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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

AFCC2/RI-SOUTH WEST INDIAN OCEAN FISHERIES GOVERNANCE AND SHARED GROWTH PROJECT 1

APPROVED ON FEBRUARY 27, 2015

TO

UNITED REPUBLIC OF TANZANIA, UNION OF COMOROS, GOVERNEMENT OF MOZAMBIQUE, INDIAN OCEAN

COMMISSION

ENVIRONMENT, NATURAL RESOURCES & THE BLUE ECONOMY

AFRICA EAST

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I. BASIC DATA

Product Information

Project ID P132123	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 27-Feb-2015	Current Closing Date 30-Sep-2021

Organizations

Borrower United Republic of Tanzania, Union of Comoros, Governement of Mozambique, Indian Ocean Commission	Responsible Agency Ministry of Livestock and Fisheries, Mainland, Ministry of Blue Economy and Fisheries, Zanzibar, Deep Sea Fishing Authority, Direction Générale des Ressources Halieutiques
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Project Development Objective (PDO)

Original PDO

The Project Development Objective is to improve the management effectiveness of selected priority fisheries at regional, national and community level.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-55460	27-Feb-2015	21-Apr-2015	27-Oct-2015	30-Sep-2021	11.70	10.95	.04
IDA-55890	27-Feb-2015	12-Mar-2015	22-Jun-2015	30-Sep-2021	31.00	25.77	4.24
IDA-D0110	27-Feb-2015	09-Apr-2015	28-Oct-2015	30-Sep-2021	9.50	8.79	0
IDA-H9940	27-Feb-2015	21-Apr-2015	27-Oct-2015	30-Sep-2021	18.30	16.78	0



IDA-H9950	27-Feb-2015	08-May-2015	18-Dec-2015	30-Sep-2021	5.00	4.54	.08
TF-19021	27-Feb-2015	12-Mar-2015	22-Jun-2015	30-Sep-2021	5.00	4.24	.76
TF-19022	27-Feb-2015	21-Apr-2015	27-Oct-2015	30-Sep-2021	7.00	6.98	.02
TF-19023	27-Feb-2015	09-Apr-2015	28-Oct-2015	30-Sep-2021	3.50	2.88	.62

Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

A. Project Status

1. The project was declared effective on 22 June 2015 and has been under implementation for about 72 months. The last Implementation Status and Results Report (ISR) (June 29, 2021), reflecting combined ratings for the three countries in SWIOFish1 (Comoros, Mozambique and Tanzania) and the regional component, rated progress towards achievement of the PDO and overall implementation progress as Moderately Satisfactory. Total project disbursements are at 93.18%, with the IDA Grant being disbursed at 100% and the GEF Grant disbursed at 82.23%. This restructuring pertains only to SWIOFish1 in Comoros (SWIOFish1-KM), as reflected in subsequent sections of this paper.

2. From the onset of the activities of SWIOFish1-KM, the project has been executed at a steady rate with regular disbursement overtime. During the first half of the project, the disbursement rate was faster for Component 2 and 4, with Component 3 disbursing at a slower rate. Adjustments were made to improve disbursement, in particular on Component 3 (supported by IDA), including regular follow-up of project implementation as well as on the construction of small fisheries infrastructures for local communities, and piloting some priority fisheries value chains (fish aggregating devices, octopus pots, lobster traps). Overall disbursement went from 42% in September 2018, with 10% (USD 550k) of then total disbursement from component 3, to 100% as of September 2021, with 54% (USD 4.24 million) of total disbursement from component 3. The disbursement of the GEF Grant that only supports component 2 is currently at 82.23%.

