

Project Administration Manual

Project Number: 46346-002
Grant Numbers: GXXXX; GXXXX
September 2015

Republic of Marshall Islands: Ebeye Water Supply
and Sanitation Project

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Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Office of the Chief Secretary (OCS) and the Kwajalein Atoll Joint Utility Resource, Inc. (KAJUR) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the Government and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by OCS and KAJUR of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Grant Negotiations the Government and ADB shall agree to the PAM and ensure consistency with the grant agreements. Such agreement shall be reflected in the minutes of the Grant Negotiations. In the event of any discrepancy or contradiction between the PAM and the grant agreements, the provisions of the grant agreements shall prevail.

After ADB Board approval of the project's report and recommendation of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
DMF	=	design and monitoring framework
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
KAJUR	=	Kwajalein Atoll Joint Utility Resource, Inc.
LAR	=	land acquisition and resettlement
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
OCS	=	Office of the Chief Secretary
PAI	=	project administration instructions
PAM	=	project administration manual
PMU	=	project management unit
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
SWRO	=	saltwater reverse osmosis
TOR	=	terms of reference

I. PROJECT DESCRIPTION

1. The project will address factors which result in the high incidence of waterborne disease on Ebeye, an island within Kwajalein Atoll. The project will improve access to safe water and sanitation and promote behavioral change to improve hygiene standards on the island of Ebeye which has an area of approximately 31 hectares and a population of more than 9,600, (population density is about 31,000 persons per square kilometer).

2. **Impact and Outcome.** The project impact will be reduced incidence of waterborne disease on Ebeye and is aligned with RMI's national development theme of empowering people and communities to reduce the incidence of "access related" poverty through improvements in all areas including social, economic, environment, governance and infrastructure as articulated in RMI's National Strategic Plan 2015–2017). The outcome of the project will be improved access to safe water and improved sanitation.

3. **Outputs:** Project outputs include:

(i) **Output 1 - Secure and safe freshwater supplies:** Ebeye's public water supply system will be improved and safe freshwater supplied continuously to all households by:

- a) increasing the availability of freshwater to each resident of Ebeye to 105 liters per day through (a) the installation of a new SWRO unit with a freshwater production capacity of 1.6 million liters per day, (b) construction of 2 new saltwater wells with capacity to fully meet the saltwater demand, (c) construction of a brine outfall to dispose of brine effluent from the SWRO plant, and (d) installation of bulk supply meters at strategic locations within the water supply network;
- b) improving the delivery of freshwater through the freshwater supply network by: (a) the construction of a new freshwater pumping station, (b) upgrading approximately 350 meters (m) of freshwater distribution mains from 100 millimeter (mm) to 200mm diameter, (c) installation of an 100,000 liter elevated freshwater reservoir, (d) implementation of a leak detection and repair program and replacement of up to 370m of 100mm and 150mm diameter mains, and (e) replacement of up to 880 freshwater service connections and installation of prepayment water meters on all freshwater service connections; and
- c) expanding the freshwater supply network by approximately 160m and installation of service connections to 365 un-serviced households.

(ii) **Output 2 - Effective, efficient and safe sewerage services.** The sewerage system on Ebeye will be upgraded to minimize the frequency and severity of uncontrolled sewage overflows and to reduce the environmental and health impacts of effluent disposal by:

- a) upgrading the sewerage collection system by: (a) reconstructing all sewage pump stations (4 No.), (b) rehabilitating or replacing 450m of existing sewers, (c) rehabilitating or replacing 120 manholes, and expanding the sewerage system by approximately 500m and connecting 445 un-serviced households;

- b) upgrading of the saltwater supply system including: (a) rehabilitation or replacement of 500m of saltwater mains, (b) rehabilitation or replacement of 880 saltwater service connections, (c) construction of an elevated saltwater reservoir with a capacity of 50,000 liters, and (d) replacement of corroded fire hydrants (which are connected to the saltwater supply system) with 62 standpipes and purchasing a new fire truck;
 - c) improving the treatment and disposal of sewage by: (a) installing primary sewage treatment facilities (milli-screens), and (b) construction of a lagoon outfall with a length of 350m discharging at a depth of 35m.
- (iii) **Output 3 - Enhanced hygiene awareness and improved hygiene behaviors.** A hygiene awareness and promotion program focusing on women and children and building upon hygiene awareness and promotion activities undertaken during the project preparation will be implemented over the full duration of the project. Output 3 will comprise: (i) educational activities that promote good sanitation and hygiene practices that help prevent water and sanitation related diseases; and (ii) upgrading and expanding sanitation facilities at schools where the ratio of students to functioning toilets exceeds 150 students per toilet.
- (iv) **Output 4 – Secure electricity supply for water supply and sewerage operations.** Power generation and electrical distribution system on Ebeye will be improved to address high risks to Ebeye’s water supply and sewerage systems by: (i) replacing the Ebeye power station high voltage busbars and protection equipment, (ii) replacing the existing switchgear, (iii) installing a power plant data monitoring system, and (iv) replacing all wooden power poles.
- (v) **Output 5: Financial and technical sustainability of Kwajalein Atoll Joint Utility Resource, Inc.** A program to assist KAJUR to implement its reform strategy to build KAJUR’s financial, technical, and operational sustainability will be implemented. The program will: (i) strengthen KAJUR’s financial management systems; (ii) implement the tariff frameworks developed during project preparation to ensure KAJUR services are accessible to all households, including those in greatest hardship, and targeting full recovery of operations, maintenance, and depreciation costs; (iii) introduce mechanisms to improve cost recovery such as universal (prepayment) metering of electricity and freshwater supply; (iv) review of the personnel structure and strengthening KAJUR’s administrative capacity; and (v) strengthen water and sewerage operations. To foster household water conservation and reduce KAJUR’s water supply and sewerage system operational costs, KAJUR will implement a household water service and sanitation fixtures program to repair plumbing leaks and install water efficient water supply and sanitation fixtures and will initially focus on the poorer households on Ebeye.:

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Who responsible
Advance contracting actions		█						ADB, OCS, KAJUR
Establish project implementation arrangements	█							OCS, KAJUR
ADB Board approval					█			ADB
Grant signing						█		ADB, MOF
Government legal opinion provided						█		OAG
Government budget inclusion						█		MOF
Grant effectiveness							█	ADB

ADB = Asian Development Bank; KAJUR = Kwajalein Atoll Joint Utilities Resources Inc.; MOF = Ministry of Finance; OAG = Office of the Attorney General; OCS = Office of the Chief Secretary.

B. Overall Project Implementation Plan

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

4. **Project executing and implementing agencies.** The Office of the Chief Secretary (OCS) is the executing agency (EA) and the Kwajalein Atoll Joint Utilities Resources Inc. (KAJUR), a state-owned enterprise, is the implementing agency (IA).

5. **Project steering committee (PSC).** The government has established a PSC. The PSC shall meet quarterly and provide strategic direction, guidance, and oversight of the project. The PSC is chaired by the Chief Secretary. Other members of the PSC include: (i) the Deputy Chief Secretary, (ii) a Senator representing Kwajalein, (iii) Mayor of Kwajalein, (iv) 2 representatives from KALGOV; (v) the Assistant Secretary of Health (Ebeye), (vi) the Assistant Secretary of Finance (Ebeye), (vii) the Assistant Secretary of Education (Ebeye), (viii) a representative from the Environment Protection Agency (Ebeye), (ix) the General Manager of KAJUR, and (x) 2 representatives from Ebeye-based NGOs or CSOs.

6. **Project management unit (PMU).** The government has established the PMU within KAJUR. The PMU will be responsible for the overall implementation of the project including the day-to-day project activities, compliance with the provisions of the grant and project agreements and government policies and guidelines, project administration, preparation of grant withdrawal applications, and maintenance of records. The PMU will also (i) serve as the Secretariat for the PSC; (ii) provide project management, administration, and interagency coordination at the executive level; (iii) maintain project accounts; (iv) oversee project procurement; (v) prepare reports as required during the implementation of the project including progress reports (at least quarterly) for the government and ADB; and (vi) prepare and submit the project completion report to the government and ADB.

7. The PMU is established within KAJUR and includes:

- (i) *PMU project manager.* The PMU project manager reports to the KAJUR General Manager and is responsible for the delivery and the day-to-day management of the project.
- (ii) *Water supply and sewerage manager.* The water supply and sewerage manager reports to the PMU project manager and is responsible for: (a) delivery of the design and bid documents for project's water supply and sewerage works; (b) administering water supply and sewerage contracts; (c) ensuring contractor and KAJUR compliance with contractual obligations for water supply and sewerage contracts procured for the project including supervision of the works, preparation of payment certificates, change orders, and site instructions.
- (iii) *Electricity supply manager.* The electricity supply manager reports to the PMU project manager and is responsible for: (a) delivery of the design and bid documents for project's electricity system upgrading works; (b) administering electricity system upgrading contracts; (c) ensuring contractor and KAJUR compliance with contractual obligations for electricity system upgrading contracts procured for the project including supervision of the works, preparation of payment certificates, change orders, and site instructions.
- (iv) *Accountant / finance officer.* The accountant / finance officer is responsible for financial monitoring of the project, including establishing and maintaining the project accounts and arranging for independent audits of the project accounts. The finance officer will also be responsible for the preparation grant withdrawal

applications and the submission of such withdrawal applications (once signed by authorized signatories) to ADB. The finance officer will report to the PMU project manager.

- (v) *Community liaison officer.* The community liaison officer is responsible for communications and liaison with the Ebeye community and will also be responsible to ensure compliance the project's environmental, resettlement, and gender requirements as outlined in this and other project documents. The community liaison officer reports to the PMU Project Manager.

8. **Project implementation assistance (PIA) consultants.** The PMU will be supported by PIA consultants. The PIA consultants will report to the PMU project manager and will assist in delivering the project outputs and effectively manage the project. The consultants will assist the PMU to: (i) prepare bid documents (including design) and supervise project activities; (ii) monitor and report project progress; (iii) facilitate the timely delivery of the project in compliance with standards acceptable to the government and ADB and within the project budget (quality and cost control); (iv) administer contracts awarded under the project; (v) facilitate and monitor the implementation of resettlement plan (RP), environmental management plan (EMP), and the gender action plan (GAP); and (vi) provide other services to the project manager and PMU as necessary to deliver the project.

9. The recruitment of the PIA consultants, in addition to the procurement of the saltwater reverse osmosis plant, will be the first project procurement activity and is expected to be completed before or soon after the project becomes effective.

10. The management roles and responsibilities of the various stakeholders are shown in the table below.

Project implementation organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> • Executing agency Office of the Chief Secretary 	<ul style="list-style-type: none"> ➤ Overall delivery of the project and reporting to Government and donors. ➤ Ensure compliance with financing agreement covenants. ➤ Coordinate with KAJUR in the preparation of withdrawal applications and submission to ADB. ➤ Maintain separate project accounts, have all project accounts audited annually and sent to ADB. ➤ Ensure the compilation and presentation of all reporting requirements under the project. ➤ Ensure interagency coordination.
<ul style="list-style-type: none"> • Project management unit (PMU) 	<ul style="list-style-type: none"> ➤ Responsible for day-to-day implementation of the project. ➤ Prepare overall project implementation plan and consolidated annual work plan. ➤ Prepare bid documents to comply with ADB requirements, evaluate bids, and award works, administer contracts, and supervision. ➤ Measure works carried out by contractors and certifying payments. ➤ Prepare grant withdrawal applications. ➤ Maintain project accounts and records.

Project implementation organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> • Project Steering Committee (PSC) 	<ul style="list-style-type: none"> ➤ Serve as the secretariat for the PSC. ➤ Oversee project procurement. ➤ Prepare reports as required during the implementation of the project including progress reports (at least quarterly) for the government and ADB. ➤ Prepare the project completion report to the government and ADB. ➤ Ensure compliance with safeguards requirements ➤ Update the project's resettlement plan following completion of detailed design of project components. ➤ Update the project's environmental monitoring plan following completion of detailed design of project components. ➤ Carry out environmental assessments. ➤ Carry out socio-economic monitoring surveys to assess project impact. ➤ Implement and monitor the Gender Action Plan (GAP). ➤ Provide strategic direction and guidance for the project. ➤ Oversee and monitor all aspects of project implementation. ➤ Advise government on any issues raised or concerns and propose remedial actions.
<ul style="list-style-type: none"> • Implementing agency Kwajalein Atoll Joint Utilities Resources Inc. (KAJUR). 	<ul style="list-style-type: none"> ➤ Responsible for the overall implementation of the project including the day-to-day project activities and administration of the project. ➤ Ensure compliance with the provisions of the Grant and Project Agreements and government policies and guidelines. ➤ Procure equipment and services for the project (including civil works contracts). ➤ Issue contract change orders as appropriate. ➤ Engage the community public awareness activities. ➤ Establish and implement the project monitoring and evaluation framework.
<ul style="list-style-type: none"> • ADB 	<ul style="list-style-type: none"> ➤ Monitor and review overall implementation in consultation with the OCS and KAJUR including: project implementation schedule; actions required with reference to the summary poverty reduction & social strategy, gender action plan and environment management plan; timeliness of budgetary allocations and counterpart funding; project expenditures progress with procurement and disbursement, compliance with grant covenants; and likelihood of attaining project outputs and outcome. ➤ Participate in annual work plan discussions.

