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Report No: PAD4239

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED LOAN

IN THE AMOUNT OF US\$150 MILLION

TO

INDIA

FOR A

FISHERIES SECTOR COVID-19 RECOVERY PROJECT

June 3, 2022

Environment, Natural Resources & The Blue Economy Global Practice
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2022)

Currency Unit = US Dollar (US\$)

US\$1.00 = INR76.49

INR1.00 = US\$0.0131

FISCAL YEAR

April 1 - March 31

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ABBREVIATIONS AND ACRONYMS

AFD	Agence Française de Développement	AtNB	<i>AtmaNirbhar Bharat</i>
CAA	Coastal Aquaculture Authority	CAG	Comptroller and Auditor General of India
CCC	Certified Credit Counsellors	CE	Citizens' Engagement
COVID-19	"2019 Novel Coronavirus" Disease	CPF	Country Partnership Framework
CRI	Corporate Results Indicator	CSC	Common Service Center
DoF	Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying	EIRR	Economic Internal Rate of Return
ESF	Environmental and Social Framework	ESCP	Environment and Social Commitment Plan
ESS	Environment and Social Standards	ESMF	Environmental and Social Management Framework
FM	Financial Management	FAO	Food and Agriculture Organization
FFPO	Fish Farmers' Producers' Organization	FGA	Full Grant Application
FMM	Financial Management Manual	FY	Financial Year
GBV	Gender-Based Violence	GDP	Gross Domestic Product
GeM	Government e-Marketplace	GHG	Greenhouse Gases
GoI	Government of India	GRID	Green, Resilient and Inclusive Development
GRS	Grievance Redress Service	GST	Goods and Services Tax
IBRD	International Bank for Reconstruction and Development	IEG	Independent Evaluation Group
IMC	Indian Major Carps	IFR	Interim Financial Report
KCC	<i>Kisan</i> Credit Card	INR	Indian Rupees
MFD	Maximizing Finance for Development	M&E	Monitoring and Evaluation
MSME	Micro, small, and medium enterprise	MIS	Management Information System
MUDRA	Micro Units Development and Refinance Agency Limited	MTR	Midterm review
NABARD	National Bank for Agriculture and Rural Development	NABARD	National Bank for Agriculture and Rural Development
NFSDP	National Fisheries Sector Digital Platform	NABCONS	NABARD Consulting Services Limited
PDO	Project Development Objective	NFDB	National Fisheries Development Board
PGMC	Performance Grant Management Consultants	PCM	Private Capital Mobilization
PMU	Project Management Unit	PGA	Preliminary Grant Application
RSETI	Rural Self-Employment Training Center	PIP	Project Implementation Plan
SC	Scheduled Caste	PMMSY	<i>Pradhan Mantri Matsya Sampada Yojana</i>
ST	Scheduled Tribe	PPSD	Project Procurement Strategy for Development
SVAnidhi	Street Vendor's <i>AtmaNirbhar Nidhi</i>	SEP	Stakeholder Engagement Plan
TA	Technical Assistance	STEP	Systematic Tracking of Exchanges in Procurement
WBG	World Bank Group	V&MC	Verification and Monitoring Consultants

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name		
India	Fisheries Sector COVID-19 Recovery Project		
Project ID	Financing Instrument	Environmental and Social Risk Classification	Process
P174798	Investment Project Financing	Moderate	Urgent Need or Capacity Constraints (FCC)

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
17-Jun-2022	30-Jun-2027

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To support the fisheries sector recovery with expanded access to working capital and insurance, improved fisheries value-chains, and enhanced fish product safety.

Components

Component Name	Cost (US\$, millions)
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Facilitating Working Capital Finance and Risk Management for Fisheries Sector Microenterprises	198.98
Supporting Microenterprises to Improve Efficiencies of Fisheries Sector Value Chains	277.65
Adoption and Expansion of Fish Product Quality and Safety Assurance Systems	200.52
Project Management, Monitoring and Reporting	12.21

Organizations

Borrower: INDIA

Implementing Agency: Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying
National Fisheries Development Board

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	689.36
Total Financing	689.36
of which IBRD/IDA	150.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	150.00
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Non-World Bank Group Financing

Counterpart Funding	200.00
Borrower/Recipient	200.00
Commercial Financing	289.36
Unguaranteed Commercial Financing	289.36
Other Sources	50.00
FRANCE: Govt. of [MOFA and AFD (C2D)]	50.00

Expected Disbursements (in US\$, Millions)



WB Fiscal Year	2022	2023	2024	2025	2026	2027	2028
Annual	0.00	8.00	25.00	45.00	35.00	25.00	12.00
Cumulative	0.00	8.00	33.00	78.00	113.00	138.00	150.00

INSTITUTIONAL DATA

Practice Area (Lead)

Environment, Natural Resources & the Blue Economy

Contributing Practice Areas

Agriculture and Food, Finance, Competitiveness and Innovation, Infrastructure, PPP's & Guarantees

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	● Low
10. Overall	● Moderate

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[] Yes [✓] No



Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

Section I.A: The Borrower shall maintain throughout the period of Project implementation, (a) the Project Steering Committee, chaired by the secretary, DoF, and including representatives of industry associations and fishworkers’ cooperatives/collectives for providing overall advice and policy directions for Project implementation, monitoring, and approving Annual Work Plans and Budgets; (b) within its DoF a Project Management Unit (“PMU”) to be responsible for day-to-day management, coordination, implementation, and monitoring and evaluation of the Project other than for Part A.2 of the Project; and (c) through its DoF, within the NFDB a Project Management Unit (“NFDB PMU”) to be responsible for day-to-day management, coordination, implementation, and monitoring and evaluation of Part A.2 of the Project– all as set forth in the PIP, and with composition, resources, and terms of



reference acceptable to the Bank.

Sections and Description

Section I.C.1: The Borrower, through the PMU and the NFDB PMU, shall, no later than February 15 of each fiscal year during Project implementation, prepare and furnish to the Bank, an annual program of activities proposed for implementation under their Respective Part of the Project during the following year, together with a proposed budget for the purpose, except for the annual work plan and budget for the first year which shall be furnished prior to the commencement of the relevant activities under the Project.

Sections and Description

Section I.D.1: The Borrower, through the PMU, shall invite eligible beneficiaries ("Beneficiaries") to submit proposals for financing Performance Grants for purposes of carrying out the activities under Parts B(a) and C(a) of the Project, in accordance with the eligibility criteria, procedures and requirements set forth in the Project Implementation Plan.

Sections and Description

Section I.D.4: The Borrower through the DoF: (a) shall ensure that third-party verification and monitoring of performance of Grants shall be carried out through a consortium of fisheries colleges and universities which will act as Performance Grants verification and monitoring consultants ("V&MC"); and (b) no later than three (3) months after the Effective Date, shall engage Performance Grants management consultants ("PGMC") to assist the PMU in managing the process from screening to selection and approval of Grant applications.

Sections and Description

Section I.E.1: The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

Sections and Description

Section II.1: The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Sections and Description

Section IV.1: The Borrower shall provide promptly, as needed, the funds, facilities, services, and other resources required for the Project.

Sections and Description

Section IV.2: No later than two months after the Effective Date, the Borrower shall prepare, adopt, and disclose, the ESMF acceptable to the Bank.

Sections and Description

Section IV.3: The Borrower shall:

- (a) ensure that the Project's activities involving collection, storage, usage, and/or processing of Personal Data are carried out with due regard to the Borrower's existing legal framework and appropriate international data protection and privacy standards and practices;
- (b) in the event that, during the implementation of the Project, the approval of any new legislation regarding Personal Data protection may have an impact on the activities financed by the Project, ensure that a technical analysis of said impact is conducted, and that the necessary recommendations and adjustments, are implemented,



as appropriate; and,

(c) except as may otherwise be explicitly required or permitted under this Agreement, or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 to this Agreement, ensure that such information, report or document does not include Personal Data.

Conditions

Type	Financing source	Description
Disbursement	IBRD/IDA	No withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed United States Dollars thirty million (US\$30,000,000) may be made for payments made prior to this date but on or after January 1, 2022, for Eligible Expenditures under Categories (1) and (2).



I. STRATEGIC CONTEXT

A. Country Context

1. **Growth rebound in FY22 has been quick, pulled up by investment, recovering consumer demand and, more importantly, a low base.** Real Gross Domestic Product (GDP) growth moderated from an average of 7.4 percent during FY14/15-FY18/19 to an estimated 3.7 percent in FY19/20, mostly due to (i) shocks to the financial sector, and (ii) decline in private consumption growth.¹ Against this backdrop, the outbreak of the Coronavirus Disease (COVID-19) had a significant impact, with real GDP contracting by 6.6 percent in FY20/21.² On the fiscal side, the general government deficit widened significantly in FY20/21, owing to higher spending and low revenues.³ However, with the easing of COVID-19 restrictions, Goods and Services Tax (GST) collections have crossed the Indian Rupees (INR) 1 trillion mark every month since July 2021, reaching as high as INR 1.67 trillion in April 2022. The robust GST revenue collections are expected to continue as the economic recovery gathers momentum. World Bank forecasts that real GDP growth for FY21/22 is likely to be 8.3 percent,⁴ on the back of increased capital expenditure by the government and recovering consumer demand. Real GDP in FY21/22 is expected to reach the FY19/20 level. Given global concerns about the significant uncertainty around the pandemic, elevated inflation, geopolitical tensions and extended supply disruptions, growth in FY22/23 is expected to be 8 percent.⁵ Nonetheless, the expected recovery will put India among the world's fastest-growing economies over the next two years.

2. **Although India has made remarkable progress in reducing absolute poverty in recent years, including due to the allocation of significant resources for social assistance programs, the COVID-19 outbreak has delayed the course of poverty reduction.** Between 2011-12 and 2020-21, India's poverty rate has declined from 22.5 percent⁶ to values estimated to range between 9 to 12.3 percent. However, projections of GDP per capita growth suggest that this estimated decline also includes a reversal of poverty reduction due to the pandemic. Labor market indicators from high frequency surveys -including from the Centre for Monitoring Indian Economy - suggest that vulnerability has increased after the pandemic, particularly for urban households, with a moderate recovery in 2021. Overall, the pandemic and its economic impacts are estimated to have raised urban poverty, creating a set of "new poor" that are relatively more likely to be engaged in the non-farm sector and to have received at least secondary education. To respond to the pandemic, the Government of India (GoI) has deployed significant resources as part of the *Prime Minister's Garib Kalyan Yojana* for social assistance, including for urban poor households and migrants.

B. Sectoral and Institutional Context

3. **The fisheries sector in India plays an important role in the socio-economic development of the country.** About 12 million people, mainly poor and historically excluded, are directly employed in the capture or production of fish, and an additional 13 million in associated sector activities. The sector is comprised of aquaculture dominated by Indian Major Carps (IMC), shrimp aquaculture and capture fisheries. For the past 15

¹ National Accounts Data, National Statistical Office, Ministry of Statistics and Program Implementation.

² Ibid.

³ Union budget 2021, 2022, Ministry of Finance, Government of India.

⁴ World Bank estimate compared to the GoI's second advance estimate of 8.9 percent.

⁵ World Bank real GDP forecasts for FY22/23 published in April 2022.

⁶ Consumption Expenditure Survey 2011-12, National Sample Survey Office, Government of India



years, the sector has grown rapidly,⁷ and has been a key contributor to poverty reduction in rural areas. In 2018/2019, the sector generated US\$7 billion in export earnings, and overall, contributed US\$30 billion to the national economy (about 1.1 percent of Gross Value Added). The sector is also important to the country's food and nutrition security as it is a major and expanding source of protein, especially for the poor. Although the sector is characterized by diversity with respect to scale and technology, the overwhelming majority of actors - both in capture fisheries and aquaculture - are microscale enterprises, working with very limited means and technology and producing low volumes for sales in local markets.

4. **The high growth rates aside, the sector is facing several challenges which are imperative to address to sustain and possibly accelerate the growth in the sector.** These include: (i) weak governance and regulatory framework that does not enforce environmental sustainability, as well as fish products safety; (ii) open access and lack of a regulatory framework in capture fisheries undermining sustainable marine fishing; (iii) limited incentives for private investment mainly because of constrained access to financing/credit and the generally high-risk perception ascribed to the sector, especially shrimp aquaculture; (iv) informality and fragmentation which undermine value chain efficiency, access to finance including through the GoI schemes, and noncompliance with fish product quality and safety standards; and (v) waste of nearly 35 percent of supply due to poor post-harvest practices with an estimated annual loss of US\$8.3 billion.⁸

5. **Women's participation in the fisheries sector is often unrecognized and underpaid,**⁹ with a wage gap of 25 to 40 percent. Gender-differentiated data with regards to occupation and income are lacking, especially in aquaculture. As a result, past programs have not been able to tap the full potential of female workforce in the sector. Interventions focusing on women are usually fragmented, and do not promote leadership, business skills, entrepreneurship, and ownership of assets by women. Typically, women are not formally specialized in fisheries and targeted skills development programs are weak. These gender inequities limit the overall productivity of the sector, especially since women constitute nearly half of the workforce in the sector.¹⁰

6. **Fishing and aquaculture are extremely vulnerable to climate change and disaster events.** In marine fishery in India, there are signs of depleting fish stock due to seawater warming, increased coastal upwelling and ocean acidification. Freshwater fishery and aquaculture are vulnerable to floods and droughts, longer and seasonally shifting dry seasons, increased heavy rainfall events and salinization of soil. Coastal aquaculture is impacted by increasing frequency and intensity of cyclones, storm surges and sea level rise. Droughts and seasonal variation of dry spells have the additional impact of altering the water salinity, pH and oxygen level. These lead to a higher frequency of disease in shrimp aquaculture. Climate change and disaster events will further reduce productivity of fishers, aquaculturists and fishworkers (together called "fishworkers"); fishery and aquaculture costs and productivity; food security; and fishing communities' livelihoods and safety.

7. **The GoI recognizes and seeks to address the key constraints and challenges to achieve optimal sector performance.** In 2015-16, the GoI rolled out the "Blue Revolution", a scheme designed to ensure more focused development and management of the fisheries sector. Among others, Blue Revolution focused on issues related to environmental sustainability of fisheries value chains, creation of a favorable environment for private sector investment, technology modernization and food safety. The Blue Revolution scheme closed on March 31, 2020, and in the continued effort to address sector challenges (and double fishers' and fish farmers' income), the GoI

⁷ Mainly driven by low intensity small-size aquaculture. Average 10.9 percent year-on-year growth in gross value added during 2014-2019. Growth of production came from aquaculture while marine capture remained nearly the same as in 2005 at about 3.7 million metric tons (Source: Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying, GoI, 2021)

⁸ The 12th Report of the Parliament of India Standing Committee on Agriculture, March 2020.

