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REPORT NO.: RES42855

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

PACIFIC ISLANDS REGIONAL OCEANSCAPE PROGRAM FORUM FISHERIES AGENCY

APPROVED ON DECEMBER 22, 2014

TO

FORUM FISHERIES AGENCY

Public Disclosure Authorized

ENVIRONMENT, NATURAL RESOURCES & THE BLUE ECONOMY

EAST ASIA AND PACIFIC

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ABBREVIATIONS AND ACRONYMS

COVID-19	Coronavirus 2019
FFA	Pacific Islands Forum Fisheries Agency
GEF	Global Environment Facility
ICR	Implementation Completion and Results Report
IDA	International Development Association
PDO	Project Development Objective
PIC	Pacific Island Countries
PROP	Pacific Islands Regional Oceanscape Program
PSU	Program Support Unit
VMS	Vessel Monitoring System

BASIC DATA

Product Information

Project ID	Financing Instrument
P131655	Investment Project Financing
Original EA Category	**Current EA Category**
Partial Assessment (B)	Partial Assessment (B)
Approval Date	**Current Closing Date**
22-Dec-2014	30-Sep-2020

Organizations

Borrower	Responsible Agency
Forum Fisheries Agency	Forum Fisheries Agency

Project Development Objective (PDO)

Original PDO

The objective of the Project 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-D0230	22-Dec-2014	29-Jan-2015	01-Jun-2015	30-Sep-2020	3.97	3.16	.59
TF-18604	22-Dec-2014	29-Jan-2015	01-Jun-2015	30-Sep-2020	2.19	1.65	.54

Policy Waiver(s)

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

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Introduction

1. This paper proposes a Level 2 restructuring for the Pacific Islands Regional Oceanscape Program (PROP) – Pacific Islands Forum Fisheries Agency (FFA) Project involving the following changes: (a) extension of the project period by 12 months from September 30, 2020 to September 30, 2021; (b) extension of operational costs for the Program Support Unit (PSU) and its full staffing complement throughout the 12-month extension period; (c) introduction of two activities focused on developing the future strategic engagement between FFA and the World Bank; and, (d) revision to the 'other' risk category to reflect the adverse impacts of the Coronavirus (COVID-19) pandemic. This restructuring is expected to ensure achievement of the Project Development Objective (PDO) in light of recent COVID-19-related impacts to project implementation. The proposed changes will not affect existing Project safeguard considerations.

2. The FFA PROP was approved on December 22, 2014 with an International Development Association (IDA) Grant No. D0230-4P (P131655) of US$3.97 million and a Global Environment Facility (GEF) Grant No. TF018604 (P153429) of US$2.19 million. The Project became effective June 1, 2015 and is being implemented by FFA.

B. Project Status

3. In June 2018, the project underwent its first Level 2 restructuring to address implementation delays and challenges arising from an incomplete staffing complement in the PSU and misalignment between the original program design and FFA's strategic priorities and mandate. Following the first restructuring, progress towards achievement of the PDO was upgraded to "moderately satisfactory" (Table 1). As of August 2020, the project has disbursed US$3.16 million (80 percent) of the IDA Grant and US$1.65 million (75 percent) of the GEF Grant.

4. Beginning in December 2019, COVID-19 has resulted in comprehensive international travel restrictions and strict limitations on the transit of goods worldwide. These restrictions have had a significant impact throughout the Pacific Island Countries (PIC), adversely affecting implementation of key program activities.

5. Since April 2020, it has become evident that while several of the FFA PROP's key activities continue to advance, the impact of COVID-19 has hampered delivery of several activities identified in the 2018 Restructuring Paper and delayed action on the recommendations from the 2019 Project Mid-Term Review. As such, additional time is required to successfully disburse the balance of US$0.66 million (IDA Grant) and complete delivery of all planned IDA-financed project activities, including: (i) regional training and capacity building workshops (Component 1, estimated cost US$0.30 million); (ii) ocean finance profiles for Tonga (Component 3, estimated cost US$0.10 million); (iii) communications and dissemination materials to enhance PROP branding and visibility in the region (Component 4, estimated cost US$0.03 million); and, (iv) preparation of the Project Implementation Completion and Results Report (ICR) (Component 4, estimated cost $0.04 million).

