Project Name	Africa Region-Indian Ocean Oil Spill... Contingency Planning Project
Region	Africa Regional Office
Sector	Environment
Project ID	3AGE36037
Recipients	Government of Comoros Government of Madagascar Government of Mauritius Government of Seychelles
Implementing Agency	The Indian Ocean Commission Secretariat Q4, Sir Guy Forget Avenue Quatre Bornes, Mauritius Telephone: (230) 425-9564 Fax: (230) 425-1209
Environment Category	C
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Countries' Backgrounds

1. Comoros. The Federal Islamic Republic of the Comoros is an archipelago of three islands in the Indian Ocean, with a fairly homogenous population of around 498,000 and a GNP per capita estimated in 1996 at US$460. The economy is predominantly rural and highly dependent on external assistance, at an annual average of about US$118 per capita over 1989-1993. Since independence in 1975, the Comoros economy has undergone considerable change. Following a period of growth generated by externally-financed infrastructure projects, real GDP growth slowed significantly from an annual average of 4.3 percent in 1981-85 to 0.8 percent over 1991-95, despite the implementation of an adjustment program over the latter period during which considerable progress was made in liberalizing imports, removing price controls and improving the environment for private sector development. The poor economic performance arises from the country's remaining development constraints, which include a small export base, weak institutional capacity exacerbated by poor economic management, inadequate infrastructure and an unfavorable private sector environment. These constraints combine to hinder development of new growth areas, such as tourism, and contribute to a poor quality of life for the country's inhabitants.

2. Madagascar. Madagascar, the fourth largest island in the world, has a population of 14.8 million (1995), growing at a rate of 3.8 percent per year. With a 1996 per capita annual GNP of US$240, Madagascar is among the poorest countries in the world. Following a series of untenable, large, public-sector investments in the 1970s, the Government of Madagascar embarked on a program of stabilization and structural adjustment in the 1980s. The Government is currently pursuing broader reforms to improve the allocation and use of public resources, with an accompanying program of investments designed to: (a) create

an attractive environment for increased private sector investment in the Madagascar through, among other things, provision of well-maintained infrastructure; (b) alleviate poverty; and (c) reduce the rate of environmental degradation to improve quality of life and build a basis for ecotourism.

3. Mauritius. Mauritius is one of Africa's success stories. A well-educated population of around 1 million and skilled labor force enabled Mauritius to diversify its economy in the 1970s from its sole reliance on sugar production, to include tourism and light manufacturing. Development of tax-free export processing zones and tourist facilities boosted the Mauritian economy, which grew at an average annual rate of 6 percent during the 1980s. By 1996, per capita income had reached US$3,700 per annum. The Government supports environmental protection as a means of promoting the tourism industry.

4. Seychelles. With a population of 80,000, Seychelles has enjoyed strong economic growth over the past two decades, with per capita GNP rising from US$1,000 in 1976 to US$6,960 in 1996. However, the economy is fragile owing to heavy dependence on tourism and fisheries and limited scope for diversification of production and exports. Tourism accounts for approximately 20 percent of GDP and brings in around 60 percent of foreign exchange earnings. The country is vulnerable to external shocks, as it imports over 90 percent of its production inputs and consumption goods. The country's economic and financial performance has faltered since 1991, when the Gulf War accentuated the fragility of the economy and exposed the limitations of past policies of heavy state intervention. The Government is reorienting its overall economic strategy with a view to increasing privatization and tightening public expenditures, with a focus on restoring the competitiveness of the tourism industry by modernizing infrastructure and protecting the environmental quality of the archipelago. Seychelles is an active participant in international environmental conventions and programs and is home to two World Heritage sites (Aldabra Atoll and Valée de Mai Nature Reserve).

Sector Background

5. The west Indian Ocean is one of the most important and widely-used oil shipping routes in the world. It is estimated that 350 million tons of crude oil, representing over 30 percent of world petroleum production, pass near or through the coastal waters of the Indian Ocean island states each year, in transit to North America, Europe and Asia. Thus more than 5,000 tanker voyages per year take place through the sensitive coastal waters of Comoros and Madagascar, and pass near the World Heritage Site of Aldabra Atoll of Seychelles. In the last ten years, the amount of oil transported through the region has risen by over 60 percent. Most of the oil is transported on about 700 very large crude carriers (250,000 tonnes and over) and 4,000 medium-sized tankers (average of 60,000 tons). These tankers usually pass through the Mozambique Channel and between the islands of Grand Comoros and Aldabra. Smaller tankers pass to the east of Madagascar from ports in Southeast Asia. On average, more than 20 large oil tankers are in transit through the coastal waters of the island states every day. A maritime accident involving the discharge of large quantities of oil would have a disastrous impact on the fragile and sensitive natural resources of the concerned countries, and on their economies, which are not sufficiently diversified to survive such an incident without serious damage.

