



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
PACIFIC ISLANDS REGIONAL OCEANSCAPE PROGRAM – FEDERATED STATES OF MICRONESIA  
APPROVED ON DECEMBER 22, 2014  
TO  
FEDERATED STATES OF MICRONESIA

ENVIRONMENT, NATURAL RESOURCES & THE BLUE ECONOMY GLOBAL PRACTICE

EAST ASIA AND PACIFIC REGION

Regional Vice President:	Victoria Kwakwa
Country Director:	Michel Kerf
Regional Director:	Benoit Bosquet
Practice Manager:	Ann Jeannette Glauber
Task Team Leader:	Cary Anne Cadman



## ABBREVIATIONS AND ACRONYMS

CA	Competent Authority
CIU	Central Implementation Unit
DLI	Disbursement-Linked Indicator
DRD	Department of Resources and Development
EEZ	Exclusive Economic Zone
ER	Electronic Reporting
FFA	Pacific Islands Forum Fisheries Agency
FM	Financial Management
FSM	Federated States of Micronesia
IDA	International Development Association
IMS	Information Management System
IOC	Incremental Operating Costs
IP	Implementation Progress
MCS	Monitoring, Control, and Surveillance
M&E	Monitoring & Evaluation
NORMA	National Oceanic Resource Management Authority
PAD	Project Appraisal Document
PBC	Performance Based Conditions
PDO	Project Development Objective
PMU	Project Management Unit
PNA	Parties to the Nauru Agreement
POM	Program Operations Manual
PROP-FSM	Pacific Islands Regional Oceanscape Project – Federated States of Micronesia
UNCLOS	United Nations Convention on the Law of the Sea
VDS	Vessel Day Scheme
WB	World Bank



**BASIC DATA**

**Product Information**

Project ID P151754	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 22-Dec-2014	Current Closing Date 30-Sep-2020

**Organizations**

Borrower Federated States of Micronesia	Responsible Agency National Oceanic Resource Management Authority, Department of Resources and Development
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**Project Development Objective (PDO)**

Original PDO

The project development objective is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-D0140	22-Dec-2014	20-Mar-2015	08-May-2015	30-Sep-2020	5.50	3.83	1.48

**Policy Waiver(s)**

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

No



## **I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING**

### **A. Background**

1. This restructuring paper seeks a Level 2 restructuring for the Pacific Islands Regional Oceanscape Program – Federated States of Micronesia (PROP-FSM, and hereafter referred to as the “Project”) involving the following changes: (i) extension of the Project’s closing date, associated amendments to the disbursement and implementation schedules and relevant legal covenants involving the Pacific Islands Forum Fisheries Agency (FFA); (ii) revisions relating to expenditure eligibility, performance-based conditions (PBCs; formerly disbursement-linked indicators/DLIs) periods, reallocation of unused PBC funding and associated amendments to the disbursement categories and component cost allocations, and PBC verification arrangements and timeline; (iii) revisions to the implementing agency; and (iv) amendments to the Project’s results framework. In addition, the Project’s risk ratings were reviewed, and the ‘overall’ risk rating of the Project is proposed to be downgraded. At the same time, the ‘other’ risk category rating is proposed to be revised to reflect the risks stemming from the ongoing COVID-19 pandemic.

2. The Project was approved on December 22, 2014, with an International Development Association (IDA) grant of US\$5.50 million equivalent. The Project was declared effective on May 8, 2015, as part of a regional program including other countries such as Solomon Islands, Tuvalu, and the Republic of the Marshall Islands. Components 1 and 3 of the Project are implemented by the National Oceanic Resource Management Authority (NORMA), and Component 2 of the Project by the Department of Resources and Development (DRD).

3. Despite initial progress, project implementation progress (IP) was considered delayed in 2017 and downgraded to Moderately Satisfactory. The Project experienced persistent challenges with application and administration of the PBC mechanism, due to its complexity, lack of clarity on PBC definitions, and reporting periods that were misaligned with government decision-making processes. In addition, the Project experienced difficulties operationalizing the planned joint sea patrols, as patrol logbook data could not be disclosed to the World Bank (WB). The patrols were part of the monitoring, control, and surveillance (MCS) activities, a core element of the Project’s design and PBC. Finally, weak institutional capacity, especially in the areas of procurement, monitoring and evaluation (M&E), and safeguards application, caused extended delays in processing of approved procurement packages, meeting M&E requirements, and managing environmental and social safeguards measures. Furthermore, operational support to be provided by the regional FFA PROP (P131655) in the areas of procurement, financial management (FM), and M&E was inadequate further exacerbating implementation delays.