B. Key Persons Involved in Implementation

Executing Agency

Office of the Chief Secretary

Officer's Name: To be advised.
 Position: Chief Secretary
 Telephone: To be advised.
 Email address: To be advised.
 Office Address: To be advised.

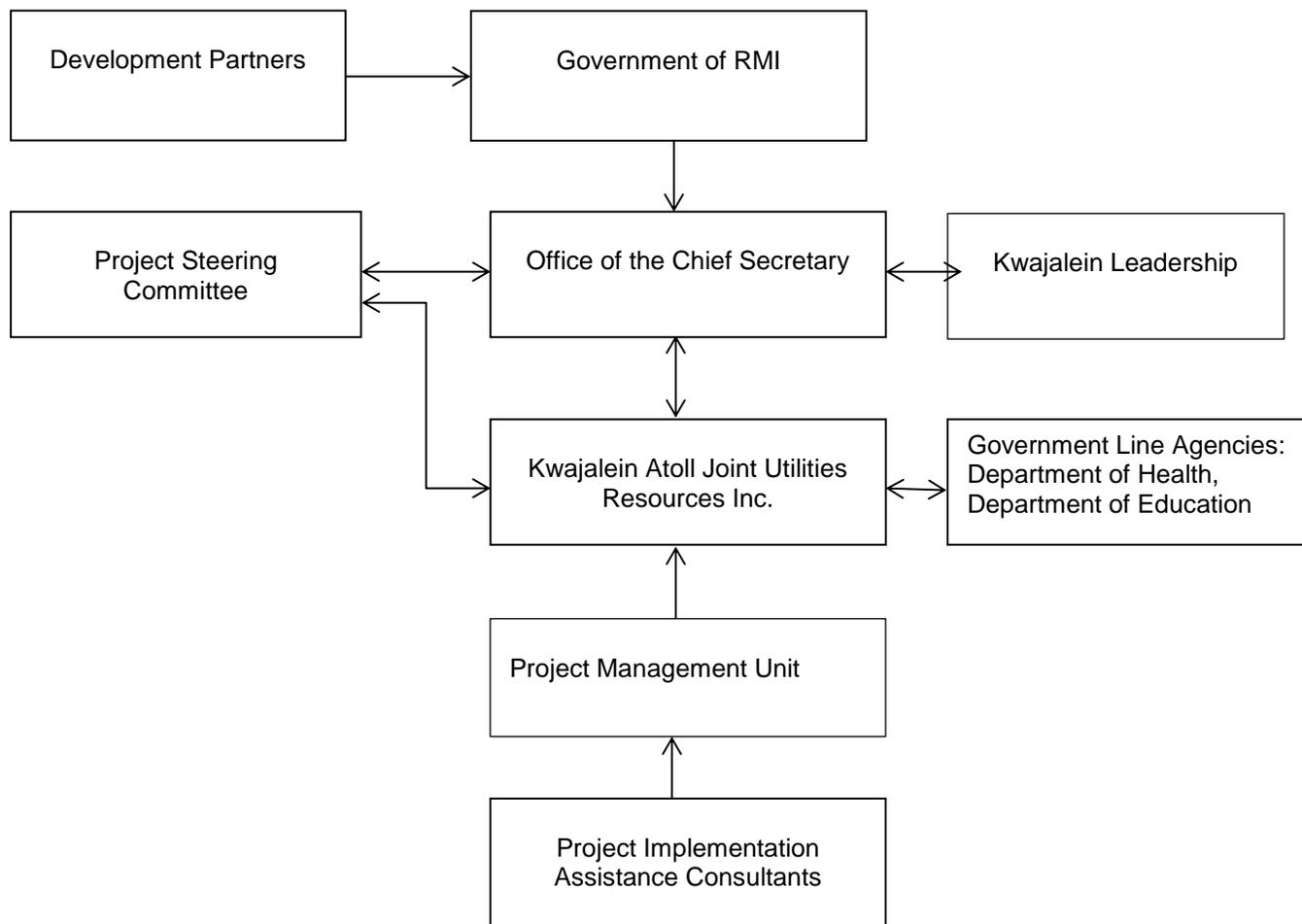
ADB
 PAUS

Staff Name: Emma Veve
 Position: Director
 Telephone No.: +632 632 4444
 Email address: eveve@adb.org

Mission Leader

Staff Name: Stephen Blaik
 Position: Senior Urban Development Specialist
 Telephone No.: +63 2 632 6127
 Email address: sblaik@adb.org

C. Project Organization Structure



IV. COSTS AND FINANCING

11. The project is estimated to cost \$19.02 million.

12. The government has requested a grant¹ not exceeding \$5.00 million from ADB's Special Funds resources to help finance the project. The Government of Australia will provide grant cofinancing of \$4.00 million on a cost sharing basis fully administered by ADB.² The Government of RMI will provide \$10.02 million equivalent as a cash contribution of \$8.16 million, including contingencies, and exemption of taxes and duties amounting \$1.86 million. Detailed cost and financing tables are presented below.

A. Project Financing Plan

Financing Plan		
Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	5.00	26.3%
Government of Australia ^a	4.00	21.0%
Government of RMI	10.02	52.7%
Total	19.02	100.0%

^a. A grant administration fee amounting to 5% will apply to the Government of Australia grant.

Source: Asian Development Bank.

¹ A country's eligibility for ADF grants under the revised grant framework is determined by its risk of debt distress. The latest debt sustainability analysis determined that RMI had a high risk of debt distress and was therefore eligible to receive 100% of its ADF allocation as grants.

² ADB and ADB-administered grants may finance local transportation and insurance charges.

B. Detailed Cost Estimates by Expenditure Category

Item	\$'000			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	
A. Investment Costs ^a				
1. Civil Works	2,419	1,611	4,030	27.9%
2. Equipment and materials	7,744	-	7,744	53.5%
3. Land Acquisition	130	-	130	0.9%
4. Consultancy Services	2,177	387	2,564	17.7%
Subtotal (A)	12,470	1,998	14,468	100.0%
B. Taxes and Duties	1,604	260	1,864	12.9%
C. Contingencies ^b				
1. Physical	1,939	214	2,153	14.9%
2. Price	245	90	335	2.3%
Subtotal (C)	2,184	304	2,488	17.2%
D. Grant Administration Fee	200	-	200	1.4%
Total Project Cost (A+B+C)	16,458	2,562	19,020	131.5%

^a In mid-2015 prices.

^b Physical contingencies computed at 15% less Grant Administration fees and provision for land acquisition and resettlement costs. Price contingencies computed at an average of 1.3% on foreign exchange costs and 1.9% on local currency costs over the duration of the project.

Source: Asian Development Bank.

C. Allocation and Withdrawal of Grant Proceeds

ALLOCATION AND WITHDRAWAL OF ADB GRANT PROCEEDS			
CATEGORY			
Number	Item	Amount Allocated \$'000	Percentage and Basis for Withdrawal from the Grant Account
1	Civil Works	1,500	37.2% of total expenditures claimed. *
2	Equipment	2,500	32.3% of total expenditures claimed. *
3	Consultancy Services	1,000	39.0% of total expenditures claimed. *
	Total	5,000	

* Exclusive of local taxes and duties within the territory of the Recipient.

Source: Asian Development Bank

ALLOCATION AND WITHDRAWAL OF GOVERNMENT OF AUSTRALIA GRANT PROCEEDS			
CATEGORY			
Number	Item	Amount Allocated \$'000	Percentage and Basis for Withdrawal from the Grant Account
1	Civil Works	1,000	24.8% of total expenditures claimed. *
2	Equipment	2,000	25.8% of total expenditures claimed. *
3	Consultancy Services	800	31.2% of total expenditures claimed. *
4	Unallocated **	200	
	Total	4,000	

* Exclusive of local taxes and duties within the territory of the Recipient.

** Amount includes provision for administration fee, and other charges pursuant to the cofinancing agreement

Source: Asian Development Bank

D. Detailed Cost Estimates by Financier

(In '000)

Item	Total Cost	ADB Grant		GOA Grant		GORMI			
		Amount	% of Cost Category	Amount	% of Cost Category	Amount (Costs)	Amount (Taxes & duties) ^b	Amount (Total)	% of Cost Category
A. Investment Costs^a									
1. Civil Works	4,554	1,500	32.9%	1,000	22.0%	1,530	524	2,054	45.1%
2. Equipment	8,751	2,500	28.6%	2,000	22.9%	3,244	1,007	4,251	48.6%
3. Land Acquisition	130	-	0.0%	-	0.0%	130	-	130	100.0%
4. Consultancy Services	2,897	1,000	34.5%	800	27.6%	764	333	1,097	37.9%
Subtotal (A): Total Base Cost	16,332	5,000	30.6%	3,800	23.3%	5,668	1,864	7,532	34.7%
B. Contingencies^d									
1. Physical	2,153	-	0.0%	-	0.0%	2,153	-	2,153	100.0%
2. Price	335	-	0.0%	-	0.0%	335	-	335	100.0%
Subtotal (B)	2,488	-	0.0%	-	0.0%	2,488	-	2,488	100.0%
C. Grant Administration Fee	200	-	0.0%	200	100.0%	-	-	-	0.0%
Total Project Cost (A+B+C)	19,020	5,000		4,000		8,156	1,864	10,020	
% of Total Project Costs	100.0%		26.3%		21.0%				42.9%

ADB = Asian Development Bank; GOA = Government of Australia; GORMI = Government of Republic of the Marshall Islands.

^a In mid-2015 prices.

^b Financing of taxes and duties is through an GORMI exemption

^c The costs for annual auditing will be financed by GORMI under the consulting services category.

^d Physical contingencies computed at 15% less Grant Administration fees and provision for land acquisition and resettlement costs. Price contingencies computed at an average of 1.3% on foreign exchange costs and 1.9% on local currency costs over the duration of the project.

Source: Asian Development Bank.

E. Detailed Cost Estimates by Outputs (US\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Output 1 - Secure and safe freshwater supplies	8.62
2. Output 2 - Effective, and efficient sewerage services	4.55
3. Output 3 - Enhanced hygiene awareness and improved hygiene behaviors	0.67
4. Output 4 – Secure electricity supply for water supply and sewerage operations	1.39
5. Output 5 – Financial and technical sustainability of Kwajalein Atoll Joint Utility Resource, Inc	1.11
Subtotal (A)	16.33
B. Contingencies^c	2.49
C. External Grant Administration Fee	0.20
Total (A+B)	19.02

^a Includes taxes and duties of \$1.86 million. All project costs will be exempted from taxation and duties in RMI.

^b In early-2015 prices.

^c Physical contingencies computed at 15% of base costs less Grant Administration fees and provision for land acquisition and resettlement costs. Price contingencies computed at an average of 1.3% on foreign exchange costs and 1.9% on local currency costs over the duration of the project.

Source: Asian Development Bank.

