

1. Project Data:		Date Posted: 06/16/2015	
Country:	Africa		
Project ID:	P078643	Appraisal	Actual
Project Name:	Gef-western Indian Ocean Marine Highway Development And Coastal And Marine Contamination Prevention	Project Costs (US\$M):	11.00 8.26
L/C Number:		Loan/Credit (US\$M):	11.00 8.26
Sector Board:	Transport	Cofinancing (US\$M):	
Cofinanciers:		Board Approval Date:	05/22/2007
		Closing Date:	06/30/2011 12/31/2012
Sector(s):	Central government administration (80%); Ports waterways and shipping (20%)		
Theme(s):	Pollution management and environmental health (29% - P); Environmental policies and institutions (29% - P); Biodiversity (14% - S); Regional integration (14% - S); Law reform (14% - S)		
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2. Project Objectives and Components:

a. Objectives:

This project was financed by the Global Environmental Facility (GEF) Trust Fund. The project development objective as stated in the GEF Grant Agreement (Schedule 2, page 18) and the Project Appraisal Document (PAD, page 8) was: "To assist the participating states to increase the safety and efficiency of navigation of the Western Indian Ocean."

The PAD further specifies that the objective was to be achieved by establishing a demonstration marine gateway to guide ships around environmentally sensitive areas and through selected busy sea lanes and by supporting the widening of the regional agreement on port state control and implementation of its provisions.

The project's medium to long term Global Environmental Objective (GEO) was "to reduce the risk of ship based environmental contamination (such as oil spills from groundings and illegal discharges of ballast and bilge waters), and to strengthen the capacity of countries to respond to oil or chemical spill emergencies in the region" (PAD, page 3).

The PAD further elaborates that the project had three specific GEO objectives:

- To ascertain the economic, technical and institutional feasibility of introducing modern aids to navigation systems in the region, such as an electronically supported marine highway, to guide ships through sensitive areas and to encourage monitoring of the movements and activities of fishing and other vessels operating within countries' territorial waters.
- To support the widening of the existing regional agreement (June 5, 1998) on port state control, and the

implementation of its provisions.

•The third specific GEO objective, focusing on Kenya, Mozambique, South Africa and Tanzania, was to reduce the risk of environmental damage to beaches, fishing grounds, and other domestic resource from spills of oil and other chemicals. This was to be achieved by assisting the countries to become part of a regional oil spill response plan, by completing the identification and mapping of environmentally sensitive areas along coasts and sea lanes, and by supporting regional collaboration with the other Western Indian Ocean Island states.

This review is based on the project development objective as stated in the GEF Grant Agreement

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

If yes, did the Board approve the revised objectives/key associated outcome targets?

No

c. Components:

Eight countries participated in the project: Kenya, Madagascar, Mauritius, Mozambique, United Republic of Tanzania, Seychelles, South Africa, and the Union of the Comoros.

Component A: Development of a Regional Marine Highway and Institutions : appraisal estimate US\$6.00 million; actual cost US\$0.81 million, 14% of the appraisal estimate. This component planned to finance activities for improving the safety of navigation within the region using advanced technology. Activities were to include: (1) production and maintenance of nautical charts and publications with information on environmental assets (such as information on environment conditions and biological resources of the region's waters including nurseries, major fish migration routes, and environmentally sensitive areas); (2) surveys and rehabilitation of the main navigational aids on the marine highway route; (3) establishing an automatic Information service through installing six shore based Automatic Information Systems (AISs) for transmitting real time information on hydrological, oceanographic, environmental and weather conditions, and the position and movements of ships in the area; (4) supporting search and rescue activities through installing telecommunication links between the existing marine rescue coordination centers in South Africa and the Reunion; and, (5) evaluating a demonstration (pilot) phase to test the technical, financial and institutional feasibility of a marine highway in the region, and preparing for a second phase if the demonstration phase proved to be economically feasible.