⁹ Globefish Research Programme, Food and Agriculture Organization, 2015

¹⁰ Women are 47 percent of the people who work in the marine capture fisheries and related post-harvest activities. Even if dependable estimates are not available, women have a significant presence in freshwater capture fisheries and aquaculture.



launched the *Pradhan Mantri Matsya Sampada Yojana* (PMMSY), a new flagship scheme for promoting sustainable growth in the fisheries sector. Among others, the PMMSY is designed to: (i) promote sustainable, inclusive, equitable, and responsible harnessing of fisheries; (ii) develop and roll out a robust fisheries management and regulatory framework; (iii) enhance fish production and productivity; and (iv) enhance the sector's contribution to exports (seeking to double exports in 5 years). PMMSY is implemented by the Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying (DoF), GoI in partnership with the department of fisheries in all states in India.

8. **The fisheries sector has been severely impacted by the COVID-19.** The COVID-19 pandemic induced disruptions to global supply chains and diminished demand in international markets. Together, these factors have depressed fish exports. This has already translated into major losses to the sector, including a loss of exports worth US\$1.3 billion between March and June 2020; an estimated additional loss of US\$2 billion between July 2020 and March 2021;¹¹ and wastage and rotting of fish products worth US\$1.1 billion between March and May 2020 due to disruptions to local demand and supply chains. Although some recovery in the domestic and export markets were seen around September 2020, this was again dampened by the subsequent waves of the pandemic. Reduced domestic demand continues to be a challenge as restaurants and retail markets operate at low capacity, and as rumors around fish as a possible vehicle of transmission for the Coronavirus continue to circulate.

9. **As a result of the pandemic, losses were experienced across the sector value chain and disproportionately by marginal fishworkers and microenterprises** (together called 'microenterprises')¹² as they typically operate at extremely low margins and have low coping abilities. Overall, the COVID-19 pandemic has occasioned an aggregate loss of about US\$5.5 billion¹³ to the sector in 2020-21, affecting all segments of the value chain. Government estimates indicate that more than 8 million fishworkers have lost either their working capital, incomes, or jobs. The COVID-19 pandemic has also deepened pre-existing inequalities and vulnerabilities and increased exposure to domestic violence for women in the fisheries sector.¹⁴

10. **Without adequate policy attention and quick intervention, impacts of COVID-19 on the fisheries sector are likely to linger and could potentially be aggravated.** Overall fish production in 2020-21 was as low as 8 million metric tons, down from 13.8 million metric tons in 2019-20.¹⁵ Consumer confidence and trust in fish quality and safety could further wane, thereby further dampening demand in the domestic market where more than 90 percent of India's fish output is consumed, and millions of microenterprises would not be able to reengage productively in the sector. Assistance to reengage in production and protections against probable future losses are needed to protect livelihoods and incomes, but also to manage impacts on the food and nutrition security of the country. Additionally, there are long-term sustainability risks: desperate attempts to regain lost income might lead to overexploitation and depletion of stocks in capture fisheries, use of unsafe and low-quality inputs in aquaculture, and a rush to cut costs (including those related to ensuring hygiene) and increase margins at all levels – thus compromising fish product safety.

11. **The GoI recognizes the downside risks to the fisheries sector posed by COVID-19, but its planned support will not be adequate to address the immediate key recovery concerns.** The *AtmaNirbhar Bharat* (AtNB), the GoI's economic package designed to help with recovery from the COVID-19 crisis, provides several

¹¹ Food and Agriculture Organization (FAO), 2020. Impacts of COVID-19 Pandemic and Lockdown on the Fisheries Sector in India. Report for the World Bank.

¹² In India, 84.2 percent of microenterprises (91.4 percent in rural areas and 76.6 percent in urban areas) are one-person enterprises ("own-account enterprises"). Fisheries sector microenterprises employ 1-4 persons.

¹³ FAO, 2020. Impacts of COVID-19 Pandemic and Lockdown on the Fisheries Sector in India. Report for the World Bank.

¹⁴ <https://focusweb.org/indias-women-fishworkers-marginalized-under-covid-19-lockdown/>

¹⁵ FAO, 2020. Impacts of COVID-19 Pandemic and Lockdown on the Fisheries Sector in India. Report for the World Bank.



credit support mechanisms to foster recovery. However, the high level of sector informality including lack of work-based identity means that most fisheries sector enterprises cannot access such credit support. The COVID-19 impacts on the fisheries sector have been demand-side shocks: reduced consumer demand and falling prices that will take time to revive. Production cannot be recovered while prices remain low without reducing the losses in the fragmented value chain. Demand cannot be revived without improving the quality and safety of fish products available to consumers. The PMMSY, designed in the past mainly to increase supply of fish products, does not mitigate demand side shocks of the pandemic, especially those affecting micro- and small enterprises.¹⁶ As such complimentary support to micro- and small enterprises are needed to stabilize and prevent further collapse, and de-risk the sector and manage anticipated disease and climate related risks prior to substantial renewed investment and reengagement in businesses.

12. Recovery of fisheries sector from the COVID-19 crisis cannot be achieved by stabilization only; a build back better approach is needed to establish foundations for improved governance of natural resources, address intrinsic weaknesses, and managing future risks. To recover from the COVID-19 crisis, in the immediate term, the fisheries sector needs additional incentives to invest in sustainable production systems and value chains that would allow restoring and creating jobs. For sustained recovery, overexploitation of ecological resources needs to be prevented while providing recovery support. Once the sector is set on the path of recovery, larger and medium-term priorities and reforms¹⁷ to transform the sector to higher levels of efficiency, resilience, and sustainability as part of the longer-term World Bank Group (WBG) engagement strategy¹⁸ can be initiated. The intentions of the current recovery initiatives to ‘build back better’ create crucial foundations for a future reform agenda for the sector, which the WBG stands ready to support through future operations.

13. The project design benefits from linkages to ongoing WBG support in social protection and ‘micro, small, and medium enterprise’ (MSME) sectors with regards to: (i) creation of work-based digital identities for improved service delivery; (ii) full interfaces with national and state social safety net delivery platforms; (iii) facilitation of liquidity to fisheries sector enterprises to reengage in production; (iv) insurance to enhance resilience against shocks; (v) financial and technical input towards structural improvements for building back better; and (vi) possible opportunity for a select few relatively larger fisheries sector enterprises¹⁹ to access the MSME financing supported by the WBG.

C. Relevance to Higher Level Objectives

14. The project is consistent with the FY18-FY22 WBG Country Partnership Framework (CPF) discussed at the Board on September 20, 2018 (Report No. 126667-IN). In terms of the “What”, under Focus Area 1.1, the CPF envisages supporting India to achieve its growth aspirations while transitioning towards greater resource efficiency. Objective 1.1, *inter alia*, includes the WBG intent to support: sustainable productivity gains in fisheries; productive assets to serve local, national, and export markets; the strengthening of food safety systems; needed services at the state level, including research, extension and education services, and production-related services such as food safety certification. In addition, this project will also facilitate the crowding-in of private sector investment into the fisheries sector, which dovetails with the CPF’s catalytic “How” on leveraging private finance, and digital inclusion.

¹⁶ The small enterprises in the fisheries sector typically employ 4-20 persons.

¹⁷ These reforms include: (a) transitioning to a regulated regime of capture fishery from the current “open access” regime; (b) overall formalization and transition towards fully organized fisheries sector in the country; (c) transformation in management and regulatory frameworks, related to quality and safety of inputs, adoption of resources-efficient practices and genetic resources management.

¹⁸ Prior to the COVID-19 pandemic outbreak, the World Bank was in advanced stages of finalizing a reform-focused engagement in the fisheries sector with the GoI. These reforms are central to sustainable sector growth but will be pursued once recovery is set in motion.

¹⁹ These relatively larger enterprises are fish processing facilities and fish feed mills. All other fisheries sector enterprises, micro-scale or otherwise, are specifically excluded to be eligible for MSME support as per relevant GoI policy.



15. **The project also recognizes the key principle of the WBG's Green, Resilient and Inclusive Development (GRID) approach that recovery of the fisheries sector in India is a unique opportunity to invest in options that create jobs, become growth enhancing and contribute to a better future.** Following the GRID approach, the project supports recovery through facilitating liquidity for the micro- and small enterprises in the fisheries sector. Simultaneously, the project also emphasizes critical transitions needed in the sector to ensure availability of safe and nutritious fish products to a larger number of consumers.
16. **The operation is also a core element of the WBG's response to COVID-19 in India focusing both on immediate recovery of the fisheries sector and building back better.** In line with the WBG COVID-19 Crisis Response Approach Paper, the project contributes to saving livelihoods and preserving jobs through financial inclusion, sustaining microenterprises, better digital delivery, and support to augmented resilience to future shocks for the poor and the vulnerable (Pillar 2); ensuring more sustainable business growth and job creation (Pillar 3); and support for strengthening policies, institutions, and investments for Rebuilding Better (Pillar 4). This project is also fully aligned with the WBG strategy of identifying and addressing risks associated with disasters and climate change which may hamper the achievement of its twin goals of ending extreme poverty and promoting shared prosperity.
17. **Maximizing Finance for Development (MFD) agenda is also supported by the Project.** The Project proposes to leverage private sector financing for activities under Components 1-3 in line with the WBG's MFD agenda. It is currently estimated that the Project will mobilize at least US\$289 million of commercial financing from the private sector, thereby proposing to become a catalyst in private sector participation for India's Fisheries sector recovery. Further details are in Sections II and IV below.

II. PROJECT DESCRIPTION

A. Project Development Objective (PDO)

PDO Statement

18. To support the fisheries sector recovery with expanded access to working capital and insurance, improved fisheries value-chains, and enhanced fish product safety.

PDO Level Indicators

19. The PDO level indicators are:
- Fisheries sector microenterprises supported to access working capital or insurance products (number),
 - Cluster and product-specific business plans for fisheries sector value-chains assessed satisfactory and supported with performance grants (number),
 - Safe fish products supplied by micro- and small enterprises supported by the project (metric ton), and,
 - Target micro- and small enterprises satisfied on project interventions (percentage).

B. Project Components

20. **This project is a package of financing and technical assistance (TA) for recovery as well as laying the foundation for medium- to long-term institutional changes in support of sector transformation** and has the following four components.

Component 1: Facilitating Working Capital Finance and Risk Management for Fisheries Sector Microenterprises (total public financing US\$85.1 million comprising of DoF/GoI US\$42.6 million, IBRD US\$31.9



million, Agence Française de Développement (AFD) US\$10.6 million; and private capital mobilization of US\$113.9 million).

21. This component will include: (a) demand side capacity building, establishment of and enrollment in a digital platform that connects multiple extension services, and (b) supply side capacity building through regular dialogue and training/awareness campaigns – to enable the informal microenterprises to access relevant government schemes for working capital financing. To improve risk management capability of the sector, this component will also attempt to increase insurance market penetration and demand to secure microenterprises against future shocks and losses, adopting energy/feed efficiency and other climate resilient practices providing a certain level of comfort to restart operations. This component will consist of the following subcomponents:

22. (Subcomponent 1-A) Facilitating Access of Fisheries Sector Microenterprises to the GoI Programs for Working Capital Financing will: (a) establish the national fisheries sector digital platform (NFSDP) and mobile applications for self-registration, self-reporting, and verification of gender-disaggregated work-based identities, with appropriate interfaces for digital payment and financial access including interfaces with state platforms for social safety net and benefit transfer with appropriate verification by local authorities. The digital platform and associated applications will also help identification and dialogue on avoiding overexploitation and will facilitate access of sector enterprises to hydrometeorological information for early warnings and preparedness to climate and disaster events; (b) mobilize local functionaries, fisherpersons' cooperatives, women entrepreneurs, industry and traders' associations to prepare the required documentation needed to access the relevant GoI schemes, such as the *Kisan Credit Card* (KCC), the *Micro Units Development and Refinance Agency Limited* (MUDRA) and the *Street Vendor's AtmaNirbhar Nidhi* (SvaNidhi); (c) provide bridge courses and mentoring to microenterprises with specific emphasis on women-owned microenterprises to prepare bankable proposals; (d) develop dialogue and agreement with scheduled commercial banks including a “fisheries sector literacy campaign” for staff of the banks and other financial institutions, which will support effective utilization of working capital to build adaptive capacities against climate events and disasters; (e) undertake periodic evaluation and mitigation of policy barriers with respect to demand and supply-side constraints relevant to access to working capital financing; and, (f) undertake sector-wide and targeted analytics, and stakeholders dialogues addressing issues of broader sector resilience, climate-proofing/adaptation and sustainability, including transition away from open-access regime, with a view on improved access to finance in the fisheries sector in the medium-term, using regular and periodic data compiled in the NFSDP with regard to sector enterprises and gender-disaggregated employment, fishing efforts, catch/production, activity patterns, expenses and income. The analytics and dialogues will support the GoI in evidence-based fisheries management that uses updated stock data and analysis for optimizing fisheries catch/production, including better monitoring, and adapting to climate change impacts on fisheries.

23. (Subcomponent 1-B) Facilitating adoption of Insurance in Fisheries Sector microenterprises focusing on unserved shrimp producers will build improved risk management capability of the sector. This subcomponent will aim to increase insurance market penetration and demand to secure microenterprises against future shocks and losses through: (a) increasing accessibility, availability and adoption/usage of insurance mechanism in the fisheries sector, providing regulatory and supervisory framework to set up effective claims management and making insurance for “loss and damage due to diseases and natural calamities” mandatory for relatively larger (>4 hectare) shrimp producing microenterprises and all shrimp processing units; (b) developing eligibility and performance criteria aligned with energy efficient and optimum resource management practices for microenterprises to access market-based insurance; (c) setting up requisite market practices and institutional processes in the fisheries sector to meet criteria of insurance companies and standards defined in good aquaculture practices including using legal and nondestructive technologies; (d) assisting relatively smaller (<4 hectare) shrimp producing microenterprises, specifically women-owned, through financing insurance incentive grants; and (e) integrating a digital payment system in the NFSDP with insurance claims management (to



compensate the insured fisheries enterprises for assessed losses). As described in the Project Implementation Plan (PIP) in detail, the insurance mechanism has been designed in a simple way to provide protection to the vulnerable and underserved shrimp providers/fisheries while keeping the government's involvement to a catalytic role. Integrated into the insurance businesses, this mechanism will help further expansion of insurance products in the fisheries sector.

