

Project Administration Manual

Project Number: 48484-004
August 2018

Proposed Grant for Additional Financing
Tuvalu: Outer Island Maritime Infrastructure Project

ABBREVIATIONS

ADB	–	Asian Development Bank
CEMP	–	Construction Environmental Management Plan
CPU	–	Central Procurement Unit
EMP	–	Environmental Management Plan
GAP	–	Gender Action Plan
GEF	–	Global Environmental Facility
IEE	–	Initial Environmental Examination
MCT	–	Ministry of Communication and Transport
MFED	–	Ministry of Finance and Economic Development
MHARD	–	Ministry of Home Affairs and Rural Development
MPUI	–	Ministry of Public Utilities and Infrastructure
O&M	–	Operation and Maintenance
OAG	–	Office of the Auditor General
PAM	–	Project Administration Manual
PDA	–	Project Design Advance
PMU	–	Project Management Unit
PSMPC	–	Project Support and Master Planning Consultancy
PMCSC	–	Project Management and Construction Supervision Consultant
SPS	–	Safeguard Policy Statement 2009 (Of The ADB)
WB	–	World Bank

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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 the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Communications and Transport (MCT) is responsible for the implementation of ADB-financed projects, as agreed jointly between the recipient and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MCT of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At grant negotiations, the recipient and ADB shall agree to the PAM and ensure consistency with the grant agreement. 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 agreement, the provisions of the grant agreement shall prevail.

After ADB Board approval of the project's report and recommendations 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.

I. PROJECT DESCRIPTION

1. The additional financing project will help Tuvalu overcome connectivity constraints among the capital and outer islands, and promote economic and social development that is more inclusive and sustainable. The additional financing project will build on and enhance the objectives of the Project to improve maritime facilities in the three outer islands of Nukulaelae, Nanumaga, and Niutao as well as strengthen the government's capacity in project execution, operation and maintenance (O&M) and support execution of the transport sector master plan developed under the Project.¹
2. The impact of the overall project will remain unchanged: Safe and efficient domestic maritime transportation that helps increase climate resilience of community infrastructure. The outcome will be improved maritime transfer operations in Nukulaelae, Nanumaga, and Niutao, anchored on a transport master plan, with a view to promoting fisheries and tourism.
3. The outputs of the proposed Project will be maritime infrastructure constructed in Niutao. The additional financing will also cover cost overruns of the proposed Project and will allow the completion of its outputs.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

4. To expedite project implementation, the Government of Tuvalu (the government) has requested advance contracting and retroactive financing for the procurement of geotechnical investigations at the site for Niutao harbour. The government has engaged a service contractor to carry out detailed geotechnical investigation works. This will ensure that detailed information on the ground conditions are known, which will allow the bidders for the civil works to more accurately price elements of the works including: dredging of the channel, driving of piles, crushing of materials etc.
5. ADB and the WB agreed to jointly finance the costs of the geotechnical investigations, which was endorsed by the government in May 2018. The WB finances domestic transportation costs estimated at AUD 175,000 while ADB finances the drilling works estimated at AUD 350,000 and the laboratory tests and reporting estimated at AUD 100,000. The drilling works were contracted in advance of grant's approval (under retroactive financing) and using direct contracting, approved by ADB in February 2018, while the laboratory tests and reporting are financed by the Project's PDA. The borrower has been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.
6. Advance contracting for the project management and construction supervision consultant (PMSCS) recruitment and works procurement will be also be undertaken. ADB has informed the government that approval of advance contracting does not commit ADB to finance the Project.

¹ The Asian Development Bank (ADB) provided project preparatory technical assistance for the additional financing under the Outer Island Maritime Infrastructure Project (TA 8923-TUV), through the Trade and Transport Facilitation in the Pacific (TA 8674-REG). Tuvalu is categorized as a fragile and conflict-affected state.

7. To increase the project's readiness, during the pre-construction stage the following activities will be carried using the Project Design Advance that was approved under the Project. These activities include: (i) producing the final feasibility and due diligence report (by updating initial documents prepared during the Project) for approval by ADB and providing necessary support to the government in facilitating site possession; (ii) updating the detailed design after the completion of the geotechnical surveys, (iii) updating the initial environmental examination (IEE) and environmental management plan (EMP) and including these in the bid documents and summarizing quality and completeness of bidders' responses to the EMP requirements; and (iv) support the government during the advance actions of the bidding for the civil works, which includes support to the tender stage. Project readiness is enhanced by contracting of geotechnical services under retroactive financing arrangements (Table 1).

