



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NOUADHIBOU ECO-SEAFOOD CLUSTER PROJECT
APPROVED ON MARCH 24, 2016
TO
MINISTRY OF ECONOMY AND FINANCE

FINANCE, COMPETITIVENESS AND INNOVATION

AFRICA

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ABBREVIATIONS AND ACRONYMS

IFRs	Interim financial reports
NESC	Nouadhibou Eco-Seafood Cluster Project
AF	Additional Financing
PDO	Project's Development Objectives



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 Economy and Finance	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.

Current PDO

The objective of the proposed project to support the development of a seafood cluster that promotes the sustainable management of fisheries and creates value for communities in Nouadhibou and to improve the business environment to boost private sector development in Mauritania

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-D4660	17-May-2019			01-Nov-2021	8.00	0	8.00
IDA-D1040	24-Mar-2016	13-Apr-2016	06-Jul-2016	01-Nov-2020	7.75	5.93	1.87



Policy Waiver(s)

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

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. An Additional Financing for the project has been approved on May 17, 2019, with the following changes:
 - a) Project's Development Objectives (PDO)
 - b) Components and Costs
 - c) Results Framework
 - d) Loan closing Date (s)
 - e) Reallocation between Disbursement Categories.
2. The purpose of this Level 2 restructuring is to amend the closing date of the original grant, to the closing date of the Additional Financing. This is the first extension of the closing of this project. The project will be five years at the time of the proposed new date of November 01, 2021.
3. The Task Team confirms that the requirements of World Bank IPF Policy regarding extension of closing dates have been met, specifically: (a) the project objectives are likely to be achieved; (b) the performance of the Borrower remains satisfactory; (c) the Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete project critical activities; and (d) there are no outstanding audits, or interim financial reports (IFRs) for the grant.
4. The implementation of Nouadhibou Eco-Seafood Cluster Project (NESC) is proceeding satisfactorily, with progress toward the achievement of the PDO and the overall implementation progress (IP) both consistently rated as "Satisfactory" and "Moderately Satisfactory" since Project's inception." All key aspects of the project are rated "Moderately Satisfactory" (Financial Management and Monitoring and Evaluation) or "Satisfactory" (Procurement, Safeguards and Project Management) except for the mobilization of counterpart financing, which is rated "Unsatisfactory". The delay in mobilization of counterpart funding has not negatively impacted project implementation nor achievement of results. The Project has also demonstrated substantial compliance with key loan covenants, apart from those related to counterpart funds.
5. Two years after grant effectiveness, the project has disbursed 75 percent and 85 percent is expected to be committed by the end of Fiscal Year 2019. The project is likely to achieve its development objectives. The Project has disbursed a total of US\$ 5.93 million from the IDA grant as of March 31, 2019 representing 76.02 percent. Several PDO indicators and intermediate results indicators have achieved their 2016 and 2017 targets and are on track (investments generated, fresh fish exports, commercial viability studies, citizen engagement) or have even already exceeded end targets (investment climate



reforms) for 2018. There are only two important activities remaining to be implemented in 2019, namely: (a) the construction of a refrigerated warehouse for fresh fish exports at Nouadhibou’s airport , and (b) the delivery of a training program for local actors, including women. The following table summarizes progress towards the achievement of PDO indicator. (see Annex 2 of Additional Financing (AF) Project Paper for more details on Project results thus far):

PDO Indicators	Baseline (2015)	Target (2020)	Target (2018)	Status (March 2019)¹
Investments generated (US\$ million)	0.0	80.0	40.0	49.17
Fresh fish exports (Tons/year)	936.0	2600.0	1800.0	7086
Direct project beneficiaries (Number)	0.0	6000.0	1500.0	818.00
Female beneficiaries (Percentage)	<i>n.a.</i>	30.0	20.0	16.00

Justification for extension of Closing date

6. The restructuring will extend the closing date of the parent Project by 12 months from November 1, 2020 to November 1, 2021. The financing agreement of the Project has been amended accordingly, following the Additional Financing approved by the Board on May 17, 2019. This extension will allow for the completion of additional activities under the project components, including the rehabilitation of the commercial justice building and works proposed at the EPBR and PAN.

