



Report and Recommendation of the President to the Board of Directors

Project Number: 49320-001
November 2015

Proposed Administration of Grant Republic of Vanuatu: Cyclone Pam School Reconstruction Project

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CURRENCY EQUIVALENTS

(as of 25 October 2015)

Currency unit	–	vatu (Vt)
Vt1.00	=	\$0.0091
\$1.00	=	Vt110.00

ABBREVIATIONS

ADB	–	Asian Development Bank
DSC	–	design and supervision consultant
EARF	–	environmental assessment and review framework
MFEM	–	Ministry of Finance and Economic Management
MOET	–	Ministry of Education and Training
PAM	–	project administration manual
PDNA	–	post disaster needs assessment
PMU	–	project management unit

NOTE

In this report, “\$” refers to US dollars.

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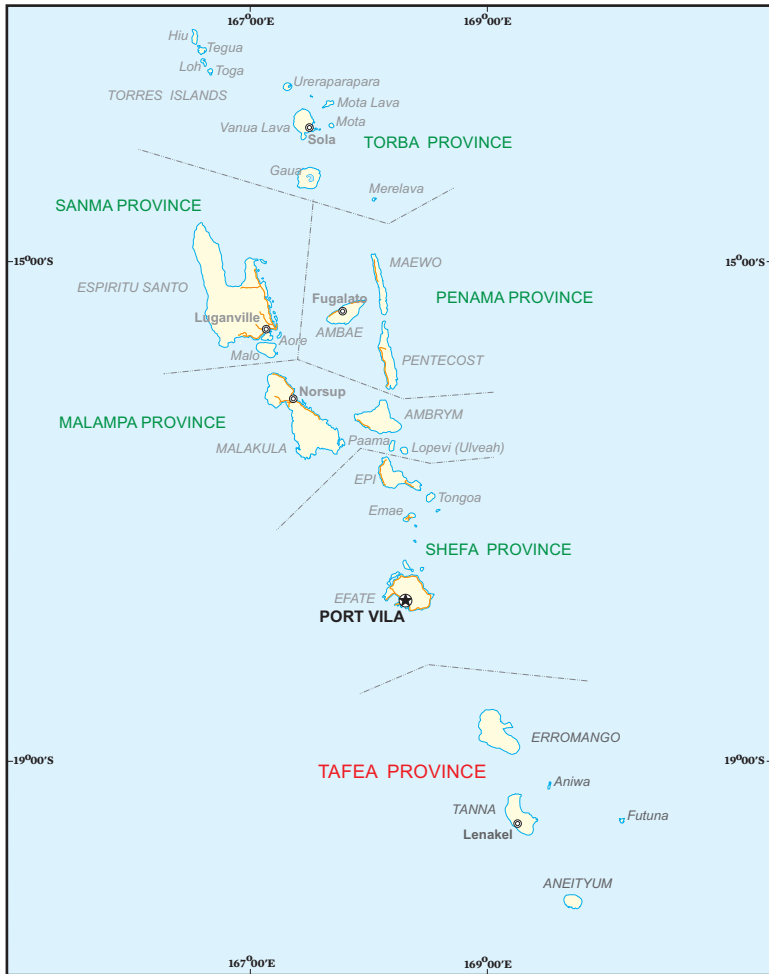
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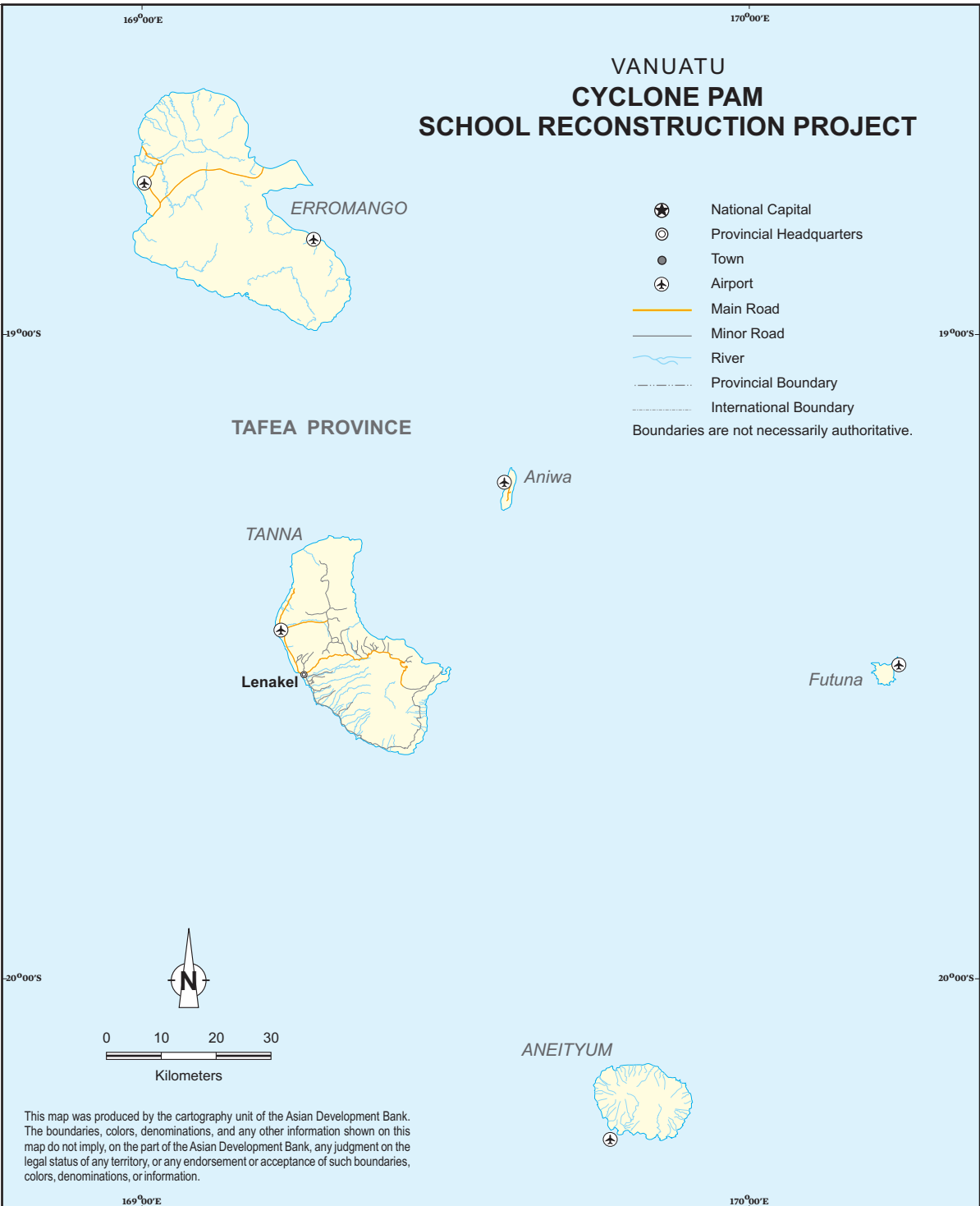
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PROJECT AT A GLANCE

