastal and marine resources. The project will also empower the local communities to manage effectively, and utilize sustainably, the biodiversity resources on which their livelihoods depend.

Summary of Sectoral Setting and Tanzania's Poverty Reduction Strategy

Tanzania launched the participatory PRS process in 1999 with the preparation of an interim PRS, followed by the approval of a full PRS in 2000. A new Poverty Reduction Strategy Paper (PRSP) will be finalized in early 2005, including a comprehensive review of experience and PRSP achievements to date. Preparation of a new CAS has been delayed to allow full alignment and consistency with the new PRSP, which will be presented to the Board of Executive Directors during the first half of 2005. To support the implementation of Tanzania's PRS, efforts to maintain macroeconomic stability are continuing, but the focus is increasingly shifting to sector-

level and cross-cutting public sector management issues. The key challenge is to replicate the excellent macroeconomic policy and implementation record at the sector level to facilitate overall economic transformation and poverty eradication.

One of the key themes of the new CAS will be the full alignment of Bank instruments with the principles of local ownership and leadership of development efforts as set out in the PRS and, more specifically, in the Tanzania Assistance Strategy (TAS). Because government policies and the government budget are the key instruments for implementing the PRS, the Bank will increasingly provide general budget support, a shift that has already been initiated under the current CAS. Over the medium term, the PRSC will become the main instrument for the transfer of financial resources and policy dialogue. A shift in lending modalities is considered necessary because sector interventions through investment projects have been characterized by variable local ownership and have not always been well integrated with other sectoral activities, leading to low sustainability. Also, development of government systems has received limited support, because most donors have tended to focus on their own aid delivery mechanisms. The shift to programmatic lending was precipitated by the government's call for a change in donors' lending modalities, and was justified on three grounds: (1) the PRS has evolved to be the overarching framework for policy dialogue and formulation, both within Tanzania and between government and the donor community; (2) progress on the macroeconomic front has lessened the need for traditional adjustment lending; and (3) progress in planning and budget management provides confidence that public resource allocations are consistent with PRS priorities. It is envisaged that the transition will be a gradual one. Initial PRSC support will coexist with budget and investment support to well-articulated sector programs and technical assistance for the strengthening of government systems and capacities necessary for increased reliance on program support. This approach, in which the PRSC initially covers primarily cross-cutting issues and policy dialogue and only gradually embraces sectoral support, provides scope for learning for both the Bank and the government as well as continued evaluation of the appropriateness of this approach.

The current PRS focuses on three main areas of outcomes and actions for realizing them. The first is reduction in the breadth and depth of income poverty. The outcome targets include reduction of basic needs poverty and food poverty, with a particular focus on rural areas, where poverty is most prevalent. The second area is improving the quality of life and social well-being. This entails improved human capabilities, enhanced longevity and survival, social inclusion and personal security, improved nutrition, and containment of extreme vulnerability (mainly through social safety nets). The third broad area concerns sustaining an environment that is conducive to development, which encompasses macroeconomic stability and good governance.

The first and third areas entail cross-sectoral and institutional measures, and the second is primarily dealt with through sector-specific interventions in areas such as health, education, and water, which are designated as priority sectors. As part of the PRS process, the government has prepared, realigned, and approved sector development programs for health, basic education, agriculture, and water. These now provide the framework for supporting the implementation of the PRS targets that are specific to these sectors.

The focus of the PRSC is on cross cutting issues falling under the first and third pillar of the PRS, i.e., "reducing income poverty" and "achieving and sustaining a conducive environment for

sustainable development”. Specific areas covered by these two pillars and supported by the PRSC include sustaining macroeconomic stability, rural development and export growth, private sector development, and governance.

Support to the second pillar of the PRS of “enhancing human capabilities, survival, and well being,” is provided by the Bank and other donors in the context of sector development programs and specific projects and thus not directly part of the policy dialogue under the PRSC. However, the PRSC monitors resource allocation to and outcomes in these areas which form part of the overall assessment as to whether PRSC resources contribute to the achievement of poverty reduction results. The only area under the second PRS pillar covered under the PRSC is “environment” reflecting the cross-sectoral nature of environmental issues.

In addition, as the PRSC provides funding for the implementation of Tanzania’s PRS, it pays particular attention to poverty monitoring systems which allow an assessment as to whether poverty reduction objectives (including income and non-income dimensions of poverty) are indeed achieved.

Sustaining macro-economic stability. The PRS recognizes sustained macro-economic stability as crucial for accelerating economic growth and providing a conducive environment for the implementation of the PRS in Tanzania. The PRSC acknowledges the institutional division of labor between the Bank and the Fund and implementation of the PRGF supported program is an important indicator in this area for overall macro-stability. Specific issues targeted and monitored under the PRSC include (a) broadening of the tax base and enhanced efficiency in tax administration, (b) a simplified and efficient local revenue structure, and (c) improved debt management.

Rural development and export growth. The focus on rural development in the PRS derives directly from the poverty profile of Tanzania, with poverty being still very much concentrated in rural areas, and with the urban rural gap widening during the past decade. Reforms in agricultural and rural development are intended to improve producer incentives and raise agricultural profitability and thus enhance incomes in rural areas, where poverty is most widespread and most deeply entrenched.

Private sector development. Reforms related to private sector development and strengthening of the business environment, as well as legal and administrative reforms to enhance the functioning of land, credit, and labor markets, are intended to foster economic growth and enhance employment opportunities. Access to formal and informal sector employment has been identified as one of the key areas for sustainable poverty reduction in the PRS.

Environment. The PRSC also supports government’s efforts to enhance environmental sustainability of Tanzania’s development program. The PRS identifies this as an important element of efforts to improve the quality of life and social well-being.

Governance. The two governance areas targeted by the PRSC are (a) improving the effectiveness of public services and (b) minimizing resource leakage and strengthening accountability. Actions in this area will have a direct impact on poverty reduction as they enhance public sector capacity

to implement poverty reduction programs in the priority sectors and generate additional funds for poverty reduction by reducing leakages in the form of low allocative or operational efficiency of public expenditures. Key areas of reform include strengthening of financial management through the implementation of the public financial management reform program, strengthening of the national audit office, pay reform coupled with improved performance management in the public sector, procurement reform, the implementation of anti-corruption strategies, and enhancing efficiency in the use of development assistance.

Summary of Policy, Institutional and Legal Framework⁶

In accordance with the Constitution of the United Republic of Tanzania of 1977, policies and laws respecting natural resource management, including coastal and marine resources, are established and implemented by the central government. Zanzibar has a unique legal status within the URT. According to Article 2(1) of the Constitution, the territory of the United Republic consists of the whole area of Mainland Tanzania and the whole of the area of Zanzibar, and includes the territorial waters. One Mainland Tanzania law (the Fisheries Act of 2003) does not cover the territorial waters of Zanzibar, and Zanzibar has its own fisheries legislation (Fisheries Act 1988). However, the Deep Sea Fishing Authority Act and the Territorial Sea and Exclusive Economic Zone Act apply to both mainland Tanzania and Zanzibar. In developing a common governance regime this is a subject that requires careful consideration.

Broad institutional issues: The laws and policies in mainland Tanzania and Zanzibar that are relevant to coastal and marine resources are relatively comprehensive. But their implementation is rather uncoordinated. Different institutional and legal systems exist for the mainland and Zanzibar, and there is potential for linkages through the Deep Sea Fishing Act 1998 and the Territorial Sea and Exclusive Economic Zone Act 1989.

Management of the Exclusive Economic Zone: The Deep Sea Fishing Authority (DSFA) and the Ministry of Foreign Affairs are the legally mandated institutions to control and regulate the EEZ. The law provides for collaborative arrangements or delegation of the functions to other competent institutions. Since the DSFA is not yet in place, the EEZ is being regulated under ad hoc arrangements. Under the Deep Sea Fishing Act there is no provision for designation or regulation of MPAs; it focuses on monitoring, control and surveillance mandates in the EEZ.

Fisheries laws: Fisheries laws are essential elements in the management of coastal and marine resources. The Fisheries Act 2003 provides for linkages among other sectors and the fisheries sector. It also recognizes Beach Management Units (BMUs) and empowers the Director of Fisheries to enter into management agreements with BMUs as a way of promoting local fisheries. The Zanzibar Fisheries Act provides for the Minister to declare an area of waters to be protected area; the Act (contrary to the mainland Fisheries Act) further provides for preparation and review of fisheries management plans.

Management objectives for Marine Protected Areas and Village lands: While the Marine Parks

⁶ This section is based on Shauri V, 2003, Study on the legal and institutional framework for marine conservation areas in the United Republic of Tanzania. Study Commissioned by the World Bank. 77 pp.

and Reserves Act 1994 provides for MPAs that are to be managed under the Marine Parks and Reserves Unit at the national level, it does not cover community managed areas (CMAs) established at the local level. CMAs are under other laws, hence raising the possibility of institutional overlaps in management roles and responsibilities. The existing legal framework does not differentiate management objectives for different MPAs/CMAs, despite the distinctiveness in their management objectives. MPAs/CMAs by design, encompass parts of village lands as buffer zones, etc., hence use of those areas calls for conformity with the restrictions inherent in the Marine Parks and Reserves Act (MPRA).

Management plans under the laws regulating coastal and marine resources: With the exception of MPRA, management plans are not provided for in other laws that are applicable to coastal and marine areas. Management plans are necessary in order to ensure controlled consumptive use and sustainability of the resources in the long-term. By contrast, Zanzibar Fisheries Act provides for some elements of the management plan, e.g., the state of exploitation of each resource, annual yield, etc.

Mainstreaming conservation aspects in laws regulating marine and coastal areas: For long-term conservation goals to be achieved there is an urgent need for the laws that regulate marine and coastal areas to incorporate provisions on conservation, for example, EIA, management planning, zoning, contingency plans, etc. This calls for the reform of the legal framework to encompass conservation provisions with a view to improving the management of coastal and marine resources.

Integrated coastal management as provided under the laws: Coastal district planning has been encouraged through USAID financing and culminated in the development of the National Integrated Coastal Environment Management Strategy (NICEMS) on mainland Tanzania, adopted officially in December 2003. But legal instruments to implement the strategy are not yet in place. The situation is somewhat different in Zanzibar, with the Environmental Management for Sustainable Development Act 1996 providing in principle for integrated coastal area management planning, although no operational modalities for it are available.

Network of protected areas: Creation of a network of protected areas is not provided for by any law in the mainland. In Zanzibar, Environmental Management for Sustainable Development Act introduces “a national protected areas system” that constitutes aquatic, terrestrial, and mixed territorial aquatic ecosystems, reserves, sanctuaries, controlled areas and other areas protected wholly or in part by a lead institution are also included in the system.

International conventions relevant to the management of coastal and marine resources: At a regional level, the UNEP Convention for the Protection, Management and Development of the Marine and Coastal Environment of Eastern African Region (the Nairobi Convention) is one of the major sub-regional instruments of significant importance to conservation of coastal and marine resources.

In summary, there remain gaps relating to traditional use rights and to enforcement authority. The following are areas of concern:

- The existing legislation does not provide adequate recognition and attention to traditional

- use rights;
- Co-managed areas will require strengthening of legislation to make arrangements clear and protect traditional use rights;
- There is a lack of clarity in existing institutional and legal frameworks with respect to enforcement authority and responsibility in a decentralized context;
- Trans-boundary issues are not well coordinated and require strengthened regional institutions.

The above concerns notwithstanding, the essential institutional framework and legal instruments are in place for MACEMP to proceed, although MACEMP will need to contribute to strengthening a number of the policy elements.

Role of MACEMP

The Government in general has in place a comprehensive range of legislative and policy initiatives that will support and guide the full implementation of the project towards its broad objective of improving management of coastal and marine resources as a way of addressing poverty reduction. Although the list reviewed above is not inclusive of all national legislation and policies supporting MACEMP, it nevertheless presents a broad sample of existing initiatives. There is, however, need for review of the entire policy and legislative framework with a view to updating some instruments and the developing new initiatives based on changing circumstances.

More coordination of policy initiatives with respective line ministries and agencies would help broaden the framework and allow coordination between national authorities for the good of the project. Operationalisation of relevant initiatives such as National ICEM Strategy, Mangrove Management Plan, Poverty Reduction Strategy, Fisheries Master Plan, and Fisheries Act is constrained by inadequate resources. The Government is in a position to take advantage of existing opportunities and those that are likely to come up in future cooperation agreements to fully explore, review and operationalise policies and legislation in support of conservation, management and utilization of coastal and marine resources. The Marine and Coastal Environment Management Project (MACEMP) presents such an opportunity.

2. Major related projects financed by the Bank and/or other agencies

Sector issue addressed	Project	Latest Supervision Ratings (PSR)	
		Impl. Progress (IP)	Dev Objective (DO)
World Bank/IDA			
Cross-cutting	Social Action Fund Project (TASAF), P065372	N/a	N/a
Cross-cutting	Second Social Action Fund Project (TASAF II), P085786	Not yet effective	Not yet effective
Agriculture	Participatory Agriculture Development and Empowerment Project (PADEP), P071012	S	S
Cross-cutting	Local Government Support Program (LGSP), P070736	Not yet effective	Not yet effective
Environment	Japanese Social Development Fund (JSDF),	S	S
Fisheries	South West Indian Ocean Fisheries Project (SWIOFP),	Not yet effective	Not yet effective
Cross-cutting	Lake Victoria Environmental Management Project (LVEMP), P046837, P090680	S	S
Environment	Lower Kihansi Environmental Management Project, P073397	S	S
Cross-cutting	Second Poverty Reduction Support Credit (PRSC2), P074073 [PRSC1 - P074072]	S	S
Other Agencies			
Fisheries	EC: SADC Monitoring, Control, and Surveillance of Fisheries Activities Programme (MCS)	N/a	N/a
Cultural Heritage	French Assistance: Conservation and Development of Kilwa Kisiwani and Songo Mnara World Heritage Sites	N/a	N/a
Environment	DFID/WWF: Mafia Island Marine Park (MIMP), RuMaKi Seascape Programme	N/a	N/a
Environment	IUCN: Tanga Coastal Zone Conservation and Management Program (TCZCMP)	N/a	N/a
Environment	UNDP/GEF: Mnazi Bay Marine Protected Areas Project	N/a	N/a
Environment	USAID: Tanzania Coastal Management Partnership (TCMP)	N/a	N/a
Environment	UNDP/GEF: Large Marine Ecosystem Programme	N/a	N/a
Fisheries	EC: Tuna Tagging Project	N/a	N/a
Environment	GEF: Global Coral Reef Targeted Research and Capacity Building for Management Project	N/a	N/a
Environment	UNDP/GEF/UNOPS: Agulhas and Somali Current LME Project	N/a	N/a

Linkages with SWIOFP:

The Southwest Indian Ocean Fisheries Project (SWIOFP) is a regional project including Kenya, Tanzania, Mozambique, Comoros, South Africa, Madagascar, Seychelles, Mauritius, and France (participating, but not beneficiary of SWIOFP funding). SWIOFP is currently under preparation and is expected to become effective in early 2006. It is one of three projects, which together form the basis for the Somali and Agulhas Currents Large Marine Ecosystem Program. While the SWIOFP is being prepared and will be implemented through the World Bank, the other two oceanographic and coastal research and demonstration projects under the Somali and Agulhas Currents LME Program will be prepared and implemented through UNDP with close cooperation with the World Bank. The multi-donor initiative aiming to build a long-term vision for sustainable management of the Somali and Agulhas LMEs is expected to have multiple phases.

The main expected output of SWIOFP is input to a comprehensive Transboundary Diagnosis (TDA) and to a Strategic Action Plan (SAP) on all aspects relating to regional fisheries issues in the Somali and Agulhas LMEs. Key activities under SWIOFP will be: (i) to undertake a regional fish stock assessment, and (ii) to survey pressures on the transboundary fish stocks and thereby build the scientific basis for development of the SAP. In addition, SWIOFP would support and strengthen institutional linkages for cooperation between the nine West Indian Ocean states participating in SWIOFP.

MACEMP and SWIOFP will be closely coordinated as they are expected to work out of the same Project Coordination Unit. MACEMP's main focus lies on national fishery policy, institutional aspects related to governance of the national EEZ, implementation of national fishery regulations, development and implementation of national resource management strategy for EEZ as well as overall institutional strengthening and capacity building. MACEMP will also support specific research activities that link more closely to SWIOFP. Specifically, MACEMP will complement SWIOFP by supporting fish stock assessment in the near-shore waters of Tanzania. For purposes of coordination, it was agreed between the two projects that MACEMP would focus on research and monitoring of all waters of less than 500 m depth. This implies that the near-shore includes the continental shelf and the shallower parts of the continental slope and that almost all of the Territorial Seas (within the 12nm limit) are covered through MACEMP, while SWIOFP will focus on the outer limits of the EEZ.

Linkages with TASAF 2:

See detailed description of linkages between projects in Annex 20.

The TASAF 2 Project has been approved by the World Bank Board in November 2004; it is expected to become effective at the end of January 2005 and will have an implementation period of 5 years. TASAF 2 and MACEMP are closely linked through MACEMP's Component 3, the Coastal Community Action Fund (CCAF), which will be implemented through the institutional and operational mechanisms of TASAF 2. Operational modalities specific to the linkage between TASAF 2 and MACEMP include: (i) MACEMP follows the TASAF 2 sub-project cycle; (ii) MACEMP targets coastal geographic areas and defines additional service packages to correspond to MACEMP objectives, and MACEMP includes additional safeguard screening criteria of its sub-projects; (iii) the MACEMP Coastal Village Fund (CVF) is ring-fenced within a single TASAF 2 Special Account, and applies a simple resource allocation method to distribute

it to MACEMP target districts and islands (see Annex 20); (iv) MACEMP implements the MACEMP Coastal Community Capacity Enhancement (CCCE – Subcomponent 3(b)) through the MACEMP Project Management Units (PMUs) on mainland Tanzania and Zanzibar.

Linkages with JSDF:

The Japan Social Development Fund (JSDF) made available US\$1.818 million for the Tanzania Community Based Coastal Resources Management and Sustainable Livelihood Project, which became effective in May 2004 and has an implementation period of 2 years. This grant for civil society is to be implemented through NGOs to be selected through a competitive process. The objective of the project is to overcome the problems of poverty and resource degradation in the coastal areas of Zanzibar and Kilwa areas through enhancing the livelihoods of the poor and vulnerable groups in the coastal communities. The JSDF is closely associated with MACEMP and enables the testing of different models to support communities. The experiences can thereafter be replicated on a larger scale through MACEMP.

Linkages with SADC MCS:

The regional SADC MCS project is funded by the EC and has been effective for the last three years. The project will close in August 2004. Under the SADC MCS project important building blocks for effective MCS have been established and a basis of skilled and trained staff for sea- and air-patrol, fishery patrol, fishery inspectorate, and other MCS related activities has been put in place. The project has enabled Tanzania to operate important components of MCS, however other components such as a Vessel Monitoring System (VMS) and Information System still need substantial support for establishment and institutionalization.

Close donor coordination was established between the SADC MCS Project and MACEMP to ensure that efforts and results achieved under the SADC MCS Project can link directly into MACEMP. MACEMP informed the MCS Work Plan for Tanzania during the final implementation period with a number of activities that will facilitate a smooth start of MACEMP in relation to MCS activities (i.e. identification of staffing and respective training plan for the proposed EEZ Authority).

Linkages with Other World Bank Projects supporting Environmental Assessment:

MACEMP provides selected support to districts and communities to assist in interpreting environmental assessment requirements within local planning mechanisms. The support complements (and does not duplicate) past and concurrent efforts to strengthen this area. For example, work under the PRSC, Lower Kihansi Environmental Management Project, and the Lake Victoria EMP have all contributed to domestic capacity in environmental assessment, strategic environmental assessment, and ecosystem planning. These have in turn been historically coordinated with the USAID efforts that supported the ICM Unit in NEMC (which supports the ICM Strategy and integrates ICM concepts into district development planning.)

Linkages with the Global Coral Reef Targeted Research and Capacity Building for Management Project:

The project will conduct targeted research to further the global understanding of what determines coral reef ecosystem vulnerability and resilience. It will establish a scientific knowledge base for synthesizing and comparing findings around the world and build capacity of researchers within

developing countries as part of the global, applied research framework. The project further aims to support application of the relevant research findings to management interventions and policy formulation at national and local levels. Coral reefs off Zanzibar represent one of the sites for targeted research under the project. MACEMP will coordinate with the project to respond to recommendations related to informed, science-based coral reef management interventions at local level.

Linkages with the Agulhas and Somali Current LME Project:

The regional Agulhas and Somali Current Large Marine Ecosystem Project represents a second project under the broader Agulhas and Somali Current LME Program that also includes SWIOFP. The project is expected to be partially funded by the GEF and is currently under preparation by UNDP with support from UNOPS. An ecosystem and trans-boundary approach will be adopted to assist the West Indian Ocean countries with the assessment and monitoring of the living marine resources of the two LMEs. Specifically, the project will fill knowledge gaps to inform long-term sustainable management of two LMEs, and facilitate ecosystem monitoring, evaluation and reporting including GEF IW indicators.

MACEMP will complement the regional Agulhas and Somali LME project: by reinforcing national commitments and priorities related to sustainable fisheries; by implementing key policy reforms supporting governance and sustainable management in URT's EEZ; and by building the countries' capacity to participate fully in sub-regional management of transboundary fish stocks and LMEs in a broader sense. The close project collaboration link between SWIOFP and MACEMP will also provide for coordination with other projects under the Agulhas and Somali Current LME Program. MACEMP further provides adequate budget to support participation of URT representatives in regional conferences and meetings related to EEZ governance and transboundary fisheries management.

3. Results framework and monitoring

Results Framework

PDO	Outcome Indicators	Use of Outcome Information
To improve sustainable management and use of the URT's Exclusive Economic Zone, territorial seas, and coastal resources.	<ul style="list-style-type: none"> Increased revenue generation to EEZ Authority to US\$25 million/yr by End-of-Project (EOP). Own-revenue generation as percentage of recurrent costs from 40% at baseline to 150% by EOP from the system of Marine Managed Areas (MMAs). Increase in the percentage of coastal fisheries households realizing improved income expectations 0% at baseline to 80% by EOP. 	<ul style="list-style-type: none"> Year 1-3: Assess capacity of EEZ Authority to increase revenue generation. Year 4-6: Document level of re-investment of revenue into the fisheries sector. Year 1-3: Assess capacity of MMA system to generate revenue and to reduce operational cost. Year 4-6: Document financial and institutional sustainability of MMA system. Year 1-3: Assess coastal community capacities to access and use grants. Year 4-6: Document contributions to intermediate MDG indicators and assess options for replication and mainstreaming activities into local development initiatives.
PGO	Outcome Indicators	Use of Outcome Information
<p>OP2 - To develop an ecologically representative and institutionally and financially sustainable network of marine protected areas.</p> <p>OP8 - To build URT's capacity to measure and manage transboundary fish stocks.</p>	<ul style="list-style-type: none"> An increase in area from open access to effective managed access from 4% to 10% by 2011, within the territorial seas. Increase in daily observations of vessel catch and effort entered into URT Fisheries Information Management System from 1000 per year at baseline to 15,000 per year and data in compliance with management targets for EEZ fisheries by EOP. 	<ul style="list-style-type: none"> Year 1-3: Assess management regimes in project target areas. Year 4-6: Document management effectiveness in territorial seas and associated reduction of threats to biodiversity. Year 1-3: Assess increased capacity of EEZ Authority to monitor and enforce sound fisheries management in the EEZ. Year 4-6: Document increased level of compliance of EEZ fisheries with URT's fisheries management targets.
Intermediate Results	Results Indicators for Each Component	Use of Results Monitoring
Component 1. Sound Management of the Exclusive Economic Zone. Objective: A common governance regime for the EEZ contributes to the long-term sustainable use and management of EEZ resources.	Component 1. <ul style="list-style-type: none"> Policy and regulatory instruments for EEZ common governance regime in place: EEZ Authority established by Year 2, Fishery Policies harmonized by Year 3, Fisheries judiciary system revised by Year 4, Fisheries Management System (input & output controls) 	Component 1. <ul style="list-style-type: none"> Year 1-3: Assess operational performance of EEZ Authority and identify any policy and training gaps. Year 4-6: Review sustainability strategies for EEZ and marine ecosystem management.

	<p>enforced by Year 5.</p> <ul style="list-style-type: none"> • Marine Legacy Fund established at EO-PY3 • EEZ Authority supporting 80% of the EEZ operational budget by EOP. 	
<p>Component 2. Sound Management of the Coastal and Marine Environment. Objective: A comprehensive system of managed marine areas in the Territorial Seas, based on ICM strategies that empower and benefit coastal communities.</p>	<p>Component 2.</p> <ul style="list-style-type: none"> • A designated community managed areas established in each target area of project focus by EOP. • Elimination of destructive practices in all areas of project focus by EOP. • Cabinet endorsement of proposed MPA network design (including at least two new Conservation Areas) by EOP. • Substantially reduced fishing effort targeting vulnerable species evident in 50% of sites. 	<p>Component 2.</p> <ul style="list-style-type: none"> • Year 1-3: Assess capacity of local stakeholders (communities as well as local government authorities) to develop local ICM action plans and MMA management plans. • Year 4-6: Review and document coverage of coastal communities empowered to manage sustainably the coastal resources on which their livelihoods depend.
<p>Component 3. Coastal Community Action Fund. Objective: Coastal communities demand, implement and monitor services, and access opportunities that contribute to improved livelihoods through the sustainable achievement of specified MDG indicator targets within the Tanzania PRSP.</p>	<p>Component 3.</p> <ul style="list-style-type: none"> • Households in coastal target areas with increased availability and use of basic and market services. • Number of subprojects through CVF completed. • Households participating in community savings schemes. 	<p>Component 3.</p> <ul style="list-style-type: none"> • Year 1-3: Assess impact of assets created on improved services and progress towards the attainment of PRS/MDG indicator targets in coastal communities. • Year 4-6: Review sustainability strategies.
<p>Component 4. Project Implementation Unit. Objective: To provide efficient project implementation services.</p>	<p>Component 4.</p> <ul style="list-style-type: none"> • 90% of project activities identified in annual work plans have been satisfactorily completed by end of each year. • Semi-annual progress reports produced on time and with satisfactory quality. • Performance and impact monitoring reports produced on time and with satisfactory quality. • Disbursement in accordance with costs and time schedule identified in PIM. 	<p>Component 4.</p> <ul style="list-style-type: none"> • Year 1-3: Assess whether capacity of PIU staff is adequate to deliver project implementation and associated reporting and adjust training programs. • Year 4-6: Review strategies for EEZ Authority to absorb key PIU staff.

Arrangements for results monitoring

		Target Values						Data Collection and Reporting		
Outcome Indicators	Baseline	YR1	YR2	YR3	YR4	YR5	EOP	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
PDO										
URT revenue from commercial offshore fishery.	<\$2m	\$3m	\$5m	\$10	\$15	\$20	\$25m	Quarterly and Annual Reports		MANREC/MNRT
Proportion of operational costs of MPA system covered by own-revenues.	40%	45%	50%	60%	80%	100%	150%	Quarterly and Annual Reports		MANREC/MNRT
Proportion of households in participating communities perceiving increased incomes.	0	0%	40%	50%	60%	70%	80%	Annual Reports	Perception surveys of households sampled in villages implementing CVF subprojects.	MANREC/MNRT PIU/TASAF 2 MIS
Key studies completed and legislation implemented.		DSFA	MPA PLAN	MLF						
PGO (OP2)										
Proportion of territorial seas under effective protection or management	4%	5%	6%	7%	8%	9%	10%	Annual Reports		MANREC/MNRT
PGO (OP8)										
Daily observations of vessel catch and effort entered into URT Fisheries Information Management System*	1000	2000	4000	6000	9000	12000	15000	Annual Reports	* see Appendix note (end of this Annex)	MANREC/MNRT
		Target Values						Data Collection and Reporting		
Results Indicators for Each Component	Baseline	YR1	YR2	YR3	YR4	YR5	EOP	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Component 1. Sound Management of the Exclusive Economic Zone										
EEZ Authority in place.	O		X							
Marine Legacy Fund Established.	O			X						
EEZ Authority Revenues supporting 80% of the EEZ Operational Budget.	0			40%	60%	70%	80%	Quarterly and Annual reports		MANREC/MNRT

Component 2. Sound Management of the Coastal and Marine Environment										
Community managed areas established in each area of project focus.	0	0	1	2	3	4	5	Annual		
Significant reduction in destructive practices at all project sites. (% of sites)	0%	10%	20%	40%	60%	80%	100%	Quarterly		
Proportion of territorial seas under effective protection or management	4%	5%	6%	7%	8%	9%	10%	Annual Reports		MANREC/MNRT
Reduced fishing effort targeting vulnerable species.* (% of sites)	0%			20%	30%	40%	50%	Annual Reports	* Vulnerable species identified through C1 stock assessments.	
Component 3. Coastal Community Action Fund										
Households in coastal target areas with increased availability and use of basic and market services.	0	75%	80%	90%	90%	90%	n/a	Quarterly	Beneficiary Assessments, Research studies, Mid-term reviews	TASAF M&E, MIS
Number of subprojects through CVF completed.	0	0	80	160	240	320	400	Quarterly and Annual Reports		
Households participating in community savings schemes.	0	20	50	150	200	300		Half-yearly		
Component 4. Project Implementation Unit										
90% of project activities identified in annual work plans have been satisfactorily completed by end of each year.	0	90%	90%	90%	90%	90%	90%	Quarterly and Annual Reports	.	
Semi-annual progress reports produced on time with satisfactory quality.	0	X	X	X	X	X	X	Quarterly and Annual Reports	.	
Performance and impact monitoring reports produced on time with satisfactory quality.	0	X	X	X	X	X	X	Quarterly and Annual Reports	.	
Disbursement in accordance with costs and time schedule in PIM.	0	X	X	X	X	X	X	Quarterly and Annual Reports	.	

Monitoring & Evaluation (M&E)

The overall objective of M&E in MACEMP is to ensure better planning, targeting, feedback to relevant stakeholders and timely decision making in order to improve service delivery. It will help to:

- improve management of programs, subprojects and supporting activities
- ensure optimum use of funds and other resources
- draw lessons from experience so as to improve the relevance, methods and outcomes of cooperative programs
- improve service delivery in order to promote active community participation, quality of subprojects, transparency and accountability with a view to ensure that resources made available to subprojects are used to meet the intended purposes
- strengthen the capacity of co-operating agencies, non-governmental organizations and local communities to monitor and evaluate
- improve information sharing systems and enhance advocacy for policies, programs and resources that improve the MACEMP contribution towards poverty alleviation and sustainable environmental management
 - improve national and district capacity for effective data collection and stock assessment of both near-shore and offshore fisheries
 - improve fisheries data collection along the coast and implement appropriate stock assessment research relevant for marine resource use management
 - improve the mechanism for fisheries statistics production and stock assessment information analysis, storage and dissemination
- improve the scientific knowledge base on which domestic, regional and international resource management policies and decisions rely

It will have a results-based M&E system that will monitor project processes using the following methods and tools :

- A well defined Results framework that is derived from clearly defined goals, objectives, outputs and activities with corresponding indicators, means of verification and key assumptions
- A well defined M&E strategy for project processes, information requirements, tools and methodologies for data collection, analysis and reporting
- A comprehensive M&E plan with clear roles and responsibilities as they relate to indicators tracking with respect to data gathering and reporting
- A Project tracking system based upon agreed indicators as derived from the logical framework matrix of the MACEMP program
- Internal and External periodic assessment and evaluations which would include baseline studies, beneficiary assessments, mid-term evaluations, ex-post evaluations and impact evaluations
- Participatory Community Monitoring and Accountability approaches and systems

MACEMP will ensure that all stakeholders are taking part in monitoring of project processes according to defined roles and responsibilities based on specific performance indicators.

MACEMP will commission external evaluative studies such as beneficiary assessments to

complement the internal monitoring arrangements. MACEMP will collaborate with other Government initiatives such as the National Level Poverty Monitoring being facilitated by the Vice President's office.

MACEMP will promote participatory community monitoring to ensure that project implementation processes are executed in a satisfactory manner and that benefits are sustainable.

MACEMP Key Performance Indicators

MACMEP will assess its project management systems and procedures in respect of their relevance, effectiveness, efficiency and impact at community, operational area and national levels. This will be carried out through input, process, output, outcome and impact tracking indicators which are geared towards meeting the national MDG goals.

Information Technology

MACEMP will develop and maintain an effective decentralized Site-based MIS that will assist stakeholders in monitoring project processes and procedures effectively and efficiently. The project design strengthens the abilities of local governments to plan, fund, implement and monitor community empowerment and delivery of socio-economic services to the poor. Since most of the activities will be taking place at community and local government levels, it is imperative that the MIS system be decentralized and that it interface with any other systems either planned or being tested in the Districts. MACEMP MIS will also interface with any other MIS systems currently existing or being proposed – both at the national and District levels. The outputs of these various sub-systems, along with the development communication initiative, will be brought together under the PCU. The long-term placement of the MIS will be determined at mid-term review and will depend on how various systems evolve; it is anticipated that the final network will have nodes at MNRT (fisheries), MANREC (fisheries), the DSFA and various local governments.

The MACEMP MIS system will operate at three different levels and will include the following sub-systems :

- Community Level (paper-based):
Uptake from these community level processes will feed into similar functions/processes at the District level.
- District Level
- MACEMP/National Level

Other Systems

- Geographic Information System (GIS). While this is not in the initial full project plan, it may be developed in some LGAs if local expertise exists and if appropriate to the planning systems being adopted at that level.
- Knowledge Dissemination System. This supports information and resource sharing within MACEMP as well as other relevant stakeholders, and is part of the Development Communication Strategy being implemented by the Development Communications Coordinator.

Appendix to Annex 3 – A Note on the Selection of the International Waters Key Performance Indicator (KPI5)

Proposed KPI5 – Daily observations of vessel catch and effort entered into URT Fisheries Information Management System. [baseline = 1000; target = 15000 annual]

For MACEMP, the selection of an appropriate long-term success indicator for Component 1 is complicated by the fact that, at this time, no stock assessments or effort assessments are available. MACEMP in fact proposes to build the capacity to conduct such monitoring and assessment. Background papers provided by GEF (see extracts that follows) show that one would ideally have an indicator that addresses an institutional dimension (that evaluates the ability to monitor stress reduction) as well as an impact measure (of over-fishing). Tanzania is currently at the highest level of monitoring capacity using the GEF nomenclature (see Extract 1), but there are nonetheless different degrees of capacity within this level that can be measured simply through intensity and completeness of monitoring efforts. Early surveillance efforts show that over-fishing is quite real and evidenced both by illegal pelagic fishing within territorial waters as well as destructive fishing practices (through nearshore prawn trawling). By contrast, Tanzania is not in a position yet to evaluate over-fishing through any of the proposed direct measures (Extract 2) because of the lack of baseline stock assessments.

In selecting a KPI, MACEMP has thus focused on a hybrid indicator which is useful for short- and medium-term monitoring and which will demonstrate both capacity and rationalizing of fishing effort. Early experience has shown that increased monitoring is closely linked to both compliance and to revenue generation; as formal ship-based monitoring has been introduced, licenses have increased, revenues to government has increased, and illegal fishing activity has dropped. The use of a hybrid indicator such as “daily vessel reports of catch” is thus a good proxy both for capacity and for rationalized fishing effort; the MACEMP supported programme in fact supports a system that combines vessel based monitoring using satellite technology, trained monitors and inspectors, and sophisticated data reduction systems (setup financed under the EU SADC project closing in mid-2005) in which all ship-based information received is automatically assessed and summarized for monitoring and compliance purposes. In later years of the project, it may also be possible to augment the impact indicators with those tied to stock assessments but, until such stock assessments are completed (relying both on MACEMP and SWIOFP) no indicator for long-term assessment is proposed.

In 2002, KPI5 was zero, and in 2004 it was approximately 1000 based on paper based reporting. This was from licensed vessels who transmitted daily catch statistics for entry into systems housed in Tanzania. Full automation of the system across all licensed vessels (potentially 200 under Zanzibar or Tanzania licenses) for up to a 150 day season would yield up to 30,000 records annually. An EOP target of 15,000 records has been established for MACEMP; achievement of this target would signify both a substantial increase in monitoring and assessment capacity, as well as providing a proxy for compliance in fishing effort.

Extracts From: Program Performance Indicators for GEF International Waters Programs, GEF/C.22/Inf.8, November 11, 2003. Paper prepared by GEF Monitoring & Evaluation Unit with important contributions from Gareth Porter, Aaron Zazueta, Jarle Harstad, Andrew Hutzon, Marea Hatzios, Alfred Duda, Juha Uitto, Andrea Merla, John Pernetta, Alexis Maimov and Vladimir Mamaev.

Extract 1.

TABLE 7: INDICATORS OF MONITORING AND REPORTING ON STRESS REDUCTION
(in ascending order of desirability)

No plan for monitoring stress reduction has been established	Monitoring plan for stress reductions has been established data gathering responsibilities are clearly defined, and adequate staff and budget provided	Monitoring system established. Monitoring plan for stress reduction is under implementation but no data have been reported	Monitoring systematically gathers and reports data related to the baseline. Data has been documented and analyzed.
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Extract 2.

Over fishing [potential indicators]

- Elimination or reduction of the gap between actual fish catch and estimated maximum sustainable level of fish catch for modeled fish stocks.
- Reduction of fishing capacity, measured by total number of vessels multiplied by estimated average catching capacity per vessel at full utilization, as a proportion of estimated fishing overcapacity.
- Reduction of rate of by-catch of non-target species.
- Increase in area (in km²) of no-fishing zones.
- Increase in area of fishery with seasonal limits on fishing.

4. Detailed project description

Project Description Summary

The Marine and Coastal Environment Management Project (MACEMP) is a 6-year project for the United Republic of Tanzania with a focus on the sustainable management and utilization of the coastal and marine resources. MACEMP will support marine and near-shore policy reforms and implementation of activities that will impact positively the quality of life of populations in coastal area, and also on the integrity of the off-shore resource base that is of national, and international, significance. The project emphasizes the establishment of an effective regulatory and institutional framework, participatory planning and the creation of an enabling environment for integrated coastal and marine resources management and private investment in coastal areas.

The overall objective of this project is to improve management of coastal and marine resources, with a view to contributing to economic growth and poverty reduction. The project will support activities aimed at improving scientific understanding of marine and coastal resources, including the major threats facing them. The project activities have been designed to assist the Government in implementing the National Integrated Coastal Environment Management Strategy, the National Fisheries Master Plan, and the Fisheries Act, Marine Parks and Reserves Act. Specific objectives of the project include:

- Strengthening institutions charged with management of marine resources, in Zanzibar and on the Mainland, with a focus on creating a common governance regime for the Exclusive Economic Zone;
- Supporting the establishment of a network of marine protected areas and marine managed areas for conservation of biodiversity and sustainable utilization of coastal and marine resources, based on planning mechanisms consistent with sound integrated coastal zone management;
- Supporting poverty reduction efforts in coastal areas through promoting community demand-driven development initiatives that empower local populations and generate cash income based on methods that are consistent with sustainable resource management.

The primary beneficiaries of the project include MNRT, MANREC, coastal districts and community groups. All citizens in Tanzania will benefit from the improved management of EEZ resources through enhanced revenues generation and rent capture. The main implementing agencies involved in this project are the Ministry of Natural Resources and Tourism (MNRT – Mainland Tanzania) and the Ministry of Agriculture, Natural Resources, Environment, and Cooperatives (MANREC – Zanzibar).

Key project expected outcomes include: (a) increased incomes through improved management of marine resources through increased productivity and added value from improved post-harvest processing and market access; (b) reduced vulnerability of communities to external shocks through diversification of local production systems; diminished market risks through mutually beneficial private sector and community partnerships; and stabilization, and where possible, reversal of current trends in marine resources degradation and productivity; (c) increased

Government revenues from improved management of off-shore fisheries; and (d) improved ecosystem services and conservation of globally significant marine and coastal biodiversity.

MACEMP generally aims 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. GEF funding would finance incremental cost associated with:

- Improving biodiversity conservation through development of an ecologically representative and institutionally and financially sustainable network of marine protected areas; and
- Improving sustainable management of transboundary fish stocks through building URT's capacity for policy and institutional reform.

The project has three core components. Implementation is supported by a fourth component for project management, coordination, and monitoring.

Component Financing Summary (US\$ million including contingencies)

Component	Component Cost	IDA (%)	GEF OP2 (%)	GEF OP8 (%)
1. Exclusive Economic Zone	12.26 (21.1%)	6.44 (11.1%)	0.07 (0.1%)	5.00 (8.6%)
2. Coastal Marine Environment	24.47 (42.1%)	19.54 (33.6%)	4.93 (8.5%)	0 (0%)
3. Coastal Community Action Fund	11.97 (20.6%)	10.97 (18.9%)	0 (0%)	0 (0%)
4. Project Implementation Unit	8.44 (14.5%)	8.44 (14.5%)	0 (0%)	0 (0%)
Sub-Total	57.13 (98.3%)	45.38 (78.1%)	5.00 (8.6%)	5.00 (8.6%)
Project Preparation	1.00 (1.7%)	1.00 (1.7%)	0 (0%)	0 (0%)
Total	58.13 (100%)	46.38 (79.8%)	5.00 (8.6%)	5.00 (8.6%)

[SEE ALSO SUMMARY FINANCING TABLE END OF ANNEX.]

Component 1. Sound Management of the Exclusive Economic Zone

US\$12.26 million (includes US\$6.44 million IDA plus GEF increment of US\$5.07 million; URT contribution of US\$0.75 million)

To achieve sustainability and productivity of the offshore fisheries as well as maximize long-term government income from fisheries rights fees and other related revenue streams, URT has confirmed its commitment to put in place a sound governance framework for its 200 nm Exclusive Economic Zone and develop and implement a sustainable management strategy for the living marine resources and their supporting marine ecosystem in the EEZ.

Sustainability of the offshore fisheries has thus far been impeded by the absence of a joint and coherent governance regime for the EEZ. Parallel regulatory and institutional structures within the Union have undermined URT's negotiating position in relation to fishing rights agreements and have hampered appropriate capture of resource rent for the living marine resources. A parallel system of sector strategies with little harmonization between the two sides of the Union has affected adequate management of the EEZ resources and development of sound management goals for the highly mobile living resources in the Tanzanian EEZ is now urgently needed to reduce stress-levels on the resource base and ensure resilience of fish stock in the future.

While the Constitution of the URT regards fisheries as a non-Union matter with resulting discrete regime for management through both sides of the Union, Tanzania mainland and Zanzibar effectively share the same EEZ and there is a mutual commitment for joint and sustainable management of the offshore marine resources.

Objective of this component is to establish and implement a common governance regime for the EEZ that contributes to the long-term sustainable use and management of EEZ resources.

Component 1 has been organized into three closely inter-linked subcomponents:

-*Subcomponent 1(a)* will provide for the underlying planning support necessary for development of a sound EEZ governance and management regime. The aim is to develop a fisheries management system that caters for an appropriate balance between maximization of income from and long-term sustainability of the fisheries. To implement the fisheries management system, a common EEZ authority capable of decision-making on behalf of the Union and fast and effective enforcement will be established. Planning support will include relevant policy, regulatory and institutional reform as well as development of the scientific knowledge base indispensable to inform sound and adaptable management of the marine resources.