Component B: Capacity Building for Prevention of Coastal and Marine Contamination : appraisal estimate US\$11.1 million, actual cost US\$8.7 million, 80% of the appraisal estimate. This component financed preparatory works for oil spill response planning. Activities were to include: (1) conducting seminars and workshops on environmental sensitivity mapping, capacity building for implementing the international conventions on marine navigation safety, prevention of marine and coastal pollution, risk assessment, and developing appropriate response strategies; (2) creating site-specific pollution prevention plans, and contingency management plans for coastal and marine hotspots; (3) developing a methodology for carrying out baseline studies for identifying the key environmental resources in the region; and (4) developing a regional database and a geographic information system on marine environment, marine and coastal resources, ship movements, ship waste and sea based activities.

Component C: Building Capacity for Regional Oil Spill Response : appraisal estimate US\$0.6 million, actual cost US\$1.8 million, 315% of the appraisal estimate. This component planned to improve the oil spill response capacity of Kenya, Mozambique, South Africa, and Tanzania. Activities were to include capacity building for: (1) translating relevant International Maritime Organization (IMO)'s conventions (such as, the International Conventions on Civil Liability for Oil Pollution Damage (LC92), the International Convention for the Safety of Life at Sea (SOLAS), and the International Fund for Compensation for oil Pollution Damage (FUND92), for protecting the marine and coastal environments and for incorporating navigation safety considerations in national laws and regulations and implementing the provisions of the conventions; (2) developing national oil and chemical spill contingency plans, and assessing the needs and providing specifications for the required equipment; and (4) facilitating the formation of regional agreements, developing regional contingency plans, and establishing a Regional Coordination Center (RCC) for coordinating national actions and monitoring environmental conditions in the region.

Component D; Port State Control, Fisheries Monitoring, and Project Coordination and Management : appraisal estimate US\$3.3 million, actual cost US\$2.6 million- 79% of the appraisal estimate. Activities were to include (1) supporting the adoption of port state control (defined as inspection of foreign ships on national ports by Port State Control inspectors for verifying that the ship and its equipment, and the master and the other staff are in compliance with the requirements of international conventions, and that the vessel is manned and operated in compliance with

applicable international laws; (2) supporting the monitoring of fisheries activities; and (3) supporting project coordination and project management, including with other GEF projects.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project cost: The ICR (Annex 1) erroneously equates total project costs with the GEF Grant. Of the appraised Grant amount of US\$11 million, US\$8.25 million (75%) had been disbursed at closure. The lower amount reflects the fact that two activities (monitoring of fishing activities and evaluation of the pilot phase of the marine highway) were not implemented, and the scope of several others (such as search and rescue operations, development of a regional database and geographic information system) was reduced in scope (ICR, page 10). The unit costs of remaining activities were actually higher than the appraisal estimates.

Financing: The project was financed by a Global Environment Facility (GEF) of US\$11 million, administered by the World Bank. Organizations such as the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA), the International Hydrographic Organization (IHO), the International Maritime Organization (IMO), the United Kingdom Hydrographic Office (UKHO), and France's Service Hydrographique et Océanographique de la Marine (SHOM) provided support to the marine contamination activities of the program. The United Nations Environment Program (UNEP) assisted in the protection of critical habitats and biodiversity; the Secretariat of the Nairobi Convention supported in the development of a regional center for coordinating pollution preparedness and oil response activities; and the oil shipping and tanker industries supported activities aimed at preventing contamination from ships (PAD, page 6-7).

Borrower Contribution: The ICR (page 6) does not provide details, but reports that there were larger than anticipated in-kind contributions from the various participating states and organizations.

Dates: The closing date was extended on December 23 2010, for eighteen months from June 30 2011, to December 31 2012, in order to compensate for the delays between effectiveness and start of implementation (see Section 5 below).

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

High.

The coastal and marine environment of the Western Indian Ocean, which contains two large marine ecosystems in the Agulhas and Somali currents, is of global importance. The region exhibits high biodiversity and endemism, and the economies of the riparian countries depend on these ecosystems. These systems are threatened by several anthropogenic pressures, due to overfishing, pollution, destruction of coral reefs, and unsustainable development of coastal zones. At the time of appraisal, the shipping lanes along the East African coasts were among the busiest in the world, carrying over 30% of the world's crude oil supplies, and over 5000 tanker voyages were estimated to have taken place in the coastal waters of the region, passing in close proximity to the World Heritage Site of Aldabra atoll in Seychelles. And since oil and gas exploration programs are also operational in the region, the ecosystems and the economies that rely on them remain vulnerable to the risk of oil spills.