1. Basic Data		Project Number: 49320-001	
Project Name	Cyclone Pam School Reconstruction Project	Department /Division	PARD/PLCO
Country	Vanuatu	Executing Agency	Ministry of Finance & Economic Management
Borrower	Government of Vanuatu		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Education	Non-formal education		0.00
	Secondary		0.00
		Total	0.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Adaptation (\$ million)	0.30
Environmentally sustainable growth (ESG)	Disaster risk management	Climate Change impact on the Project	Medium
	Global and regional transboundary environmental concerns		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Civil society participation	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Civil society organizations Implementation		
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: B Involuntary Resettlement: C Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
Cofinancing		5.00	
Japan Fund for Poverty Reduction		5.00	
Counterpart		0.72	
Government		0.72	
Total		5.72	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	



VANUATU CYCLONE PAM SCHOOL RECONSTRUCTION PROJECT



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I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on the proposed administration of a grant to be provided by the Japan Fund for Poverty Reduction to the Republic of Vanuatu for the Cyclone Pam School Reconstruction Project.¹

2. The project will support the Government of Vanuatu in accelerating recovery and rehabilitation in the wake of the devastating Cyclone Pam in March 2015. The project will support the rebuilding of junior secondary schools in Tafea Province with “build back better” concepts to strengthen resilience to future disasters and climate change risks, and prepare schools and communities for climate and disaster risk management.²

II. THE PROJECT

A. Rationale

3. **Disaster risk in Vanuatu.** According to the World Risk Report, Vanuatu ranks highest in the World Risk Index because of its exposure to geophysical and hydrometeorological hazards, and its limited financial and technical capacities to prepare for and respond to the associated risks.³ Vanuatu is an archipelago of 83 volcanic islands, and is geographically located in the Pacific Ring of Fire and at the center of the Pacific cyclone belt. This results in a relatively high frequency of volcanic eruptions, cyclones, earthquakes, tsunamis, storm surges, coastal and river flooding, and landslides. In addition, the country suffers from extreme events associated with climate variability, such as sea-level and temperature extremes and droughts. Climate change will drive changes in intensity and frequency of weather hazards and thereby heighten disaster risks. For Vanuatu, the frequency and intensity of extreme weather rainfall events are projected to increase in the future, and so will the intensity of cyclones.⁴