Table 1: Project Readiness Activities

Activities	May 2018	June	July	Aug	Sep	Oct	Nov	Dec	Jan 2019	Feb	Remarks
Advance contracting actions (PMCSC)			Ad						Award		
Retroactive Financing (Geotechnical survey)	Contract Signing										
Procurement of works							Bid call				Award in March
Project implementation arrangements	<i>Task Force established in Feb 2015 PMU established in March 2016</i>										
ADB Board approval					X						
Grant signing						X					
Gov't legal opinion provided							X				
Government budget inclusion							X				
Grant effectiveness								X			

PMCSC = Project Management and Construction Supervision Consultant.

Source: Asian Development Bank estimates.

8. The overall project implementation schedule is provided at Table 2.

Table 2: Overall Project Implementation Plan

 Wet season

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Implementation Arrangements

9. The government established a project task force in February 2015 to oversee preparation and implementation of the Project, with the permanent secretaries of five relevant ministries as members. The MCT will continue to be the executing agency for the additional financing project. The MCT appointed its director of Marine and Port Services as project director in July 2015 on a part-time basis and as the focal person for project management. The project director is assisted by the Project Management Unit (PMU), which has been operating since March 2016. The project director and PMU supervise and provide counterpart support to a consulting firm who will be engaged under the project to provide project management, construction supervision and capacity building support.

10. The WB is providing support to the government of Tuvalu for the development of maritime infrastructure in Funafuti and the outer islands, with a project to be approved during the first half of 2019. Given the synergies between the ADB and WB's assistance programs, the PMU will be expanded to comprise a Joint ADB-WB PMU. New staff will be recruited for the PMU and the roles and responsibilities of the existing staff will be expanded. Under the ADB's project the positions of the Project Manager and Project Account will be financed and under the WB's project the positions of the Deputy Project Manager and part-time safeguards and procurement specialists will be financed.

11. The PMCSC will be selected through quality- and cost-based (QCBS) selection following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). All procurement of works and goods will follow ADB's Procurement Guidelines (2015, as amended from time to time).

12. A summary of the roles and responsibilities for project implementation is provided at Table 3.

13. The additional financing Project will be implemented over three years and is estimated to be completed in December 2020 with financial closing in June 2021.

Table 3: Project Implementation Organization: Roles and Responsibilities

Offices	Roles and Responsibilities	
Ministry of Finance and Economic Development	(i)	The representative of the government as a grant recipient.
	(ii)	Facilitate negotiation, signing, and execution of the project financing agreement
	(iii)	Through the Central Procurement Unit, lead the project's procurement actions in coordination with MCT
	(iv)	Submit withdrawal applications to ADB
	(v)	Expedite implementation and minimize cost by: <ul style="list-style-type: none"> ensure necessary counterpart funds are available timely review invoices and payments to contractors, consultants, and other service providers monitor project progress and instruct MCT to take corrective actions to prevent significant variations and deviations from schedules and budgets

Offices	Roles and Responsibilities
Task Force	<ul style="list-style-type: none"> (i) Members include Secretaries of MHARD, MFED, MCT, and MPUI and Director of Environment. (ii) Provide policy guidance on project implementation and management, such as institutional strengthening. (iii) Make important decisions on project preparation and implementation such as determining of project scope, procurement (selection of a civil work contractor) and consultant selection decisions, and seek approval of Cabinet as necessary according the relevant acts. (iv) Oversees project management of MCT and PMU, monitoring progress of project preparation and implementation and suggest remedial actions when any indication of delay is identified.
Ministry of Communication and Transport (executing agency)	<ul style="list-style-type: none"> (i) Act as a secretariat to the task force, including suggesting Secretary MHARD to call task force meetings, providing status reporting, and raising issues for decision by the task force. (ii) Focal point for communication with ADB on project related matters. (iii) Ensure that PMU is fully staffed and functional during the entire period of implementation (iv) Supervise PMU through Project Director. (v) Review consultant reports and ensure the outputs are suitable to the project objectives and the government policies and regulations. (vi) Administer all consultant and works contracts (instructing the supervision consultant, approving variations, suspending and terminating contracts) (vii) Ensure compliance with grant covenants, ADB's guidelines, procedures, and policies (viii) As the main user of the project facilities, provide inputs to the project scope and facility designs. (ix) Coordinate with MPUI on O&M of the project facilities.
Ministry of Home Affairs and Rural Development	<ul style="list-style-type: none"> (i) As a focal point of the government in rural development, facilitate discussion with outer island communities through their council (Kaupule) in relation to project preparation and implementation. (ii) Help Kaupule establish a land lease agreement with the government when private land has to be used for project purpose. (iii) Provide inputs to the project scope and facility design. (iv) Ensure smooth project implementation
Ministry of Public Utilities and Infrastructure	<ul style="list-style-type: none"> (i) Provide technical advice on the project scope, facility designs, procurement or others, from the viewpoints of the government agency in charge of maintenance of project facilities, and procurement matters (ii) Provide representative to the Tender Evaluation Committee (TEC)
Department of Environment, Ministry of Foreign Affairs, Trade, Tourism, Environment, and Labor	<ul style="list-style-type: none"> (i) Participate in Task Force (ii) Ensure project activities comply with the government laws and regulations on environment. (iii) Provide inputs to the project scope and facility designs from the view point of environment. (iv) Participate in monitoring.
Project Director (Director Marine Services, MCT)	<ul style="list-style-type: none"> (i) Coordinate with ADB for all project management activities. (ii) With the support of the PMU, manage and monitor project implementation activities, ensuring compliance with the government and ADB's requirements. (iii) Initiate Task Force meetings as necessary and at least quarterly. (iv) Review monthly progress reports that PMU prepares and endorse to the task force.