The project development objective is relevant to the Bank strategy for the respective countries in the region, The Country Partnership Strategy (CPS) of Kenya for the 2010-2013 period, of Mauritius for the 2006-2013 period, of Mozambique for the 2012-2013 period, of Seychelles for the 2012-2015 period, of South Africa for the 2008-2012 period, the Country Assistance Strategy for Tanzania for the 2012-2015 period, and the Interim Strategy Notes for Comoros and Madagascar for the 2010- 2012 and the 2012-2013 period, identified the importance of protecting coastal and marine ecosystems, and for ensuring their sustainable management as a means for poverty alleviation.

At appraisal, the Country Assistance Strategy (CAS) for Kenya issued in 2004 identified the need for protecting coastal and marine resources and promoting regional integration. The CAS of Mozambique (2003) and the CPS for Mauritius (2006) emphasized the importance of protecting coastal and marine resources for sustained development of tourism. The Madagascar CAS (2003) noted the strong linkages between environmental degradation and high levels of poverty. The Interim Strategy Note for Comoros (2006) and the CAS for Tanzania (2000) identified environmental protection as essential for sustainable development. Although there was no CAS for Seychelles and South Africa at the time of appraisal, both countries had taken strong action for protecting their coastal and marine resources, in view

of the importance of tourism and fishing industries to their respective economies.

The project development objectives is relevant to the objectives of the Nairobi Convention for the Protection, Management and Development of marine and coastal resources of the eastern and Southern Africa region. The objectives are also consistent with several conventions of the International Maritime Organization (IMO) which collectively require the signatories to take coordinated action to protect marine and coastal resource for ensuring navigational safety.

b. Relevance of Design:

Modest.

Although the statement of the project development objective was clear, the objective was broad and over-ambitious, for a project largely financed by a GEF grant of US\$11.00 million.

- The project had an overly complex design, with a gap between the components, the results framework, and what could actually be achieved. For instance, component one project activities intended to produce nautical charts which would include information on the environmental conditions and biological resources of the region's waters (including nurseries, major fish migration routes and environmentally sensitive waters). Producing such charts, as opposed to updating existing ones, would have required surveying work in excess of that covered by the project. Establishing Automatic Information Systems (AIS) for transmitting real time data on hydrological and oceanographic, environmental and weather conditions and the position and movements of ships in the sea, would have required provisions of services and interconnection, and these activities could not be completed without additional funds. Component 2 activities, such as mapping environmentally sensitive areas, would have required extensive geographical and environmental data that either did not exist, or were not easily available. The project description placed fisheries and their monitoring at the center of the project, but there was only one small component on fisheries, and this component was not implemented, as the activity was already being implemented by other projects.
- There was also a disconnect between the project development objectives and planned activities. Although the design envisaged a pilot initiative for testing the technical, financial and institutional feasibility of a marine highway, followed by the preparation of a second phase for the region if the pilot phase proved to be economically feasible, the project development objective aimed at comprehensively addressing marine safety and marine pollution across a wider region (ICR, page 7). As the ICR (page 15) acknowledges, "If the PDO or GEO had been more specific to the actual interventions, and the outcome and intermediate indicators more realistic, project outputs would have been more in line with the expected outcomes."
- Design did not accurately assess specific requirements for implementing the project. The ICR (page 8) notes that although communication links between search and rescue centers were already functioning at the preparation stage, project activities aimed at establishing such links. Some oil spill equipment provided under a prior project (West Indian Ocean Islands Oil Spill Contingency Planning Project) could not be used as assumed, as the equipment was either missing or had become dysfunctional due to lack of maintenance.
- Design did not include enough provisions for institutional strengthening and capacity building for the stakeholders. The ICR (page 22) notes that although different types of equipment (such as AIS antennas and monitoring devices, oil spill and Global Maritime Distress and Safety Systems (GMDSS)) were provided under the project, the implementing agencies "lacked the capacity to maintain and sometimes operate, store and handle the equipment."
- The institutional responsibilities associated with the implementation arrangements were not adequately allocated at the design stage (ICR, page 9). As the project entailed both maritime and environmental activities, proper delineation of responsibilities between the maritime and environmental authorities in the participating countries was important. The ICR notes that the design initially supported a unique focal point for each country in the maritime sector, under the transport administration. This however led to undermining the environmental aspects of the project, and an additional focal point had to be created for implementing these aspects.
- It is not clear why the marine highway concept was used for the Mozambique Channel. The ICR (page 14) notes that marine highways are selected routes supported by modern navigation aids, and these highways are intended for organizing intense traffic through difficult passages in two distinct lanes to avoid collisions. Such highways are, for instance, found in the English Channel, Singapore and Cape Horn. The Mozambique Channel was inappropriate for such scheme both on account of its relatively narrow width (no more than 400km at the narrowest point), and low traffic density. The limited relevance of design for the Mozambique Channel was recognized during project preparation, and the project's activities had to be changed to focus on specific areas of the Channel (ICR, page 14).