Component 2: Supporting Microenterprises to Improve Efficiencies of Fisheries Sector Value Chains (total public financing US\$169.7 million; DoF/Gol US\$84.9 million; IBRD US\$63.6 million; AFD US\$21.2 million; and private capital mobilization of US\$108 million)

24. This component will support fisheries sector microenterprises in protecting their profit margins by enhancing productivity and reducing the inefficiencies and fragmentation. It will support: (a) individual or groups of microenterprises within the selected value chains, with performance grants for microenterprises to reengage in production and distribution; expand the value chains with specific performance targets on job creation, especially for women; reduction of fish losses; decarbonization and improved energy efficiency and use of renewables; enhanced climate resilience; improved hygiene and waste/pollution management; (b) prioritized clusters/products, with: (i) advisory services to promote sustainable and resilient intensification, improved quality and safety of produce, and reduced postharvest losses; (ii) identification of product/cluster-wise market opportunities and bottlenecks for linking producers to remunerative markets and value chain integration; (iii) organizing and providing business development advisory services for critical, but missing collective services/productive investments such as logistics, postharvest management, safety and quality management systems; (iv) advisory for fisheries governance and management systems, and other value chain investments aimed at improving the sector's resource base and increasing its productivity by promoting resilient value-chain development that supports broader ecosystem services; (c) wider stakeholders in the sector, with: (i) documenting implementation performance and achievements of the performance grant-financed activities; (ii) public disclosure of the documented innovations; and (iii) awareness and communication campaigns in support of policy and behavior transformation on issues related to sector sustainability, including promotional events, such as exhibitions, peer learning and experience exchange on reducing value chain fragmentations, enhanced efficiency, decarbonization, resilient fishing practices, and jobs for women.

25. Individual or groups of microenterprises, especially scheduled caste (SC), scheduled tribe (ST) and women-owned businesses, from priority cluster/product value chains will be eligible to seek performance grants. Performance grants would need to be matched by the beneficiaries, which will partly come from working capital as facilitated by Component 1 and partly from private/family savings and loans, and would be released in tranches on reaching the agreed performance criteria, including registration of all entities, microenterprises and their employees and contractors, in the NFSDP and accepting adoption of "good fisheries/aquaculture practices".

Component 3: Adoption and Expansion of Fish Product Quality and Safety Assurance Systems (total public financing US\$133 million, DoF/Gol US\$66.5 million; IBRD US\$49.9 million; AFD US\$16.6 million; and private capital mobilization of US\$67.6 million)

26. This component is about addressing current demand in domestic markets for safe fish products by making such products available to consumers, including in smaller cities with low supply of fish products. It will support: (a) performance grants²⁰ for the fisheries sector micro- and small enterprises, especially women-owned ones, with specific performance targets relevant to supplying safe fish products to domestic consumers, job

²⁰ Such performance grants will be provided, using the same framework as in component 2, including ensuring flow of grants to SC, ST and women-owned businesses, but specifically tailored for delivery of quality and safe fish products to the consumers, with emphasis on reduction and reuse of fish wastes.



creation, especially for women, and adoption of the requisite quality assurance systems. These performance grants are aimed to boost consumer demand by making supply of safe fish available in the short-term to consumers, which will, in turn, stimulate restoration of production in the related value chains. These performance grants will support micro- and small enterprises in setting up of retail vending kiosks and required cool storages and other equipment in targeted urban market spaces, collection and treatment facility for wastes, salaries of new people employed, corresponding investment from fish producing micro/small enterprises for inputs such as assured quality fish fingerlings and fish feed, distribution network, and equipment and/or rentals for cold/refrigerated transport and cold storage; (b) development and adoption of fish quality and safety standards, and the relevant traceability and monitoring systems, which will promote adoption of sustainable and resilient fishing practices; (c) development and dissemination of knowledge modules and examples of good practices and appropriate technologies used in the sector across states and geographies; (d) development and dissemination of requisite standard operating protocols; (e) awareness and communication campaigns in support of policy and behavior transformation on issues related to sector sustainability and safe fish products; (f) evidence-based advocacy among value chains' stakeholders and financial service providers to promote the safe fish product agenda for domestic consumers; (g) identification and integration of tracking standards in the NFSDP necessary to ensure traceability including the use of blockchains; (h) strengthening the extension service network to assist implementation of good practices, traceability protocols, monitoring plans and corrective actions; (i) rolling out a national fish products' quality and safety monitoring and inspection program; (j) promotional events, such as exhibitions, trade fairs, digital promotion platforms, for advancing domestic market for safe and quality fish; and, (k) creation and promotion of a label for fostering and showcasing fish products adhering to food safety and quality management norms, and traceability systems.

Component 4: Project Management, Monitoring and Reporting (total financing US\$12.2 million, DoF/Gol US\$6.1 million; IBRD US\$4.6 million; AFD US\$1.5 million)

27. This component will support strengthening institutional capacity of the Department of Fisheries (DoF) for Project implementation, through the maintenance of project management units (PMUs) to manage, implement, monitor and evaluate project activities, including: (a) incremental operating costs for the PMUs at the DoF and the National Fisheries Development Board (NFDB); (b) preparation and implementation of assessments and mitigation/management measures pursuant to the Environmental and Social Commitment Plan (ESCP); (c) ensuring adequate financial management and procurement management systems; (d) implementation of communications plans and a grievance redressal mechanism; (e) carrying out of monitoring and evaluation activities and third party audits; (f) coordination with state departments of fisheries and other state or national government agencies and other public/private stakeholders including civil society and NGOs that are vital for holistic adoption of good fishery/aquaculture practices; and (g) conducting special evaluation exercises.

C. Project Beneficiaries

28. **Primary beneficiaries of the Project will include vulnerable micro- and small enterprises**, especially those owned by women. Corresponding to these groups across project components, the following will directly benefit from the Project: (i) 540,000 persons including 150,000 women in microenterprises will be assisted for financial inclusion and access to working capital finance; (ii) 100,000 persons in shrimp aquaculture microenterprises will be supported to adopt insurance products and manage risks; (iii) 148,000 persons in microenterprises to be supported with restoration of production and marketing; and, (iv) 80,000 persons in micro- and small enterprises supplying safe fish product supported by the project. Even if almost all people in the fisheries sector are poor or vulnerable and historically excluded, a focus on micro- and small enterprises ensures that project is targeting the most vulnerable among them. Additionally, clear and upfront criteria for selection of micro- and small enterprises for performance grants will ensure that women are at least 41 percent



of all beneficiaries in components 2 and 3.

29. Indirect benefits in the form of enhanced knowledge, improved fish safety and traceability norms, and strengthened operational environment will flow to the entire sector that employs about 25 million fishworkers as models for sustainable businesses are set up and replicated, barriers to institutional credit are eased, and systems for overall quality control and safe fish products are rolled out.

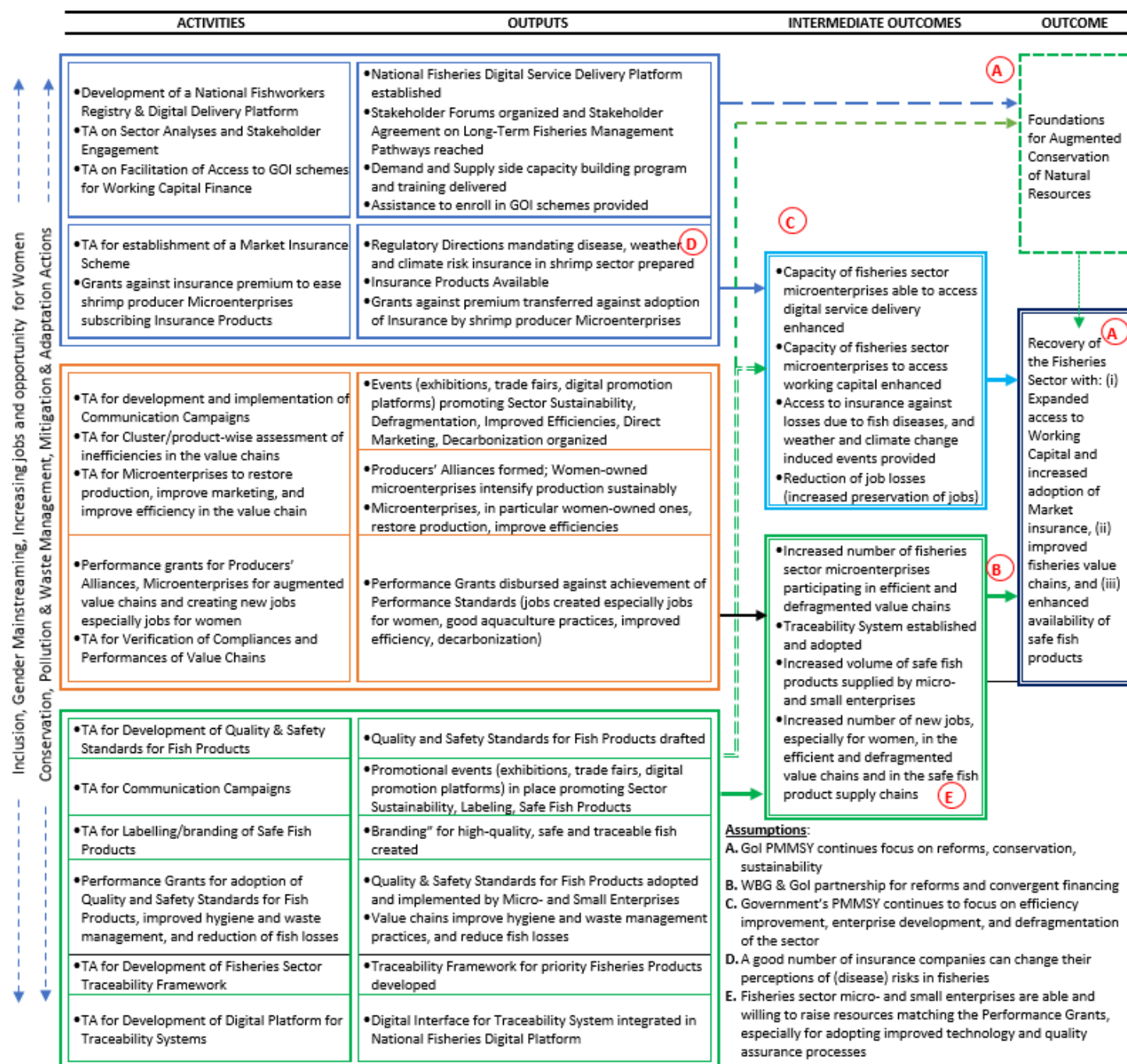
D. Results Chain

30. **Guided by the WBG GRID and COVID-19 crisis response approaches, this Project seeks to support recovery of the fisheries sector with three specific project outcomes: (i) expanded access to working capital and adoption of market insurance, (ii) improved efficiency in the fisheries value-chains, and (iii) enhanced availability of fish product safety.** These interventions will ultimately improve resilience of microenterprises to future shocks; create and preserve jobs, especially for women; ensure more sustainable business growth in selected value chains; and strengthen institutions to build back better. See Figure 1.



Figure 1: Results Chain of the Project

Problem Statement: To recover from the impacts of COVID-19 pandemic, the fisheries sector need: (a) working capital and improved risk management; (b) defragmented and efficient value chains; and (c) augmented supply of safe fish products. In each of these preservation and creation of jobs in micro- and small enterprises are essential.





F. Lessons Learned and Reflected in the Project Design

31. **The design of the project reflects lessons learned from successes and failures in implementing emergency response projects, fisheries sector projects as well as those on improving access to finance, and value chain performance.** Key among these is the need to link emergency and development efforts to not only meet the urgent and short-term needs of affected persons or enterprises, but also foster long-term resilience to future shocks. Among others, this lesson informs the decision to support improvements in access and adoption of risk insurance, and improvements in fish product safety and quality.

32. **Incentive-based systems tend to be superior to command and control approaches in promoting and ensuring environmental sustainability, resource efficiency and food quality/safety.** This lesson, derived from global best practices, underlies the project strategy to provide performance grants conditional on meeting eligibility conditions and achieving performance standards to drive environmental sustainability and fish product safety in the sector value chain. The role of insurance in job preservation and recovery from disasters is also noted.

33. **Other specific lessons and principles derived from relevant programs, projects²¹ and analytics²²** from various countries reflected in the project design include: (a) mainstreaming gender throughout the project-financed activities, with additional specific, targeted initiatives to create jobs, gender-sensitive workplace and women's ownership of enterprises; (b) not aiming at increased production or expansion of fishing capacity and laying foundations for sector reform that gradually reduces open-access fishing to avoid environmental degradation and economic losses; (c) providing incentives for vertical integration of value chains given that fragmentation of value chain tend to overexploit the resource base for short-term gains; (d) integrating a build back better approach to be used as foundations to pursue reforms through the subsequent operation already requested by the GoI, given that fisheries sector reforms need continuous support for progressive capacity building, and repeated financing to maximize impact, learning, and sustainability; (e) use of performance grants given that demand-driven innovation works only when supported through competitive grants, as opposed to base grants or viability gap financing; and, (f) emphasizing the NFSDP and its use for dialogue with stakeholders for sustainable management of the sector, reflecting a general lesson from a large number of natural resources management sector projects about the essential role of data and analytics for any meaningful long-term management planning process.

34. The design of the Project also reflects lessons from the Independent Evaluation Group (IEG) reports on the WBG responses to recent crises and systemic shocks. The project is based on the GoI's *ownership* of the reform agenda as described in the AtNB program. It takes the crisis response as an *opportunity to build long-term resilience*. While focusing attention on the *impact on the poor and vulnerable*, the project also creates flexible and targeted opportunities for them to preserve jobs or enter new value chains. The financing shares have been rationalized to reflect the IEG lesson that effectiveness of crisis response hinges on *avoiding lags in disbursement*. The project has clear procurement plans and financial management procedures agreed and established to reflect the lesson that while speed and flexibility in responding to a crisis are important, they *should not take priority over accountability*.

²¹ Fisheries sector projects in Bangladesh, China, Costa Rica, Ethiopia, Indonesia, Liberia, Peru, Senegal, Tanzania, Vietnam, and the Southwest Indian Ocean Fisheries Sector series of projects, and the Regional Fisheries Project in West Africa.

²² World Bank, 2004. Fisheries Approach Paper: Saving Fish and Fishers.