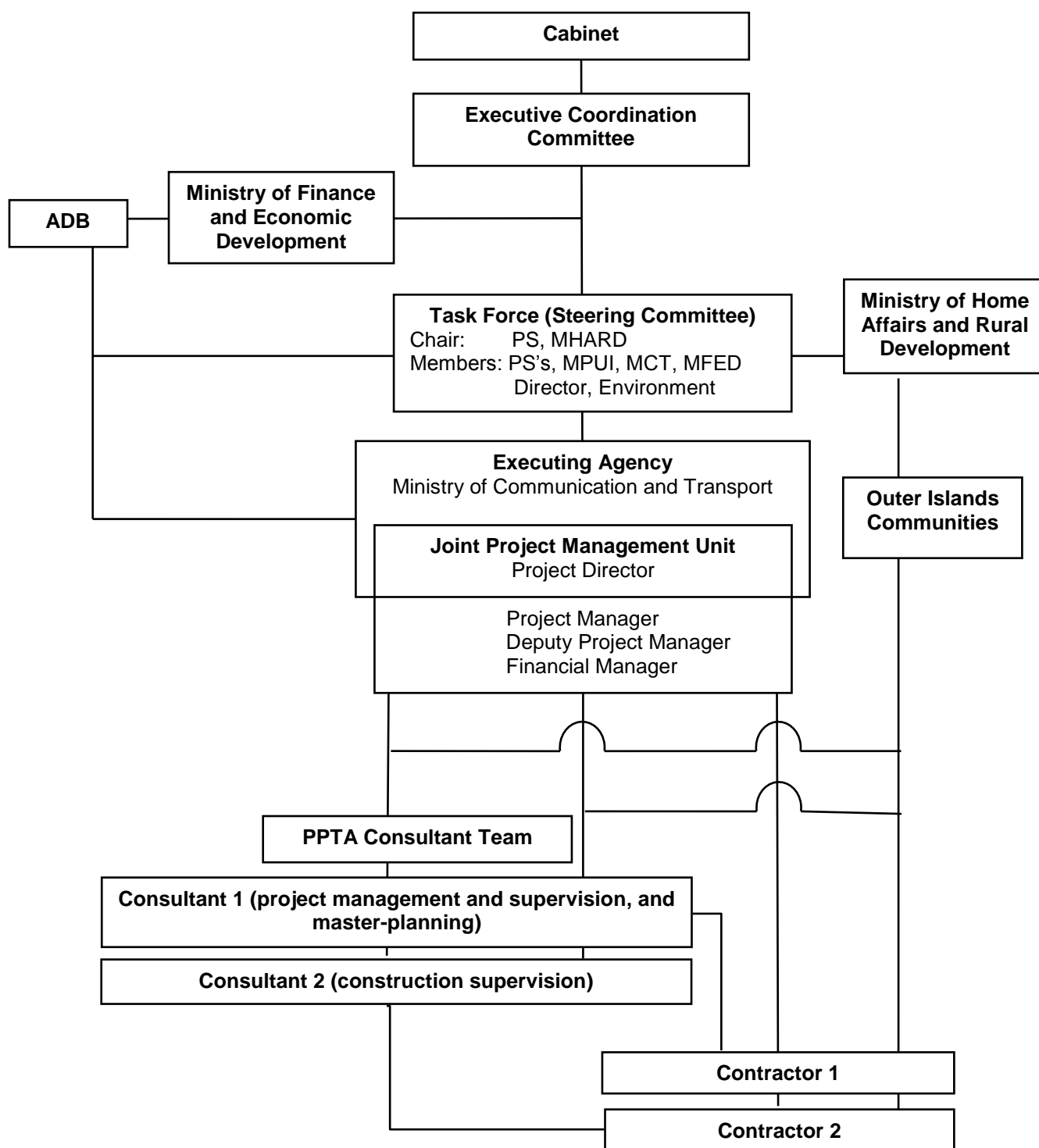
Offices	Roles and Responsibilities
	<ul style="list-style-type: none"> (v) Supervise PMU in providing government counterpart assistance to PMCSC. (vi) With the support of PMU, coordinate with and supervise PMCSC. (vii) Facilitate coordination with government agencies and outer island communities through MHARD necessary to prepare and implement the project. (viii) Oversee reporting and monitoring of project performance including preparation of monthly, quarterly project progress reports and semi-annual safeguards monitoring reports. (ix) Oversee and approve for recommendation to higher authorities, contract administration matters in close coordination with PMU. (x) Assist ADB during project review missions
Joint Project Management Unit	<ul style="list-style-type: none"> (i) Assist Project Director in project management (ii) Monitor and evaluate project activities and outputs and report the findings to Project Director by monthly progress reports. (iii) Review and verify documents submitted by PMCSC (iv) Review PMCSC's invoices and advise Project Director of its findings. (v) Coordinate with PMCSC (vi) Provide day-to-day support for PMCSC's project preparation activities. (vii) Lead project implementation activities aiming at timely of works. (viii) Conduct monitoring and reporting as required by the safeguards due diligence and other project requirements (ix) Facilitate SMCSS's communication with the local stakeholders (x) Consult with the public and disclose project information with ADB and WB (xi) Establish and maintain the project accounts. (xii) Coordinate with the Office of Auditor General to have the project account audited annually. (xiii) Operate and maintain PMU office.
PARD, ADB	Facilitate implementation and review project progress and compliance on regular basis