4. Achievement of Objectives (Efficacy):

The extent to which the project development objective -- "to increase the safety and efficiency of navigation of the Western Indian Ocean -- was achieved is rated **Modest**.

Outputs:

Improving the maritime safety in the region.

- 27 existing electronic nautical charts and publications were updated, with the necessary hydrographic surveys, as compared to the target of 35. The survey was conducted along the busiest route in the Mozambique Channel and in five ports and their approaches, and the corresponding nautical charts were distributed to the industry (ICR, page 15).
- One main aid to navigation on the route of the marine highway was surveyed as compared to the original target of five. Of the two aids to navigation that were to be rehabilitated, one was completed (at the lighthouse in Aldabra, Seychelles), and the lighthouse in Ponta Zavora (Mozambique) was yet to be completed at project closure (CR, page 15).
- Six Automatic Information Systems (AIS) were established as compared to the target of four, these included four AIS base stations and two ship based stations to monitor close-range traffic in specific sites. The ICR (page 30) does not provide reasons but reports that the installations could only transmit positions and movements of ships within close range (approximately 100 km) and that the installations were not connected to one another as planned.
- Search and rescue communication centers in Cape Town and Reunion and in all states involved in the project were operational at the project closure stage, as targeted.
- The Global Maritime Distress and Safety System (GMDSS) equipment was provided to the Maritime Rescue Coordination Center (MRCC) in Mauritius.
- The ICR (page 15) does not provide details, but states that training was provided under each of the activities.

Strengthening the capacity of countries to respond to oil or chemical spill emergencies in the region:

- Two pollution prevention and contingency management plans (for Kenya and Mozambique) were completed as compared to the target of three. The plan for Tanzania had not been completed as planned. And although the plans for Kenya and Mozambique were completed, they were not officially ratified at the project closure stage (ICR, page iii).
- A report on valuation of ecosystems for environmental managers was published. However, the report was not used by environmental managers as intended. The ICR does not provide reasons as to why the report was not being used.
- The Indian Ocean Commission (IOC) established databases and geographic information systems for the respective countries, as targeted.
- The pilot activity of establishing a marine highway was completed as planned. The route is yet to be formally recognized by the International Maritime Organization.

Building capacity for regional oil spill response:

- National laws and regulations were not passed in Kenya, Mozambique and Tanzania for implementing the relevant provisions of the International Maritime Organization (IMO)'s relevant conventions as intended (ICR, page viii).
- National oil spill contingency plans were developed and updated for Kenya and Mozambique. The ICR (page 32) reports that the plans for Tanzania were not complete and the plans for Kenya and Mozambique were still subject to national level approval at the project closure stage.
- Oil spill response equipment to respond to emergencies was provided to Mauritius, Mozambique, Tanzania and Comoros by project closure (ICR, page 32).
- A Regional Coordination Center (RCC) to coordinate national actions and monitor environmental conditions at the regional level was formed as targeted. The ICR (page viii) notes that the RCC was not operational. The ICR (page viii and page 68) notes that the RCC was to be under the South Africa Maritime Safety Authority (SAMSA), and it was not operational at the project closure stage since South Africa had not signed the host country agreement with SAMSA.
- A regional marine pollution contingency plan that covered all the participating countries was established as

targeted, The ICR (page viii) reports that this plan will be operational only after the establishment of the RCC (ICR, page viii).