3. The project has largely suffered from the Covid19 pandemic in its last third, during which a number of activities were supposed to gain speed, including the deployment of Alternative Livelihood Activities and the construction and operationalization of small fisheries infrastructures. Travel restrictions domestically and internationally for several months (still ongoing), large reductions on the number of flights to/from Comoros, etc. have created a number of challenges for ongoing studies, equipment deliveries, civil work, etc. In addition, the reduced availability of imported items and constructions material owing to the pandemic limitations have created an increase in prices that have taken a toll on the planned budget and expenditures

4. As part of the new development plan for Comoros, Plan Comores Émergent 2030, the government put some emphasis on the development of fisheries infrastructures in coastal areas to support value-chains, reduce post-harvest losses and promote local trade of good quality fisheries product. More focus was then put on Component 3 of the project, and it was agreed to expand further the construction of fisheries infrastructures in coastal communities around the three islands of Comoros.

5. Some of the key Project achievements in Comoros are highlighted below:



(a) Component 2: Improved governance of priority fisheries

(i) The promulgation of the new Fisheries law on April 1st, 2020 was an important achievement of the project in this component. This revised law brings the fisheries act in compliance with the United Nations Convention on the Law of the Sea (UNCLOS) and further enhanced the legal framework for fisheries management in Comoros. Furthermore, seventeen (17) implementation texts, decrees and ministerial orders, of the fisheries law have been adopted under the project. They related to institutional arrangement for fisheries, monitoring, control and surveillance, fisheries management, fish quality and hygiene, sanitary conditions. A number of additional texts have also been prepared under the project and are pending adoption;

(ii) The Comoros demersal fisheries management plan that was implemented until 2017. After the implementation period, the plan was assessed and revised through a national stakeholders working group. As a result, a new Comoros coastal fisheries management plan was adopted in December 2020 and provide the necessary framework for the management and development of coastal fisheries in Comoros. This plan benefited from inputs and review from the WB and FAO.

(iii) A comprehensive and country-wide fisheries statistics collection system was set up in Comoros, building on previous initiatives. The system is using new technologies as smartphones and apps for samplers to collect the data at the landing sites of the artisanal fishery. Data collected is sent directly to a central database at the DGRH for analysis and publication. For the first time in Comoros, statistics bulletins have been published for the fisheries sector in Comoros, four during the lifetime of the project. These bulletins provide key information about the sector, both to the public and the decision-makers. It is estimated that the annual production in Comoros was 20,001 tons for 2020 (an increase of over 2,000 tons from 2019), with an associated value of over USD 68 million. Additional information including contribution to GDB are also estimated on a regular basis by the Comoros, 2.87% in 2020.

(iv) The project supported the development of a registration campaign for motorized vessels. So far, over 1600 artisanal motorized vessels have been registered, i.e.89% of vessels inventoried . In order to be registered, each vessel had to undertake a safety visit by the National Agency for Maritime Transport (ANAM). This campaign has therefore the dual objective of improving management of the fishery while at the same improving safety at sea of local artisanal fishers.

(v) Monitoring Control and Surveillance (MCS) activities were strengthened with an improved legal and regulatory framework and a shift of MCS activities being only directed to industrial foreign fleets fishing offshore resources (tuna) towards the inclusion of MCS activities for the artisanal coastal fleet which are participating to the overexploitation of coastal resources.

(vi) A full scale test campaign of safety beacons was conducted testing 31 beacons from 3 different manufacturers using different technologies (Automatic Identification System (AIS), ARGOS and PLB). The beacons were tested with 30 artisanal fishers who were provided safety kits. The campaign was coordinated by the Fisheries Monitoring Center with the Coast Guards who have the Search and Rescue (SAR) vessels. The test was supported by the French Safety Operation Center in La Réunion (CROSSRU) for regional cooperation and was concluded by a workshop and training in La Réunion for the FMC and Coast Guard. The recommendations of the test will be included in a SAR plan for Comoros with the aim of reducing at-sea accident and losses of lives.

(vii) Research was conducted for the first time by the DGRH and the INRAPE which culminated with a stock assessment of the octopus stocks to be completed showing that the resource is not overfished or under overfishing. In addition, a stock assessment plan was prepared for the lobster resources in Comoros.