-*Subcomponent 1(b)* will provide the means for effective and efficient implementation of the EEZ Governance Regime. This will include strengthening of monitoring, surveillance and enforcement systems with view to control fishing effort, implementation of a sustainable financing mechanism, as well as pro-active EEZ resource management and monitoring. Comprehensive and targeted capacity building and institutional strengthening for key operational agencies involved in EEZ governance and management as well as key research institutions will develop improved performance of these players in the sector.

-*Subcomponent 1(c)* will support partnership building for EEZ governance. This includes partnerships with the private sector to improve sector sustainability and food-security through enhanced post-harvest processes as well as appropriate landing and market facilities. The project will further strengthen the regional dialogue on sound governance and sustainable management of marine resources in the West Indian Ocean and build regional cooperation on transboundary marine and fishery issues.

Expected outcome from Component 1: is a shift from a de facto open-access towards a managed-access regime to provide for long-term sustainability and of the marine resource base and to maintain resilience of fish stocks to absorb controlled levels of utilization. MACEMP's comprehensive approach to sound governance of the EEZ is expected to contribute to financial sustainability through improved capture of resource rent supported by strengthened control and enforcement mechanisms and through incentives for sustainable resource use. This component will support URT's national contribution to meeting specific targets set at the WSSD related to maintenance and restoration of national and transboundary fish stocks to sustainable levels.

Implementation: MNRT and MANREC will lead implementation of Component 1. The two lead agencies will collaborate or link-up with the Ministry of Foreign Affairs, the Ministry of Trade and Industry, the Ministry of Finance, the Navy, the Marine Policy, the Port Authorities, the National Environmental Council, the Meteorology Department, the Vice President's Office, the Ministry of Lands and Human Development (Mapping Section), the Universities and the

Tanzanian Fisheries Research Institute (TAFIRI).

The three closely inter-linked subcomponents are:

Subcomponent 1(a): EEZ Planning Support

US\$2.30 million (includes US\$0.60 million IDA plus GEF increment of US\$1.70 million)

Policy: Support Domestic Dialogues on Boundaries and Governance (US\$215,000)

Policy: Design Legal Mandate and Policy (US\$115,000)

Policy: Design Marine Legacy Fund (MLF) (US\$270,000)

Policy: Link MLF to Genetic Value Capture Instruments (US\$75,000)

Science: Design EEZ Resource Management Strategy (US\$160,000)

Science: Research and Monitoring-Territorial Waters Stock Assessment (US\$1,470,000)

Activities will support the domestic dialogue and planning process towards establishment of a common governance regime for the EEZ of the United Republic of Tanzania. The dialogue will focus on the underlying principles of EEZ governance and options for reform of the current policy, regulatory and institutional framework for EEZ governance that are acceptable to both sides of the Union.

Reform will focus on the two key instruments applicable to the EEZ, the Territorial Sea and Exclusive Economic Zone Act of 1989 that responds to the UN Convention on the Law of the Sea (UNCLOS) and the Deep Sea Fishing Authority Act of 1998.

Reform of the Territorial Sea and EEZ Act will focus on shifting its emphasis from prioritizing marine resource utilization to sustainable long-term use of marine resources. The Act will further be revised to define mandates of the Minister of Foreign Affairs versus the Ministries responsible for natural resource management on both sides of the Union. Experience has shown that the functions of the Minister of Foreign Affairs as stipulated in the Act, such as the promulgation and implementation of environmental regulations, are difficult to put into practice without any coordinated linkage to the relevant Ministries and result in ad hoc management arrangements of the EEZ. Lastly, overlaps in scope and applicability of the Territorial Sea and Exclusive Economic Zone Act and the Zanzibar Fisheries Act will need to be resolved. Currently both laws are applicable to the EEZ management and to Zanzibar⁷.

The Deep Sea Fishing Authority (DSFA) Act makes provisions for the establishment of a common governance regime for the EEZ, however it has not become operational due to structural and functional shortfalls. The project will assist with review of the Act, will address its shortfalls, and redefine the mandate of the DSFA according to outcomes of the domestic dialogue⁸. Structural shortfalls to be resolved include the need to define means of collaboration

⁷ The Territorial Sea and EEZ Act applies to Zanzibar by text and by interpretation as implementation of international treaties is a union matter. At the same time, Zanzibar has declared its own EEZ under the Zanzibar Fisheries Act, which does not recognize the Territorial Sea and EEZ Act.

⁸ As per Deep Sea Fishing Authority Act of 1998, the functions of the DSFA are to promote, regulate and control fishing in URT's EEZ; to regulate licensing of persons and vessels intending to fish in the EEZ; to initiate, implement and ascertain the enforcement of polices on deep sea fishing vessels; to formulate and coordinate programs for scientific research in respect of fishing; to formulate fisheries policies; and, to negotiate and enter into

with other institutions for monitoring, control and surveillance mandates as officials of other institutions are not recognized under the Act as “authorized officers”. A functional overlap to be resolved, is the Authority’s mandate of outlining national fisheries policies, the latter which is also the function of the Ministers responsible for fisheries on both sides of the Union. The Act will further be revised to clearly stipulate enforcement function, as the mandates and powers that may be exercised by the enforcers of the Act are currently spelled out vaguely enough to lead to potential conflict of laws and mandates in the EEZ. The regulatory framework will further need to speak to powers for declaration of marine parks or closed fishing areas in the EEZ as current laws provide for overlapping or unclear powers⁹.

As part of the reform of the Act, the mandate of the proposed ‘common authority for the EEZ’¹⁰ will be defined and agreed upon during the process of dialogue and negotiation engaging the two sides of the Union. The proposed Authority is expected to act as the executing agency for daily management of the EEZ resources and implementation of MCS activities. It will be responsible for all aspects of managing industrial fishing rights in the EEZ and hold powers to issue and withdrawal of fisheries authorization, set fees and manage vessel registration. The authority will collect deep sea fisheries data and hold responsibility for preparation and implementation of EEZ resource management plans and strategies. For means of minimizing cost and bureaucratic burden, the Authority will need to be closely linked with the navy, the marine policy, and the judiciary system, so that vessels violating established rules and agreements can be patrolled and prosecuted through existing capacities with the respective mandates. The domestic dialogue supported by the project will further aim to reach an agreement on distribution of any surplus income from administration of EEZ resources, in particular fisheries.

In addition to activities promoting institutional sustainability, MACEMP will place a priority on developing financial sustainability for the common EEZ governance regime and for priority coastal and marine management measures. Activities under this sub-component will support the design of a revolving fund to meet the core cost of managing the marine resources and the marine ecosystem that support them. The proposed Marine Legacy Fund (MLF) will collect receipts from highly variable multiple sources and redistribute to core functions on an annual basis, retaining an average fund value equal to about three years of outflow. The revolving nature of the Marine Legacy Fund is intended to provide adequate buffer for periodic shocks (revenue shortfalls or emergency expenditures). The MLF will introduce diverse revenue generation from a variety of potential sources including increased tourism fees and taxes, increased license fees and export royalties for offshore fishing, selected fines and levies, partial revenue surplus from MPA entry fees, permits and production royalties on oil and gas extraction, as well as routine budget allocations, potential external assistance and budget support. The different sources of inflow, as well as outflow will be traceable, but importantly all funding will be fungible to diversify risk. The minimum capital of such a Marine Legacy Fund is estimated to be of the order of US\$75 million to provide an adequate buffer for the core elements of the system,

any fishing or other contract, agreement or any kind of fishing cooperation with any government, international organization or other institution in pursuance of the provisions of the Act.

⁹Currently, MPRU for Tanzania mainland and NPAB for Zanzibar, may designate and manage Marine Protected Areas in the EEZ. It is recommended to establish a framework of cooperation between the two institutions for the purpose of MPAs in the EEZ.

¹⁰ The name of the DSFA may change subject to reform of the Act. For the purpose of this document a ‘reformed DSFA’ is referred to simply as EEZ Authority.

although it could conceivably fluctuate from between US\$35 and US\$150 million depending on year-to-year circumstances. Studies on revenue generation potential during the first year of the project will substantiate the current income scenario. National legislation in both Tanzania mainland and Zanzibar already provides for the establishment of higher level pooling mechanisms for sustainable finance. The MLF will build and extend on existing smaller funds, such as the National Fund for Protected Areas Management and the Conservation and Development Fund¹¹ as well as the existing revenue retention scheme for fisheries. It will pull these funding mechanisms for marine resource management together for conversion into one larger cost-effective and sustainable financing mechanism. (See Annex 9 for a detailed discussion on the MLF). Other measures complementing this sustainable financing mechanism, such as cost reduction for management of the MPA network, are discussed under Component 2.

To substantiate and validate the financial scenario for the MLF, a detailed environmental economic analysis of the potential value of the marine resources in the EEZ and possible revenue generation will be developed. Initially, a number of studies will be carried out to inform the broader economic analysis. This will include a number of value-added studies to determine the potential scope for royalties and other charges on harvest, utilization, and upstream processing of potentially lucrative marine resources, such as for example seaweed. Most importantly, studies will be undertaken to investigate feasible increase in EEZ fishing license fee rates, the development of a more efficient licensing and allocation system, the structure of penalties, and their legal foundation¹². An aim of the study will be to provide recommendations for a fisheries license system that reflects the real value of the offshore fisheries. The study will further assess the revenue potential and practical feasibility of commercial and semi-commercial landing of fish catch, of trans-shipment and commercial processing as well as related royalties, such as landing fees and export royalties.

Studies will also include a review of the potential benefits arising from utilization of marine genetic resources, including access to genetic resources for commercial utilization. The study will also cover recommendations for a regulatory and incentive framework that safeguards fair and equitable sharing of the benefits arising from commercial utilization, such as biotechnology and genetic engineering, and stipulates guidelines for equitable contracts for bio-prospecting.

The second block of activities under this subcomponent will concentrate on developing the scientific knowledge base needed to set sound management targets and provide for adaptable management in the long run. With the aim to develop a fisheries management system that caters for an appropriate balance between maximization of income from and long-term sustainability of the fisheries, assessment of available fish stocks and current stress levels on the resource will be indispensable. MACEMP will support a fish stock assessment in Tanzania's territorial waters. The project will depend on other ongoing and planned initiatives, in particular the South West Indian Ocean Fisheries Programme currently under preparation, to provide the necessary data on offshore and transboundary fisheries stocks. (See Annex 2 for further details on linkages with

¹¹ The National Fund for Protected Areas Management was established under the Zanzibar Environmental Management for Sustainable Development Act of 1996; the Conservation and Development Fund under the Marine Parks and Reserves Act of 1994.

¹² At present, an annual fishing license for the Tanzanian EEZ without major restrictions on total catch allowance on average only cost to the amount of US\$18,000-20,000. It is estimated that even a ten-fold increase of costs would not present a significant economic disincentive to vessel operators.

other initiatives.)

Based on the knowledge base evolving from fish stock data as well as other targeted marine research, an EEZ resource management strategy and action plan will be drawn up. With a view to fisheries, the EEZ resource management strategy will form the basis for setting sustainable fishing quotas and will guide sustainable levels for issuing fishing licenses. The overall EEZ resource strategy will be developed based on the results of an initial needs and impact assessment of the EEZ resources.

As part of implementing the EEZ resource management strategy, the project will support the establishment of an environmental status monitoring system, including an early warning system for environmental change. The marine resource monitoring system would enable the Union to the prepare periodical reports on the ‘State of the Marine Environment’ as well as to track and monitor any critical environmental trends or disasters early on and to adapt marine management accordingly.

Subcomponent 1(b): Implementation of EEZ Common Governance Regime

US\$6.57 million (includes US\$4.13 million IDA plus GEF increment of US\$1.69 million; URT contribution of US\$0.75 million)

Boundary Agreements (US\$110,000)s

Training Programme – Needs Analysis and Higher Education (US\$245,000)

Training Programme – Operational Agencies (US\$470,000)

Agency Infrastructure & Equipment (US\$1,345,000)

MLF Implementation (US\$190,000)

MLF Capitalization (US\$1,000,000)

Implement EEZ Resource Management Strategy (US\$410,000)

Monitoring, Control, and Surveillance (MCS) (US\$2,800,000)

Sound governance of the EEZ will be based on the implementation of the EEZ resource management strategy and implementation of the fisheries management and control system based on a reformed regulatory framework, strengthened institutions, and results from targeted research that inform and drive management decisions.

MACEMP will provide support to the proposed EEZ Authority responsible to administer and implement the fisheries management system for the EEZ. The EEZ Authority will use a mix of management instruments including both output controls, such as total allowed catch, and input controls, such as legal fishing methods, number of vessels, or number of days fished. These instruments will be complemented through management of exploitation patterns, e.g. through regulation of fishing operations in and around closed areas. Increased negotiation power of the URT by means of the common authority will support the aim to regulate fishing methods, restrict maximum catch allowances, and minimize by-catch as part of fishing agreements.

Monitoring, Control, and Surveillance (MCS) will be scaled up to observe the fishing industry’s activities and enforce adherence to the rules of the fisheries management system. The project

will support operational cost of regular sea and aerial patrols¹³. To complement MCS activities, the fisheries judicial system will be supported to provide for prompt prosecution and processing of alleged violations of fisheries management rules. This will include formulation of clear provisions for fishery observers, clearly drafted powers of inspection and enforcement officers, clearly defined offenses, provisions for arrest, penalties, and forfeiture of vessel, gear, and catch, and for the level of proof required for enforceability. MACEMP will further provide equipment and infrastructure support to capacitate the proposed EEZ Authority to enforce that all vessels fishing in the EEZ will be authorized by license agreement and will be fishing in conformity with national regulations.

At present, foreign vessels licensed to fish in the EEZ have been requested to report on catch (target species and quantities) on a voluntary basis. While most European vessels have complied with the officially transmitted request by the Director of Fisheries, MNRT, other fishing vessels have largely failed to report. The rate of reporting has also reduced over time and the MCS officers managing the data are still facing difficulties due to unharmonized reporting format by the different vessel operators. The installation of an adequate Vessel Monitoring System (VMS) in conjunction with a standard reporting through the transponders installed in all licensed vessels will greatly facilitate monitoring of fishing effort and contribute to improvement of URT's MCS system.

Effective MCS will also force foreign commercial fishing fleets to remain outside the territorial waters, thereby significantly reducing competition and conflict between artisanal and industrial fishing capacity on over-stressed fish stocks in the shallower waters, and protecting the livelihood of artisanal fishers along the densely populated Tanzanian coast and islands.

The project will further provide support to cover costs related to set up and operation of the EEZ Authority and implementation of the EEZ resource management strategy until sustainable funding streams through the Marine Legacy Fund become available. An initial capitalization of US\$1 million of the MLF is contemplated from project financed funds as seed capital.

While the primary aim of the MCS system will be to enforce adherence to the fisheries laws and regulations, it will also provide for collection of fisheries catch data to inform future fisheries management decisions as well as decisions in the case of prosecution through the judiciary system.

A capacity needs assessment will be undertaken during the first year of project implementation to analyze training and capacity building needs for operational agencies, in particular the proposed EEZ Authority and the respective departments responsible for fisheries in Tanzania mainland and Zanzibar. A comprehensive capacity building and institutional strengthening programme for key operational agencies will be implemented over the duration of MACEMP and will include training for fisheries inspectorates, fisheries observers, vessel patrols, legal awareness, communication and joint, transboundary operations, MCS standards and equipment operation. Training levels and course curricula will be reviewed and updated as project

¹³ Tanzania already has proven capacity and experience in aerial patrol and subsequent prosecution of unlicensed fishing vessels based on photographic evidence. However, sea patrol is effectively limited due to inadequate equipment, thus putting constraints on efforts to inspect vessels and actual catch.

implementation progresses based on experience made. Project funds will also support selected targeted research directly related to EEZ governance and management.

Subcomponent 1(c): Developing and Supporting Partnerships in EEZ Management

US\$3.39 million (includes US\$1.70 million IDA plus GEF increment of US\$1.69 million)

Support International and Regional Dialogues on Boundaries and Governance (US\$490,000)

Support Private Sector Dialogue (US\$210,000)

Support Specific Community Level Investments (US\$2,690,000)

The project will facilitate the regional dialog on EEZ governance and collective effort towards development of regional quota systems for licensing relating to maximum sustainable yields of key commercial transboundary species. Assistance will be provided to establish information and knowledge sharing mechanisms for scientific data, e.g. information on fish stocks, and related to experience and lessons learned from implementation of fisheries and EEZ resource management. A linkage to the IW:LEARN initiative could potentially function as a mechanism for sharing of lessons learned.

Results from fish stock assessments in Tanzania's territorial seas will also present a building block for regional collaboration on assessments of transboundary fish stocks in the EEZ of the West Indian Ocean states and the High Seas. Through various activities described in Subcomponents 1(a) and 1(b), MACEMP will build the capacity of the URT to fully participate in regional initiatives such as the upcoming South West Indian Ocean Fisheries Program and the Agulhas and Somali Current Large Marine Ecosystem (A&S LME) Program (See Annex 2 for details on project linkages.). MACEMP's assistance to development of the EEZ resource management strategy will provide an important national input to the development of a strategic action plan (SAP) that is envisaged for the wider region under the A&S LME program, and for meeting national obligations arising from international and regional conventions to which the URT is a party. MACEMP financing will also provide coordination between MACEMP and other regional initiatives relating to LMEs within the potential Fisheries Partnership or other LME initiatives outside the Fisheries Partnership. Coordination will include harmonization of activities, sharing of lessons learned, and development and implementation of potential replication strategies.

The project will support the participation of URT delegates from key implementing agencies in regional and international meetings related to regional initiatives such as the Indian Ocean Tuna Commission, as well as relevant international and regional conventions. Assistance will also be provided to finalize agreements on boundaries of the Tanzanian EEZ with the Comoros and the Seychelles in view of finalizing maritime boundary delimitation and delineation.

MACEMP will build on progress made by the EC-financed SADC MCS project in developing an effective system of surveillance, monitoring, and enforcement in the region. MACEMP is expected to extend regional collaboration north towards Kenya and Eritrea and other neighboring states that have not participated in the EC project limited to SADC states. Expected activities will include the development of a regional vessel monitoring satellite system to potentially

observe all movements of industrial and intermediate technology fishing vessels as well as further development of the capacity for joint patrols by air and sea, and mutual agreements for hot pursuit of illegally operating fishing vessels into neighboring waters.

The project would support private sector dialogue related to potential improvements to post-harvest processing and market access. It would provide assistance to specific community investments through upgrading and rehabilitating of local ports and fish market infrastructure, in particular installation of cooling and storing facilities, to reduce and prevent post-harvest loss and improve local markets.

Incremental activities:

GEF grant-financed activities would realize incremental benefits associated with the aim to improve sustainability of transboundary fish stocks through stress reduction on the resource and initialization of a sustainable financing mechanisms to ensure sustainability of management efforts beyond the lifetime of the project. Specifically, incremental activities (GEF OP8) would focus on identification and formulation of resource management approaches, such as input and output controls, and management targets based on the scientific knowledge generated. As part of stress reduction measures, incremental funding would concentrate on efforts to minimize waste and discards through post-harvest loss and by-catch, including catch of non-target species, both fish and non-fish species, as well as other negative impacts on endangered species through measures including enforcing use of selective, environmentally safe, and cost-effective fishing methods and improved post-harvest processes. Incremental funding will thus partially cover monitoring, surveillance and enforcement activities as well as investments into technology facilitating monitoring and compliance efforts, such as the Vessel Monitoring System (VMS). Last, incremental funding would provide for seed funding for capitalization of the Marine Legacy Fund to mobilize additional financial resources for management of transboundary marine systems.

Accordingly, GEF funding would focus on incremental cost associated with the following project activities: Design and implementation of the EEZ Resource Management Strategy (OP8); Assessment of the status of fisheries stocks in territorial waters (OP8); Seed funding for the sustainable financing mechanism once designed and established (OP8); Incremental shares of capacity building and institutional strengthening for and implementation of Monitoring, Control and Surveillance (OP8); Support of International and Regional Dialogue on EEZ Governance (OP8); Incremental shares for specific community investments related to reduction of post-harvest loss (OP8).

In addition, GEF incremental funding will address some cross-cutting issues with biodiversity conservation through financing the part of the MLF design study that relates to genetic value capture (OP2).

Beneficiaries:

The main beneficiaries from Component 1 will be the Ministries responsible for Fisheries in both sides of the Union, MNRT and MANREC respectively. The Departments for Fisheries in the two Ministries would benefit from policy, regulatory, and institutional reform as part of establishing the common governance regime. The two agencies and the DSFA (once established) will benefit

from target capacity building as part of their involvement in joint implementation of sound governance of the EEZ and sustainable management of the related living resources. Other beneficiaries would include key research organizations in URT that are involved in resource assessments and monitoring.

Component 2. Sound Management of the Coastal Marine Environment

US\$24.47 million (includes US\$19.54 million IDA plus GEF increment of US\$4.93 million)

Tanzania recognizes the value of the coast and the need to facilitate sustainable development, hence its commitment to sustainable coastal governance through ICM. Specific coastal resources and activities are addressed to a certain extent by various sectoral policies. The complexity and challenges of the coastal and marine management calls for coordination and feedback mechanisms among agencies, decision makers and implementing authorities at all levels. The effective governance of coastal resources requires improved management structures and capacity of relevant agencies (particularly at district and village levels) as well as improved enforcement of existing laws.

The marine area system as envisaged in this component entails a linking of areas under different management regimes. These regimes can include a wide range of options, including traditional “no-take” Marine Protected Areas (MPAs), community managed areas (CMAs), and marine management areas (MMAs). The MPA system approach is important for Tanzania because marine and coastal ecosystems and the communities therein, are linked to each other through an intricate web of ecological and oceanographic processes. The establishment of a system of MPAs/CMAs/MMAs is one technique of marine conservation that is applied in a defined area and normally integrates many approaches/mechanisms, including but not limited to species population protection, fisheries management, integrated coastal management, land use planning and adherence to international conventions. Mainland Tanzania addressed marine protected areas through enactment of the Marine Parks and Reserves Act of 1994. This Act provides for the establishment, management and monitoring of Marine Parks and Marine Reserves and the institutional framework for their management. Marine protection may also be achieved through local government instruments. The local mandate for resource management is also recognized by Land Tenure (Village Settlement) Act, the Village Land Act, and Local Government Act. The legislative structure for Zanzibar puts management of most marine areas under the jurisdiction of the Fisheries Division within MANREC, with a legal backing afforded by the Environmental Management for Sustainable Development Act of 1996.

The **objective of this component** is to establish and support a comprehensive system of managed marine areas in the territorial seas, building on ICM strategies that empower and benefit coastal communities. Specifically, the component aims to: (a) support integrated coastal management planning; (b) implement a comprehensive, effective and representative system of MPAs encompassing ecologically and culturally significant areas; (c) develop and support regional, community and private sector partnerships in integrated coastal management; and (d) improve the livelihoods of coastal communities through ICM planning activities.

Component 2 has been organized into three closely inter-linked subcomponents:

-*Subcomponent 2(a)* will provide for the underlying planning support necessary for strengthening ICM at the local government level. The aim is to build capacity at the district level through resource assessment, capability mapping, and spatial planning. ICM planning support will also be provided to mainland Tanzania and Zanzibar in the form of developing action plans for specific coastal areas, consistent with the National Integrated Coastal Environment Management Strategy (NICEMS) on the mainland and Environmental Management for Sustainable Development Act in Zanzibar. Community access will be strengthened through policy initiatives that support marine zoning (e.g., through a Community Territorial Sea) and through supporting a national plan for community managed areas. Integration with terrestrial planning will be ensured by providing support for integrated land-use/marine planning to coastal districts (e.g., through planning biosphere reserves).

-*Subcomponent 2(b)* will provide the means for effective and efficient implementation of the network of MMAs and MPAs. The subcomponent concentrates 90% of its effort on site specific support, with about 10% allocated for umbrella support to core institutions. The umbrella support will include providing core funding support for institutions involved in implementing the National Plan, as well as general MPA management training for staff in those institutions. Site specific support will be provided for: (i) existing MPAs/MMAs/CMAs; (ii) five emerging sites; (iii) two mangrove areas at Chwaka Bay and Rufiji; and (iv) an unspecified number of cultural heritage sites, although some priority cultural sites have been targeted for initial years (Kilwa and other sites on the mainland; Livingstone House, Maruhubi/Mtoni ruins, Mangapwani ruins, cave system at Kiwengwa, Mtende and Chwaka in Zanzibar). GEF support (of US\$1.3 million) in this sub-component will finance the training requirements under the umbrella support, and about 10% of the support costs at existing sites, focusing on boundary demarcation and education campaigns at those sites. The bulk of GEF funding (of US\$2.4 million) will be dedicated to expanding the current network of MMAs and MPAs by setting up and supporting full implementation of management plans at two new sites: the Pemba Channel Marine Conservation Area on Zanzibar and the Kilwa-Rufiji ecosystem on the mainland. At each of these emerging sites, funding will be made available for all activities listed in Table A4.1.

-*Subcomponent 2(c)* will develop and support the building of regional, community and private sector partnerships. Regional partnerships focus on strengthening the dialog with neighbouring Kenya and Mozambique with a view to establishing regional protected area networks. Strengthening of community partnerships will be done through co-management models currently being piloted at two general areas by JSDF: Kilwa (Kilwa District, Rufiji

Table A4.1 A Support Package for Generic MPA Site Investment

1. Resource Assessment;
2. Community Engagement – including Community Mitigation Action Plans;
3. Support gazettement process, including district by-laws and other regulations necessary;
4. Development of general management plan;
5. Develop specific management plans, land use plans;
6. Boundary demarcation;
7. Construction of offices, field accommodation, information center;
8. Equipment support for MPA staff;
9. Staff training (technical aspects);
10. Operational cost support;
11. Baseline Studies (socio-economic, ecological);
12. Establishing M&E system;
13. Environmental education and awareness raising;
14. Strengthening community management committees;
15. Community training;
16. Equipment support for communities (management equipment).

District, Mafia island) and Marine Conservation Areas (MCAs) on coastal Zanzibar (Menai Bay MCA, Mnemba Island MCA, Misali Island MCA). Private sector partnerships will be encouraged through MSME capacity building and facilitating improved access to credit. GEF financing for this sub-component will finance the regional partnership building and an expansion of the community partnership model being tested by JSDF; the expansion sites will be among those being supported by GEF in Subcomponent 2(b).

Expected outcome from Component 2: is a shift from a de facto open-access towards a managed-access near-shore regime that protects biodiversity while providing additional development opportunities for local populations through greater involvement in local resource management decisions. MACEMP's comprehensive approach to community involvement in coastal management is expected to contribute to more sustainable resource use and to improved resource quality. This component will implement Zanzibar's and National ICM strategies and increase the area of territorial seas under effective management.

Implementation:

Component 2 implementing and collaborating agencies include Marine Parks and Reserves Unit (MNRT), MANREC, National Protected Areas Board (Zanzibar), Vice President's Office (NEMC, DoE), District Councils, relevant research institutions in the mainland and Zanzibar, CBOs, and NGOs.

The three closely inter-linked subcomponents are:

Subcomponent 2(a): Integrated Coastal Management (ICM) Planning Support

US\$6.0 million (IDA)

District (Local Government) Capacity Building - Resource Assessment and Capability Mapping (US\$2,980,000)

District (Local Government) Capacity Building - Village [Interaction] (US\$650,000)

District (Local Government) Capacity Building - Spatial Plans (US\$1,375,000)

ICM Planning Support (Zanzibar) "Action Plans" in MANREC (US\$245,000)

ICM Planning Support (Mainland) "Action Plan" in MNRT (US\$250,000)

National CMA Plan (MANREC/MNRT) [Planning] (US\$390,000)

Governance Issues in ICM: Community Territorial Sea (US\$110,000)

This subcomponent is designed to improve the livelihoods of coastal communities through supporting integrated coastal area planning. Mainland Tanzania has developed a National Integrated Coastal Environment Management Strategy with details on action plans and different coastal districts are at different stages in the development of their environmental planning and implementation capacity. These districts will need assistance in improving these skills.

This subcomponent will support the development of a mechanism for ICM planning in Zanzibar since the mainland ICM Strategy does not cover the isles. For Zanzibar, the main focus will be to identify issues for ICM planning, review and harmonization of policies and laws where relevant, and develop guidelines for translating the ICM action plans for sustainable development. As a

measure to promote ownership and awareness of the ICM, the project will also circulate relevant information pamphlets describing ICM procedures.

Furthermore, the subcomponent will support awareness raising programs to local authorities on importance of planning as well as capacity building for ICM implementation through institutional and individual strengthening for coastal resource management. Tailor made programmes including specialized short term training relating to implementation of procedures in the Environmental Management Act 2004 will also be provided. It is envisaged that the project will provide facilities and equipment for relevant institutions to support development of monitoring systems.

This subcomponent will also support capacity to review environmental and social/resource assessment procedures to enhance sustainable development. This will necessitate developing and creating awareness on EIA guidelines and procedures at district and national levels. This component will work towards mainstreaming environment in coastal area planning. These activities will generate a greater understanding of the role of the environment in the daily lives and long-term prospects of those who live there. MACEMP will provide resources to support planning of more rational use of the environment and support for the correct implementation of these plans at the local level. Through improved recognition, improved formal rights over their traditional resources, better information, skills and participation in planning, local communities will be better empowered to manage their natural resources and more able to ensure that their development needs are recognized and responded to.

The lessons learnt by communities, the district teams, scientists and other stakeholders will contribute to a growing body of knowledge and skills on integrated coastal zone management. This will lead to investments in new programmes of this nature. The anticipated output from this subcomponent is the successful implementation of plans for local co-management for marine and coastal resources in selected project sites. It is expected that the natural environment on which local communities depend for much of their livelihood will be better managed and better able to provide sustainable resources.

With continuing deterioration of the coastal and marine resources, it has been realized that it is not possible to attain sustainable development under a centralized and non-participatory system. Consequently, MACEMP will support targeted coastal areas to develop and implement collaborative resource management strategies and action plans for activities like ecotourism, biodiversity conservation, fisheries management, and seaweed farming, as demanded. This task will involve a number of actions, including identification of areas/sectors of collaborative management; facilitating resource assessment/inventory leading to production of resource maps for districts; providing technical support to communities to formulate by-laws and implementing them. The project will also support strengthening of district and community institutions through capacity building programmes for resource users and managers. This activity will involve strengthening capacity of district level environmental committees on management and planning of shared/trans-boundary areas; strengthening village environmental and resource management committees; strengthen negotiation skills and conflict resolution mechanisms at village level. MACEMP will also support targeted capacity building for environmental civil society organizations directly contributing to the project objectives.

MACEMP will provide support for capacity building for resource users and managers. This activity will on the larger part support capacity building for the various levels including strengthening of the District Environment Management Team. Specifically, focus will be on strengthening capacity of district-level environmental committees on management and planning of shared areas as well as strengthening village environmental and resource management committees. The project will support negotiation of management agreements between communities and authorities with a view to establishing and strengthening coastal/beach management units. Support of the consultative process for developing resource management plans shall be provided as part of the facilitation process towards implementation of collaborative resource management action plans. Other support shall include provision of specific skills such as negotiation skills and conflict resolution mechanisms at village level, and strengthening capacity for resource user groups including women and other vulnerable groups. The subcomponent shall also provide training of trainers for targeted capacity building programmes focused on CBOs and NGOs on environmental issues.

Implementation of MMA/CMA/MPA network will call for institutional strengthening both in terms of human resources and infrastructure/facilities. MACEMP support to institutional capacity strengthening will be used in the implementation of a number of activities, which include improving social and ecological knowledge base for MPA/CMA network. Specifically this task will involve ecological and socio-economic assessment of MPAs and CMAs including habitats supporting fisheries, priority spawning sites, critical coral reefs for artisanal fisheries and oceanic survey. The project will also support a study to review the representativeness of MPA and recommend areas for regazettement as well as for establishment of new MPAs. Other activities under this subcomponent include:

- Review of existing MPA/MCA/CMAs laws and regulations – there are areas of laws that require review, for example, the existing legal framework does not differentiate management objectives for different MPAs/CMAs—an issue that needs attention in the review;
- Harmonization of laws and regulations with a view to removing potential conflicts among a plethora of laws and regulations that concern coastal areas;
- Develop national MPA/MMA master plan (including strategic and business plans) – This is an important element in the development of MPAs in Tanzania. The system planning exercise includes both physical as well as institutional elements.

Subcomponent 2(b): Implementation of Network of MMAs, CMAs and MPAs

US\$14.65 million (includes US\$10.73 million IDA plus GEF increment of US\$3.92 million)

National CMA Plan (MANREC/MNRT) [Core Support] (US\$720,000)

General MPA Management Training (US\$1,050,000)

Support for Existing MPAs/CMAs/MMAs (US\$5,800,000)

Support for Emerging MPAs/CMAs/MMAs [5 Sites/2 GEF] (US\$6,500,000)

Support for Mangrove Sites (US\$540,000)

Cultural Heritage Sites (associated parallel financing by French Assistance)

Core support for implementing the national system plan is provided within this sub-component, including:

- Outreach and communication;
- Establish national monitoring and evaluation system – this will involve setting up of national monitoring and evaluation system for habitats within and outside MPAs;
- Establish Marine Conservation Unit in Zanzibar – this is the equivalent of MPRU on the mainland.

Properly trained human resource is a prerequisite in the conservation and management of the biodiversity in the protected areas. MACEMP will support development of human resource capacity for MPA management in the core institutions (MNRT and MANREC) through a number of activities including developing a curriculum for masters degree programme in coastal management and provide scholarships for at least one batch of students. Support will also be extended to training staff at undergraduate level and development of short-term training courses for MPA managers, park wardens, and local staff (MPRU and MCU). These short courses will be focused at building skills of these key staff. Exchange visits for MPRU and MCU staff in and outside the country and establishment of a marine conservation unit for Zanzibar, will form part of the support.

MACEMP will provide support for existing and emerging MPAs/CMAs. This support will entail direct investments and capacity building for local communities in existing and emerging MPAs and CMAs through the life of the project. Existing and emerging MPAs/CMAs (Mafia Island Marine Park GMP is due for review) will need general management plans as guides in the implementation of their development and conservation activities. The management plans will be developed in a participatory manner with involvement of communities and other stakeholders. Community engagement will include development of Community Mitigation Action Plans (CMAPs) in accordance with the MACEMP Process Framework (PF). Involvement of local communities in the management of CMAs with technical backstopping from the government agencies and NGOs will require negotiated agreements. MACEMP support will be used for the development of general management plans, co-management agreements, and implementation of such plans in the form of boundary demarcation, site infrastructure, and start-up operations for emerging MPAs/CMAs. Support will also be extended to develop specific management plans for things like tourism, mangrove, turtle, village land use plans, etc.

Environmental education and awareness raising activities are a key element to capacity building. These will be supported by the project and will aim to build commitment to the MPA/CMA, increase appreciation for the importance of local marine resources, develop awareness of threats to related biodiversity and especially their relationships to long-term use values among local communities and the wider public. MACEMP will also support strengthening of community management committees to perform activities such as community-based monitoring with technical backstopping from MPA staff or other scientists.

One of the goals of MPAs is to create wealth to communities living within and outside the park/conservation area. Wealth creation is expected to reduce extractive pressure on the marine resources. MACEMP intervention will support environmentally sustainable livelihood activities such as mariculture, environmentally friendly gear exchange, and activities targeting women as

beneficiaries. These and other alternative income generating opportunities could potentially improve the livelihoods of the people in ways that are vital to achieving the biodiversity objectives of the MPAs.

Other activities to be supported by MACEMP for emerging MPAs/CMAs include:

- Resource assessment (or inventory);
- Gazettement process including review of the district by-laws and other regulations as necessary;
- Baseline studies (socio-economic and ecological);
- Equipment support for communities;

This subcomponent is expected to result in improved protection of threatened habitats and species through both a significant increase in proactive management and a significant reduction in destructive practices. As a long term goal, this should lead regeneration and rehabilitation of habitats and reduced pressure and threat on critical species.

MACEMP will support the protection and management of selected key natural and cultural resources in the coastal zone that significantly enhance the value of the MPA system. Specifically, the mangrove and cultural investments outside MPA will be addressed.

Mangroves as a resource are under threat of over-exploitation due partly to lack of alternative income generating activities. For example, mangrove forest products are a key livelihood resource for people in Rufiji (mainland) and Chwaka (Zanzibar). They are important sources of local building material, raw material for charcoal making and fuel wood. All of these activities are depleting available mangrove forest habitats. MACEMP support will enable Marine Parks and Forestry Departments to address pressures and threats that are facing mangroves. Support for conservation and management of mangrove forests will be preceded by a needs assessment so as to avoid duplication of effort, followed by assessment of the mangrove forest biodiversity. For the Mainland, support will be provided to updating of the existing Mangrove Management Plan, and for Zanzibar, a management plan will be prepared. Part of the budget will be channeled to supporting community-based conservation activities in the project areas on the mainland and Zanzibar.

Cultural resources are valuable assets, and if sustainably utilized, they can contribute significantly to development and to improving livelihoods in impoverished areas. Growth in coastal tourism will in the long run depend on well preserved and managed cultural assets. MACEMP will provide support in raising awareness of the value of both natural and cultural heritage. This is important because the value of Tanzania's cultural assets in the coast and the need for conserving them should be understood and supported at the local level if the effort to protect them is to bear fruits. This subcomponent provides an opportunity for addressing cultural assets through provision of resources to restore or rehabilitate cultural sites on the Mainland and Zanzibar. Specific areas that are targeted by the project during the first two years include: Kilwa and other sites on the mainland; Livingstone House, Maruhubi/Mtoni ruins, Mangapwani ruins, cave system at Kiwengwa, Mtende and Chwaka in Zanzibar. The Antiquities Department will be assisted with identification and documentation of historical sites, to include demarcation of boundaries and signboards in order to inform the public about the sites and prevent

encroachment and removal of resource materials. Once this is done, the project could then support training of local community members as guides. This activity is poised to improve their livelihoods since the proceeds will be shared between the guides and the administrative cost of running the activity. At time of appraisal [TBD], it was determined that French Assistance parallel financing would be adequate to finance the needs for such sites. Investments in these areas would be monitored as a part of ongoing MACEMP supervision to ensure that MACEMP cultural safeguards are respected in accordance with the Environmental Management Framework.

Subcomponent 2(c): Developing and Supporting Partnership in ICM

US\$3.82 million (includes US\$2.81 million IDA plus GEF increment of US\$1.01 million)

Regional Partnerships - Protected Area Initiatives (Mozambique, Kenya) (US\$510,000)

Community Partnerships - Expansion Pilot Projects (US\$500,000)

Private Sector Partnerships (US\$2,810,000)

There are important marine biodiversity areas (e.g. coral reefs) on both the northern boundary with Kenya and southern boundary with Mozambique. Currently there are no transboundary conservation initiatives in place that would ensure the protection of these biodiversity and key habitats for sustainable resource use. The project will extend support to developing transboundary MPAs. Communities living in and outside the emerging MPA will be involved in the planning process as a way of increasing ownership.

Community partnerships are currently being tested through the JSDF funded project in Kilwa and Zanzibar. MACEMP resources will be used to replicate the successful partnership models elsewhere in the project area.

The focus of private sector partnership will be to create an enabling environment for environmentally sustainable micro, small and medium enterprises (MSME) growth along the coast. It will be important to involve activities that change livelihoods and enable communities to break out of the shackles of poverty. It will be important to develop improved market access and MSMEs for marketing and processing that will not only provide new sources of income, but will also add value to local production.

MACEMP will provide support in developing private sector partnerships to improve the livelihoods of the coastal communities. These partnerships will assist in MSME Capacity Building by developing the capacity of the rural private sector to participate in viable domestic and international markets. The partnerships will also provide improved Access to Financial Services by supporting existing microfinance providers to expand their outreach.

MACEMP support will be used to identify local investment opportunities and constraints, in other words, identify legal or regulatory aspects that pose constraints to private investment in the target areas towards creating a stronger business enabling environment, and establish business linkages programme. Support will also be extended towards facilitating establishment of local business councils to provide and disseminate business information to the community. Action

plans to improve business climate will be developed and implemented. These action plans will address among other things, central/local government taxation issues and incentives to private sector for MSMEs. Surveys on market value chain to identify and add value of sustainable utilizable natural resources in the pilot areas including development of markets and promotion of branded products will be part of this subcomponent. A need to develop and support matching grant programme is also noted to be of great importance. Facilitation of credit availability will be through facilitating micro-lending by supporting NGOs that are involved in this type of activity, specifically supporting them to provide training to potential borrowers, support local government to facilitate the movement of these micro-lenders to and within the project sites.

The project may also facilitate small lending operations through facilitating SACCOS's and village banks (offer training in SME lending and facilitate outreach to members), strengthening of existing SACCOS and village banks by offering training in SME lending and outreach to members. [Training will be extended to investment centre staff (Tanzania Investment Centre, Zanzibar Investment Promotion Agency, TCCIA, ZCCIA) in investment promotion, business services, and related skills.] For capacity building, the support by MACEMP will be through providing resources needed to ensure that implementing agencies have the requisite capacity to implement the activities supported by the project. This subcomponent promotes savings and investment culture and interventions by the poor as a way of equipping them with tools to better manage social risks and respond to shocks. In addition, MACEMP will support local level initiatives in support of creating local brands around each conservation area for promotion of local private and community-owned businesses; initial testing of the branding model will be undertaken for the Menai Bay Conservation Area.

Incremental activities:

GEF grant-financed activities would realize incremental benefits associated with development of a network of a range of different types of MPAs and MMAs that ensure ecological representativeness, ecosystem connectivity, and resilience against external shocks. Incremental activities would support implementing the National Plan for the proposed network, specifically extension of the current system towards meeting ecological network criteria mentioned before. Two new sites of high global biodiversity value have already been identified for extension of the network and will receive full support for incremental cost associated with set-up and operationalization of the management regimes. Extensive community consultations and sensitization towards proposed co-management arrangements have been carried out and Government has demonstrated strong commitment for the proposed extension. Incremental funding would support efforts to promote participation of local communities and resource user groups in co-management arrangements – especially in the extension sites, but also in existing management areas. Besides community awareness and capacity building for partnership models, such support would include support to alternative livelihood and sustainable use activities by means of small grant funding. Core operating or investment cost of existing MPAs or MMAs would not be funded out of GEF grant resources. Although a key priority for GEF funding, also no incremental financing pertaining to financial sustainability of the network is planned under the OP2 window as development of a financial mechanism, specifically the Marine Legacy Fund, is already addressed under Component 1.

Maximization of synergies across focal areas would receive special attention. For example, the

project would aim to maintain ecosystem linkages between offshore EEZ resources and coastal habitats such as mangroves and seagrass beds critical to certain stages of the marine lifecycle. Potential effects of climate change to coastal and marine ecosystems would be reduced by ensuring that the proposed network of marine managed areas covers sites with minimum vulnerability or exposure to climate change induced events such as coral bleaching, etc.

Accordingly, GEF OP2 funding would focus on incremental costs associated with the following activities:

- Subcomponent 2(b) – GEF OP2 support in this sub-component will finance approximately one-half of the training requirements under the umbrella support, and about 10% of the support costs at existing sites, focusing on boundary demarcation and education campaigns at those sites. The bulk of GEF funding will be dedicated to supporting full implementation of management plans at two new sites: the Pemba Channel Marine Conservation Area on Zanzibar and Rufiji-Mafia-Kilwa Complex likely to be managed as an biosphere reserve on the mainland. At each of these emerging sites, funding will be made available for: Resource Assessment; Community Engagement; Support gazettement process, including district by-laws and other regulations necessary; Development of general management plan; Develop specific management plans, land use plans; Boundary demarcation; Construction of offices, field accommodation, information center; Equipment support for MPA staff; Staff training (technical aspects); Operational cost support; Baseline Studies (socio-economic, ecological); Establishing M&E system; Environment education and awareness raising; Strengthening community management committees; Community training; and, Equipment support for communities (management equipment).
- Subcomponent 2(c) – GEF OP2 will finance the regional partnership building and an expansion of the community partnership model being tested by JSDF; the expansion sites will be among those being supported by GEF in Subcomponent 2(b).