4. **Description of emergency.** On 12–14 March 2015, category 5 tropical Cyclone Pam struck 22 islands of Vanuatu, leaving behind significant damage. The storm brought down the communication systems linking the islands, which hampered initial efforts to obtain a comprehensive understanding of the full scale of the disaster impacts. Eleven fatalities were subsequently confirmed in Tafea and Shefa provinces. The cyclone also damaged or destroyed 17,000 buildings, including houses, schools, clinics, and medical facilities. It displaced an estimated 65,000 people who needed temporary shelter, and affected more than 34,600 schoolchildren. It destroyed crops on a large scale, and compromised the livelihoods of at least 80% of Vanuatu’s rural population. Severe and widespread damage was worst on the larger islands of Tanna, Erromango, and Efate (which is also home to the capital city of Port Vila).

5. The government, international community, and nongovernment organizations responded quickly to provide immediate relief. The Asian Development Bank (ADB) approved a \$1 million grant from the Asia Pacific Disaster Response Fund on 20 March 2015.⁵

¹ The design and monitoring framework is in Appendix 1.

² Junior secondary schooling covers years 7–10.

³ United Nations University, Institute for Environment and Human Security. 2014. World Risk Report Index. <http://www.WorldRiskReport.org> (accessed 22 September 2015).

⁴ Australian Bureau of Meteorology and the Commonwealth Scientific and Industrial Research Organisation (CSIRO). 2014. *Climate Variability, Extremes and Change in the Western Tropical Pacific: New Science and Updated Country Reports*. Chapter 16, Vanuatu. Melbourne. Australian Bureau of Meteorology and CSIRO.

⁵ Asian Development Bank, Pacific Department. 2015. Vanuatu Cyclone Pam Disaster Response Project—Request for ADB Financial Assistance from the Asia Pacific Disaster Response Fund. Memorandum. 20 March (internal).

6. **Assessment of the damage and needs.** The government initiated a post disaster needs assessment (PDNA) supported by multilateral development partners such as ADB and the World Bank, the governments of Australia and New Zealand, the United Nations, and other international development organizations. The PDNA covered damage and losses in all key sectors.⁶ Preliminary estimates of direct damage and losses caused by the cyclone ran to about \$441.35 million, equivalent to 64.1% of Vanuatu's gross domestic product (footnote 6). According to the PDNA, Tafea and Shefa provinces suffered the most. By sector, the social sector sustained the brunt of total damage—mainly private housing (32%) and education (13%)—followed by tourism (20%) and transport (10%).⁷ Many schools suffered substantial damage amounting to \$36.30 million.⁸ Estimated medium- and long-term recovery needs in the education sector (e.g., schools and associated facilities) total \$62.30 million (footnote 6).

7. International experience shows that poverty rises in regions hit by disasters because productive assets are damaged and economic opportunities shrink in the short and medium term. The incidence of poverty may persist in the long run if emergency and recovery efforts do not restore assets and livelihoods quickly. The cyclone harmed an estimated 40,000 households by destroying at least 50% of agriculture crops and limiting their ability to generate income, for an estimated loss of \$14.56 million. This is also relevant for the social sectors. Immediate action is necessary to ensure that children can return to a safe school environment. Studies have shown that the longer children are out of school after a disaster, the less likely they are to return to school. Education plays a key role in bringing back needed normality and routine after a disaster and provides support to children after such a traumatic experience (footnote 6).

8. In line with the PDNA findings, the government prepared a National Recovery and Economic Strengthening Program Plan in June 2015 and organized a high-level workshop with development partners to consult on the recovery plan and discuss its financing.⁹ A second workshop with partners was held in early August 2015 to discuss any financing gaps that would hamper recovery activities. Reconstruction efforts are coordinated through sector cluster groups, in which development partners are also members, depending on their priority sector. Consultation between the development partners is strong. Any new reconstruction project has to follow a government-led and -coordinated process. Project proposals are to be presented to the recovery committee (chaired by the director general of the Prime Minister's Office), which comprises senior civil servants of line ministries. After positive vetting, the Prime Minister's Office will need to approve the proposal before it goes to the Ministry of Finance and Economic Management (MFEM) for budgetary allocation. This ensures that reconstruction happens according to the government's recovery priorities. The government has set itself a 24-month deadline for implementing the reconstruction work. Indicative areas of support are outlined in the emergency assistance coordination.¹⁰

9. On 25 August 2015, ADB received a request from the government for emergency assistance. It was to support Vanuatu's post cyclone recovery and rehabilitation efforts in the education sector, with an emphasis on school infrastructure. The request clearly aligns with ADB's area of experience in the infrastructure sector. It was the first request received, and ADB support will have a demonstration effect for other development partners to follow in their reconstruction support for Vanuatu. One of the more remote provinces with five islands, Tafea

⁶ Government of Vanuatu. 2015. *Post Disaster Needs Assessment*. Port Vila (final draft).