III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

35. **The project will be implemented by the DoF and the NFDB:** From the GoI perspective, this will be a Central Sector project. Given the current COVID-19 induced fiscal constraints, the states will not finance this project, and all expenditure will be from the DoF/GoI. Even if the states do not receive and spend project funds, the states will have other important roles in implementation including screening, evaluation and selection of performance grant recipients, and overall monitoring and evaluation (See Table 1). The project design is flexible, allowing alternative models of private sector development and private capital mobilization (PCM) to emerge. States will also have a role in promoting specific products/clusters as pilots or demonstrations both for recovery and rebuilding the sector in their respective jurisdictions. Notably, the project will be implemented in a complementary manner to the PMMSY, and states can imbibe the learning and successes from this project to expand their preferred models of implementation and service delivery in the PMMSY.

36. **The PMU Arrangements** are described in detail in Annex 1. As far as possible, implementation of the project will take advantage of the institutional arrangements already in place for the GoI's PMMSY program. Given the need for focused attention for implementation of this project and to ensure internal capacity building for project management services, the DoF and the NFDB have each set up a Project Management Unit (PMU) to implement the project activities on a full-time basis. To guide the PMU and approve annual action plans, the DoF has set up a Steering Committee chaired by the Secretary and including representatives of industry associations and fishworkers' cooperatives/collectives. The PMU in the DoF will be headed by a Project Director (at Joint Secretary level), and the PMU at the NFDB by the Chief Executive Officer as the Project Director. Departments of Fisheries as per the existing PMMSY arrangements will be designated as State Implementing Agencies as and when required during implementation of the project.

Table 1: Implementing Agencies and their Responsibilities

Agencies	Responsibilities	Special Modality	Delegated Responsibilities
DoF	Providing framework for national policy and project implementation; approval of project's overall annual action plans and budget; and implementation oversight	Steering Committee , chaired by Secretary, DoF and including industry and civil society representatives. PMU – for regular management of implementation	Project Implementation leadership; accountability to achieving PDOs; Implementation of all Components; Monitoring, Evaluation and Verification; ensuring compliance to ESCP, Grievance Redress Procedures, Stakeholder Engagement Plan, Citizen Engagement Processes.
NFDB	Implementation oversight for Subcomponent 1-B	PMU – for regular management of implementation of Subcomponent 1-B	Implementation of Subcomponent 1-B; monitoring and reporting.
States and Union Territories	Initial identification of candidate product/cluster level beneficiaries and value chains for Subcomponents 1-A. Including agenda relevant to Components 2 and 3 in regular State reviews and recommending improving of the program to the NFDB and the DoF.	Regular work of the State Departments of Fisheries and their District Fisheries Officers (as established for the PMMSY). Progress Review Committees for Subcomponent 1-A and Components 2 and 3. District Fisheries Officers to facilitate communication and awareness activities in Components 2 and 3.	Implementation of specific activities as identified in the PIP including screening and evaluation of applications for performance grants. Participation in the DoF reviews and Steering Committee meetings. Review of the reports from verification consultants. Facilitating Awareness programs (Components 2 and 3). Participate in experience-exchange workshops and events. Disseminate best practices among all states and to the DoF.



B. Results Monitoring and Evaluation Arrangements

37. The PMU at the DoF will lead the project's results monitoring and evaluation (M&E). The responsibilities of the PMU will include: (i) periodic project progress reviews; (ii) consolidating and disseminating information on project progress from the NFDB (and its PMU); (iii) reporting on project achievements against the agreed project Results Framework; and (iv) commissioning surveys, studies, and assessments as necessary. At the NFDB, the PMU will be responsible for preparing and submitting quarterly reports on implementation progress.

38. M&E capacity of the DoF (and by extension the state and district level Fisheries Department officials and entities) will be reinforced by investments in technological infrastructure, capacity, and evaluation systems. The key activities supported by the project will include: (a) establishment and use of the NFSDP, and its interface with the traceability system, insurance information system, and third-party verification and monitoring systems for disbursement of performance grants in the project; (b) analytics-based learning systems: deeper analysis using management information system (MIS), especially where systems identify persistent problems; (c) mid- and end-term project evaluations, and other rapid evaluations of key innovations in value chains. Other M&E activities may include thematic evaluations, internal reviews, dissemination events, and learning events.

C. Sustainability

39. **The fisheries sector features prominently in the Gol's strategy for rural transformation.** This project, focusing on recovery and strengthening sector resilience against future shocks, is a high Gol priority and is embedded into the Gol's strategic and programmatic response to the COVID-19 pandemic. The Gol is also committed to increased fisheries sector financing as evidenced by its roll out of the US\$3 billion PMMSY program, to which the World Bank and other donors have already been invited to contribute. Furthermore, the project design also focuses on building back better and encompasses best practices needed to improve the probability that the investment outcomes are sustainable. Key design features to ensure sustainability include: (a) using access to the Gol programs as an incentive for registration with work-based identities; (b) using market-based approaches to improve access to finance and access to insurance; (c) implementation of an explicit phase out of insurance incentive grants proposed for shrimp producing microenterprises; (d) a reliance on bottom-up approaches to collective action for improved marketing; (e) complementing investments in fish quality and safety standards with incentives to maintain hygiene and adopt quality assurance practices; and (f) building institutional capacity for digital delivery to deliver services by integrating monitoring, real-time reporting, grievance redressal, and citizen engagements in the NFSDP; and (g) integrating the PMU and capacities created by the project in the regular operation of the DoF during implementation of the project.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

40. **Technical:** The conceptual framework rests on two main pillars: (a) efforts to help affected value chain actors to restart their businesses to protect jobs through the infusion of working capital as well as transition towards building improved resilience; and (b) improved efficiencies of value chains to create jobs by expanding attractive market channels, promoting quality traceability and fish product safety. Each of these initiatives pursues strategies to enhance environmental sustainability and commercial viability. To help deal with the longstanding challenge of access to finance, the project attempts to address and strengthen both the supply and demand sides of financial services. Improvements in the fisheries value chain are encouraged by defragmentation, direct marketing and promoting innovations through performance grants. Traceability and food safety systems are strengthened by the project's support to the development of standards, provision of incentives for improving quality and safety, and helping with institutional strengthening.



41. The performance grants under components 2 and 3, as described in detail in the PIP, have been designed with appropriate details with respect to: (a) eligibility criteria, (b) grant selection processes; (c) grant size; (d) 'exclusion list';²³ (e) digital inclusion and usage of digital transactions in salaries and contractual (supply chain) payments; and (f) a positive bias towards women-ownership, wage-parity, respectful workplaces, and new jobs that could be created for women – all in ways that not only provide for immediate support for recovery but also include the elements of systemic improvements. In general, the grants are expected to achieve their performance targets in 2 years from the respective commencement dates.

42. Actual selection of proposals from microenterprises or collectives of microenterprises in component 2 will be preceded by cluster/product level value chain analyses/updates, which will identify appropriateness and need for addressing value chain weaknesses. At least 30 such cluster/product level value chain analysis/updates will be ready by effectiveness to support selection of applicants for performance grants, in addition to potential "no-regret" value chain investments which would form part of the first batch of selected applications for performance grants. Overall, an estimated 2,600 grant applications involving about 55,000 microenterprises are expected in both components 2 and 3. Performance grant management consultants (PGMC) will be hired to support the DoF to assist the processes of selection, monitoring, and disbursement of performance grants.

43. The insurance mechanism, as described in detail in the PIP, has been designed in a simple way to provide insurance (protection) to shrimp sub-sector while keeping government involvement minimum to just play a catalytic role. Every tool and mechanism that are available in India insurance sector has been considered and will be used. The mandatory requirement for insurance in the shrimp exporters/traders and processing plants including their obligation to ensure coverage of insurance in their supply lines will be notified by the DoF using the available instruments under the Coastal Aquaculture Authority Act, 2005. The insurance incentive grants for shrimp producing microenterprises will be reduced in consecutive years and will finally be phased out within the project implementation period. The planned capacity at the PMU-NFDB is adequate to oversee the launch of the insurance scheme, coordination with the market insurance provider companies, disbursement of insurance incentive grants to the insurance companies, and overall communication to the stakeholders in the shrimp subsector.

44. Digital Service Delivery and Personal Data Security: The project will establish and use digital services for registration of fishworkers, tracking insurance coverage, ensuring traceability, and as a payment gateway for all performance grants. All these modules will be integrated into the NFSDP. This digital platform will be developed as a fully functional system using the best national digital architecture with end-to-end security employing the best encryption techniques. All registered fishworkers will have the default right to access, rectify requests for deletion of personal data once its use is over. Privacy of personal data will be ensured by adhering to the applicable guidelines.²⁴

45. **Economic and Financial Analysis.** The main economic project benefits are expected to come from: (a) preservation of jobs through stabilized production systems supported by the project resulting in increased incomes of fish farmers and actors along the value chain; (b) enhanced economic opportunities for value chain actors in input supply, marketing and value addition, resulting in increased value addition along the value chain and in increased profits of value chain actors; (c) increased employment opportunities, particularly for women; (d) higher quality of fishery products bringing better prices in the domestic market, as well as improved food

²³ A detailed list will be defined by the ESMF, but will include: (a) any production, processing or marketing activities that are situated in protected areas (national parks, wildlife sanctuaries, coral reefs, mangroves, turtle nesting sites, horseshoe crab nesting sites) or based on any endangered species of fish or other fauna or flora, (b) any production or processing activities that use wildlife products, (c) any production process that use inputs or products illegally obtained from protected areas, and, (d) any activity that does not include acceptable pollution control measures.

²⁴ <http://dla.gov.in/sites/default/files/pdf/MeitY-Consent-Tech-Framework%20v1.1.pdf>



safety for domestic fish consumers; (e) improved nutritional status of the population, particularly rural women and children; (f) reduced cost of production and supply to export markets when exports open up, and potential ability to meet requirements of destination export markets where higher prices are offered; and, (g) avoided greenhouse gases (GHG) emission.

46. **The Economic Internal Rate of Return (EIRR) of the project over a 20-year period for the base case is 24.2 percent** with a net present value of US\$774.9 million at a discount rate of 5 percent. A sensitivity analysis was conducted to assess the impact of changes in main parameters affecting the economic outcome of the project because of: (a) changes in project costs; (b) changes in the expected benefits from the production systems and value chain enterprises supported by the project; and (c) delays in project execution due to the risks that have been identified in the project's risk analysis. The results show that the project remains economically viable in events of adverse changes in project costs and benefits. A reduction in project benefits by 20 percent results in an EIRR of 22.4 percent while an increase in project costs by 20 percent reduces the EIRR to 23.5 percent. With a combined effect of a 20 percent increase in project costs, 20 percent reduction in project benefits and a two-year delay in realizing benefits, the project will remain adequately viable.

47. Given the high GHG emissions reductions, the overall carbon benefit is estimated to range between US\$292.4 million in the low shadow price of carbon scenario and US\$987.8 million in the high scenario. Incorporation of this benefit into the economic analysis improves the project EIRR to 38.7 percent in the low scenario and 53.2 percent in the high scenario.

48. **Private Capital Mobilization:** The Project will facilitate the crowding-in of private sector investment and leverage commercial bank financing for the fisheries sector. A total of US\$134.6 million commercial bank financing will be leveraged by (a) accessing a minimum US\$48.3 million working capital financing from the GoI schemes of KCC, SvaNidhi and MUDRA run by scheduled commercial banks through subcomponent 1-A; and (b) matching debt financing of US\$86.3 million in Components 2 and 3 from recipients of performance grants. Private equity investments of US\$89.2 million are expected from the recipients of performance grants in components 2 and 3. The shrimp producing microenterprises receiving grants against premia under subcomponent 1-B for market insurance products, will themselves invest at least US\$65.6 million in improved processes, practices, and related facilities/equipment. Similar investment is ignored even if expected from larger enterprises mandated to adopt insurance by the Government/Project but not supported by any insurance incentive grants.

B. Fiduciary

(i) Financial Management

49. **The financial management arrangements are satisfactory to meet the project's requirements for timely accounting for and reporting on project expenditure.** Fund management, monitoring, reporting and evaluation will be with the DoF and the NFDB. The DoF will directly execute most of the subcomponents and will delegate specific execution responsibilities for subcomponent 1-B to the NFDB. Accounting will be done on cash basis using standard government systems, and adequate records will be kept at all accounting locations. For reporting purposes, PMUs will compile project financial statements for each quarter, and annually. A comprehensive Financial Management Manual (FMM) has been prepared by the DoF. Additional capacity at the level of each participating state will be augmented to ensure reasonable M&E, and such that correct beneficiaries are identified; payments are made to beneficiaries in a timely manner; reasonable checks and controls are in place to ensure that funds reach the right beneficiaries; systems are in place which will ensure that funds are used for the purposes that these were given; beneficiary groups/ organizations ensure adequate record keeping; and that the arrangements for M&E and audit of activities are adequate. Annual accounts of the expenditures



incurred by the DoF will be audited by the Comptroller and Auditor General of India (CAG). The Audit of the NFDB, which is legally registered as a 'society' will be conducted by a firm of Chartered Accountants.

(ii) Procurement

50. Project procurement will be carried out by the DoF and the NFDB. State Fisheries Departments will not have any procurement role. The DoF is under a relatively new ministry created in 2019 and therefore has limited experience in procurement. In the NFDB, there is no dedicated procurement unit and senior executives of respective units are responsible for conducting procurement for their units and have limited experience. A major part of procurement under the project will include consultancy services to provide policy advice, capacity building services, and monitoring. Limited procurement of goods and non-consulting services is expected under components 2 and 3. The project is not expected to create and procure works assets. A large portion of the project, especially Components 2 and 3 will involve provision of grants to beneficiaries who will procure goods and services following commercial practices as per their agreements.

51. Project procurement will be governed by the Bank Procurement Regulations (revised November 2020) and the design factors in flexibilities to deal with emergency procurement as the Project responds to the COVID-19 mitigation measures. A Procurement Manual has been prepared to guide the Project on procurement. Procurement activities will also be guided by the Project Procurement Strategy for Development (PPSD) and the Procurement Plan agreed with the Bank.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

52. The project activities will largely benefit the community and support build long-term sustainability of the fisheries sector. Project financed activities will take place within the existing/established footprint of aquaculture operations. While several positive impacts are anticipated, a few potential adverse risks are identified, such as, possible exclusion of vulnerable communities/individuals in accessing credit and other services, low women participation, generation of additional wastes at farm level and processing units and unsolicited use of chemicals on the production side. These risks, mostly from components 1 and 2, are unlikely to have any significant and/or irreversible impacts, and application of the relevant environment and social standards (ESS-3, ESS-6, ESS-7, and ESS-10) would help avoiding and mitigating these risks.