### **B. Project Status**

4. In late 2019, following the Project’s mid-term review and further delays partly due to a change in government and an associated transition period of 5 months, the Project’s ratings on progress toward achievement of the project development objective (PDO) and IP were downgraded to Moderately Unsatisfactory. It was established that without significant acceleration in implementation, envisaged results and outcomes would be at risk of not being completed by closure. Several Component 1 activities critical for achievement of the PDO, remain behind schedule and include: (i) policy, legislative and human resource development consultancy work leading to the establishment of a sanitary competent



authority (CA) for fish and fish product safety and quality; (ii) improvement of IT facilities based on recommendations of the IT developer; and, (iii) roll-out of the fisheries investment policy and industry communications strategy. In addition, more recently, the COVID-19 global pandemic has significantly altered the operating environment of project implementation. Containment measures put in place to mitigate the pandemic, including international travel suspensions, national travel restrictions, and introduction of social distancing guidelines, are causing additional implementation delays. However, the Component 2 activity, involving preparation of the situational analysis report, has been successfully delivered.

5. Following downgrading of implementation ratings in late 2019, NORMA has shown strong commitment toward accelerating implementation, with the Project showing recent progress against its objectives. Establishment of a Central Implementation Unit (CIU) to provide operational support for WB-financed projects in FSM, has strengthened the project management unit (PMU) and improved the effectiveness and efficiency of operational processes in the absence of the support originally expected from FFA. In addition, staff positions, piloted under PROP, are now being incorporated into NORMA's staffing complement, including the positions of economist, vessel day scheme administrator, fisheries observer administration manager, electronic monitoring/electronic reporting (ER) coordinator, ER officer and licensing assistant, all functioning to significantly strengthen NORMA's institutional capacity. In addition, several procurement processes have been completed and/or advanced, including: (i) four CA inspectors and consultants have been recruited, complementing the existing food safety inspectors; (ii) observer equipment and safety gear has been purchased and is to be delivered; (iii) purchase of hardware and software for NORMA's information management system (IMS) and CA offices is ongoing; and, (iv) contract negotiations have concluded for development of specialist software to support real-time data provision, which will assist NORMA in phasing-out manual fisheries management reporting processes. Additional procurement processes have been initiated for: (i) CA inspection equipment; (ii) IT equipment and office furniture for the CA office; and, (iii) consultancy services for development of an industry communication strategy. Finally, the Project has completed the development of a draft fisheries investment policy for which consultations with all FSM states are planned.

### **C. Rationale for Restructuring**

6. This restructuring responds to a request from the Government of FSM, dated December 12, 2019, and agreements reached during the project restructuring mission, carried out from February 3-7, 2020, and captured in the associated aide memoire. The WB supports Government's request for restructuring the Project, as described in Section II below. The proposed restructuring meets the requirements stated in paragraph 50 of the Bank Directive for Investment Project Financing dated October 1, 2018 with regards to change in closing date, notably: (i) Project objectives continue to be achievable; (ii) with sustained implementation progress and the proposed extension, the ratings for progress towards achievement of the PDO and IP are expected to be upgraded to Moderately Satisfactory; and, (iii) the performance of NORMA has been improving, as demonstrated by their commitment to accelerate implementation and mutual agreement with the WB team on an action plan for completing the Project.