⁷ According to the PDNA, private housing and education belong to the social sectors, tourism belongs to the productive sector, and transport belongs to the infrastructure sector.

⁸ These are early childhood centers, and primary and secondary schools.

⁹ Government of Vanuatu. 2015. *National Recovery and Economic Strengthening Program Plan*. Port Vila.

¹⁰ Emergency Assistance Coordination (accessible from the list of linked documents in Appendix 2).

Province was prioritized because it suffered the most damage in the education sector, and rehabilitation will likely focus on one island because this would be the most cost-efficient solution.¹¹ The province has limited economic opportunities, and most of its inhabitants are subsistence farmers and considered poor and vulnerable. Hence, school education is crucial to build capacity and opportunities for future employment. Based on its own assessment and in consultation with ADB, the Ministry of Education and Training (MOET) initially selected five junior secondary schools to be potentially supported through the proposed ADB project.¹² The level of damage, strategic location for community shelters, and the potential for rationalization were taken into consideration so that some schools could be expanded if other schools were beyond repair. The province was not prepared for a disaster of that magnitude. The schools will therefore feature an integrated community shelter to provide a safe place in times of emergency.

10. The project will support a safer school environment for at least 1,200 schoolchildren. The project will incorporate lessons from recent disasters in Indonesia, Japan, and the Philippines, and strengthen climate and disaster resilience when rebuilding schools. The schools will also have a demonstration effect for other schools in Vanuatu in their ability to withstand disasters and provide temporary shelter to communities during emergencies. The project satisfies all six characteristics of an emergency assistance project by (i) supporting the rebuilding of high-priority assets, (ii) mitigating immediate losses, (iii) providing short-term assistance, (iv) targeting priority rehabilitation, (v) complementing other relief efforts, and (vi) not being a policy-based loan.

11. The government's capacity for the build-back-better principle will be further strengthened by integrating external design and supervision consultants (DSCs) into MOET's facilities unit. The project will recruit and finance these experts because MOET has limited technical and engineering staff. The project also recognizes the importance of community engagement and consultation with the support of a nongovernment organization familiar with the education sector in Vanuatu and with expertise in disaster risk preparedness. The DSCs will be recruited under advance action to expedite the implementation of the project.

12. The project will be implemented in two phases. Phase 1 involves (i) the finalization of design and costing, (ii) the preparation of bidding documents for the civil works contract, and (iii) community consultation to ensure that community feedback is factored into the final design and costing. Phase 2 consists of (i) physically rehabilitating the project schools, and (ii) strengthening the capacity of MOET and communities for build-back-better execution, safer construction, disaster risk reduction and preparedness, and maintenance planning.

B. Impact and Outcome

13. The impact will be accelerated social recovery in Vanuatu's cyclone-affected provinces. The outcome will be critical education services resumed with disaster-resilient infrastructure.

C. Outputs

14. The project has two outputs: (i) schools in Tafea Province are rebuilt and/or upgraded, and (ii) the capacity of communities and MOET management for disaster risk reduction and disaster preparedness is strengthened. The recovery work is to be completed within 24 months.

¹¹ Tanna Island in Tafea Province is the most populated island and experienced the most damage.

¹² Other development partners already support the reconstruction of early childhood centers and primary schools. The support for secondary schools is a complementary fit.

15. **Output 1: Schools in Tafea Province are rebuilt and/or upgraded.** At least five junior secondary schools are rebuilt and/or upgraded to serve 1,200 school children.¹³ School reconstruction will be planned to disaster-resilient and climate-proof standards. While the level of damage in each school is different, all will benefit from water and sanitation facilities as well as dormitories that are gender inclusive and responsive.¹⁴ In addition, the schools will be designed, or redesigned, to offer the surrounding communities temporary and safe shelter during emergencies.¹⁵ The buildings will be equipped with water tanks for rainwater collection, emergency power backup, and communication facilities, and store essential supplies that may be accessed immediately in the event of a disaster. Communities will be consulted throughout the design process to ensure ownership of and agreement on proposed school rehabilitation.

16. **Output 2: The capacity of communities and MOET management for disaster risk reduction and disaster preparedness is strengthened.** MOET staff will be trained on build-back-better concepts and standards so it can replicate the model in other locations. Other government ministries will also be invited to participate in the training. School disaster risk management plans will be established, and school curricula will include information on disaster preparedness. MOET staff, schools, and communities will all benefit from greater awareness of and training in disaster risk management and disaster preparedness. Training and information campaigns will also be carried out in schools and surrounding communities on safer construction techniques and standards as well as school maintenance planning.