Beneficiaries:

The primary beneficiaries of this component are existing MPAs/CMAs, local communities in the project sites, NGOs and relevant government departments.

Component 3. Coastal Community Action Fund

US\$11.97 million (includes US\$10.97 million IDA plus community contribution of US\$1.0 million)

Component 1 and Component 2 set the stage for improving overall management of marine and coastal resources in URT. They promote sustainable planning and will support mechanisms that encourage community and private sector participation. Their further intent is to have an unequivocal impact on poverty reduction in coastal areas, and this is best facilitated through promoting the uptake of sustainable alternative income generating activities among the coastal poor. The promotion of such AIGAs is the *raison d'être* of Component 3. To have a lasting impact, it is expected that the component will assist in identifying and piloting those activities that promote sustainable resource use, and have the potential for replicability in other coastal areas. To ensure replicability and cost-effective delivery that is relevant to local populations, a

CDD approach is used around to support specific sub-project. To prevent the proliferation of sub-project delivery mechanisms, this component takes advantage of the good track record established by TASAF by integrating its delivery completely with that of TASAF 2. The TASAF 2 objective is to “empower communities to access opportunities so that they can request, implement and monitor sub-projects that contribute to improved livelihoods [linked to MDG indicator targets in the PRS].” To complement this, the **objective of Component 3 of MACEMP** is 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.

Component 3 has been organized into two subcomponents that mirror the components in TASAF 2:

- Subcomponent 3(a)* will provide sub-project funding through a “Coastal Village Fund” (CVF).
- Subcomponent 3(b)* involves “Coastal Community Capacity Enhancement (CCCE)” and is primarily focused on assisting coastal communities and their local government authorities in accessing the CVF, and to permit identification, assessment, and monitoring of sub-project implementation.

Subcomponent 3(a): Coastal Village Fund (CVF)

<i>US\$9.0 million (includes US\$8.0 million IDA plus community contribution of US\$1.0 million)</i>
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Though the exact number of sub-projects will depend on demand, the CVF is expected to deliver approximately 400 sub-projects at an average value of US\$20,000 each over the project life. Sub-projects will follow the CDD model and will entail a community contribution of 5% to 20% of total sub-project value. Targeting and eligibility criteria for the CVF are identical to those in TASAF 2 with the additional requirement that recipients must be in coastal villages within MACEMP’s project areas. The service packages available to the recipients are also similar to those in TASAF 2 with the additional caveats that: (i) the supported activities must not hinder sustainable coastal resource use (a negative list has been prepared and will form part of sub-project screening activities); (ii) an education and awareness element must be integrated into every subproject to promote sustainable resource use; and (iii) because MACEMP and TASAF 2 have triggered different safeguards for different reasons, specific sub-projects will be subject to ESA screening consistent with MACEMP safeguard requirements (a screening tool will be prepared for those undertaking desk and field appraisal of subprojects). More information on the linkages between TASAF 2 and MACEMP is detailed in Annex 20.

The CVF will provide money to a Village level fund as the principal input for households to produce outputs that improve service availability and use, as well as incomes for the able-bodied poor and the vulnerable. Beneficiaries will be facilitated to identify priority problems, design interventions, and prepare proposals which MACEMP will finance (through a dedicated TASAF 2 funding envelope) in the form of subproject grants given to the village level fund. Each subproject will be managed by a democratically-elected Community Management Committee (CMC); with specified amounts retained by the Local Government Council (LGC) and Village Council (VC) to finance facilitation for the successful subproject’s management. Key outputs for the first sub-component are:

- coastal households with increased access to and use of specified service packages
- individuals with increased and quantified employment opportunities and cash transfers through the subprojects
- individuals receiving assistance from subprojects because they are vulnerable

Attainment of ecosystem improvement of improved livelihoods and sustainable marine ecosystem management is highly dependent on improving the current fishing practices of small scale fishers. For many years their fishing practices have revolved around near-shore waters using poor fishing gear and non-motorised and non-seaworthy fishing crafts; this has led to local over-fishing and destruction of ecosystems around the area. Any attempts to improve the ecosystem (including through creation of MMAs/MPAs) must address the issue of diversifying the current fishing practices of small scale fishers and empowering them to exploit distant resources using appropriate fishing gear and technology using seaworthy motorised boats, gear and equipment.

To achieve sustainable marine ecosystem management, the CVF will offer a package among the other packages through which individuals and groups of fisher folk can access fishing gear and related equipment on a demand driven basis following the TASAF methodology. The package will take into consideration the pilot fishing activities initiated by NGOs implementing the JSDF “Community Based Coastal Resource Management and Sustainable Livelihoods Project.”

Three types of beneficiary groups will be targeted by the CVF to improve their livelihoods: (i) service poor households who will avail themselves of improved services in health, roads, education, water and sanitation, markets, banking, and others, (ii) food insecure households with able-bodied adults who will increase their incomes from working in CVF-financed public works programs, and (iii) vulnerable individuals who will work through community-based organizations to access resources for increasing incomes at the household level. The main outcomes will be:

- improved services by households
- improved employment opportunities for individuals to meet basic needs
- increased cash and other benefits reaching vulnerable individuals

A resource allocation methodology will be used with the intent to promote transparency in availability of CVF to targeted areas; this is similar to the resource allocation undertaken for the National Village Fund (NVF) under TASAF 2 although different allocation criteria are used (see Annex 20). The allocation of funds from the CVF will be made available as follows to the indicated districts and islands:

Tanzania mainland (60% of total CVF):
Unallocated (36% of total CVF)
Kilwa DC (8% of total CVF)
Mafia DC (8% of total CVF)
Rufiji DC (8% of total CVF)
Zanzibar (40% of total CVF)
Unallocated (0% of total CVF)
Pemba (20% of total CVF)
Unguja (20% of CVF)

The US\$8.00 million of IDA financing associated with this sub-component will be transferred to TASAF 2 into the MACEMP/TASAF 2 funding envelope.

Subcomponent 3(b): Coastal Community Capacity Enhancement (CCCE)

US\$2.39 million (IDA)

The CCCE sub-component will provide resources for training, monitoring and evaluation of activities financed from the CVF sub-component; the main outputs being the number of sub-projects completed in a satisfactory manner. Members of Community Management Committees, their trainers, and the training of trainers will receive support under this sub-component. In addition, support will be given to voluntary Savings Groups of at least 10 members (this reflects provisions for TASAF 2). Key outputs for the second sub-component are:

- individuals in coastal communities participating in informal and formal savings and market-driven initiatives
- individuals in coastal communities reached with capacity enhancement activities at Village, Ward, District/Municipal, and National levels

Under the CCCE sub-component, beneficiaries will be agencies (public and private) that support communities to make the best use of resources made available under the CVF, as well as poor individuals participating in group savings and taking advantage of investment opportunities created by various private-public partnerships. The CCCE sub-component will respond to individuals from LGCs and various agencies supporting Village Governments, comprised of Village Councils and Village Assemblies, implement subprojects using the TASAF 2 sub-project cycle. This sub-component will complement activities funded by the LGSP to strengthen LGCs. The main outcomes will be:

- application of skills gained by individuals
- increased opportunities for savings and investment

The US\$2.39 million of IDA financing associated with this sub-component will *not* be transferred to TASAF 2.

Expected outcome from Component 3: is a reduction in income poverty, and increased participation of rural communities in sustainable resource management decisions and benefits.

Implementation: Component 3 will be implemented through the MACEMP Project Implementation Unit. Funds in the CVF will be retained in a Special Account in the TASAF 2 project and will be released through the TASAF 2 project cycle under authority of TASAF 2 National Steering Committee (NSC). The MACEMP Project Executive Coordinator in the MACEMP PCU and two CCAF Coordinators (one in each of the PMUs) will form the CCAF Technical Committee that implements Sub-component 3(b) and that sits on the TASAF 2 Sector Experts team (SET) that advises the NSC on the compatibility of sub-projects with sector norms.

It should be noted, that TASAF 2 is a five year project effective in early 2005, while MACEMP is a six year project effective in mid 2005. Accordingly, Component 3(a) will be implemented and disbursed completely within the first 5 years of MACEMP, with no disbursements in Year 6.

Component 4. Project Implementation Unit

US\$8.44 million (IDA)

The primary beneficiaries of this component are the separate project management teams on the mainland and in Zanzibar, as well as the financing partners. In addition, funding of community demand driven subprojects through TASAF 2 using MACEMP funds will benefit the respective communities. The expected outcome is an efficiently delivered project meeting high standards of transparency and participation.

The PIU consists of two sub-components as follows:

- *Subcomponent 4(a)* consists of the *core staffing and technical assistance* to the project.
- *Subcomponent 4(b)* will cater for the monitoring and evaluation (M&E) needs of MACEMP.

Subcomponent 4(a): Core Staffing and Facilitation

US\$6.05 million (IDA)

Project Coordination Unit – Staffing (US\$1,830,000)

Project Management Unit (Mainland) – Staffing (US\$1,410,000)

Project Management Unit (Zanzibar) – Staffing (US\$1,410,000)

PCU/PMU (Mainland) – Overheads (US\$590,000)

PMU (Zanzibar) – Overheads (US\$315,000)

Facilitation of Steering Committee (US\$60,000)

Facilitation of Technical Committee (US\$290,000)

Facilitation of CCAF Technical Committee (US\$50,000)

Roster Technical Experts (US\$90,000)

This subcomponent provides financing for (i) office staff and overheads for the Project Coordination Unit, to be located in MNRT; (ii) office staff and support for separate project management units on the mainland (MNRT) and in Zanzibar (MANREC); and (iii) technical inputs relating to a project steering committee, a technical steering, a CCAF technical committee,

and a roster of experts for sporadic advisory services. Specific costs covered include:

- Staff in the PCU will include: Project Coordinator; Development Communications Coordinator; M&E Advisor; Financial Advisor; Procurement Advisor; Administrative Assistant; Driver.
- Staff in the mainland PMU will include: Project Manager; CCAF Coordinator; Project Officer; Project Accountant; Administrative Assistant; Driver; Office attendant (cleaner).
- Staff in the Zanzibar PMU will include: Project Manager; CCAF Coordinator; Project Officer; Project Accountant; Administrative Assistant; Driver; Office attendant (cleaner).
- Overheads in the mainland (PCU and PMU) will cater for operation of offices and transport, as well as purchase of equipment including: 6 computers, 3 printers, 2 photocopier, fax machine, office furnishings for 10 rooms.
- Overheads in Zanzibar will cater for operation of offices and transport, as well as purchase of equipment including: 4 computers, 2 printers, 2 photocopiers, a fax machine, office furnishings for 5 rooms.
- Steering Committee meetings: twice a year involving 16 people.
- Technical Committee meetings: four times a year involving 18 people.
- CCAF Technical Committee meetings: four times a year involving 3 people; four times a year meeting (involving one person from MACEMP) with TASAF 2 SET.
- Specialist advisory services as needed from Roster of Experts.

Terms of reference for key positions and entities are provided in Annex 6. GEF funding will be shared equally by the OP2 and OP8 windows and will focus on support for PCU staffing and for costs associated with the Steering Committee, the Technical Committee and the Roster of Experts.

Subcomponent 4(b): Monitoring and Evaluation (M&E)

US\$2.39 million (IDA)

Baseline Surveys for Key Performance Indicators (US\$110,000)

M&E Strategy Implementation (US\$605,000)

Annual M&E Report (US\$220,000)

Annual Safeguard M&E Report (US\$220,000)

Development Communication Strategy (US\$565,000)

Mid-term Review (US\$180,000)

Annual Audit (US\$295,000)

Completion Report (US\$200,000)

The M&E outputs include annual reporting (including safeguards), annual audits, the mid-term review, and the project completion report. Baseline studies for project monitoring purposes are also catered for within this sub-component. Core support for the M&E strategy is catered for in this sub-component; this includes staffing, office equipment, training, and synthesis studies and assessments. The development communication (monitoring and learning) strategy is also supported, which includes support for design studies, reviews, communication equipment, and operating costs associated with media and advertising costs. Relevant Tracking Tools for protected area monitoring will be distributed to all project sites for potential use in monitoring.

The relevant tools will include those recommended by GEF (e.g., MPA Tracking Tool) as well as others (e.g., those currently being used in various projects in the country).

Project Sites and Site Selection Criteria

MACEMP follows an ecosystem management approach, meaning that ecological and socio-economic considerations factor into coastal and marine management objectives. Ecosystem management seeks an appropriate balance between use and conservation of biodiversity and natural resources. It is aimed at being decentralized to the lowest appropriate level and to function in an economic context, e.g. by aligning incentives to promote sustainable use, by internalizing costs and benefits. Also, ecosystem management needs to be undertaken at the appropriate scale: recognizing ecosystem functioning and effects of adjacent ecosystems.

In line with ecosystem management principles, project stakeholders concluded to follow an “area-based approach” for selection of project sites for MACEMP. This means that each target area was chosen at an appropriate scale and may thus extend across District boundaries and include several management regimes including Marine Protected Areas, Marine Conservation Areas, Community-managed areas, and areas which are currently under no management regime.

To have considerable impact on the ground, and to not spread project activities and resources too thinly, MACEMP will concentrate on strategically chosen target areas for Years 1 and 2. Based on results and impact achieved in initially selected project target areas, the number and/or extend of project areas will be scaled up during further project implementation. It should be noted that selection of target areas does not apply to Component 1, which relates to management of the entire EEZ of URT.

To identify priority target areas for the project, the following list of selection criteria has been identified:

- Areas with strong community-driven demand and ownership for marine managed areas and/or co-managed marine protected areas;
- Areas of national priority as per environment-poverty linkages and objectives highlighted in the draft Poverty Reduction Strategy II;
- Areas of global environmental importance (i.e. biodiversity hotspots);
- Areas with strong potential for sustainability (from an institutional point of view);
- Areas where MACEMP support can play a catalytic role (i.e. MACEMP support for institutional strengthening, capacity building, development of management system, etc. would lead to leverage of additional financial resources for overall project objectives.);

The initial prioritization of project target areas for Years 1 and 2 based on the above criteria is listed below. Additional sites will be selected as part of the preparation of Annual Work Plans and based on progress and impact in initial target areas.

- Rufiji-Mafia-Kilwa-Complex

- Trans-boundary MPA with Mozambique
- Latham Island
- Mnemba Island Marine Conservation Area
- Menai Bay Marine Conservation Area
- Pemba Channel Marine Conservation Area (includes Misali Island)

MACEMP Marine and Coastal Environment Management Project		\$ 58,133	\$ 1,750	\$ 46,381	\$ 10,002	\$ -
Project Development to improve livelihoods in coastal communities through improving the sustainable management and use of the URT's EEZ and territorial seas.						
Objective OP2: to improve biodiversity conservation through development of an ecologically representative and institutionally and financially sustainable network of marine protected areas.						
Global Objective OP8: to improve sustainable management of transboundary fish stocks through building URTOs capacity for policy and institutional reform.						
ID	Title	Cost	URT+	IDA	GEF	Other
Component 1	Sound Management of the Exclusive Economic Zone	\$ 12,260	\$ 750	\$ 6,436	\$ 5,074	\$ -
	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.					
1(a)	EEZ Planning Support	\$ 2,295	\$ -	\$ 599	\$ 1,696	\$ -
1(b)	Implementation of EEZ Common Governance Regime	\$ 6,572	\$ 750	\$ 4,130	\$ 1,692	\$ -
1(c)	Developing and Supporting Partnerships in EEZ Management	\$ 3,393	\$ -	\$ 1,707	\$ 1,686	\$ -
Other Parallel		\$ -	\$ -	\$ -	\$ -	\$ -
Component 2	Sound Management of the Coastal Marine Environment	\$ 24,468	\$ -	\$ 19,540	\$ 4,928	\$ -
	Objective to establish and support a comprehensive system of managed marine areas in the Territorial Seas, building on ICM strategies that empower and benefit coastal communities.					
2(a)	Integrated Coastal Management (ICM) Planning Support	\$ 5,997	\$ -	\$ 5,997	\$ -	\$ -
2(b)	Implementation of Network of MMAs and MPAs	\$ 14,654	\$ -	\$ 10,732	\$ 3,922	\$ -
2(c)	Developing and Supporting Partnerships in ICM	\$ 3,817	\$ -	\$ 2,811	\$ 1,006	\$ -
Other Parallel		\$ -	\$ -	\$ -	\$ -	\$ -
Component 3	Coastal Community Action Fund	\$ 11,966	\$ 1,000	\$ 10,966	\$ -	\$ -
	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 (linked to MDG indicator targets in the PRSI)					
3(a)	Coastal Village Fund	\$ 9,000	\$ 1,000	\$ 8,000	\$ -	\$ -
3(b)	Coastal Community Capacity Enhancement	\$ 2,966	\$ -	\$ 2,966	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
Component 4	Project Implementation Unit	\$ 8,439	\$ (0)	\$ 8,439	\$ -	\$ -
	Objective to provide efficient project implementation services.					
4(a)	Core Staffing and Facilitation	\$ 6,046	\$ -	\$ 6,046	\$ -	\$ -
4(b)	Project Monitoring and Evaluation	\$ 2,393	\$ -	\$ 2,393	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
Other Parallel	Supplemental (MPA Monitoring)	\$ -	\$ -	\$ -	\$ -	\$ -
Component 5	Project Preparation	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -
	Objective to prepare critical project elements.					
5(a)	PPF (Advance on IDA Credit)	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -
5(b)	PDF-B (GEF OP2 Preparation Resources)	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
		URT	\$ 750			
		Community	\$ 1,000			
		IDA Credit		\$ 46,381		
		IDA Grant		\$ -		
		GEF Grant - OP2			\$ 5,002	
		GEF Grant - OP8			\$ 5,000	
		Other Donor Specified				\$ -
		Other N.S.				\$ -
ID	Title	Cost	URT+	IDA	GEF	Other
Components 1-4	MACEMP Project	\$ 57,133	\$ 1,750	\$ 45,381	\$ 10,002	\$ -

5. Project costs

Project Cost By Component and/or Activity (US\$ million)	Local	Foreign	Total
Sound Management of the Exclusive Economic Zone	8.19	2.27	10.46
Sound Management of the Coastal Marine Environment	15.81	4.69	20.50
Coastal Community Action Fund	10.94	0.66	11.60
Project Implementation Unit	5.88	1.10	6.98
Project Preparation	0.85	0.15	1.00
Total Baseline Cost	41.67	8.88	50.54
Physical Contingencies	1.58	0.34	1.91
Price Contingencies	4.68	1.00	5.68
Total Project Costs ¹	47.92	10.21	58.13
Interest during construction			
Front-end Fee			
Total Financing Required	47.92	10.21	58.13

¹Identifiable taxes and duties are US\$m ____, and the total project cost, net of taxes, is US\$___. Therefore, the share of project cost net of taxes is ____%.

{additional insert from table version 5 excluding taxes}

MACEMP - Marine and Coastal Environment Management Project										
	C1		C2		C3		C4		C5	Total
PROJECT COSTS										
Base Cost	\$	10,462	\$	20,498	\$	11,600	\$	6,984	\$	50,544
Contingencies	\$	1,798	\$	3,970	\$	366	\$	1,455	\$	7,589
Total Financing	\$	12,260	\$	24,468	\$	11,966	\$	8,439	\$	58,133
SOURCE OF FUNDS										
URT	\$	750	\$	-	\$	-	\$	(0)	\$	750
Community	\$	-	\$	-	\$	1,000	\$	-	\$	1,000
IDA Credit	\$	6,436	\$	19,540	\$	10,966	\$	8,439	\$	46,381
IDA Grant	\$	-	\$	-	\$	-	\$	-	\$	-
GEF Grant - OP2	\$	75	\$	4,928	\$	-	\$	-	\$	5,002
GEF Grant - OP8	\$	5,000	\$	-	\$	-	\$	-	\$	5,000
Other Donor Specified	\$	-	\$	-	\$	-	\$	-	\$	-
Other N.S.	\$	-	\$	-	\$	-	\$	-	\$	-
DISBURSEMENT										
Operational Cost	\$	2,389	\$	7,197	\$	1,450	\$	6,112	\$	17,148
Civil Works	\$	2,658	\$	2,128	\$	-	\$	-	\$	4,786
Equipment	\$	3,929	\$	4,163	\$	433	\$	470	\$	8,996
Training	\$	691	\$	3,049	\$	433	\$	352	\$	4,525
Services	\$	1,593	\$	7,931	\$	650	\$	1,505	\$	11,678
Sub-projects	\$	-	\$	-	\$	8,000	\$	-	\$	8,000
Capitalization	\$	1,000	\$	-	\$	-	\$	-	\$	1,000
Preparation Advance	\$	-	\$	-	\$	-	\$	-	\$	1,000
Other Donor Grant	\$	-	\$	-	\$	1,000	\$	-	\$	1,000
Component 1 : Sound Management of the Exclusive Economic Zone										
Component 2 : Sound Management of the Coastal Marine Environment										
Component 3 : Coastal Community Action Fund										
Component 4 : Project Implementation Unit										
Component 5 : Project Preparation										

Annual Disbursements							
	Y1	Y2	Y3	Y4	Y5	Y6	SUM
URT	0	0	0	750	0	0	750
Community	120	220	220	220	220	0	1000
IDA Credit	10085	10289	8470	6844	6637	4056	46381
IDA Grant	0	0	0	0	0	0	0
GEF Grant - OP2	545	809	906	866	922	954	5002
GEF Grant - OP8	384	885	1579	1337	399	415	5000
Other Donor Specified	0	0	0	0	0	0	0
Other N.S.	0	0	0	0	0	0	0
Project	11134	12203	11175	10018	8178	5425	58133
ZANZIBAR	4305	4686	4020	3460	3335	2306	22112
IDA Credit	3906	4008	3152	2790	2671	1618	18144
IDA Grant	0	0	0	0	0	0	0
GEF Grant - OP2	272	367	513	495	526	544	2717
GEF Grant - OP8	127	312	355	175	139	144	1252
TANZANIA	6709	7297	6935	5588	4623	3119	34271
IDA Credit	6179	6282	5318	4054	3966	2438	28238
IDA Grant	0	0	0	0	0	0	0
GEF Grant - OP2	272	442	393	371	397	410	2285
GEF Grant - OP8	257	573	1224	1162	260	271	3748

6. Implementation arrangements

Detailed Implementation Arrangements

Project Coordination and Management:

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. Role of the PSC will be to facilitate coordination and linkages between the various different ministries to ensure consistency with sector policies and adherence to established norms and standards. The PSC will also adopt the annual work plan and corresponding budget and semiannual update thereof, keeping in line with the project's objectives. The PSC will have a key role in guiding and approving the common governance regime for the EEZ that will be established during project implementation. It will also function as a body to attend to and resolve any disputes or political issues pertaining to MACEMP. The PSC will meet on a semiannual basis.

A **Technical Committee (TC)** composed of Directors of key ministries and institutions as well as private sector representatives (see ToR below for detailed composition) will monitor and guide project operations, advise on research needs, and review annual work plans and budgets as well as annual progress and performance reports prior to submission to the PSC. The Technical Committee will also advise the PCU on the need for short-term support for quality control, risk mitigation, and technical and scientific guidance available from a Roster of Experts on the basis of a honorarium agreement. The TC may delegate specific tasks to individual Directors. For example, responsibility to review and clear the procurement processes carried out by the PMUs above certain thresholds has been delegated to the two Directors of Fisheries. For matters pertaining to the EEZ, only a subset of relevant Directors may be required to meet. The role of such a **Technical Task Force** will be to discuss and address any technical issues related to establishment of the common governance regime for the EEZ. The Task Force may meet in between regular Technical Committee meetings on an as-needed basis. The Technical Committee will meet on a quarterly basis.

One joint **Project Coordination Unit (PCU)** will facilitate coordination between Tanzania mainland and Zanzibar and will 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. Some functions of the PCU will in due course be transferred to the Deep Sea

Fishing Authority once operational.

The Project Coordination Unit is headed by an Executive Project Coordinator who reports directly to the Technical Committee. The PCU further consists of an M&E Advisor, a Financial Management Advisor, a Procurement Advisor, a Coastal Village Community Fund Coordinator, and other support staff as needed. The five core positions will be selected competitively and staffed before project effectiveness. The Project Coordination Unit assembles the Project Annual Work Plans based on input received from mainland Tanzania and Zanzibar and in accordance with the Project Implementation Manual.

The PCU is responsible for all reporting to the Technical Committee and the World Bank including overall project progress, procurement, financial management and M&E reporting (results from process and impact monitoring and evaluation). The PCU, through the Financial Management Advisor operates the required financial management system to assemble the reports required by the World Bank. Similarly, the M&E Advisor consolidates M&E data obtained from the PMUs into a joint M&E report based on shared Information Management System.

The PCU also provides technical support and guidance to the PMUs for procurement and financial management processes. The M&E Advisor guides and assists PMUs with implementation of M&E activities to facilitate project performance evaluation. The Coastal Village Fund Coordinator will be responsible to coordinate closely with the TASAF 2 Project Management to ensure smooth implementation of the Coastal Village Fund and guide on the Coastal Community Service Package.

The PCU is not directly involved in day-to-day activities of project implementation unless they pertain to crosscutting issues or activities pertaining to the EEZ component that cannot be delegated down to either or both PMUs.

The PCU provides secretarial services to the Technical Committee and Project Steering Committee (e.g. meeting organization, agenda, etc.). It will establish, maintain and coordinate access to the Roster of Experts. The PCU will further support WB supervision activities, including visiting missions, through logistical assistance.

The **Project Management Units (PMUs)** will be responsible for day-to-day implementation, administration of project funds, financial management, procurement, processing, and any other issues pertaining to either side of the Union. Role of the PMUs will be to prepare the annual work plans for consolidation by the PCU.

Each Project Management Unit is headed by a Project Manager who formally reports to the Director of Fisheries of MNRT or MANREC, respectively, and works closely with the Executive Project Coordinator in the PCU. The PMUs further consist of an Operations Officer, a Project Accountant, and a Project Assistant. The positions of the Project Manager and Operations Officer are expected to be filled with staff seconded from MNRT and MANREC. All positions will be filled before project effectiveness. The two Project Management Units are responsible for preparation of Annual Work Plans including timely submission to the PCU for consolidation into one joint Annual Work Plan.

The PMUs are ultimately responsible for implementation of project components as per agreed work plans and day-to-day operations of the PMU in mainland Tanzania and Zanzibar. The two PMUs are responsible for procurement of goods and services, disbursement and financial management according to their respective work plans. Each PMU administers an IDA and GEF Special Account in US\$ in accordance with the World Bank's rules and regulations. In addition, a Special Account in Tsh is administered to handle day-to-day transactions, i.e. to make payments to contractors, suppliers and consultants. When required, the PMUs prepare requests for replenishment of the Special Accounts through the Ministry of Finance or the Project Account through the respective authorized representatives. The PMUs are responsible to prepare the financial statements and other documents for regular audits that are performed in accordance with standards acceptable to the World Bank. The GoT ensures that the independent auditor is acceptable to the Bank and is appointed in time to carry out its responsibilities.

The PMUs are responsible to report to the PCU on procurement processes, financial management, and monitoring results of project progress. The PMUs further perform reporting on progress and expenditures to MNRT and MANREC, in particular the respective Directors of Fisheries, as required. Over the course of project implementation, staff of the PMU acquires adequate capacity to implement small and large-value procurement, and financial management. The specialized Financial Management, Procurement, and M&E Advisors in the PCU provide a support and quality-control function for financial management and procurement processes, especially in the first years of project implementation.

The PMUs have a number of important roles and responsibilities, and capacity building will be required. Capacities of the PMU staff will be compared with the roles and responsibilities of each individual position and capacity building and training plans will be developed for each PMU member. Capacity-building will include on-the-job training, in-country courses, SADC regional courses, World Bank training offered within the region, team building, ensuring that each PMU member can meet duties and responsibilities as per job description.

The **Roster of Experts** is to act as a resource available to the PCU and PMUs for quality control, due diligence, and risk mitigation. The role is not to engage experts in the oversight of the project. Further, the Technical Committee or the Technical Task Force may recommend contracting a specific advisor to guide on ongoing research and studies or to recommend additional research study to support objectives of MACEMP. The PCU or PMUs may further call upon short-term support from experts of the Roster, in particular component leaders, to provide technical guidance on contract work (i.e. support drafting of ToRs that need specialist input, to review proposals for services that may need technical review, and for review and comments on draft deliverables from contracted services).

The **Coastal Community Action Fund Technical Committee (CCAFTC)** will provide a review function for subprojects potentially eligible for funding through the Coastal Village Fund (CVF). The Sectoral Expert Team (SET) of TASAF 2 will refer projects to the CCAFTC to review conformance with sector norms. The CCAFTC will further be responsible for oversight on smooth operation of the operational linkages between TASAF 2 and MACEMP and overall coordination between the two projects. The CCAFTC will comprise: (a) the MACEMP

Executive Project Coordinator; (b) the mainland Tanzania PMU CCAF Coordinator; and, (c) the Zanzibar PMU CCAF Coordinator. The CCAFTC will designate a chairperson to represent MACEMP on the TASAF SET. The CCAF Technical Committee will meet on a quarterly basis and according to the schedule of the Sector Expert Team (SET) of TASAF 2, or if called upon by the Chair of the CCAF TC.

Figures A6.1, A6.2 and A6.3 provide an overview on the implementation structure of MACEMP.

Figure A6.1. MACEMP Implementation Arrangements.

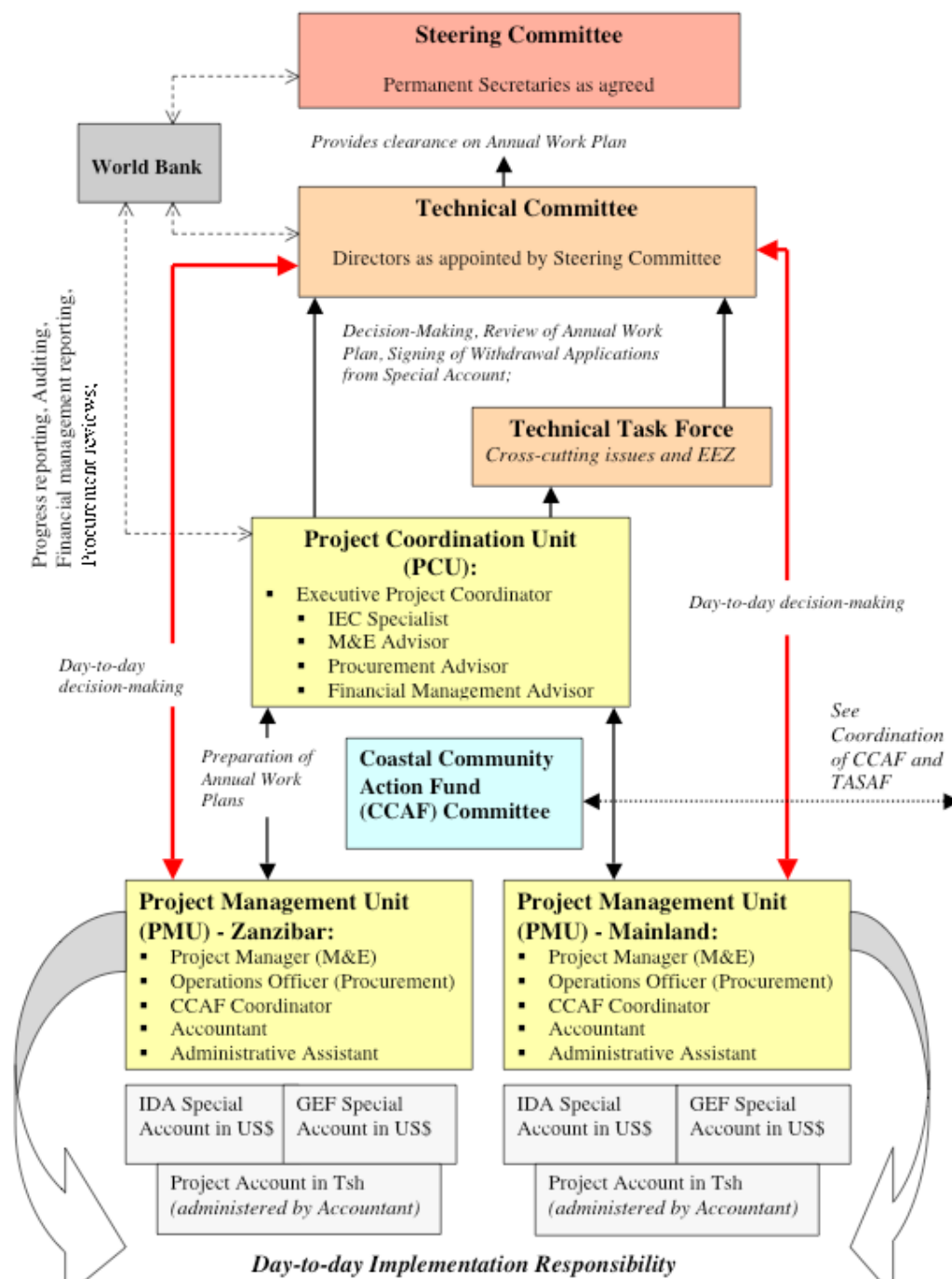


Figure A6.2. Sub-project Approval flow for Coastal Village Fund. This diagram provides a simplified flow diagram of the CVF approval process. The process is identical to that for the National Village Fund (described in more detail in Annex 20, Appendix 1) the explicit link to MACEMP is through the CCAF Technical Committee, which resides in MACEMP.

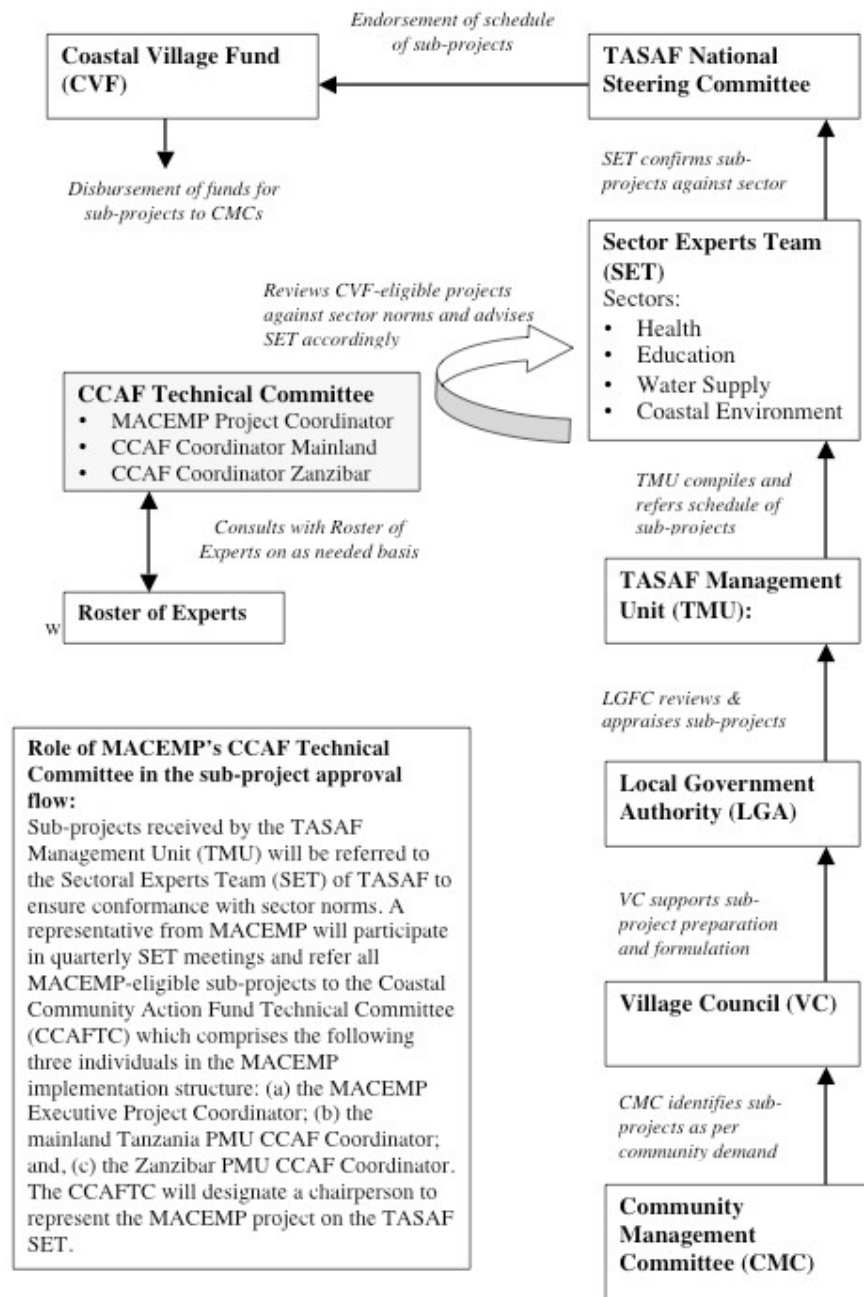
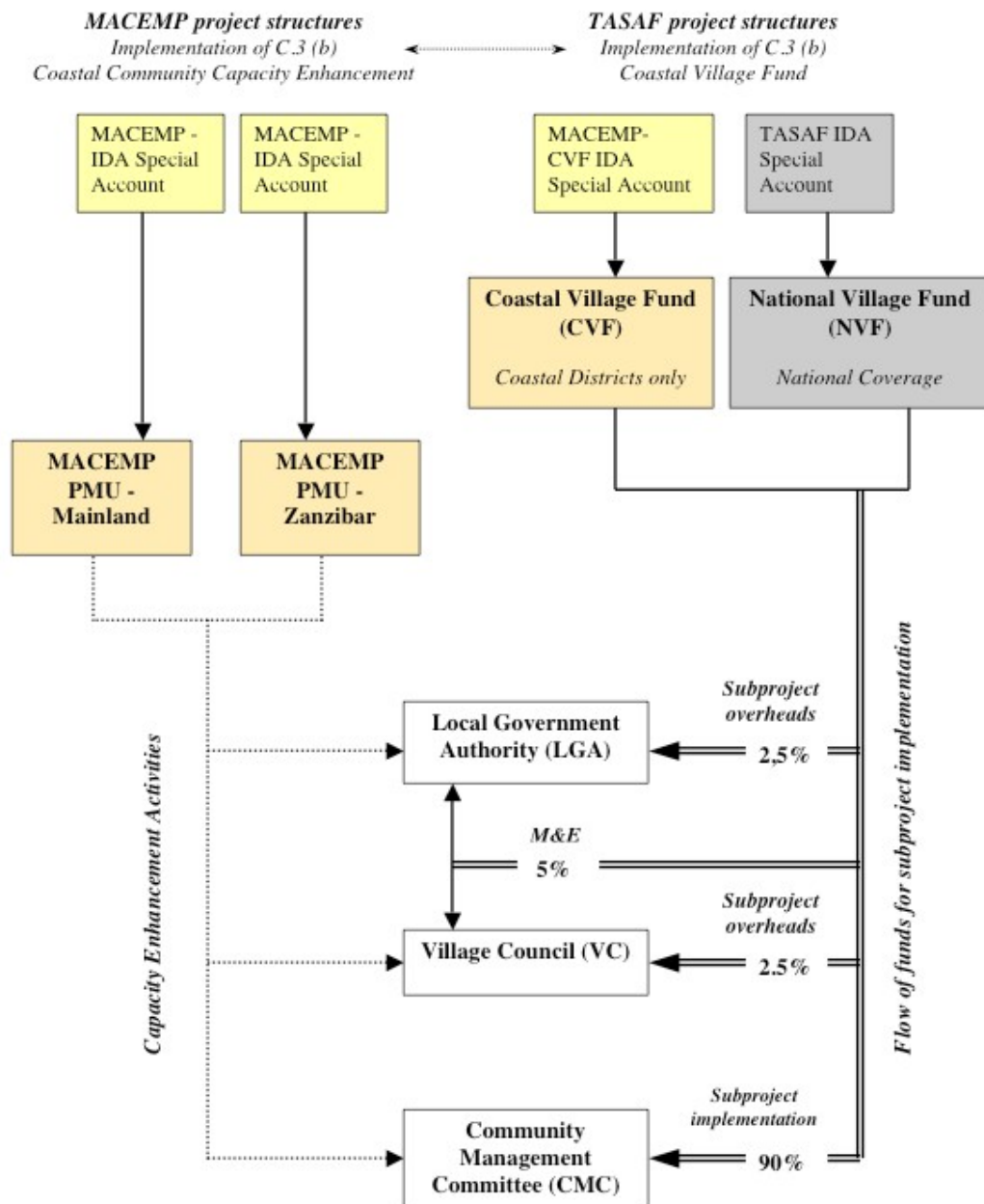


Figure A6.3. Implementation and Flow of Funds for the Coastal Community Action Fund. This diagram provides a simplified flow diagram of the CVF flow of funds and the CCCE flow of funds. CVF flows are identical to that for the National Village Fund (described in more detail in Annex 20, Appendix 1).



Implementation of components

Component 1:

During initial project implementation, the PCU will lead implementation of all activities pertaining to the EEZ, including establishment of the EEZ Authority. For the purpose of implementation an annual work plan will be prepared with budget allocations indicating estimated costs of activities. The work plans will detail eligible purchases and other eligible expenses. The Project Steering Committee and World Bank supervision missions will monitor the compliance of the implementation of agreed-upon annual work plans.

The dialogue and planning process towards establishment of the EEZ Authority will be coordinated by the PCU under technical guidance from the Technical Task Force. The Divisions responsible for Fisheries in MNRT and MANREC together with NEMC and the Ministry of Foreign Affairs will engage to review and formulate the mandate of the EEZ Authority and to revise the underlying policy and regulatory framework. Technical assistance to support this task will be contracted through the PCU. The Steering Committee will be ultimately responsible to approve the recommended structure and mandate of the EEZ Authority prior to submission for Parliament approval.

The PCU will further be responsible to initiate studies to inform the Steering Committee on potential institutional and finance options for the set up of the Marine Legacy Fund. Set up of the MLF and the underlying regulatory framework will be subject to Parliament approval.

The MCS operation centers established under the EC-funded SADC MCS project for mainland and Zanzibar will continue to carry out operation of MCS activities until the establishment of the EEZ Authority, which will eventually incorporate the MCS operations centers and take over implementation. The PCU will be responsible to oversee implementation of MCS activities according to Work Plan Agreements. Development of the EEZ Resource Strategy will be coordinated by the PCU with technical guidance from the TC. Implementation of the EEZ Resource Strategy will ultimately be the responsibility of the EEZ Authority upon its creation. Key national research partners will be invited by the PCU under guidance from the TC to contribute to and participate in the fish stock assessment of the territorial seas and will play a key role in establishing a linkage to regional efforts in fisheries research.

While the PCU would supervise implementation of the Operational Programme related to EEZ management and MCS, the PMUs for Tanzania mainland and Zanzibar, respectively, will coordinate activities related to capacity building and institutional strengthening for MNRT and MANREC. The PMUs will further take the lead on specific investments and private sector dialogue related to improved post harvest processing and market access in both sides of the Union.