7. The proposed changes are needed to allow for completion of project activities critical for achievement of the PDO that are currently delayed and not expected to be completed by the current closing date. The additional time is also necessary to provide further flexibility in addressing implementation delays incurred as a result of the ongoing global COVID-19 pandemic. Specifically, during the extension period, Government will establish a sanitary CA to monitor



compliance with international seafood processing standards; a priority for the FSM government and NORMA. This will significantly strengthen NORMA's capacity to sustainably manage oceanic fisheries, and hence contribute to achievement of the PDO. Improvement of NORMA's IT facilities will support expansion and enhancement of NORMA's fisheries information management system and vessel monitoring system, both critical for strengthening NORMA's institutional capacity. Specialist software will support real-time data provision and assist NORMA to phase out manual fisheries management reporting processes. Vessels operating in FSM's Exclusive Economic Zone (EEZ) will start processing their data online, which will allow observers to provide NORMA with real time fishing data, enhancing monitoring and enforcement actions. Finally, roll-out of the new fisheries investment policy and industry communications strategy will significantly strengthen fisheries' sustainability in FSM. Additional project activities under Component 1 that will be supported during the extension period include continued institutional strengthening, facilitation of regional and national negotiations (e.g., Parties to the Nauru Agreement/PNA), and technical training to agencies involved in oceanic fisheries management in FSM; transshipment monitoring and data collection; enhancement of the observer corps with a focus on the health and well-being of the observers; and promotional and awareness raising of sustainable oceanic fisheries.

8. The extension is also required to allow the Project to request disbursement of the year 6 PBC by providing sufficient time for completion of the verification and disbursement process. Under the project design, the year 6 PBC corresponds with the final project implementation year, and hence verification and disbursement, which occur several months after completion of the respective PBC year, could never have been processed without an extension. As such, to provide sufficient time for the Project to submit the independent verification report, the submission deadline needs to be moved out. The restructuring will also include specific changes to expenditure categories to allow for recovery of previous expenditures. Both reflect design at entry issues that this restructuring will address.

9. The DRD will be added as implementing agency to accurately reflect the role DRD has played under the Project. While the Project's Financing Agreement clearly stated DRD's role, the Project Appraisal Document (PAD) did not, hence this restructuring is addressing this omission. And finally, the results framework is proposed to undergo minor revisions to reflect the proposed extension period, address issues with definitions, and drop indicators that are no longer relevant.

## II. DESCRIPTION OF PROPOSED CHANGES

### A. Proposed Changes

10. The proposed revisions include: (i) an extension of the Project's closing date and associated amendments to the disbursement and implementation schedules as well as legal covenants involving FFA; (ii) revisions related to expenditure eligibility, PBC periods, reallocation of unused PBC funds and associated amendments to the disbursement categories and component cost allocations, as well as PBC verification arrangements and timeline; (iii) revisions to the Project's implementing agency; and, (iv) amendments to the Project's results framework. In addition, the Project's risk ratings were reviewed. While the overall risk rating will not change, the 'other' risk category is proposed to be revised to reflect the ongoing COVID-19 pandemic. Specific details associated with each modification are as follows:

- (a) **Extension of closing date.** A 12-month extension of the closing date is proposed for activities from September 30, 2020 to September 30, 2021. This is the first time the closing date is being extended, and there are no outstanding audit reports under this Project. In addition, with the proposed extension of closing date, the project will close



one year after FFA's PROP project, which currently has a closing date scheduled for September 30, 2020. Consequently, the legal covenants in the Financing Agreement for this project, which require FSM to ensure that the Program Support Unit within FFA and the Service Agreement between FSM and FFA are maintained throughout the project's implementation period, will be revised to require such maintenance only until the closing date specified in the Financing Agreement between FFA and the WB for the FFA's PROP project. The additional implementation time is required to allow for:

- (i) **Completion of programmed activities.** Fully achieve envisaged results by providing sufficient time for completion of: (i) policy, legislative and human resources development consultancy work leading to establishment of a sanitary CA; (ii) improvement of IT facilities based on recommendations of the IT developer; and, (iii) roll-out of the fisheries investment policy and industry communications strategy. In addition, ensure completion of remaining Component 1 activities including institutional strengthening, facilitation of national and regional negotiations (e.g., PNA), and training to NORMA and other agencies involved in oceanic fisheries management in FSM; transshipment monitoring and data collection; enhancement of the observer corps with a focus on the health and well-being of the observers; and promotional and awareness on oceanic fisheries. Finally, this extension will also provide additional time for completion of activities adversely affected by the mitigation measures that are being put in place, globally and nationally, in response to the COVID-19 pandemic.
  - (ii) **PBC disbursement.** The project design at entry omitted allocating enough time for verifying and disbursing the final year 6 PBC. This extension will enable disbursement of the year 6 PBC by providing enough time for the verification process. The PBC mechanism will end with year 6 as originally planned, and during the proposed extension period, only non-PBC related expenditures will need to be documented.
- (b) **Revisions relating to PBC eligibility, eligible expenditure, PBC periods, reallocation of unused PBC funding, and PBC verification timeline**
- (i) **Removal of Project activities relating to joint sea patrols from PBC eligibility.** Project activities relating to joint sea patrols (Component 1.1) are proposed to be removed from the list of eligible activities under the PBC, due to the continued issues around disclosing the patrol logbook data and the WB's inability to verify compliance with the conditions of United Nations Convention on the Law of the Sea (UNCLOS) Article 73. The budget originally allocated to these activities will be reallocated to activities within the same sub-component and including training and expanded participation of NORMA staff in industry negotiations, continued expansion and enhancement of the national observer program, and activities aimed at establishing a sanitary CA.
  - (ii) **Expansion of incremental operating cost (IOC) definition.** The definition of IOCs is proposed to be expanded to include freight, and insurance costs, meeting expenses, membership fees and dues, bank charges, advertising and printing costs, administrative staff, project implementation support personnel, and other administrative costs related to the Project. The revised definition will read as follows: "Incremental Operating Costs" means reasonable expenditures directly related to the Project (which expenditures would not have been incurred absent the Project), based on an annual budget for such costs approved ex-ante in writing by the Association, including expenditures for consumable materials, office supplies, communications services (including postage handling, telephone and internet costs), publication services, translation services, office



space rental and utilities, maintenance of office equipment and operation, freight and insurance costs, meeting expenses, membership fees and dues, advertising and printing costs, bank charges, administrative staff, Project implementation support personnel and travel-related expenses for Project staff but excluding salaries, bonuses, fees and honoraria of members of the Recipient’s civil service. The change will be introduced with retroactive effect starting March 20, 2015, to allow for recovery of incremental operating expenditures associated with implementation of the Project.

- (iii) **Inclusion of IOCs under Category 1 (non-PBC-related expenditures).** IOCs are proposed to be included under Category 1 (non-PBC-related expenditures), as their inclusion was omitted at the project design stage. The IOCs will be defined as outlined under (b) (ii) above. The IOCs will be included with retroactive effect starting March 20, 2015, to allow for recovery of mainly travel-related IOCs associated with implementation of the coastal fisheries assessment that was carried out under Component 2. The total amount of retroactive financing of these proposed IOCs is about US\$ 80,000 and can be absorbed under the allocation for disbursement category (1). There will be no impact on the overall financing of the remaining life of the Project.
- (iv) **PBC periods and release of unused year 1 PBC balance.** PBC periods will be revised to correspond accurately to the actual periods in which PBC expenditures were verified. The unused year 1 PBC balance in the amount of SDR 117,607 is proposed to be released and reallocated toward Component 3 project management as contingency and in support of project implementation during the extension period. The withdrawal table<sup>1</sup> will therefore be revised to reflect reallocation of SDR 117,607 from Disbursement Category 2 (PBC-related expenditures) to Disbursement Category 1 (non-PBC-related expenditures), as presented in table 1.

Table 1: Proposed Revisions to the Withdrawal of the Proceeds of the Financing Table

Category	Amount of the Original Grant Allocation (expressed in SDR)	Amount of the Proposed Grant Reallocation (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of taxes)
1) Goods, works, non-consulting services, consultants’ services and Incremental Operating Costs (IOCs)* for the Project (Except under Part 1 (a) of the Project)	2,000,000	2,117,607	100%
2) DLI expenditures under Part 1 (a) of the Project	1,800,000	1,682,393	100%
	3,800,000	3,800,000	

Note: \* IOCs were not included under Category 1 under the Original Grant; proposed to be included under Restructuring as outlined under (iii) above.

<sup>1</sup> The withdrawal table uses the term ‘DLI’. The Financing Agreement will continue using the term ‘DLI’ as opposed to the new term ‘PBC’.



The proposed revisions to the Annex to Schedule 2<sup>23</sup> in the Financing Agreement are captured in table 2.

