



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NOUADHIBOU ECO-SEAFOOD CLUSTER PROJECT
APPROVED ON MARCH 24, 2016
TO
MINISTRY OF ECONOMIC AFFAIRS AND THE PROMOTION OF PRODUCTIVE SECTORS
FINANCE, COMPETITIVENESS AND INNOVATION
AFRICA WEST

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ABBREVIATIONS AND ACRONYMS

AF Additional Financing

NFZA Nouadhibou Free Zone Authority

MAEPSPG Ministry of Economic Affairs and the Promotion of Productive Sectors



BASIC DATA

Product Information

Project ID P151058	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 24-Mar-2016	Current Closing Date 01-Nov-2021

Organizations

Borrower Ministry of Economic Affairs and the Promotion of Productive Sectors	Responsible Agency Nouadhibou Free Zone Authority, NESC - Project Coordination Unit
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Project Development Objective (PDO)

Original PDO

The objective of the proposed project is to support the development of a seafood cluster in Nouadhibou that promotes sustainable management of fisheries and generates value for the communities.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-D4660	17-May-2019	03-Jul-2019	30-Sep-2019	01-Nov-2021	8.00	2.77	5.40
IDA-D1040	24-Mar-2016	13-Apr-2016	06-Jul-2016	01-Nov-2021	7.75	7.80	0



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The original project grant for an US\$ 7.75 million was approved on March 14, 2016 and became effective on July 6, 2016. An additional IDA Grant US\$ 8million was approved on May 17, 2019 and became effective on September 30, 2019. Thus, the total project amount is of US\$ 15.75million. The project closing date is November 1st, 2021.
2. **Till early 2020, the project's implementation pace, progress towards PDO and disbursement rates were highly satisfactory.** Since project's effectiveness, important activities had been accomplished and performance in implementation (effective multisectoral coordination, execution of the activities, finalization of the fisheries cluster strategy, investment climate reforms, PPP reform) and disbursement rate (84 percent as of December 30, 2019 on the original grant) reflected this good overall progress. Several PDO indicators and intermediate results indicators had achieved their targets and/or were on track (investments generated, fresh fish exports, commercial viability studies, citizen engagement). The positive and fast implementation rate of the project and promising early results were the basis for the above-mentioned project additional financing (AF) in 2019.
3. **Since January 2020, however, critical issues exacerbated by the COVID-19 pandemic, stifled implementation.** The project was confronted with two critical roadblocks since early 2020, these include a dysfunctional public procurement commission and continuous institutional changes both at NFZA, the Project's anchor point, and the Ministry of Economy. The project experienced substantial delays in the procurement of key activities planned under AF with a cessation of almost all public procurement processes of the AF by the public procurement commission at Nouadhibou's Free Zone Authority (NFZA) as of January 2020. In addition, the project suffered from constant changes of focal points, both at technical and senior leadership levels leading to a leadership void. These issues, which lasted 15 months, resulted in an operational impasse affected the implementation of several project activities mainly under components 1 (critical landing infrastructures) and 3 (suspended all climate investments and PPP agenda). In turn, this led to an important slowdown of the project disbursement rates and a downgrade of all project ratings.
4. **Following numerous discussions with the Borrower, it was agreed to work on optimizing the remaining schedule and rapidly address issues affecting implementation.** The need for rapid attention to project implementation and uncertainty regarding the project restructuring was flagged by Bank team early on and reflected in different virtual supervision missions (January, June, and November 2020). The decisions of continuing with the implementation, which was preceded by over six months of continuous and high-level discussions between Bank's management and the Government authorities, was finally reached in April 2021. Following this agreement, a revised action plan was discussed by the project steering committee and approved by the Bank. A virtual supervision mission conducted in July 2021 showed that notable progress had been made on existing blockages, namely the delays in public procurement (finalization and commencement of implementation of previously blocked activities contracts for nearly



total value of US\$ 3.4 million) and lack of attention by the main beneficiaries and the Government to project implementation.

5. **Despite the notable improvements and resumption of some activities, the experienced and long-lasting blockages resulted in the dropping of several flagship activities.** The implementation delays lead to a situation where completion of all planned activities and use of all project funds within the allotted time was not possible (See Annex I for details on implementation status). Several activities including the rehabilitation activity of the fish hall for cephalopods, the construction of a building to host the Seafood Cluster, the rehabilitation of the commercial justice building, the informatization of the commercial registry and the recruitment of a communication agency for investment climate were deemed unfeasible to implement before project closing. and thus dropped.

II. DESCRIPTION OF PROPOSED CHANGES

6. This is the third Level 2 restructuring since the Project approval on March 14, 2016. The first two restructurings were on January 8, 2018 and June 24, 2019 respectively.
7. Cancellation. The closing date of the Project is November 1, 2021. The Government of Mauritania requested to cancel the undisbursed funds of the AF grant (IDA-D4660) for an amount of USD 3,500,000 /XDR equivalent 2,466,612.84 (formal letter received on August 18, 2021). The proposed Level 2 restructuring will allow to re-purpose these resources to support the Government of Mauritania in other or related critical agendas in this post-COVID19 era.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Cancellations Proposed	✓	
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
IDA-D1040-001	Disbursing	XDR	5,600,000.00	0.00		5,600,000.00	
IDA-D4660-001	Disbursing	XDR	5,800,000.00	2,466,612.84	18-Aug-2021	3,333,387.16	UNDISBURSED BALANCE AT CLOSING