Component 2:

Similarly to above, Component 2 will be implemented according to agreed-upon annual work plans. However, the PMUs for Tanzania mainland and Zanzibar, respectively, will be responsible to oversee implementation of the Component 2. The Project Steering Committee and World Bank supervision missions will monitor the compliance of the implementation of agreed-upon

annual work plans.

PMUs would coordinate with district authorities and authorities at local level for implementation of ICM planning, including resource assessments and capability mapping at district level and capacity building for ICM planning at district and village level. Implementation of ICM “Action Plans” as well as specific resource management plans at local level, such as mangrove management plans, 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.

NEMC will lead a consortium of stakeholders including Fisheries Divisions of MNRT, and MANREC, MPRU for the development of a National Plan for marine managed areas, such as MPAs, CMAs, and MMAs. Management Training and other capacity building related to MPAs would be planned and implemented in line with annual work plans by MPRU in mainland and by the Department of Fisheries in Zanzibar, respectively. Local level activities pertaining to individual MPAs, CMAs, and MMAs will be planned and implemented by the respective resource managers, i.e. local marine parks management staff in collaboration with communities for MPAs, community management groups for CMAs, and staff from Fisheries Divisions for MMAs.

Community Partnership/Pilot Project would be implemented directly by NGOs and CBOs through contractual arrangements with the PMUs for Tanzania mainland and Zanzibar, respectively.

Component 3:

Component 3 would be implemented partially through MACEMP and partially through the TASAF implementation arrangements (see Figure A6.2 and Figure A6.3 for details on the implementation linkages between MACEMP and TASAF 2 for the Coastal Community Action Fund (CCAF). Component 3(a) ‘Coastal Village Fund (CVF)’ and resulting Coastal Community Subprojects would be implemented according to the TASAF 2 implementation structure (see Annex 20, Appendix 1) through Local Service Providers and Community Management Committees under supervision from Village or Shehia Advisory Council. Actual implementation of eligible, community demand driven sub-projects will be the responsibility of the local communities and investment groups that have identified and initiated them. Local community groups will identify their priority investments and prepare subproject plans and financing requests. Subproject planning, procedural assistance, and technical advice will be available through local service providers that can be recruited with subproject funds. . Upon subproject identification, Community Management Committees (CMC) would pass subproject proposals on to Village Councils for approval (if below agreed thresholds; see Annex 20 for details) or for further upstream review by Local Government Authorities (LGAs). Village Councils will also play an important role in providing guidance for subproject identification and formulation as well as monitoring of subproject implementation in line with transparency and accountability guidelines.

At the Local Government Authority (LGA) level, the LGA Finance Committee will have the responsibility for endorsing subprojects below a certain threshold (US\$10,000 contribution from

CVF approved by the Village Council) and approving subprojects above the threshold (US\$10,001-30,000) for further review by the Sector Experts Team and endorsement by the National Steering Committee. The LGA play a similar role as the VC in terms of conducting desk and field appraisals, and supervision of subprojects, however for subprojects above the agreed thresholds. In addition, they engage local service providers for all funded sub-projects in line with subproject agreements signed with the VC and the CMC.

The TASAF Management Unit, answerable to the National Steering Committee, support strengthening institutional development at national and district levels in support of communities and village governments by providing service packages for TASAF 2 sectors, such as education, health, and water supply. The TMU will also carry out regular service audits. For all aspects pertaining to coastal livelihoods, coastal community structures, and coastal environmental issues, the capacity enhancement function of the TMU for district and other local stakeholders will be supported and complemented by the MACEMP PMUs, specifically the CCAF Coordinators. Their primary function will be to ensure delivery of capacity building service packages to beneficiaries as well as support for institutional development at local and community level. The TMU further compiles schedules of subprojects received from various LGAs for review by the Sector Experts Team (SET).

In order to ensure conformity of sector norms and standards, which exist but are often poorly enforced at Village and Local levels for a variety of reasons, the Sector Experts Team (SET) will review subprojects prior to submission to the National Steering Committee for endorsement. In contrast, to subprojects eligible for the National Village Fund (NVC), the review function for subprojects potentially eligible for the Coastal Village Fund (CVF) is held by the Coastal Community Action Fund Technical Committee (CCAFTC). The Chair of the CCAFTC will sit on the SET and will refer projects to the CCAFTC for review and approval if detailed review is necessary. Upon approval by the CCAFTC, the schedule of subprojects is referred back to the SET and again fully incorporated into the line of approval of TASAF 2 (see Figure A6.2 for details).

The CCAFTC will be responsible for oversight on smooth operation of the operational linkages between TASAF 2 and MACEMP and overall coordination between the two projects. The SET will, on an annual basis, review sector norms with view to recommending any changes responding to the diversity of subprojects submitted for approval.

At the national level, the TASAF National Steering Committee under the Office of the President and comprising representatives from both public and private sectors, will have the responsibility of endorsing schedules of subprojects which have been scrutinized through the before mentioned procedures. The NSC relies mainly on the SET to confirm that all sub-projects for endorsement by the NSC are in line with sector norms and standards.

Subcomponent 3(b) Coastal Community Capacity Enhancement (CCCE) initiatives will be implemented through MACEMP implementation structures (and not through the TMU as is the case for other sector, such as education, health, and water supply). The Coastal Community Action Fund (CCAF) Coordinators of the PMUs in Tanzania mainland and Zanzibar will hold principal responsibility for implementation of comprehensive outreach and information

campaigns to inform local communities and community groups about the Coastal Community Action Fund and the process of obtaining funds. The PMUs would also be responsible for implementation of CCCE initiatives aimed at local capacity building in managerial, budgeting, and financial management skills, as well as local institutional strengthening for CBOs, NGOs, associations, cooperatives and other local groups interested in supporting collaborative and sustainable management and livelihood initiatives. Capacity building support would also be provided to key stakeholders for coastal environmental management at the local government level.

Flow of Funds:

The following accounts will be opened for the implementation of MACEMP:

- Special Account IDA for Tanzania mainland denominated in US\$ for C1, C2, C3(b) and C4 and to be held at Standard Charter Bank and administered by the PMU mainland.
- Special Account IDA for Zanzibar denominated in US\$ for C1, C2, C3(b) and C4 and to be held at Standard Charter Bank and administered by the PMU Zanzibar.
- Special Account GEF for Tanzania mainland denominated in US\$ for incremental cost of C1, C2 and to be held at Standard Charter Bank and administered by the PMU mainland.
- Special Account GEF for Zanzibar denominated in US\$ for incremental cost of C1, C2 and to be held at Standard Charter Bank and administered by the PMU Zanzibar.
- Project Account for IDA/GEF for Tanzania mainland denominated in Tsh and to be held at a local commercial bank and to be administered by the PMU mainland.
- Project Account for IDA/GEF for Zanzibar denominated in Tsh and to be held at a local commercial bank and to be administered by the PMU Zanzibar.

Funds for implementation of Component 3(a) 'Coastal Village Fund' will be transferred into a separate ring-fenced Special Account under TASAF 2 and will be administered by the TASAF 2 Management Unit (TMU). Payments from the account would strictly follow TASAF 2 protocols and TMU would account for and report regularly on the disbursement of funds ring-fenced for the MACEMP Coastal Village Fund under overall TASAF 2 implementation (see Figure A6.3.). The ring-fence Special Account will be replenished using the same methods of replenishment as the National Village Fund of TASAF 2. Initially, this would imply SOE methods. At the time of the Midterm review a shift to FMR would be considered.

IDA will disburse the initial advance from the proceeds of the grant into the Special Account. Actual expenditure there from will be reimbursed through submission of Withdrawal Applications (WAs) and against Statements of Expenditure (SOEs), which will be approved in accordance with internal control procedures to be established by the Project Management Units.

Counterpart funds will be allocated through the normal Union budgetary process. An initial advance from Government will also be required. All three bank accounts should be in place by the time of effectiveness. Details of the necessary authorizations and the bank account signatories should be documented as part of the Financial and Administrative Manual.

Terms of Reference

Terms of reference are attached for the following positions and functions:

- Project Steering Committee
- Technical Committee
- Roster of Experts
- Coastal Community Action Fund Technical Committee
- Executive Project Coordinator (PCU)
- Development Communications Coordinator (PCU)
- Monitoring and Evaluation Specialist (PCU)
- Procurement Advisor (PCU)
- Financial Management Advisor (PCU)
- Project Manager (PMU)
- Coastal Community Action Fund (CCAF) Coordinator (PMU)
- Operations Officer (PMU)
- Accountant (PMU)
- Administrative Assistant (PMU)

Terms of Reference

PROJECT STEERING COMMITTEE

Role:

A Project Steering Committee (PSC) will be responsible for providing overall policy guidance for MACEMP. The PSC will ensure that MACEMP activities are carried out in accordance with the Project Implementation Manual (PIM). The Technical Committee will meet on a semiannual basis or if called upon by either Director Fisheries of Tanzania mainland or Zanzibar.

The Chair of the Technical Committee shall be Secretary to the Project Steering Committee.

Composition:

Members of the Project Steering Committee will be Permanent Secretaries drawn from key ministries. The composition of PSC is as follows:

- i) Permanent Secretary Ministry of Natural Resources and Tourism
- ii) Permanent Secretary Ministry of Agriculture, Natural Resources, Environment and Cooperatives (Zanzibar)
- iii) Permanent Secretary Vice President Office (VPO)
- iv) Permanent Secretary Ministry of Regional Administration and Local Government (Tanzania Mainland)
- v) Permanent Secretary of Regional Administration and (Zanzibar)
- vi) Permanent Secretary of Ministry of Finance (Tanzania Mainland)
- vii) Permanent Secretary of Ministry of Finance and Economic Affairs (Zanzibar)

Functions:

- Approve MACEMP's annual work plans and corresponding budget.
- Provide coordination and linkages between various sector ministries and MACEMP to ensure consistency with sector policies and adherence to established norms and standards.
- Approve the annual progress and performance reports and adopt audit reports and accounts of MACEMP.
- Oversee the process of recruiting key PCU staff.
- Approval of the Common Governance Regime for the EEZ.
- Assist in dispute resolution.
- Attend to political issues pertaining to MACEMP.

Terms of Reference

TECHNICAL COMMITTEE

Role:

The MACEMP Technical Committee will provide overall Project guidance and intra-ministerial coordination. MNRT and MANREC will be responsible for ensuring the smooth and efficient implementation of the project's various technical programs. The Technical Committee will ensure that guidance to the Project is conducted efficiently, and it may thus from time to time delegate specific technical tasks to individual Directorates (in particular if they relate to the issues specific to Mainland or Zanzibar).

The Technical Committee will meet on a quarterly basis or if called upon by the Project Coordinator (in consultation with the Chair/Co-Chair of the Committee). Routine meetings of the Technical Committee will be attended by all members, the Executive Project Coordinator and the two Project Managers from Mainland and Zanzibar.

The Project Coordinator will be Secretary to the Technical Committee.

Composition:

Members of the Technical Committee will be assigned by the Steering Committee. The Technical Committee will be chaired by the Director of Fisheries, MNRT and co-chaired by the Director of Fisheries, MANREC. It is composed of the following members:

- Director of Fisheries Division (Tanzania Mainland)
- Director of Fisheries and Marine Resources (Zanzibar)
- Director of Poverty Eradication (VPO)
- Director of Environment (VPO)
- Director General – National Environment Management Council (NEMC)
- Director of Environment (Zanzibar)
- Director of Regional Administration and Local Government (Tanzania Mainland)
- Director of Regional Administration and Local Government (Zanzibar)
- Director of Commercial Crops, Fruit and Forestry (Zanzibar)
- Representatives (2) from the Private Sector (Tanzania Mainland and Zanzibar)

Functions:

The Technical Committee serves as the technical advisory body to the Project Steering Committee of Permanent Secretaries with regard to the implementation of MACEMP. It will have the following functions:

- Provide technical information to the Steering Committee in order to facilitate policy decision-making and to encourage high-level commitment to improved sustainable management of the marine and coastal ecosystems for the benefit of the coastal

population of Tanzania.

- Guide and oversee overall Project implementation, especially through review of the Annual Work Plan and corresponding annual Project Budget based on initial figures provided in the Project Implementation Manual.
- Review identified roles of different sectoral Directorates within the activities identified in that Annual Work Plan.
- Review the Annual Report of Activities and Project Progress, and the corresponding report on annual disbursement.
- Provide strategic decisions, especially based on results of the Project Monitoring System.
- Advise on the need for retaining specific advice from the Roster of Experts.
- Advise on the need for supportive research studies relating to relevant policy initiatives.
- Review and assess the overall thrust of Project progress and provide guidance for possible and desirable adjustments.
- Serve as a forum for co-operation among participating Ministries.
- The Technical Committee will purposely support the adoption of a long-term approach to ensure sound management of marine and coastal ecosystem. To that end, the Technical Committee will support partnership and coordination with existing national and regional initiatives and neighboring countries.
- Oversee the process of recruiting key PMU staff.
- Supervisory role to PCU and PMUs.

Terms of Reference

ROSTER OF EXPERTS

Role:

The Roster of Experts is to act as a resource available to the PCU and PMUs for quality control, due diligence, and risk mitigation. The role is not to engage experts in the oversight of the project.

The Technical Committee or the Technical Task Force may recommend contracting a specific advisor as needed through an honorarium arrangement (i.e., through payment of professional fees to someone on the roster of experts) to advise on ongoing research and studies or to recommend additional research study to support objectives of MACEMP.

The PCU or PMUs may further call upon short-term support from experts of the Roster, in particular component leaders, to provide technical guidance on contract work (i.e. support drafting of ToRs that need specialist input, to review proposals for services that may need technical review, and for review and comments on draft deliverables from contracted services).

Members on the roster will be categorized by areas of expertise to facilitate their identification for needed tasks. Areas of designated expertise will also include those associated with project safeguards and will, for example, thus include at least one expert on social issues.

Specific Tasks:

Members of the Roster of Experts would be called upon to:

- Advise the Technical Committee on long-term research studies ongoing or planned, and to recommend additional studies as considered necessary to support MACEMP objectives;
- Review the terms of reference for all contract work, as well as studies and surveys to be carried out by staff of implementing government agencies;
- Review proposals and tenders submitted by prospective consultants and to support the PCU and PMUs with selection (i.e. as part of a small selection committee). To comment on methods used and/or proposed by consultants, to guide on the expected format of reporting study results, and to guide on localities for surveys and studies;
- Review and comment on final draft products of consultancies and provide comments for improvement prior to final delivery of products;

Experience and Qualifications:

Members of the “Roster of Experts” are expected to:

- Have an appropriate post-graduate degree or comparative relevant working experience.

- Have at least five years experience in the respective area of expertise pertaining to each component.
- Have knowledge of the project objectives and project design.
- Be prepared to meet with the members of the Project Technical Committee, Technical Task Force, or Project Coordination and Management Units whenever necessary.
- Meet any other requirement as may be specified by the Technical Committee.

Logistical considerations:

- It is anticipated that the time commitments of members of the Roster of Experts will not exceed eight hours per month on average, and will mostly be less than that. For review of consultant's reports including provision of written comments, a member may invoice a maximum of 2 working days. Documents should be reviewed and returned with comments to the Executive Project Coordinator within five working days of receipt unless arrangements have been made for an extended review period.
- Members of the Roster of Experts will be paid on receipt of an invoice for the hours they have worked at a rate agreed upon prior to their engagement. Detailed invoices (if applicable) must be submitted to the PCU/PMU within 14 days of service delivery.
- On occasions, it may be necessary for an expert to visit field sites to ensure consultant's work is proceeding according to the terms of reference. Subsistence and travel will be reimbursed at previously agreed rates.
- Members of the Roster of experts will not be allowed to tender for contracts under the MACEMP due to a conflict of interests.

Terms of Reference

COASTAL COMMUNITY ACTION FUND TECHNICAL COMMITTEE (CCAFTC)

Role:

The CCAF Technical Committee will provide a sub-project review function for projects potentially eligible for funding through the Coastal Village Fund (CVF). The CCAFTC will further be responsible for oversight on smooth operation of the operational linkages between TASAF and MACEMP and overall coordination between the two projects. The CCAF Technical Committee will regularly review TASAF progress reports to ensure that CVF disbursement is conducted efficiently. If necessary, it may delegate specific implementation or coordination issues to the MACEMP Technical Committee for review.

The CCAF Technical Committee will meet on a quarterly basis and according to the schedule of the Sector Expert Team (SET) of TASAF, or if called upon by the Chair of the CCAF TC.

Composition:

The CCAFTC is composed of the following members:

- Executive Project Coordinator
- CCAF Coordinator (PMU mainland)
- CCAF Coordinator (PMU Zanzibar)

Functions:

The Technical Committee serves as the advisory review panel for sub-projects submitted to CVF. It will have the following functions:

- Review quarterly schedule of sub-projects received for review for conformance with sector norms.
- Seek specific advice from the Roster of Experts on an as needed basis.
- Designate Chair for CCAFTC who shall serve on quarterly SET meetings and refer all MACEMP eligible sub-projects to the CCAFTC.
- Monitor quantity and quality of schedule of sub-projects and ensure that capacity enhancement activities are adapted to provide adequate support for beneficiaries.
- Serve as a forum for co-operation and knowledge exchange for the two CCAF Coordinators for both sides of the Union.
- Review from time to time overall thrust of CVF implementation and provide guidance for possible and desirable adjustments in operational set-up to MACEMP Technical Committee.

Terms of Reference

EXECUTIVE PROJECT COORDINATOR

Project Coordination Unit

Role and Position:

The major role of the Project Coordinator is to lead the project towards finalization of the project preparation phase (i.e. in terms of meeting effectiveness conditions – if any) and lead and guide project launching and project implementation.

The candidate will be selected through a competitive process. The position is for an initial period of three years, renewable subject to positive performance review. There is a 6 months probation period. The salary will be nationally competitive and based on the Candidate's experience and background.

Responsibilities:

The Executive Project Coordinator will report to the World Bank and the Technical Committee. He/She will report to the Steering Committee as requested by the Technical Committee. The main responsibilities of the Project Coordinator are to:

- Guide and coordinate Project Management teams in Mainland and Zanzibar towards meeting Project Effectiveness Conditions (as negotiated with the World Bank) and with overall project implementation.
- Assemble and manage a Project Coordination Unit (PCU) capable of efficiently handling administrative procedures, such as procurement, financial management, information, education & outreach, and M&E reporting related to project implementation, in accordance with the requirements of the World Bank and the Government of Tanzania.
- Responsibility to report to the Technical Committee and Technical Task Force on overall Project progress and impact, in particular on activities pertaining to cross-cutting and union matters.
- Review and update the Project Implementation Plan, in particularly the consolidated Annual Work Plan for Year 1 and lead and coordinate project launching and overall project implementation.
- Ensure that individual annual work plans for Mainland and Zanzibar are prepared by the respective PMUs for Mainland and Zanzibar and communicated timely for assembly into a consolidated Annual Work Plan by the PCU.
- Assemble the consolidated Annual Work Plans for project implementation in Year 2-6 based on input received from the Project Managers for Mainland and Zanzibar and according to the draft 6-year Work Plan available in the Project Implementation Manual (PIM). Submit consolidated Annual Reviews for review and approval to the Technical Committee and the World Bank.

- Oversee finalization of the Annual Budget & Financing Plan by the Financial Management Advisor in accordance with proposed Work Plans;
- Assemble and prepare quarterly Project Progress reports to the World Bank and the Technical Committee focusing on status of achievement of implementation indicators, capacity building targets and benchmarks for each of the project components;
- Oversee preparation of semiannual M&E Reports with results for performance and impact indicators by the M&E Specialist.
- Oversee preparation and implementation of the Development Communication Strategy by the Development Communications Coordinator.
- Oversee preparation of the quarterly Financial Management Reports by the Financial Management Advisor.
- Establish mechanism for frequent information and knowledge transfer with other related initiatives in Tanzania for coastal and marine management.
- Foster collaboration with other relevant institutions in Tanzania and encourage the participation of key stakeholders in the Project, including the public and private sectors.
- Regularly meet with other donors relevant to MACEMP and facilitate information exchange and updates on project progress.
- Oversee the development of terms of reference, bidding processes and other procurement-related activities for large contracts that relate to cross-cutting or union matters and cannot be delegated down to Project Management Unit level.
- Guide and oversee overall project implementation as well as implementation of large service contracts pertaining to cross-cutting issues or union matters (unless delegated down to one of the Project Managers for Mainland or Zanzibar, or both).
- Ensure appropriate participation of and review of project activities, bidding documents, services deliverables through the Roster for Experts on an as-needed-basis.
- Serve on the Coastal Community Action Fund Technical Committee.

Selection Criteria:

- At least a Master's degree in Natural Science or other related fields.
- At least five years professional and management experience.
- Extensive project management background with a proven ability to form partnerships, balance long-term and short-term trade-offs, and achieves tangible results.
- Should demonstrate an in-depth understanding of and interest in sustainable environmental management of marine and coastal ecosystems.
- Should be recognized by government officials and private sector managers as an intellectual leader.

- Be able to focus on the big picture and overall framework for MACEMP and communicate clearly and precisely the project's goals and agreed approach for achieving them.
- Highly organized with a keen sense of priorities and follow through.
- Should have professional experience of working on/with donor supported projects, notably related to planning, report-writing, the use of performance indicators and timelines.
- Should be able to develop realistic work plans that take into account available human resources;
- Establish high standards of performance for the PCU and a focus on achieving practical results and delivering tasks on time and within budget;
- Should be able to manage a multi-disciplinary team to agreed deliverables and maintain an open and collegial work style, be a team player, with proven abilities to delegate, where due.
- Should be able to influence others and resolve differences across organizational boundaries: gaining support and commitment from others even without formal authority; resolving differences by determining needs and forging solutions that benefit all parties.

Terms of Reference

DEVELOPMENT COMMUNICATIONS COORDINATOR

Project Coordination Unit

Role and Position:

The Development Communications Coordinator will work under the direct supervision of the Executive Project Coordinator. The specialist will work hand in hand with the Project Managers in the PMUs for Mainland and Zanzibar and coordinate closely with them to implement MACEMP's Development Communication (DC) Strategy.

Responsibilities:

- Identify development communication needs for MACEMP.
- Design and operationalize an overall DC Strategy that is fully integrated into MACEMP's operational plan and activities at all levels.
- Manage the development of DC products.
- Distribute, disseminate and share information with stakeholders.
- Monitor and evaluate implementation of the DC strategy in collaboration with project managers.
- Identify competent contractors and manage DC consultancies and assignments.
- Prepare and manage annual plans and related DC budgets.
- Manage media relations.
- Collaborate with Government development agencies, donors, NGOs, CBOs, etc.

Selection Criteria:

- Post-secondary training in a relevant discipline;
- Fluency in English and Swahili;
- A track record in designing and implementing communication material – evidence of work with material relating to environmental awareness or social marketing is in asset;
- Evidence of working with government and non-governmental organizations in Tanzania;
- Ability to work without supervision in meeting set guidelines; and
- Knowledge of marine and coastal management issues in Tanzania is in asset.

Terms of Reference

MONITORING AND EVALUATION SPECIALIST

Project Coordination Unit

Role and Position:

The Monitoring and Evaluation Specialist will work under the direct supervision of the Executive Project Coordinator. He will work hand in hand with the Project Managers in the PMUs for Mainland and Zanzibar and coordinate closely with them to establish a continuous and methodical process of data collection during the implementation of MACEMP.

The core responsibility of the M&E Specialist will be to assemble semiannual M&E reports based on data and information received from the Project Managers at PMU level. M&E reports will provide detailed information on monitored impact and performance of MACEMP as evaluated through multilevel indicators.

The M&E system will provide information to MNRT, MANREC, other involved sectoral ministries as well as other stakeholders involved in MACEMP for making timely decisions, and for assessing the progress of activities. The risks and assumptions of MACEMP will also be monitored regularly, in order to identify current trends and to adapt project activities.

Responsibilities:

Design M&E System for MACEMP based on the M&E Plan and taking into account the project coordination structure (e.g. data entry at PCU and PMU level);

- Coordinate collection of appropriate baseline data. Review and up-date appropriate baseline data to determine effectiveness of project intervention and activities at all levels during and after project implementation;
- Update detailed M&E Plan after first year of project to adjust budget, organizational arrangements and performance and impact indicators for each activity according to experience of first year implementation.
- Implement M&E Plan according to logframe, the safeguard documents and the project implementation manual: data entry, data up-dating, data sharing, report issuing through M&E System;
- Assemble and issue semiannual M&E Report determining impact and performance of MACEMP as outlined in the project's M&E Plan.
- Monitor identified risks and assumptions of MACEMP on a regular basis (semiannual) in order to identify trends and to adapt project activities.
- Indicate need and timing for external verification of M&E system and;
- Lead annual review of MACEMP's M&E System in order to assess (i) whether the proposed progress and impact indicators are still valid and relevant, (ii) whether data

registration proves to be feasible in the short and long term, and (iii) whether the data collected is useful for those involved, and helping them to achieve adaptive management of MACEMP.

- Supervise M&E training activities according to training plan, up-date and adapt plan and evaluate training results;
- Ensure overall project knowledge management (status, progress, issues) and produce specific reports or information sharing tools as appropriate and needed by the Executive Project Coordination Unit or other stakeholders involved;

Selection Criteria:

- University degree in a relevant discipline;
- A track record in designing and implementing project impact evaluation systems;
- Evidence of working with government and non-governmental organizations in Tanzania;
- Ability to work without supervision in meeting set guidelines; and
- Knowledge of marine and coastal management issues in Tanzania.

Terms of Reference

PROCUREMENT ADVISOR

Project Coordination Unit

Role and Position:

The Procurement Advisor for MACEMP will advise on all procurement processes and decisions and will support development of procurement capacity in the PMUs for Mainland and Zanzibar.

The candidate will be selected through a competitive process. The position is for an initial period of three years, renewable subject to positive performance review. There is a 6 months probation period. The salary will be nationally competitive and based on the Candidate's experience and background. The Procurement Advisor will work under the supervision of the Executive Project Coordinator.

Responsibilities:

During the contract period, the Procurement Advisor will advise on all procurement processes and decisions. In addition to provision of general guidance to procurement issues, Procurement Officer tasks will specifically include the following:

- Preparation of annual procurement plans in close collaboration with Project Management teams in Mainland and Zanzibar;
- Ensuring that the General Procurement Notice (GPN) is updated annually and published in the UN Development Business. Furthermore Specific Procurement Notices (SPN) i.e. invitations for bids are advertised in the local or international media as appropriate.
- Work in close coordination with Operations Officers in PMUs for Mainland and Zanzibar on the following procurement processes and be ultimately responsible for:
- Preparation of pre-qualification and Expression of Interest (EOI) documents (where applicable);
- Drafting of tender documents and Request for Proposals;
- Obtain Ministerial Tender Board or Central Tender Board's approval (CTB - Depending on the threshold) for all tendering documents before submitting them to the World Bank for prior review and approval (No Objection).
- Preparation of responses to clarifications that competing contractors, suppliers or consultants may raise during preparation of bids or proposals;
- Opening procedures of applications for pre-qualification or EOI, bids and proposals;
- Evaluation of applications and selection of pre-qualified contracts and shortlists of consultants, and evaluation of bids and proposals;

- Preparation of evaluation reports and recommendations of tenders and submit results to MTB/CTB;
- Updating after Bank's approval the procurement section of the project implementation manual;
- Preparation of procurement reports as part of the Financial Management Reports (FMRs);
- Establishment of procurement filing system;
- Establishment and maintenance of a unit cost database;
- Provide written inputs to the annual updates of project implementation manual;
- Assist in training PMU staff, in particular Operations Officers, with a view to transferring some procurement tasks to them in later years of the project;
- Willing to be trained in WB procurement and financial management protocols.

Selection Criteria:

- Accountancy or Procurement accreditation;
- Experience or background in engineering;
- A track record in using procurement in Tanzania;
- Evidence of working with government and non-governmental organizations in Tanzania;
- Ability to work without close supervision in meeting set guidelines;
- Previous experience with World Bank Projects and good knowledge of World Bank Procurement Guidelines of advantage;

Terms of Reference

FINANCIAL MANAGEMENT ADVISOR

Project Coordination Unit

Role and Position:

The Financial Management Advisor for MACEMP will advise on all financial management issues and decisions and will support development of financial management and report capacity in the PMUs for Mainland and Zanzibar.

The candidate will be selected through a competitive process. The position is for an initial period of three years, renewable subject to positive performance review. There is a 6-month probation period. The salary will be nationally competitive and based on the Candidate's experience and background. The Financial Management Advisor will work under the supervision of the Executive Project Coordinator.

Responsibilities

The Financial Management Advisor's tasks will specifically include the following:

- Update and maintenance of appropriate financial management and accounting policies and procedures manuals;
- Development and maintenance of a structure of accounts and analysis codes that address the Project's accounting, cost control and reporting requirements;
- Monitor smooth flow of funds to the implementing agencies and advise on how to overcome any impediments or delays in disruption of flow of funds.
- Monitor if internal control arrangements for proper utilization, management, and accounting of funds by implementing agencies are effective and advise on any necessary improvements.
- Ensuring that accounting data are transferred from the Accountants in the PMUs to the Financial Management System and M&E system on a regular basis and consistent with financial management procedures;
- Ensuring that spending is within budget and is correctly approved by budget holder and are effected in accordance with the Credit and Grant Agreement provisions particularly those provided in the respective disbursement schedules and the financial covenants sections;
- Provide guidance to Accountants in PMUs in Mainland and Zanzibar with regard to payments and expenditures on a as-needed-basis.
- Assisting with on-the-job training of accounts in PMUs in Mainland and Zanzibar on various financial management and accounting procedures as well as controls, with a view to transferring some or all financial management tasks to them in later years of the

project;

- Overseeing and providing guidance to Accountants in PMUs to ensure that monthly reconciliation procedures of various accounts are carried out in a timely manner;
- Confirm that approved budgets are input into the budget ledger in a timely manner to facilitate monitoring of actual against budgets;
- Ensuring timely production of periodical management reports (i.e. quarterly FMR reports) based on information provided by Accountants in PMUS in Mainland and Zanzibar. Periodical reports would show budget versus actual and analysis by various cost centers.
- Discussing periodical reports with the Executive Project Coordinator and the Project Manager for Mainland and Zanzibar and recommending improvements on cost control measures as appropriate.
- Working closely with Accountants in PMUs for Mainland and Zanzibar in order to provide financial accounts, audit schedules and supporting documents to auditors as required, particularly those required for the Statements Of Expenditures (SOEs) and Special Account management;
- Willing to be trained in WB procurement and financial management protocols.

Selection Criteria:

- Degree in Business Administration or Accounting;
- A track record in using financial management systems;
- Evidence of working with government and non-governmental organizations in Tanzania;
- Ability to work without supervision in meeting set guidelines;
- Previous experience with World Bank Projects and good knowledge of World Bank Procurement Guidelines of advantage;

Terms of Reference

PROJECT MANAGER **Project Management Unit**

Role and Position:

The Project Manager will be responsible for day-to-day management and implementation of project activities in mainland and Zanzibar, respectively. He will lead preparation and implementation of annual work plans for assembly by the Executive Project Coordinator. The Project Manager will be responsible to oversee staff of the PMU.

For the position of Project Manager of the PMU, MNRT/MANREC intends to second a public servant for the duration of the project (6 years). The Project Manager will work closely with the Executive Project Coordinator in the PCU. He will coordinate and communicate on a regular basis with his counterpart in the other PMU. He will formerly report to the Director of Fisheries of MNRT and MANREC, respectively.

Responsibilities:

- Ensure preparation of Annual Work Plans including input from implementing partners; carry out review and update of the Annual Work Plans after six months;
- Prepare Annual Budgets in collaboration with the Financial Management Advisor and with input from the Operations Officer;
- Technical responsibilities as required by the project with respect to oversight of technical reports, sitting in to the technical committee sessions;
- Manage the Project Management Unit (PMU) towards efficiently handling administrative procedures, such as procurement, financial management and M&E reporting related to project implementation, in accordance with the requirements of the World Bank and the Government of Tanzania.
- Working with the Operations Officer, ensure that all procurement is carried in accordance with requirements of the World Bank and Government of Tanzania, including oversight of the entire procurement process from preparation of Terms of Reference and specifications through contract management, including funds requirement;
- Working with the Accountant, ensure smooth flow of funds, to enable timely execution of contracts including timely replenishment of the Special Account, arrange for annual audits of all accounts;
- Working with the Coastal Community Action Fund Coordinator to ensure that Community Capacity Enhancement initiatives are implemented and demand for and access to Coastal Village Fund subprojects is created;
- Liaising with the Planning Department(s) and budget holders to ensure budgets are

properly prepared and analyzed to facilitate implementation of budgetary controls;

- Presenting and discussing periodical reports with respective budget holders and the rest of management in MNRT and MANREC, respectively;
- Coordinate use of the Credit as well as Grant funds only for the purposes foreseen in the Work Plan and agreed upon in the Credit and Grant Agreement, respectively;
- Review progress of performance of the Project Activities on a monthly basis; Update and supervise monthly tasks of the PMU as required;
- Carry out regular, i.e. quarterly supervision over the progress of performance of activities at community level at selected project target sites under the Project with assistance of participating NGOs and CBOs;
- Coordinate the Project activities with Project participants including communities, Districts, Private Sector, NGOs and CBOs, as well as other line Ministries;
- Ensure implementation of the Monitoring and Evaluation (M&E) Program, and provide data and information to the M&E Specialist on a regular basis and according to M&E Plans;
- Prepare reports on the achieved results and certificates of completion;

Position Profile:

- A University Degree;
- Experience in Project Management;
- Evidence of working with government and non-government organizations in Tanzania;
- Ability to work without supervision in meeting set guidelines;
- In-depth knowledge of marine and coastal management issues in Tanzania;
- Technical experience in fisheries management;

Terms of Reference

COASTAL COMMUNITY ACTION FUND (CCAF) COORDINATOR

Project Management Unit

Role and Position:

The Coastal Community Action Fund Coordinator for MACEMP will coordinate the identification, delivery, and monitoring of subprojects in Mainland or Zanzibar, respectively, as contemplated under Component 3 of the project.

The candidate will be selected through a competitive process. The position is for an initial period of three years, renewable subject to positive performance review. There is a 6-month probation period. The salary will be nationally competitive and based on the Candidate's experience and background. The CCAF Coordinator will work under the supervision of the Project Manager and in close coordination with the Executive Project Coordinator and the other CCAF Coordinator through the Coastal Community Action Fund Technical Committee.

Responsibilities

The CCAF Coordinator's tasks will specifically include the following:

- Coordinate design, implementation, and monitoring of a comprehensive initiative of activities supporting capacity enhancement of coastal communities with the aim to increase demand for and access to the Coastal Village Fund and to strengthen capacity in developing eligible subproject proposals.
- Sit on the CCAF Technical Committee, and act as the CCAFTC Chair if elected as such. The Chair will participate in TASAF 2 Sector Expert Team Meetings.
- Jointly with other CCAFTC members, review schedule of sub-projects for conformance with sector norms established for the Coastal Village Fund (CVF). Initially formulate and subsequently review on an annual basis sector norms and proposed recommended modifications or additions.
- Discussing periodical reports with the Executive Project Coordinator and the Project Manager for Mainland and Zanzibar and recommending courses of action as appropriate.
- Working closely with [TASAF 2 implementing entities] for Mainland and Zanzibar in order to monitor and supervise overall performance of implementation of the Coastal Village Fund and adapt Coastal Community Capacity Enhancement initiatives accordingly.
- Seek proactive knowledge exchange on implementation success as well as barriers with other CCAF Technical Committee members and identify opportunities for replication or measures for barrier removal.
- Willing to be trained in WB procurement and financial management protocols.

Selection Criteria:

- Degree in Social Science, Human Development or other relevant discipline;
- Knowledgeable in a fisheries related discipline;
- A track record in supporting institutional development and facilitating capacity building of local institutions, such as NGOs, CBOs, community associations, or cooperatives;
- Evidence of working with government and non-governmental organizations in Tanzania;
- Ability to work without supervision in meeting set guidelines;
- Previous experience with World Bank Projects – especially CDD subprojects – and good knowledge of World Bank Procurement Guidelines an advantage.

Terms of Reference

OPERATIONS OFFICER

Project Management Unit

Role and Position:

The Operations Officer will be responsible to support the Project Manager in day-to-day management and implementation of project activities in mainland and Zanzibar, respectively. He will lead procurement processes within the PMU and coordinate closely with the Procurement Advisor in the PCU to ensure that procurement tasks are carried out in line with World Bank and GOT procedures and policies.

For the position of Operations Officer of the PMU, MNRT/MANREC intends to second a public servant for the duration of the project (6 years). The Operations Officer will work closely with the Procurement Advisor in the PCU. He will further coordinate and communicate on a regular basis with his counterpart in the other PMU. He will formerly report to the Director of Fisheries of MNRT and MANREC, respectively.

Responsibilities:

- Assisting the Project Manager in day-to-day management and oversight of project activities;
- Assisting the Project Manager in development of the Annual Work Plans and the respective Annual Budgets;
- Ensuring that all procurement is carried in accordance with requirements of the World Bank and Government of Tanzania, including oversight of the entire procurement process from preparation of Terms of Reference and specifications through contract management, including funds requirement;
- Working with closely with Procurement Advisor to prepare bidding documents for procurement of goods, works and services for the purposes of the Project according to IDA procedures and based on information and needs communicated by the Project Manager;
- Evaluating proposals for procurement of goods, works and services jointly with the Project Manager and Members of the Roster of Experts as needed;
- Preparing of contracts and agreements for signing and financing;
- Carrying out control over duly delivery of goods, works and services procured by the Project; In consultation with the Project Manger, call in expertise from the Roster of Experts to review results of service providers;
- Implementing development communication tasks as outlined in the Development Communication Strategy;

Position Profile:

- A University Degree;
- Experience in Procurement Processes;
- Evidence of working with government and non-government organizations in Tanzania;
- Ability to work without supervision in meeting set guidelines;
- Knowledge of marine and coastal management issues in Tanzania;

Terms of Reference

ACCOUNTANT

Project Management Unit

Role and Position:

The Accountants will be responsible to administer the Special Accounts and Project Accounts attached to the PMUs in Mainland and Zanzibar, respectively. They will further be responsible for timely disbursement of funds in line with approved commitments and for detailed financial reporting to the Financial Management Advisor in the PCU and the Project Managers in the PMU. For the position of Accountant at PMU level under MACEMP, MNRT/MANREC intend to second a public servant for the duration of the project (6 years). The Accountant will work under the supervision of the Project Manager.

Responsibilities:

- Ensuring all payments are adequately supported, computations on the supporting vouchers are correct, spending is within the approved budget and is correctly approved by the budget holder;
- Ensuring all advances payments are correctly and fully accounted for with appropriate expenditure documents;
- Ensuring monthly reconciliation procedures of various accounts are carried out in a timely manner;
- Reviewing payroll, and ensuring payments are made in accordance to GOT payments policy and statutory requirements;
- Reviewing and posting expenditure, fixed assets movements, depreciation and payroll journals to General ledger accounts;
- Ensuring approved budgets are input into the budget ledger in a timely manner to facilitate monitoring of actual against budgets;
- Timely reporting to the Financial Management Advisor in the PCU on budget spent including analysis by various cost centers.
- Work closely with the Financial Management Advisor in the PCU to provide financial accounts, audit schedules and supporting documents to auditors as required, particularly those required for the Statements Of Expenditures (SOEs) and Special Account management;
- Willing to be trained in WB procurement and financial management protocols.

Position Profile:

- Accounting Accreditation;
- A track record in accounting;
- Evidence of working with GOT;
- Ability to work without supervision in meeting set guidelines;

Terms of Reference

ADMINISTRATIVE ASSISTANT

Project Management Unit

Role and Position:

The Administrative Assistant will provide administrative support to the project management unit or other temporary staff as needed. For the position of Accountant at PMU level under MACEMP, MNRT/MANREC intends to second a public servant for the duration of the project (6 years). The Administrative Assistant will work under the supervision of the Project Manager.

Responsibilities:

During the contract period, the Administrative Assistant will provide administrative management support to the project management unit, providing support to other staff as needed. Specifically, tasks will include:

- Assist in preparation of all project documentation;
- Assist in coordinating meetings;
- Establish and maintain a database of contacts including key project stakeholders from GoT, the NGO community, the private sector, other donors, and consultants;
- Provide secretariat services for the PMU, the Technical Task Force, the Technical Committee and for any other groups established under MACEMP;
- Assist with data entry for the Management Information System (MIS).

Position Profile:

- Experience in office management;
- Experience in computer systems is an asset;
- Evidence of working with the GoT;

7. Financial management and disbursement arrangements

Summary of the Financial Management Assessment

Country Risks

A Country Financial Accountability Assessment (CFAA), carried out in 2001, concluded that: “significant advances have been made in Tanzania in the last few years, particularly in terms of accounting and expenditure control as well the introduction of the Medium Term Expenditure Framework (MTEF). Equally there are other areas, which for various reasons have not advanced as quickly, such as the internal auditing, budget execution & monitoring and capacity of the national audit office or the ability of the anti corruption/ethics bodies to undertake their duties effectively. Generally, Tanzania has a sound system of formal rules for financial management and many of these rules have recently been updated and strengthened”.

GOT has clearly made great steps in improving financial management and through the revised Public Financial Management Reform Program (PFMRP) which sets out a methodology to carry the process forward. These initiatives are significantly supported by the donor community at, for instance, the Accountant General and the National Audit Office (NAO) as well as the Accounting Departments of a number of line ministries. The speed of progress of implementation and integration of the IFMS and the legislative changes has however left a number of gaps, which unless filled, will negate the benefits of the achievements of the recent past. In addition, issues of non-compliance, limited execution, inadequate monitoring, insufficient capacity and lack of enforcement need to be addressed. These issues indicate that inadequate financial accounting and auditing systems both at central and local government level pose a high fiduciary risk. Priority issues identified in the CFAA include strengthening of planning and budgeting, improved governance and integrity, strengthening of local government financial management and maintenance of high standards of financial reporting and auditing. The country’s financial accountability framework, and therefore financial management, would be considerably more effective and the associated fiduciary risk mitigated, if these areas were strengthened. The revised PFMRP, which is soon to be launched, is designed to address these weaknesses.

Although the CFAA has not been updated, the recent Public Expenditure Management Assessment Report found that GOT has made significant progress in public financial management and continued to implement comprehensive reforms at both National and Local level with improvement in (a) budgeting process and execution, (b) developing the internal audit functions in all MDAs, (c) strengthen the fiscal reporting system, and (c) enhance public financial management systems through IFMS and accountability. A full CFAA update will be carried out in year 2005.

Project Risks

Key risks that may face the project include:

- Funds may not be used in an efficient and economical way and exclusively for purposes

- intended;
- Staffing and local capacity to implement the control procedures (accounting, internal audit and inspection),
- Funds flow delays;
- Inadequate levels of counterpart funding; and
- Lack of both internal and external audit capacity.

In mitigation of these, MACEMP will establish a strong accounting and internal control system at National, Local and Village level.

Main Strengths and Weaknesses

Strengths.