Table 2: Proposed revisions to Annex to Schedule 2 in the Financing Agreement

Disbursement Linked Indicators (DLIs) with DLI Targets and DLI Values						
DLIs	2015  (formerly, FY2015/2016)	2015/2016  (formerly, FY2016/2017)	2016/2017  (formerly, FY2017/2018)	2017/2018  (formerly, FY2018/2019)	2018/2019  (formerly, FY2019/2020)	2019/2020  (formerly, FY2020/2021)
DLI 1: Number of purse seine tuna fishing days fished in the Recipient's waters	DLI Target: 100% or less of its agreed annual allocation  DLI Value: SDR 34139	DLI Target: 100% or less of its agreed annual allocation  DLI Value: SDR 73000	DLI Target: 100% or less of its agreed annual allocation  DLI Value: SDR 73000	DLI Target: 100% or less of its agreed annual allocation  DLI Value: SDR 73000	DLI Target: 100% or less of its agreed annual allocation  DLI Value: SDR 73000	DLI Target: 100% or less of its agreed annual allocation  DLI Value: SDR 89000
DLI 2: (i) Number of purse seine fishing vessel days used in the Recipient's waters recorded annually according to agreed criteria (ii) Number of purse seine fishing days used and sold in the Recipient's waters disclosed annually to the PNAO FIMS and other Parties to the Nauru Agreement as part of a comprehensive verification system for the VDS	DLI Target: 100%  DLI Value: SDR 106115	DLI Target: 100%  DLI Value: SDR 146000	DLI Target: 100%  DLI Value: SDR 162000			
DLI 3: Proportion of purse seine tuna	DLI Target: 89%	DLI Target: 100%				

<sup>2</sup> The Annex to Schedule 2 in the Financing Agreement uses the term 'DLI'. The Financing Agreement will continue using the term 'DLI' as opposed to the new term 'PBC'.

<sup>3</sup> The Annex to Schedule 2 to the original Financing Agreement showed a shortage in the total PBC allocation of SDR 48,000 (i.e.; SDR 1,752,000 instead of SDR 1,800,000). Considering PBCs for Years 1-5 have already been processed, it is proposed to add SDR 48,000 to the remaining PBC in Year 6. The total PBC value for Year 6 will therefore be SDR 340,000 (SDR 292,000 + SDR 48,000).



catch within the Recipient's waters that is encompassed within the VDS or a compatible system	DLI Value: SDR 34,139	DLI Value: SDR 73000	DLI Value: SDR 73000	DLI Value: SDR 73000	DLI Value: SDR 73000	DLI Value: SDR 89000
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- (v) **Adjustment of the arrangements and monitoring and reporting timeline for PBCs.** As the closing date of the FFA's PROP project is currently September 30, 2020, FSM will directly engage an independent verification agent to carry out independent verification of the status of achievement of PBC targets in year 6. In addition, the date at which the independent verification report for year 6 is to be submitted to the WB, as specified in the Financing Agreement, is proposed to be moved from March 31, 2021 to May 31, 2021. The new submission date will provide an additional two months to prepare the report, while still allowing sufficient time to process the lifting of the withdrawal condition memo issued by the WB for FSM to submit the withdrawal application for the year 6 PBC period.
- (c) **Revisions to the implementing agency.** In addition to NORMA, the DRD is proposed to be added as implementing agency. DRD has been responsible for implementing the Project's coastal fisheries activities under Component 2. While the Project's Financing Agreement clearly captured DRD's role at the project design at entry stage, the PAD did not, hence, this restructuring is providing clarity and addressing this omission by labeling DRD as implementing agency.
- (d) **Revisions to the results framework.** The results framework is proposed to be revised as follows:
  - a. Drop the second PDO indicator (i.e., direct project beneficiaries (number), of which are female (%)) as this core indicator was introduced at design in 2015 as a regional, PROP Series of Projects-wide shared indicator. That is, it was developed as a regional indicator with regional targets making it challenging for individual projects/countries to monitor. The FSM PROP implementing agency did not monitor it for the life of the project due to its inability to capture meaningful data for this indicator. As such, there are no national data upon which to base progress with achievement of this indicator's regional target.