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IDA-D4660-001 Currency: XDR					
iLap Category Sequence No: 1		Current Expenditure Category: GDS,WKS,NCS,CS cf FA			
	5,580,000.00	1,242,826.48	3,320,532.47	100.00	100.00
iLap Category Sequence No: 2		Current Expenditure Category: GDS,WKS,NCS,CS Pt 3.1b			
	220,000.00	12,854.69	12,854.69	100.00	100.00
iLap Category Sequence No: 3		Current Expenditure Category: GDS,WKDS,NCS,CS cf FA			
	0.00	0.00	0.00	100.00	100.00
Total	5,800,000.00	1,255,681.17	3,333,387.16		



Annex I: Project's Implementation Status as of September 2021

Implementation Status

1. The component-wise implementation status and results achieved so far are as follows:

Component 1: Development of a sustainable fisheries sector in Nouadhibou

2. Overall, progress in the implementation of the activities under this component is moderately unsatisfactory.

Sub-Component 1.1: Promote a public-private dialogue in order to develop a vision for a sustainable fisheries pole in Nouadhibou and accelerate reforms at the national level encouraging its development

3. Since agreement reached between bank management and government authorities in April 2021, this sub-component has undergone a series of modifications. Indeed, given the limited time till the closure of the Project, the construction activity of the Fisheries Competitiveness Cluster (PCH) building was dropped at the launch stage. However, as part of the operationalization of the PCH related infrastructures, activities related to the establishment of a PPP for the Deep-Sea Water Port Project were included and are being implemented satisfactorily.

4. The Public-Private Dialogue Platform had not yet been relaunched even though it had been agreed to reactivate it as part of the capacity development activity of economic operators in Nouadhibou. The Bank team has extensively discussed with the Free Zone the importance of relaunching the platform beyond the life of the Project building on the two focal points already trained at ANZF level.

Sub-Component 1.2: Encourage responsible investment in the Nouadhibou fisheries cluster

5. The activities currently being carried out with the ANZF (Communication Strategy, Fisheries TAs and Specific Training) are progressing gradually and satisfactorily.

6. Following the amendment of the 2021 Work Plan, the Project integrated a new axis of support to the new Mauritanian Investment Promotion Agency (APIM). The two main areas of support to the APIM specifically include institutional development and the guidance and supervision of various terms of reference (TdRs) developed by the Agency to ensure the development and execution of three main activities, namely: (1) the development of an investment promotion strategy and action plan for the APIM; (2) the development of a communication and branding strategy; and (3) participation in specific events, including Dubai World Expo and the Africa CEO Forum.

Component 2: Increase the value of fishery and marketed products in fisheries cooperation with the participation of local stakeholders

7. Progress in the implementation of the activities under this component is moderately satisfactory with all the activities being implemented or finalized, including capacity-building of actors in Nouadhibou, which has had a very good start and continues to be implemented in a satisfactory manner. In addition, the EPBR's pumping station, the second main infrastructure of the Project, has been discussed was confirmed following the review of the environmental and social documentation considering the relocation of the installation site of the station.

8. It should be noted that although activities under this component have resumed, this component has really suffered in the past from the problems of lack of counterpart funds, institutional changes and procurement delays mentioned and discussed at length during each supervisory mission. Indeed, the rehabilitation activity of the fish hall for cephalopods, flagship infrastructure and contributing to the project's indicators has been dropped and the pre-feasibility study for a seawater desalination unit is still experiencing a significant delay due to the delay in signing an



amendment and all activities related to the inclusion of the gender to be funded through counterpart funding have been dropped.

Component 3: Strengthening the investment climate for private sector development

The progress in the implementation of the activities foreseen under this component is moderately unsatisfactory

Sub-Component 3.1: Improving the investment climate

9. The process of computerization of the commercial justice chain is progressing well. The definition of the needs of the various beneficiaries has been carried out, as well as the preparation of the documents of the technical and functional specifications to enable the design and development of the target system. In order to ensure compliance with the schedule set for the production of the various deliverables, the bank team has recommended the need for rigorous monitoring of the various computerization activities and effective change management for a good appropriation of the technological solutions under development.

10. With regard to the implementation of an integrated management system for the One Stop Shop for Business creation there have been delays in finalizing the tests of the system and its deployment. This delay is attributable to difficulties in accessing the Internet but also to the change in the institutional anchoring of the Single Window. The Bank team has suggested speeding up the implementation of the technical infrastructure for the deployment of the software, finalizing the tests of the software to allow it to be put into operation before the end of the Project.

11. Finally, it is important to note that under this subcomponent several critical activities have been discontinued due to delays in the public procurement process, the impossibility of implementing them within the remaining duration of the Project and the lack of counterpart funds, including: (i) the rehabilitation of the commercial justice building; (ii) the establishment of the information system of the Commercial Register of Mauritania; and (iii) the recruitment of a communications agency to support the improvement of the business climate in Mauritania. The inability to implement the activity concerning the commercial register computerization system will have a negative impact on the results of the Project, as two indicators (one at the PDO level and one intermediate) depend on its operationalization.

Subcomponent 3.2: Support for the operationalization of the Government's PPP programme.

12. Since April 2021, the government has begun to ramp up PPP activities. Even though the PPP unit is no longer financed by IDA funds and the Government has created a Directorate General of PPPs (DG PPP) within the Ministry of the Economy, the pace of implementation of activities have overall improved.

13. Two studies are at the level of procurement, these are: (1) the study on the treatment of wastewater in Nouadhibou, (2) the feasibility study for the development of an industrial sugar factory in PPP.

14. Another study has been dropped this is the water supply for the northern regions (AEP Nord project) which has also experienced significant delays in the award of contracts. This study was abandoned, by mutual agreement with the DGPPP, because of the impossibility of concluding it before the closure of the Project and the requested budget considered very high.

15. The updating of the study on the Deep-Water Port of Nouadhibou, is currently underway. The study has started and is progressing satisfactorily.