- Over the last three years the government has initiated public financial management reforms in terms of: (a) Rollout the central government IFMS to 32 LGAs out of 114, with an additional 30 LGAs expected to be trained and equipped with IFMS by end of this FY; (b) The Accountant General has begun training of fresh graduates on the IFMS, and in the areas of information technology, accounting and materials management to be able to provide support to the LGAs. (c) Enhancement of budget formulations at local government, LGCs are now using MTEF planning framework for the developing their budgets; (d) Monthly accounts are now being prepared by LGCs and quarterly financial reports are being submitted to the central government.
- The 32 LGAs accounting systems is based on Epicor computerized, double entry, accrual-based system. The Local Government Reform Program is improving accounting system through the IFMS and training of Council Directors and District Treasurers and Accountants on Epicor system.
- Local Authorities have set of Financial Rules and Regulations, which describe the internal control system and set of accounting procedures; these are currently being updated.
- The government is now putting quarterly allocations of LGCs in the public domain via local newspapers, national website and public notice boards to enhance transparency and accountability.
- There has been a steady improvement in auditing in the last three years. Based on the Report of the Controller and Auditor General on Local Government Authority Accounts for the Year ended 31st December 2002, all LGCs were able to submit their final accounts on time for audit. The total number of LGCs awarded a Clean Certificate amounted 17 (equivalent to 15% of all LGCs) compared with only 12 LGCs (out of 114 that submitted final accounts) in 2001.

Major weaknesses

- Weak budget discipline and controls in LGAs as evidenced by losses of cash, questionable payments, store losses, and unsatisfactory accounting and banking of revenues.
- Most of the LGAs also lack effective internal audit units and internal audit manual.
- Follow-up on the implementation of auditor's recommendations by the Accounting

- Officer is very poor.
- Weak capacity of the NAO
- Low capacity in most of the LGCs particularly in terms of finance, accounting and internal auditing skills to carry out appropriate accounting and financial management.

1 Financial Management System and Reporting

Financial/Accounting Policies & Procedures

The accounting systems, policies and procedures to be employed by the PCU in accounting and managing for MACEMP funds will be documented in the Financial Management Manual being developed. The Manual will include detailed descriptions of the accounting system and procedures. The Chart of Accounts will be developed to allow for project costs to be directly related to specific work activities and outputs of the project and formats of the various periodic financial reports. LGCs will follow accounting system governed by the Local Government Finances Act of 1982 and Local Authorities Financial Memorandum of 1997. LGCs accounting system is based on double entry, accrual-based system.

Information systems

The LGC computerized IFMS is known as Epicor and is the same system being used by the central government. The system is user friendly and can produce various financial reports.

During 2002 and 2003 the Local Government Reform Program focused on getting the first 32 LGAs to fully use IFMS. Additional 30 LGAs are scheduled to be fully on IFMS by end of FY. With regard to preparation for eventual roll-out of IFMS to other LGAs, the Accountant General has begun training of fresh graduates on the IFMS, and in the areas of information technology, accounting and materials management to be able to provide support to the LGAs. Increased effort has also been put on strengthening support systems to implement IFMS at all levels. A Systems Development Unit for LGCs housed in ACGEN is now in place. Training in EPICOR is being provided to 23 specialists and they are to be deployed to the zones from July 01, 2004. Other support by Accountant General include, defining a chart of accounts for LGAs, and supervision of 5 LGC support zones. TASAF I recently started using Epicor software to produce IDA required FMRs. These reports are still under development, modification and review. The software is expected to interface with the MIS currently being established at the Local level throughout the country which would produce the status of implementation of various sub projects as well as financial information from districts.

Financial Management Reports (FMRs)

Project FMRs to be generated from the IFMS will be developed. There will be clear linkages between the information in these reports and the Chart of Accounts. The financial reports will be designed to provide quality and timely information to project management and various stakeholders on project performance. The contents of these reports should minimum consist of the following:

Financial Reports:

- Sources and Uses of Funds by Funding Source
- Uses of Funds by Project Activity/Component
- Physical Progress or output monitoring reports
- Procurement Report

The format will be defined and agreed by negotiations. While the FMR format is currently being prepared by MACEMP, the possibility of using traditional disbursement mechanisms should be included until there is a comfort level with the FMRs..

Project Financial Statements

The Local Government Finance Act 1982 governs the financial administration and management of the LGCs annual financial statements. The project financial statement shall be in accordance with Generally Accepted Accounting Practice (which *inter alia* includes the application of the accrual basis of recognition of transactions). The Development Financing Agreement will require the submission of audited financial statements to the Bank within six months after the year-end. These Financial Statements ¹⁴will comprise of:

- A *Balance Sheet* reflecting the assets, liabilities and funding of the project based on the accrual bases.
- A *Statement of Sources and Uses of Funds/Cash Receipts and Payments*, which recognizes all cash, receipts, cash payments and cash balances controlled by the entity for this project; and separately identifies payments by third parties on behalf of the entity.
- The *Accounting Policies Adopted and Explanatory Notes*. The explanatory notes should be presented in a systematic manner with items on the Balance Sheet and Statement of Cash Receipts and Payments being cross-referenced to any related information in the notes. Examples of this information include:
 - a summary of fixed assets by category of assets;
 - a summary of SOE Withdrawal Schedule, listing individual withdrawal applications;
 - A *Management Assertion* that Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank legal agreement.

Monitoring

Project monitoring will take the following forms:

- Management oversight of project financial flows and disbursement targets.
- Annual external audit of the Project finances.
- The key implementing agencies would be required to submit quarterly financial statements and output reports in order to properly document the use of the funds received.

¹⁴ It should be noted that the project financial statements should be all inclusive and cover all sources and uses of funds and not only those provided through IDA funding. It thus reflects all project activities, financing, and expenditures, including funds from other donors/parties and contributions in kind such as labor and accommodation, irrespective of whether the project implementing agency controls the funds for a particular aspect of the project. However, the IDA components would have to be identified separately.

Staffing and Training

Staffing—TBD

A training plan will be developed prior to effectiveness.

Planning and Budget preparation

A project budget and a disbursement schedule will be drawn up and included in the Project Appraisal Document and the OM. It is from this disbursement schedule (as may be subsequently revised) that annual budgets will be drawn. The PCU will be responsible for coordinating and preparation of annual budgets for the project. The annual estimates will be finalized three months before the beginning of the financial year.

Audit Arrangements

Internal

To be finalized after appraisal.

External Audit

As per Public Finance Act, 2001, the NAO has the responsibility for the audit of all government organizations including local authorities and public corporations and donor funds. Controller and Auditor General has the power to authorize any person carrying on the profession of accountant to conduct an audit on his behalf. The auditors will be required to express an opinion on the audited project financial statements only, in compliance with International Standards on Auditing (IFAC pronouncements). In addition, provide a detailed management letter containing the auditor's assessment of the internal controls, accounting system and compliance with financial covenants in the Development Financing Agreement. MACEMP will provide resources for annual audits for the project.

Supervision Plan:

The Financial Management Specialist (FMS) will carry out financial management supervision regularly at least once a year. In addition, the project may be submitted to regular Statement of Expenditure reviews as required by the World Bank. The FMS will also:

- (a) Review the financial component of the quarterly FMRs as soon as they are submitted to the World Bank; and,
- (b) Review the annual Audit Reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the TTL, Client, and/or Auditors.

Conclusion

The evaluation above indicates that the project's financial management arrangements satisfy the Bank's minimum requirements under OP/BP10.02. However, some improvements remain to be effected for the system in order to establish an acceptable control environment and to mitigate financial management risks. The project financial management risk is assessed as being medium provided that the financial management arrangements are properly implemented and the following financial management action plan is satisfactorily addressed in practice:

Financial Management Action Plan

No.	Action	Due date	Conditionality
1.	Develop Accounting and Financial Procedures chapter in the Operational Manual	Completed by appraisal	Condition for negotiations
2.	Update financial management capacity assessment for MACEMP.	Completed by appraisal	Condition for negotiations
3	Appoint/recruit qualified finance staff at PCU.	Completed before Effectiveness	Condition for effectiveness
4	Develop format for FMRs	Completed by January 2005	Condition for negotiations
5	Agree on format for FMRs	By Negotiations	Copy of formats to be attached to minutes of negotiations
6	Develop audit ToR for the external and internal audit of the project which includes bi-annual audit activities. Agree on appropriate terms of reference, including scope and coverage, for the audits.	Completed by January 2005	Copy of ToR to be submitted at negotiations
7	Open Dollar Special and Project Bank Accounts	Completed before Effectiveness	Condition for effectiveness
8	Deposit of Initial counterpart funds in the project accounts	Completed before Effectiveness	Condition for effectiveness

Disbursement Arrangements

To be finalized during appraisal.

Flow of Funds Arrangements

To be finalized during appraisal.

8. Procurement

A. General

Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Loan/Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Procurement of Works: Works procured under this project will depend on community driven development activities to be identified at community level and include activities such as rehabilitation/construction of health centers, classroom blocks, staff accommodation, latrines, earth dams, savings club houses, rural roads utilizing labor-based technologies, etc. Since contracts of these activities are anticipated to be small in size, there will be no procurements using International Competitive Bidding (ICB) or National Competitive Bidding (NCB) procedures. In this respect, Bank's Standard Bidding Documents (SBDs) for ICB and National SBDs for NCB will not be applicable. Procurement arrangements are described in the OM as well as the community procurement handbook which will be prepared for use by beneficiaries, as well as relevant stakeholders.

Procurement of Goods: Goods procured under this project would include: _____. The procurement will be done using the Bank's SBD and Standard Bid Evaluation Forms for all ICB contracts. Since the Government has prepared SBDs for procurement of goods under NCB procedures, procurement of goods under NCB will be carried out using these documents. For smaller quantities of goods, shopping method will be utilized.

Procurement of non-consulting services: Services required under the Project will include _____. Venues for workshops and training will be chosen on the basis of at least three quotations. The production of messages will be procured through shopping. The dissemination in the public media will be sole sourced on the basis of communication means that exist in various parts of the country.

Selection of Consultants: Consultant services required under the Project include _____. Short lists of consultants for services estimated to cost less than \$200,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. In the event that there is a need, for capacity reasons, NGOs could be employed to assist in the conduct of E-PRAs; these would be chosen on the basis of QCBS.

Operating Costs: The operating costs for MACEMP shall consist of staff in the PCU and PMUS, office supplies, operation and maintenance costs for vehicles and equipment, communication charges, utility expenses among others. These will be procured using the procedures described in the Procurement Handbook which will be reviewed for its acceptability to the Bank.

Others:.

The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, are presented in the MACEMP OM as well as the Procurement Handbook currently under preparation.

▪ Assessment of the agency's capacity to implement procurement

Procurement activities will be carried out by the PCU at central level for those items requiring ICB or NCB, as well as procurement of consultants and operating costs. The majority of the procurement will be undertaken by the PMUs. The ____ is staffed by [*describe the key staff positions*], and the procurement unit is staffed by [*describe the staff who will handle procurement*].

An assessment of the capacity of the Implementing Agency to implement procurement actions for the project is being carried out by ____ in January 2005 [?]. The assessment will review the organizational structure for implementing the project and the interaction between the MU's staff responsible for procurement and for administration and finance, as well as other participants in procurement.

The key issues and risks concerning procurement for implementation of the project have been identified and include [*describe the risks/issues*]. The corrective measures which have been agreed are [*Describe the corrective measures*].

The overall project risk for procurement is [*give the risk rating*].

C. Procurement Plan

The Borrower will, at appraisal, develop a procurement plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Borrower and the Project Team on [*date*] and is available at [*provide the office name and location*]. It will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended [*frequency*] supervision missions to visit the field to carry out post review of procurement actions.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracting:

1	2	3	4	5	6	7	8	9

Ref. No.	Contract (Description)	Estimated Cost	Procurement Method	P-Q	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments

(b) ICB contracts estimated to cost above [*fill in threshold amount*] per contract and all direct contracting will be subject to prior review by the Bank.

2. Consulting Services

(a) List of consulting assignments with short-list of international firms.

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments

(b) Consultancy services estimated to cost above [*fill in threshold amount*] per contract and single source selection of consultants (firms) for assignments estimated to cost above [*fill in threshold amount*] will be subject to prior review by the Bank.

(c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than [*fill in threshold amount*] equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

9. Economic and financial analysis

Project structure is not amenable to a full stand-alone financial or economic analysis. Selected micro-economic analyses were, however, conducted to ensure that the chosen structure was economically efficient and financially sustainable over the long-term. This annex summarizes the findings of these analyses.

Fisheries Sector in Tanzania¹⁵

Fisheries is not a union issue in the United Republic of Tanzania, thus far allowing the governments of mainland Tanzania and Zanzibar to operate autonomously when dealing with any fishery issues.

Tanzania mainland:

In Tanzania mainland, fisheries make up 2.7% of GDP (2001) and 12% of all exports. The fisheries sector is currently dominated by the artisanal Nile Perch fishery on Lake Victoria, both in terms of landed value, export revenue and government tax revenues. The most significant marine fishery is the industrial shallow water shrimp fishery, but its contribution to the economy has been much less significant than the freshwater fishery. Principle fiscal instruments accruing to central government include: licensing of industrial vessels, royalties charged on fisheries exports, and export licenses (thus far only generated from freshwater fishery). Instruments accruing to local government include: licensing of artisanal vessels and fish sales tax fees (fish levy). The legal basis for the various charges in the sector is the Fisheries Act of 1970, last modified in 2000. Charge rates differ between foreign and national vessels.

In 2002, 80-90% of the total revenue earned at central level (US\$6.9 million) was from export royalties on Nile Perch-related products from Lake Victoria, and only 10-20% of the revenue earned was from marine commercial fishery, i.e. shrimp fishery and EEZ fishery. Total revenue collected at decentralized level amounted to US\$1.5 million, of which 99% was due to fish levy and less than half of which from marine fisheries. Recently, the licensing of EEZ vessels has become a more significant revenue stream (up to US\$700,000 in 2003, and up to US\$1,300,000 in 2004), and the number of licenses sold has increased significantly¹⁶. The increase in number of vessels applying for EEZ licenses is a result of the recent efforts through the SADC MCS project for the emerging management of the EEZ fishery.

In mainland Tanzania, the Ministry of Finance allows retention of part of earned revenues in the fisheries sector. For the fiscal year 2001/2, 48% of earned revenue was sent back to the Fisheries Department, 6% was taken as overhead by the Ministry of Natural Resources and Tourism, and the remaining 46% retained by the treasury.

¹⁵ This section is based on Wilson JDK. 2003. Fiscal Arrangements in the Tanzanian Fisheries Sector, FAO Report. Updates are based on the SADC-financed MCS compliance monitoring information system.

¹⁶ The number of EEZ licenses has increased from 1 in 1999 to 10 licenses in 2002, 39 in 2003, and 74 in 2004. It should be noted that the increased number of licenses sold should not be interpreted as an indicator of increasing effort or development in the EEZ fishery. It is believed that illegal, unreported, and unlicensed vessels were already fishing in the EEZ prior to the recent improvements in resource monitoring.

Zanzibar:

In Zanzibar, artisanal fisheries used to dominate the fisheries sector as there are no large-scale commercial inshore fisheries. Recently, revenue from EEZ fishing started to return the highest shares of revenues from the sector and makes a relatively larger contribution to the state revenues than in mainland Tanzania. The principle fiscal instruments accruing to central government include: licensing of vessels, licensing of fishers, migratory license, and export royalties. Instruments accruing to local government include: fish landing levy and access fees for migratory fishers. The legal basis for the charges is set out in the Fisheries Act of 1988, last amended in 2003.

Revenue collected for the Zanzibar government totaled US\$0.06 million in 2002, of which 73% was collected from royalties. Most export royalties were collected from export of dried seaweed (approx. 4,000 mt/year), produced by extensive small scale mariculture. Fish landing levies and access fees for migratory fishers accrue to local village committees. In 2002, local revenue collection from the fishery was estimated to be US\$0.22 million, hence significantly more than accruing centrally. Total tax burden on the fishery was estimated as 2.5% of landed value. Since 2003, EEZ license fees have started to dominate the revenues in the fisheries sector. The sales of licenses increased dramatically in 2003 to 78 licenses, which was twice the number of licenses issued in mainland. The revenue earned from EEZ licenses alone (US\$0.16 million) in 2003 was 3 times the total revenue collected centrally from the fisheries sector in 2002. As in mainland Tanzania, the increased license sale is not an indicator for increased effort, but instead a result of the emerging MCS initiatives and the pro-active stance by the Government of Zanzibar to sell EEZ licenses via an appointed broker located abroad.

In Zanzibar, a retention scheme was started in 2003. However, the fundamental modalities of operation, such as degree of retention, are yet to be established. For the fiscal year 2001/2 the department spent 170% of collected revenue and thus required support from the treasury. However, the figures for 2003 show significantly different figures with net contributions from the sector to government revenue due to the increased revenue from the EEZ fisheries.

Potential for increased revenue from the sector:

In both mainland Tanzania and Zanzibar, the licensing of vessels to fish in the EEZ has the greatest potential for increasing government revenue from the sector. For effective revenue collection, investments in appropriate institutions are needed, such as establishment of a common governance regime and further development of management mechanisms including MCS.

Currently, the sale of annual fishing licenses is the principle mechanism for both sides of the Union to control effort in industrial fisheries and a limited number of licenses are sold each year. However, no control and enforcement mechanisms for compliance with catch limits or quotas associated with fishing licenses are in place and Tanzania does not require fleets to take on board observers to report on fishing effort and catch. Further, investigation will be required on the real potential and sustainable yield levels of the resource as well as the feasible levels for increase of EEZ fishing licenses fees, the structure of penalties and their legal foundation¹⁷.

¹⁷ At present, an annual fishing license for the Tanzanian EEZ without major restrictions on total catch allowance

Latest catch reports (approximate period July to September 2004) recorded by the MCS operations center in Mbegani and accounting for about a third of all active vessels in the EEZ, indicate that up to 10 000 mt of tuna are being caught in the Tanzanian EEZ per week during the peak tuna season. Under a conservative scenario, this would add up to 200 000 mt per tuna season for the monitored vessels only and indicates a multi-million dollar business¹⁸.

MPA Economics, Financial Risk Pooling and the Marine Legacy Fund¹⁹

While Tanzania and Zanzibar have significant experience in different MPA and MMA models, the financial sustainability of these models is far from secure. To date, the general trend is that sites operate in isolation, with little or no regard for linking them as a network or a system. Individual sites are characterized by extreme dependency on external financing that is not guaranteed in perpetuity, and at times imposes high cost structures that will themselves be difficult to finance. Surveys showed that on average, marine protected areas received 87% of their financing from external funds. Moreover, own-revenue generation was capable of financing only 40% of the recurrent costs. By contrast, it is instructive to consider Tanzania's national budget. Recent trends have seen steady decreases in external dependency. In 2002/03, the entire national government budget was financed 47 percent by foreign assistance. In 2003/04 this had declined to 45 percent and the 2004/05 budget figures project 41 percent. From this perspective, the 87 percent dependency of marine parks on foreign assistance seems disproportionately high.

Addressing financial sustainability needs to take a multi-pronged approach:

- Cost reduction is an obvious first step. This is achievable through different means. Surveys show that personnel, especially foreign technical assistance, remains one of the highest direct costs in marine management in Tanzania. Long term financial sustainability will require that these high cost resources be replaced by more cost-effective local expertise. Fortunately, Tanzania's pool of skilled labor is growing, and more training is necessary to achieve self-reliance.
- Another means of changing cost structures is to rely more on co-management models that permit private sector or community participation. Evidence shows that including private sector partners and communities within the overall management framework will reduce overall costs, while also achieving ecological and social equity goals. Distributional issues – whether they relate to taxation or benefit sharing – remain one of the more difficult issues in achieving financial sustainability.
- More diversified revenue generation is the next step in achieving financial sustainability. At present, tourism revenue remains the principle target for covering operational costs. But relying on such a single source of revenue is little different than relying on foreign donor assistance. It is more appropriate to rely on a diversity of sectors and mechanisms.

cost only to the amount of US\$18,999 on average. It is estimated that even a ten-fold increase of costs would not present a significant economic disincentive to vessel operators.

¹⁸ 20 week tuna season x 10,000 mt/wk = 200 000 mt x US\$1100/mt = US\$220 million per tuna season; the URT's accounting rate for tuna is US\$1.1/kg (=US\$1100/mt). Global market value would be considerably higher.

¹⁹ This section is based on: Ruitenbeek J, Hewawasam I, Ngoile M. Editors. Blueprint 2050: Sustaining the Marine Environment in Mainland Tanzania and Zanzibar. World Bank, Washington. [In press, 2005]

Recent work argues that systemic models are most appropriate for addressing long-term sustainability and risk pooling requirements. Areas such as Mnazi Bay may never be financially sustainable by themselves, but they warrant being included as an important part of a national system. Financing must also therefore look at more extensive pooling of resources, from a diversity of sources. Many analysts propose local revenue pooling or revenue retention schemes, which are accessible by districts, local communities, and MPA or MMA authorities themselves. Such local pools can themselves in turn be connected to higher level funds. Indeed, national legislation both in Zanzibar and Tanzania mainland provides for the establishment of higher level pooling mechanisms.

During project preparation for MACEMP, the issue of sustainable financing came up frequently and the government originally identified a “sustainable financing mechanism” as an important element. Within MACEMP it is referred to as the Marine Legacy Fund. Is a Marine Legacy Fund practical? How large should it be, and what are the potential revenue sources? To answer these questions, we must recognize that the goal of the fund is to act as a conduit for collecting and redistributing revenues, and for acting as a buffer during bad years. This is quite different from an “endowment arrangement” in which a fixed amount of capital generates interest payments which finance the core costs of the system. We estimate that the core costs of a system in Tanzania and Zanzibar would be of the order of US\$6 million annually, covering approximately 30 core MPAs or MMAs. An endowment fund with no revenue sources generating a 5 percent return on capital invested would need to be US\$120 million in size to cover those costs. But the Marine Legacy Fund would not operate this way: it would collect and redistribute revenues on an annual basis, relying on a diversity of revenue sources (including some operating interest on fund capital). It would need to be able to weather a few years of income shortfalls, and the value of the Fund could thus fluctuate over a broader range of values. But because it is not an endowment, its target value could be somewhat less than that of an endowment fund.

We estimate that an adequate fund level would be approximately US\$50 million, with operating fluctuations from US\$25 million to US\$100 million. This would be adequate to cover an annual US\$6 million operational cost outflow, with annual average inflows to the fund of US\$3 million (the balance of US\$3 million is internally generated). This scale would also permit a 4 year hiatus in inflows. The operational question then becomes: Is it possible to expect US\$3 million of inflow into the Marine Legacy Fund? To put this in perspective, let us translate this into some physical measures from lead sectors that might conceivably contribute to such inflows.

- Tourism. MPA entrance fees are up to US\$10 a visit. Typical scuba dive charges internationally attract a US\$25 supplement. VAT on a typical upscale hotel room generates US\$40 a night. A typical visitor on a one week dive vacation can thus generate almost US\$500 in direct revenues; about 500 such visitors a month would entirely finance the Fund requirements. Putting this into perspective, Tanzania typically received over 500 000 tourists annually from 2000 to 2003.
- Fisheries. Offshore fisheries in the EEZ are poorly regulated and much of the catch and effort is unreported. Based on reported statistics, however, the landed value of marine fisheries was approximately US\$35 million in 2002; actual values could have been an order of magnitude higher. This suggests that, in a properly monitored and regulated fishery, a royalty of as little as 1 percent on fishery products may be adequate to cover the

Fund inflow requirements.

- Oil and gas. Tanzania's offshore potential is not yet fully exploited, but the 270 MW potential power generation being provided by the Songo Songo gas field project provides a useful estimating basis. Electricity will have an average production cost of about US\$0.07/kWh during the project life. If inflows to the Maritime Legacy Fund were entirely financed through mechanisms that were included within the cost of power, the impact would be a US\$0.0013/kWh on average production cost: a 1.8 percent increase.
- Other. Other potential sources of funding also remain available. The Marine Legacy Fund remains the natural repository for capital endowments or donations from foreign donors, private foundations, or the sale and lease of select island properties.

In short, relying on such financial inflows is not unreasonable. A mix of tourism, fisheries, and nonrenewable offshore resource income could adequately finance such a scheme.

Community Sub-projects²⁰

CCAF is primarily demand driven. Under the Coastal Village Fund (CVF), representing 80% of the component, communities identify and decide on the type of subprojects demanded in their area. Poor communities are rational economic actors whose choices will reflect those subprojects that provide the greatest return to their input of labor, time materials and cash. As a consequence, and since the benefits gained are longer rather than short-term, a traditional cost benefit analysis is not suitable for the project.

Much of the returns to CCAF investments will be in the form of social capital and sustainability of community assets as a result of involvement of Local Government, and the communities through the CMC's. The interaction of the communities as subproject implementers and Local Governments as overseers, will promote both upward and downward accountability, thus increasing the delivery of services at the community level. The following beneficiary groups will be supported (i) the service poor; (ii) the able-body food insecure; and (iii) the vulnerable.

The economic rationale for CCAF is based on the following principles:

- CCAF funds are essentially public funds and the activities financed by CCAF represent the highest priority use of public resources.
- Cost effectiveness of subprojects will be facilitated by provision of costed design options, a unit cost databank, encouragement of local competition in procurement of goods and services and involvement of sector staff at appraisal to ensure that sector norms and standards are met.
- Savings from the poor will be available for on-lending and investment through community and commercial micro-financing institutions.
- CCAF also has a number of externalities such as building community skills, strengthening decentralization of service delivery in the long term and community capacities to prevent, mitigate and manage risks/shocks.

²⁰ This section is based on the analyses undertaken in support of TASAF 2.

10. Safeguard policy issues

This annex should summarize the key issues related to the Bank's environmental and social safeguard policies triggered by the project and explain how these issues have been or are proposed to be addressed in project design and implementation.

[Executive summaries of ESA and PF to be inserted after disclosure.]

Applicable?	Safeguard Policy If Applicable, How Might It Apply?
[X]	<p><u>Environmental Assessment (OP/BP 4.01)</u></p> <p>The primary potential detrimental impacts will arise from efforts to improve incomes in coastal communities. These efforts, through income generating projects, may either have direct environmental impacts (from small-scale activities) or indirect impacts through increased incomes that permit investment in non-sustainable harvesting. Such impacts, where they arise, are likely to be localized but may require mitigative programmes to put in place as part of the project implementation. An evaluation of the existing institutional structure for monitoring and controlling impacts showed that legislation relating to environmental management, coastal zone management, fisheries management and coastal forest management was comprehensive and relatively modern. In addition, the Borrower has prepared an Environmental and Social Management Framework (ESMF) with appropriate mitigation actions including a screening tool for income generating investments supported by the project.</p>
[X]	<p><u>Natural Habitats (OP/BP 4.04)</u></p> <p>The project does not propose significant investments within natural habitats (designated, proposed, or potential), but it may involve changed tenure arrangements by promoting a change in management regimes involving such habitats. The ESMF outlines procedures for addressing these concerns, including the preparation of Community Mitigation Action Plans (funded by the project) and the subproject screening tool.</p>
[]	<p><u>Pest Management (OP 4.09)</u></p>
[X]	<p><u>Involuntary Resettlement (OP/BP 4.12)</u></p> <p>Because the project proposes to improve economic efficiency and environmental effectiveness of resource management by moving away from what is currently an open access regime in the off-shore waters, the changes in access provide some prospect for reduced availability of resources to some individuals in some coastal communities. The scale of such impacts is expected to be relatively small, but it may result in localized exclusion of some coastal communities. The Borrower has prepared a Process Framework to address potential social impacts due to limitation of access.</p>
[]	<p><u>Indigenous Peoples (OD 4.20)</u></p>
[]	<p><u>Forests (OP/BP 4.36)</u></p>
[]	<p><u>Safety of Dams (OP/BP 4.37)</u></p>
[X]	<p><u>Cultural Property (draft OP 4.11 - OPN 11.03)</u></p> <p>The project will work in coastal districts and areas where specific cultural heritage resources have already either been identified and gazetted or may be discovered during project implementation. The resources identified include physical resources (such as buildings on land or sunken wrecks in sub-tidal areas), as well as traditional human knowledge relating (for example) to boat building. MACEMP has been coordinated with French Assistance to ensure that cultural resources in project areas are protected and rehabilitated according to internationally accepted standards under the</p>

	oversight of UNESCO. MACEMP will monitor the parallel financing efforts in this area and, if necessary, provide financial resources to ensure that cultural assets are protected.
<input type="checkbox"/>]	<u>Projects in Disputed Areas (OP/BP/GP 7.60)*</u>
<input type="checkbox"/>]	<u>Projects on International Waterways (OP/BP/GP 7.50)</u>

Environmental Assessment Category:

☐ A ☒ B ☐ C ☐ FI ☐ TBD (to be determined)

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

11. Project processing

Timeline

	Planned	Actual
PCN review	X	X
Initial PID to PIC	X	
Initial ISDS to PIC	X	
Quality Enhancement Review	January 2005	10 January 2005
Appraisal	January 2005	
Negotiations	March 2005	
Board/RVP approval	May 2005	
Planned date of effectiveness	August 2005	
Planned date of mid-term review	August 2008	
Planned closing date	August 2011	

Key Institutions responsible for project preparation

2Lead Implementing Institutions

Ministry of Natural Resources and Tourism (MNRT [Department of Fisheries; Marine Parks and Reserves Unit])

MANREC Zanzibar (Department of Fisheries)

3Other Institutions

President's Office – Ministry of Regional Administration and Local Government

Vice President's Office – Department of Environment

Vice President's Office – National Environment Management Council

Ministry of Foreign Affairs

MNRT (Department of Antiquities)

MANREC (Department of Forestry)

Tanzania Fisheries Research Institute (TAFIRI)

Ministry of Regional Administration and Local Government (Zanzibar)

National Protected Areas Board (Zanzibar)

Bank Staff and consultants who worked on project

Name	Title	Unit
Indumathie Hewawasam	Task Team Leader	AFTS2
Karen Brooks	Sector Manager	AFTS2
Jack Ruitenbeek	Lead Consultant	
Bill Lane	Sr. Natural Resources Management Specialist	AFTS2
Martin Guard	Marine Science Specialist, consultant	
Paavo Eliste	Economist	AFTS1
Da Zhu	Economist	WBIEN
David Freestone	Deputy General Counsel	Legal Vice Presidency
Ghazali Raheem	M&E Consultant	

Donald Mphande	Senior Financial Management Specialist	AFTFM
Marius Koen	Senior Financial Management Specialist	AFTFM
Michael Wong	Senior Private Sector Specialist	AFTPS
Prasad C Mohan	Lead Development Communications Specialist	AFTKL
Ravi Ruparel	Senior Financial Sector Specialist	AFTFS
Rogati Kayani	Lead Procurement Specialist	AFTPC
Mercy Mataro Sabai	Senior Financial Management Specialist	AFTFM
Roxanne Hakim	Anthropologist	AFTS2
Mine Pabari	Consultant, Regional Programme Manager, IUCN E Africa Regional Office	
Melita Samoilys	Indicators Consultant, IUCN E Africa Regional Office	
Kassim Kulindwa	GEF STAP Reviewer	
Zainab Semgalawe	Operations Officer	AFC04
Aza Rashid	Task Team Assistant	AFC04
Gloria Sindano	Task Team Assistant	AFC04
Nikolay Mandinga	Junior Professional Associate	AFTPS
Daniel Kanyi	Private Sector Development Specialist	African Project Development Facility, IFC
Pascal Tegwa	Senior Procurement Specialist	AFTPC
Ladisy Chengula	Rural Development Specialist	AFTS2

12. Documents in the project file

[To be inserted after appraisal.]

13. Statement of loans and credits

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P057234	2004	TZ Eastern Arc Forests	0.00	0.00	0.00	7.00	0.00	7.00	1.50	0.00
P071014	2004	HIV/AIDS	0.00	0.00	0.00	0.00	0.00	71.32	8.35	0.00
P074624	2004	TZ-Emergency Power Supply (FY04)	0.00	43.80	0.00	0.00	0.00	44.20	0.00	0.00
P078387	2004	TZ-Central Transport Corridor Prj (FY04)	0.00	122.00	0.00	0.00	0.00	112.87	7.68	0.00
P082335	2004	Second Health Sector Dev.	0.00	40.00	0.00	0.00	0.00	47.65	13.48	0.00
P083080	2004	TZ-Secondary Edu Dev Prj (FY04)	0.00	123.60	0.00	0.00	0.00	147.88	50.07	0.00
P059073	2003	DAR WATER SUP & SANITATION	0.00	61.50	0.00	0.00	0.00	55.51	10.03	0.00
P067103	2003	Partic. Agr. Dev. and Empowerment Proj.	0.00	56.58	0.00	0.00	0.00	56.62	4.65	0.00
P058706	2002	TZ Forest Conservation and Management	0.00	31.10	0.00	0.00	0.00	32.94	11.36	0.00
P071012	2002	Primary Educ. Dev. Program	0.00	150.00	0.00	0.00	0.00	55.65	44.04	0.00
P073397	2002	Lower Kihansi Environmental Management	0.00	6.30	0.00	0.00	0.00	4.73	2.06	0.00
P047762	2002	RURAL WATER SUPPLY	0.00	26.00	0.00	0.00	0.00	26.07	11.20	0.00
P002797	2002	TZ SONGO SONGO GAS DEV. & POWER GEN.	0.00	183.00	0.00	0.00	0.00	101.99	70.54	0.00
P065372	2001	Social Action Fund	0.00	60.00	0.00	0.00	0.00	2.54	-10.48	0.00
P069982	2001	Regional Trade Fac. Proj. - Tanzania	0.00	15.00	0.00	0.00	0.00	8.84	4.85	0.00
P050441	2000	RURAL& MICRO FIN SVC	0.00	2.00	0.00	0.00	0.00	0.91	0.81	0.61
P049838	2000	PRIVATIZATION	0.00	45.90	0.00	0.00	0.00	30.12	27.32	0.00
P060833	2000	PUBLIC SERV REF PROG	0.00	41.20	0.00	0.00	0.00	24.92	-17.71	0.00
P057187	2000	FIDP II	0.00	27.50	0.00	0.00	0.00	12.03	10.86	7.57
P047761	1999	TAX ADMINISTRATION	0.00	40.00	0.00	0.00	0.00	20.65	16.30	15.26
P002789	1998	Human Res. Dev. I	0.00	20.90	0.00	0.00	0.00	0.61	0.11	0.00
P046837	1997	TZ-Lake Victoria Environment (IDA)	0.00	10.10	0.00	0.00	0.00	0.69	-4.10	0.00
P002758	1996	URBAN SECTOR REHAB	0.00	105.00	0.00	0.00	0.00	4.18	10.93	0.00
P002770	1994	TZ ROADS II	0.00	170.20	0.00	0.00	63.53	15.49	83.95	36.51

Total:	0.00	1,381.6	0.00	7.00	63.53	885.41	59.95
		8				357.80	

TANZANIA
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
1997	AEF Aquva Ginner	0.68	0.00	0.00	0.00	0.68	0.00	0.00	0.00
2001	AEF Boundary Hil	0.20	0.00	0.00	0.00	0.20	0.00	0.00	0.00
1998	AEF Maji Masafi	0.18	0.00	0.00	0.00	0.18	0.00	0.00	0.00
2000	AEF Zan Safari	0.52	0.00	0.00	0.00	0.52	0.00	0.00	0.00
1997/99	Aminex	0.00	0.12	0.00	0.00	0.00	0.12	0.00	0.00
2002	Exim Bank	2.50	0.00	1.00	0.00	2.50	0.00	1.00	0.00
1996	IHP	0.23	0.00	0.00	0.00	0.23	0.00	0.00	0.00
2000	IOH	2.50	0.00	0.00	0.00	2.50	0.00	0.00	0.00
2000	NBC	0.00	10.00	0.00	0.00	0.00	3.63	0.00	0.00
1993	TPS (Tanzania)	4.38	0.87	1.04	0.00	4.38	0.87	1.04	0.00
1991/97	TPS Zanzibar	0.00	0.03	0.00	0.00	0.00	0.03	0.00	0.00
1994	Tanzania Brewery	0.00	5.10	0.00	0.00	0.00	5.10	0.00	0.00
Total portfolio:		11.19	16.12	2.04	0.00	11.19	9.75	2.04	0.00

14. Country at a glance

PRICES and GOVERNMENT FINANCE

Domestic prices

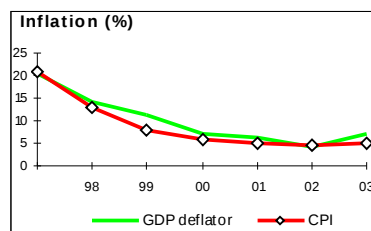
(% change)

	1983	1993	2002	2003
Consumer prices	27.1	25.3	4.6	5.0
Implicit GDP deflator	..	24.5	4.1	7.2

Government finance

(% of GDP, includes current grants)

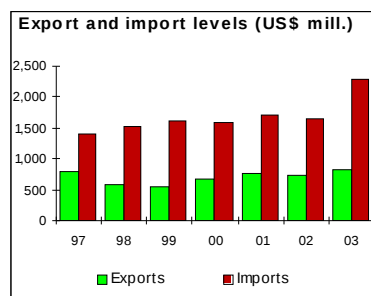
	1983	1993	2002	2003
Current revenue	..	9.5	11.5	11.7
Current budget balance	..	-4.4	-1.4	-2.3
Overall surplus/deficit	..	-8.2	-5.7	-7.4



TRADE

(US\$ millions)

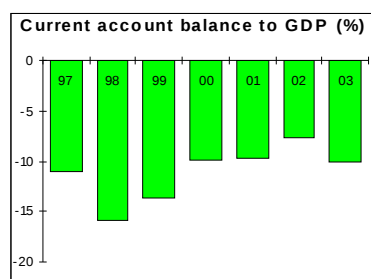
	1983	1993	2002	2003
Total exports (fob)	377	411	737	814
Coffee	130	96	35	41
Cotton	62	78	29	36
Manufactures	44	52	66	73
Total imports (cif)	957	1353	1658	2,287
Food	91	58	147	..
Fuel and energy	241	101
Capital goods	406	628	813	..
Export price index (1995=100)	82	73	156	175
Import price index (1995=100)	77	101	110	119
Terms of trade (1995=100)	107	72	141	148



BALANCE of PAYMENTS

(US\$ millions)

	1983	1993	2002	2003
Exports of goods and services	509	603	1568	1722
Imports of goods and services	1015	2,017	2,226	2,682
Resource balance	-507	-1414	-658	-960
Net income	-73	-164	-52	-54
Net current transfers	22	463	-2	..
Current account balance	-558	-1,115	-712	-1,002
Financing items (net)	572	992	1,083	1,452
Changes in net reserves	-14	123	-371	-450



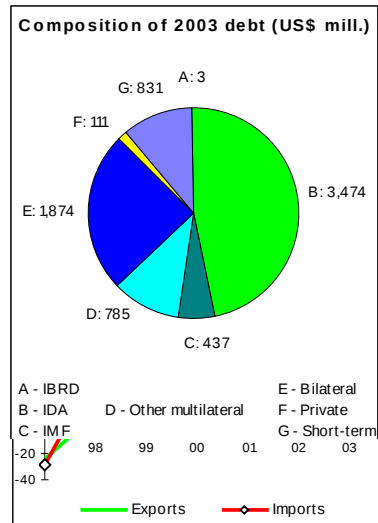
Memo:

Reserves including gold (US\$ millions)
Conversion rate (DEC, local/US\$)	111	405.3	966.6	1,038.4

EXTERNAL DEBT and RESOURCE FLOWS

(US\$ millions)

	1983	1993	2002	2003
Total debt outstanding and disbursed	6,864	6,786	7,324	7,515
IBRD	223	140	6	3
IDA	475	1,759	2,869	3,474
Total debt service	164	211	118	102
IBRD	27	45	3	3
IDA	4	23	22	29
Composition of net resource flows				
Official grants	256	786	804	..
Official creditors	302	108	142	504
Private creditors	31	34	-22	15
Foreign direct investment	2	21	240	..
Portfolio equity	0	0	0	..
World Bank program				
Commitments	81	345	63	219
Disbursements	90	146	148	397
Principal repayments	14	42	8	12
Private consumption	..	4.5	4.2	19
General government consumption	..	3.6	17.6	23.9
Gross domestic investment	..	2.5	2.3	14.9
Imports of goods and services	..	4.0	2.3	6.8



15. Development Communication Strategy

Background

A development communication strategy was developed through meetings with representatives of GOT, donors and NGOs. The recommendations in this annex regarding a possible development communication (DC) strategy are based on these and on the experiences with Bank-assisted projects across sectors and regions. Discussions with NEMC indicated that Development Communication was considered a critical tool for the project. GOT also indicated that a synergy between Communication and M&E initiatives would be very productive, i.e. gather data, analyse it, and disseminate the findings. This type of knowledge sharing was something the Bank was supporting in some projects under the title of Monitoring and Learning.

It is clear from the experience of both industrial and developing countries that the free flow of information constitutes a powerful development intervention that helps to move societies from an information-poor environment to an information-rich one, thus making more transparent the opportunities for development at all levels and the possible impediments to that progress. The experience in Tanzania from the implementation of the TASAF project seems to bear this out. Consequently, the project's development communication initiatives will aim at supporting this move towards the timely flow of information within the context of overall project objectives.

Objectives

The development communication initiatives will seek to create a dynamic information network that will help to build strategic alliances between the various levels of stakeholders to achieve optimal project implementation. These initiatives will also seek to modify behavioral attitudes at the different stakeholder levels on issues emerging from the components – there will be a clear emphasis on simple, direct messages raising awareness on the cause-and effect sequence in the context of marine and coastal environment management.

Issues

- Need for all concerned stakeholders to have a uniform understanding of the project's objectives and methodology.
- Need for stakeholders to develop a sense of ownership of the project.
- Need for heightened environmental awareness of stakeholders, especially the coastal communities.
- Need for coastal communities to have a clearer idea of the cost-benefits and economic implications of the proposed marine and coastal initiatives.
- Need for coastal communities to have access to economic opportunities (TASAF 2 links).

Actions arising from Issues

1. MACEMP will formulate a fully-costed development communication strategy.
2. MACEMP will hire in Technical Assistance (TA) to help develop the communication strategy. (Draft ToR for specialist attached as Appendix.)
3. MACEMP will hire in a full-time Development Communications coordinator to be located in the PMU.

4. MACEMP to launch an intensive communication campaign focusing on marine and coastal issues, especially with regard to the coastal communities.
5. MACEMP to subsequently open dialogue with TASAF 2 to link coastal project communities to TASAF 2 initiatives.

Proposed Development Communication Strategy

To address the issues identified, the proposed strategy will :

- Provide timely, accurate and consistent information on the various components, with an emphasis on detailing the roles and responsibilities of the various stakeholders (communities, NGOs, CBOs, the private sector, etc.). There will be a specific emphasis on the present Component 3 involving the coastal communities.
- Raise awareness amongst the various stakeholders on issues relating to environmental and natural resource management issues specifically relating to marine and coastal environmental issues.
- Document and disseminate the experiences of the various project communities and other stakeholders, recognize and publicize their contributions to project implementation, identify Good Practices and the Lessons Learned.

On the basis of previous experience, it is clear there will be a need to manage the challenges relating to expectations raised amongst the communities and the inevitable information distortion that accompanies projects sending funds directly to communities. Hence, the focus on the project's principles, procedures and processes will need to be reiterated as often as needed and as clearly as possible through the various proposed media.

Proposed Development Communication activities

Complementary and mutually reinforcing media vehicles will be used, with an emphasis on radio and folk drama. These will enable the messages to reach all stakeholders, some of whom have differing levels of access to different types of media. Ideally, the Development Communications coordinator will solicit communication requirements from each of the components, cost these and present the annual strategy and costed activities to the head of the PMU for clearance. Draft costs for these activities have been prepared.