F. Detailed Cost Estimates by Year
(\$'000)

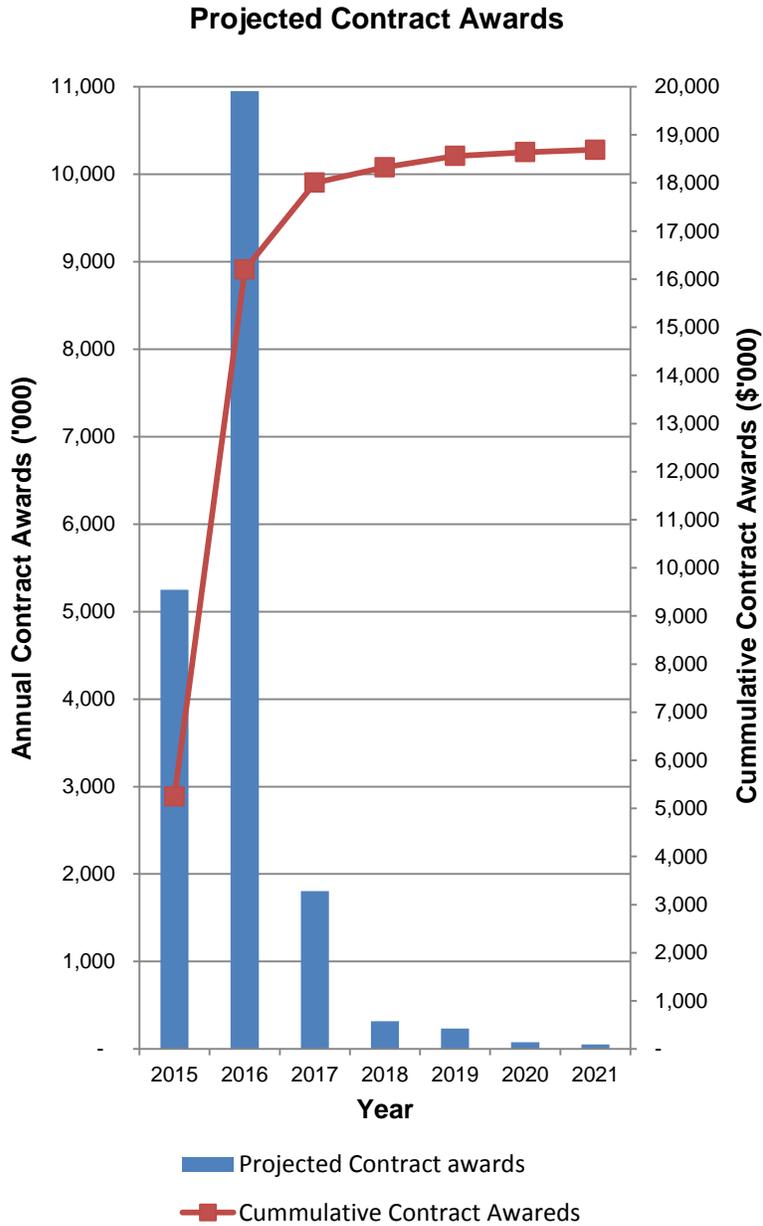
Item	Total Cost	2015	2016	2017	2018	2019	2020	2021
A. Investment Costs								
1. Civil Works ^a	4,030	580	1,305	1,087	453	373	116	116
2. Equipment ^a	7,744	1,113	2,599	1,958	902	691	265	216
3. Land Acquisition	130	-	60	50	20	-	-	-
4. Consultancy Services ^a	2,564	450	776	629	398	202	109	-
5. Taxes and Duties	1,864	279	608	478	228	165	64	43
Subtotal (A): Total Base Cost	16,331	2,422	5,349	4,202	2,001	1,430	553	375
B. Contingencies (B)	2,488	337	804	663	319	236	78	52
C. Grant Administration Fees	200	25	30	30	30	30	30	25
Total Project Cost (A+B)	19,020	2,784	6,183	4,895	2,350	1,696	662	452
Annual Disbursements (% of total)		14.6%	32.5%	25.7%	12.4%	8.9%	3.5%	2.4%
Cumulative Disbursements (% of total)		14.6%	47.1%	72.9%	85.2%	94.2%	97.6%	100.0%

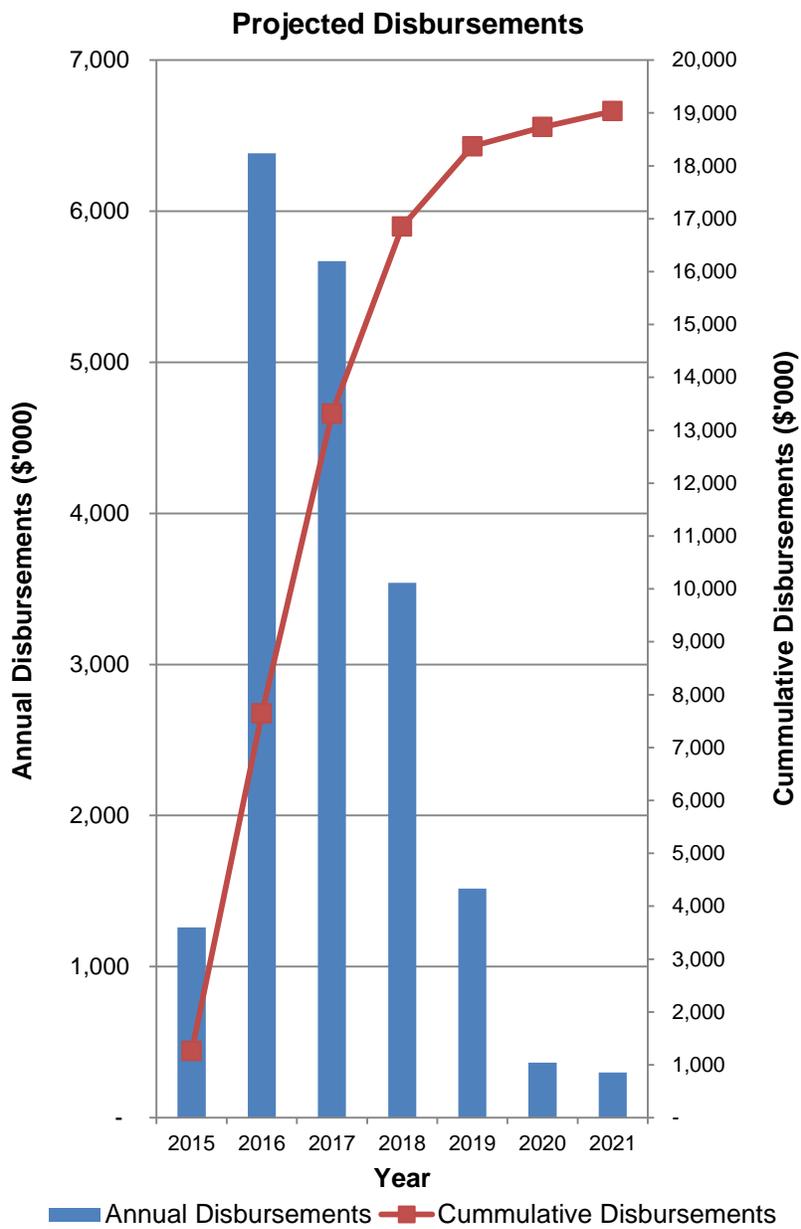
^a Exclusive of taxes and duties.

Source: Asian Development Bank estimates.

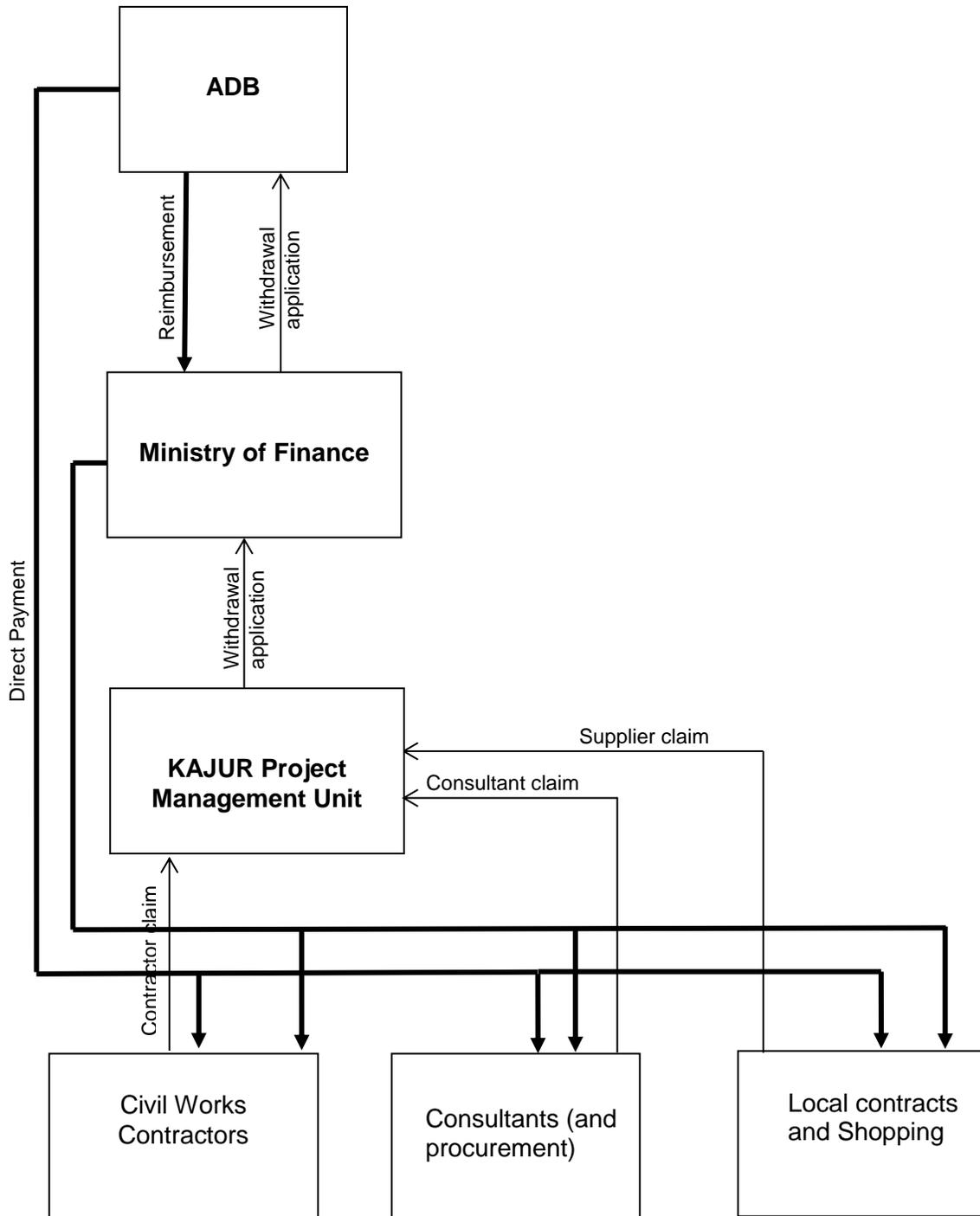
G. Contract and Disbursement S-curve

13. The graphs below show contract awards and disbursement over the life of the project, and annually based on the contract awards and disbursement projections.





H. Fund Flow Diagram



—————> Fund flow
<—————> Communication

I. Financial Management Assessment

14. Overall financial reporting and management capacity assessment of KAJUR identified weaknesses that may affect project implementation. In addition, KAJUR has not had any experience in implementing a foreign-assisted project and would require substantial support from project implementation consultants. Official reporting by KAJUR on its financial performance and operating results comprises financial statements audited by the external Auditor and KAJUR's annual budgets. Budgetary performance is routinely monitored only once a year. Senior management comprises relatively recent hires, while internal record-keeping is poor. No Annual Report is available.

15. Boosting KAJUR's capacity to prepare and manage its budgets on a multi-year basis, provide full financial reporting and disclosure to its management, Board, and the outside world with its own staff resources, conduct adequate asset management and plan future investments will require considerable human resource (HR) development activities, in terms of recruitment, training, and compensation reforms. As discussed in the Financial Management Strategy and Plan, permanent recruitment of additional staff with formal qualifications in the KAJUR Finance Division will be required to handle the greater cash flows that will follow project implementation.

16. KAJUR's internal auditing function is provided by a member of the Marshall's Energy Company's Finance department, who has visited KAJUR quarterly since 2007. The internal auditor identifies and resolves ongoing financial procedural issues during each visit, but does not prepare formal internal audit reports. Installing an automatic computer backup system with support from National Telecommunications Authority and establishing a comprehensive and well-organized central corporate filing system are highly recommended short term improvements.

17. The financial control risk is rated high given KAJUR's lack of experience in managing large projects and mitigating measures are incorporated in the project. A financial management advisor will be recruited under the project to support KAJUR in preparing financial documentation relating to the project. The project will provide comprehensive institutional strengthening to ensure that KAJUR is technically and financially sustainable. Capacity building activities will focus on strengthening KAJUR's personnel structure and administrative capacity, reducing operational losses, and implementing proactive and efficient operation and maintenance.

J. Disbursement

18. The grant proceeds including ADB administered co-financier funds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time),³ and detailed arrangements agreed upon between the Government and ADB.

19. Direct payment, reimbursement, and commitment letter procedure may be used for civil works, consulting services, and equipment. KAJUR will be responsible for (i) preparing disbursement projections; (ii) requesting budgetary allocations for counterpart funds; and (iii) collecting supporting documents. KAJUR will be responsible for preparing and sending the withdrawal applications to ADB.

³ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

20. Before the submission of the first withdrawal application, the government should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000 equivalent. Individual payments below this amount should be paid by the OCS/KAJUR and subsequently claimed from ADB through reimbursement unless otherwise accepted by ADB.

K. Accounting

21. KAJUR will maintain separate project accounts and records by funding source for all expenditures incurred on the Project. Project accounts will follow accounting principles and practices as described in the United States Governmental Accounting Standards Board Statement No 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*. KAJUR will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practice.

L. Auditing

22. KAJUR will cause the detailed consolidated project accounts to be audited in accordance with International Standards on Auditing and in accordance with the Government's audit regulations by an independent auditor acceptable to ADB. The audited project financial statements together with the auditors' opinion will be submitted in the English language to ADB within six months of the end of the fiscal year by KAJUR.

23. KAJUR will also cause the entity-level financial statements to be audited in accordance with Government Auditing Standards issued by the Comptroller General of the United States as adopted by RMI Government, by an independent auditor acceptable to ADB. The audited entity-level financial statements, together with the auditors' report and management letter, will be submitted in the English language to ADB within one month after their approval by the competent authority.

24. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether grant proceeds were used only for the purposes of the project or not; and (iii) the level of compliance for each financial covenant contained in the legal agreements for the project.