Port state control and fisheries monitoring.

- 16 inspectors were trained to international standards in port state control as targeted. This included two inspectors from Kenya, three each from Comoros, Madagascar, Mauritius, Mozambique and Seychelles, four from Tanzania, and 11 from South Africa.
- The project activity on fisheries and their monitoring was not implemented as targeted. The (ICR, page 8) notes that this activity was not implemented, as it had been implemented by other projects in the region.
- Mechanisms were created for coordinating among related GEF supported initiatives through websites and coordination of project staff in workshops, conferences and steering committees (ICR, page ix).
- Comoros joined the regional agreement on port state control (Indian Ocean Memorandum of Understanding), but not Madagascar as targeted.
- 511 ship inspections were carried out at major ports (Kenya, South Africa and Tanzania) as compared to the target of 475.

Outcomes:

The outcomes pertaining to the PDO objective:

- The ICR (page 14) states that there was increased efficiency and safety of navigation of the Western Indian Ocean. The ICR however provides little evidence to support this statement. In Mozambique, the rehabilitation of the lighthouse, the installation of the Automatic Information System (AIS) base stations in Ponta Zavora and Ilha de Mocambique, and the monitoring station in Maputo, were not completed as targeted at closure, due to the difficulties associated with clearing goods through customs. The sustainability of some training activities associated with maritime safety navigation remains doubtful, since, "trainees frequently did not remain in the same posts, or left the public administration." (ICR, page 16). The communication links between the regional Maritime Rescue Coordination (MRCC), and the regional cooperation on search and rescue, needed to be reconfigured, as the existing search and research links were found to be of good quality. (ICR, page 16).
- The National Oil Spill Contingency Plans (NOSCP) were completed in all eight countries as targeted for strengthening the capacity of countries to respond to oil and chemical spill emergencies. These plans however, had not been officially validated in Kenya, Mozambique, South Africa and Tanzania) by project closure. Environmentally Sensitive Maps (ESA) maps that provided detailed information on ecosystems could not be completed in all the countries due to the lack of available data. The ICR (page 17) notes that only some countries took the opportunity accorded by the project to update parts of their maritime law to launch a national effort on disaster preparedness.
- The Regional Coordination Center (RCC) was not implemented as targeted due to unresponsiveness on the part of the participating countries (ICR, page 18). The ICR (page 18) notes that this was a second unsuccessful attempt to establish a regional center through a previous GEF project supporting the establishment of a regional center in Madagascar. The ICR (page 18) reports that there were not many opportunities to test the efficacy of the NOSCP plans. The results of one incident were not encouraging: In August 2011, a Panamanian registered ship was grounded on a coral reef off Pointe d'Esny, to the South East of Mauritius. Mauritius did not have the capacity to respond to the issue unilaterally through the NOSCP, and also could not call on the other regional countries to provide the required assistance. The assistance was eventually provided by non regional countries (India and Sri Lanka).
- Mozambique, South Africa and Seychelles did not participate in the activity of economic valuation of ecosystems as targeted due to lack of dedicated financial resources

The outcomes pertaining to the GEF objective:

- The GEF objective of ascertaining the economic, technical and institutional feasibility of electronically supported marine highway to guide ships through sensitive areas and to monitor their movements and activities of fishing and other vessels operating within countries' territorial waters, was not completed as targeted.
- Two countries (Madagascar and Comoros) were to join the regional agreement on port state control; however, only Comoros joined.

- As noted above, the oil spill response plan was not officially validated in Kenya, Mozambique, South Africa and Tanzania, at project closure.

5. Efficiency:

Modest.

At appraisal, an incremental cost analysis was carried out in accordance with the requirements for GEF supported projects (ICR, page 20). The incremental cost analysis refers to the additional (incremental) cost of transforming a project with national/local benefits into one with global environmental benefits. The analysis is based on the notion that without the GEF alternative it would not be in the interests of the participating countries to commit financial resources to activities with global/regional benefits.