Where coastal communities are concerned, information could be prepared and put on to TASAF's radio programs, transmitted through folk drama and featured in the various District Information Newsletters.

4i. Brochure

A brochure in English and Swahili with core text on the project, sourced from the Operational Manual, but written in simpler language. This will be for extensive dissemination.

5ii. Radio programs

The experience with the implementation of the TASAF communication strategy indicates that radio is a critical vehicle for development communication in Tanzania. The project will support the production and dissemination of targeted messages using either Radio Tanzania or private FM stations in the areas of project implementation.

6iii. Folk drama

The project will support the production of folk drama, puppet shows, local songs, etc. to be performed by groups from the community. Experience in the field indicates that communities appreciate the participatory nature of this medium and also tend to internalize messages received through it.

7iv. Video

To capture the development experiences of communities, a video will be made at the end of the project.

8v. Posters

Posters will be produced on two specific themes per year.

9vi. Newsletter

In those districts where both MACEMP and TASAF are being implemented, and where coastal communities are accessing TASAF funds, community experiences are written up in the District Newsletters already being produced by the various District Information Committees.

10vii. Web-based dissemination

To share information, experiences made, and lessons learned with stakeholders working on similar initiatives in the region and around the globe MACEMP will use web-based dissemination mechanisms and will link to the Africa portal in the International Waters Resource Centre IW:learn system funded by GEF.

11viii. Evaluation

The project's development communication activities will be reviewed and their impact assessed by an external reviewer at the time of the Mid-term Review and at the end of the project. Apart from these formal reviews, informal evaluations will be carried out with relation to Component 3 and the TASAF-related sub-projects through periodic Beneficiary Assessments.

Links with TASAF 2

The initial communication campaign will have a strong environmental emphases, the concerned coastal communities will then be taken through a TASAF Extended PRA (TASAF 2 is intended to be a national project) which sensitizes them to the opportunities available to them through TASAF. Thus, the communities would, following the TASAF 2 principles and procedures, access funding for the Community Development Initiative or Public Works components, thus creating infrastructure or accessing the safety net available, or, using an intermediary organization, access the Social Support Program that focuses on the vulnerable, or, by forming savings groups, access the proposed Community Savings and Investment Program to leverage their savings.

Indicative costs

The budget for Development Communication, as in the case for M&E, will be held at the PMU. The following are indicative costs:

- US\$5,000 for communication equipment purchase for the PMU (TV, radio cassette recorder, tapes, etc.).
- US\$75,000 per project year for activities described above – the number and frequency of radio programs, etc. to be decided by the DC Specialist.
- Consultancy : \$5,000 for a mid-term local consultancy to evaluate Development Communication activities and \$5,000 for a similar end-of-project evaluation.

Total proposed budget for Development Communication : \$465,000.

Appendix – Draft ToR for Development Communication Consultant (Short-term Technical Assistance)

The consultant will :

1. Prepare, on the basis of extensive consultation, a communication strategy for MACEMP.
2. Identify the specific communication equipment required.
3. Prepare cost estimates for the equipment and the proposed activities for the first two years of implementation.
4. Supervise the production of the initial communication products.

16. Stakeholder Consultations

Stakeholder Involvement for Project Preparation

The proposed design for MACEMP is the result of over two years of discussions and negotiations that include key ministries from mainland Tanzania and Zanzibar. Project preparation and associated sector work also facilitated numerous workshops, conferences and consultations in establishing project priorities, identifying project target areas, and determining the means for best addressing poverty issues in coastal areas. The work involved consultations down to the village level using a broad range of consultative and field appraisal approaches.

The development of the project benefited from a comprehensive and tangible in-country process. MACEMP will support ongoing efforts to increase community participation in coastal resource management, efforts to improve protection of the territorial seas, and efforts to manage the risks associated with increased development and population pressures are all continuing apace on the Tanzania mainland and the Zanzibar Islands. The project will build on successful initiatives in the country as well as pilot new approaches to participatory management of coastal and marine resources, and thus follow an adaptive learning process.

Project concept development commenced in mid-2002 through ESSD sector work that focused on identifying issues in marine protected areas and marine managed areas in the URT. The ESSD work linked closely to the Tanzania Coastal Management Partnership, which was responsible for developing and finalizing the National Integrated Coastal Environment Management Strategy. The sector work engaged in a comprehensive series of studies that gathered primary information in the areas of socio-economic conditions, financial conditions, and legal constraints; a review of the secondary literature of ecosystem conditions was also undertaken to identify ties between ecosystem quality and human well-being. The primary survey work consisted of extensive consultations with stakeholders, including end-users at the village level. It addressed inter alia sustainable livelihoods, constraints to development, gender issues, cultural issues (including indigenous knowledge) and made recommendations on how best to address the challenges of marine management under conditions of achieving dual goals of improved ecosystem integrity and poverty alleviation.²¹

As the implementation of the sector work progressed, the stakeholder group engaged in the review of the study findings identified the need for a long term support agenda for implementing the key recommendations. The MACEMP project concept thus emerged to develop a coastal livelihoods project. Further consultations with key stakeholders in government led to the expansion of this concept to address issues throughout the EEZ. Formal identification of the project commenced with a World Bank mission in November 2003 that confirmed the major elements of the project. By that stage, significant consultations had already occurred and subsequent discussions focused on synthesizing the results of the consultations, exploring different project alternatives and options for implementation, and further developing the linkages of the projects to sector activities being undertaken by government, other donors, and the World

²¹ The results of this work are available in approximately 1000 pages of background studies and a forthcoming World Bank publication (February 2005) entitled “Blueprint 2050 – Sustaining the Marine Environment in Mainland Tanzania and Zanzibar”, Ruitenbeek HJ, Hewawasam I, Ngoile M editors.

Bank.

The key subsequent synthesis events during project preparation were:

- i. A seven-day workshop in May 2004 to discuss expectations of various stakeholders of the proposed MACEMP project, to identify key areas of intervention and define draft project components, and to discuss the linkages to other ongoing efforts and initiatives related to marine and coastal management. The workshop was attended by over 60 participants from various levels of government, from the donor community, from the private sector, and from civil society and non-governmental organizations.
- ii. A ten-day planning workshop in September 2004 on the identification of project implementation structure, identification of streamlined component design and detailed activities, as well as selection of project target areas. The workshop was attended by over 50 participants from key ministries involved, by local government representatives, technical staff at local level (i.e. District Environmental Officers), NGO and private sector representatives, as well as other donor representatives.
- iii. A two-day scoping workshop in September 2004 with the aim to confirm a common understanding of the impacts of coastal activities to date, and to receive comments on the draft scope of the environmental and social assessment. In particular, it was important to prioritize the issues that were to be addressed by the Environment and Social Management Framework and, therefore, guide the implementation of the Project. The workshop was attended by 40 participants from key ministries involved as well as technical staff from the Districts and representatives from key NGOs.
- iv. A three-day workshop on Project Monitoring and Evaluation in November 2004 to review and specify output targets and milestones, to identify expected changes and outcome/impact indicators for MACEMP, to ensure that there is a shared understanding of and agreement on targets/milestones & indicators for MACEMP, and to prioritize and select Key Performance Indicators. The workshop was attended by over 30 participants from key ministries involved, by local government representatives, as well as NGO representatives.
- v. Consultative meetings with stakeholders ranging from district administration officials to members of civil society including private sector and community associations took place in November 2004 at each of the target sites. The discussions focused on current issues and modalities of engagement in the project by different interest groups and the local administration.

In addition, numerous one-day meetings and working sessions were held with different interest groups (i.e. stakeholders relevant to overall policy issues, to EEZ management, relevant to private sector engagement, relevant to improved livelihood opportunities, etc.) in order to ensure full understanding and ownership of the proposed MACEMP project across relevant Ministries and at central and local levels of government.

The overall project approach and design for MACEMP respects the outcomes of this process,

and reflects the complementary initiatives of other development partners that have been active in these areas.

Stakeholder Consultation Process²²

The consultation process for the development of the Environmental and Social Management Framework (ESMF) for MACEMP supported numerous other more loosely coordinated on-the-ground consultations. The ESMF consultation program consisted of a scoping workshop (also see above), focus group meetings, and stakeholder interviews.

Table A16.1 provides an outline of the workshops, focus group meetings and interviews conducted during the preparation of the ESMF.

Table A16.1 Stakeholder Consultation Process for ESMF			
	Date	Location	Stakeholder Representation
Scoping Workshop	September 27, 2004	Bagamoyo	38 individuals representing various stakeholders, including the Departments of Fisheries, Environment, Forestry and Tourism (both Mainland Tanzania and Zanzibar); District Governments; Tanzanian Commercial Fisheries; SADC MSC Programme; University of Dar es Salaam; TAFIRI; and NEMC
Focus Groups	September 21, 2004	Zanzibar Town, Unguja	Division of Fisheries and Marine Resources, MANREC
	September 22, 2004	Kizimkazi, Unguja	Fisheries Committee and Fishermen (Menai Bay Conservation Area)
	September 22, 2004	Jazani, Unguja	Jozani Environmental Conservation Association (JECA); Jozani Credit Development Organisation (JOCDO)
	September 22, 2004	Pwani mchangani, Unguja	Mangrove Conservation Committee, Pwani
	September 22, 2004	Matemwe, Unguja	Matemwe Sheha and Fishermen, Mnemba Island Conservation Area
	September 22, 2004	Chwaka, Unguja	Chwaka Sheha and Fishermen
	September 23, 2004	Wete, Pemba	CARE Tanzania; Department of Commercial Crops, Fruits and Forestry (MANREC); Department of Fisheries and Marine Resources (MANREC); Misali Island Conservation Area
	September 23, 2004	Wesha, Pemba	Village Conservation Committee, Fishermen, and village women

²² Tables A16.1 and A16.2 of this Annex are based on the “Environmental and Social Assessment of the MACEMP” that was carried out with support from Jacques Whitford Environment Limited, Canada.

	September 24, 2004	Chake, Pemba	Zanzibar Investment Promotion Association; Zanzibar Tourism Commission; Department of Lands, Surveying and Mapping
	September 24, 2004	Kijiwera, Pemba	Kijiwera Fishermen
	September 24, 2004	Kijiwera, Pemba	Kijiwera Women
	September 30, 2004	Mgao, Mtwara District	Mgao Fishermen
	September 30, 2004	Kilwa Masoko, Kilwa District	Kilwa District Fisheries and Mangrove Forestry Officers
	September 30, 2004	Kumi Village, Kilwa District	Fishermen from Mpara, Masoko, and Mmzimmoja Villages, Kilwa District
	September 30, 2004	Impala Village, Kilwa District	Mangrove Group, Impala, Kilwa District
	September 30, 2004	Kilwa Kivinje, Kilwa District	Fishermen, Kilwa Kivinje
	October 1, 2004	Mchungu Village, Rufiji District	Representatives of the Village Government, Mchungu Village, Rufiji District
	October 1, 2004	Nymisati Village, Rufiji District	Members of the Village Council, Village Leaders and Members of the Mangrove Management Group Focus Groups
	October 1, 2004	Msimbati, Mtwara District	Msimbati Village Government, Mnazi Bay-Ruvuma Estuary Marine Park village authorities
	October 1, 2004	Msimbati, Mtwara District	Msimbati Village Government, Mnazi Bay-Ruvuma Estuary Marine Park village authorities
Interviews	September 20, 2004	Dar es Salaam	Director, Fisheries Division, MNRT
	September 20, 2004	Dar es Salaam	Manager, Marine Parks and Reserves Unit, MNRT
	September 21, 2004	Zanzibar Town, Unguja	Director, Department of Fisheries and Marine Resources, MANREC
	September 21, 2004	Zanzibar Town, Unguja	Director, Department of Environment, MANREC
	September 21, 2004	Zanzibar Town, Unguja	Department of Commercial Crops, Fruit and Forestry, MANREC
	September 21, 2004	Zanzibar Town, Unguja	Institute of Marine Sciences, University of Dar es Salaam
	September 21, 2004	Zanzibar Town, Unguja	Department of Tourism
	September 23, 2004	Wete, Pemba	Acting Assistant Director (Head of Planning and Administration), MANREC
	September 23, 2004	Chake, Pemba	Department of Environment, MANREC
	September 30, 2004	Mtwara, Mtwara District	Acting District Fisheries Officer
	September 30, 2004	Mtwara, Mtwara District	District Mangrove Forest Officer
	September 30, 2004	Mtwara, Mtwara District	District Natural Resources Officer
	September 30, 2004	Mtwara, Mtwara District	District Natural Resources Officer

	September 29, 2004	Utete, Rufiji District	District Lands and Natural Resources Officer, Rufiji District
	October 1, 2004	Mtwara, Mtwara District	Acting District Planning Officer
	October 1, 2004	Mtwara, Mtwara District	Park Warden, Mnazi Bay-Ruvuma Estuary Marine Park
	October 1, 2004	Kibiti, Rufiji	District Assistant Manager and Forester, Mangrove Management Project, Rufiji District
	October 5, 2004	Dar es Salaam	Vicfish Ltd. and Bahari Foods Ltd.
	October 5, 2004	Dar es Salaam	Director of Tourism, MNRT
	October 6, 2004	Dar es Salaam	Director, Antiquities Department, MNRT
	October 6, 2004	Dar es Salaam	Directors, Department of Environment, Vice President's Office
	October 6, 2004	Dar es Salaam	WWF Tanzania Programme Office

Stakeholder Comments and Concerns

A variety of comments were made and concerns raised during stakeholder consultations. In some cases the comments were addressed through the provision of further information on the Project. Issues or concerns, which were not simply a result of a lack of information on the Project, are specifically addressed in the Environmental and Social Management Framework for MACEMP. Table A16.2 below provides a summary of all comments and concerns.

Table A16.2 Summary of Stakeholder Comments and Concerns	
Issue Type	Issue Details
Fisheries	<ul style="list-style-type: none"> • Διόψιχλτ φορ φισηερμεν το μοσε αωαψ φρομ φισηινγ, βεχαυσε ιτ ις της πριμαρψ σουρχε οφ ινχομε. Τηρε ις αλσο α χυλτυρε οφ φισηινγ, παρτιχυλαρλψ αμονγ ολδερ φισηερμεν. • Φισηερμεν ρεθυιρε τεχνηχιαλ συππορτ (παρτιχυλαρλψ φορ οφφσηορε φισηινγ), προπερ εξτενσιον ανδ αππροπριατε γεαρ φορ φισηινγ. Νεεδ το τακε ιντο αχχουντ τηατ φισηερμεν υσινγ διφφερεντ μετηοδς ηαπε διφφερεντ ρεθυιρεμεντσ. • Ρεθυιρε της δεβελοπμεντ οφ μαρκετσ φορ φιση προδυχτσ, στοραγε φαχιλιτιες, λοχαλλψ αππροπριατε προχεσσινγ φαχιλιτιες ανδ τεχνηχιαλ χαπαχιτψ το βε αβλε το δεβελοπ ανδ ρυν βυσινεσσες ανδ ινχρεασε μαρκετ αχχεσσ. • Υσε οφ ιναππροπριατε φισηινγ γεαρ νεεδς το βε αδδρεσσεδ τηρουγη γεαρ εξχηανγε προγραμς ανδ συρπειλλανχε. • Ινδυστρψ ις ιντερεστεδ ιν δεβελοπινγ χο-οπερατιβε βυσινεσσ ωεντυρεσ ωιτη της αρτισαναλ φισηερς φορ φινφιση (ε.γ., προωιδε χολδ στοραγε ανδ τρανσπορτ το μαρκετ), βυτ νεεδ συφφιχιεντ χοντρολ το προτεχτ ινβεστμεντσ. Πραων φισηερψ ιντερεστεδ ιν χολλαβορατιον ανδ χοστ σηαρινγ.
Μανγροπε Υσε ανδ Χονσερβατιον	<ul style="list-style-type: none"> • Ηυμαν υσε οφ μανγροπες (ε.γ., φυελ ωοοδ, χονστρυχτιον, χηαρχοαλ) περσυς χονσερβατιον προωιδεσ α χηαλλενγε. • Χομμυνιτψ λαχκ κνωωλεδγε ον της ενωιρονμενταλ εφφεχτσ οφ χυττινγ μανγροπες.
Τουρισμ	<ul style="list-style-type: none"> • Τη ενωιρονμεντ ις χριτιχαλ το συχχεσσφυλ τουρισμ ιν της YPT.

	<ul style="list-style-type: none"> • Τουρισμ οπερατορσ δο νοτ πολλοω ενδιρονμενταλ μαναγεμεντ ανδ δεωελοπμεντ πλανσ, ανδ τη γοωερνμεντ ισ υναβλε το ενφορχε εσταβλισηεδ ταξ ανδ ρεωενυε αγρεεμεντσ. • Σοχιαλ στρυχτυρεσ ιν ωιλλαγεσ χηανγε δυε το ινχομε ινεθυιτψ φρομ τησσε εμπλοψεδ ιν τουρισμ βυσινεσσεσ ωερσυσ τησσε νοτ. Ιν αδδιτιον, ωιλλαγεσ εξπεριενχε χυλτυραλ ινφλυενχεσ φρομ τουριστσ. • Οωερ-ινωεστμεντ ιν τηε τουρισμ ινδυστρψ μαψ λεαδ το ινχρεασεδ πρεσσυρε ον ανδ δεγρδατιον οφ τηε ενδιρονμεντ. Προπερ πλαννινγ ιν τηε χοασταλ ζονε ισ ρεθυιρεδ. • Λαχκ οφ βενεφιτσ το λοχαλ χομμυνιτιεσ φρομ χυρρεντ τουρισμ δεωελοπμεντσ. Λοχαλ χομμυνιτιεσ ρεθυιρε χαπαχιτψ βυιλδινγ το βε αβλε το προωιδε γοοδσ ανδ σερωιχεσ το λοχαλ τουρισμ οπερατορσ.
Λιωελιηοοδ Οπορτυνιτιεσ	<ul style="list-style-type: none"> • Τηερε αρε α ωαριετψ οφ αλτερνατιωε λιωελιηοοδ οπορτυνιτιεσ (ε.γ., χροπ φαρμινγ; σεαωεεδ φαρμινγ; σολαρ σαλτ πονδσ; αθυαχυλτυρε; χραφτσ), βυτ τηεψ αρε οφτεν ρεστριχτεδ βψ τηε αωαιλαβιλιτψ οφ χαπιταλ, τραινινγ ορ μαρκετ αχχεσσ. • Τηερε ισ χονχερν τηατ τηε προφεχτ ωιλλ ιμπαχτ ον τραδιτιοναλ αχτιωιτιεσ νεγατιωελψ (ε.γ., χολλεχτιον οφ βιωαλωεσ). Τραδιτιοναλ μετηοδσ αρε διφφιχυλτ το χηανγε (ε.γ., μινινγ οφ φρεση χοραλσ, ινστεαδ οφ υσινγ φοσσιλ χοραλσ, φορ λιμε προδυχτιον). • Τηερε αρε γενδερ ρολεσ ιν μαρινε ρεσυρχε υσε αχτιωιτιεσ (ε.γ., ωομεν χολλεχτ σηελλφιση, φιση οχτοπυσ, ανδ φαρμ σεαωεεδ). Τηισ μαψ ρεστριχτ φεασιβιλιτψ οφ χερταιν αλτερνατιωε λιωελιηοοδ αχτιωιτιεσ. • Ιν μανψ χασεσ, βενεφιτσ φρομ αλτερνατιωε λιωελιηοοδσ δο νοτ μεετ εξπεχτατιονσ. Οφτεν τηερε ισ α συβσταντιαλ τιμε λαγ βετωεεν ινωεστμεντσ ανδ φινανχιαλ ρεωαρδ, ρεσυλτινγ ιν αβανδονμεντ οφ τηε αλτερνατιωε λιωελιηοοδ αχτιωιτψ. • Τηερε ισ α χονχερν τηατ ρεστριχτιονσ ον αχχεσσ ορ χυρρεντ αχτιωιτιεσ ωιλλ βε αππλιεδ ωιτηουτ προωιδινγ αλτερνατιωε λιωελιηοοδσ. Ινδιωιδυαλσ αρε οπεν το στηερ σμαλλ-σχαλε βυσινεσσ, βυτ φαχιλιτατιον ισ ρεθυιρεδ το δετερμινε ωηατ τηεψ χαν δο. • Νεεδ α μιχρο-χρεδιτ φαχιλιτψ το συππορτ τηε δεωελοπμεντ οφ σμαλλ βυσινεσσεσ.
Μαναγεμεντ οφ τηε ΕΕΖ	<ul style="list-style-type: none"> • Χομμον γοωερνανχε ισ ρεθυιρεδ. Τηερε ισ α ρεχογνισεδ νεεδ το ιμπλεμεντ τηε Υνιον μαναγεμεντ στρατηγψ (ε.γ., Δεεπ Σεα Φισηινγ Αυτηοριτψ). • Νεεδ το μαξιμισε ρεωενυεσ φρομ φορεινγ φλεετσ ανδ ιμπροωε συρωειλλανχε. • Νεεδ το ινχρεασε φισηινγ ινφραστρυχτυρε το ηανδλε χατχηεσ οφ φορεινγ φλεετσ (περηαπσ προχεσσινγ βψπασσ). • Οφφσηορε φισηερψ σηουλδ μοωε το λονγ-λινε φρομ πυρσε σεινε το προτεχτ τηε ενδιρονμεντ. • Νεεδ σχιεντιφιχ κνοωλεδγε οφ ΕΕΖ ρεσυρχεσ το προπερλψ μαναγε. • Τανζανιαν χομμερχιαλ φισηινγ ινδυστρψ ιντερεστεδ ιν εξπανδινγ ιντο τηε λαργε πελαγιχ φισηερψ, το βοτη φιση ανδ προχεσσ χατχη φορ εξπορτ.
Χονσυλτατιον ανδ Χομμυνιχατιον	<ul style="list-style-type: none"> • Πριωατε σεχτορ ηασ νοτ βεεν ινωολωεδ ιν τηε δεχισιον-μακινγ προχεσσ το δατε, ψετ πριωατε σεχτορ φυνδινγ ωιλλ ενσυρε τηε συσταιναβιλιτψ οφ τηε ΜΑΧΕΜΠ ιν τηε λονγ-τερμ. • Χονσερωατιον ινιτιατιωεσ ωιλλ νοτ βε συχχεσσφουλ υνλεσσ τηερε ισ χομμυνιτψ παρτιχιπατιον ανδ πλαννινγ (ι.ε., τηερε ισ α νεεδ φορ γρασσροοτσ βυψ ιν). • Νεεδ μορε εφφεχτιωε χομμυνιχατιον φορ χομμυνιτιεσ το ασσεεσ τηε

	δεσπραβιλντν οφ παρτιχιπατινγ ιν MAXEMΠ.
Ρεσουρχε Υσε Χονφλιχτσ	<ul style="list-style-type: none"> • Ρεστριχτεδ αχχεσσ βασεδ ον χονσερψατιον πρινχιπλες (ε.γ., σπαωνινγ αρεασ) ις νοτ αλωαψσ ωιεωεδ φαμουραβλψ. Χομμυννιτψ μαναγεμεντ ανδ παρτιχιπατιον ις εσσηντιαλ φορ εσταβλισηινγ εξχλυσιον ζονες. • Ρεσουρχε υσε χονφλιχτσ ινχλυδε: • Ρεσουρχε υσε βψ τουριστς χονφλιχτινγ ωιτη χομμυννιτψ ρεθυιρεμεντς (ε.γ., βεαχη αχχεσσ, ρεεφ διωινγ); • Οτηερ χοασταλ εχονομιχ αχτιωιτιες αφφεχτινγ τηε ενωιρονμεντ (ι.ε., οιλ σπιλλς, ωαστε διςποσαλ); • Ιλλεγαλ φισηινγ; • Χονφλιχτσ βετωεεν αρτισαναλ φισηερμεν ανδ μιγραντ φισηερμεν (υνσυσταιναβλε ρεσουρχε υσε), σεαωεεδ φαρμερς, ανδ χομμερχιαλ φισηερνιες (παρτιχυλαρλψ πρρων τραωλινγ); • Υσε οφ μανγρωδες ανδ μανγρωδε ηαρψεστινγ χονφλιχτσ (ιλλεγαλ ηαρψεστινγ); • Ιντερ-ωιλλαγε χονφλιχτ οωερ φισηινγ γρουνδς; ανδ • Φισηερνιες φορ τηε νον-λοχαλ ορ εξπορτ μαρκετ αφφεχτινγ τηε λοχαλ χομμυννιτψ πριχε οφ “λυξυρψ” φιση (ε.γ., λοβστερ, οχτοπυς). • Ρεσουρχε υσε χονφλιχτ ρεσολυτιον σηουλδ βε τηρουγη ωιλλαγε γοωερνανχε στρυχτυρες (ε.γ., ρεσουρχε υσε μαναγεμεντ αηρεεμεντς). • Μοστ χομμυννιτιες δο νοτ ηαωε τηε ρεσουρχεσ το χοντρολ ιλλεγαλ φισηινγ, ανδ παρτιχιπατε ιν χο-μαναγεμεντ.
Monitoring and Evaluation	<ul style="list-style-type: none"> • No current coastal resource use monitoring and evaluation, and no baseline data. Stock assessment research is required.
Project Implementation	<ul style="list-style-type: none"> • Consultation burn-out may hinder project implementation (concern that there has been little follow-up and no perceived benefits from previous projects). • Need to take into account the varying characteristics of each area. Each situation is different and implementation needs to include stakeholders and partners. • MACEMP should not duplicate what is already being done, but rather should complement existing efforts (e.g., Integrated Coastal Management Strategy; Kilwa Tourism Development Plan). • Currently there is a gap in available performance indicators. • There is concern that MACEMP initiatives will not be sustainable after the project is complete. • Use local NGOs to facilitate and assist with identification of environmental concerns, and ensure participation by vulnerable groups. • Migration to and settling in marine parks requires procedures to be put in place.
Γοωερνανχε	<ul style="list-style-type: none"> • Νεεδ το μακε διςτριχτ αυτηοριτψ μορε αωαρε οφ ενωιρονμενταλ μαναγεμεντ, ανδ ιμπροψε λοχαλ γοωερνμεντ πλαννινγ (ε.γ., τηρουγη ΤΑΣΑΦ). • Χυρρεντ πολιχιες οφ γοωερνμεντ αρε ρεπετιτιωε ανδ χαν χοντραδιχτ εαχη οτηερ. • Νεεδ το ηαωε χομμυννιτψ ινωολωεμεντ ιν τηε μαναγεμεντ ανδ χονσερψατιον οφ ρεσουρχεσ, ανδ βεττερ χομμυννιχατιον βετωεεν χομμυννιτιες ανδ γοωερνμεντ (εσπεχιαλλψ ρεγαρδινγ γριεψανχεσ). • Πολιτιχς χαν ιντερφερε ωιτη προχεσσεσ το ιμπλεμεντ προγραμμεσ ατ τηε ωιλλαγε λεωελ. Χομμυννιτιες χαν βε ηιγλψ πολιτιχισεδ ανδ ινδιωιδυαλς μαψ νοτ παρτιχιπατε υνλεσσ τηερε ις α πολιτιχαλ ισσυε το διςχυςς. • Μυσλιμ ρελιγιουσ τεαχηινγς ρεγαρδινγ ενωιρονμενταλ χονσερψατιον χαν βε υσεδ το προμοτε βεηαωιουραλ χηανχεσ. • Λαχκ οφ γοωερνμεντ φυνδινγ τηρεατενς λονγ-τερμ συσταιναβιλντψ οφ τηε προγραμμε.

	<ul style="list-style-type: none"> • Χο-ορδινάτιον οφ ωίλλαγε χομμιττεεσ ισ ρεθυιρεδ (ε.γ., χονσερῳάτιον χομμιττεεσ, βεαχη μαναγεμεντ χομμιττεεσ, φισηεριεσ χομμιττεεσ).
Νατυραλ Ρεσουρχε Χονσερῳάτιον	<ul style="list-style-type: none"> • Νεεδ το χονσιδερ τηε βψ-χατχη οφ ωηάλεσ, δολπηινσ ανδ τυρτλεσ (παρτιχυλαρλψ ιν τηε ΕΕΖ). • Σολιδ ανδ λιθυιδ ωαστε δισποσαλ μαψ ιμπαχτ τηε χοασταλ ενῳιρονμεντ. • Βασιχ νεεδσ (ε.γ., νυτριτιον) χονφλιχτ ωιτη χονσερῳάτιον νεεδσ. • Νεεδ το χονσιδερ σπαωνινγ αγγρεγατιονσ φορ μαρινε μαναγεμεντ.
Χυλτυραλ Ηεριταγε ανδ Αντιθυιτιεσ	<ul style="list-style-type: none"> • Οβφεχτιῳεσ φορ ρεηαβιλιτατιον οφ χυλτυραλ προπερτυ μυστ βε χονσιστεντ ωιτη τηε ῳάλυεσ οφ τηε λοχαλ χομμυνιτιεσ, ανδ χομμυνιτιεσ μυστ σεε τηε βενεφιτσ. Χομμυνιτιεσ μυστ βε ινῳολῳεδ ιν τηε πλαννινγ προχεσσ.
Τρανσβουνδαρψ Ισσυεσ	<ul style="list-style-type: none"> • Τηε προβλεμ οφ δεαλινγ ωιτη μιγρατορψ σπεχιεσ ρεθυιρεσ χροσσ-βορδερ φισηεριεσ μαναγεμεντ στρατεγιεσ (Μοζαμβιθυε, Κενψα).

Project Internalization Process – Preparation Phase

Following consultations, subsequent improvement of the project design, and finally agreement and completion of project design based on stakeholder input, the two lead implementing agencies initiated an internalization process for MACEMP with stakeholders from central to local level. The internalization process was carried out in Zanzibar during November and early December 2004 and is described in Table A16.3. Mainland will carry out a similar internalization process over the period December 2004 to February 2005.

All events held in Zanzibar, as described below, were first widely announced and publicized on the key television and radio programs in Zanzibar. All events received a lot of media attention and also press coverage in local newspapers. In particular, the Policy Maker Workshop received a lot of TV attention. The discussions held during the meetings with NGOs were aired on local radio and later also on TV. In addition, all events were captured on video by professional film teams for future reference.

Table A16.3 Events of the Project Internalization Process in Zanzibar	
Event	Stakeholder Representation
Policy Maker Workshop for Zanzibar, (100+ participants)	<ul style="list-style-type: none"> ▪ Ministers from 5 key stakeholder Ministries: ▪ Ministry of State Office: Regional Administration and Special Departments; ▪ Ministry of State Office: Constitutional Affairs and Good Governance; ▪ Ministry of Finance and Economic Affairs; ▪ Ministry of Agriculture, Natural Resources, Environment and Cooperatives; ▪ Ministry of Trade, Industry, Marketing and Tourism; ▪ Principal Secretaries and Directors of the relevant Ministries above (including all members of the Zanzibar MACEMP Technical Committee); ▪ “Sub”-directors of sectoral Ministries for Pemba; ▪ Relevant technical staff from key stakeholder ministries; ▪ Regional Commissioners of the 5 Regions of Unguja and Pemba (Zanzibar islands); ▪ Members of Parliament for the project target areas;

	<ul style="list-style-type: none"> ▪ Members of the House of Representatives for the project target areas;
NGO Workshop for Unguja	<ul style="list-style-type: none"> ▪ NGO community in Unguja; 16 NGOs participated;
NGO Workshop for Pemba	<ul style="list-style-type: none"> ▪ NGO community in Pemba: PRIO, MICA, WECO and several other small NGOs participated;
Local Level Workshop Series for Unguja, (Series of 5 meetings in project target areas)	<ul style="list-style-type: none"> ▪ Shehia/Village Conservation Committees; ▪ Village Development Committees; ▪ Fishermen Associations ▪ Other CBOs (i.e. Women Seaweed Farmers Associations)
Local Level Workshop Series for Pemba, (Series of 4 meetings in project target areas)	<ul style="list-style-type: none"> ▪ Shehia/Village Conservation Committees; ▪ Village Development Committees; ▪ Fishermen Associations ▪ Other CBOs (i.e. Women Seaweed Farmers Associations)

Project Internalization Process – Implementation Phase

Stakeholder consultations and continued involvement of communities and beneficiaries are fully integrated into all components of the six-year project design. This is evidenced, for example, through the following:

- MACEMP includes a comprehensive Development Communications (DC) Strategy spearheaded by a DC Coordinator and a corresponding budget line that involves a broad range of media including: brochures, radio, folk drama, video, posters, and District Newsletters already being produced by the various District Information Committees. The Strategy closely links into the WB implemented TASAF 2 program which has a proven track record (through TASAF) and which will be effective approximately half a year before MACEMP.
- Under Component 3, which targets vulnerable coastal communities and individuals, MACEMP will follow exactly the CDD methodology of TASAF 2, which includes extensive facilitated community discussions in subproject identification, development, implementation and monitoring.
- Through all aspects of local community investments, MMA/MPA identification and implementation (Components 1 and 2), MACEMP is guided by and committed to a Process Framework that has been reviewed, accepted and disclosed by Government and the World Bank. A key feature of the PF is the commitment to establishing Community Mitigation Action Plans in all MACEMP communities; these follow a participatory format that will be monitored and evaluated against World Bank safeguards on an annual basis.

17. Incremental Cost Analysis

Baseline Scenario

1. *General Scope.* In the absence of GEF assistance, it is expected that GOT would nonetheless pursue a program to meet selected domestic development objectives in coastal and marine areas. Other donor support in the general sector is also evident, but it is not included within the scope of the baseline because few agreements have been formalized to the point that it is possible to ascertain the domestic benefit. Some support may go beyond domestic objectives, such as the approximately US\$2 million provided through French assistance to restoring domestically and internationally significant world heritage resources in the coastal zone. Another example is assistance coming forward from the EC as part of a fishery agreement. This would be provided to improve fishery management including monitoring of migratory species; the value of this assistance will depend on the final terms of the agreement and the actual fishery catch over the following 5 years. Some of this support obviously address “baseline” domestic costs while parts may be incremental to what URT might normally be expected to invest. The scope of this ICA includes just those activities and costs included in the detailed project description (Annex 4).

2. *Costs.* Over the six year project period, the total expenditures associated with the Baseline Scenario are estimated to be US\$47.13 million. These are noted in Table A17.1 and can be described as follows:

- a) Broad-based Activities and Reforms in EEZ Management. (US\$7.19 million) This substantial baseline activity includes support for implementing the Deep Sea Fishing Authority (DSFA), which is the lead agency in harmonizing management of the EEZ. The baseline involves planning efforts, implementation and operation of the Authority, and selected investments that will build partnerships with the private sector and local communities. The baseline activities are targeted towards realizing the domestic benefits associated with improved rent capture from the EEZ fisheries. The activities in the baseline thus include all of the planning and consultations associated with operationalizing the DSFA as well as many of the operational costs associated with implementing the harmonized arrangements between Tanzania mainland and Zanzibar. Monitoring activities in the baseline emphasize compliance monitoring in the areas close to shore, with less emphasis on monitoring for scientific and information management purposes. Partnership agreements also focus on achieving greater value-added from the landed commercial fishery through dialoguing with the private sector and through providing communities close to the major ports in Dar es Salaam and Zanzibar with improved access and facilities for handling commercial catch. EEZ management will also involve the design of a financing mechanism that contributes to long-term sustainability of EEZ management efforts.
- b) Broad-based Activities and Reforms in Implementing Integrated Coastal Management Efforts. (US\$19.54 million) This baseline activity focuses on realizing domestic benefits associated with planning and implementing land-use and marine zoning with a view to decreasing the open access conditions that currently characterize resource use in the near-shore areas and in low elevation coastal areas. The baseline also upholds maintaining the country’s commitment to some of its existing system of MPAs and marine managed

areas, and to engaging private sector and other co-management partners with a view to improving the cost-effectiveness of this management. Activities in the baseline thus include support for district and local community planning, support for planning a national system of community managed areas, marine managed areas, and marine protected areas.

- c) Community-level Support to Vulnerable Persons. (US\$11.97 million) This activity provides support to communities in coastal areas through a Coastal Community Action Fund that involves sub-project financing and associated capacity enhancement at the community level. It is part of the baseline because it focuses on government priorities to address income poverty of vulnerable groups; it concomitantly will decrease unsustainable harvesting pressures on living coastal resources and will permit communities to take advantage of income generating opportunities afforded by sound resource management.
- d) Project Management Support. (US\$8.44 million) Government is committed to providing management support to the portfolio of efforts in the baseline,

3. *Benefits*. The benefits under the Baseline Scenario focus on decreasing open access conditions with a view to improving commercial fishery rent capture, reducing income poverty in coastal areas, and establishing long-term systems of co-management and sustainable financing that minimize the need for public subsidy. In addition, the Baseline confers modest global benefits through permitting the identification of core areas of biodiversity significance based on an ecological and socio-economic system assessment, and to introducing incentive and compliance systems that will contribute to the sustainable exploitation of transboundary fish stocks.

Global Environmental Objective

4. The proposed project is part of the Government of Tanzania's efforts to implement international commitments and to address national and global environmental priorities. Tanzania signed the Convention on Biological Diversity on 12 June 1992 and ratified the CBD on 8 March 1996. As part of Tanzania's participation in the CBD, a Coastal Biodiversity Conservation Strategy was elaborated in 1995 and a National Biodiversity Strategy and Action Plan was formulated in 2000. Tanzania also is a party to the Convention on International Trade on Endangered Species (CITES), ratified on 29 November 1979. Supporting CITES, the Regional Lusaka Agreement on cooperative enforcement operations directed at illegal trade in wild fauna and flora, adopted in 1994, was signed by Tanzania on 8 September 1994. The Convention on the Conservation of Migratory Species of Wild Animals was adopted in 1979. The International Plant Protection Convention was adopted in 1951. The Convention Concerning the Protection of the World's Cultural and Natural Heritage, (the World Heritage Convention) was ratified by Tanzania on 2 August 1977. Tanzania became a Contracting Party under the RAMSAR convention on 13 April 2000. In addition, Tanzania ratified the United Nations Convention on the Law of the Sea (UNCLOS) on 30 September 1985. Tanzania now also serves on the Governing Council of UNEP. An important regional instrument is the Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region (the Nairobi Convention) and Related Protocols, which Tanzania ratified on 1 March, 1996. The objective of the Convention is to ensure sound environmental management of the maritime and coastal areas of the East African region. It provides a framework for the protection and development of marine and coastal resources. The protocols

focus on the conservation of flora and fauna and on measures for combating marine and coastal pollution.

5. The **project development objective** is *to improve sustainable management and use of the URT's Exclusive Economic Zone, territorial seas, and coastal resources*. The activities proposed under this project are fully consistent with the priorities of the GEF Operational Program 2 (OP2 Biodiversity – Coastal, Marine, and Freshwater Ecosystems) and Operational Program 8 (OP8 International Waters – Waterbody-based). The **project global environmental objectives** are:

OP2 – *to develop an ecologically representative and institutionally and financially sustainable network of marine protected areas,*

and

OP8 – *to build URT's capacity to measure and manage transboundary fish stocks.*

6. The project is fully aligned with GEF Biodiversity Strategic Priority #1: 'Catalyzing Sustainability of Protected Areas' and, Priority #2: 'Mainstreaming biodiversity in the production seascapes and sectors'. GEF support will contribute to SP#1 objectives, while SP#2 objectives will be achieved through activities funded mainly with IDA resources.

7. Taking a holistic ecosystem approach, the project will make a significant contribution towards linking existing protected and co-managed areas and thereby establishing a system of coastal and marine managed areas in Tanzania. The project will further expand coverage of this system with creation of two new marine managed areas of high global and regional biodiversity value in the marine and coastal zone, i.e. the Pemba Channel Marine Conservation Area and Rufiji-Mafia-Kilwa Complex. Linkages between existing marine protected areas across boundaries will be strengthened to create a larger transboundary protected area. The project responds to GEF's principles (i) by placing priority on participation of local communities residing in and around marine protected areas in co-management, (ii) by facilitating local partnerships with the private sector through marketing initiatives and barrier removal, and (iii) by addressing sustainability aspects including ecological, institutional, and financial sustainability of the proposed network of marine protected and marine managed areas.

8. The project will support mainstreaming of the biodiversity in the production landscape (i) by strengthening environmentally sound community management by promoting economic incentives for sustainable use, (ii) by strengthening local institutional capacity to address environmental issues and manage or co-manage marine and coastal resources, and (iii) through strengthening integrated land-use and marine planning and zoning at local government level.

9. Further, the project responds to GEF's International Waters Strategic Priority #1 'Catalyzing financial resource mobilization for implementation of reforms and stress reduction measures agreed for transboundary systems'. Specifically, the project will address ecological sustainability of the marine ecosystems through improved resource monitoring and adaptive management. The project's specific focus is on contributing to targets for transboundary, marine fisheries resources as identified at the WSSD. It aims to reverse unsustainable depletion patterns of commercial fishery in the EEZ and to maintain resilience of transboundary fish stocks to absorb controlled and balanced levels of utilization. The underlying institutional, policy, and

regulatory reform towards a common governance regime for the EEZ will facilitate increased revenue generation from the resource and will contribute to the long-term financial sustainability for management of the marine resources through the creation of a Marine Legacy Fund.

GEF Alternative

10. *Scope.* The project scope of the GEF Alternative is the same as that for the Baseline, focusing geographically on coastal and marine areas within the URT EEZ. The biodiversity aspects are expanded to better protect and manage globally significant biodiversity, including the genetic resource value of that biodiversity. Within the EEZ, the scope is expanded to include sound management of scientific information and by-catch management associated with near-shore fisheries. It is important to note that, at the time of MACEMP identification, preparation and appraisal, the South West Indian Ocean Fisheries Partnership (SWIOFP) is also being prepared. SWIOFP involves nine countries in the SWIO and includes a potential US\$10 million GEF grant (under OP8) plus US\$27 million of co-financing; the project schedule for SWIOFP lags that of MACEMP by less than one year, and it is expected that concurrent implementation of these projects will improve overall implementation efficiency. For example, in Tanzania SWIOFP will operate from the same PCU as MACEMP. For MACEMP design and implementation purposes, a practical approach has been taken to separate the role of these projects. MACEMP will concentrate on addressing domestic policy priorities through, for example, harmonizing licensing arrangements and putting its institutions in place to effectively capture commercial fishery rents throughout the EEZ. For implementation, MACEMP will concentrate on monitoring and compliance efforts associated with the near-shore areas which are defined as a water depth of less than 500 m. This water depth corresponds approximately to the territorial seas but, more critically, includes all of the continental shelf and a part of the continental slope; this area has historically been associated with greatest conflicts between commercial foreign fisheries and domestic artisanal pelagic fisheries. Commercial fleets have at times come somewhat closer to shore – trawling the sea bed – and damaging biodiversity assets and undermining community livelihoods. The scope of the investments and efforts in the GEF Alternative for MACEMP thus concentrate on managing this area, through improved monitoring, compliance and surveillance. Research and patrolling efforts for this zone are qualitatively different than those for deeper waters for the simple reason that the patrolling can be done with smaller vessels (capable of policing a range to about 20 nm from shore) and with community and private sector operators (who also regularly access these areas for artisanal fisheries, sport fishing, tourism). The deeper waters, by contrast, will require larger vessels (such as those of a coast guard or navy) and different partnership modalities (e.g., shared investments with neighbouring countries); this realm is thus operationally left for SWIOFP. If for some reason SWIOFP does not proceed as intended, MACEMP can accommodate additional co-financing to address these offshore requirements. This Incremental Cost Analysis thus addresses only the MACEMP-eligible activities, and excludes investment needs for SWIOFP.