D. Investment and Financing Plans

17. The project is estimated to cost \$5.72 million (Table 1).

Table 1: Project Investment Plan
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. School rehabilitation ^c	4.28
2. Disaster preparedness ^d	0.62
Subtotal (A)	4.90
B. Contingencies^e	0.82
Total (A+B)	5.72

^a Inclusive of taxes and duties of \$0.42 million. The Government of Vanuatu will exempt the taxes and duties as its contribution to the project.

^b In mid-2015 prices.

^c Includes school furniture, vehicle, and equipment; and government in-kind contribution. The investment cost for this component is \$4.10 million (civil works \$3.02 million, consulting services \$1.08 million) and recurrent cost of \$0.18 million.

^d Includes workshop expenses and government in-kind contribution. The investment cost for this component is \$0.50 million and recurrent cost of \$0.12 million.

^e Physical contingencies computed at 15% for civil works, community participation, and project management. Price contingencies computed at 2% of foreign exchange and local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

¹³ MOET data showed that the 2013 junior secondary school enrollment rate in Tafea Province was 2,100, of which 1,800 are enrolled in Tanna Island. The project would restore up to 60% of the pre cyclone enrollment rate in Tafea Province. The junior secondary school enrollment rate in Vanuatu was 15,481 in 2013.

¹⁴ 80% of students use dormitory facilities.

¹⁵ Tafea Province has 32,500 inhabitants, of which 28,800 live on Tanna Island (census 2009). The four other islands are sparsely populated. The community shelters would provide a safe retreat for about 18,000 people.

18. The Japan Fund for Poverty Reduction will provide grant cofinancing equivalent to \$5 million, to be administered by ADB. The grant will finance (i) civil works and equipment, and (ii) consulting services and capacity building (Table 2).¹⁶ The government will provide counterpart support in the form of counterpart staff, office accommodation, and other in-kind contributions.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Japan Fund for Poverty Reduction ^a	5.00	87.0
Government of Vanuatu	0.72	13.0
Total	5.72	100.0

^a Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

E. Implementation Arrangements

19. An interministerial recovery committee will guide all of Vanuatu's reconstruction efforts and will be kept informed, but will have no direct involvement in the implementation of the project. The MFEM will be the executing agency and the MOET will be the implementing agency. A project management unit (PMU) for the final design and implementation of the project will be established within the facilities unit in MOET to oversee the day-to-day implementation and progress of the project. The PMU will be managed by a MOET counterpart staff member and comprise a project accountant and DSCs.¹⁷ The PMU will be established in advance. The PMU manager will report to the MOET director general. The PMU will coordinate activities with other development partners through the Education Sector Working Group and within MOET to preempt any overlap or duplication of activities.¹⁸ MOET's facilities unit will be strengthened with DSCs to support the existing technical and managerial capacities, especially in view of build-back-better concepts with disaster-resilient and climate-proof standards. The PMU will be responsible for the final design and costing; preparation of tender documents; bill of quantities; tendering; contract management and supervision; and day-to-day implementation, including financial management, monitoring, and evaluation. This will cover safeguards as well as climate change monitoring. The PMU will maintain separate project accounts, which will be audited by an independent auditor.

20. The PMU will be responsible for procuring and administering contracts on behalf of MOET. To work within established MOET governance systems, it is suggested to use a similar steering committee composition as in the Vanuatu Education Support Program,¹⁹ with an additional representative from the MFEM.²⁰ This will create synergies in the school rehabilitation efforts.

21. The terms of reference for the required consulting positions are outlined in the project administration manual (PAM).²¹ Given the need for immediate mobilization of consultants because of the emergency nature of the project, the DSCs will be recruited through single-

¹⁶ The grant may finance local transport, vehicle, furniture, equipment, and insurance costs.

¹⁷ The PMU will further include procurement and safeguards specialists, as detailed in the Project Administration Manual (accessible from the list of linked documents in Appendix 2).

¹⁸ MOET is a member of the Education Sector Working Group.

¹⁹ Funded by the governments of Australia and New Zealand.

²⁰ The composition will be decided by the director general of MOET in consultation with ADB. The committee will comprise representatives from MOET, MFEM, and the Prime Minister's Office (Policy and Planning, Education).

²¹ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

source selection.²² For smaller local contracts, shopping may be used. The contractor for the civil works will be selected after the design work is completed.