- (i) Adjust the second intermediate results indicator (i.e., 100% of purse seine fishing days used and sold are disclosed annually to the Parties to the Nauru Agreement Office Fisheries Information Management System and other parties as part of a comprehensive verification system for the Vessel Day Scheme/VDS) to reflect the wording that was agreed during a regional PROP PBC workshop carried out in November 2017.<sup>4</sup>
- (ii) Drop the sixth intermediate results indicator (i.e., implementing agencies receive the support needed from FFA to achieve the program's objectives). The expected support from FFA never eventuated and this role was excised from the FFA PROP project's Results Framework during its 2018 restructuring. It has, or is about to be, removed from the other PROP project Results Frameworks as well.
- (iii) Introduce new intermediate results indicator (i.e., grievances registered related to delivery of project benefits that are addressed) to emphasize the importance of strengthening citizen engagement in the Pacific region.

Proposed modifications are summarized in Table 3 below. FSM will update the Program Operations Manual (POM) to reflect the revised results framework and adopt such updated POM, in form and substance satisfactory to the Association, by not later than October 30, 2020.

*Table 3: Proposed Revisions to the Project's results framework*

Original	Proposed Change	Rationale for Change
Project Development Objective: to strengthen the management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend.		
<b>Project Development Objective Indicators</b>		
Number of days fished in a country's waters does not exceed its agreed annual allocation of fishing vessel days (PAE), while the total regional allocation (TAE) remains within sustainable levels (Percentage)	No change, however, this indicator will not apply after Year 6 (the last year for which PBCs will be used).	A year 7 PBC cannot be introduced, as the extension period is too short for adequately monitoring and verifying the indicator.
Direct project beneficiaries (number), of which are female (%)	Dropped	The indicator was a core regional PROP Series of Project-wide indicator that proved challenging to monitor at the project/country level and meaningful data were not possible to compile during the life of the Project.

**Intermediate Results Indicator**  
**Component 1**

<sup>4</sup> The PBC 100% of purse seine fishing vessel days used and sold are disclosed annually to the Parties to the Nauru Agreement Office Fisheries Information Management System and other parties as part of a comprehensive verification system for the VDS (Change initiated at the



annually to the Parties of the Nauru Agreement Office (PNAO) Fisheries Information Management System (FIMS) and other parties as part of a comprehensive verification system for the VDS (Percentage)	PNAO FIMS and other parties as part of a comprehensive verification system for the VDS* (Percentage)	November 2017 PBC meeting of all PROP PMUs.
% of tuna catch within a country's waters that is encompassed within the VDS or a compatible system (Percentage)	No change.	
At least one measure applied and maintained to increase flexibility and the value of a purse seine vessel day above the baseline (Yes/No)	No change.	
A similar system to the VDS is introduced for managing access to the two long-line fisheries (tropical long-line fishery and southern albacore long-line fishery) (Yes/No)	No change.	
<b>Component 2</b>		
No indicators.	No change.	
<b>Component 3</b>		
Implementing agencies receive the support needed from FFA to achieve the program's objectives (Yes/No)	Dropped.	This indicator is proposed to be dropped as it is no longer relevant given that the FFA PROP Project will no longer provide implementation support to the FSM PROP Project.
No indicator.	New: Grievances registered related to delivery of project benefits that are addressed (%) (flat line target of 75% each year).	The new indicator emphasizes the importance of strengthening citizen engagement in the Pacific region.

- (e) **Revisions to the disbursement estimates and implementation schedule.** Both, the disbursement and implementation schedules, have been updated to reflect the 12-month extension period.
- (f) **Revisions to the risks.** The overall risk rating is proposed to be downgraded from substantial to moderate, considering the Project will be restructured to address operational design issues and strengthen mitigation measures. Risks stemming from the current global COVID-19 pandemic and an associated economic slowdown of global economies are proposed to be reflected by rating the 'other' risk category substantial. Negative impacts are expected to be substantial in the world including the Pacific, with economic costs reflecting loss in revenue, income, and jobs, and global trade disruptions. Increased pressure on coastal and fisheries resources, as well as negative impacts on livelihoods are likely. Stakeholder coordination and consultation is likely to be affected by the COVID-19 restrictions on movement and travel. However, virtual consultations are carried out where feasible, hence the residual risk has been downgraded to moderate. Overall institutional capacity has been strengthened,



especially in the areas of procurement, however, the risk remains substantial considering procurement of the IT developer, hardware/software, and CA inspection equipment is yet to be finalized. The risk associated with environmental and social safeguards has been downgraded from substantial to moderate. The strengthened support provided by the CIU safeguards specialist and safeguards officer is deemed sufficient to ensure the Project complies with its safeguard requirements.