53. An ESCP has been prepared and disclosed in country on March 16, 2021. The primary agreement in the ESCP is to prepare an Environmental and Social Management Framework (ESMF) for the project within 60 days of project effectiveness including wide-ranging consultations with a diverse set of stakeholders. The ESMF will lay down institutional arrangements and processes to screen, identify, assess, mitigate, and minimize any risk and adverse impact on the community and environment for identified subprojects. The ESMF will include specific provisions for screening the location of all eligible sub-projects to exclude those located in legally protected and internationally recognized areas of high biodiversity value and potential critical habitats; and will include specific measures to avoid or minimize negative impacts on modified or natural habitats. The project will strategically use the performance grant agreements to specify relevant mitigation actions for



addressing the risks. Once approved, the ESMF will be disclosed publicly in the country and on the Bank's website. The ESCP also records the requirement for preparing any sub-project level instruments, which may be needed as per the Environmental and Social Framework (ESF). The co-financiers of the project, the AFD will also apply the World Bank ESF for their part of project financing.

54. The project has prepared Stakeholder Engagement Plan (SEP) that includes multiple channels of communication and engagement with project stakeholders, including information campaigns, stakeholder meetings, review meetings, web disclosure, and beneficiary feedback mechanisms through the NFSDP throughout the life of the project. The SEP also includes establishment of an accessible and inclusive grievance redress mechanism that would be rolled out during project implementation.

55. **Gender Actions:** To bridge gender gaps (see paragraph 5), the project will support: (a) creation of gender-disaggregated work identities and employment data as part of the national fisheries sector registry; (b) mentoring, training and facilitation of women fishworkers and women-owned microenterprises to prepare bankable applications for accessing relevant government schemes for working capital financing; (c) additional insurance incentive grants to facilitate uptake of insurance by women-owned shrimp microenterprises; (d) new jobs for women with wage parity as prominent criteria for all performance grants under the project; (e) prioritized selection of women-owned enterprises and enterprises who predominantly employ women for all performance grants. All interventions to improve the quality of women's participation is well-embedded in the project design to help women in the fisheries sector access attractive jobs and markets. Additionally, a set of actions are integrated to address issues related to gender-based violence.

56. Gender Based Violence (GBV): As a part of the ESMF preparation process and based on consultations with stakeholders and the GBV risk assessment tool, the GBV risk rating for the project is 'Low'. The project will support regular sensitization and awareness drives for community on safety, harassment, GBV-related issues, legal recourse procedures and mitigation channels in collaboration with the relevant departments. All contract documents under the project will include a Code of Conduct in line with GBV requirements. Additionally, all agreements for performance grants will include specific requirements to adhere to *Vishakha Guidelines*²⁵ and specific requirement to create safe workplace for women. The NFSDP will have enhanced security firewalls to protect personal data of all women beneficiaries.

57. Citizens' Engagement (CE): Citizen engagement has been internalized in the project design itself. The project will: (a) engage with communities through focus group and larger discussion sessions; (b) undertake awareness and communication campaigns for ensuring the intended beneficiaries have full access to project's information and benefits; and in support of policy and behavior transformation on issues related to sector sustainability, including promotional events, such as exhibitions, peer learning and experience exchange; (c) in facilitating access to working capital, market insurance products and as parts of the performance grants schemes, the project will provide demand side capacity building support and will mobilize local functionaries, fisherpersons' cooperatives, industry and traders' associations to assist the individual and groups of micro- and small enterprises, especially women-owned ones in preparation of the required documentation needed to access the project benefits and/or the relevant GoI schemes; (d) run a campaign to assist the intended beneficiaries to self-register in the NFSDP, and will use self-reporting as primary means of evaluation of the achievements and performances of the beneficiaries; and, (e) engage with all identified and relevant stakeholders through various channels as detailed in the SEP. A grievance redress system will be designed as part of the NFSDP to address complaints associated with access to information, identification of beneficiaries, stated benefits, etc., during the planning and implementation stages of each of the project components. A CE

²⁵ A set of procedural guidelines for use in India, promulgated under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.



indicator measuring percentage of grievances addressed is included in the project's results framework.

58. **Climate Co-benefits:** The project design has considered climate risks in the sector (see paragraph 6), and mainstreamed mitigation and adaptation actions to ensure that the recovery of the fisheries sector from impacts of the COVID-19 pandemic to be more sustainable and resilient. In component 1, the NFSDP and associated mobile apps would facilitate improved access to early warning to climate and disaster events, and hydro-meteorological information for appropriately managing aquaculture production cycles. Aquaculture insurance will cover losses and damages due to and protect livelihood from climate-induced disasters such as droughts, floods, and cyclones. Additionally, as conditions for such subscription of insurance products, adoption of good aquaculture practices will result in both adaptation and mitigation. Climate co-benefits will also come from microenterprises implementing energy/feed input efficiency and adoption of energy-efficient measures for fishing or aquaculture supported by the project to be able to access working capital from Gol schemes. Component 2 focuses on improving efficiencies of value chains, which would include shift towards value chain decarbonization including energy-efficient cool/cold storages, alternative refrigerants, reduction in carbon dioxide, nitrogen oxides and methane emissions, promotion of climate-technologies and production processes, and improved resource management in aquaculture and capture fisheries. Component 3 establishes systems for assured safe fish products, decarbonization, adoption of standard operating practices, labels, certifications, and traceability systems for climate-smart/resilient good aquaculture and fishery practices. The project also helps build partnerships between private, public, civil society and non-government actors that are vital for planning climate change adaptation. The PIP provides a detailed description of each mitigation and adaptation measures in each of the component and subcomponent of the project, each of which will be monitored as part of the MIS. These climate mitigation and adaptation actions are also summarized in the Technical Note on Climate Co-Benefits, Adaptation and Mitigation, available in the project files. All GHG (expressed in CO₂e) emission/sequestration by project activities were estimated: a total emission over the project lifetime of 43.2 million metric tons of CO₂e. Compared to baseline, the project will have a positive carbon sequestration balance of (-) 8.6 million metric tons of CO₂e.

V. GRIEVANCE REDRESS SERVICES

59. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

60. **The overall risk to achieving the PDO is rated Moderate.**

61. **Institutional Capacity for Implementation risk is rated Substantial.** The Ministry of Fisheries, Animal Husbandry and Dairying is a new ministry, and within this new ministry staffing constraints at the DoF have not



been overcome yet. The DoF is implementing larger schemes with an average expenditure of US\$200 million per year for some time, and since 2021 is expected to manage the expenditure of an average of US\$500 million per year. As a result, its implementation capacity is anticipated to be stretched. This risk is mitigated by establishing a dedicated PMU with adequate staff and expertise within the DoF. Senior officials of the DoF have a large work program, some of which involve strategic and trade relations. Consequently, there is a risk of project implementation not getting enough attention from senior officials. Part of this risk is mitigated through effective delegation of decision making to the two PMUs and instituting a “steering committee” to approve the overall annual plans and policy decisions so that regular and constant reference to officials of higher level is minimized. Implementation will also include close coordination with a range of important stakeholders – the state governments, the commercial banks, the insurance industry, which will be facilitated by establishing dedicated staff for coordination within each of the two PMUs. Additional risk mitigation will be through: (a) contracting of agencies that have an actual presence in the ground, at village and district levels, and using well-established digital service delivery mechanisms; (b) intense communication and promotion activities to create impetus at the district levels for effective coordination.

62. Fiduciary risk is rated Substantial: Given the decentralized nature of specific activities such as performance grants, the centralized nature of payment arrangements (by the DoF and the NFDB) could affect and delay execution. Challenges exist at participating states level with regards to verification of microenterprises applying for performance grants; correct choice of beneficiaries; prompt and correct disbursement of performance grants; and to ensure that funds are used for the purposes intended by the project. Such risks are mitigated by institutionalizing digital reporting and a parallel process of onsite third-party verification prior to payment of each tranche of performance grants. To avoid delay in disbursement, all performance grants will be made using digital payment gateways. The financial management capacity of the DoF and the NFDB will be strengthened by recruitment of qualified financial management specialist, and specific use of internal audits and controls in addition to statutory audits. Other fiduciary risks of the project include a lack of prior experience of procuring and managing complex consulting and non-consulting services contracts. Such risks are mitigated by establishing dedicated procurement divisions in each of the PMUs, staffed with qualified and accredited procurement specialists, and adopting a procurement manual.

VII. RESULTS FRAMEWORK AND MONITORING

63. The results framework and the monitoring and evaluation plan are described on the following pages.



Results Framework

COUNTRY: India

Fisheries Sector COVID-19 Recovery Project

Project Development Objectives(s)

To support the fisheries sector recovery with expanded access to working capital and insurance, improved fisheries value-chains, and enhanced fish product safety.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Project Level							
Fisheries sector microenterprises supported to access working capital or insurance products (Number)		32,000.00	90,000.00	270,000.00	520,000.00	640,000.00	640,000.00
Cluster and product-specific business plans for fisheries sector value-chains assessed satisfactory and supported with Performance Grants (Number)		0.00	200.00	800.00	1,400.00	1,700.00	1,700.00
Safe fish products supplied by micro- and small enterprises supported by the Project (Metric ton)		0.00	10,000.00	50,000.00	150,000.00	250,000.00	400,000.00
Target micro- and small enterprises satisfied on project interventions (Percentage)		0.00	50.00	60.00	60.00	70.00	80.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
C1: Facilitating Working Capital Finance and Risk Management for Fisheries Sector Microenterprises							
Fisheries Sector Microenterprises registered with National Fisheries Sector Digital Platform (Number)		34,000.00	100,000.00	200,000.00	500,000.00	1,500,000.00	2,000,000.00
Working Capital accessed by the Fisheries Sector Microenterprises (Amount(USD))		0.00	0.00	11,120,000.00	28,910,000.00	4,002,000.00	44,770,000.00
Area of aquaculture production covered under Market Insurance Products (Hectare(Ha))		0.00	5,000.00	20,000.00	40,000.00	80,000.00	100,000.00
Beneficiaries of job-focused interventions (CRI, Number)		0.00	200,000.00	360,000.00	440,000.00	500,000.00	540,000.00
Beneficiaries of job-focused interventions - Female (CRI, Number)		0.00	20,000.00	40,000.00	90,000.00	132,000.00	150,000.00
C2: Supporting Microenterprises to Improve Efficiencies of Fisheries Sector Value Chains							
Employment in Value Chains where capacity building and bankable business plans are prepared (Number)		0.00			40,000.00		148,000.00
Jobs created in the microenterprises who are part of value chains supported for improved efficiency (Number)		0.00	10,000.00	30,000.00	60,000.00	80,000.00	90,000.00
Of the above, job created for women (Number)		0.00	2,000.00	8,000.00	25,000.00	35,000.00	40,000.00
Investment leveraged in		0.00	0.00	26,900,000.00	70,170,000.00	97,116,000.00	107,950,000.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Fisheries Sector Microenterprises, Producers' Alliances and Value Chains (Amount(USD))							
Net greenhouse gas (GHG) emissions (CRI, Metric tons/year)		0.00	0.00	-31,110.00	-62,220.00	-124,440.00	-139,995.00
C3: Adoption and Expansion of Fish Product Quality and Safety Assurance Systems							
National, Regional and State-level Dialogue events supported by the Project (Number)		0.00	2.00	5.00	10.00	15.00	25.00
Jobs created in micro- and small enterprises supported to adopt safety and quality assurance systems and processes (Number)		0.00	0.00	10,000.00	40,000.00	60,000.00	80,000.00
Of the above, jobs created for women (Number)		0.00	0.00	1,250.00	9,000.00	20,000.00	35,000.00
Investment leveraged in Sector Micro-and Small Enterprises for Safe and Quality Fish Products (Amount(USD))		0.00	0.00	6,760,000.00	16,890,000.00	43,920,000.00	67,570,000.00
Component 4: Project Management, Monitoring and Reporting							
Effective MIS and M&E systems established (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Grievances addressed (Percentage)		0.00	50.00	75.00	80.00	85.00	90.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Fisheries sector microenterprises supported to access working capital or insurance products	Microenterprises directly supported to: (i) access and receive working capital financing from GOI schemes; or (ii) buy insurance cover under the market insurance scheme established by the project.	Quarterly	NFSDP, and Reports from Market Insurance Companies.	Market Insurance Companies will upload the coverage data in the NFSDP on a monthly basis.	PMU at NFDB
Cluster and product-specific business plans for fisheries sector value-chains assessed satisfactory and supported with Performance Grants	A Full Grant Application accepted for Performance Grant from an aggregator (or 25 individual microenterprises) is a cluster and product-specific business plan.	Quarterly	NFSDP	Automated data collection.	PMU at DoF
Safe fish products supplied by micro- and small enterprises supported by the Project	The volume of safe fish product verified by sample testing by accredited laboratories, inspection and third-party verification.	Bi-Annual	Project MIS and NFSDP	Self-reports from project-supported enterprises, verified by V&MC.	PMU at DoF
Target micro- and small enterprises satisfied on project interventions	Fisheries sector enterprises that access any or more of the project support and report the “quality” of service delivery is satisfactory or higher.	Mid-term and End-term	Mid-term and End-term surveys	Mid-term and End-term surveys; Mid-term and End-term Evaluations	PMU at DoF



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Fisheries Sector Microenterprises registered with National Fisheries Sector Digital Platform	Data will be disaggregated by gender and age cohorts.	Regular	NFSDP	Automated Reports from the NFSDP	PMU at DoF, CSCs, CCCs, State Fisheries Departments
Working Capital accessed by the Fisheries Sector Microenterprises	Support includes demand and supply side facilitation for accessing relevant schemes (KCC, MUDRA).	Regular	Project MIS	Aggregation of data from Project MIS	PMU at DoF
Area of aquaculture production covered under Market Insurance Products	Aggregate coverage of insurance products established by the Project including those receiving incentive grants for purchasing insurance.	Quarterly	Quarterly Reports from the Insurance Companies	Aggregation of the area of farm covered under active insurance products from each Insurance Company.	PMU at NFDB
Beneficiaries of job-focused interventions		Quarterly	NFSDP	Actual number of jobs protected obtained from each recipient of Project Support and verified.	PMUs at DoF and NFDB
Beneficiaries of job-focused interventions - Female		Quarterly	Periodic Reports using data from the NFSDP.	Actual number of jobs protected obtained from each recipient of Project Support and verified.	PMUs at DoF and NFDB