11. *Costs.* The total expenditures associated with the GEF Alternative are estimated to be about US\$57.13 million; these are summarized in Table A17.1. Under the GEF Alternative, the program would still comprise the following Baseline element with no changes or additions: (iii) Community-level Support to Vulnerable Persons (US\$11.97 million); and, (iv) Project Implementation Unit (US\$8.44 million). In addition, the program would involve the following expanded and new activities:

- e) Broad-based Activities and Reforms in EEZ Management (OP8). (US\$12.19 million)
This expanded activity includes support for implementing the Deep Sea Fishing Authority, and for expanding partnership efforts to support scientific monitoring and compliance. Additional investments in the GEF Alternative include: (i) seed capitalization of a sustainable financing mechanism to encourage additional long-term financing support – design of this mechanism will be in the baseline activities and capitalization will only proceed if all design elements are in place (GEF US\$250,000); (ii) design and implementation of the EEZ Resource Monitoring Strategy (GEF US\$570,000); (iii) contribution to near-shore stock assessment (GEF US\$1,470,000); (iv) support for patrolling efforts in the near-shore areas for four years of the project – in the longer term these patrol efforts will be self-financing and these near term efforts contribute primarily to improving the current scientific information base (GEF US\$320,000); (v) support for the Vessel Monitoring System (VMS) – the VMS has been available in principle for some time but is not expected to be put in place until revenues are adequate to support it, thus its accelerated adoption under the GEF Alternative also permits improved monitoring (GEF US\$700,000); (vi) support for community partnership initiatives that reduce post-harvest losses (GEF US\$1,200,000); and, (vii) support for Tanzania’s involvement in participating in (but not implementing) international and regional initiatives (GEF US\$490,000).
- f) Broad-based Activities and Reforms in EEZ Management (OP2). (US\$75,000) This additional activity includes studies to support the entrenchment of genetic value capture within the sustainable financing mechanism (Marine Legacy Fund [MLF]) that would also eventually assist in the sustainable financing of marine protected areas supported under Component 2 of MACEMP.
- g) Broad-based Activities and Reforms in Implementing Integrated Coastal Management Efforts (OP2). (US\$24.47 million) This expanded activity includes all investments in the baseline as well as significant additional investments in the system of marine managed areas and marine protected areas. The expanded investments include co-management efforts and grants to communities to reduce pressures on biodiversity resources of global significance (GEF US\$1,000,000). Specific focus will be on improving the boundary demarcation at all areas, improving community education and awareness efforts, and adding approximately five new sites to the MMA system through the project life (GEF US\$3,250,000). The GEF alternative also includes additional training in MPA management for line department staff (GEF US\$680,000).

Incremental Costs

12. The total expenditure under the Baseline Scenario is estimated to be US\$47.13 million while the total expenditure under the GEF Alternative is estimated to be US\$57.13 million. The incremental expenditures (costs) under the GEF Alternative are therefore approximately US\$10.00 million. Incremental costs associated with OP2 are US\$5.00 million. Incremental costs associated with OP8 are US\$5.00 million. The incremental cost of OP8 could be substantially greater but no assessment was undertaken of the investments, domestic benefits, and global benefits associated with deep water management (>500 m depth) of the EEZ; these investments and benefits are associated with programs to be delivered under SWIOFP.

13. GEF is requested to fund the incremental costs of US\$10 million. GEF’s OP2

contribution will cover works (US\$250,000), equipment (US\$900,000), training and TA services (US\$2,620,000) and incremental operating costs (US\$1,240,000). It is estimated that 54% of the OP2 expenditures will be administered through the Zanzibar PMU, with the remainder 46% through mainland Tanzania PMU. GEF's OP8 contribution will cover works (US\$910,000), equipment (US US\$1,350,000), training and TA services (US\$1,125,000) and incremental operating costs (US\$1,365,000), as well as dedicating US\$250,000 to the Marine Legacy Fund as seed financing. It is estimated that 25% of the OP8 expenditures will be administered through the Zanzibar PMU, with the remainder 75% through mainland Tanzania PMU.

Table A17.1 – Tanzania Marine and Coastal Environment Management Project (MACEMP)
Incremental Cost Determination (US\$ million)

GEF Component	Category	Cost	Domestic Benefit	Global Benefit
Ia. EEZ Management (Core Programs)	Baseline (OP8)	\$7.19	Improved fishery rent capture.	Improved management of transboundary species.
	With GEF Alternative (OP8)	\$12.19	Reduced by-catch losses from greater monitoring and compliance. Longer-term cost-efficiency from self-reliant institutions. Less damage to near-shore fisheries.	Improved information regarding international fish stocks. Sustainable financing of transboundary fish stock monitoring and of near-shore biodiversity. Decreased post-harvest losses.
	With GEF Alternative (OP8 incl. SWIOFP)	Not Estimated >>\$12.19	Less damage to offshore fisheries. Improved long-term, rent capture. Improved relations with neighbours in trade issues.	Improved information regarding international fish stocks in deep sea (>500 m). Decreased post-harvest losses.
	Incremental	\$5.00		
Ib. EEZ Management (Genetic Value Capture) [in Sub-Component Ia of MACEMP]	Baseline (OP2)	\$0.00	None.	None.
	With GEF Alternative (OP2)	\$0.07	Potential for genetic value of biodiversity to be captured through sustainable financing mechanisms. Protection of domestic property rights.	Preservation and sustainable management of biodiversity assets for beneficial global uses (e.g., in pharmaceutical or resource industries.).
	Incremental	\$0.07		
II. Coastal Management	Baseline (OP2)	\$19.54	Improved land-use and marine planning decreases rent loss from open access situation. Protection of core elements of the existing marine managed areas (MPAs/CMAs).	Sustainable use of globally important species and ecosystems.
	With GEF Alternative (OP2)	\$24.47	Expansion of MMAs and sustainable uses from these contributes to poverty reduction.	Improved protection of globally important species and ecosystems. Cost effective (and more sustainable) management of such ecosystems through co-management arrangements.
	Incremental	\$4.93		
III. Coastal Community Action Fund	Baseline (OP2 and OP8)	\$11.97	Poverty reduction in coastal communities. Increased environmental awareness.	Reduced pressure on globally significant biodiversity resources and near-shore fishery. Increased awareness of global benefits.
	With GEF Alternative (OP2 and OP8)	\$11.97	As above.	As above.
	Incremental	\$0.00		
IV. Project Implementation Unit	Baseline (OP2 and OP8)	\$8.44	Capacity for managing core baseline domestic benefits, including improved environmental awareness from increased communication efforts.	Enhanced monitoring and information exchange permitting adaptive management. Improved scientific and technical knowledge base for decision-making and site selection. Greater cost-effectiveness in achieving global impacts.
	With GEF Alternative (OP2 and OP8)	\$8.44	As above.	As above.
	Incremental	\$0.00		
Totals	Baseline	\$47.13		
	With GEF Alternative	\$57.13		
	Incremental	\$10.00		
Analysis of Incremental:	OP2	\$5.00	GEF (OP2 Share):	\$5.00
	OP8	\$5.00	GEF (OP8 Share):	\$5.00
	Total	\$10.00	GEF (Share):	\$10.00

(*) All costs include contingencies. Variances of US\$0.01 may occur due to rounding.

18a. STAP Roster Review

STAP Reviewer:

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Date: 17 December 2004

[Note: This Annex contains an extract of the STAP Review, with all review remarks and comments intact. The full STAP review included elements of project description and implementation arrangements that are repeated elsewhere in the PAD; these have been removed from this Annex in the interests of space. The reviewer has approved this extract and the full original review is available upon request to the TTL.]

Introduction

The MACEMP proposal deals with two GEF areas of concern namely OP2 and OP8, which focus on Coastal, Marine and Freshwater Ecosystems, and Water body-based operational program (international waters) respectively. This review report is presented in three main sections namely; general observations, comments following specific TOR concerns categories and finally conclusions.

General Observations

12Country and Sector Issues

This section brings out well the PRS's significance in the whole process of Poverty Reduction and Sustainable Development in the 3 key pillars. 1(b) also discusses well the global environment in terms of the marine environment and utilization pressure and methods under open access which in actual sense in "open access" to foreign vessels mainly and "limited access" to local artisanal fisher folk. The root causes for this situation needs to be discussed also²³, mainly the lack of adequate capital and modern equipment and skills on the part of local fisher folk together with this the current weak monitoring and enforcement of the EEZ allowing for huge losses in fisheries resources rents.

Mention should be made however, of efforts being made by the government in the area of legal and institutional framework. Environmental regulations are working on introducing economic instruments in the management of the environment in general in order to achieve sustainable development (incentives and disincentives). Mention should also be made of existing projects in collaboration with international NGO's like WWF, IUCN, TCMP, Mangrove Management Project, MMP, Mnazi Bay Estuary Marine Park, Coastal Zone Management, WIOMSA, Mangrove management in Rufiji & Mafia Marine Park etc.

13Eligibility

Most of the relevant regional and international conventions and agreements have been mentioned. However, one 1972 London Convention on the Prevention of Marine Pollution by dumping of waste has not featured.

14Project Components

Sup-comp 1(b) of the project aims to provides means for effective or efficient implementation of the EEZ governance regime. The document elaborates that these resources will be used to strengthen monitoring and surveillance is enforcement systems in order to control fishing effort. Since the MCS will already be

²³ See Kulindwa,K, H.Sosovele and Y.D.Mgaya (2001) Socio-economic Dimensions of Biodiversity Loss in Tanzania. Dar es Salaam University Press DUP, Dar es Salaam.

in control, it will be profitable to use it for checking illegal fishing and fishing practices and not only fishing effort alone as detailed above.

15 Lessons learned reflection

Project component 2 (Sound Management of Marine Coastal Environment):

Co-management models and their cost effectiveness and implementation efficiency of marine management are discussed. This is only true if the concept is properly introduced to coastal communities. Available evidence has shown that improper introduction of the concept may not yield the desired outcome²⁴. Kulindwa cautioned that, *“BMUs should not be construed to be a tool of any interest group or even the fisheries department, it should be all inclusive and not be enmeshed in tribal, religious or political divides.”* If improperly introduced, there will be those who may think the government is running the show as has been the norm and hence depend on it for all the inputs for operationalisation /implementation of the concept. Ownership of the process and full participation in decision making, planning execution, cost and benefit sharing among others will ensure the effectiveness and efficiency and sustainability of co-management of coastal and marine resources. This aspect should be given due consideration.

Among the straightforward justifications for choosing the proposed approach or design is the existing policy environment and existing planned development strategies in this area. The Ministry of Natural Resources and Tourism through its Division of Fisheries have a fisheries master plan in place with proposals similar to the project²⁵, the fisheries policy already has some elements in the direction of the project and therefore this project enhances it²⁶. Section 3.3.6 of the National Fisheries Sector Policy Strategy Statement contains Policy statements 6,7,8 which specifically mention conservation sustainable use of fisheries resource and the protection or biodiversity of coastal aquatic ecosystems etc. The various efforts on the ground are clearly given a boost by the proposed project (including PRSP as mentioned in the PAD).

16 Institutional and implementation arrangement

The institutional arrangement for the project has been well articulated, however, it is important that institutional arrangements to exhibit coordination and efficiency (minimum necessary bureaucracy). Above all it has to have an in built mechanism for transparency and accountability for effective and successful implementation of the project especially at the local level where trust is essential for community buy-in of the project concept and participation.

Implementation capacity at the district level has suffered from government down sizing. Extension officers who are normally closer to the people have to a large extent been retrenched. The project needs to do needs assessment in terms of capacity to effectively implement the project at that level and take the necessary safeguard measures.

17 Monitoring and Evaluation of Outcomes/results

Indicators are shown to be elaborated later. However, this is a major bottleneck in planning and monitoring in general. Due consideration and time should be invested in an elaborated framework on the ‘relevant’ data flow and responsibilities for collection. Methodologies for collection, frequency and consistency (i.e. SMART: systematic, measurability, accuracy, reliability and timelines; elements have to be included in the design). Sustainability should, be considered particularly for those at the coastal village communities levels in terms of training and facilitation.

²⁴ Kulindwa (2001), The contribution of Lake Victoria Fisheries to the Tanzanian Economy. A report submitted to LVEMP, Fisheries research component, Socio-economic sub-component, FAO (2003), Management, co-management or no management? Major dilemmas in southern African freshwater fisheries 1. Synthesis report. FAO fisheries technical paper 426/1

²⁵ MNRT/JICA (2002), The Master Plan Study on Fisheries Development in the United Republic of Tanzania. Main Report.

²⁶ URT (1997) The National Fisheries Sector Policy and Strategy Statement. Ministry of Natural Resources and Tourism, Dar es Salaam.

18Project Development Objective and Key indicators

Management of welfare indicators missing to gauge livelihood improvement and poverty reduction objective (need to measure distributional aspects of benefits accrued either at community level or individual level. At community level at least the distributional or benefit-sharing mechanisms need to be outlined. MDG indicators are the measurement for basic needs definition of poverty. Measures of deprivation need to be included²⁷.

KPI2.1 mentions the percentage of territorial seas under effective management; this is well and good. However, the quality of management needs to be considered. What does effective management comprise of? What change in marine environment should we anticipate?

19Sub-component 1(b): Implementation of EEZ Common Governance Regime.

In addition to the MCS system providing for the collection of fisheries catch data to inform future fisheries management decisions and prosecution, collection of fisheries data to enable the construction and continuation or maintenance of fisheries Environmental and Natural Resources Accounts should also be considered. NRA is a crucial management tool for environmental and natural resources, it will enable the determination of sustainable use and inform us on resource rent capture among other things. In supporting capacity building therefore, training of fisheries personnel and other appropriate stakeholders in NRA (e.g. National Bureau of Statistics) should be considered together with facilitation for fisheries NRA construction as well. Environmental and natural resources accounts are soon to be constructed for the forest, water and mineral resources while fisheries although identified among the four initial resource to be addressed will follow later after more reliable data is forthcoming.²⁸

20Incremental Cost Analysis

The GEF operational strategy explicitly recognizes the importance of removing barriers to the developments that incorporates global environmental benefits. The objective of the current proposal to GEF is to avert unsustainable harvesting of fisheries resources and reduces post harvest losses both in the territorial and Trans boundary resources. Furthermore since this project proposal deals with international waters, improved management of Trans boundary species is seen to potentially bring about the achievement of this objective. Incremental costs are determined for components 1 and 2 of the project, which deal explicitly with GEFs Operational Programmes OP2 & OP8.

The justification for this incremental cost is given as due to improved information regarding international fish stocks, sustainable financing of trans boundary fish stock monitoring and near-shore biodiversity and decreased post-harvest losses. These could otherwise have not been achieved under domestic benefit objective alone.

On the part of GEF, global benefits will be enhanced in terms of biodiversity conservation through the avoidance of destructive harvesting techniques, which not only destroys fish habitat but also put pressure on available stocks.

As for OP8, the GEF alternative imposes a US\$5.13 million incremental cost, which is a full cost amount to be met by GEF grant. The case is well justified given that without the GEF alternative, the baseline scenario would proceed to meet the domestic benefit of improved fishery rent capture and also spill over to global benefits improve management of trans-boundary species something that can not be separated. However, in order to achieve further benefits, building on the existing baseline, improve information regarding international fish stocks, sustainable financing of trans-boundary fish stock monitoring of near-shore biodiversity and decreased post-harvest losses are possible to achieve. This then justifies the full incremental cost to be borne by GEF grant.

21Sub project through TASAF 2

The objective of implementing community sub-project through TASAF 2 is “*to improve the livelihood of*

²⁷ Sen, Amartya (1981) Poverty and Famines: An essay on entitlements and deprivation, Oxford, Clarendon Press.

²⁸ The Centre for Environmental Economics and Policy in Africa (CEEPA) in collaboration with the University of Dar es Salaam is undertaking this project with some funding from Sida.

coastal communities by providing support to activities that enhance and diversify their income earning potential while sustaining the integrity of coastal resources...” (PAD).

Under TASAF 2, communities will need to contribute 5% to 20% of the sub-project value through their own efforts (e.g. community labour). There is always a sustainability problem when it comes to credit extension or development assistance to communities. Of more importance is the harmonization of project approaches targeting rural communities. There has been quite a number of conflicting approaches by various donors and government and NGOs working to facilitate or support development activities in rural areas. The focus and intention has always been to assist them to engage in productive activities through credit, self help schemes with some topping up assistance, infrastructural development projects with in kind self help inputs (schools, roads, health centres etc). The expectation is for these communities to be self-reliant later on and sustain themselves and ultimately prosper. The conflicting approaches confuses the beneficiaries by on one hand, inculcating a sense of ownership and responsibility for implementation and sharing the costs and benefits, and on the other hand encouraging complacency and donor dependency by providing handouts without obligation. While others have to contribute the labour time and brawns to construct say a road with anticipated benefits, others get paid to do the same. Such confusing signals puts the self reliance approach in jeopardy and does not help much the sustainability of initiatives like this one.

Specific Review for OP2: Biodiversity & OP8: International Waters

The two operational programmes are reviewed jointly and only discussion specifics to a particular OP pointed out in case divergences occur.

2.2 Scientific and Technical Soundness of the Project

The proposed project has adequate ecological and technical information base, for OP2 and OP8 as well. Numerous studies exist on coastal and marine environmental science by the University of Dar es Salaam²⁹, Institute of Marine Sciences (IMS) in Zanzibar and other organizations such as WWF, TCMP, IUCN, WIOMSA, MNRT, UNEP, among others. An Atlas of the East African Coastal Resources for Tanzania, which contains detailed information on marine resources available in the country's territorial waters was launched in 2001, November. The book is a project of UNEP. Nevertheless there is still more information and studies to be conducted to fill the existing data and information gaps such as stock of fish and status of our fisheries. The project is further building on numerous initiatives in the area in the past and on going. So it is good to know that the project will set out purposely to link with the various projects and hopefully facilitate their coming together. Such initiatives as the EAME, TCMP and SWIOFP among others. One additional benefit which can come out of this project is to try and organize information and a data bank for Tanzania, bringing together and to the surface the numerous information and data generated by the various projects and initiatives as opposed to the current scattered nature. As for OP8, international waters domain, further studies and collaboration with neighbouring/bordering countries of Kenya, Somalia, Mozambique and South Africa need to be done in collaboration with the various initiatives of EAME, WIOMSA and SWIOFP.

The proposed project mentions data collection with respect to EEZ (OP8). Since the project is still at its initial stages of development, approaches to collect relevant information for the project (scientific, social-economic etc) need to just be outlined in order to shed light on appropriateness and inter-comparability of data among the different sources and within the project itself.

The project discusses use of technology in EEZ-MCS (OP8) for example and in coastal communities adoption of modern technology to improve their fishing efficiency (OP2). However, these have not been identified yet and so it is not possible to judge neither their appropriateness nor their impact on marine environment. Suffice to take into consideration the above and discuss about the nature of the intended technology use in relation to marine environmental integrity and sustainability.

²⁹ See Howell, K.M and A. K. Semesi eds (1999), Coastal Resources of Bagamoyo District, Tanzania. Faculty of Science, University of Dar es Salaam.

Threats to the ecosystem have been considered mainly those associated with harvesting pressure and practice. However, the document is quiet on the pollution of the marine ecosystem by ocean going vessels. The EEZ-MCS has been focused on deep-sea fishing with the aim of capturing resources rents. Explicit monitoring control and surveillance of pollution through oil spills of various scales and other pollutants need to be considered. The proposed environmental status monitoring system could accommodate this more explicitly.

The PAD has pointed out several research efforts to be undertaken by the project as being baseline studies for informing project planning for execution. Fish stock determination/assessment studies in Tanzania's territorial waters is one of them and will act as a building block for regional collaboration on assessments of trans-boundary fish stocks in the EEZ of the WIO states and the high seas. Allowance must also be made for other research activities on specific aspects arising from project implementation in all the relevant areas social, economic, marine and terrestrial ecology processes and management area.

Indicators to monitor and measure progress and the achievement of set goals and targets are important. The PAD has identified three key performance indicators as: Revenue generation, MPA system own revenue generation, same as KPI for TASAF 2 based on MDG indicators but applied to coastal areas. Environmental/ecological indicators are glaringly missing.

In addition to the objectives for monitoring and evaluation mentioned in the PAD two additional areas can be added namely; (i) ensure the appropriate approach for community participation is being implemented and (ii) ensure the targets set for the project are being achieved as planned. These two aspects did not come out clearly.

The PAD has shown that the approach adopted in the project proposal can achieve the objective of conservation of biodiversity if implemented well. The PAD asserts that this will be achieved through improved governance of EEZ putting in place clear transparent mechanism by involving for coastal communities in planning, implementation and benefit and through increased effective management and protection of 37,000 km² of territorial seas (which is 18.5% of EEZ). Special consideration should be given to the manner communities are involved in the process. (see above lesson learned reflection).

In addition to the critical risks identified in the PAD, there is also a potential risk of misconception of the co-management concept due to improper introduction and execution. This may hurt the sustainability aspect of the project due to the entrenchment and propagation of dependency on the project/government because of lack or inadequate sense of ownership of the process.

At the end of the day, the coastal communities and the government are the beneficiaries. There is a risk if the local communities do not properly buy-in the project (particularly co-management) hence proper introduction of the project needs to be well planned and awareness appropriately created, trust, transparency and accountability clearly incorporated in project implementation.

The weakness of the project is embodied in the risks, which face it. It might be quite challenging to synchronize priorities of the various players in implementing the project as planned. If the decentralization process stalls for any reason, some of the project activities relying on that structure (local level) may also move sluggishly. Where two governments are involved (Zanzibar and Mainland Tanzania), the risk is always there that bureaucracy (red tape) may also affect the project. Delays as always cause increases of costs of project implementation. Last but not least, community participation is crucial for efficiency and sustainability of activities initiated by the project, hence needs careful and proper introduction and practice.

Harmonization of various policies, institutional and legal framework has to be give due urgency in the critical risks section in order to expedite a joint execution of the project activities between Zanzibar and the mainland.

The project introduces possibilities for efficiency and sustainable utilization of fisheries resources and habitat conservation. However, the improvement on fishing gear and the possibility of better income generation may attract increased fishing effort and therefore pressure on fisheries resources and possible

conflicts. Here the monitoring, control and surveillance and also management aspect of the project, working in tandem with co-management coastal communities has to be effective. It is therefore important to pay particular attention to this aspect.

The PAD has articulated well the Marine Legacy Fund and also mechanisms providing coastal communities with financial resources for investing in social services, income generating activities and ensuring food security. Although these funds are treated as compensation and inputs towards improving coastal communities' livelihoods, it may also be desirable to introduce a sustainability clause of this newly, created level of welfare through paying back some of the funds for a revolving fund or SACCOS enhancement in the coastal village communities, otherwise hand-outs have a habit of creating dependency.

Legal instruments aspects to be dealt with have been identified particularly in terms of the creation of new institutions (EEZ authority) and streamlining and harmonization between Zanzibar and mainland Tanzania.

In terms of the set development objectives, the activities outlined in Component 1 to Component 3 provide for a great opportunity for the best solution in meeting the objective. The suggested activities are focused and implementable, the modalities of implementation will ensure sustainability and hence long-term solutions. In order to enhance the management of marine resources, Environmental and Natural Resources Accounting should be considered in order to enhance planning for sustainable use of marine resources.

23 Identification of global environmental benefits

The area for the proposed project has ecosystems and key species of global importance. It is considered globally outstanding and considered a priority. There are some key habitats such as coral reefs, mangroves and sea grass beds among others. Important biodiversity species include the dugong, which is one of the most endangered species, eight species of dolphins, 5 species of sea turtles etc. By implementing this project, these habitats and species of sea life would be conserved, which justifies GEF's funding for the project due to these global benefits and the country's eligibility status.³⁰

24 How does the Project fit within the context of the goals of GEF

The project falls under two of GEF's operational programmes namely OP2: coastal, marine, and freshwater ecosystems, and OP8; Water body-based Operational Programme (international waters). The PAD has shown clearly the connection between the project and the two programmes by including activities with both domestic and global benefits in terms of biodiversity conservation through co-management and the monitoring control and surveillance of EEZ for sustainable use and management. The project therefore fits very well within GEF's global environmental objectives and goals.

25 Regional Context

OP8 considers international waters and trans-boundary fisheries resources, which involve other neighbouring countries. The strengthening of partnerships with neighbouring countries is proposed to be initiated through regional dialogue on sound governance and sustainable management of marine resources in the West Indian Ocean. The regional context is well accommodated.

26 Sustainability and Replicability

Objective: To enhance the contribution of fisheries resources to economic growth and reduction of poverty, in order to sustainably manage the massive and coastal environments and resources through:

- Attacking poverty in coastal communities through provision of credit (TASAF 2) to local communities and hence support directly and indirectly key elements of PRS.
- Better definition of marine and coastal property rights and responsibilities for sustainable use of the resource base (reduced by-catch wastes and destructive fishing practices).

³⁰ UNEP/CBD/COP/1/5

- Improve the regulatory and institutional framework for management of marine resources (marine environment and fishery resources link establishment).
- Fill data gaps describing the fishery in Tanzania.

The potential for continuation and sustainability is great conditional upon the success of MLF and co-management of coastal and marine resources. Replicability of this project's successful experiences is anticipated through building local and regional partnerships. Conditions for replication are therefore set through working with different levels of stakeholders from the outset of project implementation and particularly regional stakeholders. It would therefore be useful to also earlier on, identify and mention areas most probable and ideal for replication.

27 Degree of Involvement of stakeholders in the project

The project has done a good effort in identifying the relevant stakeholders and involving them in the process at different levels of project implementation.

Provisions for the establishment of appropriate lines of communication have been made. The Project Implementing Unit (PIU) will establish a comprehensive communications strategy and will manage it.

Capacity building aspects: No mention of indigenous knowledge has been made throughout the document. Where local communities are involved, consideration of indigenous knowledge in their everyday life is paramount. This is because their knowledge is what drives their innovative behaviour. This is something that needs to be accommodated in the new approaches and should not be sidelined. It is therefore suggested to consider indigenous knowledge in the project development.

In conclusion then, save for the few identified issues, the PAD has addressed most of the review questions satisfactorily according to GEF's two operational programmes and strategy and global environmental objectives as provided by the TOR and various GEF documentation. The project needs though to address the few comments and suggestions made in the review.

18b. Task Team Response to STAP Roster Review

Date: 20 December 2004

The Task Team sincerely thanks the STAP reviewer for his careful and comprehensive review. In particular, the reviewer correctly noted that the reviewed documents provided only summary descriptions of M&E issues, communications strategies, root causes, linkages to other donor efforts, and some aspects relating to implementation – especially as they related to grassroots stakeholders. For the record, the Task Team acknowledges that the version of the project documents that was reviewed by the STAP reviewer did not include the full detail of these elements, as they were still being finalized by the Pre-appraisal Mission Phase II at the time of STAP Review. Also, the project description and financing structure changed somewhat after the Pre-appraisal Mission as a consequence of clarifications received from the Ministry of Finance regarding counterpart contributions, and as a consequence of further discussions with TASAF regarding implementation arrangements of Component 3 of the project. While GEF is not financing Component 3, some of its funding modalities (including stakeholder participation) will be replicated elsewhere in the project. The current documentation package (included in this PAD/GEF Brief) is thus more comprehensive than that reviewed by the STAP reviewer. In particular, the current documentation includes: complete detailed annex on root causes; detail on links to other projects; detailed annex on development communication strategy; detailed annex on stakeholder consultation plan; and, a revised annex containing the detailed project description showing additional explanations of activities. The following specific responses thus highlight the STAP reviewer concerns and shows how they have, have not, or will be accommodated in the formulation of MACEMP.

Response to Overview Remarks

- i. The STAP reviewer identified the need to highlight the lack of adequate capital and modern equipment as root causes. This is now clarified in more detail in Annex 19 “Biodiversity Assets of Tanzania’s Coastal and Marine Ecosystems and Analysis of Threats and Root Causes.”
- ii. The STAP reviewer’s comment to describe existing projects in collaboration with international NGO’s is now further addressed in Annex 2 “Linkages with Major related projects financed by the Bank and/or other agencies.”
- iii. The STAP reviewer noted that the 1972 London Convention on the Prevention of Marine Pollution was not mentioned in the list of protocols to which Tanzania is signatory. The Task Team acknowledges that this is not on the list, but the list includes those protocols that make Tanzania eligible for OP2 or OP8 funding. This protocol is not normally applied within the context of OP2 or OP8, and the activities in MACEMP do not directly support this (although there may be indirect support through the coastal zone planning that occurs in MACEMP). Moreover, Tanzania has not yet ratified MARPOL, the COLREGs, or other related conventions. This convention has thus not been added to the list.
- iv. The STAP reviewer pointed out that the MCS system should also be used to check illegal fishing and fishing practices. It is in fact, one of the key purposes of the MCS system to enhance surveillance of illegal fishing and fishing practices. The text relating to Component 1 in the Detailed Project Description has been reviewed as to better present this intent. This Detailed

Project Description, as well as Annex 2, also now provides a complete description of the previous efforts that financed MCS efforts by the EC-SADC initiative, including the role of the Vessel Monitoring System (VMS) that GEF will assist in financing.

v. The STAP reviewer emphasized that participatory and co-management approaches and especially the adequate introduction of these models to communities should be given due consideration. A full description of the Stakeholder Plan, including how it will be entrenched within the project through such activities as the Development Communication Strategy, the Community Mitigation Action Plan, and the Process Framework measures, is now included in the project documentation annexes.

vi. The STAP reviewer expressed concerns regarding transparency and accountability. The institutional arrangements have been designed to provide mechanisms for transparency and accountability as is now highlighted in the diagrams in the Detailed Project Description and the detailed Terms of Reference of all of the various committees and individuals in Annex 6 “Implementation Arrangements”. In addition, the Task Team acknowledges that the full financial and procurement arrangements are not yet specified in the GEF Brief. These remain to be developed as part of formal appraisal. Government is currently preparing a detailed procurement plan and a financial management manual. Drafts were received on 17 December 2004 and are being reviewed by the World Bank with a view to having finalized manuals and plans in place as a condition of appraisal.

vii. The STAP reviewer indicated that capacity to deliver the project may be weak, in particular at the District Level. The Task team concurs with this observation. The project design thus puts a strong emphasis on capacity building and institutional strengthening at the local government level as is reflected in Component 2(a) and associated cost. In addition, it is acknowledged that this is a project risk (but the risk mitigation is entirely internalized and within the project’s control). Project M&E indicators for Component 4 have, however, also been re-aligned to better identify delivery effectiveness. Weak performance of those indicators during project supervision would signal that capacity building efforts may need to be stepped up or adjusted.

viii. The STAP reviewer notes that the M&E aspects are important but appear weak. A detailed M&E Manual is currently under development and will thus address concerns of the STAP reviewer that the data flow and monitoring responsibilities are clearly assigned. The detailed M&E Strategy is already in place outlining the overall approach of the project with view to monitoring, learning, and adaptive management.

ix. The STAP reviewer notes that some of the indicators provide quantitative but not qualitative measures of management. The Task Team acknowledges this but notes that it is a common problem with projects which have a short life compared to the ecological time cycles that they attempt to influence. Nonetheless, the project KPIs were the subject of additional scrutiny and analysis through a workshop and through reviews by the IUCN (these were not available at time of STAP Review but are incorporated into the more recent versions of the GEF Brief). The current indicators as expressed in the new Results Framework thus correct some of the previous weaknesses; the indicators are now believed to be the best available which still permit routine monitoring.

x. The STAP reviewer recommends to consider the use of Natural Resource Accounting (NRA) as a management tool for environmental and natural resources. The Task Team concurs that this may be a useful tool to mainstream the information gathering within policy-making. The current project description now shows better that MACEMP will be supporting continued production of

“State of the Coast Reports”. Incorporating NRA into this structure will be discussed with the client and evaluated during appraisal through discussions with the Bureaus of Statistics in mainland and Zanzibar; these institutions have not heretofore been involved in project preparation. The STAP reviewer has provided the Task Team with potential contacts in these institutions and a decision regarding scope and activities will be finalized during appraisal.

xi. The STAP reviewer noted concerns in relation to sustainability of community projects under TASAF 2 and harmonization with conflicting approaches from other donors. This falls under Component 3, which is not part of GEF financing. Nonetheless, the Task Team notes that implementation and monitoring of these sub-projects will fall under TASAF 2, and that the full modalities of this are now described in the PAD.

Response to Consolidated OP2/OP8 Remarks

The STAP reviewer generally acknowledges: the project’s technical soundness; the project’s eligibility given the identified global benefits; the project’s fit within GEF goals; the project’s accommodation of the regional context (OP8); the prospects for sustainability; and, the project’s efforts in involving stakeholders. The following additional points, however, were raised that merit response.

xii. The STAP reviewer notes that there is no identification of specific technologies to be promoted at community level. MACEMP does not identify these, as they will be demand driven. These will not be explicitly identified. The criteria for selection are, however, explicitly noted that they must promote sustainable resource use. Specific technologies for higher level interventions (commercial fisheries) relating to MCS, have now been elaborated in the project documentation (these pertain primarily to the VMS system noted above).

xiii. The STAP reviewer pointed out that threats were mainly identified in association with harvesting pressures and practices and that marine pollution through ocean going vessels and oil spill contingency planning specifically, have been left out of the project design. This has been done intentionally, as another GEF financed project currently under preparation is addressing this issue specifically. The West Indian Ocean Marine Electronic Highway Project that includes Comoros, Kenya, Madagascar, Mauritius, Mozambique, Seychelles, South Africa, and Tanzania will among other activities, support Mozambique, Tanzania, and Kenya to develop, test, and adopt national oil spill contingency plans as three countries were not involved in the predecessor “West Indian Ocean Oil Spill Contingency Planning Project”, but have now officially requested support to benefit from the approach pursued in that project. The WIO MEH project will also address the policy and regulatory framework in relation to oil spill prevention and contingency planning. For example, Tanzania has not yet ratified the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78), the International Convention on Oil Pollution Preparedness, Response, and Cooperation 1990 (OPRC 90), or the Convention on the International Regulations for Preventing Collisions at Sea, 1972 (COLREG 72). Tanzania will be able to receive support under the WIOMEH project to translate the provisions of conventions, once ratified, into local laws and regulations.

xiv. The STAP reviewer recommended broader research efforts in more areas. This recommendation has not been accommodated for a number reasons. First, the research in the project is adequate to meet the project’s needs – it does not seek to do research for the sake of other objectives beyond those of the project. For example, there is research on social and economic aspects within the context of the National CMA Plan, but not socio-economic research

in general for the sake of comprehensive coastal planning (dealing, for example, with industrial pollution). Second, some research is already being pursued – or will be pursued – by other initiatives (e.g., SWIOFP and others) and MACEMP research has been careful not to duplicate this; these interactions are now further described in Annex 2 and elsewhere.

xv. The STAP reviewer repeated concerns relating to monitoring, KPIs, and community engagement. These concerns have already been addressed in the previous discussion.

xvi. The STAP reviewer reiterates the concerns regarding implementation needs and calls for harmonizing efforts between Zanzibar and mainland before the project commences. The Task Team feels that this specific risk is overstated by the reviewer: harmonization is an over-arching theme throughout the project activities and because many of the activities promote harmonization, it can not be made too strong a condition of effectiveness. Indeed, the Government has demonstrated strong commitment to date to harmonization, and its request for this project to assist with such harmonization demonstrates that commitment.

xvii. The STAP reviewer makes recommendations on how the MLF should or might be used. The Task Team neither endorses nor disagrees with these recommendations, but will not reflect them in project design. The idea of the MLF is well articulated in the documentation (as acknowledged by the reviewer) but the design of the MLF – and of how its funds might be used – is a subject of a process to be undertaken within the project, rather than something that is initially constrained.

xviii. The STAP reviewer acknowledges the efforts to promote sustainability and replicability, but recommends identification of replicable activities “early on” in the process. These can not be identified yet, because none have yet been implemented. The M&E program is, however, designed to monitor success and failure of specific activities and will thus advise the process.

xix. The STAP reviewer notes that the project does not, but should, address Indigenous Knowledge. The project does not explicitly refer to “Indigenous Knowledge”, but does address local knowledge and expertise of all stakeholders, which have always been a driving element in project preparation and will continue to be in execution; this is outlined fully in the Stakeholder Consultations (Annex 16).

As a consequence of this review, the current project documents (20 December 2004) reflect the STAP reviewer comments, with the exception that the following will still be addressed prior to or during appraisal:

- a. accountability via availability of Financial Management Manual and Procurement Plan prior to appraisal;
- b. discussion with client – during appraisal - of including Natural Resource Accounting activities.

19. Biodiversity Assets of Tanzania's Coastal and Marine Ecosystems and Analysis of Threats and Root Causes

Description of the URT's marine and coastal biodiversity assets³¹

The URT's coastal and marine ecosystems cover the mainland coast, three principal islands (Pemba, Unguja, and Mafia) all of which are less than 100 km offshore, numerous small near-shore islands and islets, and one oceanic island, Latham I. The continental shelf, covering an estimated 17,500 – 17,900 sq km (to 200 m depth) is generally narrow (narrowest point 2 km, widest 80 km), and drops sharply after 60 m depth. Pemba and Latham are separated from the mainland by relatively deep water (c. 400-500 m and 200-300 m depth respectively). Pemba is believed to be part of the mainland that broke away about 10 million years ago. Unguja and Mafia are limestone islands on the continental shelf and were probably part of a Pleistocene inshore coral reef system which is now separated from the mainland by relatively shallow (30-50 m deep) channels.

a. Coastal ecosystems and associated habitats:

Important marine ecosystems in the URT include mangrove forests, estuaries, coral reefs, sea grasses beds and intertidal flats. Coral reefs are found around much of the coastline of Tanzania, and are most extensive around Tanga, Kilwa, Mtwara, and the islands of Unguja, Pemba, and the Songo Songo archipelago. Mangroves are found in most river mouths, with the Rufiji River delta said to support the largest single mangrove forest in eastern Africa. These ecosystems support a very high diversity of plant and animal species including marine mammals, marine turtles, coastal and seabirds, fish, plankton, sponges, crustaceans, molluscs, echinoderms and a variety of other organisms.

The coastal and marine ecosystems of the URT are part of the East African Ecoregion (EAME), a WWF Global 200 Ecoregion, and considered globally outstanding for marine biodiversity. The ecoregion has been identified as a global priority, and WWF has supported development of an ecoregional biodiversity vision and action plan through a multi-stakeholder process.

Coral reefs: cover an estimated 3,580 sq km (Spalding et al., 2001), and are found along at least two thirds of the country's coastline. The areas of greatest concentration are Tanga, Pemba, Unguja, Mafia, the Songo Songo archipelago and Mtwara. Coral and reef fish diversities in URT are high, but there has been little recent detailed taxonomic work. Some 140 species of corals were recorded in 1984. If the reefs that are monitored by IMS, the highest diversity ones are found in Misali Island, the reefs of Mafia Island, and the Songo Songo Archipelago. The closeness of the reefs to land make them particularly prone to human impact, either from exploitation or indirect terrestrial influence such as pollution. Overall, reef health is probably quite good. In some MPAs and managed areas (e.g. Muheza, Tanga and Pangani Districts), much of the destructive fishing has been stopped, particularly dynamiting, although it still tends to resurface periodically, as well as illegal beach seining and other damaging methods. In other parts of the country, it is still a serious problem. A more localised problem, although having a

³¹ The information presented above is based on the following study prepared as part of MACEMP preparation: Wells, S. et al., 2004. Study on the Ecological Basis for Establishing a System of MPAs and Marine Managed Areas in the United Republic of Tanzania, 44p.

major impact where it occurs, is the mining of live corals from reefs to make lime. This has been a particular problem in Mafia and Mtwara Districts (both of which have been making considerable efforts to halt it) and in the Dar es Salaam area.

Mangroves: Comprehensive baseline data were collected on the mangroves of mainland URT in the 1980s during the preparation of the Mangrove Management Plan. A total of 8 species of mangrove (*Avicennia marina*, *Bruguiera gymnorhiza*, *Ceriops tagal*, *Heritiera littoralis*, *Lumnitzera racemosa*, *Rhizophora mucronata*, *Sonneratia alba*, *Xylocarpus granatum*) are found in mainland Tanzania and in addition *Xylocarpus mulluccensis* occurs in Zanzibar. The most recent information indicates that the mainland mangroves cover about 108,300 ha, those on Zanzibar cover about 18,000 ha (6000 ha in Unguja, and 12,000 ha in Pemba). The Rufiji Delta, with sediment loading of 13.5 x16 tonnes per year, supports the largest mangrove forest (53,000 ha) within URT as well as in Eastern Africa. All mangroves are protected as forest reserves and are managed through the Mangrove Management Project. This may have resulted in a reduction in the amount of clear felling and clearance for agriculture, construction of salt pans, and coastal development. Mangrove condition or quality, however, varies from locality to locality, and is primarily related to the extent to which the forests have been affected by cutting for domestic (firewood, building houses, fences, boat making, fish traps and medicine) or commercial use (timber, fuel for lime production).

Sea grass beds: Twelve of 50 species of sea grass that are found worldwide occur in URT (*Cymodocea rotunda*, *C. serrulata*, *Cymodocea* sp., *Enhalus acoroides*, *Halodule wrightii*, *H. uninervis*, *Halophila minor*, *H. ovalis*, *H. stipulacea*, *Syringodium isoetifolium*, *Thalassodendron ciliatum* and *Thalassia hemprichii*). The dominant species are *T. ciliatum*, *T. hemprichii* and *S. isoetifolium*.

The area covered by sea grass beds and the relative species densities in URT are not known. Sea grass beds are found in abundance in sheltered areas of the coast in Tanga, the tidal zones fronting the deltas of Ruvu, Wami and Rufiji rivers and around Kilwa. They also occur in Pemba, Unguja and Mafia Islands. The extent threats to sea grass beds in URT is not known.

Other key habitats: include estuaries and coastal lagoons. River estuaries contribute to the maintenance of deltas, tidal flats and shorelines and to the nourishment of mangroves and sea grass beds. River mouths and estuaries are also important spawning and nursery grounds and key habitats for commercially important prawns. There are relatively few coastal lagoons in URT. Much of the coastal shore line is dominated by mud and saline flats which have been little studied, but usually have abundant invertebrate life and become important feeding areas for birds, particularly if the coast is regularly inundated.

b. Important biodiversity species:

The dugong *Dugong dugon* is one of the most endangered species on the African continent and is almost extinct in URT. It is in Appendix 1 of CITES and is listed on the IUCN Red List as Vulnerable. Dugongs are very rare, with only 32 sightings in the whole country between January 2000 to May 2003. The first nation-wide assessment (in 2003), on going research on Mafia Island and the capture of an individual in a fishing net in January 2004 indicate the existence of small and threatened population in the Mafia-Rufiji-Kilwa area. Other relatively recent sightings

include near Moa in Muheza District and in the northern part of Pemba Island.

Other marine mammals: There is little information on other marine mammals in URT. Eight species of dolphin have been recorded. The commonest species are probably the Indo-Pacific bottlenose dolphin *Tursiops aduncus*, the Indo-Pacific humpback dolphin *Sousa chinensis* and the spinner *Stenella longirostris*. Menai Bay has a significant population of 150 resident bottlenose and 75 humpback dolphins. Humpback and other whale species pass through Tanzanian waters on migration (and may calve in Mnazi Bay).