Recommendation:

7. Given the justification we ask your approval for an extension of the closing date for the Nouadhibou Eco-Seafood Cluster Project (P151058) (IDA Grant - D4660) from November 01, 2020 to November 01, 2021. If you approve, please sign the Amended Financing Agreement (FA), which will be send to the Borrower to communicate the newly approved FA and established closing date.

¹ Results correspond to latest ISR from March 12, 2019.



II. DESCRIPTION OF PROPOSED CHANGES

Changes in Project Components

1. Component 1: Developing a Sustainable Seafood Cluster in Nouadhibou. Some activities initiated under this component, including the recruitment of an agency to produce a marketing video and the development of a website for the Nouadhibou Eco-Seafood Cluster, will be dropped, as these have already been covered by the communications agency hired for a parallel activity. In addition, remaining activities to improve the investment climate and operationalize the recently-adopted nationwide PPP framework will be shifted to the new component 3. Finally, the proposed additional grant and restructuring will enable the project to finance additional requests from ANZF regarding the implementation of the Eco-Seafood Cluster Strategy. New activities will include: under Component 1.1² (a) technical assistance to ANZF to support the operationalization of the PPP law in the Free Zone; (b) construction of an Eco-Seafood Cluster governance unit building; and under Component 1.2³ (c) further supporting a responsible investment promotion strategy at the Free Zone; and (iv) ensuring the adoption of better environmental, social and governance practices at ANZF through the hiring of experts in fisheries and conducting research on how to organize the collection and disposal of used oils and lubricants in the Cluster.

2. Component 2: Increasing the Value of Seafood Products Produced and Marketed in the Seafood Cluster with the Participation of Local Actors. The proposed restructuring will also involve changes to activities under Component 2.

Sub-component 2.1: Improving the handling of landed catch and promoting the export of fresh fish at the Nouadhibou Seafood Cluster

3. Existing activities under sub-component 2.1 will be adjusted. For example, activities related to the development of operating plans for the commercial and artisanal ports in Nouadhibou (PAN and EPBR respectively), as well as TA to the Nouadhibou airport, will be dropped, since these have already been covered in the Eco-Seafood Cluster Strategy published in 2017. Dropping these activities will serve to fund cost overruns incurred during the preparation, consultations and design of the Eco-Seafood Cluster Strategy. In addition and following-up on recommendations from the Eco-Seafood Cluster Strategy, this sub-component will finance key priority infrastructure to enhance landing logistics, improve product traceability and increase production value in the artisanal fisheries sector.

4. Infrastructure investments include a pumping station at the EPBR and PAN (two in total)⁴ and a fish hall for cephalopods at the EPBR. The pumping stations will allow for (a) better traceability of the pelagic resources, ensuring compliance with fishing quotas, (b) improved product quality, supporting divestment from fishmeal and promotion of human consumption, and (c) a new revenue source for EPBR, supporting the improvement of its current financial distress. The fish hall, meanwhile, will support the development of the cephalopods and crustaceans' sector, which represent one of the most relevant and

² Component 1.1 as stated in parent project: *promoting PPD in order to develop a vision of a sustainable seafood cluster in Nouadhibou and accelerate nationwide reforms of structures impeding its development.*

³ Component 1.2 as stated in parent project: *generating responsible investments in Nouadhibou Seafood Cluster.*

⁴ Infrastructure investment in small pelagic will be accompanied by policy dialogue through the WARFP project regarding the achievement of sustainable harvest levels for this resource.



high-valued growth opportunities for the artisanal segment, given that most species (cuttlefish, squid, shrimp, lobster and shellfish) are currently underexploited or non-exploited and have greater export potential in highly profitable markets (e.g. South Korea, EU).