22. The implementation arrangements are summarized in Table 3 and described in detail in the PAM (footnote 21).

Table 3: Implementation Arrangements

Aspects	Arrangements		
Implementation period	1 January 2016–31 December 2017		
Estimated completion date	31 December 2017 (grant closing date: 30 June 2018)		
Management			
(i) Oversight body	Ministry of Education and Training steering committee		
(ii) Executing agency	Ministry of Finance and Economic Management		
(iii) Key implementing agencies	Ministry of Education and Training		
(iv) Implementation unit	Facilities unit at the Ministry of Education and Training, 3 long-term staff (consultants), several short-term consultants		
Procurement	International competitive bidding	1 contract	\$2,750,000
	Shopping	various	\$100,000
Consulting services (i) Design and supervision	Single-source selection (firm)	60 person-months	\$1,415,000
Advance contracting	Design and supervision consultants		
Disbursement	The grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2015, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank.
Source: Asian Development Bank.

23. The procurement of goods and works, and the recruitment of consulting services will be carried out according to the simplified and expedient procedures permitted under ADB's Disaster and Emergency Assistance Policy (2004), Procurement Guidelines (2015, as amended from time to time), and Guidelines on the Use of Consultants (2013, as amended from time to time). The PAM's procurement section details the processes to be followed.

III. DUE DILIGENCE

A. Technical

24. After a detailed damage assessment, five junior secondary schools on Tanna Island, Tafea Province, were initially selected in consultation with MOET. The selection took into account (i) whether the school is in a strategic location, (ii) whether it is still feasible and cost-effective to repair the damage, and (iii) the size of the school and the potential for either rationalization or expansion. A climate risk screening considered the project to be at medium risk. A climate and disaster risk and vulnerability assessment for the project components will inform the detailed design of the school buildings, to ensure that they will be rehabilitated following the build-back-better concept and the standards for resilience to climate change and disaster, but appropriate to the local context. Capacity for construction is limited in Tafea Province, especially after Cyclone Pam, and material and expertise will need to be brought from

²² The DSCs will also be responsible for the capacity-building component of the project.

elsewhere. However, school staff, communities, and the provincial education department will be involved to ensure ownership and capacity for maintenance. The final engineering designs will include measures to mitigate climate and disaster risks and provide safe schools with universal access.

B. Economic and Financial

25. Given the focus on severely affected areas, the project is likely to bring significant benefits to the population. The economic analysis will not be finalized before project approval but before implementation starts, in accordance with ADB's Disaster and Emergency Assistance Policy (2004). The analysis will be carried out in line with ADB's Guidelines for the Economic Analysis of Projects and the 1994 Framework and Criteria for the Appraisal and Socioeconomic Justification of Education Projects.²³

26. Project outputs are public service goods with no cost recovery, hence an assessment of the capacity to finance incremental recurrent costs needs to be performed at project start. Historically, the government has spent little on maintenance (in 2014, 75% of MOET's budget was for salary expenses of government officials and school teachers, 10% for the school grant scheme, and the remainder for scholarships and administrative costs). About 6% of the school grant from the government is used for the maintenance of schools but because maintenance is primarily left to the school management committees, the provincial facilities supervision authority in Tafea Province has limited scope for full oversight of school maintenance. Junior secondary schools are self-funded and use the government grant scheme, receipt of school fees, and community support to cover costs such as maintenance. This issue has been discussed with the government and is included as an assurance covenant in the grant agreement. Building the schools back with climate-proof and disaster-resilient features will ease the strain on the operation and maintenance budget in the first 3–5 years. During implementation, an asset management plan will be prepared to ensure that schools can be maintained in good condition for their economic life. Sufficient resources will be allocated to undertake the economic and financial due diligence before implementation.

C. Governance

27. The Government of Australia conducted a financial management assessment of the education sector as well as an assessment of national systems in 2013, as part of the design of the Vanuatu Education Sector Program.²⁴ The assessment was used for the purposes of this project. It revealed several weaknesses, especially in downstream government systems (treasury, procurement, accounting, reporting, and auditing), and recommended several risk-mitigating measures. In particular, it was decided not to use government processes for the Vanuatu Education Sector Program. A management contractor was appointed to act as the project implementing unit and to support MOET with additional technical assistance to gradually improve the systems. The overall fiduciary risk is rated *high* but remains manageable since it will be mitigated by the provision of a dedicated qualified accountant to the PMU, additional support from the DSCs, and simplified fund-flow and payment procedures. The project procurement classification is B. MOET is not yet familiar with ADB's procurement procedures, and the procurement risk is considered high based on a Government of Australia assessment

²³ ADB. 1997. *Guidelines for the Economic Analysis of Projects*. Manila; and ADB. 1994. *Framework and Criteria for the Appraisal and Socioeconomic Justification of Education Projects*. Manila.

²⁴ Government of Australia. Vanuatu Education Sector Program. Unpublished (funded by the governments of Australia and New Zealand).

conducted in 2013.²⁵ However, the recruitment and procurement requirements are not deemed complex. To mitigate any risk, ADB will support the government in precontractual recruitment activities. In addition, the DSCs will include a procurement specialist to support the preparation of bidding documents for the civil works contract and assist MOET during the bidding process.

28. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and the MOET. The specific policy requirements and supplementary measures are described in the PAM (footnote 21).

D. Poverty and Social

29. The project will restore classrooms, dormitories, ablution blocks, and toilets for at least 1,200 students in Tafea Province, with a focus on user safety and in consultation with affected communities. Inbuilt multipurpose facilities will provide a safe temporary shelter during emergencies and protect people's livelihoods in times of disasters.

30. The project is classified as effective gender mainstreaming, and a gender action plan has been prepared.²⁶ It specifies the activities and makes sure that gender is considered during design and implementation, that women will be engaged during community consultation, and that gender-disaggregated data will be collected.

E. Safeguards

31. **Environment.** The project is classified as category B for environment. Reconstruction of buildings and facilities at five existing school sites is expected to have limited, only site-specific and, in most cases, temporary adverse impacts on the environment, which can be readily mitigated and managed through a construction-focused environmental management plan. An environmental assessment and review framework (EARF) was prepared for the project in accordance with ADB's Safeguard Policy Statement (2009) and will be posted on ADB's website.²⁷ The EARF requires screening and assessment of each school (and preparation of an environmental management plan for it) in line with the Environment Protection and Conservation Act (as amended) 2010, supplemented as required to also comply with ADB's Safeguard Policy Statement. Monitoring will follow the monitoring plan included in the EARF. In line with ADB's Public Communications Policy 2011, information on safeguards will be made available in a timely manner and in a form and language understandable to the affected people and other stakeholders. ADB will post the monitoring reports on its website.

32. **Involuntary resettlement and indigenous peoples.** The project is classified as category C for both involuntary resettlement and indigenous peoples following ADB's Safeguard Policy Statement. The project is not expected to involve physical displacement or involuntary acquisition of land since the schools are to be rebuilt at their existing sites, which are already owned by the government and designated for education purposes. Any project activity that would require involuntary resettlement or have an impact on indigenous peoples will be excluded. The project is not expected to impact any distinct and vulnerable group of indigenous peoples. The beneficiaries in the project areas are mostly Melanesians, native people of Vanuatu. The outputs will be culturally appropriate.

²⁵ Government of Australia. Republic of Vanuatu: Assessment of National Systems. Unpublished.

²⁶ Gender Action Plan (accessible from the list of linked documents in Appendix 2).

²⁷ Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

F. Risks and Mitigating Measures

33. The overall risk is medium, and the integrated benefits and impacts are expected to outweigh the costs. The main risks are related to the constrained local capacity and the possibility of future disasters. Major risks and mitigating measure are summarized in Table 4 and described in detail in the risk assessment and risk management plan.²⁸

Table 4: Summary of Risks and Mitigating Measures

Risks	Mitigating Measures
Disasters caused by natural hazard events result in loss of lives, damage to schools, and disruption of school services. El Niño is increasing drought conditions and tropical cyclones.	Put school disaster risk management plans in place, train schools and communities on disaster risk reduction and preparedness, build emergency shelters (multi use dining halls) with additional water supply, sanitation, and storage. Rehabilitation of school buildings will follow disaster-resilient standards, which include strengthening existing buildings.
School reconstruction materials are not available in rural areas, delaying implementation.	Reserve available material and, if needed, ship from Australia or regional ports. Include this provision in overall costing of the project.
Implementation capacity (government) is constrained, causing governance issues in financial management and procurement, because human resources and systems at the Ministry of Education and Training are limited and overcommitted.	Support from the Asian Development Bank and consultants for procurement, financial management, implementation and monitoring, safeguard policies, climate change, and procedures; and close monitoring from project implementation team.
Climate change; sea-level rise and storm surges; slope stability vulnerable to heavy rain; and public health issues arising from vector-borne diseases, reduced water supply for sanitation and personal hygiene, and respiratory diseases because of poor ventilation in dormitories	Put school disaster risk management plans in place; train schools and communities on disaster preparedness; reconstruction to include climate proofing; minimize drainage runoff onto slopes; monitor risk and take corrective action as school and community share responsibility; install insect mesh on all openings of dormitories and dining halls; and improve personal hygiene by upgrading bathrooms and installing separate toilets.

Source: Asian Development Bank.

IV. ASSURANCES

34. The government and the MFEM have assured ADB that implementation of the project shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and loan documents.

35. The government and the MFEM have agreed with ADB on certain covenants for the project, which are set forth in the grant agreement.

²⁸ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

V. RECOMMENDATION

36. I am satisfied that the proposed grant would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the administration by ADB of the grant not exceeding the equivalent of \$5,000,000 to the Republic of Vanuatu for the Cyclone Pam School Reconstruction Project, to be provided by the Japan Fund for Poverty Reduction.