The ex-ante incremental cost was estimated at US\$24.4 million, as compared to the baseline cost of activities. The GEF contributed a Grant of US\$11 with the balance expected to come from other donors and the international and local shipping industry, nongovernmental organizations, and navigation services. The ex-ante analysis was not updated at closure. The ICR (page 20) states that the additional activities undertaken - such as developing a marine highway, widening the Indian Ocean Memorandum of Understanding, and strengthening capacity at regional level -- would not have taken place in the absence of the project, but provides no evidence to support this statement.

There were important administrative shortcomings leading to implementation delays, incompleteness of some project activities, and slow disbursements (ICR, page 9). Although the project was approved on May 7, 2007, and declared effective on January 24, 2008, implementation did not begin until about a year later, due, inter alia, to the delays associated with appointing national coordinators. These initial delays led to the postponement of the Mid Term review from June 2009 to October 2010. Inadequate preparation at the design stage resulted in cancellation of some envisaged project activities (such as monitoring of fisheries activities and evaluation of the pilot phase of marine highway), and the project closed 18 months behind schedule. At closure, 31% - of the Grant remained unutilized, although the unit cost of most completed activities were higher than the appraisal estimates.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	No		

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

The project development objective, while broad and ambitious, was highly relevant to the respective countries in the region. However, the project, as designed, had little possibility of being able to attain the objective. Design is therefore rated modest. Efficacy is rated modest since there is no evidence presented of greater safety and efficiency in navigating the Western Indian Ocean. Efficiency was modest --there were implementation delays, incompleteness of some project activities, low disbursements and closure 18 months behind schedule. Outcome is assessed as Moderately Unsatisfactory

a. Outcome Rating: Moderately Unsatisfactory

7. Rationale for Risk to Development Outcome Rating:

Government Commitment/ Ownership: The risk to development outcomes is high, since it is not clear whether the governments will remain committed to the modest achievements supported by the project. Few participating countries had taken relevant legislative and regulatory measures, although it was intended that they would have done so by the mid-term review (November, 2010). For example, by project closure, four of the eight participating countries had not yet established procedures for preventing oil spills, and only some countries had taken the opportunity afforded by the project to launch a national effort on disaster preparedness. Likewise, although different types of equipment had been provided through the project to improve the safety of navigation in the region, many stakeholders lacked the capacity to maintain or operate the equipment. (ICR, page 23). Government ownership would also appear to be low. The ICR

(page 23) notes that "many governments of the participating countries considered the type of activities [supported by the project] as essentially driven by the donor community."

Risk due to Piracy: High incidence of piracy in the region is a further risk. Because of piracy, some traffic tends to get redirected from the Mozambique Channel to a more easterly route. Piracy also increases the risk of collision, as many ships turn off their AIS communication when traveling in affected zones.

a. Risk to Development Outcome Rating : High

8. Assessment of Bank Performance:

a. Quality at entry:

This project built on the experience learnt from an earlier operation financed by the Global Environmental Facility (West Indian Ocean Islands Oil Spill Contingency Planning Project - P036037), which also aimed to address the critical threats to the regions' marine and coastal ecosystems, by supporting the countries' efforts to work cooperatively in regional seas, international waters and trans-boundary pollution (ICR, page 1). Countries with relatively weak capacity (Comoros, Kenya, Madagascar, and Mozambique) were paired with stronger ones (Mauritius South Africa (PAD, page 13). One of the implementing agencies, the Indian Ocean Commission (IOC) had managed several regional projects including two Bank projects. The Bank addressed the likelihood of delays in activating the Trust Fund by authorizing retroactive financing.

There were, however, significant shortcomings in Quality at Entry:

- Design weaknesses included broad and ambitious goals, a disconnect between the project development objectives and activities, inadequate assessment of needs, inadequate attention to institutional strengthening needed for maintaining the equipment, inappropriate implementation arrangements for a project which encompassed environmental and maritime components, and limited relevance of the marine highway concept for the Mozambique Channel. There were similar inconsistencies between project development objectives and the GEO objectives (see Section 3b above)
- The Bank's attempts to generate ownership of the different government agencies had uneven results. Although some countries had signed the Initial Memorandum of Understanding, they had not circulated the relevant information to the relevant technical agencies. There was insufficient direct consultation with some technical agencies which, although they were to implement the project, were not given adequate voice at the preparation phase.
- There were weaknesses in M&E design (see Section 10a below).