Sub-component 2.2: Building local suppliers' and vulnerable groups' capacity to capture greater benefits from productive and inclusive seafood value chains

5. This sub-component will follow-up on key findings from the report “Developing Women’s Engagement in Fisheries in the Nouadhibou Free Zone: Entrepreneurship and the Path to Economic Development” published in 2018 and financed by the Competitive Industries and Innovation Program (CIIP), by providing organizational support and improving access to markets for women operating in the artisanal fisheries sector and other small-scale activities in Nouadhibou. Proposed interventions under the Additional Financing include: (i) providing marketing and organizational support to local women’s cooperatives operating in Nouadhibou; (ii) supporting productive alliances with larger players, who can act as intermediaries and help accelerate small producers; (iii) sponsoring study trips to countries in the sub-region to promote new export markets for women; (iv) supporting the certification of artisanal salt (produced by local women actors) by the National Inspection Agency (ONISPA); and (v) supporting an awareness campaign to promote the local consumption of products made by women. This sub-component will be complemented with a second phase of CIIP funding (see Annex 5 for details on synergies with WBG projects).

6. Further to the modification and addition of activities proposed for components 1 and 2, the proposed AF will also include the following two additional components:

7. Component 3: Strengthening the Enabling Environment for Private Sector Development. A new project component will be introduced to integrate ongoing and additional activities aimed at addressing core constraints to the business environment and developing a strong PPP program in Mauritania. Component 3 will thus consist of two subcomponents that together will scale up two nationwide agendas that have been successfully supported and piloted through the Project: sub-component 3.1 – Improving the Investment Climate; and sub-component 3.2 - Supporting the Operationalization of the Government’s PPP agenda.

Sub-component 3.1: Improving the Investment Climate

8. Building on the strong support provided to investment climate reforms since the Project’s inception, the AF will continue to provide technical assistance and financial support aimed at addressing core constraints to the business environment in Mauritania. These will include: (a) investment in key physical infrastructure such as the upgrading and digitization of central and local Business and Collateral Registries in Nouakchott and Nouadhibou, and the renovation of a building in Nouakchott to host the Commercial Tribunal, including the Business and Collateral Registries; and (b) provide TA and training to the recently established public-private technical committee for monitoring and implementation of investment climate reforms. This sub-component will build on ongoing complementary efforts of IFC’s Advisory Service Investment Climate and Entrepreneurship project (# 601022) and Mauritania First Competition and Skills DPO (P167348).



Sub-component 3.2 Supporting the Operationalization of the Government's PPP agenda

9. In recent years, the PPP agenda has experienced renewed interest from the Mauritanian Government, which is mirrored by the Project. The AF will continue to provide technical assistance to the Government of Mauritania to develop a strong PPP program. This assistance will primarily be provided through the following three major activities: a) financial support for the PPP Unit's operations, including recruitment of PPP Unit local consultants and one international expert for a maximum of two years of operations to ensure effective implementation, development of their strategies and action plans, as well as the identification of viable projects; b) technical and financial assistance for investment promotion and communication initiatives supporting dialogue between public and private stakeholders; and c) finance further feasibility assessment and facilitation of the execution of two or three pilot PPP projects based on existing PPP pipeline projects. The AF will not fund PPPs directly. A report by Mott MacDonald dated April 2017, prepared under the Bank-executed, PPIAF-funded PPP capability-building advisory project (P151058, TF0A2677) identified 11 potentially-viable candidate PPP projects in sectors including water, roads, cold storage, ports, and waste management. The refrigerated warehouse at the airport in Nouadhibou and a solid waste management project in Nouakchott are currently the most promising candidates, however the final 2-3 projects to be supported will be chosen in consultation with Government and with the newly established PPP cell. The project will also coordinate these activities with relevant programs of other donors. For example, French Development Agency (AFD) is assisting in the development of small-scale power generation projects, potentially as PPPs.

10. Component 4: Project Management. Activities under this component will include support to procurement, financial management (FM), safeguards management, monitoring and evaluation through the Project Implementation Unit (PIU), as well as offering a platform for collaboration and cooperation among relevant Government agencies. Given the scope of new activities proposed at the national level, it has been deemed necessary to create a separate component for project management to oversee implementation and handle financial and administrative management, as well as collaborate and coordinate with other relevant entities involved in the project for the successful implementation of the project.