25. Compliance with financial reporting and auditing requirements will be monitored by ADB review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

26. OCS and KAJUR have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements. ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the recipient), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

27. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011)⁴. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

⁴ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

V. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

28. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (2015, as amended from time to time) (ADB's *Procurement Guidelines*)⁵ and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time) (ADB's *Guidelines on the Use of Consultants*).⁶ The issuance of invitations to bid under advance contracting will be subject to ADB approval. The Government, OCS, and KAJUR have been advised that approval of advance contracting does not commit ADB to finance the Project.

29. Advanced contracting will include recruitment of the project implementation assistance (PIA) consultants and procurement of the 450,000 gallon per day saltwater reverse osmosis plant . The government has requested ADB assistance in recruiting the PIA consultants; specifically with the process of advertisement, evaluation of expressions of interest and proposals for the project management and implementation consultants using quality- and cost-based selection (QCBS) under advance action to facilitate the timely commencement of the project. The Government wishes to participate in in the consultant selection process and will appoint a member to represent KAJUR and the Government to the consultant selection committee (the other consultant selection committee members will be appointed by ADB). The ADB may assist the government in negotiations with the first-ranked consulting firm. However, the government will be responsible for engaging the PIA consultants and for administration and monitoring of their contracts.

B. Procurement of Goods, Works and Consulting Services

30. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines. The ADB's standard bid documents will be used for all procurement involving international competitive bidding (ICB) for works, national competitive bidding (NCB) for works, and ICB for goods.

31. The ICB procedures will be used for civil works contracts estimated to cost \$1,000,000 or greater, and NCB for civil works contracts estimated to cost less than \$1,000,000. Shopping will be used for contracts for procurement of works and equipment worth less than \$100,000.

32. Before the start of any procurement ADB and the Government will review the public procurement laws to ensure consistency to ensure consistency with ADB's Procurement Guidelines.

33. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

34. All consultants will be recruited according to ADB's Guidelines on the Use of

⁵ Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

⁶ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

Consultants.⁷ An estimated 260 person-months (71 international, 189 national) of consulting services are required to facilitate project management and implementation, and strengthen the institutional and operational capacity of the KAJUR and the government in infrastructure design and international large scale project procurement. Consulting services will comprise: (i) a team of 13 project implementation assistance consultants (56 international and 219 person-months inputs) recruited through a firm for engineering design and supervision and for design and implementation of the project's hygiene awareness and community outreach programs; (ii) an individual international financial management advisor (5.5 person-months intermittent inputs over a period of 3 years commencing in Q4 2015) to strengthen KAJUR's financial management systems; (iii) an individual utility management specialist (2 person-months full-time inputs) to review KAJUR's staff structure; (iv) an individual water and sewer operations specialist (7.5 person-months intermittent inputs over a period of 4 years commencing in Q3 2016) to building KAJUR's capacity to effectively manage its water supply and sewerage systems; and (v) a national manager (plumber) to implement the household fixtures program. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a quality cost ratio of 90:10 in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The PMU will follow national labor regulations and is expected to offer equal opportunities to women. Terms of reference for all consulting services are detailed in Section E.

C. Procurement Plan

Basic Data

Project Name: Ebeye Water Supply and Sanitation Project	
Project Number: 46346-002	Approval Number:
Country: Marshall Islands, Republic of	Executing Agency: Office of the Chief Secretary
Project Financing Amount: US\$ 19,020,000 ADB Financing: US\$ 5,000,000 Cofinancing (ADB Administered): US\$ 4,000,000 Non-ADB Financing: US\$ 10,020,000	Implementing Agency: Kwajalein Atoll Joint Utility Resource
Date of First Procurement Plan: 7 December 2014	Date of this Procurement Plan: 6 April 2015

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding for Goods	US\$ 1,000,000 and Above	
National Competitive Bidding for Goods	Between US\$ 100,001 and US\$ 999,999	The first NCB is subject to prior review, thereafter post review.
Shopping for Goods	Up to US\$ 100,000	

⁷ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

International Competitive Bidding for Works	US\$ 1,000,000 and Above	
National Competitive Bidding for Works	Between US\$ 100,001 and US\$ 999,999	The first NCB is subject to prior review, thereafter post review.
Shopping for Works	Up to US\$ 100,000	

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection for Consulting Firm	

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
ICB0001	Saltwater reverse osmosis plant (1.6 million liter per day production capacity)	2,850,000.00	ICB	Prior	1S1E	Q3 / 2015	Prequalification of Bidders: N Bidding Document: Plant
ICB0002	Water Supply and Sewer Network Rehabilitation and Expansion Program	7,790,000.00	ICB	Prior	1S1E	Q3 / 2016	Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Small Works
ICB0003	Electricity Distribution System Upgrading Program	1,040,000.00	ICB	Prior	1S1E	Q3 / 2016	Prequalification of Bidders: N Bidding Document: Small Works

3. Consulting Services Contracts Estimated to Cost \$100,000 or More

The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

B. Indicative List of Packages Required Under the Project

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Comments	
None							

D. Indicative Procurement Packages

35. The project works and services will be procured through 16 procurement packages comprising: (i) 3 international competitive bidding civil works contracts; (ii) 1 national competitive bidding civil works contract; (iii) 6 goods supply and civil works contract procured through shopping; (iv) 1 consulting services contract procured through quality- and cost-base selection; (v) 3 individual international consultants; and (vi) 1 national individual consultant. The scope and nature of the civil works contracts is outlined in Section I, Paragraph 3. The terms of reference for the consulting services contracts are provided in Section E.

E. Consultant's Terms of Reference

(I) Project Implementation Assistance Consultants (Firm)

36. An international consulting firm will be engaged over a period of 36 months to provide a total of 17 specialists who will comprise the PIA consulting team as outlined in the paragraphs below. The consulting firm will be selected using quality- and cost-based selection procedures in accordance with ADB's Guidelines on the Use of Consultants by the Asian Development Bank and its Borrowers (April 2013, as modified from time to time) with a quality-cost ratio of 90:10.

37. A total of 10 international consultants and 7 national consultants will be engaged for a total of 63 person-months of international input and 129 person-months of national input to provide project implementation assistance services, including design, supervision, and contract administration, to the PMU during the design and construction of project components. The international consultants will include (i) a team leader/ project management specialist (31 person-months full-time inputs for project coordination, contract management, and delivery of the project); (ii) a water supply design engineer (4 person-months intermittent inputs for detailed design and documentation of the freshwater and saltwater network rehabilitation and expansion); (iii) sewage design engineer (3 person-months intermittent inputs for detailed design and documentation of the sewerage network rehabilitation and expansion); (iv) an electrical engineer (4 person-months intermittent inputs for design of the high voltage busbars and protection equipment, switchgear, power plant data monitoring system, and distribution network rehabilitation); (v) a hygiene awareness (4 person-months intermittent inputs for the design and monitoring of the hygiene awareness program); (vi) an environmental specialist (3 person-months intermittent inputs to assist establish the project's environmental monitoring procedures, updating of initial environmental assessments, on-the-job training in preparation of environmental management plans and environmental monitoring for the national environment specialist); (vii) a resettlement specialist (3 person-months full-time inputs to update the project's resettlement plan and provide on-the-job training in preparation of resettlement plans and resettlement monitoring for the national resettlement specialist); (viii) a gender specialist (3 person-months intermittent inputs to facilitate the implementation and monitoring of the project's gender action plan); and (ix) 2 No. civil design computer-aided design (CAD) specialists (each with 4.0 person-months intermittent inputs to prepare the project design drawings and to conduct on-the-job CAD design training for the national CAD operator).

38. The national consultants will include (i) 2 No. construction supervisors (each with 21 person-months intermittent inputs to monitor and provide construction oversight); (ii) a CAD operator (6 person-months of intermittent inputs to prepare project drawings); (iii) a community participation / gender specialist (33 person-months intermittent inputs) to support implementation of the project community activities, and implementation and monitoring of the gender action plan; (v) an environmental specialist (9 person-months intermittent inputs); (v) a resettlement / land acquisition specialist (6 person-months intermittent inputs, to prepare resettlement plans, assist KAJUR with land acquisition issues, and monitor project resettlement / land acquisition activities); and (vi) an office assistant (full-time for 33 person-months). A tentative PIA consultant staffing schedule is set out in Table 2.

Table 2; Tentative Consultant Input Schedule (person-months)

Position	Total Inputs	2015	2016	2017	2018
International Consultants					
Team Leader – Contracts Engineer	31	2	10	10	9
Water Supply Design Engineer	4	1	3		
Sewerage Design Engineer	3	1	2		
Electrical Engineer	4	2	2		
Hygiene Awareness	4	1.5	1	1.0	0.5
Environmental Specialist	3	0	1.5	1.5	
Resettlement Specialist	3	0	1.5	1.5	
Gender Specialist	3	0.5	2	0.5	
Civil Design CAD Specialist (2 No., 4 months each)	8	2	6		
TOTAL International	63	10	29	14.5	9.5
National Consultants					
Construction Supervisor (2 No., 21 months each)	42	2	14	19	7
Community Participation/Gender Specialist	33	2	11	11	9
Environmental specialist	9	0	3	3	3
Resettlement Specialist	6	0	2	2	2
CAD Operator	6	1	5		
Office assistant/Accounting officer	33	2	11	11	9
TOTAL National	129	7	46	46	30

39. In addition, the consultancy will include: (i) topographic and cadastral surveys required for design of the project works; (ii) materials testing and investigations, including geotechnical investigations and field and laboratory testing of soils, required for engineering design and quality control during construction; and (iii) a leak detection survey covering both the freshwater and saltwater distribution networks.

40. The PIA consultants will report to the PMU project manager. The PIA consultants will assist the PMU to deliver the project outputs and assist KAJUR improve the delivery of its water supply sewerage, and electricity services. Roles of the PIA consultants will include (but not be limited to):

- (i) **Project Output 1: Secure and safe freshwater supplies.** Assisting KAJUR to design, prepare bid documents, procure, and implement works to rehabilitate and augment the freshwater supply network comprising:
 - (a) a new freshwater pumping station;
 - (b) upgrading approximately 1,140 feet of water distribution mains from 6 inch to 8 inch diameter;

- (c) installation of an elevated freshwater reservoir with a capacity of 25,000 gallons;
- (d) replacement of up to 3,900 feet of 4 inch and 6 inch diameter mains (subject to the findings of the leak detection investigation to be provided by the PIA consultants through a leak detection sub-consultancy after Items (a), (b), and (c) above have been commissioned);
- (e) replacement of up to 800 freshwater service connections including installation of prepayment water meters on all freshwater service connections; and
- (f) expanding the freshwater supply network by approximately 520 feet and construction of service connections to approximately 365 households which are currently not serviced

(ii) **Project Output 2: Effective, and efficient sewerage services.** Assisting KAJUR to design, prepare bid documents, procure, and implement works to:

- (a) upgrade the sewerage collection system through: (i) reconstruction of all sewage pump stations (4 No.), (ii) rehabilitation or replacement of 1,475 feet of existing sewer, and (iii) rehabilitation or replacement of 120 manholes;
- (b) upgrade the saltwater supply system including: (i) rehabilitation or replacement of 1,650 feet of saltwater mains, (ii) rehabilitation or replacement of 880 saltwater service connections, (iii) construction of an elevated saltwater reservoir with a capacity of 12,500 gallons, and (iv) replacement of corroded fire hydrants (which are connected to the saltwater supply system) with 62 standpipes and purchasing a new fire truck;
- (c) expand the sewerage system by approximately 1,630 feet and construction of service connections to approximately 445 households which currently not serviced; and
- (d) improve the treatment and disposal of sewage by: (a) installing primary sewage treatment facilities (milli-screens), and (b) construction of a lagoon outfall with a length of 1,150 feet discharging at a depth of 115 feet.

(iii) **Project Output 3: Enhanced hygiene awareness and improved hygiene behaviors.** Assisting KAJUR to design and implement a gender sensitive hygiene awareness and promotion program, building upon hygiene awareness and promotion activities undertaken during the project preparation, will be implemented over 4 years and will include:

- (a) educational and awareness activities focusing primarily on women and children and delivered through schools, womens groups, and community service organizations, that promote good sanitation and hygiene practices that help prevent water and sanitation related diseases; and
- (b) upgrading and expanding sanitation facilities at schools (separate toilets for girls/boys) where the ratio of students to functioning toilets exceeds 150 students per toilet.

- (iv) **Project Output 4: Secure electricity supply for water supply and sewerage operations.** Assisting KAJUR to design, prepare bid documents, procure, and implement:
 - (a) replacement the high voltage busbars and protection equipment at the Ebeye power station;
 - (b) replacement of the existing switchgear;
 - (c) installation of a power plant data monitoring system;
 - (d) replacement of all wooden power poles.
- (v) **Effective project management.** Assisting the KAJUR PMU with the project detailed engineering design, procurement, contract administration, supervision, monitoring, reporting, and quality and cost control.