(viii) Six co-management agreements were revised and signed, expanding the agreements to all the villages that are using the fishing grounds, while the previous agreements only included the village where the fishing grounds are located. All six were being implemented with regular meetings between the administration and the communities. The first management measures, consisting of the temporary closing of designated zonings from fishing activities have taken place end of 2020 with closure of certain areas identified with the communities from November 2020 to



February 2021 .such activities which requires a change in mindset and perception by both the administration and the communities, was quite successful, building on the participation and ownership of the measures by the communities.

(b) Component 3: Increased economic benefits from priority fisheries

(ix) Out of a total of twenty-one fisheries infrastructures, twenty were constructed and operationalized, and one is still under construction. This includes cold-chain infrastructures equipped with cold-stores or ice machines, as well as other fisheries infrastructures such landing sites, storage building for fishers, small markets, etc. Associated to these infrastructures, management and business plans have been prepared to ensure their sustainability. These infrastructures are supporting value-chains and reduction of post-harvest losses. Under OP/BP 4.01, each of these infrastructures was screened to ensure adequate assessment of E&S impacts. Where applicable, an Environmental and Social Management Plan was developed to ensure mitigation of impacts as well as monitoring and evaluation of implementation of the proposed E&S mitigation measures.

(x) In terms of fisheries development, three pilots have been developed and deployed under the project: octopus jars (2400 units deployed in comanagement villages), Fish Aggregating Devices (9 units deployed outside of the fringing reefs) for small and large pelagics, as well as lobster traps (30 units tested) in villages covered by the co-management agreements.

(xi) Under the safeguard's requirements (OP/BP 4.12), a Process framework (PF) was developed in order to ensure that local communities are consulted on the restrictions that could occur as a result of the implementation of the co-management agreements, including during the fishing closures. A subsequent Plan d'actions aux restrictions d'accès (PARAR, Action Plan for Access Restriction) has been developed and adopted by the project, which assesses impacts of access restrictions on local communities and proposed mitigation measures through a series of Alternative Livelihood Activities, developed with the participation of the local communities, to benefit Project Affected People (PAPs) fishers for losses incurred during the restrictions and provide means of income diversification to PAPs in order to reduce fishing pressure and allow a recovery of stock and associated ecosystems. These alternative livelihood activities have been deployed in 2021 for a total of 172 beneficiaries and include agriculture activities (vegetables production), livestock (poultry and goat), as well as commercialization of fisheries products. The development of the PARAR and the deployment of the alternative livelihood activities suffered extensively from the Covid19 pandemic and the restrictions in Comoros. M&E activities for the implementation of these alternative livelihood activities should continue until December 2021

(c) Component 4: Project management and coordination

(xii) The PIU is embedded in the Fisheries Directorate with a coordinator and assistant coordinator who have been in place since the beginning of the project. However, the PIU suffered losses in key personnel (safeguards specialist, M&E specialist, Procurement specialist, etc.) in its second half of implementation. This was due in particular of lower salaries for PIU personnel compared to other WB projects and other projects from partners/donors.

(xiii) Implementation performance improved after adjustments decided during mid-term review mission, namely (a) the appointment of specific people for following up activities at different stages of the procurement process and monitoring; and (b) doubling the frequency of the WB team missions: the full supervision mission (with the participation of all experts from the WB team) takes place every six months, but lighter supervision missions, with a reduced team from the WB are alternated with those so that there are 4 supervision missions every year instead of twice.

(xiv) Several tools were also developed with the support of the WB team to ensure proper monitoring of key activities such as the construction of infrastructures, considering all sequencing of all the steps to be undertaken in the process until completion of the work.



(xv) During the previous extension period (July to September 2021), since the PIU prioritized payments of the infrastructures under Component 3 with the IDA Grant, the PIU which remained in place did not receive any salaries but continued to implement both IDA and GEF funded activities.

6. With the improvement in implementation since the Mid-Term Review, the project now has a disbursement rate of 93.18 percent overall (100% of the IDA Grant and 82.23% of the GEF Grant), with around \$620,000 to be disbursed under the GEF Grant.