Employment in Value Chains where capacity building and bankable business plans are prepared	Measures preservation of jobs or augmentation of income of employees of microenterprises in value chains, including recipients of performance grants.	Mid-term and End-term	Mid-term and End-term surveys	Mid-term and End-term surveys and evaluations undertaken by DoF	PMU at DoF
Jobs created in the microenterprises who are part of value chains supported for improved efficiency	Measures creation of jobs in microenterprises supported with performance grants or other capacity building activities of the value chains.	Quarterly	Detailed Reports using data from the NFSDP	Actual number of jobs created as obtained or self-reported from each recipient of Project Support and verified.	PMU at DoF
Of the above, job created for women					
Investment leveraged in Fisheries Sector Microenterprises, Producers' Alliances and Value Chains	Quantum of commercial financing accessed by various value chain entities supported including by performance grants.	Bi-Annual	Progress Reports	Special Surveys undertaken for the Producers' Alliances and Value Chains.	PMU at DoF
Net greenhouse gas (GHG) emissions	Project net greenhouse gas (GHG) emissions are calculated as an annual average of the difference between project gross (absolute) emissions aggregated over the economic lifetime of the project and the emissions of a baseline (counterfactual) scenario aggregated over the same time horizon. They are reported in metric tons of carbon dioxide	Annual	Data on production, compliance to good fisheries and good aquaculture practices reported will be used after verification.	Specialized models will be used to determine the range of GHG emissions using data from NFSDP supported by sample verification to determine the appropriate coefficients.	PMU at DoF



	equivalent per year.				
National, Regional and State-level Dialogue events supported by the Project	Dialogue events will be documented, and recommendations disseminated publicly.	Quarterly	Progress Reports	Enumeration of dialogue events and publicly disseminated event reports.	PMU at DoF
Jobs created in micro- and small enterprises supported to adopt safety and quality assurance systems and processes	Measures the new jobs created in the micro- and small enterprises supported including by performance grants.	Quarterly	NFSDP	Actual number of jobs created as obtained or self-reported from each recipient of Project Support and verified.	PMU at DoF
Of the above, jobs created for women					
Investment leveraged in Sector Micro-and Small Enterprises for Safe and Quality Fish Products	Measures the total parallel financing (equity and loan) obtained by the enterprises supported including by performance grants.	Regular	Project MIS	Self-reports from project-supported enterprises, verified by V&MC.	PMU at DoF
Effective MIS and M&E systems established	Effective MIS denotes fully functional system that generates periodic reports on key project parameters to inform decision making and project implementation.	Bi-Annual	Progress Reports	Feedback from stakeholders and users.	Implementation Support Missions
Grievances addressed	This indicator measures the transparency and accountability mechanisms established by the project.	Regular	Project MIS	Enumeration of grievances received, redressed and time taken for redressal.	PMU at DoF and PMU at NFDB



The World Bank

INDIA: Fisheries Sector COVID-19 Recovery Project (P174798)



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: India Fisheries Sector COVID-19 Recovery Project

Implementation Arrangements

- 1. Project's Institutional Design & Implementation Arrangement:** From the GoI perspective, this will be a Central Sector project. Given the current fiscal context, the states are not expected to commit any budget for this project, and all financing will come from the DoF budget including the finance from the IBRD and AFD. As far as possible, implementation of the project will take advantage of the institutional arrangements already in place for the GoI's PMMSY program, which includes all State Fisheries Departments. The reach of the State Departments is limited below the district level, whereas the target beneficiaries are in villages and small towns. To reach the target micro- and small enterprises across the fisheries sector value chain, the DoF will use specialized service providers such as the Common Service Centers²⁶ (CSC), the Certified Credit Counsellors (CCCs), and the Rural Self-Employment Training Centers (RSETIs)²⁷ who have reach across villages and small towns. For specialized expert inputs and service provisions such as training, the National Bank for Agriculture and Rural Development (NABARD),²⁸ Bankers' Institute for Rural Development, and a consortium of fisheries colleges and universities across the country – again mainly to achieve reaching the intended beneficiaries.
- 2.** To guide the PMUs and approve annual action plans, the DoF will set up a **Steering Committee** chaired by the Secretary and including representatives of industry associations and fishworkers' cooperatives/collectives. Specific implementation responsibilities including financing, monitoring, reporting and evaluation will be with the DoF. Given the need for focused attention for implementation of this project and to ensure internal capacity building for project management services, the DoF will set up the PMU within the administrative control of the DoF, coordinate project activities on a full-time basis and directly execute some of the subcomponents. The DoF will delegate execution responsibilities for a subset of select subcomponents to the NFDB, who in turn, will set up a PMU for implementation of these subcomponent activities on a full-time basis.
- 3. Role of the States:** Given the current COVID-19 induced fiscal constraints, the states will not finance this project, and all expenditure will be from the DoF/GoI. Even if the states and union territories do not receive and expend project funds, they will have important complementary roles: (a) part of all screening and evaluation processes led by the DoF; (b) part of the selection committees for all performance grants under components 2 and 3; (c) monitoring performance of all technical service providers for subcomponent 1-A and components 2 and 3; (d) participating in experience-exchange activities to facilitate good practices, policy reforms to influence other states and the DoF; (e) periodic review of all verification and evaluation reports prepared; (f) facilitating awareness programs as part of their regular works; (g) review of annual action plans; and (h) convergence of their own programs which are financed by the PMMSY.
- 4.** The project promotes the idea of federalism by desisting from pushing any uniform norm across the

²⁶ There are 400,000 CSCs in the country, usually one such centre in 3-4 villages. These are set up as private digital service providers, under a scheme of the Ministry of Electronics and Information Technology. CCCs are private professionals who work with CSC.

²⁷ There are about 700 operational RSETIs in the country; expected to be at least 1 per district. These are established as a private sector partnership with scheduled commercial banks under a scheme of the Ministry of Rural Development.

²⁸ NABARD has a presence in all states and in several districts in the country, and channel their consulting services including on fisheries sector business planning through NABCONS at district and sub-district levels.



states. The project design is flexible, allowing alternative models of private sector development and PCM to emerge. States will also have a role in promoting specific products/clusters as pilots or demonstrations both for recovery and rebuilding the sector in their respective jurisdictions. Component 2 of the project has specific provisions for analytics to study, share and promote state or cluster/product-specific successes across the country. In terms of various modes of reaching the intended beneficiaries, states would use models depending on the preference of using civil society organizations or fisherpersons cooperatives to work with specialized service agencies²⁹ contracted by the DoF. The NFSDP will provide full interface with State Platforms that will need work-based identities for expanding and improving social safety net benefits. Notably, the project will be implemented in a complementary manner to the PMMSY, and states can imbibe the learning and successes from this project to expand their preferred models of implementation and service delivery in the PMMSY.

5. The nationwide coverage of the project helps to: (a) provide an opportunity for the states to restore either aquaculture production or to quickly restore trade in high-value fish products and lead to improve the quality and safety assurance systems; (b) create work-based identities as part of the NFSDP or establishing fish product safety standards – both of which require a nationwide framework; and (c) maximize the potential for PCM across the country. However, the project does not intend wide and thin geographical dispersal. The limited project resources (especially, the performance grants) would be adequate to cover only a limited number of micro- or small enterprises, and consequently, specific clusters of priority fish products will emerge, eventually limiting the geographic dispersion of the project.³⁰

Implementation responsibilities of the DoF and the NFDB

6. The DoF will be responsible for providing a framework for national policy and project implementation; approval of project's overall annual action plans and budget; and implementation oversight. For activities such as the NFSDP, Value Chain Analyses, and Integration), and Safe Fish product Assurance the DoF will select several firm consultants and expert institutions to implement the project. Knowledge Provision Services will be implemented directly by the DoF-PMU through the knowledge institutions affiliated with the DoF. Subcomponent 1-B (Market Insurance Scheme) will be implemented by the NFDB. Subcomponent 1-A (Facilitation of Micro and Small Fisheries Sector Enterprises to access the GoI Schemes for Working Capital Finance) and activities related to Communication, Advocacy and Labelling (in components 2 and 3) will be implemented by the DoF with the partnership of states. Component 4 (Project Management, Monitoring and Reporting) will be anchored by the DoF, with the NFDB providing similar functions over the subcomponent 1-B, where the NFDB has delegated responsibilities.

PMU Organizational Structures

7. **PMU at the DoF:** The PMU in the DoF will be headed by a Project Director (at Joint Secretary level) and will have 3 Divisions headed by Additional Project Directors (at the level of additional/deputy commissioners). The Project Director and the Additional Project Directors will be selected among the DoF staff to ensure integration of the PMU in the regular work of the DoF such that the skill, capacity, and systems built by the Project continues even after the close of the Project. Constitution of the Divisions will be as below:

- a) The **Technical, Inclusion, Gender, Environment and Climate Change Division**, headed by the Additional Project Director (Technical) will have 3 Cells responsible for (i) the Fisheries and Aquaculture Due Diligence Cell, including services of a performance verification firms, (ii) the Value Chains Integration and Innovations Cell, and (iii) the Gender, Inclusion and Environment Cell.
- b) The **Communication, Advocacy, Labeling and Knowledge Services Division**, headed by the

²⁹ Including the CSCs, the CCCs, the RSETIs or a Consortium of Fisheries Colleges and Universities.

³⁰ The selection process of grant applications favors clustering of the grant recipients, starting with the second round of grants.



Additional Project Director (Communication & Advocacy) will have three cells: (i) the Communication Cell including firm consultants hired to run the communication and advocacy programs, ii) the Knowledge Services Cell, and iii) the Food Safety and Traceability Reporting Cell.

- c) The **Finance, Procurement, M&E, and the NFSDP Division**, headed by the Additional Project Director (Finance) will have three cells: (i) the Finance and Procurement Cell, which will also include the firm consultants hired for internal audits, ii) the M&E Cell, and iii) the NFSDP Cell including the firm consultants retained to develop and operate the digital platform.

8. **PMU at the NFDB:** The PMU at the NFDB will have the Chief Executive Officer as Project Director. The PMU will also have 3 Divisions headed by Deputy Project Directors. The Deputy Project Directors would be specialists recruited from the market. Over the implementation period, the DoF will decide the modalities for transferring the skill and capacities created by the PMU to be integrated either at the NFDB or the DoF over the medium term once the project closes. The constitution of the PMU Divisions will be as below:

- a) The **Market Insurance Scheme, Banking Sector Awareness and Outreach Division**, headed by Deputy project Director (Insurance) will have two cells: (i) the Fisheries and Aquaculture Due Diligence Cell which will primarily work towards promoting the market insurance scheme; and (ii) the Financial Sector Fisheries Literacy Cell, working with the financial institutions to promote credit linkage for the fisheries sector enterprises.
- b) The **Coordination Division** will be responsible ensuring coordination between the regional offices of the NFDB and the respective state/district Fisheries Department officials.
- c) The **Finance, Procurement and M&E Division** will have two cells: (i) Finance and Procurement cell, and (ii) the M&E Cell.

Financial Management

9. **Institutional Arrangements:** Project implementation responsibilities including funds management, monitoring, reporting and evaluation will be with the DoF and the NFDB. The DoF will directly execute some of the subcomponents and will also delegate execution responsibilities for select subcomponents to the NFDB.

- a) DoF: Though under a new Ministry of Fisheries, Animal Husbandry and dairying established only in 2019, the DoF has been a department for some time, and follows the well-established GoI fiduciary framework for budgeting, accounting, payments, preparation of Interim Financial Reports (IFRs), and auditing. Further it will be strengthened with a PMU, which includes full time financial management specialists, and by using digital payments for all expenditure.
- b) NFDB: this is a 'Society' under the Indian Societies Act and thus uses commercial banks. Risks identified during the assessment include frequent change in auditor, and weakness in financial management capacity due to the accounting function having been outsourced. The relevant risks are partly mitigated using the well-known GoI Public Financial Management System for receipts and payments.
- c) States' roles will be limited to planning and evaluation of activities. They will not have any procurement, funds management or payment responsibilities.

10. **Budgeting/Accounting:** The project funds will be budgeted at the DoF for the entire year and the DoF will either spend the budget or transfer a part to the NFDB for further expenditure on the components that the NFDB will be managing. Accounting will be done on a cash basis, using Government systems; expenditure will be recorded and reported at the time of payments and transfers to subordinate entities will not be



recorded as an expenditure. Rules for accounting will be guided by the General Financial Rules, 2017 of the GoI as applicable to all transactions at the GoI. Adequate records will be maintained at accounting locations and include vouchers, invoices, cash books, ledgers, and asset registers. For reporting purposes, a summary of transactions will be compiled by the PMU at quarterly and annual intervals in the form of Project Financial Statements. The DoF will use systems of the Controller General of Accounts for all central government agencies and use the GoI's Public Financial Management System for making all payments and Direct Beneficiary Transfers, and the NFDB will use commercial Bank accounts for all payments.

11. **Financial Management Manual (FMM):** A FMM has been prepared by the PMU in the DoF. Though the accounting/book-keeping will be as described above, the FMM describes the procedures relating to planning, budgeting, funds flow, accounting, reporting, auditing, etc. It describes the specific guidelines and procedures for activities such as performance grants, and insurance incentive grants. The FMM is also a relevant document (at DoF, NFDB, States) for the purposes of monitoring as well as for capacity building of staff.

12. The performance grants will allow transfer of funds to beneficiaries like fish farmers' producer organizations (FFPOs) and other fisheries sector enterprises. Detailed guidelines for the same are part of the PIP. Considering that grants may range between US\$2,700 to US\$270,000 per beneficiary, these guidelines include: (a) preparation of proposals and vetting of the same by expert evaluators; (b) evaluation of scalability, jobs creation, forward linkages; (c) basic fiduciary controls like use of direct benefit transfer for fund transfer, norms for account keeping, requirement for audit and clear demonstration that funds have been used for the purposes intended. Since the value of each grant may vary, the guidelines and controls will be commensurate with the size of the grant, e.g., submission of entity audits prior to release of each tranche to the larger grants.

13. Several institutions will operate across the states: CSCs, RSETIs, PGMs, and V&MC. The CSCs and the RSETIs will have capacity building roles only; the other consultants will have fiduciary and monitoring roles.

14. **Internal Audit:** Since accounting and payments will be centralized, there will be a need for extensive Internal Audit arrangements to verify field level transactions. A firm of Chartered Accountants will be hired on a competitive basis for sample audit across the entire spectrum of payments at all states/ field level locations.

15. **Disbursement:** Disbursements from the World Bank will be made against quarterly IFRs to be submitted within 45 days of close of each quarter, through the Controller of Aid Accounts and Audit. The IFRs will combine expenditure reports from all implementing entities and provide information on project activities.