6. The waters surrounding the island countries of the West Indian Ocean are ecologically rich. Marine and coastal ecosystems include extensive coral reefs that harbor several unique and endangered species of flora and fauna, such as the coelacanth. Sea turtles, dugons, and many species of sea birds also thrive in the region.

7. While weather during much of the year is generally good, with calm seas and good visibility, weather patterns during the cyclone season (December through April) are quite unpredictable, creating risks of shipping accidents and discharge of marine pollutants. There are few navigational hazards through the region, and to date there have been few recorded shipping accidents in the region. However, the large numbers of tankers, and the great size and carrying capacity of the vessels involved, create the risk that a very large spill occurs in the Mozambique Channel. Local deliveries of petroleum products also involve some risk of environmental damage, which is exacerbated by the lack of oil spill response capacity, particularly in Madagascar and Comoros.

8. The region as a whole lacks legislation, equipment and a plan to confront an oil spill emergency, although Seychelles, Mauritius and Réunion have ratified some international conventions and have developed national oil spill contingency plans, which are still untested. Réunion has developed a national oil spill response plan, and has asked to participate in the proposed GEF operation, with French funding, to share its expertise with the other islands and to take part in the regional contingency plan. Currently, regional oil spill response capacity resides only in South Africa and the International Response Center. However, this cannot substitute for national and regional response capacity. There is potential for effective local action to respond to Tier 1 and 2 spills, and vital time would be lost without this capacity. In addition, Réunion and the government and other organizations of South Africa, (such as the Strategic Fuel Fund (SFF) and the Maritime and Safety Authority of South Africa) are supporting this project by providing valuable expertise in training, joint exercises, sensitivity mapping, preparing national response plans, and creating a mechanism to coordinate regional action to respond to Tier 3 spills.

9. Each of the governments of the Indian Ocean islands share common aspirations to develop the ecotourism potential of their respective countries. In each country, the fishing industry contributes to GDP. Economic development potential relies largely on protection of their shared resource, the Indian Ocean. Each of the countries has prepared a national environmental action plan (NEAP) or environmental management plan (EMP), which emphasize the following relevant priorities:

Comoros: Conservation of marine and coastal ecosystems and development of national environmental institutional and policy frameworks (NEAP 1994)
Madagascar: Preservation of Madagascar's rich biodiversity and unique ecosystems as a basis for the development of tourism (NEAP 1988)
Mauritius: Development of institutional capacity and adoption of regulatory framework for environmental management; protection of Mauritius' unique biodiversity and coastal ecosystems (NEAP 1990)
Seychelles: Adoption of regional environmental cooperative arrangements, particularly to guard against overfishing; development of baseline studies and scientific information on marine and coastal ecosystems; and development national preparedness and capacity to address oil spills (EMP 1990).

Project Objectives

10. Global environment objective. The project aims to limit the contamination of international waters by: (a) addressing the threat of oil spills in the Indian Ocean subregion; (b) involving the private sector in utilizing technological advances to resolve transboundary concerns associated with such a threat; and (c) developing a financing mechanism to sustain the national and regional oil spill capacity that the project will create.

11. Development objectives. The project is intended to protect the environmental integrity of the coastal and marine ecosystems of a large, biologically rich and relatively pristine part of the western Indian Ocean. The project will achieve this by helping the small island states of Comoros, Mauritius, Madagascar, and Seychelles comply with the International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC), which requires states to develop and maintain adequate capacity to respond to oil pollution emergencies. Specific project objectives are to: (a) establish appropriate legal and institutional frameworks to ensure compliance with relevant international conventions; (b) develop national and regional contingency planning processes; (c) set up appropriate national and regional oil spill response capacity; (d) establish sustainable financial and institutional agreements and synergy through regional cooperation arrangements (including South Africa and Réunion). These objectives will be achieved by building awareness and preparedness at national levels, and establishing and organizing oil spill response capacity at national and regional levels. The project builds upon and complements the institutional framework provided by the Nairobi Convention, by recognizing the Indian Ocean Commission as the executing and implementing agency of the project.