### III. SUMMARY OF CHANGES

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



**IV. DETAILED CHANGE(S)**

**COMPONENTS**

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Sustainable Management of Oceanic Fisheries	5.00		Component 1: Sustainable Management of Oceanic Fisheries	5.00
Component 2: Sustainable Management of Coastal Fisheries	0.30		Component 2: Sustainable Management of Coastal Fisheries	0.30
Component 3: National Program Management, Monitoring and Evaluation	0.20		Component 3: National Program Management, Monitoring and Evaluation	0.20
<b>TOTAL</b>	<b>5.50</b>			<b>5.50</b>

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D0140	Effective	30-Sep-2020		30-Sep-2021	30-Jan-2022

**REALLOCATION BETWEEN DISBURSEMENT CATEGORIES**

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-D0140-001   Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: Gd,Wk,Non-CS,CS except Pt1(a)			
2,000,000.00	1,014,297.02	2,113,506.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: DLI Part 1(a)			



	1,800,000.00	1,375,923.27	1,686,494.00	100.00	100.00
<b>Total</b>	<b>3,800,000.00</b>	<b>2,390,220.29</b>	<b>3,800,000.00</b>		

**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

<b>Year</b>	<b>Current</b>	<b>Proposed</b>
2015	70,862.00	50,000.00
2016	329,659.00	310,000.00
2017	482,927.50	420,000.00
2018	792,434.50	520,000.00
2019	1,304,655.00	1,730,000.00
2020	1,797,895.00	1,000,000.00
2021	473,555.50	1,470,000.00

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

<b>Risk Category</b>	<b>Rating at Approval</b>	<b>Current Rating</b>
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Moderate	● Moderate
Environment and Social	● Substantial	● Moderate
Stakeholders	● Substantial	● Moderate
Other	● Moderate	● Substantial
<b>Overall</b>	<b>● Substantial</b>	<b>● Moderate</b>



LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IDA-D0140	The Additional Event of Suspension consists of the following, namely that, the Marine Resources Act has been amended, suspended, abrogated, repealed or waived in a manner that is not compatible with international law, specifically the United Nations Convention on the Law of the Sea, or in a manner that would affect materially and adversely the ability of the Recipient to perform any of its obligations under the Financing Agreement.	Complied with	No Change
IDA-D0140	The Recipient shall, by not later than four months after the Effective Date, appoint and thereafter maintain, a national Project coordinator, within the National Oceanic Resources Management Authority (NORMA), to be responsible for, inter alia, overseeing implementation and monitoring of the Project, including coordinating with the PSU, managing all contracts financed under the project, and ensuring environmental and social safeguards compliance.	Complied with	No Change
IDA-D0140	The Recipient shall, in collaboration with FFA and other Participating Countries, take all necessary action on its part to establish, by not later than six (6) months after the Effective Date, and thereafter maintain, a Regional Procurement Evaluation Committee, comprising representatives from FFA, and each Participating Country, to be responsible for contract award decision-making for regionally packaged procurement activities.	Complied with	No Change
IDA-D0140	To facilitate proper and efficient implementation of the Project, the Recipient shall by not later than six (6) months after the Effective Date enter into and maintain, throughout the Project implementation period, a Service Agreement between the Recipient and FFA, under terms and conditions acceptable to the Association pursuant to which the FFA, through the PSU, shall provide technical, fiduciary, monitoring and	Complied with	Revised