16. **Eligible expenditure:** Table A-1.1 specifies the categories of eligible expenditures to be financed out of the proceeds of the loan. In the event proceeds of performance grants is used for civil works, it will be limited to repair or upgrade of existing water bodies; and consequently, proceeds of the Performance grants used for enlargement existing physical footprint of water area will be considered ineligible.

Table A-1.1: Eligible expenditure & Financing Share of IBRD

Category	Amount of the loan allocated (US\$)	% Expenditures to be financed (inclusive of taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Incremental Operating Costs for the Project	51,063,000	38 percent
(2) Performance Grants under components 2 and 3 of the Project	85,147,000	38 percent
(3) Insurance Incentive Grants under Component 1 of the Project	13,415,000	38 percent
(4) Front-end Fee	375,000	-
TOTAL AMOUNT	150,000,000	38 percent



17. **Retroactive Financing:** The Bank will fund eligible expenditure on a retroactive basis on or after January 1, 2022. Eligible expenditures will be those that are made in accordance with Bank guidelines on procurement, financial management and safeguards. Total amount of retroactive financing will not exceed US\$30 million.

18. **Audit:** Annual accounts of the central project component in the DoF will be audited by the CAG. The CAG has agreed to a standard Terms of Reference for all projects in India and the same will be used for audit of the project activities by the DoF. The Audit of the NFDB's project activities will be conducted by a firm of chartered accountants, hired on a competitive basis and on terms of reference acceptable to the Bank, considering legal status of NFDB as a 'society'. The audited Project Financial Statements will be shared with the Bank by December 31 of each year i.e., within nine months of close of the financial year.

Procurement

19. **Procurement Regulations, PPSD and Procurement Plan:** Procurement under the Project will be governed by Bank Procurement Regulations "Procurement Regulations for Borrowers for Procurement in Investment Project Financing - Goods, Works, Non-Consulting Services and Consulting Services", dated November 2020 ("Procurement Regulations") and the additional provisions stipulated in the Legal Agreement. The project would be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006, and revised in January 2011 and July 2016. The Project procurement design has also factored in flexibilities to deal with emergency procurement as the Project responds to the COVID-19 mitigation measures. Government e-Procurement System will be used for procurement of consultancy services and large value goods contracts. Low value contracts up to Request for Quotation level will be procured using Government e-Marketplace (GeM). A Procurement Manual has been prepared which will guide management of procurement activities under the Project. The DoF has prepared a PPSD that captures the strategic approach based on existing market practices to be followed for procuring critical contracts during initial phase of project implementation and accordingly the procurement plan is based on this strategy. The Procurement Plan has been agreed with the Bank and will be updated from time to time. The portal for systematic tracking of exchanges in procurement (STEP) shall be used for procurement planning and exchanges with the Bank. The STEP will not apply to the performance grants.

20. Procurement under the Project will be carried out by the DoF and the NFDB. The DoF is department under a newly created Ministry that came into existence in 2019 and therefore have limited experience in carrying out procurement. The NFDB, which serves as a technical arm of the DoF, came into existence in 2006. There is no dedicated procurement unit within the NFDB. Senior executives of respective units are responsible to conduct procurements related to their units. Major procurements performed by the NFDB in past include consultancies and non-consultancy services along with a few goods, e.g., laptops, lab equipment. Experience of procuring and managing high value contracts (>US\$1 million) is limited.

21. Major part of procurement under the project will include consultancy services to provide policy advice, project management and monitoring. These will include (a) development and operation of the NFSDP and its Apps; (b) communication, awareness campaigns, event management for innovation competitions, (c) monitoring, evaluation and verification including sample random verifications needed to triangulate self-certification by private sector entities applying for grants; (d) capacity building for enterprises on preparation of business plans and bankable project proposals; (e) loss assessors for establishing benchmarks for insurance sector; (f) management consultants to assist in the review, selection and approval of performance grants; and, (g) special evaluation studies. Limited procurement of goods is expected under Components 1 and 3 for project management, monitoring, and reporting. The project is not expected to directly create and procure works assets. A large portion of the project, especially Components 2 and 3 will involve provision of performance grants to fisheries sector micro- and small enterprises. Entities who will receive such grants will



procure goods and services following commercial practices as per their respective agreements.

22. **Disclosure of procurement information.** The proposed Project will comply with the disclosure requirements stipulated in the Banks' Procurement Regulations dated November 2020. Further, the DoF and the NFDB will publish on their websites all information required to comply with the Procurement Regulations.

23. The procurement risk is assessed as substantial and residual risk considering mitigation measures is assessed as Moderate. Risks and their mitigation measures are summarized in Table A-1.2.

24. **Procurement methods and Prior-Review thresholds:** The Procurement Plan provides various procurement methods to be used for activities financed by the loan.

Table A-1.2: Procurement Risk and Mitigation Measures

Risk	Mitigation Measure	Status / Timeline	Responsibility
Lack of clarity in applicable rules that may lead to noncompliance	Project Manual is prepared to guide implementing agencies in management of procurement activities	Completed	DoF and NFDB
Limited expertise to conduct procurement	Hiring of Procurement Specialists – (02) at DoF and (01) at NFDB	Within three months of Project Effectiveness.	DoF and NFDB
No prior experience of World Bank financed project	Finalizing Project Procurement Manual to ensure compliance on World Bank Procurement Regulations	Completed	DoF and NFDB
	Training Procurement Specialists on World Bank Procurement Regulations	Within six months of Project Effectiveness	DoF and NFDB
	Use of simplified procurement approaches under emergency arrangements	During implementation	DoF and NFDB
Inadequate capacity to prepare terms of reference and manage consultants	Hire adequate expertise in PMUs with technical expertise in various subject matter areas	Within three months of Project Effectiveness.	DoF and NFDB
Delays in procurement process	Delegate adequate authority to Project Director and monitor procurement process using the STEP	During implementation	DoF and NFDB
Absence of a complaint handling mechanism.	Establishment of a Procurement Related Complaint Handling Mechanism, compliant with requirements of World Bank Procurement Regulations	Within three months of Project Effectiveness	DoF and NFDB
Non-Disclosure of procurement information	Timely disclosure of procurement related information in public domain as per requirements of World Bank Procurement Regulations	Continuous	DoF and NFDB

25. **Flexibilities:** The Project may use the following flexibilities (a) increased use of Request for Proposal approach and GeM for goods and services up to US\$200,000; (b) Use of bid securing declaration for all goods tenders regardless of value; and (c) use of direct Request for Proposal for consultancy services without prior shortlisting for value up to US\$1 million. For specific packages that have been agreed as emergency packages, the following additional measures may be exercised: (a) no standstill period; (b) reduced time for bid/proposal preparation; (c) Advance payment may be increased up to 20 percent of the contract price.

26. **National Procurement Arrangements:** National competition for the procurement of works, goods, IT systems and non-consulting services according to the established thresholds will be conducted in accordance with paragraphs 5.3–5.5 of Section V of the Regulations and the specific provisions detailed in the Procurement Plan.



27. **Domestic preference.** The provision of domestic preference for Goods may be applied in the evaluation of bids in accordance with Annex VI of the Procurement Regulations.
28. **E-procurement System.** The e-procurement system (<https://eprocure.gov.in/eprocure/app>) of GoI which is designed, developed, and hosted by NIC shall be used for all works, goods, and non-consultancy services. Requirements for e-Procurement will be as indicated in Procurement Plan. For procurement of consultancy services, the use of e-procurement shall be subject to Bank's approval based on capacity building on e-procurement. This system has been assessed and found acceptable by the Bank.
29. **Use of Government e-Marketplace** will be allowed in lieu of Request for Quotation as per following details:
- (a) Up to INR 50,000 in catalog mode (viz., any available item could be selected by Implementing Agencies without further competition) provided selected Item/Supplier meeting the requisite quality, specifications, and delivery period.
 - (b) Up to INR 3 million from the Supplier having lowest price amongst at least three Suppliers meeting the requisite quality, specifications, and delivery period. The tools for online bidding and online reverse auction available on GeM may be used by the Purchaser.
 - (c) Up to INR equivalent of US\$200,000 from the Supplier having lowest price and meeting the requisite quality, specifications, and delivery period after mandatorily obtaining bids from at least three Suppliers, using online bidding or reverse auction tool provided on GeM.
 - (d) While making use of GeM portal, Borrower shall make use of Special Terms and Conditions meant for World Bank financed projects.
30. **Environmental, Social, Health and Safety Risk.** Procurement Documents will include provisions, as agreed with the Bank, intended to adequately mitigate against environmental, social (including sexual exploitation and abuse, and gender-based violence), health and safety risks and impacts.

Environment and Social

31. The two PMUs will include environment, social development and gender specialists who will be responsible for: (a) managing the environment and social risks and impacts of the project, (b) monitoring of related parameters, (c) regularly reporting on the implementation of the mitigation measures included in the ESMF, and including such reporting in the project's Quarterly Progress Reports, (d) preparation of plans to manage environmental and social risks and impacts as and when required, and (e) organize and impart relevant training and capacity building workshops for improving the environmental and social management practices in the fisheries sector through the planned project interventions. The project will have access to several sector experts working in the various fisheries institutions who would be called up on for technical advice for mitigating the adverse environmental and social impacts and risks and scaling up the positive outcomes.

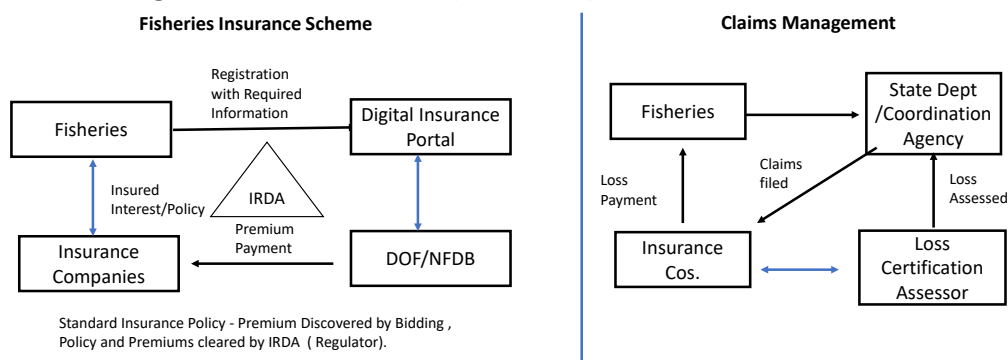
The Insurance Scheme (subcomponent 1-B)

32. The DOF, through the NFDB has developed a comprehensive insurance policy framework (see Figure A-1.1), which would be launched through non-life insurance providers in India, and would be directed towards: (a) enabling insurance market offer specific and standardized fisheries insurance policies with regulated premiums and coverage; (b) mandating adoption of insurance for the shrimp exporters and processing units for the entire volume of export (and enforced through including insurance for the exporter and their supply



chain of shrimp); (c) ensuring faster adoption of fisheries insurance by providing incentives, through demand aggregation and provision of insurance incentive grants for fisheries with relatively smaller (<4 hectare) shrimp producing microenterprises (otherwise covered under the mandates of exporters); and (d) encouraging wider adoption of fisheries insurance by non-shrimp aquaculture enterprises by gradually bringing all processing and canning units under mandatory insurance; and awareness campaigns.

Figure A-1.1: The Planned (DoF/NFDB) Insurance Scheme



33. **Implementation:** The PMU at the NFDB will be responsible for monitoring the performance of the insurance scheme. The following salient steps will be taken to launch the insurance: (a) the DoF and the NFDB to finalize a standardized insurance policy for discussion with Insurance companies, (b) the NFDB to invite expressions of interest from public and private General Insurance companies, (c) insurance companies will express interest, design fisheries insurance policies and seek regulatory approval for the same including premiums charged, (d) scheme would be implemented through a multi-agency framework by selected Insurance companies under the overall guidance of the NFDB and the Coastal Aquaculture Authority (CAA) for conformity with Good Aquaculture Practices, and for supporting adoption of Insurance Scheme by making this a mandatory condition for export licensing, (e) State level insurance committees would be set up for awareness and advocacy and assist in the process, (f) Shrimp farm set up, maintenance and protection guidelines would be provided, (g) digital insurance portal for registration and information would be developed, (h) the NFDB PMU will support and advise on risk classification, loss assessment and any dispute arises. The NFDB PMU will co-opt advisors from research institutes, CAA, State Fisheries Departments, and associations of shrimp producers.

34. **Outline of the Proposed Insurance Policy** (for Shrimp Segment of the Sector eventually to be extended to all other aquaculture):

- Coverage of Risks (and Exclusions):** Basic Insurance to cover yield losses due to non-preventable risks, such as summer kill, pollution poisoning, malicious acts of third parties, earthquake, riots, cyclone, floods, and other natural calamities. Comprehensive Insurance cover would include risks under Basic Insurance and death due to diseases. Exclusions proposed are war, nuclear risks, and preventable risks.
- Indemnity Levels and Standard Yields:** Indemnity levels for shrimp crop would be based on Threshold Yield level computed from Average Yield data, and Threshold yields shall be the benchmark at which insurance protection would be given to farmers/fisheries.
- Premiums:** The Actuarial Premium Rate would be charged by Insurance companies, would be paid by shrimp sector enterprises (as a percentage of sum insured in terms of standard input costs) and the proposal is to insure for input costs – which have been currently estimate as INR 1.1 million per hectare (at standard stocking densities for shrimp).



- d) *Insurance Incentive Grants*: With respect to relatively smaller (<4 hectare) shrimp producing microenterprises, the DoF will directly pay Insurance companies (or pay the insured through DBT if the Insurance Companies so desire) grants for a limited period of a maximum of 4 years in a gradually reducing manner. To encourage early adoption of insurance products, the rates considered for insurance incentive grants will also be reduced after the first 2 years. Women-owned microenterprises will receive 10 percent higher grants (see Table A-1.3).

Table A-1.3: Basis of Estimates for Insurance Incentive Grants

Year →	Start Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
(% of Insurance Premium as grant from the DoF/NFDB to the Insurance Companies	2022-23	60	40	30	20	0	
	2023-24		50	30	20	10	0
	2024-25			40	20	10	0
	2025-26				30	10	0
	2026-27					20	0
Additional for SC, ST and women-owned microenterprises		10	10	10	10	10	0

- e) *Loss Assessment and Claims*: Loss and/or shortfall in yield assessment would be carried out by Insurance companies through qualified loss assessors and in consultation with the NFDB and standard loss assessment processes developed. Claim amounts would be paid as difference between Threshold Yield and Estimate Yield (in case of partial loss) relative to Sum Insured: $(\text{Threshold Yield} - \text{Estimate Yield}) / \text{Threshold Yield} \times \text{Sum Insured}$, depending on the stage of shrimp crop (in weeks/months).