7. Some commitments under Component 3 remain to be paid by the project, in particular with regards to infrastructures (all completed but final payment and warranty holdback to be paid), preparation of the PARAR (completed by final payment to be paid), deployment of livelihood activities and PIU salaries from July to September 2021.

8. In addition, in order to support their sustainability, some activities still need to be consolidated and plans to be prepared to promote take-over of key activities by the government in 2022.

9. Consequently, due to the lack of financial resources under the IDA Grant financing Component 3 and 4, some adjustments need to be made of the GEF Grant to reduce selected commitments of the project to ensure the delivery of critical activities in support of Covid19 recovery efforts to benefit the communities.

10. The World Bank received the last external Financial Statements external audit report for the year ended December 31, 2019 and for which the auditor issued an unqualified opinion on the financial statements. Certain recommendations made by the external auditor in the report on internal control have not yet been implemented by the PIU by the time of the March 2021 mission. Those related to (i) optimal use of the software, (ii) accounting system and organization, (iii) control of expenditure documentation. The corrective actions related to the above-mentioned issues are currently being undertaken by the PIU. The audit of the financial statements for fiscal year 2020 is currently underway; the external auditor's report will be submitted to the World Bank by December 31, 2021. Delays were also noticed for IFRs submission since the 1st quarter of 2021 due to issues in project's accounting records requiring several revisions. Furthermore, weaknesses over budgeting process and budget execution were noticed due to low quality of accounting data and weak planning capacity. The Bank is providing close support to the PIU on this matter.

B. Rationale for restructuring

11. A level two restructuring is necessary to be undertaken because of three main reasons, i.e. i) budget constraints and pending commitments, ii) implementation delays to the Covid19 pandemic and iii) sustainability of results.

12. The main reasons for the budget constraints include:

a. loss related to unfavorable exchange rate between XDR and USD of the IDA part of the financing (IDA-D0110) that resulted in an estimated overall loss of USD 800,000;

b. loss of resources normally supporting the Fisheries Administration and its activities, i.e. European Union sectoral support. Financial support under the fishing agreement was stopped when Comoros received a red card from the EU in May 2017 for not addressing properly IUU fishing by vessels under its flag operating outside of Comoros. The annual financing gap created for the fisheries administration s of around EUR300,000 of annual sectoral support. Comoros has taken a number of steps to improve the management of its fleet operating outside of Comoros, including the revision of its legal framework and the deflagging of a number of vessels, however the dialogue with the EU has not yet resumed.

c. Lack of capacity at the PIU level to estimate the cost of activities planning stage vs. the actual values of the different contracts, as well as planification of activities and follow-up of commitments. This includes the staffing of the PIU and other substantial contracts and was further exacerbated by the domestic increase in prices link to the Covid19 pandemic.