Quality-at-Entry Rating: Moderately Unsatisfactory

b. Quality of supervision:

Supervision missions took place twice a year. Continuity of leadership was undermined as there were three project team leaders during the lifetime of the project. (ICR, page 41). The Borrower's ICR (page 65) notes that the project entailed regional consultative meetings, and in these meetings, the supervision team played a very instrumental and effective role in clarifying issues regarding cofinancing and implementation arrangements, as well as in obtaining the consent of the countries to appraise project. The supervision team was flexible in addressing issues as they arose. For example, when the relevance of the marine highway concept was regarded as inappropriate for the Mozambique Channel, the project's activities under the navigation safety component were changed to focus on enhancing the safety of navigation in specific areas of the Channel (ICR, page 14). Also, the supervision team addressed the issue of the inadequacy in the design of implementation arrangements for a project encompassing both environmental and maritime components, through incorporating an additional focal point for addressing environmental dimensions. There was compliance with fiduciary requirements (see Section 11 below).

Nonetheless:

- The supervision team could have been more proactive in reducing the early implementation delays, by initiating

missions with the countries that lagged behind, and attempting to secure ownership of the governments and of the technical agencies.

- The supervision team could also have played a more active role in establishing the Regional Coordination Center for coordinating national actions and monitoring region wide environmental conditions, which had been held up by delays in South Africa signing the host country agreement with SAMSA.(ICR, page 25).

- The supervision team did not carry out a needed level 1 project restructuring for adjusting components and indicators to align them with the realities of implementation. The ICR (page 25) notes that "the restructuring were minimal and could not avoid the final gap between the project's outputs and its formal objectives."

- The supervision team did not fully take into consideration the recommendations of the mid-term review, particularly on redirecting attention towards sustainability efforts.

- In total, 12 Implementation and Status (ISR) Reports were filed; in all of them, the Implementation Progress was rated as Satisfactory, in spite of the problems encountered.

Quality of Supervision Rating : Moderately Unsatisfactory

Overall Bank Performance Rating : Moderately Unsatisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The Republic of South Africa was the regional coordinator acting on behalf of the eight countries.

Although the project development objective was relevant to the respective countries, their performance as regards ownership, commitment to achieving the development objectives, financial contribution, appointment of key staff (including national coordinators) and timely resolution of implementation was uneven across the participating countries (ICR, page 26). The ICR (page 23) reports that one reason for the inadequate ownership of the project was that many governments saw the operation as essentially donor driven.

One area where all the participating countries had difficulties was in coordinating the transport and the environment ministries and agencies. This in turn slowed the implementation of the project, and necessitated the need to appoint a second national coordinator to advance the environment components of the project (ICR, page 27).

Government Performance Rating Moderately Unsatisfactory

b. Implementing Agency Performance:

There were two implementing agencies:

(i) A regional project management unit, based at the South Africa Maritime Safety Agency (SAMSA), to undertake regional coordination tasks. The agency was responsible for implementing project components A (Development of a regional marine highway and institutions) and parts of project component D (Supporting the adoption of port state control and supporting project coordination and management).

(2) The Indian Ocean Commission (IOC), was the sub-regional project manager and coordinator. It was responsible for implementing project components B (capacity building for prevention of coastal and maritime contamination), C (Building capacity for regional oil spill response), and parts of component D (fisheries monitoring and project coordination and management).

In addition to the two implementing agencies, national project coordinators from the Ministry of transport and the Ministry of Environment of each participating country were responsible for the national level activities.

The ICR (page 26) notes that although SAMSA was a technical agency and had relatively less experience with regional integration and had not worked with the Bank before, it adapted to the changes that were required for implementing the shipping and other activities. (ICR, page 26). IOC's coordination activities across countries are deemed to have been adequate, although there were cases of delayed responses from the countries which led to activities being rescheduled or delayed (ICR, page 65).