35. TA (about US\$1 million) would be used for some the following tasks: (a) development of a pricing model, (b) designing insurance policy, (c) engaging with insurance industry, (d) designing bidding process, (e) engage with the Insurance Regulatory and Development Authority, the national insurance industry regulator and supervisor, (f) developing distribution system with active use of the NFSDP, (g) mandating insurance for large (>4 hectare) shrimp farms through CAA with requisite verification and traceability systems, (h) coordinating with service providers in component 1-A to facilitate smaller shrimp farms (<4 hectare) to adopt insurance or make them aware of the opportunity of obtaining grants against subscription of insurance, (i) ensuring the performance grant schemes in the project support adoption of insurance, (j) eventual expansion to other non-shrimp aquaculture sector, and (k) support developing reinsurance mechanism.

Implementation of the Performance Grants in Component 2 and 3

36. The total amount planned as performance grants in components 2 and 3 is US\$223 million, designed to benefit at least 55,000 microenterprises and about 1,600 small enterprises – supporting preservation or creation of 170,000 jobs, including at least 75,000 jobs for women. Grant applications could be submitted by individual or combinations of eligible micro- or and small enterprises, or FFPOs (who normally have between 10 to 100 member micro- or small enterprises). Grant applications could also be submitted by aggregators of micro- and small enterprises (large value chain players, National Cooperative Development Corporation, fisheries cooperatives, or civil society organizations, who do not receive any grants themselves). The total number of grant applications to be approved is expected to be 2,600. All applicants will propose to achieve the specific performance targets within 2 years of receiving the grants. Early achievement will be encouraged.

37. To implement the performance grant scheme in an efficient manner, the DoF will ensure that: (a) the scheme is open to applicants of all organizational forms as long as the grants go to the intended target groups – micro- and small enterprises in the sector; (ii) the application, review, selection, and approval process is continuous and always open until the funds set aside for the performance grants are exhausted; (iii) pre-disclose the screening and selection criteria, the application formats, and the constitution of the Grant



Committee; (iv) use digital platform for the entire process of performance grant management including submission of grant applications, screening, review, recommendation and approval, verification and monitoring including self-monitoring reports by grant recipients and third-party verification and surprise inspection reports; and (v) use digital payment gateways for release and transfer of all tranches of grant amount to the recipients account.

38. To ease the process of implementation of performance grants, the DoF will assist the potential applicants in several ways. The CSCs or any other suitable agency contracted under component 1 will assist in registration of the applicants, and in spreading awareness about the performance grant schemes under components 2 and 3. The DoF will engage the RSETIs and the CCCs to help the micro- or small enterprises (or groups of them) to prepare a good business plans and good grant applications. The DoF will engage NABARD or the NABARD Consulting Services Limited (NABCONS) to undertake product/cluster-wise value chain analyses which will identify priority actions to be implemented by applicants or grant recipients. To manage the process from screening to selection and approval of grant applications, the DoF will engage PGM to assist the DoF PMU. Third-party verification and monitoring of performance of grant recipients will be done through a consortium of fisheries colleges and universities who will act as V&MC. Each of these agencies are selected to avoid any conflict of interest and to ensure coherence and triangulation/corroboation.

39. **Eligibility:** Eligible recipients of performance grants include individual or collective private fisheries sector microenterprises and FFPOs in Component 2. In Component 3, small enterprises will also be eligible. Development of FFPOs will be supported across all new value chains - seaweed and all other safe fish products. Performance grants will not be provided for proposals which fall in the 'exclusion list'.

40. All applications for performance grants will be screened for the environmental requirements: water testing; water usage and treatment plan; waste management plan in the proposal; bio-security criteria; seed/feed quality and traceability requirements, minimization of direct and indirect impacts on biodiversity resources. Additionally, in the event proceeds of performance grants is used for civil works, it will be limited to repair or upgrade of existing water bodies; and consequently, proceeds of the performance grants used for enlargement existing physical footprint of water area will be considered ineligible.

41. **Performance Criteria:** For component 2, the performance criteria will include: (a) two criteria for all value chains: (i) number of jobs created, and number of jobs created for women; (ii) reduction in fish loss; and (b) two additional criteria depending on the particular nature and challenges of the relevant value chain, selected from the following: (i) reduction of energy use, (ii) shifting energy sources to renewables, (iii) reducing excess fish feed, (iv) reducing storage and handling time; (v) time taken for directly reaching market. For component 3, the performance criteria will include: (a) two criteria for all value chains: (i) volume of safe fish products supplied to consumers; (ii) number of jobs created, and number of jobs created for women; and (b) two additional criteria depending on the particular characteristics of the cluster/product, selected from the following: (i) high quality feed used; (ii) clean, hygienic handling, (iii) recycling of fish wastes; (iv) reduction of synthetic chemicals, plastics and other contaminants from the value chain.

42. **Size of Performance Grants and Scaling to Performance Criteria:** Table A-1.4 provides the maximum amount of performance grants that could be sanctioned and entered in the respective grant agreements. The actual release of performance grants will be pro-rated to achievement of the performance criteria within the ceiling limits of performance grants defined by grant agreements.

43. **Selection process of Performance Grants:** The grant applications will be selected for funding through a three-stage process, starting with the submission and screening of a Preliminary Grant Application (PGA), recommending specific actions to be incorporated based on findings of the product/cluster-specific value chain analysis undertaken by agencies (such as NABARD/NABCONS) recruited by the DoF; and followed by the



development of a Full Grant Application (FGA) for approved PGAs. Relevant draft templates and application forms for PGA and FGA stage have been included in the PIP.

Table A-1.4: Size of Performance Grants

	For a Single Microenterprise	For Group of Microenterprises	For FFPO
Performance Grants in Component 2 per FGA	Lower of (i) INR 3.5 million or INR 4.5 million when SC, ST and women owned, or (ii) 25 percent, or 35 percent when SC, ST and women, of total investment requirement. Average size – INR 300,000	Lower of (i) INR 20 million, or (ii) 35 percent total investment requirement. Average size – INR 11 million	Lower of (i) INR 20 million, or (ii) 35 percent of total investment requirement. Average size – INR 7.6 million
	For a Single Microenterprise	For a Single Small Enterprise	For a Group of Micro- and Small Enterprises
Performance Grants in Component 3 per FGA	Lower of (i) INR 3.5 million or INR 4.5 million when SC, ST and women owned, or (ii) 25 percent, or 35 percent when SC, ST and women, of total investment requirement. Average size – INR 900,000	Lower of (i) INR 10 million, or (ii) 35 percent of total investment requirement. Average size – INR 1,875,000	Lower of (i) INR 20 million, or (ii) 35 percent of total investment requirement. Average size – INR 17.1 million

44. **Call for PGAs and submission of PGAs:** Responding to the call by PMU-DoF, the eligible applicant(s) will prepare PGAs following a standard template describing activities, business model, partnership, and roles of partners in the value chain, innovations and the number of persons/microenterprises expected to benefit. CSCs will play a role of spreading awareness across states, towns, and villages to that the call for PGAs is known to a large number of people. Micro- and small enterprises registered in the NFSDP under component 1 will receive periodic alerts. All PGAs will be submitted using the digital platform, which is designed to eliminating proposals that apparently fail to meet the eligibility criteria. The entire PGA submission process will remain open until the funds meant for performance grants are exhausted.

45. **Screening of PGAs:** The PMU and the PGMC hired by the DoF will be responsible for screening each PGA to ascertain that (i) the applicant(s) meet the eligibility criteria; (ii) the proposed investment proposal meets the eligibility criteria for funding; and (iii) the proposed investment proposal is technically reasonable and meets the product/cluster-specific environmental and social standards. The PGMC will rank proposals based on pre-declared screening criteria, clear the qualified PGA, and submit them with their recommendations, as may be applicable, for specific targets and processes to be incorporated based on product/cluster-specific value chain analysis, to a Grant Committee set up within the PMU. The GC would approve PGAs, subject to conformity with Value Chain Analysis for the specific product and for the specific cluster, for submission of detailed FGAs. The proponents of the rejected PGAs can submit the revised PGAs, as prescribed in the call for proposals guidelines, should they choose to do so.

46. Actual selection of PGAs will be preceded by cluster/product level value chain analyses/updates, which will identify appropriateness and need for addressing value chain weaknesses. At least 30 such cluster/product level value chain analysis/update will be ready through engagement of NABCONS/NABARD within 6 months of start to support selection of applicants for performance grants. In addition, potential “no-regret” value chain investments would form part of the first batch of selected applications for performance grants. “No-regret” value chain interventions which can be immediately selected, without a preceding value chain analysis



by the DoF (through NABARD/NABCONS), include but is not limited to: for component 2, the following: (i) microenterprises producing mainly IMC and small fish in villages to be directly supplied to women retailers in nearby small towns; (ii) establishing shrimp retailing in large cities where there is no such availability currently; or (iii) FFPOs who are already organized for direct marketing; and for component 3, the following: (i) micro- and small enterprises for “home delivery of safe fish” (freshwater aquaculture fish) in major metropolitan regions; (ii) microenterprises selling of live fish in local (non-metro, and even rural markets).

47. Value Chain Analytics and Recommendations for FGA: A set of product/cluster-wise value chain analyses will be done by the DoF through NABARD/NABCONS at clusters prioritized by the states. This analysis will assess value chains (differentiated by location/cluster and product) to determine the specific market failures and bottlenecks in the value chain and identifying actions to remedy the situations; improve the value chain efficiencies; opportunities for improved marketing, reduction of fish loss, creating circular economy solutions, safe fish products; and the needed enterprise-specific or value chain wide capital or recurring investments needed to achieve these. The recommendations will be used to: (a) promote priority actions as part of call for PGAs, or (b) suggest incorporation in the FGAs.

48. Selection and approval of FGA: The FGA must contain the appropriate environmental and social analysis, relevant compliance/management actions, and a full-fledged bankable Business Plan. As may be needed, the applicants will use the help available from the RSETIs and CCCs (who will already be contracted by the DoF for component 1 deliverables) to prepare adequate and appropriate bankable business plans. The DoF PMU with support from PGMC will evaluate each FGA. The evaluation will be based on pre-disclosed criteria, including the FGA’s economic, financial, technical, socio-economic, and environmental suitability; and the extent to which the Performance Criteria are met. Once selected, the V&MC will verify the credentials and significant information submitted by the applicant(s) which may include the claimed number of employees, resources including water area and equipment available. Once verification is satisfactory, the grant agreement will be finalized, otherwise the applicants will be asked to submit revised FGA. Cases of minor deviation or small corrections needed in the FGA could be annexed to the grant agreement as prior conditions to be met for release of first tranche.

49. Grant agreements: The grant agreements will be approved by the GC on recommendation of the DoF PMU and PGMC. The grant agreement will be signed between the DoF PMU and the applicant(s) which would specify the terms and conditions for use and release of funds (i.e., meeting the Performance Criteria), self-reporting, third-party verifications, monitoring, and evaluation. A format for a typical grant agreement is part of the PIP.

Implementation Support Plan and Resource Requirements

50. Semi-annual implementation support missions will be supplemented by additional technical missions during the first 12–18 months of project implementation. In addition to formal missions, the World Bank will provide continuous implementation support, as and when needed.

51. **First 12 months.** The WB will provide intensive implementation support during the crucial first year of project implementation in the following areas: (a) Technical design of the project focusing on regular revision of the business planning modules to support the private sector enterprises in responding to implementation barriers experienced; and closely guiding the communication consultants; and (b) Fiduciary aspects including training on procurement and financial management (FM) systems, procedures, plans and the STEP.

52. **After the first 12 months.** After the initial 12 months of project implementation, support from the World Bank will continue through the following implementation support activities: (a) Technical design of the project focusing on constant improvement in the verification and evaluation processes to ensure the



performance grants upholds quality assurance, safety of fish products, gender and climate change mitigation/adaptation aspects as designed; (b) Institutional capacity for implementation and sustainability focusing on dialogue with fisheries sector institutions and stakeholders on experience in transitioning towards a regulated fisheries regime from open access regimes, and building strengthened climate and disaster resilience building on the mitigation and adaptation actions in the project; (c) Fiduciary aspects i.e., regular monitoring and support of procurement and FM activities including on-demand training on various fiduciary aspects; (d) Environmental and social aspects using remote sensing approaches and IT enabled digital platforms, as well as physical field visits to resolve bottlenecks and managing any adverse impacts and risks, and satisfactory implementation of the project-level GRM and complaints received under the corporate GRS.

53. **Midterm review (MTR) and project completion.** By the end of the third year of project implementation, guidance will be provided to the PMU to prepare for the MTR of the project and to identify any changes that may be required to the project design, per unit grant allocations for prorated performances, and any change that may be required at the start of the fourth year of implementation in the proportionality of grants given the experience of performances achieved by enterprises supported by the project. Towards the end of the project, additional support will be provided to ensure proper project completion and documentation, including final evaluations and account reconciliations.

Table A-1.5: Implementation Support Plan and Resource Requirements

	Focus	Skills Needed (Resource Estimate)
Year 1-2	Quick Roll-Out and Regular Implementation support	Task team leader (12 SW); Co-task team leaders (12 SW each); Procurement specialist (6SW); FM specialist (6 SW); Social Development specialist (4 SW); Gender specialist (12 SW); Environmental specialist (10 SW); Insurance specialist (8 SW); Aquaculture specialist (5 SW); Safe Fish Product specialists (10 SW); Traceability & Standards specialists (8 SW); Fisheries Value Chain specialist (6 SW); Producers' Organizations specialist (6 SW); Real-time Monitoring and M&E specialist (8 SW); Communication specialist (8 SW); Administrative support (8 SW). Overall - US\$550,000 x year
Year 3-5	Implementation support	Task team leader (12 SW); Co-task team leaders (8 SW each); Procurement specialist (4 SW); FM specialist (6 SW); Social specialist (3 SW); Gender specialist (10 SW); Environmental specialist (8 SW); Insurance specialist (4 SW); Aquaculture specialist (8 SW); Safe Fish Product specialists (10 SW); Traceability & Standards specialists (4 SW); Fisheries Value Chain specialist (4 SW); Producers' Organizations specialist (4 SW); Real-time Monitoring and M&E specialist (3 SW); Communication specialist (6 SW); Administrative support (8 SW). Overall - US\$400,000 x year
	Midterm Review Implementation Completion Review	Midterm Review support - US\$50,000 Implementation Completion Review and Reporting support - US\$100,000