1. Scope of Works

41. Specific tasks of the PIA consultants will include, but not be limited to:

A. Confirmation of the project scope and consultant inception activities

- (i) Review all available data including the Water Supply, Sewerage, and Electricity master plans (March 2015).
- (ii) Prepare the project's communication plan and the project consultation and participation plan.
- (iii) Consult with key stakeholders (including, but not limited to, the Government of RMI, the Kwajalein Leadership (traditional leaders), the Kwajalein Atoll Local Government, KAJUR, civil society organizations and non-government agencies) and seek their views on project scope and proposed outputs.
- (iv) Assess the assumptions and recommendations of the Water Supply, Sewerage, and Electricity master plans (March 2015).
- (v) Prepare a draft and inception report detailing the inception phase activities and the findings of the review of the project scope including recommended amendments to the project scope for review by the project stakeholders.
- (vi) Conduct a project inception / scope review workshop.
- (vii) Update the project inception report to incorporate comments and suggestions by stakeholders.
- (viii) Assist the PMU in providing all necessary information to the project steering committee (PSC) to enable the PSC to confirm the scope of the project within 4 weeks of the project inception / scope review workshop.

B. Project Output 1: Secure and safe freshwater supplies.

- (i) In accordance with the provisions of Section F (b) below, prepare detailed designs and bid documents (including specifications) and prepare cost estimates to rehabilitate and expand the Ebeye freshwater supply network as described in Paragraph 40 (i) above. . Support provision of awareness-raising sessions on

HIV/AIDS and STIs, sexual harassment, and women's safety for contractors and construction workers.

Note. A new saltwater reverse osmosis (SWRO) plant may be procured through design - build contract possibly prior to or during the selection of the PIA consultants. While the PIA consultants will be responsible for the supervision and administration of the design-build contract (including review and endorsement of design, "shop", and construction drawings and specifications prepared by design – build contractors), the PIA consultants will not be responsible for the preparation of the detailed designs for SWRO plant procured through the design-build contract.

C. Project Output 2: Effective and efficient sewage services.

- (i) In accordance with the provisions of Section F (b) below, prepare detailed designs and bid documents (including technical specifications): (i) to rehabilitate and expand the Ebeye sewerage system as described in Paragraph 40 (ii)(a), (b), and (c); (ii) for the supply, installation, and management (for up to 3 years) of the proposed sewage treatment facility as described in Paragraph 40 (ii) (d) (a); and (iii) construction of the lagoon outfall as described in Paragraph 40 (ii)(d)(b). Support provision of awareness-raising sessions on HIV/AIDS and STIs, sexual harassment, and women's safety for contractors and construction workers.

D. Project Output 3: Enhanced hygiene awareness and improved hygiene.

- (i) In consultation with government agencies (particularly the Ministry of Health and the Ministry of Education), NGOs, and civil society organizations, review the proposed hygiene awareness program developed during the project preparatory technical assistance. Identify gaps and weaknesses in the program and opportunities to enhance community awareness of hygiene issues and to foster the behavioral changes required for sustained improved hygiene. This will include review from a gender perspective and ensuring the program and the materials are gender sensitive.
- (ii) If required, refine the design of the hygiene awareness and education program. The program will be delivered by an Ebeye-based NGO which will be recruited, managed and paid by the PIA consultants. The program, while targeting the broader Ebeye community, will pay particular attention to delivery of health and hygiene information to children and youth (through schools and youth groups) and to women (potentially through womens groups). Prepare a briefing note, for endorsement by the PSC, detailing the proposed program and implementation schedule.
- (iii) Upon receipt of the PSC endorsement of the hygiene awareness and education program, implement the program. This includes implementation of specific actions that are included in the gender action plan with regard to implementation of hygiene awareness and promotion program. E.g. ensure at least half of the community mobilizers/facilitators are women.
- (iv) Prepare monthly reports on hygiene awareness activities (to be incorporated into monthly PIA consultant reports) detailing, but not limited to,: (i) activities conducted during the previous month and persons involved in those activities (sex disaggregated data on participation); (ii) issues raised by stakeholders; (iii)

suggested changes to enhance the program design; (iv) program risks; and (v) activities proposed over the coming month.

- (v) In consultation with the KAJUR, the Ministry of Education, and Ebeye school boards, identify schools with inadequate student sanitation facilities (ratio of students to functioning toilets exceeds 150 students per toilet), and prepare a working paper, for the consideration of the PSC, recommending schools which to benefit from the project's school sanitation upgrading program.
- (vi) Upon receipt of direction from the PSC on Ebeye schools to benefit from the project's school sanitation upgrading program and in accordance with the provisions of Section F (b) below, prepare detailed designs and bid documents (including specifications) and prepare cost estimates to rehabilitate and expand the school sanitation facilities described in Paragraph 40 (iii)(b) above. Ensure construction of separate sanitation facilities for girls and boys in accordance with privacy and security standards.

E. Project Output 4: Secure electricity supply for water supply and sewerage operations.

- (ii) In accordance with the provisions of Section F (b) below, prepare detailed designs and bid documents (including technical specifications): to rehabilitate and expand the Ebeye electricity system as described in Paragraph 40 (iv).

F. Effective project management.

a. *Project Administration and Monitoring*

- (i) In consultation with the key project stakeholders, prepare the projects monitoring and evaluation and performance evaluation frameworks in accordance with the Australian Department of Foreign Affairs and Trade Performance Assessment and Evaluation Policy (<http://aid.dfat.gov.au/Publications/Documents/monitoring-evaluation-standards.pdf>). The PEF will be finalized shall be finalized within 3 months of the fielding of the PIA consultants and shall be aligned with the project's design and monitoring framework and shall include, at minimum, a monitoring and evaluation framework (MEF), an implementation schedule, and a risk matrix. Identify and obtain the endorsement of key stakeholders of appropriate indicators, including gender-sensitive indicators, for inclusion in the MEF.
- (ii) Review and update the Project Administration Manual (PAM) including, but not limited to, the project implementation schedule and the project procurement plan within 3 months of initial fielding of the PIA consultants and thereafter annually. Copies of the updated PAM shall be provided to the PMU the ADB project officer.
- (iii) Establish and maintain separate project accounts and records by funding source for all expenditures incurred on the project. Project accounts will follow international accounting principles and practices. The project accounts will be audited annually by an external auditor appointed by the Ministry of Finance.
- (iv) Prepare draft loan withdrawal applications for the payment of eligible project costs. Submit the draft withdrawal applications to the Ministry of Finance for verification and sign-off by authorized signatories.

- (v) Facilitate and monitor the implementation of the gender action plan (GAP) including creating gender awareness within KAJUR and ensuring that the gender employment targets outlined in the GAP are achieved.
 - (vi) Provide other services to the PMU as necessary to deliver the project.
 - (vii) Ensure all contractors and consultants comply with the laws of RMI, ADB's Safeguard Policy Statement, and ADB's Anticorruption Policy⁸
 - (viii) Assist in staff training and environmental compliance during project implementation.
 - (ix) Provide orientation for the PMU and Environmental Protection Agency (EPA) personnel on safeguard measures, including implementation of the Environmental Management Plans (EMP) and Resettlement Plans (RPs).
 - (x) Provide training for PMU and EPA staff responsible for designing and implementing safeguard measures.
 - (xi) Assist with project staff training to ensure that environmental and social measures are well understood and implemented effectively.
 - (xii) In consultation with the PMU Project Manager, prepare: (i) quarterly progress reports in a format to be agreed by the Ministry of Finance, KAJUR, the PMU, and ADB; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan, and (d) updated implementation plan for the next 12 months quarterly progress reports in a format consistent with ADB's project performance reporting system; and (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan, and (d) updated implementation plan for the next 12 months. Provide support to the PMU in the preparation of the semi-annual progress reports on the GAP implementation
 - (xiii) Assist the PMU Project Manager to prepare the contract completion reports satisfactory to Government of RMI and ADB, and ensure as-built data, such as as-built drawings, equipment operations and maintenance manuals, and guarantees, are collected and collated at the completion of each contract.
- b. Design and Contract Administration*
- (i) Drawing on published data for RMI, identify the climate change challenges facing RMI and ensure that the predicted climate change impacts are incorporated in the design of infrastructure to be developed under the project to maximize the climate change resilience while maintaining the economic feasibility of the infrastructure to be developed.
 - (ii) In consultation with the key project stakeholders including (but limited to) KAJUR and Government agencies, identify appropriate technical standards for the Project. Prepare a brief working paper outlining the persons and agencies consulted, issued discussed, current applicable standards (if any), risks

⁸ See <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf> ; <http://beta.adb.org/documents/anticorruption-and-integrity-policies-and-strategies>

associated with adopting specific standards, and recommended standards to be adopted for the project for consideration and approval by KAJUR.

- (iii) Identify information required and organize for surveys and capture of all data necessary for the preparation of bid documents for the project components, including (but not limited to) topographic and cadastral data, geotechnical conditions and geotechnical design parameters, and the location of existing services that may be affected by the works. Note: the costs for the surveys will be met from the provisional sums for surveys in the consulting services contract.
- (iv) Prepare and complete technical designs, including bills of quantities, provision of detailed cost estimates and scopes of work for subprojects. Prepare brief design reports at the 30% and 70% design completion stages and a detailed design report at the 100% design completion stage presenting design parameters and assumptions, applicable standards and basis of design, operational requirements, estimated capital cost, estimated annual operations and maintenance costs, and asset life-cycle cost assuming a 25-year asset life. Note: the costs for the architectural, structural engineering, and mechanical engineering designs will be met from the provisional sums for architectural, structural engineering, and mechanical engineering designs in the consulting services contract.
- (v) Assist the PMU prepare specifications for the purchase of equipment and materials.
- (vi) Prepare draft bidding documents for subprojects following ADB's procurement procedures and using standard bidding documents and guidelines. Submit the draft bid documents to the PMU and ADB for review and update the bid documents in response to comments and suggestions provided by the KAJUR, the PMU, and ADB.
- (vii) Ensure that subproject-specific environmental, gender, and social mitigation measures are incorporated into contract documents and comply with the laws of RMI and ADB's Safeguard Policy Statement (2009).
- (viii) Assist the PMU to procure goods, works, and consultancies in accordance with ADB Procurement Guidelines (March 2013 and as updated from time to time) and Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (March 2013 and as updated from time to time).
- (ix) Evaluate bids and prepare bid evaluation reports including recommendations for contract awards.
- (x) Prepare the necessary documentation for contract signing and contractor mobilization.
- (xi) Prepare construction schedules, and provide overall supervision of construction and quality control on works.
- (xii) Administer subproject contracts including processing of progress certificates, review of extension of time claims, preparation of change orders and non-conformance notices, subproject implementation progress monitoring, and subproject cost monitoring.
- (xiii) Provide effective and regular supervision of the works. Supervise quality control tests to ensure that the works are executed in accordance with established standards, criteria, specifications, procedures, and approved design and

environmental aspects in compliance with the environmental management and monitoring plan and the construction schedule.

- (xiv) Review the design and construction contractor's drawings and calculations to check arrangements for optimized operation and maintenance and verify compliance with contract specifications.
- (xv) Assist in observation and testing of materials and equipment.
- (xvi) Supervise and evaluate the implementation of environmental mitigation and monitoring measures as specified in the environmental management plan (EMP). This includes undertaking the environmental monitoring audits as prescribed.
- (xvii) Review the equipment manufacturers' drawings and calculations to check arrangements for optimized operation and maintenance and verify compliance with contract specifications.
- (xviii) Review the procurement and delivery program for each supply contract financed under the project to ensure compatibility and timely coordination with other contracts and civil works.
- (xix) Develop and implement applicable procedures required to ensure adequate control of manufacturing, factory tests, delivery, and acceptance of materials and equipment. Assist with the unpacking and checking of the materials and equipment, follow up on the delivery of delayed components, and make claims.
- (xx) Help review proposals for equipment commissioning tests and trial operation plans.
- (xxi) Respond to contractor requests for information in all matters related to interpreting contract documents, ground survey controls, quality control testing, and other matters relating to the contract under the project.
- (xxii) Maintain a permanent record of all quantities for payment and test results.
- (xxiii) Identify potential risks to KAJUR and the Government of RMI in the implementation of contracts, including cost over-runs, delays, and non-conformance with project specifications.
- (xxiv) Where necessary, coordinate design changes to achieve to-time and to-budget subproject delivery. Prepare change orders, and assist the project manager to negotiate with the contractor to implement the changes.
- (xxv) Update the EMP as necessary, including carrying out supplemental environmental assessments for additional subprojects appraised after grant approval
- (xxvi) Monitor and supervise resettlement and other social impact mitigation activities, as defined in the resettlement plan (RP).
- (xxvii) Update RP in accordance with ADB's Safeguard Policy Statement.