Implementing Agency Performance Rating :	Moderately Satisfactory
Overall Borrower Performance Rating :	Moderately Unsatisfactory

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

SAMSA and IOC were responsible for managing the overall M&E framework, and the national coordinators had the task of producing quarterly progress reports regarding the components for which they were responsible.

The M&E framework comprised two outcome indicators for monitoring the PDO of increasing the safety and efficiency of navigation in the Western Indian Ocean. These indicators were: (i) (number of passages of vessels traveling through the region using the marine highway and its electronic charts for navigation; and (ii) number of ship inspections carried out at major ports. (PAD, page 29). While the second indicator could be measured, it is not clear how the first could be expected monitor performance, considering that the project was a pilot initiative of introducing a marine highway in the region. There were 17 intermediate indicators. Although most of these were straightforward and easy to monitor, they “were not entirely reflective of the activities that they were designed to measure” (ICR, page 11)

The M&E framework comprised three measurable indicators for monitoring the GEF objectives of:
 (1) Installation of modern aids to navigation; (2) Agreement reached with Madagascar and Comoros to join the regional agreement on port state control; and (3) agreement reached by Kenya, South Africa, Tanzania and Mozambique to join cooperation arrangements in cases of major pollution incidents.

b. M&E Implementation:

The ICR provides no information on M&E implementation beyond stating that the framework “was implemented adequately” (page 11).

c. M&E Utilization:

The M&E framework had little usefulness beyond the project (ICR, page 11)..

M&E Quality Rating: Modest

11. Other Issues

a. Safeguards:

No safeguard policies were triggered by this project, which was classified as Category “C” for environmental assessment purposes (ICR, page 12).

b. Fiduciary Compliance:

Financial Arrangements: The two implementing agencies were responsible for the financial management arrangements. The ICR (page 12) notes that they were adequately staffed by qualified finance officers, and that there were no major financial management issues during implementation. External audits were carried out, and excepting for some identified ineligible expenses related to value added tax payments which were refunded, there were no issues (ICR, page 12). The ICR however does not state specifically whether the audits were unqualified.

Procurement:

The two implementing agencies were responsible for procurement. The ICR (page 12) reports that both the implementing agencies were adequately staffed with two full time procurement staff, and that the procurement of works, goods and consulting services by the implementing agencies was carried out in accordance with the Bank guidelines. The team leader confirmed that there was no reported case of misprocurement.

c. Unintended Impacts (positive or negative):

d. Other:

12. Ratings:	ICR	IEG Review	Reason for Disagreement /Comments
Outcome:	Moderately Unsatisfactory	Moderately Unsatisfactory	
Risk to Development Outcome:	High	High	
Bank Performance:	Moderately Unsatisfactory	Moderately Unsatisfactory	
Borrower Performance:	Moderately Unsatisfactory	Moderately Unsatisfactory	
Quality of ICR:		Satisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

The ICR (page 27-28) draws the following main lessons from this project.

- (1) A simple design that can be accomplished with the available financial resources and proper consultations and involvement of technical implementing agencies of the participating countries right from the preparation is likely to be more appropriate for a regional product involving many countries than the complex design adopted in this case. Design of this operation was not only over ambitious in itself, but also in relation to the availability of financial and human resources
- (2). Adequate arrangements for ensuring the sustainability of the project's outcomes are necessary. The experience of this project was that in several of the countries, the activities face questions of sustainability, because of low ownership.
- (3) Exploring other means of obtaining financing from other sources may be useful, particularly when the intended project outcomes (such as increasing the safety of navigation and reducing the risks of pollution of the marine and coastal ecosystems) benefit the region as a whole.

14. Assessment Recommended? Yes No

15. Comments on Quality of ICR:

The ICR is candid and clearly discusses the problems that were encountered on account of inadequate preparation.

The ICR sought to infer the objectives of the project that it was going to evaluate, rather than evaluating the project on the PDO's and GEO's objectives on grounds that the objectives as stated in the PAD or the GEF grant agreement "lacked clarity, consistency, sometimes overlap and do not faithfully reflect the substantive progress that has been achieved within the project." (ICR, page 15).

The discussion of M&E, especially of implementation, is very sparse.

a.Quality of ICR Rating: Satisfactory