6. Audited financial statements for FY19 were submitted to the World Bank on June 25, 2020 and found to be acceptable. The FY19Special Purpose Audit was submitted in February 2020 and deemed to be of satisfactory quality. The June 2019 IFRs were resubmitted to the Bank in August 2020 to address discrepancies previously identified related to a mismatch with the Cumulative Expenditure in the audit report and the amount reported in the IFR. FFA's resubmitted and revised June 2019 IFRs were found to be consistent with the audit report. As such, there are no outstanding audits nor IFRs for this project.

Table 1: Project Performance Ratings

PROJECT RATINGS

	IMPLEMENTATION					LATEST ISR
	04-Dec-2017	08-Jun-2018	14-Dec-2018	20-Jun-2019	21-Dec-2019	26-Jun-2020
Progress towards achievement of PDO	U	U	MS	MS	MS	MS
Overall Implementation Progress (IP)	U	U	MS	MS	MS	MS
Overall Safeguards Rating	U	U	MS	MS	MS	MS
Overall Risk	H	H	H	H	H	S

C. Rationale for Restructuring

7. This Level 2 restructuring is proposed to extend the closing date of the IDA Grant by 12 months from September 30, 2020 to September 30, 2021. This responds to the formal request from FFA dated May 18, 2020. The restructuring will help ensure that the project is able to achieve its PDO by affording FFA additional time to account for the delays caused by COVID-19-related restrictions on travel of consultants and FFA training participants. The GEF Grant will close on schedule on September 30, 2020, as explained below in Section II. D.

8. The proposed restructuring meets the requirements indicated under Paragraph 50 of the Investment Project Financing directive and the task team supports this request. Performance of the Implementing Agency is satisfactory, the PDO remains achievable and there is an Action Plan in place to ensure completion of the project within the proposed extension period.

II. DESCRIPTION OF PROPOSED CHANGES

D. Extension of Project Closing Date for IDA Grant

9. The closing date extension will apply to components, activities and associated costs financed by the US$3.97 million IDA Grant No. D0230-4P (P131655), of which US$0.59 million remains undisbursed. The extension will afford the project sufficient time to complete all planned IDA-financed activities, specifically: (i) delivery of regional training and capacity building workshops (Component 1); (ii) implementation of the ocean finance profile for Tonga (Component 3); (iii) development of communications and dissemination materials to enhance PROP branding and visibility in the region (Component 4); and, (iv) preparation of the FFA ICR (Component 4). The extension will also allocate funds that currently remain unutilized under Component 4 to continue financing the operational costs (US$0.27 million) for the PSU and its full staffing complement (Project Coordinator, Finance Officer, M&E Specialist, Procurement Specialist, Safeguards Specialist and Communications Officer) throughout the 12-month extension period.

10. **The extension will not modify the closing date of September 30, 2020 for components and activities financed by the US$2.19 million GEF Grant No. TF018604 (P153429), of which US$0.54 million remain undisbursed.** The project is on track to disburse all but US$60,000 of the GEF grant by the closing date. This is the result of a reduction in activities envisaged to be delivered by the Secretariat of the Pacific Community under Component 2 due to the

travel restrictions imposed by COVID-19. All GEF-financed activities will be completed, and goods and services delivered, received and accepted, on or before the closing date in order to be eligible for GEF grant financing. Any unused funds remaining by September 30, 2020 will be returned to the GEF.

11. **Status of regional training and capacity building workshops.** Delivery of training and capacity building to PROP members has been delayed due to travel restrictions imposed by COVID-19. Practical elements of the training inhibit delivery via virtual platforms. As such, these trainings have been rescheduled to April and May 2021 and will consist of: (i) dockside boarding and inspection training; (ii) annual Certificate IV accreditation in fisheries compliance and enforcement; (iii) vessel monitoring system (VMS) and compliance training; (iv) fisheries economic analysis training; and, (v) negotiations and prosecution training. The estimated total cost for these trainings is US$299,403.