13. The main impacts of the Covid19 pandemic on the project include:



- a. implementation delays due to the Covid19 pandemic since early 2020 added further budgetary constraints to the project in Comoros. In fact, it slowed down the delivery of activities while the PIU remained in place with its associated cost (e.g. salaries, operational costs, etc.). In addition, for a number of activities, the mitigation of the imposed restrictions also translated in additional costs for the project through having to recruit local consultants to support foreign consultants who could not travel, hiring video-conferencing equipment, extension of contracts to covers for delays and challenges, etc.
 - b. Increase of prices locally in the wake of the Covid19 pandemic, in particular for equipment necessary of the deployment of the Alternative Livelihood Activities and of construction material for the construction/rehabilitation of the fisheries infrastructures. Since a number of these activities were budgeted or started before the pandemic, the budget to complete these activities has increased importantly during implementation and using more IDA resources than anticipated. The PIU being careful in managing expectations of the coastal communities which were promised infrastructure and Alternative Livelihood Activities prioritized these expenditures until the IDA funds were exhausted. However, some final commitments remained for boths activities, in addition to the salaries for the PIU which were not paid in July, August and December.
14. Since the beginning of the pandemic, the sustainability of the key results and successes of the project has been affected. In fact, priorities of the government have shifted in the wake of the pandemic. A number of project activities required uptake and support by higher level of government, e.g. adoption of regulatory texts, sustainability of the fisheries statistical system, Monitoring Control and Surveillance, etc. However, with the pandemic the focus of the government shifted towards support to health, support to the economy, etc. to curb the immediate effects of the pandemic in the country. Little resources are currently being provided to the fisheries department to sustain the main results and successes of the project.
15. As a result, given that IDA financing has been entirely disbursed on priority actions, it is necessary to reallocate GEF savings under Category 2 (component 2) to Category 3 (covering components 3 & 4 of the project) to meet the current commitments of the project, in particular with regards to the cost of the PARAR development and deployment of the Alternative Livelihood Activities for coastal communities (Component 3), PIU cost from July to September 2021 (Component 4) as well as the final audit (Component 4). GEF funds will not be reallocated to support the final commitments linked to the constructions and reallocations of fisheries infrastructures built under the project, and will not support the PIU costs for the new extension period (October to December 2021). These commitments and costs should be covered by the government as part of their cofinancing commitment or other resources (including through synergies with other WB projects) .
16. As detailed in Section II, the Covid19 pandemic and its effect on local prices will be addressed through (a) budget reallocation of part of the remaining GEF funds, , and (b) a 3 months extension to finalize and complete GEF funded activities and support the development of plans for the sustainability of key activities.
17. This restructuring is expected to reduce commitments of the project under Component 3 and Component 4, continue key activities under Component 2 and will enable the Project, in the wake of the pandemic, to achieve its PDO, adequately monitor and measure relevant results, support sustainability of the results and key successes, ensure available funds are applied to priority activities achievable during the remaining implementation period but also to ensure that safeguards are properly addressed under OP/BP 4.12 with regards to the implementation, monitoring and evaluation of alternative livelihood activities for PAPs affected by restrictions. Under Component 2, key activities to be continue will include i) finalization of a number of regulatory texts, ii) the development of a sustainability plan for the statistical system, ii) preparation of an annual implementation plan for the new fisheries management plan, iii) verification of effectiveness of the procedures, iv) finalize a short-term strategy to improve safety-at-sea based on the



results of the beacon testing campaign, v) finalization of manuals for the registration or non-motorized vessels and fishers registration and vi) preparation of the upcoming fishing closure under the comanagement agreements, etc.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-55460	Effective	30-Sep-2021			
IDA-55890	Effective	30-Sep-2021			
IDA-D0110	Effective	30-Sep-2021	30-Jun-2021, 30-Sep-2021	31-Dec-2021	30-Apr-2022
IDA-H9940	Effective	30-Sep-2021			
IDA-H9950	Effective	30-Sep-2021			
TF-19021	Effective	30-Sep-2021			
TF-19022	Effective	30-Sep-2021			
TF-19023	Effective	30-Sep-2021	30-Jun-2021, 30-Sep-2021	31-Dec-2021	30-Apr-2022

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
IDA-D0110-001 Currency: XDR	GDS,NCS,CS,OC, TRG PRT A, D1	0.00	0.00	0.00	0.01	0.01
	WKS,GDS,NCS,C S,OC,TRG PRT B	2,534,633.32	2,534,239.77	2,534,633.32	44.00	53



The World Bank

AFCC2/RI-South West Indian Ocean Fisheries Governance and Shared Growth Project 1 (P132123)

	GDS,NCS,CS,OC, TRG PRT C, D.2	3,468,043.11	2,990,018.01	3,468,043.11	100.00	92
	PPF REFINANCING	297,323.57	297,323.57	297,323.57		
	Total	6,300,000.00	5,821,581.35	6,300,000.00		
TF-19023-001	GDS,NCS,CS,OC, TRG part A,D.1	0.00	0.00	0.00		
Currency: USD	WK,GD,NCS,CS, OC,TR, Prt B of Proj	3,500,000.00	2,634,416.21	3,235,691.00	41.00	47
	GDS,NCS,OC,TR G Prt C and D.2	0.00	0.00	264,309.00	0.00	8
	Total	3,500,000.00	2,634,416.21	3,500,000.00		