	implementation support to the Recipient, including, inter alia carrying out verification of achievement of DLIs under Part 1(a) of the Project, and procurement services as detailed in Section I.A.1 of Schedule 2 to the Financing Agreement.		
Proposed	To facilitate proper and efficient implementation of the Project, the Recipient shall, by not later 6 months after the Effective Date, enter into and maintain, until the closing date specified in the FFA PROP Financing Agreement, a Service Agreement with FFA, under terms and conditions acceptable to the Association.	Not yet due	
IDA-D0140	The Recipient shall by not later than three (3) months after the Effective Date, prepare, in collaboration with FFA and the other Participating Countries, and thereafter adopt a Program Operations Manual, in form and substance acceptable to the Association.	Complied with	No Change
IDA-D0140	The Recipient shall ensure that: (a) all monitoring, control and surveillance activities carried out by the Recipient shall be under the control of a civilian fisheries officer or another civilian agency of the Recipient acceptable to the Association, and shall be carried out under terms of reference limited to fisheries surveillance; (b) each surveillance mission carried out by the Recipient shall be: (a) governed by detailed protocols prepared in accordance with terms of reference satisfactory to the Association, requiring that such missions be: (i) under the operational command or authority of a civilian fisheries officer; and (ii) conducted during a specific time period that is duly recorded and documented; and (b) be conducted by personnel who have been properly trained in the operation of any equipment used in the surveillance mission; (c) where a patrol or surveillance mission has multiple tasks: (i) accounts are maintained in a manner acceptable to the Association which demonstrate that the Financing has been used for the exclusive purpose of financing fisheries surveillance activities; and (ii) that the Association is granted access to such accounts; (d) all goods, works, services and operating costs for fisheries monitoring, control and surveillance and	Complied with	No Change



	<p>related enforcement activities financed out of the proceeds of the Financing are used for the sole purpose of enforcing the fisheries laws and regulations and shall not be used for any military purpose, or for enforcement of other non-fisheries laws; and (e) all fisheries monitoring, control and surveillance and related enforcement activities carried out under the Project, shall be compatible with international law, and specifically, with Article 73 of the United Nations Convention Law of the Sea Treaty, that: (a) any foreign vessels and crew arrested in the Recipient's exclusive economic zone shall be immediately released upon posting a reasonable bond or other security; (b) penalties imposed by the Recipient for violations of fisheries laws and regulations may not include imprisonment; and (c) in cases of arrest or detention of foreign vessels, the Recipient shall promptly notify the flag state of the action taken and of any penalties subsequently imposed.</p>		
IDA-D0140	<p>The Recipient shall: (a) not later than three (3) years after the Effective Date (or such other date as the Association may agree), carry out a mid-term review of the Project.</p>	Complied with	No Change
IDA-D0140	<p>No withdrawal shall be made for DLI Expenditures under Category (2) until and unless the Recipient shall have: (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including submission to the Association of the applicable statements of expenditure evidencing the incurrence of eligible DLI Expenditures during the respective DLI Period for which payment is requested; and (ii) furnished evidence satisfactory to the Association, in accordance with the verification protocol, set out in Annex 2 of Schedule 2 to the Financing Agreement, that the DLI Target for the respective DLI Period for which payment is requested has been achieved.</p>	Complied with	No Change
IDA-D0140	<p>The Recipient shall, by not later than October 30, 2020, prepare and adopt an updated POM, in form and substance acceptable to the Association, to reflect the</p>	Not yet due	New



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revised indicators for monitoring and evaluation of the Project.





Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
<i>Action: This indicator has been Marked for Deletion</i>									

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
<b>Component 1: Sustainable Management of Oceanic Fisheries</b>									
100% of purse seine fishing vessel days used are recorded annually according to agreed criteria* (Percentage)		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
100% of purse seine fishing days sold are disclosed annually to the PNAO FIMS and other parties as part of a comprehensive verification system for the VDS* (Percentage)		0.00	0.00	0.00	0.00	100.00	100.00	100.00	100.00
<i>Action: This indicator has been Revised</i>	<b>Rationale:</b> <i>This indicator is revised to formalize a change initiated at the November 2017 PBC meeting of all PROP PMUs.</i>								





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Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
<b>Action: This indicator has been Marked for Deletion</b>									
Grievances registered related to delivery of project benefits that are addressed (Percentage)		0.00							75.00
<b>Action: This indicator is New</b>	<b>Rationale:</b> <i>The new indicator emphasizes the importance of strengthening citizen engagement in the Pacific region.</i>								

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