Marine turtles: All five species of sea turtles found in the WIO occur in URT waters: the green turtle *Chelonia mydas* and the hawksbill turtle *Eretmochelys imbricata*, both of which nest are the commonest; and the olive ridley turtle *Lepidochelys olivacea*, loggerhead turtle and leatherback turtle which are occasionally seen. All species of sea turtles are listed on Appendix 1 of CITES; the green turtle, olive ridley and loggerhead are categorized by IUCN as Endangered; the leatherback and hawksbill are classified as Critically Endangered.

In 1988 there was a nesting population of about 300 green turtles. There are thought to be only about 50 hawksbill nests annually (20 nest used to nest on the main rookery, Maziwe Island, before it became a sandbank and regularly submerged on high tides). The olive ridley is a rare visitor nesting in small numbers.

Reef fish: The most comprehensive survey of reef fish has been for Mafia where almost 400 species have been recorded. Otherwise, there is very little information available on fish diversity. Rare and threatened fish species include the coelacanth which has been recently been discovered in URT.

Invertebrates: Equally little is known about the status and distribution of invertebrates. The threatened Coconut Crab, is an indicator of relatively undisturbed areas and occurs on Misali and Chumbe and probably other small islands. Sea cucumbers have drastically declined throughout the inshore waters of URT, and MPAs may be their last refugia. Many of the commercial species of molluscs are thought to be over-exploited, whether for food or for their shells, but distribution and abundance data are lacking.

Birds: A wide variety of coastal birds and seabirds are found in URT, particularly in mangrove forests, intertidal flats and on rocky cliffs. Waders and shorebirds visit URT in large numbers each year between August and May to feed, particularly on intertidal flats at low tides. 10 Important Bird Areas (IBAs) have been designated by Birdlife International along the coast of URT.

Table A19.1. Demographic dimensions of Project Target Sites

1. Project Target Sites in Zanzibar (Source: Population Census 2002, Zanzibar Statistics)

Conservation Area	Size of Conservation Area [km ²]; including marine subtidal area	Number of Shehia in CA	Population in CA	Household Number in CA	Household Average size in CA	Districts partially covered by CA	Share of population in CA to total island population
Mnemba Conservation Area	~500	21	60,007	12,334	5.0	Unguju island: North A, North B, Central, and South Districts [4 of 6]	10%
Menai Bay Conservation Area	470	17	39,032	8,801	4.7	Unguja island: Central, South, and West Districts [3 of 6]	6%
Pemba Channel Conservation Area	910	30	130,663	22,475	5.8	Pemba island: Wete, Micheweni, Chaka Chaka, and Mkoani Districts [4 of 4]	36%
Latham Island Conservation Area	409	n/a	0	n/a	n/a	n/a	n/a

2. Project Target Sites in Tanzania mainland (Source: District Profile 1997 and Census 2002, Tanzania Statistics)

MPA/MMA	Size of MPA/MMA [km2]; terrestrial area (including subtidal area)	Number of villages in MPA/MMA	Population in MPA/MMA	Household Number in MPA/MMA	Household Average size in MPA/MMA	Districts partially covered by MPA/MMA	Share of population in MPA/MMA to total district population	
Mafia Island Marine Park (MIMP)	207 (822)	10	18,360	4,435	4.1	Mafia District of Coastal Region	45%	
Mnazi Bay Marine Park	450 (650)	15	30,000	7,317	4.1	Mtwara Region		
Rufiji District	? (9490)	16	35,926	7,810	4.6	Rufiji District of Coastal Region	18%	38%
Rufiji-Mafia-Kilwa Complex Kilwa District		43	80,321	17,090	4.7	Kilwa District of Lindi Region	47%	
Mafia District (includes MIMP above)		20	40,801	9,855	4.1	Mafia District of Coastal Region	100%	
Latham Island	? (409)	n/a	0	n/a	n/a	n/a	n/a	

Table A19.2. Ecological and Biodiversity Dimensions of Project Target Sites

Target Site	Size (km ²)	Established	Key Habitats	Biodiversity	Management/Protection Type and Sustainable Use Issues	Institutions involved
<ul style="list-style-type: none"> Menai Bay Conservation Area 	470	1997	<ul style="list-style-type: none"> Mostly shallow waters with rich mangrove, coral reef and sea grass habitats; Extends along South-West of Unguja (Fumba to Kizimkazi / Mtende) 	<ul style="list-style-type: none"> Endangered species: Green and hawksbill turtles, humpback whales and various dolphin species; Recorded population of 150 resident bottlenose dolphins and 75 humpback dolphins; Mangrove stands at Kombeni Bay is an important bird area ; 	Community managed MPA; <ul style="list-style-type: none"> Significant revenue generation from tourism 	MANREC, WWF
<ul style="list-style-type: none"> Mnemba Conservation Area 	~500	2002	<ul style="list-style-type: none"> Deep water channels with coral atoll islands; shallow coastal waters covering sea grass beds, mangrove, coral reef, and salt water marsh; Extends from North 	<ul style="list-style-type: none"> Chwaka Bay Mangrove system covers some 1620 ha, including 9 species of mangroves. The area has been proposed as a Ramsar Site. Important nesting site for marine turtles on Mnemba island; Important bird nesting site (e.g. Crab Plover, Paradise Fly Catcher, African Reed Warbler) as well as other migratory birds; 15% of world's saunder's tern population winter in Chwaka Bay (IBA 45); Mangrove Stands in Chwaka Bay support 	Community managed MPA; <ul style="list-style-type: none"> Includes Mnemba Island Marine Conservation Area (MIMCA): (0.15km², est. 2002), a privately-managed MPA and no-take zone; High Potential for increased revenue from tourism along the Coast; In Chwaka Bay, the Conservation Area links up with the Jozani National Park thus building a continuous corridor from the terrestrial forest ecosystem to the mangrove and marine ecosystems; Almost 7000 people live in the vicinity of the Chwaka mangroves, 37 % of which depend on the mangrove resources for the livelihood. Thus 	MANREC, Conservation Corporation Africa (for MIMCA)

			Unguja island (Nungwi) to South East (Chwaka Bay);	number of endemic species: red colobus monkey [endemic to island], Mouse-coloured sun-bird (Nectarinia zanzibarica) [endemic-lives exclusively in coastal mangrove lowlands], East-Coast Akalat (Sheppardia gunning) [East African endemic to coastal forests in East Africa; classified globally vulnerable], Fischer's Turaco (Tauraco zanzibaricus) [endemic to coastal forests, only 1200 individuals in Zanzibar, category threatened]	AIG and sustainable management of mangrove systems are of high priority to maintain usage levels at sustainable rates. Mangrove harvesting is controlled through by-laws established by the local community/ village councils. <ul style="list-style-type: none"> Most cash income in area from fishing and seaweed farming. 	
<ul style="list-style-type: none"> Pemba Channel Conservation Area 	910	emerging	<ul style="list-style-type: none"> Oceanic island of continental origin surrounded by numerous little islets; diverse habitats due to highly inundated coastline and extensive mangrove stands and coral reefs Extend from the North of 	<ul style="list-style-type: none"> Unique oceanic coral reefs that extend the deepest in the ecoregion (64m); 1100km coral reef around Pemba Island represent 50% of URT's coral reefs ; PECCA has 2,700ha of coral reef with over 40 coral genera, 40 species of sponges, and 350 species of fish recorded; Important nesting site for marine turtles on Misali island and western Pemba coast; Important for endemic terrestrial species as well as large number of dimorphic egrets and crab plovers; mangrove provide for important 	Proposed Community-managed MPA; <ul style="list-style-type: none"> Includes Misali Island Conservation Area (23km², est. 1998): an NGO and community managed MPA with no-take zone) 	MANREC, Care (for MICA), local CBOs and NGOs

			Pemba (Msuka) along the West coast to the South of Pemba (Kangani);	bird roost and feeding grounds; <ul style="list-style-type: none"> All mangrove species existing in the ecoregion are represented; 		
<ul style="list-style-type: none"> Mafia Island Marine Park 	822	1995	<ul style="list-style-type: none"> Mosaic of habitats of coral reefs, sea grass beds, mangroves and intertidal mudflats around; Mafia Islands located 20km offshore from the Rufiji Delta. 	<ul style="list-style-type: none"> Important nesting sites for marine turtles along the east coast of Mafia island Important feeding grounds for wading birds, nesting ground for storks and fish eagles, staging ground for Palearctic migrants (IBA 12); 	Multiple use Marine Park; <ol style="list-style-type: none"> Use of zoning scheme (core, specified use, general use, buffer zone), IUCN Cat. VI, Revenue generation from tourism 	MNRT, WWF-UK
<ul style="list-style-type: none"> Rufiji-Mafia-Kilwa Complex 	9490	emerging	<ul style="list-style-type: none"> Large seascape extending from the delta of the Rufiji River and the extensive riverine mangroves to the coral ecosystems of Mafia island in the East 	<ul style="list-style-type: none"> Rufiji River Delta supports the largest single mangrove forest in East Africa (53,000 ha); Important turtle nesting site in Songo Songo archipelago (800 turtles per year), Ras Dema, Kipumbwi, and Kilwa Kisiwani; Globally important wintering ground for migratory birds (IBA 32); Supports small dugong population as well as 	Proposed community-managed MPA or biosphere reserve <ol style="list-style-type: none"> Includes MIMP – see details above Potential for increased revenue from eco- and cultural tourism 	MNRT, WWF,

			and the Songo Songo Archipelago along the Southern Coast down to Kilwa	crocodiles;		
• Mnazi Bay Ruvuma Estuary Marine Park	668	2000	•	• Important area for migratory birds and waders with salt pans and islets (IBA 28);	Multiple-use Marine Park; <ul style="list-style-type: none"> • Use of zoning scheme (core, specified use, general use, buffer zone), IUCN Cat. VI; 	MNRT, UNDP/GEF, technical assistance provided by IUCN;
• Latham Island Marine Managed Area/Park	409	emerging	a) A fossil coral island of 3ha size and the only sea-mount in the area, located offshore; b) Fringing coral reefs and fossil coral island surrounded by 200-300 meters deep water;	c) Considered the most important seabird island off the EA coast supporting masked booby colony (IBA 27); Seabirds nesting on the island include sooty terns, brown noddies, swift terns, and black-naped terns; d) Important nesting sites for marine turtles; e) High seawater productivity, extremely rich pelagic fish feeding areas for tuna, billfish, various shark including tiger sharks;	Proposed Marine Protected Area; <ul style="list-style-type: none"> • No management regime at present; 	MANREC, MNRT

Table A19.3. Threats and Root Cause Analysis

Table A19.3(1). Coastal Mangroves Ecosystems

Pressure	Biological Impact	Root Causes	Alternative Strategy
1) Uncontrolled cutting of mangroves	f) Loss of habitat and the loss of the critical ecological function of mangroves as a “nursery” for a wide variety of marine fauna including species of high economic importance. Increased sediment discharge and siltation into the adjacent coral reef ecosystems due to loss of mangroves as a buffer habitat	<ul style="list-style-type: none"> • Barrier: Livelihood needs. Despite awareness of MMP regulations, majority of communities have limited livelihood alternatives to mangrove use. • Barrier: Know-how No alternatives for fuel for local salt production established/tested. • Barrier: Financial sustainability. No mechanisms exist for reinvesting revenues from mangrove harvest into mangrove management. • Barrier: Enforcement systems Systems for community enforcement and oversight to ensure sustainable harvesting have not been adequately developed. 	<ul style="list-style-type: none"> • Alternative livelihood development, improved market access, MSME development; • Invest in testing/ adapting/ promoting alternative energy sources for salt production. Reforestation and management of mangroves. • Develop local management funds to reinvest part of revenues back into management/reforestation. • Build on existing Mangrove Management Program and develop of systems of enforcement and control involving communities, districts, technical services, others.
2) Unsustainable harvest of marine life, (sea cucumber, lobster, shrimps, octopus, crabs, mollusks)	<ul style="list-style-type: none"> • Reduced productivity of mangrove fisheries, coastal and open water fisheries and threatened integrity of marine ecosystems. 	<p>a) Barrier: Access rights. Pressures in the context of open access harvest for commercial artisanal species; Conflict between resident and migratory fishermen.</p> <p>b) Barrier: Know How. The biology, sustainable off-take and management techniques of these species are inadequately understood and monitored.</p>	<p>a) Transfer of management rights to representative community structures; Development of systems of self-enforcement backed up by communes/technical services;</p> <p>b) Development of participatory adaptive management/M&E systems to define and apply sustainable off takes; i.e. ParFish developed by IMS;</p>
3) Potential unregulated tourism development	<ul style="list-style-type: none"> • Loss of coastal mangrove habitat and associated species 	a. Barrier: Integrated Coastal District Planning. Limited capacity exists at district level for ICM planning; Awareness levels on EIA guidelines and procedures are low and often not implemented for various reasons.	Support implementation of the National Integrated Coastal Environment Management Strategy and support capacity building at district level for environmental planning and implementation of ICM Action Plans. Develop awareness on EIA guidelines and procedures at district

			and national levels and mainstream environment concerns into coastal area planning.
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Table A19.3(2). Coral and Sea Grass Bed Ecosystems

Pressure	Biological Impact	Root Causes	Alternative Strategy
3. Uncontrolled over-harvesting of marine fauna and flora (sea cucumbers, lobsters, octopus, squid, mollusks, fish, etc.) and destructive techniques of fishing (dynamite, beach seines dragged over sea grass beds), mining of coral for lime stone production	<ul style="list-style-type: none"> Habitat and species loss, reduced productivity and threatened ecosystem integrity 	<p>a) Barrier: Stakeholder input No platforms exist for diverse stakeholders to debate and resolve issues on control and use of coastal marine resources and resolution of conflicts, i.e. competition with migrant fishermen using unsustainable and destructive fishing methods.</p> <p>b) Barrier: Access rights. Coastal communities have not been empowered to control access to local coastal marine resources. Current open access situation to marine resources undermines sustainable use of marine resources.</p> <p>c) Barrier: Know-how Limited technical knowledge of appropriate or limited financial means for adequate fishing and harvesting techniques. Rudimentary knowledge of sustainable off-take and use of “no-take zones”.</p> <p>d) Barrier: Access to markets Fishermen and other resource user groups lack access to markets and market information, have no bargaining power and little incentive for investing in fisheries management.</p> <p>e) Barrier: Appropriate institutions Insufficient support to strengthen appropriate forms of community-based institutions, including local enforcement and surveillance for sustainable management and local mechanisms for equitable sharing of costs and benefits and for biodiversity product-based enterprises.</p>	<p>c) Development of local multi-stakeholder planning bodies, i.e. associations, to integrate socio-economic and environmental issues.</p> <p>d) Empowerment of local populations through the transfer of management rights to representative community structures;</p> <p>e) Increase establishment of no-take zones and improve by testing/ adapting/ on their location, size, spatial arrangement and their rotational or permanent status;</p> <p>f) Development of adaptive management systems to define sustainable off-take and rules/systems for their application;</p> <p>g) Provide market information to fishermen and other resource user groups and evaluate ways and means of enhancing value added;</p> <p>h) Development of community-managed systems of enforcement and surveillance. Develop systems for equitable sharing of costs and benefits of resource management</p>

Table A19.3(3). Marine ecosystems (URT's 200 nautical mile Exclusive Economic Zone)

Pressure	Biological Impact	Root Causes	Alternative Strategy
a) Intensified commercial fishing pressure on fish stocks;	Species loss, reduced productivity and threatened ecosystem integrity	<p>b) Barrier: Knowledge. Controls of total fish catch have not been established due to knowledge gap on actual stress-levels of the transboundary fish stocks in the WIO. Knowledge gap on the economic value of the fish stocks also puts URT in a weak negotiating position when dealing with foreign fishing license agreements.</p> <p>c) Barrier: De-facto open access situation. Despite existing system of fisheries management through a licensing scheme, maximum catch is not regulated and monitoring shows access continues in all areas of EEZ and in particular near-shore areas inside territorial seas.</p> <p>d) Barrier: Appropriate institutions for governance of EEZ. Inadequate governance in the fisheries sector in the EEZ due to current dual and governance and management structure based on parallel regulations that have not been harmonized.</p>	<p>a) Establish fisheries management applying the precautionary principle to ensure resilience of fish stocks it not undermined; Meanwhile carry out fisheries stock assessment and economic analysis.</p> <p>b) Strengthen monitoring and enforcement of agreed access rights.</p> <p>c) Establishment of a common governance regime, i.e. the proposed EEZ Authority and revision of relevant regulatory framework.</p>
b) Illegal fishing, especially in vulnerable habitats such as buffer zones of MPAs;	<i>Same as above</i>	<p>a) Barrier: De-facto open access situation. Illegal, unregulated and unreported fishing is occurring in the EEZ of URT due to de-facto open access situation.</p> <p>b) Barrier: Weak institutional framework. Institutional framework and physical, human, and financial assets are currently inadequate to effectively enforce regulations, and deter illegal fishing.</p> <p>c) Barrier: Inadequate fisheries judiciary. Prosecution rates for illegal fishing do not pose a deterrent to illegal fishing.</p>	<p>a) Strengthening and developing an effective fisheries management systems, including management, MCS, and judiciary.</p> <p>b) Strengthening of enforcement capacity through improved MCS operations, capacity building of MCS staff, and support for physical infrastructure for surveillance needs (i.e. VMS);</p> <p>c) Sensitization of the judiciary and revision of fisheries regulations pertaining to fines. Need for regional agreements related to 'hot pursuit' of offenders in waters of neighboring countries.</p>
c) Conflict between commercial and artisanal fisheries in territorial and coastal waters	Damage of coastal marine bottom habitats through shrimp trawlers; Increased stress on fisheries stocks through substantial non-target by-catch of purse-seiners.	<p>a) Barrier: De-facto open access situation of the territorial seas. Limited enforcement capacity for exclusion of foreign commercial vessels from territorial waters and of illegal domestic shrimp trawlers from restricted fishing areas. Situation is further undermined by fines that do not pose a deterrent to commercial fishing sector.</p>	<p>d) Establishment of collaborative system of monitoring and surveillance including communities and artisanal resource users, and establishment of collaborative enforcement system of fisheries, marine policy and other relevant public sector agencies, i.e. Navy, Anti-smuggling Units;</p>

20. Implementation of MACEMP Community Sub-projects through TASAF 2

MACEMP aims to improve the livelihood of coastal communities by providing support to activities that enhance and diversify their income earning potential, while sustaining the integrity of coastal resources which form the basis of coastal communities' livelihoods. The project will therefore support coastal communities to identify sub-projects, in a participatory manner, that support the development of sustainable livelihoods strategies, in close liaison with the private sector, local government structures and other institutions of civic society operating at the community level.

MACEMP will carry out awareness raising activities in coastal communities, which will focus on sensitizing coastal communities on sustainable livelihood strategies, facilitating the formation of resource user groups, and identification of eligible sub-project activities. MACEMP will also build the capacity of District Environmental Management Teams, Village Environmental Councils, and other community based organizations, as needed, to ensure capacity to provide technical assistance to communities in the preparation and evaluation community sub-project proposals pertaining to MACEMP.

The implementation of sub-projects identified through MACEMP will take place through TASAF 2 – the second phase of the Tanzania Social Action Fund Project. The success of the TASAF 1 community driven development (CDD) activities provides the justification for the implementation of MACEMP sub-projects through TASAF 2. Under TASAF 2, communities will need to contribute 5% to 20% of the sub-project value through their own efforts (e.g., community labor). While TASAF 1 has proved successful in addressing development priorities of local communities, it is recognized that important long term development activities that focus on sustainable utilization of coastal and marine resources may not rank highest in a community's action plan. A provision for financial resources to be allocated for the implementation of MACEMP sub-projects will therefore be ring-fenced in the TASAF 2 project. This ensures resources are available to meet MACEMP's development objectives.

MACEMP's sub-projects will follow the implementation arrangements established by TASAF 2, as described in the TASAF 2 Operational Manual and as summarized in the TASAF 2 Project Appraisal Document. This annex highlights a number of technical aspects relating to:

- (i) eligibility criteria, resource allocation and the MACEMP Community Service Package;
- (ii) monitoring and safeguards; and, (iii) interactions between TASAF and MACEMP.

TASAF 2 Eligibility Criteria

TASAF 2 supports community sub-projects aimed at improving service access to health, education, water and sanitation, banking and markets; transferring cash through labour-intensive public works and supporting income generation for households with vulnerable individuals. The sub-projects are funded through a National Village Fund (NVF – see Appendix A). The three categories of beneficiaries whose sub-projects are financed through TASAF 2 are:

- The service-poor communities whose sub-project aims at closing gaps in social services delivery (Closing Services Gap Package);
- Food insecure communities whose sub-projects lead to cash transfer to able-bodied poor through the creation of economically viable community assets (Safety Nets Scheme) ; and
- Vulnerable persons and disadvantaged groups whose sub-projects would benefit from TASAF 2 resources used to support income generating activities by their care givers (Vulnerable Groups Support Package).

Coastal communities are among the poorest and most vulnerable in the United Republic of Tanzania. They live in marginalized areas, lacking access to many basic services, and are vulnerable due to the seasonality of livelihood activities and the lack of alternative economic opportunities. Coastal communities therefore fit the criteria established by TASAF 2 for targeted assistance.

Eligibility criteria for MACEMP sub-projects do not differ from these. The differences in eligibility relate to location (coastal sub-districts targeted by MACEMP) and to the types of support available. The geographic eligibility for sub-projects is governed by a simplified resource allocation methodology; the subproject eligibility is not constrained but is guided by the MACEMP Coastal Community Package.

Simplified Resource Allocation for the Coastal Village Fund

TASAF 2 allocates its NVF subproject funding envelope to LGAs and Islands nation-wide through a resource allocation formula that is based on population, poverty levels, and geographical size. Each LGA/Island under this model is thus provided with a transparent basis for its allocation to which local authorities are held accountable.

MACEMP, for similar reasons of transparency, has developed a simplified resource allocation method for allocating the CVF resources under Component 3(a). In the coastal villages targeted by MACEMP, poverty levels do not differ obviously and entitlements are not readily measurable because of the open access nature of the marine resources. Physical measures such as area of territorial sea or coastline length are similarly not representative of MACEMP's targeting requirements, especially because of the open access nature of these areas and of the different resource productivities along the coast. Measures focusing solely on population will tend to under-allocate to remote or island communities. Finally, the CVF is intended to complement other management initiatives in MACEMP which have been targeted to selected districts or areas for reasons relating to other MACEMP development or global environmental objectives. For these reasons, a simplified negotiated resource allocation is used that reflects MACEMP priorities to distribute the resources on an equitable basis.

The allocation principle still targets the resource allocation using the same geographical areas as does TASAF 2. The methodology, however, distributes an equal unit share of the resource envelope based on a notional fixed amount per year per LGA/island; where one unit is 4% of the resources available. The 4% figure is calculated as follows. For design purposes, the MACEMP/TASAF CVF window will be delivered over a five-year period corresponding

approximately to the overlap period of the effectiveness of the two projects (TASAF 2 is a five year project; MACEMP is a six year project with effectiveness a few months after TASAF 2). MACEMP is designed to work intensely in about five areas in any given year; this will always include Pemba and Unguja on Zanzibar, and it will initially include Kilwa, Rufiji and Mafia on the mainland. The five areas over five years thus implies that a “unit” of resources – delivered on average to any one area over one year – corresponds to 4% of the total available envelope.

The resource allocation is thus as follows:

Region/Island	LGA/Island	Units	% CVF	Initial CVF** US\$	NVF Allocation US\$***
Mainland:	Unallocated	9	36%	2,880,000	
Coast	Bagamoyo DC*	0		0	976,669
	Mafia DC	1 x 2 years = 2	8%	640,000	425,120
	Mkuranga DC	0		0	793,770
	Rufiji DC	1 x 2 years = 2	8%	640,000	987,445
Dar es Salaam	Ilala MC	0		0	1,095,476
	Kinondoni MC	0		0	1,628,347
	Temeke MC*	0		0	1,296,721
Lindi	Kilwa DC*	1 x 2 years = 2	8%	640,000	996,934
	Lindi DC*	0		0	1,008,860
	Lindi Urban*	0		0	564,107
Mtwara	Mtwara DC	0		0	837,231
	Mtwara Town	0		0	477,038
Tanga	Muheza*	0		0	973,125
	Pangani DC	0		0	651,917
	Tanga MC	0		0	779,131
Zanzibar:	Unallocated	0	0%	0	
	Pemba*	1 x 5 years = 5	20%	1,600,000	511,396
	Unguja*	1 x 5 years = 5	20%	1,600,000	324,254

* TASAF 1 LGA/Island. ** Based on US\$8 million. *** From TASAF 2 PAD.

It is noted that the resources under Component 3(b) will be targeted according to needs within the coastal communities, and are not governed by an allocation formula. Also, distribution of the funding below the Local Level will follow TASAF 2 guidelines under the Community Subproject Cycle (CSPC). The methodology below district (or Island) level will undertake targeting and prioritizing the more deprived and weaker communities and by carrying out more focused facilitation processes to stimulate demand. At the community level, gender equality is taken on board by ensuring 50% female membership at the CMCs.

MACEMP Coastal Community Package

The Coastal Community Package will guide communities on activities that are eligible for funding and support under MACEMP. These packages comprise a set of interventions to be carried out and will be in the form of provision of information and education; capacity enhancement; and delivery of services.

The following interventions will be implemented as a part of the Coastal Community Package:

I. Advocacy, Information and Mobilization

This will inform people about natural resource management and the need and benefits from improved practices. A coastal resources management package to inform the communities will be prepared based on needs assessment. Communities and households will be mobilised and sensitised to facilitate formation of resource user groups (including apex groups where applicable) to formulate sustainable livelihood options.

II. Capacity Enhancement

This package will include support for initiatives aimed at providing skills needed to design, implement and effectively manage projects at community levels.³² Activities will facilitate participatory community involvement and selection of priorities, as well as training in managerial, budgeting, and financial accountability for the procurement of goods and materials. It will also focus on strengthening the capacity of communities to establish linkages with other organizations, particularly CBOs and NGOs interested in supporting collaborative management activities.

It also includes activities to strengthen and provide technical support to district environmental officers who would be involved in the appraisal of sub-project proposals are also envisioned. These would be further supported by the development and awareness creation of simple environmental impact assessment guidelines to evaluate proposed community activities.

III. Improvement of Quality and Increased Sustainable Utilization of Coastal Resources

This package will support community driven initiatives to improve coastal communities livelihoods. The initiatives may include the demand of: (i) technical, (ii) physical, or (iii) social services to support potential community sub-projects, including AIGAs (Alternative Income Generating Activities), such as:

Fishery Based:

- Fishery Aggregation Devices (cooperatively owned by about 20 fishers) to increase fish catch
- fish processing - small scale Value Added production activities onshore
- sustainable aquarium-fish collection
- fish cage aquaculture
- small-scale fish landing site infrastructure (i.e., water supply for cleaning and disposal, shade areas to minimize waste)
- medium-scale fish infrastructure such as small docks
- complementary fish processing devices such as ice plants and refrigeration units

Coastal (“Water” - below low tide mark) Based non-fishery:

- pearl or shellfish culture in shallow water
- seaweed/algae farming
- value added industry associated with pearl or shellfish culture

³² MEMO TO APPRAISAL TEAM: TASAF 2 will have a draft pro-forma financial agreement between TASAF/Community ready end January and this can be reviewed/summarized/attached potentially to this PAD.

- value added industry associated with algae farming

Coastal (“Land” - above low-tide mark) based non-traditional fishery

- brackish water agriculture (rice/asparagus for food, grasses for crafts)
- sustainable mangrove production (including non-timber products)
- mangrove honey and wax production for candle making
- fish fry nursery

Coastal (Other)

- complementary industries: e.g., value added processing on non-edible fish by-product waste for agriculture inputs as natural fertilizers (wasted bycatch can be significant)
- joint food product value added (e.g., fish and grain cakes)
- eco-tourism ventures

Monitoring and Safeguards

Implementation of MACEMP sub-projects through TASAF 2 in coastal areas will abide to the coastal/environmental/fisheries policies as well as Local Government regulations, norms and standards. This will be facilitated by experts at community, council and central levels, CBOs and NGOs, and environmental institutions as needed. This will include following guidelines on geographical distribution and construction of facilities (such as fisheries landing sites) in observance of Ministerial policies and relevant by laws. This will be built into the selection criteria and will inform decisions to fund sub-projects.

TASAF 2/MACEMP Institutional Arrangements

MACEMP will use TASAF protocols within the sub-project cycle. The following summarizes key features and special institutional arrangements to accommodate the interactions between TASAF and MACEMP.

1. A separate special account will be established within TASAF 2 to receive MACEMP funds from MACEMP Sub-component 3(a) [the Coastal Village Fund]. The funds within this account will be disbursed by the TASAF National Steering Committee (NSC) using protocols in place in TASAF.
2. Replenishment of the special account will be based on the same mechanisms as will be used by TASAF (initially SOE).
3. Funds corresponding to MACEMP Sub-component 3(b) [Coastal Community capacity Enhancement] will not be transferred to TASAF and will be retained in the MACEMP Special Accounts administered by MACEMP’s two Project Management Units (PMUs).
4. Sub-projects received by the TASAF Management Unit (TMU) will be referred to the Sectoral Experts Team (SET) of TASAF to ensure conformance with sector norms. A representative from MACEMP will participate in SET meetings and refer all MACEMP-eligible sub-projects to MACEMP.

5. MACEMP will establish a small Coastal Community Action Fund Technical Committee (CCAFTC) which comprises the following three individuals in the MACEMP PIU: (a) the MACEMP Executive Project Coordinator; (b) the mainland Tanzania PMU CCAF Coordinator; and, (c) the Zanzibar PMU CCAF Coordinator. The CCAFTC will designate a chairperson to represent MACEMP on the TASAF SET. The CCAFTC has access to an independent roster of technical experts in the event that it requires or desires a review of a given sub-project proposal.

Appendix A – NATIONAL VILLAGE FUND of TASAF 2³³

Mainstreaming the community-driven development approach

I. What will the National Village Fund do?

The National Village Fund (NVF) is being set up as the main instrument under the Tanzania Social Action Fund (TASAF) to respond to community requests for investments that will assist specified beneficiary groups (poor communities and households, as well as vulnerable individuals) to take advantage of opportunities that can lead to improved livelihoods. Experiences from TASAF I indicated that approaching this via components (such as Community Development Initiatives, Public Works Programs, Social Support Projects, etc.) seems to drive subproject requests in line with what communities perceive can be funded, rather than what is actually of high priority. Rather than designing components under which subprojects can be fitted, the emphasis of the NVF is on having no components, but rather a fund with specific access/approval criteria that can be used to finance community requests as long as they fit within a framework defined by the following two elements:

(a) That a subproject request assists a community contribute to Tanzania's Poverty Reduction Strategy (PRS) goals of:

- Reducing the number of people living on less than \$1 dollar a day;
- Achieving universal primary education;
- Attaining gender equality in primary and secondary schools;
- Increasing the number of people with access to improved water sources;
- Reducing under-five mortality;
- Reducing maternal mortality; and
- Halting and reversing the spread of HIV/AIDS.

(b) That a sub-project is:

- The result of a verifiable and systematic extended-participatory rural appraisal (E-PRA) process;
- Community owned with a mandatory minimum community contribution; and
- In line with approved sector norms and standards.

Any activity that (a) fits within these parameters, (b) is under the US\$30,000 NVF contribution per sub-project, and (c) has been approved by the appropriate authority (see III and IV below) will be funded. LGA staff involved in the facilitation as well as desk and field appraisal will verify that the community sub-project requests have followed the sector guidelines as they relate to issues of safeguards (environment and resettlement) and occupational health. Funds disbursed from the NVF will go into a *Mfuko wa Kijiji/Shehia/Mtaa* (MWK) thereby mainstreaming the community-driven development approach into Tanzania's PRS.

The NVF has made provision for ear-marked funds which can be used to meet the needs of special groups (e.g. vulnerable individuals, food insecure households with able-bodied adults, communities wishing to manage their natural resources better, such as forests or coastal/marine resources, persons affected by HIV/AIDS, etc.) by creating "windows" where resources can be accessed on a demand-

³³ This appendix is a product of TASAF 2 and should not be modified. It is intended as a common message for all TASAF communities. Modification of this appendix may result in mixed messages and confusion at the community level and may undermine TASAF and MACEMP project objectives.

driven basis. This means that special facilitation will be required so that communities that have these specific needs can access these specific resources; the “ring-fenced” resources must be exhausted before requests in these areas can be funded from the main NVF budget. For instance, TASAF 2 has an IDA Grant of US\$21 million which can only be used to meet the demand-driven needs of vulnerable individuals and food insecure households, these Grant funds must be exhausted before funding will be made available from the Credit.

No funds will be provided from the NVF to any community, VC or LGA if a Village Fund Coordinator and a Village Fund Justification Assistant (an Accounts Assistant) have not been designated by the LGA from its staff.

II. National Village Fund (NVF)

The NVF exists to mobilize and disburse resources to MWK in support of community efforts to improve their lives and become active participants in national development. The NVF will maintain a team of experts in the areas of financial management, procurement, participatory planning, information management, auditing, and monitoring and evaluation to ensure that the NVF is able to:

1. Disburse funds to LGAs against a schedule of sub-projects submitted from the LGAs and endorsed by the NSC.
2. Rely on the SET to confirm that all sub-projects financed are in line with sector norms and standards issued by central Government on service provision.
3. Disburse funds to VCs after endorsement by the NSC.
4. Receive progress reports from LGAs on the use of funds before further disbursements.
5. Regularly publish reports on the use of resources and the results.
6. Develop tools to promote accountability and transparency in the use of funds.
7. Submit annual audit reports to the Public Accounts Committee.
8. Submit quarterly and annual reports to the NSC and relevant financiers (e.g., Government, World Bank, and donors).

III. Local Government Authority (LGA)

The LGA is the Planning Authority which provides planning guidelines to be followed by the MWK. Its main functions with respect to the MWK are to:

1. Receive 100% grants from the NVF for approved sub-projects to disburse to the MWK (92.5%), while retaining 7.5% (once the LGA has met specified fiduciary access conditions for central government grants).
2. Use 2.5% of the 7.5% retained from 1 above to facilitate a participatory preparation of sub-projects, to conduct desk and field appraisals, and approval, and to use the remaining 5% to undertake supervision. The NVF will be able to provide advances to the LGAs (against the 2.5%) to cover the cost of Extended Participatory Rural Appraisal (E-PRA) as well as desk and field appraisals so that approved sub-projects can be submitted to the NVF without delay.
3. Endorse sub-projects from the VCs as long as the LGA meets the conditions stipulated under the NVF: have a designated Village Fund Coordinator and a Village Fund Justification Assistant (an accounts assistant) to receive NVF resources.
4. Engage a LSP (from its own staff or private sector/NGOs) for all funded sub-projects in line with agreements stipulated in the Sub-project Financing Agreement, signed with the VC and the Community Management Committee (CMC).
5. Monitor and report on the activities of LSPs.

6. Receive progress reports on sub-projects implementation as well as results from Community Statistics Day, Community Score Cards, and Citizens Report Cards in order to improve district-level management of development activities under the NVF.
7. Produce and submit to the NSC, TASAF Management Unit, and Regional Consultative Committee an annual report on service coverage and challenges in the district as a guide for future planning and as contribution to national monitoring efforts.
8. Maintain financial records as required by the NVF.

IV. Village Government

The Village Government consists of an Assembly (made up of every person who is ordinarily resident in the village and who has attained the apparent age of 18) and a VC (made up of 25 persons elected at an Assembly to run the affairs of the Village Government). The VC, as the executive arm of the Village Government, will:

1. Call meetings for the E-PRA sessions conducted by extension staff.
2. Oversee the election of a CMC by the Village Assembly.
3. Approve sub-projects requiring a NVF contribution of less than \$5,000 if the sub-project addresses one goal from the Tanzania PRS.
4. Approve sub-projects requiring a NVF contribution of up to \$10,000 if the sub-project addresses two or more PRS goals.
5. Endorse sub-projects that have a NVF contribution above \$5,000 (if addressing a single PRS goal) and those above a NVF contribution of \$10,000 (if addressing two or more PRS goals) and forward them to the LGA.
6. Convene meetings and undertake other activities necessary for the monitoring of sub-project implementation in line with NVF transparency and accountability guidelines.
7. Receive reports from the CMC, review and forward them to the LGA.

V. *Mfuko wa Kijiji/Shehia/Mtaa* (MWK)

The MWK, to be operated in the context of the Local Government Act No. 7 of 1982, is a fund operated by Village Governments to respond to community-identified development needs in the *kijiji* (rural), *Mtaa* (urban), and *Shehia* (Zanzibar). It has a basic structure defined by the following elements:

1. For the MWK, a community is need-defined and could cover part, all, or several geographical villages.
2. Management is by a VC through its Finance Committee.
3. Implementation of sub-projects is by democratically elected CMCs.
4. A total of 10% from NVF contribution to a sub-project is set aside as a management fee (2.5% for the VC, 2.5% for the LGA, and the remaining 5% will be given to either the VC or the LGA, depending on who will be responsible for the bulk of the supervision).
5. The VC scrutinizes all sub-projects after suitable facilitation by LGA staff and/or NGOs and submits them to the Local Government Finance Committee (LGFC) for approval and/or endorsement for funding from the NVF as follows:
 - Subprojects that have a NVF contribution of less than US\$5,000 and contribute to a single PRS goal can be approved at the VC level and sent for endorsement by the LGFC;
 - Subprojects that have a NVF contribution equivalent to or less than US\$10,000 and contribute to more than one PRS goal can be approved at the VC level and sent for endorsement by the LGFC;
 - Subprojects which only address a single PRS goal and have a NVF contribution of more

than US\$5,000 will need approval by the LGFC; and

- Subprojects that have a NVF contribution ranging from US\$10,001-US\$30,000 will need approval at the LG level by the LGFC.
6. At the apex, the National Steering Committee (NSC) will have a final endorsing function for all sub-projects and will be guided by recommendations of the Sector Experts Team (SET).
 7. Quarterly progress reports will be prepared by CMCs for the VC to share with Village Assembly and LGAs.
 8. Completed assets are maintained through specialized committees/bodies made up of beneficiaries under the VC (e.g., committees for schools, health facilities, water points, etc.) or by the relevant sector.
 9. An account, which is audited yearly by the LGA, from which funds are disbursed to implementing bodies/committees.
 10. Reports are produced from Community Statistics Days, Community Score Cards, and Citizens Report Card activities and disseminated widely.

VI. Local Service Provider (LSP)

This is a technically competent person/institution that can support the CMC and provide some degree of verifiable oversight on behalf of the LGA or VC. The LSP can be an extension worker, consultant, or NGO/CBO representative who actively supervises sub-project implementation. The LSP must be:

1. Identified by CMC during or soon after the E-PRA.
2. Engaged in accordance with duties specified in the Sub-project Financing Agreement.
3. Paid out of the 5% retained by the LGA or VC to cover cost of supervision.
4. Responsible for assisting the CMC prepare short reports and signs off on all schedules of procurement before the CMC incurs expenditures.
5. Able to prepare separate progress reports for the VC or LGA on the way the CMC is managing sub-project implementation.

VII. Community Management Committee (CMC)

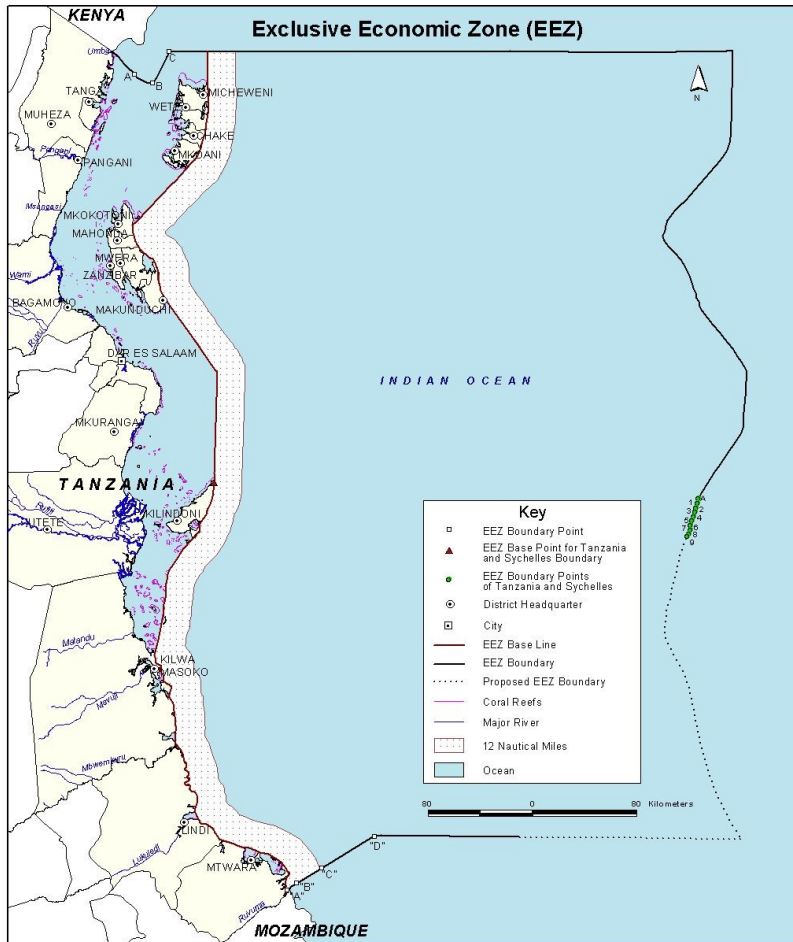
This is the implementing mechanism for VCs, and its main functions are to:

1. Elect an executive (with powers to disburse funds from a sub-project bank account).
2. Identify a LSP (during the E-PRA) for contracting by the LGA or VC – e.g an NGO, an individual private consultant, a named extension staff category from District and/or Ward levels, etc.).
3. Help to disseminate information on the TASAF project and its processes and methodology.
4. Prepare detailed sub-project costings (with facilitation from extension staff, consultants, etc.)
5. Advertise contracts and oversee the selection of a contractor to execute works and provide services.
6. Make payments to contractors upon the satisfactory completion of a contract.
7. Maintain financial and procurement records for inspection by VCs and LGA representatives.
8. Liaise with technical experts who undertake supervision on behalf of VCs, LGAs, and NVF management.
9. Produce quarterly progress reports for public display by the VC at places agreed upon by the Village Assembly.

21. Maps

- A21.1 country map for Tanzania (to be inserted)
- A21.2 EEZ map
- A21.3 Coastal districts and resources map (thumbnail: JR has high resolution)

Figure A21.2. Map of Tanzania's territorial waters



Exclusive Economic Zone – EEZ. This maritime claim was asserted by Tanzania in the Territorial Sea and EEZ Act of 1989. It extends to a maximum 200 nautical mile limit from the low water line, or to an equidistant line with neighboring states as defined under the United Nations Convention on the Law of the Sea. The EEZ covers a resultant area of approximately 200 000 sq km.

Territorial Sea. This maritime claim extends 12 nautical miles from the low water line, and covers a resultant 37 000 sq km. It has the same baseline as the EEZ and is thus wholly contained within the EEZ. Tanzania's continental shelf covers an estimated 17 900 sq km, underlying all waters up to 200 m depth. It is generally narrow (narrowest point 2 km, widest 80 km) and drops sharply after 60 m depth.