Project Description

12. The proposed project addresses all of the oil-spill related issues specified above. Each country will develop national institutional, physical and strategic capacity to respond to oil spills to protect national coastal and surrounding marine environments in the interest of conserving globally important biodiversity, protecting fisheries and promoting ecotourism. The project will protect the shared Indian Ocean resources by establishing regional agreements and strategies to respond to oil spill accidents that transcend national borders. The project will facilitate regional cooperation and coordination of the island nations, including (a) signing of international conventions and treaties (CLC92, FUND92, OPRC90,), (b) definition of a regional oil spill response plan, (c) coordination of national legislation, (d) ensuring adequate oil spill response capacity, and (e) establishing a mechanism for regional coordination. In order to ensure adequate oil spill response capacity, the project places primary emphasis on establishing financial sustainability for the oil spill response system at both national and regional levels, and on building cooperation between concerned national governments and the local and international oil shipping industries. This cooperation would mobilize technologies and procedures to address oil spill emergencies that have been developed by the oil industry.

13. Project financing. The project is estimated to cost US$4.636 million, of which the GEF grant would finance US$3.152 million, consisting mainly of regional project activities. Beneficiary governments have committed to financing US$724,900, which would be used mainly for national project

components. Several donors are also contributing in-kind resources to the project. South Africa will provide services valued at US$166,400, Réunion will commit US$168,000, the International Maritime Organization will spend US$76,800, the Indian Ocean Commission will provide US$43,000, and the oil industry will provide US$305,600, for a total of US$759,800.

14. Project implementation. The project management unit established at the regional level under the Indian Ocean Commission Secretariat and headed by a regional coordinator will be responsible for overall project coordination and implementation. A project implementation coordinator within the ministry of environment for each country will coordinate the national components of the project. The project management unit and the project implementation coordinator will benefit from technical assistance for project management and monitoring and technical capacity in oil spill response management. A steering committee, chaired by the IOC and comprising senior officials responsible for environment for each participating country, will ensure national and regional interagency coordination and cooperation among all donors.

15. Project sustainability. Project sustainability will rest on the overall commitment of the Indian Ocean Commission countries and the oil industry to protect the environment against oil spill pollution. Seychelles will host and permanently finance the regional oil spill response coordination center. During the course of project implementation, the center will acquire the skills needed to assume the coordination function. After completion of the project, the center will (a) be the custodian of the regional oil spill response plan; (b) design and implement regular regional exercises; (c) assist countries with the further development of their national contingency plans when requested; (d) organize and hold workshops to assist with the development of national and regional oil spill response capacity; and (e) take an auditor's role in monitoring regular national and regional exercises and maintenance procedures, and publish an annual report on its findings.

16. Following project completion, the participating island states will incur expenses for annual training and exercises, maintenance, and renewal of equipment as required. Madagascar has proposed financing these expenses through a port levy, and Comoros will establish a special fund financed by a levy on oil imports. Seychelles and Mauritius will meet these expenses through their general budgets. The institutional and financial sustainability action plans for each country, agreed with the Bank during negotiations, detail the indicative amount each country will be expected to contribute each year, the source of funds, and arrangements for administering the funds. The action plans will be reviewed and reassessed during the mid-term review and are expected to be fully implemented prior to the completion date (December 31, 2002).

17. Lessons learned. Lessons from the Indian Ocean Commission/European Union Regional Environmental Program indicate there is a need for (a) mechanisms to facilitate coordination between the Indian Ocean states, particularly in the area of environmental legislation; (b) a flexible and responsive project management structure; and (c) involvement of private sector actors and other local sources of expertise. Lessons from World Bank projects in the area show (a) the need for ensuring a minimum level of participation from all countries, especially in the areas of financial sustainability, training and infrastructure maintenance; (b) the benefits of mobilizing and

involving private sector expertise; and (c) the need for mechanisms to facilitate regional interaction. The proposed project therefore: (a) builds on the regional coordination and cooperation built by the Indian Ocean Commission, while ensuring responsiveness through an autonomous project coordinator within the Commission; (b) sets minimum participation benchmarks for each of the countries defined in national and regional contingency plans; (c) incorporates expertise from the private sector and other countries in the region; and (d) ensures regional coordination and interaction though the regional contingency plans, training and joint exercises.

18. Environmental aspects. The project focuses mainly on oil spill contingency planning, building legislative and institutional frameworks, strengthening national and regional human resource capacity to address oil spill accidents, and creating sustainable institutional and financing mechanisms to maintain the system. It is expected to have a positive impact on the environment. The small physical component consists of the purchase of oil spill response equipment, and will not have any negative effects on the environment. The project is Environmental Assessment Category is C.

19. Project objective category. Environmentally sustainable development is the primary project objective.

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Note: This is information on an evolving project. Certain activities and/or components may not be included in the final project.

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