2. Specialist Qualifications and Experience

42. The qualifications and experience required for each of the specialist to be provided by the consulting firm are outlined below:

International Consultants

a. Team Leader/Project Management Specialist (31 person-months)

The Team Leader/Project Management Specialist will have a degree in civil engineering and have at least 15 years demonstrated experience in planning, designing and implementing urban infrastructure projects including at least 10 years in planning, designing and implementing water supply and sewerage projects. Knowledge of ADB procurement and reporting procedures and small developing nation experience is essential. The Team Leader/Municipal Engineer must also have at 10 years demonstrated experience in managing multi-disciplinary teams. The Team Leader/Project Management Specialist will be responsible for ensuring satisfactory performance of the PIA consultants and assist the PMU Project Manager with the day-to-day management of the Project. The Team Leader/Project Management Specialist will finalize the detail design reports and bid documents and will assist the PMU Project Engineer to administer and oversee the project's construction contracts. Team Leader/Project Management Specialist will report to the PMU Project Manager.

b. Water Supply Design Engineer (4 person-months)

The Water Supply Design Engineer will be a civil engineer with qualifications from a recognized university and at least 10 years of experience in the design of municipal water supply systems. Profession experience in atoll nations will be considered favorably. The Water Supply Design Engineer shall report to the Team Leader/Project Management Specialist and will be responsible for the design and implementation of the project's sewerage network components.

c. Sewerage Network Design Engineer (3 person-months)

The Sewerage Network Design Engineer will be a civil engineer with qualifications from a recognized university and at least 10 years of experience in the design of municipal sewerage system including primary sewage treatment facilities. Profession experience in the design and management of saltwater sewer systems as well as experience obtained in Pacific Island nations will be considered favorably. The Sewerage Network Design Engineer shall report to the Team Leader/Project Management Specialist and will be responsible for the design and implementation of the project's sewerage network components.

d. Electrical Engineer (4 person-months, intermittent)

The Electrical Engineer will have a degree in electrical engineering from a recognized university and more than 10 years demonstrated experience in the design of small electricity distribution systems and assets and design of power plant monitoring systems. The Sewage Treatment Process Engineer will report to the Team Leader/Project Management Specialist and will be responsible for the design of the project's sewage treatment components.

e. Hygiene Awareness (4 person-months- intermittent)

The Hygiene Awareness will have qualifications in hygiene promotion or similar relevant qualifications from a recognized institution and more than 10 years demonstrated experience in the designing, implementing, and monitoring hygiene awareness programs. The Hygiene Awareness will report to the Team Leader/Project Management Specialist and will be responsible for the design, facilitating the implementation, and for monitoring of the hygiene awareness program. The Hygiene Awareness will work closely with the gender specialists.

f. International Environmental Specialist (3 person-months- intermittent)

The International Environmental Specialist will have academic qualifications in environmental science or closely related fields, and a minimum of 10 years' experience in the environmental assessments and the preparation of environmental impact assessments for small urban infrastructure projects in developing nations. Demonstrated experience in the training national personnel in the assessment of environmental impacts is essential. The International Environmental Specialist will be responsible for establishing frameworks and procedures for: (i) updating initial environmental evaluations (IEEs) and EIAs; (ii) monitoring the implementation of environmental monitoring plans (EMPs) for project construction activities; (iii) assist EPA to monitor compliance with environmental statutory requirements relating to the operation of SWRO plant and the Ebeye sewerage system and sewage treatment plant. The International Environmental Specialist will be a mentor for the National Environmental Specialist. The International Environmental Specialist shall report to the Team Leader/Project Management Specialist.

g. International Resettlement Specialist. (3 person-months- intermittent)

The Resettlement Specialist will have a master's degree in social sciences or related fields, at least 10 years' experience in resettlement and participatory planning and implementation, excellent management and communication skills, and have in-depth knowledge and experience with ADB's safeguard policies and requirements. The Resettlement Specialist will report directly to the Team Leader/Project Management Specialist and will be responsible for the updating the land acquisition and resettlement plans and will be a mentor for the National Resettlement Specialist.

h. International Gender Specialist (3 person-months- intermittent)

The Gender Specialist will have a master's degree in a relevant social science, preferably in gender, from a recognized university and more than 10 years demonstrated experience in mainstreaming gender (preferably in the water, sanitation and hygiene sector), including designing, implementing and monitoring gender measures. The Gender Specialist will report to the Team Leader/Project Management Specialist and will be responsible for assisting the PMU in facilitating and monitoring the implementation of the project's gender action plan, as well as building capacity in gender. The international gender specialist will be a mentor for and guide the national community participation/gender specialist.

i. Civil Engineering Design CAD Specialists. (2 No. 4 person-months- intermittent each)

The GIS/CAD Specialists will have formal qualifications in civil engineering (diploma or higher) and at least 10 years' experience in the design and preparation of CAD design drawings for water supply and sewerage systems. The Civil Engineering Design CAD Specialists will report to the Team Leader/Project Management Specialist and will be responsible for (i) establishing the drafting standards to be adopted for the project; (ii) establishing the CAD bases for the project; (iii) mentoring (and where necessary training) of the National GIS/CAD Specialist; and (iv) production and quality control of the project design drawings.

National Consultants

a. *Construction Supervisors (2 No. 18 person-months, full-time each)*

The Construction Supervisors will have formal civil engineering or construction qualifications (diploma or higher) from a recognized institutional and at least 10 years of experience in the design and construction of municipal infrastructure (preferably water supply and sewerage systems). The Construction Supervisors will report to the Team Leader/Project Management Specialist to monitor and administer the project's water supply and sewerage contracts.

b. *CAD Operator (6 person-months- intermittent inputs)*

The CAD Operators will have formal qualifications in computer-aided design (CAD) and at least 3 years' experience in CAD drafting. The CAD Operators, working with the PMU Staff and other PIA consulting team members, will be responsible for the production of the project design drawings. The CAD Operators shall report to Team Leader/Project Management Specialist.

c. *Community Participation / Gender Specialist (33 person-months, full-time)*

The Community Awareness and Participation / Gender Specialist will have qualifications in a relevant social science discipline and at least 7 years' experience in the design and implementation of consultative processes for development projects. The Community Awareness and Participation / Gender Specialist will also have a good understanding of gender issues, and preferably experience in gender mainstreaming. The Community Awareness and Participation Specialist (National) will report to the Team Leader/Project Management Specialist. The Community Participation / Gender Specialist (National), working with the PMU Safeguards Manager, will be responsible for the design and implementation of the design and implementation of the project's community awareness and gender activities included in the GAP. The Community Awareness and Participation / Gender Specialist will work closely with the international gender specialist, the hygiene awareness specialist and the NGO contracted to implement the hygiene awareness program.

d. *Environmental Specialist (9 person-months, intermittent)*

The Environmental Specialist (National) will have academic qualifications in environmental science or closely related fields, and a minimum of 5 years' experience in the environmental assessments and the preparation of environmental impact assessments. The Environmental Specialist (National) will assist the International Environmental Specialist in: (i) updating initial environmental evaluations (IEEs) and EIAs; (ii) monitoring the implementation of environmental monitoring plans (EMPs) for project construction activities; (iii) assist EPA to monitor compliance with environmental statutory requirements relating to the operation of the water supply and sewerage systems on Ebeye. The Environmental Specialist shall report to Team Leader/Project Management Specialist.

e. *Resettlement Specialist (6 person-months, intermittent)*

The Resettlement Specialist will have a degree in social sciences or related fields, at least 5 years' experience in resettlement or land acquisition and participatory planning and implementation, excellent management and communication skills. The Resettlement Specialist will report directly to the Team Leader/Project Management Specialist and will be responsible for the preparation and updating of land acquisition and resettlement plans, assist KAJUR with land acquisition issues, and monitor the project's resettlement / land acquisition activities.

f. Office Assistant/Accounting Officer (33 person-months, full time)

The Office Assistant/Accounting Officer will provide general office administration and reception duties will be responsible for maintaining the project accounts under the guidance of the PMU Finance Officer. Demonstrated book keeping experience is essential. The Office Assistant/Accounting Officer will report to the Team Leader/ Project Management Specialist.

(II) Financial Management Advisor (Individual, 5.5 person-months intermittent inputs over 3 years commencing Q4 2015)

43. The Financial Management Advisor will build KAJUR's financial management capacity and support the preparation the project's financial documentation. The Financial Management Advisor will have a degree in accounting, finance, or a related field, and will have a recognized professional accountancy qualification and at least 15 years' experience in financial management including experience in building the financial management capacity of power or water utilities. The Financial Management Advisor will report to the KAJUR's General Manager.

44. Specific tasks and responsibilities of the Financial Management Advisor will include:

- (i) Review current revenue collection, receipting, and banking procedures; implement strengthened internal financial control procedures as required and train KAJUR staff thoroughly in their use;
- (ii) Review KAJUR's financial management and financial record keeping procedures. Prepare guidelines for financial record management and monitor the implementation of the guidelines.
- (iii) Review the current financial accounting and reporting tools (including adequacy of software and computer hardware) and design and implement improved procedures, including establishing and monitoring financial indicators, as required;
- (iv) Prepare guidelines for quarterly and annual financial reporting and train KAJUR staff in the use. Assist KAJUR finance personnel in the production of routine, quarterly, and annual financial reports and accounts required for internal and external use, including an Annual Report;
- (v) Conduct annual reviews of the power, water supply, and sewerage tariffs in relation to achieving the KAJUR goal of full cost recovery (operations and maintenance costs, depreciation, and debt servicing) from revenue. Recommend amendments to the KAJUR tariff framework, for KAJUR Board consideration, to improve KAJUR's financial sustainability.

(III) Utility Management Specialist (Individual, 2.0 person-months full-time inputs)

45. The Utility Management Specialist will assist KAJUR to optimize its staff structure. The Utility Management Specialist will have a degree in human resource management, or a related field, and at least 15 years' experience in financial management including experience in building the financial management capacity of power or water utilities. The Utility Management Specialist will report to the KAJUR's General Manager.

46. Specific tasks and responsibilities of the Financial Management Advisor will include:

- (i) Assess KAJUR's current staff and salary structure in relation to KAJUR's mandate to provide electricity, water supply, and sewerage services and KAJUR's corporate goals. Identify staffing gaps and duplications and

- suggest a draft KAJUR staff structure to ensure KAJUR fulfills its mandate to provide electricity, water supply, and sewerage services.
- (ii) Prepare duty statements for all positions identified in the draft KAJUR staff structure.
 - (iii) Identify and assess incentives to maximize staff productivity.
 - (iv) Prepare a report, for the consideration of the KAJUR Board, detailing the review of KAJUR's current staff and salary structure and its findings. The report will include recommendations relating to optimizing KAJUR's staff structure and suggest incentives to maximize staff productivity.

(IV) Water and Sewer Operations Specialist (Individual, 7.5 person-months intermittent inputs over 3 years commencing Q1 2017)

47. The Water and Sewer Operations Specialist will build water and sewer operations capacity within KAJUR. The Water and Sewer Operations Specialist will have a civil engineering or mechanical engineering or environmental engineering qualifications from a recognized university plus a minimum of 20 years water utility experience with at least the last 10 in a senior leadership capacity. The Water and Wastewater Advisor will report to KAJUR's General Manager. The Water and Sewer Operations Specialist must have demonstrated experience knowledge in the following areas: (i) contract management of water supply projects, (ii) planning and design of water supply schemes, (iii) quality assurance and quality control systems, (iv) environmental requirements for civil infrastructure development, (iv) organizational change management and in capacity building in water supply utilities, (v) electronic project scheduling; and (vi) health and safety in the workplace. Experience obtained in Pacific developing nations will be viewed favorably.

48. Specific tasks and responsibilities of the Water and Sewer Operations Specialist will include:

- (i) Provide strategic advice to KAJUR and the PSC on policies and policy development for the delivery of sustainable water supply and wastewater services and infrastructure on Ebeye.
- (ii) Assist the KAJUR to develop its Water and Wastewater Operations Division (WWO) personnel plans, budgets, asset register, asset management and development plans, and policies relating to KAJUR water and sewer customer obligations, operational performance targets and benchmarks, tariffs and charges,
- (iii) Assist the KAJUR to strengthen its: (i) administration of water supply and sewerage contracts (including design and supervision consultancy contracts), and (ii) quality control of infrastructure and services delivered under the Ebeye Water Supply and Sanitation project and other water and sewerage projects administered by KAJUR:
- (iv) Assist KAJUR design and implement preventative maintenance programs and ensure that KAJUR's water supply and sewerage assets remain in a serviceable condition at all times.
- (v) Assist KAJUR establish emergency procedures to ensure that KAJUR water supply and sewerage services are maintained during emergencies and that KAJUR water supply and sewerage personnel are trained in the emergency procedures. Ensure proper communication channels are maintained to alert the public and the appropriate officials in actions and issues relating to any emergency.

- (vi) Where appropriate, undertake an analysis of the KAJUR's water supply and sewerage networks and design and implement programs to cost effectively optimize network performance, to minimize technical and non-technical losses (water supply networks), inflow and infiltration (wastewater networks) and to minimize the energy required to effectively operate the water supply and wastewater networks at the agreed level of service;
- (vii) Advise KAJUR management of current and impending technical issues in the provision of water supply and sewerage services and propose technically and financially appropriate options for the consideration of Management;
- (viii) Update water supply demand and sewer loading projections for the KAJUR water supply and sewerage networks;
- (ix) Design and implement operational procedures for the KAJUR water supply and sewerage networks; and
- (x) To the extent authorized by the KAJUR General Manager, assist KAJUR in communications relating to KAJUR's water supply and sewerage operations matters with stakeholders.