12. **Status of ocean finance profiles for Tonga.** A draft ocean finance profile has been developed for Tonga. Consulting services will be engaged to complete consultations and finalize this draft Ocean Profile. Terms of Reference have been prepared and the Bank has issued a No Objection. Recruitment is expected to be completed by September 30, 2020 and the profile will be completed by January 2021 at an estimated cost of US$104,728.

13. **Status of communications and dissemination materials.** Consulting services will be engaged to develop materials and strategies to communicate and disseminate project deliverables, results and achievements. Recruitment is expected to be completed by September 30, 2020 and communication materials finalized by January 2021, at an estimated cost of US$20,000.

14. **Status of the ICR Report.** Consulting services will also be engaged in the final year of the project to prepare the client's ICR. Recruitment of consulting services is expected to be completed by February 2021 and the report finalized by May 2021, at an estimated cost of US$40,000.

E. Project Management

15. To inform preparation of future strategic engagements between FFA and the World Bank, a virtual regional workshop will be organized by FFA to: (i) foster exchange of experience with other World Bank financed regional fisheries projects on viable institutional arrangements and management modalities for regional fisheries programs; (ii) discuss effective ways to link regional and national projects financed by the World Bank; and, (iii) discuss the scope of a future strategic engagement and explore options for future collaboration modalities between FFA and the World Bank over the next five years. The workshop will take place by December 2020 and is estimated to cost US$215,835. Consulting services will be engaged following this workshop to prepare a concept note detailing proposals for the World Bank/FFA future strategic engagement scope and modality. Recruitment of consulting services is expected to be completed by end November 2020 and the concept note finalized by May 2021, at an estimated cost of US$60,000.

16. The PSU operational costs and staffing complement for the extension period is estimated to cost a total of US$268,900.

F. Activities and Budgets

TABLE 2: PROPOSED ACTIVITIES, BUDGETS AND COMPLETION DATES FOR THE 12-MONTH PROJECT EXTENSION

Activity	Est. Completion	Est. Budget
COMPONENT 1		
Dockside boarding and inspection training	May 2021	28,141
Annual Certificate IV accreditation in compliance and enforcement	May 2021	75,000
VMS and compliance training	May 2021	50,000
Fisheries economic analysis training	May 2021	80,000

Negotiations and prosecution training	May 2021	57,262
VMS and Observer data training	May 2021	9,000
COMPONENT 3		
Consulting services to develop ocean finance profile	Jan 2021	104,728
COMPONENT 4		
Regional workshop to identify strategic engagements		365,835
Consulting services to develop strategic engagements concept note	May 2021	60,000
Consulting services to develop PROP communications materials	Jan 2021	20,000
Consulting services to develop ICR	May 2021	40,000
PSU staffing and incremental operating costs	Sep 2021	268,900
	TOTAL	**US$ 1,158,926**

TABLE 3: IDA GRANT FINANCIAL POSITION AS OF JULY 31, 2020

Status	Value
Utilized	2,811,074
Unutilized	1,158,926
Disbursed	*568,926*
Undisbursed	*590,000*
Grand total	**US$ 3,970,000**

G. Environmental and Social Safeguards

17. The extension introduces two additional activities, namely: a regional workshop and engagement of consulting services to prepare a concept note detailing potential strategic engagements between FFA and the World Bank in a future phase of PROP. These activities do not alter the existing safeguard considerations, and consequently no adjustments are required to the project's Integrated Safeguards Data Sheet, Environmental and Social Management Framework or other safeguards instruments.

H. Risk

18. The overall project risk rating is low. The ongoing impacts of COVID-19 on progress towards achievement of the PDO have been reflected in the "other" risk rating which is rated "substantial". These impacts include potential procurement delays due to travel restrictions, and constraints on stakeholder coordination and implementation of activities dependent on international travel, such as provision of Technical Assistance. While this restructuring introduces an extension to mitigate COVID-19-related risks to attainment of the PDO, remaining uncertainties about the longevity of these risks means that the "other" risk rating remains "substantial".

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Implementation Schedule	✓	
Implementing Agency		✓

DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D0230	Effective	30-Sep-2020		30-Sep-2021	30-Jan-2022
TF-18604	Effective	30-Sep-2020		30-Sep-2020	30-Jan-2021