Changes in Closing Date

11. The proposed AF and restructuring will extend the closing date of the parent Project by 12 months from November 1, 2020 to November 1, 2021. The financing agreement of the Project will be amended accordingly. This extension will allow for the completion of additional activities under the above-mentioned components, including the rehabilitation of the commercial justice building and works proposed at the EPBR and PAN.

Changes in Results Framework

12. The Results Framework will be adjusted to reflect these changes and the impact of project activities under the proposed components. A new PDO indicator (transaction requests increased from an enhanced collateral and business registry) and four intermediate result indicators (business and collateral registries computerized, sustainable management practices enhanced, landing infrastructure facilities for improved traceability of fish products built and Women-led MSMEs in Nouadhibou) have been added to capture the results of activities financed by Component 3 on private sector development and new works and TA financed under Component 1 and 2. The rest of the PDO and intermediary indicators have been



reviewed and updated to fit with proposed project components, have more appropriate targets and match the new project end-date. See Section VIII for details on proposed changes to the Results Framework and Annex 8 for the AF Theory of Change.

Revised Financing Plan

13. The proposed restructuring will involve a reallocation of funds under the original Project to reflect those activities that have already been completed and the discrepancy between planned expenditure versus actual expenditure.

14. The AF is an opportunity to reallocate counterpart funding to finance or co-finance specific activities, which were not specified in the original Project. The counterpart funding of the AF (US\$ 1m) will be also allocated to specific activities, in particular the funding of all new activities under sub-component 2.2 for a total amount of US\$ 500,000; and counterpart funding of the technical assistance to the Public-Private Investment Climate Technical Committee under sub-component 3.1 for a total amount of US\$ 500,000.

15. The AF has a total cost of US\$ 9 million and is financed via two sources: (a) an IPF in the form of an IDA grant⁵ amounting to US\$ 8 million equivalent and (b) counterpart financing by the Government amounting to US \$1 million. A separate treasury account or bank account designated for the additional financing will be opened at the Central Bank of Mauritania and two Project Mirror Accounts in local currency will be opened in a commercial bank in Nouakchott and Nouadhibou on terms acceptable to the World Bank. The separate treasury account should be open for a period not less than eight months after the project closing date for the purpose of depositing funds provided by the Client for counterpart funding.

16. The accompanying revised Procurement Plan can be found in Annex 7. The indicative financing plan by component is detailed in Annex 6.

Institutional Arrangements

17. The proposed additional grant will be implemented using the institutional framework and disbursement arrangements in place under the parent Project, all of which are working well and have the capacity to absorb additional funds. The preparation and implementation will be provided by the PIU of the Project anchored in the Free Zone Authority of Nouadhibou. The PIU will be reinforced with an additional accountant responsible to liaise and support Component 3 activities.

⁵ Mauritania is IDA grant eligible since it is an IDA country that is at high risk of debt distress, according to the latest joint IMG-WBG DSA (debt sustainability analysis).



I. SUMMARY OF CHANGES

	Changed	Not Changed
Components and Cost	✓	
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Cancellations Proposed		✓
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)



COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
	0.00	Revised	Developing a sustainable seafood cluster in Nouadhibou	7.17
	0.00	Revised	Increasing the value of seafood products produced and marketed in the seafood cluster with the participation of local actors	5.88
	0.00	Revised	Strengthening the enabling environment for private sector development	4.70
	0.00	No Change	Project management	0.50
TOTAL	0.00			18.25

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D1040	Effective	01-Nov-2020		01-Nov-2021	01-Mar-2022
IDA-D4660	Not Effective	01-Nov-2021		01-Nov-2021	01-Mar-2022

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-D1040-001 Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: FOR MEMORY			
4,675,443.43	2,614,197.69	2,614,197.69	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: PPF REFINANCING			



The World Bank

Nouadhibou Eco-Seafood Cluster Project (P151058)

	924,556.57	924,556.57	924,556.57	
iLap Category Sequence No: 3		Current Expenditure Category: GOOD, WRK, CONS, NCS, OP COST, TR, for activities under arts 1.1(a)-(b)-(c)-(d), 1.2(a)-(b)-(c)		
	0.00	0.00	2,061,245.74	100
Total	5,600,000.00	3,538,754.26	5,600,000.00	