(V) Household Water Service and Sanitation Fixtures Program Manager (Individual, 60 person-months full-time inputs over 5 years commencing Q2 2016)

49. The Household Water Service and Sanitation Fixtures Program Manager (“Fixtures Program Manager”) will design, manage, and implement KAJUR’s Household Water Service and Sanitation Fixtures Program. The Fixtures Program Manager will have formal qualifications in plumbing or drain laying and at least 10 years’ experience in planning, managing and implementing installation of household water service and sanitation fixtures. The Fixtures Program Manager will report to General Manager of KAJUR. Relevant experience obtained in other countries including the United States or Pacific developing nations will be viewed favorably.

50. Specific tasks and responsibilities of the Fixtures Program Manager will include:

- (i) Develop strategies to identify households requiring basic water service and sanitation fixtures or requiring repair or replacement of basic households water service and sanitation fixtures. The strategies will focus on ensuring all households on Ebye have access to KAJUR freshwater and sewerage services and minimize leakage for freshwater and saltwater services within households. The strategies will include frameworks for prioritizing assistance for households. Those households in greatest hardship or without access to piped freshwater and sewerage should be given the immediate priority. Recommend options for charging for the services (if any) to ensure: (a) all households can afford household water service and sanitation fixtures; and (b) the Household Water Service and Sanitation Fixtures Program is financially and technically sustainable (such as a revolving fund). In consultation with the General Manager of KAJUR, identify the obligations of KAJUR and households in relation to the Household Water Service and Sanitation Fixtures Program and prepare a standard customer agreement. Document the strategies, program pricing options, and proposed standard customer services agreement in a Household Fixtures Design Report inclusive of recommendations for the consideration by the PSC.
- (ii) Following PSC approval of the Household Fixtures Design Report recommendations, undertake household surveys and identify households that; (a) require basic water service and sanitation fixtures; and (b) households having at least basic water service and sanitation fixtures which require repair or replacement. Prepare the Household Water Service and Sanitation Fixtures Program for installation or repair of basic household water service and sanitation fixtures to be delivered over a period of 3 years.
- (iii) Manage the implementation of the Household Water Service and Sanitation Fixtures Program. Specific tasks of the Fixtures Program Manager will include (but not be limited to):
 - (a) Liaising with households and obtaining customer agreements to participate in the program;
 - (b) Scheduling of works and preparing work orders;
 - (c) Ordering parts, fittings, and materials required for the program and managing stocks;
 - (d) Recruiting contractors or personnel to undertake the installation and or repair of basic household water service and sanitation fixtures;
 - (e) Overseeing installation or repair works at each household and certify the works as complete and meeting KAJUR requirements;

- (f) Undertake follow-up visits to households to ensure that the new or repaired water service and / or sanitation fixtures are functioning and are not leaking and the customers are meeting their obligations under the customer services agreement; and
- (g) Monitor program expenditure and prepare progress reports.

VI. SAFEGUARDS

51. The project has been classified as Category B for environment, and Category B for involuntary resettlement, and Category C indigenous persons. An initial environmental evaluation (IEE) and a resettlement plan have been prepared for the project.

52. KAJUR will have overall responsibility on the project's compliance with safeguard requirements. KAJUR will also coordinate with relevant government agencies, including the Environmental Protection Agency (EPA), as needed. The PMU will be responsible for following the government's environmental assessment procedures and ADB's Safeguards Policy Statement, 2009 (SPS),⁹ and obtain necessary safeguard clearances prior to start of civil works from ADB and the government.

53. Pursuant to the SPS, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

54. **Environment.** An initial environmental examination has been prepared in accordance with the SPS. The project provides positive environmental benefits through improving the environmentally safe collection and treatment of sewage on Ebeye. Sewage overflows within the collection network will be reduced significantly. The quality of sewage treatment will meet appropriate standards for the marine environment. Sludge disposal will go to landfill complying with international standards. Adverse environmental impacts of the Project will mainly be construction impacts, which are expected to be minimal for land based works. The proposed sewer effluent outfall construction on the lagoon reef, will require that adequate mitigation measures are implemented. The environmental management plan outlines the risks and mitigating actions to be undertaken during project implementation.¹⁰

55. **Involuntary resettlement and indigenous peoples.** A resettlement plan was prepared for the project in accordance with the SPS. The majority of the civil works will be constructed on land which is currently leased to the Kwajalein Atoll Development Authority which dedicates existing and planned road and utility corridors to public use in perpetuity. The project will have minor resettlement impacts affecting 20 households (or 147 persons) including acquisition of easements (approximately 0.54 hectares) and small-scale resettlement impacts on a few households (e.g. temporary relocation of fences, relocation of rainwater tanks, etc.) to enable the expansion of the water supply and sewerage system. KAJUR and the Government have committed to finance, implement and monitor the resettlement plan. The resettlement plan will be updated based on a detailed measurement survey which will be undertaken after detailed design is completed and the project's footprint is finalized.

56. The people of Ebeye consider themselves indigenous in terms of ethnic origin. The project is not expected to have a negative impact on any distinct or vulnerable group of indigenous peoples as defined under the SPS. All project safeguard documents will be disclosed on ADB's website. The project will support capacity development within KAJUR to manage safeguards.

⁹ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

¹⁰ Initial Environmental Evaluation (accessible from the list of linked documents in Appendix 2).

57. The project manager, supported by the PIA consultants, will manage the day-to-day activities, including safeguard activities. An international environmental specialist will be responsible for facilitating and supervising the implementation of the environmental management plan (EMP) which will include: (i) revising the construction section of the EMPs and ensuring its inclusion the Bid and Contract documents; (ii) reviewing and approving the contractor's EMPs; (iii) training of contractors in implementing the EMPs and monitoring requirements; and (iv) undertaking compliance monitoring of the EMPs.

58. To ensure effective implementation of the land acquisition and resettlement aspects, an international and a national Resettlement Specialist will be recruited to assist the PMU in this regard. Resettlement Specialists will assist the PMU to: (i) update the land acquisition and resettlement plan (LARP), based on the detailed design of the project; (ii) coordinate with the PSC and OCS regarding land acquisition and compensations; (iii) implement, monitor and prepare reports to be submitted to ADB confirming compliance with the LARP; and (iv) prepare documentation to be used for affected persons to signify their satisfaction on the compensation. The consultants will work together with the Office of the Chief Secretary, KAJUR, and ADB to manage the approval and disbursement of the budget for LARP implementation to ensure adherence to the ADB safeguard policies.

59. The international specialists supporting the PMU will be responsible for strengthening KAJUR's capacity in environmental management and land acquisition and resettlement management including undertaking on-the-job training and supporting the national officers so that, during the project, they are able to carry the safeguard programs.

VII. GENDER AND SOCIAL DIMENSIONS

60. Ebeye residents suffer a very high incidence of gastroenteritis and other waterborne diseases. The project impact will be reduced incidence of waterborne diseases. This reduction will be achieved by providing all residents with direct access to safe and sustainable water and sewerage services and by enhancing public awareness of hygiene and water issues. The result will be a healthier and more productive population with fewer private and public funds spent on medical services and fewer work and school days lost to illness. Approximately 25% of all households on Ebeye are not connected to the fresh water supply system, about 33% are not connected to the sewerage system, and less than 50% of households have water supply and sewerage connections. The unconnected households are those that suffer income poverty. Approximately 25% of all residents live on less than \$1.00 per day with no significant subsistence income. The project will reduce poverty of opportunity by improving and extending potable water and sewerage services to all residents. The project will also help institute lifeline rates for potable water, for sewerage, and for electricity so that all households can afford at least the necessary minimum of these essential urban services.

61. The project is categorized as 'Effective Gender Mainstreaming' in design. Women are primarily responsible to take care of the household (including water supply, sanitation and hygiene) and the primary caregivers as well. The burden of caring for sick children and adults falls predominantly on them, resulting in reduced social, economic and educational opportunities. Therefore, efforts to improve access to water and sanitation and to reduce the incidence of waterborne diseases will directly benefit women in particular.

62. The project will emphasize women-oriented health awareness activities under a long-term Hygiene Awareness and Promotion Program to be carried out by (i) Health Outreach

workers attached to Ebeye Hospital, (ii) teachers at Ebeye public schools (operating under proposed MOUs with RMI MOH and MOE), and (iii) public awareness meetings that a NGO is to help organize with community members and women's groups (under proposed MOU).

63. The project gender action plan (GAP) will include the Hygiene Awareness and Promotion Program especially targeting women and children, creation of employment opportunities and skills training for women in operations and maintenance and as part of the household water service and sanitation fixtures program, engagement of an international gender specialist and a national community participation/gender specialist, and training in gender awareness related to service provision for KAJUR staff.

GENDER ACTION PLAN

Project outputs and activities	Gender mainstreaming actions/ targets	Primary responsibility
Output 1: Secure and safe fresh water supplies, and Output 2: Effective and efficient sewerage services		
Construction/ Upgrading	<ul style="list-style-type: none"> • 1,246 households (including about 5,150 women and girls) benefit from water supply system improvement and expansion in unserved areas; • 1,246 households (including about 5,150 women and girls) benefit from sewerage system improvement and expansion in unserved areas; • Provide awareness-raising sessions on HIV/AIDS and STIs, sexual harassment, and women's safety for contractors and construction workers. 	KAJUR KAJUR KAJUR, Contractors, PIAC
Output 3: Enhanced hygiene awareness and improved hygiene behaviors		
Hygiene Awareness and Promotion Program, and construction/ Upgrading of school sanitation facilities	<ul style="list-style-type: none"> • Develop/review Hygiene Awareness and Promotion Program materials on sanitation and hygiene (training, outreach, and science curricula) and ensure they are gender sensitive (e.g. they do not contain content or images that reinforce gender stereotypes) and culturally appropriate; • Provide training to all Health Outreach workers (female and male) attached to Ebeye Hospital in improved sanitation and hygiene. Target: at least 50% of those receiving training are women; • Ensure at least 80% of all teachers (female and male) at Ebeye primary and secondary public schools receive training in improved sanitation and hygiene. Target: at least 50% of those receiving training are women; 	PIAC, KAJUR, PMU PIAC, MOH, NGO PIAC, MOE, NGO

Project outputs and activities	Gender mainstreaming actions/ targets	Primary responsibility
	<ul style="list-style-type: none"> • Implement long-term Hygiene Awareness and Promotion Program, particularly targeted at women and school children (girls and boys). Targets: 1) 90% of women on Ebeye are aware of the benefits of improved sanitation and hygiene; 2) 95% of children on Ebeye between the age of 5 and 15 years participated in the program (50% of them being girls); • Conduct at least 3 types of outreach activities targeting men through adequate avenues to discuss and raise their awareness about increasing their role in improved sanitation and hygiene. Target: 30% of men on Ebeye are aware of the potential role they can play in improved sanitation and hygiene; • Ensure at least 50% of facilitators/community mobilizers for Hygiene Awareness and Promotion Program related activities at community level are women; • Construct separate sanitation facilities for girls and boys in the schools (as per appropriate ratio of students to toilets and security and privacy standards e.g. with lighting on the way to, around and in the facilities, toilets with solid doors and locks on the inside and additional screening if needed). Target: separate toilets for girls and boys in all the schools in which sanitation facilities will be constructed/upgraded. 	<p>NGO, PMU, PIAC</p> <p>NGO, PMU, PIAC</p> <p>NGO, PMU, (PIAC)</p> <p>PMU, MOE, (PIAC)</p>
Financial and technical sustainability of Kwajalein Atoll Joint Utility Resource, Inc.		
<p>Strengthen water and sewerage operations (incl. implementation of a household fixtures program), and capacity development</p>	<ul style="list-style-type: none"> • Provide in-house skills training in water and sewerage operation and maintenance to interested women. Target: 30% of those receiving training are women; • Create employment opportunities for interested women in water and sewerage operation and maintenance (including the household fixtures program). Target: 30% of the new jobs in water and sewerage operation and maintenance are for women; • Advertise through adequate communication channels that reach out to women about the skills training and employment opportunities at KAJUR for women in water and sewerage operation and maintenance; • Establish links with vocational training centers to recruit qualified women for employment opportunities in KAJUR; • Include a gender analysis as part of the staff structure review of KAJUR and provide recommendations for increasing gender balance at technical and managerial levels; • Provide training in gender awareness related to service provision for KAJUR staff. Target: at least 80% of all KAJUR staff participate in this training. 	<p>KAJUR, FPM, (PIAC)</p> <p>KAJUR, (PIAC)</p> <p>KAJUR, (PIAC)</p> <p>KAJUR, FPM, (PIAC)</p> <p>PIAC, KAJUR</p> <p>PIAC, KAJUR</p>

Project outputs and activities	Gender mainstreaming actions/ targets	Primary responsibility
Effective project management		
Project implementation, monitoring and reporting	<ul style="list-style-type: none"> • KAJUR Project Management Unit has a designated 'gender focal point' with responsibility to implement the GAP and monitor gender issues; • Hire a national community participation/gender specialist (33 person-months as part of the PIA team), and one international gender specialist (3 person-months on intermittent basis) to support the national consultant; • The 2 gender specialists will support the PMU in GAP implementation, monitoring and reporting, and build gender awareness within KAJUR; • Regularly collect and analyze sex disaggregated data and integrate gender indicators in the project performance monitoring system; • Regularly monitor implementation of the GAP and report to ADB on progress semi-annually. 	<p>KAJUR</p> <p>KAJUR, PIAC</p> <p>PIAC</p> <p>PMU, (PIAC)</p> <p>PMU, (PIAC)</p>

FPM: fixtures program manager; GAP: Gender Action Plan; KAJUR: Kwajalein Atoll Joint Utility Resource, Inc.; MOE: Ministry of Education; MOH: Ministry of Health; PIA: Project Implementation Assistance; PIAC: project implementation assistance consultants; PMU: Project Management Unit.

