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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
GRANT APPROVED ON MAY 22, 2007

TO THE

REPUBLIC OF SOUTH AFRICA

(FOR COMOROS, KENYA, MADAGASCAR, MAURITIUS, MOZAMBIQUE,
SEYCHELLES, SOUTH AFRICA, AND TANZANIA)

JULY 12, 2010

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AFRICA — GEF-WESTERN INDIAN OCEAN MARINE HIGHWAY
DEVELOPMENT AND COASTAL AND MARINE CONTAMINATION
PREVENTION
P078643
TF090304

Restructuring Paper

1. Proceeds for the Africa, *GEF*-Western Indian Ocean Marine Highway Development And Coastal And Marine Contamination Prevention, TF090304, P078643 will be reallocated as follows:

Category of Expenditure		Allocation		% of Financing	
		Current	Revised	Current	Revised
(1) Works					
(a) SAMSA	(a) SAMSA	2,200,000	1,100,000	100	100
(b) IOC	(b) IOC	0.00	0.00		
(2) Goods					
(a) SAMSA	(a) SAMSA	1,500,000	1,300,000	100	100
	(b) IOC	0.00	700,000	100	100
(3) Consultant's Services and Audits					
(a) SAMSA	(a) SAMSA	2,200,000	1,200,000	100	100
(b) IOC	(b) IOC	1,600,000	2,430,000	100	100
(4) Training and Workshops					
(a) SAMSA	(a) SAMSA	1,200,000	520,000	100	100
(b) IOC	(b) IOC	1,100,000	1,300,000	100	100
(5) Operating Costs					
(a) SAMSA	(a) SAMSA	600,000	1,200,000	100	100
(b) IOC	(b) IOC	100,000	300,000	100	100
(6) Unallocated		500,000	950,000	100	100
TOTAL		11,000,000	11,000,000		

2. Project implementation and achievement of development objectives are currently rated as Satisfactory. The Project closing date was extended to December 31, 2011 after the mid-term review (November 2010). Both implementation agencies South African Maritime Safety Authority (SAMSA) and Indian Ocean Commission (IOC) are performing satisfactorily. The project's audit reports for both implementation agencies for 2010 have been submitted; SAMSA's audit report is satisfactory, and IOC's audit report is acceptable but some comments were forwarded requesting IOC to work with the auditor's to revise the report and ensure full compliance with our requirements. The Project objectives are achievable. The survey of the marine route along the Mozambique

Channel was completed, and the data is now available in Electronic Nautical Charts prepared by the U.K. Hydrographic Service. The project has revised the country specific and regional oil spill contingency plans, prepared environmental sensitive area maps, is developing an ecosystems valuation methodology and is advancing with the establishment of a Regional Coordination Center for spill contingencies. The Project is implementing also a US\$100,000 grant from the European Space Agency to carry out earth observation to detect oil spills in real time and monitor the health of selected coral reefs along the surveyed corridor and the marine route.

3. In a letter dated June 17, 2011, the Minister of Environment and Water of South Africa has requested a reallocation of grant proceeds among the existing disbursement categories in accordance with the recommendations of the Mid-Term Review.

4. The proposed reallocation does not result in a change to the project activities nor require a modification to the project description in the Grant Agreement and as such is considered to be minor in nature.

5. The proposed reallocation is necessary to reflect: (i) the longer Project period considering the extension of the closing date to Dec. 31, 2012, already approved (ii) actual costs of the various works, goods and consulting services under the Project, and (iii) larger than anticipated in-kind contributions from the various participating States and organizations (reflecting for instance lower expenditures under Category 1). Regarding Category (2), the same goods included in the Project Description are proposed to be financed by SAMSA, including Aids-to-Navigation and Automatic Information Systems and oil spill combating equipment kits by IOC.

6. A satisfactory implementation plan was adopted as part of the Mid-Term Review. The recipient's request for reallocation has been endorsed by all participating countries in a Project Steering Committee involving representatives from Comoros, Kenya, Madagascar, Mauritius, Mozambique, Seychelles, South Africa, and Tanzania.