Takehiko Nakao
President

9 November 2015

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with			
Accelerated social recovery in Vanuatu's cyclone-affected provinces (defined by the project)			
Results Chain	Performance Indicators with Targets and Baselines^a	Data Sources and Reporting Mechanisms	Risks
Outcome Critical education services resumed with disaster-resilient infrastructure	By 2019 Enrollment rates in junior secondary schools, for boys and girls, restored to 60% of pre cyclone enrollment level in project location. (2015 baseline: 2,100)	Annual statistical digest report of MOET	Disaster events occur during construction; climate change risks
Outputs 1. Schools in Tafea Province are rebuilt and/or upgraded	By 2018 (1–2.) 1a. At least five schools are rebuilt or retrofitted following build-back-better principles and as community emergency shelters. (2015 baseline: 0) 1b. Community shelters will benefit at least 18,000 inhabitants. (2015 baseline: 0) 1c. School building and associated facilities design work undergoes technical quality assurance by MOET. (Baseline: not applicable)	1a.–c. Periodic project progress reports	Delays arise from the constrained capacity of MOET or the labor shortage of local contractors. School reconstruction material not available in rural areas, delaying implementation
2. The capacity of communities and MOET management for disaster risk reduction and disaster preparedness is strengthened	2a. At least 10 disaster risk management training sessions are conducted for communities living near the schools, with at least 40% of participants being women and children. (2015 baseline: 0) 2b. At least 20 people (at least three women) of MOET and other ministries acquire skills in technical approaches to disaster risk reduction. 2015 baseline: 0)	2a.–b. Period project progress reports	Delays in procurement hinder implementation of key project activities.

<p>Key Activities with Milestones</p> <p>1. Schools in Tafea Province are rebuilt and/or upgraded</p> <p>1.1 Recruit design and supervision consultants through advance contracting (Q4 2015)</p> <p>1.2 Finalize engineering designs, costing, and bid documents for construction firm (Q1 2016)</p> <p>1.3 Procure civil works contract (Q2 2016)</p> <p>1.4 Conduct community and school consultations on proposed reconstructions as well as on safe construction techniques and construction standards, with 40% of participants to be women (Q1 2016)</p> <p>1.5 Rehabilitate selected schools in Tafea Province (Q3 2016–Q4 2017)</p> <p>1.6 Carry out quality assurance activities (2016–2017)</p> <p>1.7 Make schools operational (Q4 2016–Q1 2018)</p> <p>1.8 Prepare asset management plan (Q 3 2016)</p> <p>1.9 Monitor implementation of environmental management plan (Q1 2016–Q3 2017)</p> <p>1.10 Set up monitoring and evaluation system that captures sex-disaggregated data and necessary baselines (Q1 2016)</p> <p>1.11 Report on implementation of the gender action plan (Q1 2016–Q4 2017)</p> <p>1.12 Prepare quarterly progress monitoring reports (Q1 2016–Q4 2017)</p> <p>1.13 Arrange annual audit of project accounts (2016–2018)</p> <p>2. The capacity of communities and MOET management for disaster risk reduction and disaster preparedness is strengthened</p> <p>2.1 Conduct community awareness training and build MOET capacity for disaster preparedness (Q1–Q4 2016)</p> <p>2.2 Conduct community consultations for preparation of disaster management plan, at least 40% to be women participants (Q1–Q4 2016)</p> <p>2.3 Revise or prepare school disaster risk management plan (Q4 2016)</p> <p>2.4 Conduct school and community training (staff and students) on disaster risk management and disaster preparedness (Q4 2016)</p> <p>2.5 Conduct and/or arrange gender-awareness training for all project-related staff (2016)</p> <p>2.6 In consultation with communities and school committee, prepare school maintenance plan and conduct necessary training. (Q4 2016–Q3 2017)</p> <p>Inputs</p> <p>Government of Vanuatu: \$0.72 million</p> <p>Japan Fund for Poverty Reduction: \$5 million^b</p> <p>Assumptions for Partner Financing</p> <p>Not applicable.</p>
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MOET = Ministry of Education and Training, Q = quarter.

^a All information to be monitored will include sex-disaggregated data.

^b Administered by the Asian Development Bank.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://adb.org/Documents/RRPs/?id=49320-001-2>

1. Grant Agreement
2. Summary Assessment of Damage and Needs
3. Project Administration Manual
4. Contribution to the ADB Results Framework
5. Emergency Assistance Coordination
6. Country Economic Indicators
7. Summary Poverty Reduction and Social Strategy
8. Gender Action Plan
9. Environmental Assessment and Review Framework
10. Risk Assessment and Risk Management Plan