Implementation Arrangements

64. The GAP will be implemented by the project management unit (PMU) supported by the project implementation assistance consultants including a national community participation/gender specialist (33 person-months as part of the PIA team) and an international gender specialist (3 person-months on an intermittent basis). The gender specialists will be responsible for incorporating the GAP into project planning and implementation plans, and for the integration of gender related indicators and targets into the project performance and monitoring system.

65. The implementation of the GAP will be regularly monitored by the PMU supported by the two gender consultants. The PMU will report to ADB on the progress of GAP implementation at least semi-annually together with regular progress reports on overall project activities. The project mid-term review will include a review of the progress on GAP implementation.

**VIII. PERFORMANCE MONITORING, EVALUATION, REPORTING AND
COMMUNICATION**

DESIGN AND MONITORING FRAMEWORK

Impact the project is aligned with:

The project impact will be reduced incidence of waterborne disease on Ebeye and is aligned with RMI's national development theme of empowering people and communities to reduce the incidence of "access-related" poverty through improvements in all areas including social, economic, environment, governance, and infrastructure, as articulated in RMI's National Strategic Plan, 2015–2017.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Improved access to safe water and improved sanitation	By 2022, all households on Ebeye are connected to the freshwater and to the sewerage system. (2014 baseline: water supply, 71%; sewerage 64%)	KAJUR records	Population growth on Ebeye exceeds growth projections.
Outputs 1. Secure and safe freshwater supplies 2. Effective and efficient sewerage services 3. Enhanced hygiene awareness and improved hygiene behaviors	1a. By 2019, the minimum quantity of freshwater produced increases to 105 liters per person per day (benefiting about 5,150 women and girls). (2014 baseline: 26 liters per person per day). 2a. By 2019, the frequency of overflows from the sewer network is reduced to less than 25 events per year. (2014 baseline: more than 360) 2b. By 2019, all sewage on Ebeye is treated to at least primary treatment standards (2014 baseline: 0%) 3a. By 2021, 90% of women on Ebeye are aware of the benefits of improved sanitation and hygiene.	1a. KAJUR water production records 2a. EPA reports and observations. 2b. EPA surveillance records 3a. Household health survey reports	The commitment of the Ebeye community and RMI leadership to improving water supply services wanes. The commitment of the Ebeye community and RMI leadership to improving sewerage services wanes. Improved hygiene behaviors are not sustained. Living conditions on Ebeye deteriorate.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
4. Secure electricity supply for water and sewerage operations	(2014 baseline: 50%) 3b. By 2021, 95% of children on Ebeye between the ages of 5 and 15 years have participated in hygiene awareness programs on benefits of improved sanitation and hygiene (disaggregated by sex). (2014 baseline: less than 50%)	3b. Ministry of Education and household health survey reports	KAJUR commitment to proactive asset management wanes.
	4a. By 2019, The SAIDI for the KAJUR electricity distribution system reduced to less than 90 minutes and SAIFI cut to 3 interruptions/customer/year. (2012 baseline: 127 minutes and 5.54 interruptions/customer/year).	4a. Pacific Power Association annual benchmarking reports and KAJUR monthly and annual reports.	
5. Financial and technical sustainability of KAJUR	5a. By 2022, KAJUR fully recovers operation and maintenance costs with power, water, and sewerage revenue. (FY2011 baseline: \$1,864,778 loss). 5b. By 2022, KAJUR has strengthened water and sewerage operation and maintenance (with 30% of jobs held by for women) 5c. By 2022, at least 80% of KAJUR staff successfully complete gender awareness, hygiene, and sanitation training. 5d. The project is fully implemented and within budget.	5a. Annual independent audit reports. KAJUR annual reports 5b. KAJUR annual reports 5c. KAJUR annual reports 5d. KAJUR annual reports	Community willingness to pay for KAJUR water supply and sewerage services is not sustained.

Key Activities with Milestones

1. Output 1: Secure and safe freshwater supplies

- 1.1 Two new saltwater wells constructed and commissioned by December 2015 (by KAJUR)
- 1.2 SWRO plant with capacity of 1.6 million liters per day commissioned by July 2016 and managed by the supplier until June 2021.
- 1.3 Water supply system rehabilitated by October 2018.
- 1.4 Water supply network expanded to unserved areas by July 2017.

2. Output 2: Effective, efficient, and safe sewerage services

- 2.1 Sewage system rehabilitated by July 2017.
- 2.2 Saltwater supply upgraded by July 2017.
- 2.3 Sewerage system expanded to unserved areas by July 2017
- 2.4 New sewage treatment facilities and effluent outfall commissioned by October 2017.

3. Output 3: Enhanced hygiene awareness and improved hygiene behavior

- 3.1 Hygiene awareness program delivered to schools and community groups starting June 2016.
- 3.2 School sanitation facilities upgraded by February 2017.

4. Output 4: Electricity supply for water and sewerage operations is secure

- 4.1 Busbars and protection system, switchgear, and wooden power poles replaced by July 2017.
- 4.2 Power station monitoring system upgraded by May 2017.

5. Financial and technical sustainability of Kwajalein Atoll Joint Utility Resource, Inc.

- 5.1 KAJUR staff structure reviewed by April 2016.
- 5.2 Financial management system strengthened by October 2018.
- 5.3 KAJUR's water and sewer operations strengthened by March 2020.
- 5.4 KAJUR's household fixtures program started by March 2016.
- 5.5 Contracts for project outputs awarded as follows:
 - 5.5.1 Project implementation assistance consultants (21 October 2015)
 - 5.5.2 SWRO supply, install, manage (21 October 2015)
 - 5.5.3 Water supply and sewer network rehabilitation and expansion program (30 June 2016)
 - 5.5.4 Electricity distribution system upgrading program (14 July 2016)
 - 5.5.5 Sewage treatment and outfall (8 September 2016)
 - 5.5.6 Power station monitoring system (14 July 2016)
 - 5.5.7 School sanitation upgrade program (28 July 2016)
 - 5.5.8 Fixtures program manager (15 February 2016)

Inputs

ADB: \$5.00 million (grant)
 Government of Australia: \$4.00 million (grant)
 Government of the Marshall Islands: \$10.02 million (grant)

Assumptions for Partner Financing

Not applicable

ADB = Asian Development Bank, EPA = Environmental Protection Agency, KAJUR = Kwajalein Atoll Joint Utilities Resources, RMI = Republic of the Marshall Islands, SAIDI = system average interruption duration index, SAIFI = system average interruption frequency index, SWRO = saltwater reverse osmosis.

Source: Asian Development Bank.

Monitoring

66. **Project performance monitoring** Within 6 months of the grant effectiveness, the PMU will establish a project performance and monitoring system. The ADB and the government will agree on a set of indicators for monitoring project progress and performance on a quarterly basis. This will include, but not be limited to, the targets and indicators in the design and monitoring framework (DMF), contributions to ADB results framework and the implementation schedule. The PIA consultants will provide hands-on training to PMU and KAJUR staff in data collection, monitoring, and evaluation. The PMU shall monitor and evaluate the indicators according to the agreed framework on a quarterly basis to determine the efficiency and effectiveness of the project. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the Office of the Chief Secretary quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.¹¹ Beneficiaries will be involved in project monitoring and evaluation. In addition, the project steering committee (PSC) will oversee and monitor the overall implementation.

67. **Compliance monitoring:** Compliance monitoring will be provided through regular quarterly progress reports and during regular ADB review missions.

68. **Safeguards monitoring.** The PMU will be responsible for monitoring safeguard activities through the PIA consultants. The Office of the Chief Secretary will submit semi-annual environmental and social (resettlement) monitoring reports to ADB, and the findings will be incorporated into the progress reporting of the PMU. Before commencing work, the contractor will prepare a contractor's EMP which will establish how the contractor will comply with the EMP safeguard requirements. Monitoring of the contractor's work will be undertaken by the resident engineer with assistance of the safeguards officer. Monitoring will also be carried out independently by EPA. The ADB review missions will also check the progress on implementation of safeguard requirements, if any subproject involved significant safeguard issues.

69. **Gender and social dimensions monitoring.** A gender specialist will provide guidance to the PMU in developing and establishing an effective monitoring and reporting systems and processes. Baseline surveys will be undertaken at the start of project implementation and all indicators will be continuously monitored and reported. These will be included in the PMU quarterly reports and project monitoring reports. A mid-term review will be carried out and a project completion report will be undertaken at project end.

A. Evaluation

70. Soon after the PMU and PIA consultants are mobilized, ADB will field an inception mission to agree with the Office of the Chief Secretary and KAJUR on implementation requirements of the project and discuss in detail the procedures relating to procurement of works and goods, and disbursements.

71. The ADB and the government will undertake semiannual reviews of the project to consider the (i) scope of the project; (ii) implementation arrangements; (iii) compliance with

¹¹ ADB's project performance reporting system is available at:
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

grant covenants; (iv) physical achievements against targets and milestones; and (v) project implementation issues requiring resolution or action. A midterm review will be conducted within 3 years of the grant effectiveness date or sooner if construction activities are ahead of schedule. Prior to the midterm review, OCS with the assistance of PMU will prepare a position paper outlining any proposals for any changes required under the project which will not adversely affect the project's outcomes. The midterm review will examine in detail the implementation progress and project design (institutional, administrative, organizational, technical, environmental, social, poverty reduction, economic, and financial aspects), and identify courses of action that would improve project performance, viability, and the achievement of targets and project objectives. All the assumptions and risks noted in the design and monitoring framework will be reviewed.

72. ADB will undertake a project completion review (PCR) of the project within 2 months of commissioning the physical infrastructure.¹² The PCR will be updated within 6 months of the physical completion of the project, that is, once the sewerage treatment plant operations contract comes to a close. The PCR will evaluate the processing and design of a project, both by ADB and the recipient, among others, (i) assess and evaluate the performance of the recipient, OCS and KAJUR in managing and implementing the project, and in complying with ADB's guidelines, policies, practices, procedures, and grant covenants, and evaluate project costs, disbursements, and institutional improvements; (ii) assess the performance of consultants; (iii) review problems encountered during implementation and the effectiveness of measures to resolve them, by the recipient, OCS, KAJUR, and ADB; (iv) assess whether the recipient, OCS, KAJUR, and ADB monitored progress effectively in comparison with quantifiable and monitoring targets; (v) reevaluate the financial and economic performance of the project at its initial stage of operation and compare with the qualified indicators in the design and monitoring framework and project performance report; (vi) assess the project's transition to operations, and identify any remedial measures needed; (vii) assess future operation and maintenance schedules to ensure sustainability of the project; (viii) recommend any other steps that the recipient and OCS need to take to ensure the project's sustainable operation; (ix) assess the performance of the monitoring and evaluation system established for the project and reexamine the indicators selected for monitoring operations and assessing development impact; (x) assess significant environmental and poverty reduction impacts (include socio-cultural impacts when applicable) of the project, and evaluate the implementation and effectiveness of any environmental control measures, resettlement plans, and poverty reduction measures; and (xi) assess whether the immediate development objective has been met and the likelihood of attaining long-term development goal.

B. Reporting

73. The Office of the Chief Secretary will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure projects continue to be both viable and sustainable, project accounts and KAJUR's audited financial statements, together with the associated auditor's report and the audit report of KAJUR, should be adequately reviewed.

¹² Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

C. Stakeholder Communication Strategy

74. Prior to the inception mission, a communication strategy and communications plan will be prepared by PMU. The communication strategy and communications plan will indicate the types of information, the mode of communication, and the timing of communications to be conveyed to stakeholders regarding the project and its implementation.

IX. ANTICORRUPTION POLICY

75. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.¹³ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.¹⁴

76. To support these efforts, relevant provisions are included in the grant agreement/regulations and the bidding documents for the Project.

X. ACCOUNTABILITY MECHANISM

77. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹⁵

XI. RECORD OF PAM CHANGES

¹³ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁴ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

¹⁵ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.