ADB = Asian Development Bank, WB = World Bank, MCT = Ministry of Communications and Transport, MFED = Ministry of Finance and Economic Development, MHARD = Ministry of Home Affairs and Rural Development, MPUI = Ministry of Public Utilities and Infrastructure, O&M = operation and maintenance, PARD = Pacific Regional Department, PMU = Project management unit, PMCSC = project management and construction supervision consultant.

Source: Asian Development Bank.

14. Below shows the organization structure for the project.

Figure 1: Project Organization Structure



ADB = Asian Development Bank; Ag PS = Acting Permanent Secretary; MCT = Ministry of Communication and Transport; MFEA = Ministry of Finance and Economic Development; MHARD = Ministry of Home Affairs and Rural

Development; MPUI = Ministry of Public Utilities and Infrastructure; PS = Permanent Secretary; PPTA = project preparatory technical assistance.
Source: Asian Development Bank.

15. Key persons involved in implementation are below.

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IV. COSTS AND FINANCING

A. Cost Estimates Preparation and Revisions

16. The additional financing Project is estimated to cost \$15.42 million (Table 4). The cost estimate will be reviewed from time to time as necessary and discussed among the government, PMSCS, and ADB staff and revised during project review missions.

B. Key Assumptions

17. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: A\$1.321 = \$1.00 (as of 1 May 2018).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows: (a) 2% on foreign exchange costs; and (b) 5% on local currency costs. This also includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Table 4: Project Investment Plan
(\$ million)

Item	Current Amount ^a	Additional Financing ^b	Total
A. Base Cost ^c			
1. Small Scale Maritime Infrastructure	10.20	14.00	24.20
2. Institutional Strengthening	0.50	0.00	0.50
3. Marine Transport Master-planning	0.80	0.00	0.80
Subtotal (A)	11.50	14.00	25.50
B. Contingencies ^d			
1. Physical and Price	1.80	2.92	4.72
Subtotal (B)	1.80	2.92	4.72
Total (A+B)	13.30	16.92	30.22

Note: Numbers may not sum precisely due to rounding.

^a Includes taxes and duties estimated at \$1.4 million to be exempted by the government.

^b Includes taxes and duties estimated at \$1.35 million to be exempted by the government

^c For additional financing, based on Q1 2018 prices.

^d Current amount is based on actual cost. For additional financing, Physical contingencies computed at 7% for civil works; and 7% for consulting services. Price contingencies computed at 12% on foreign exchange costs and 9% on local currency costs under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

18. The government has requested a grant of \$15.42 million from ADB's Special Funds resources to help finance the proposed Project. The government will finance about \$1.5 million of the remaining project costs consisting of land lease, compensation for economic losses due to removal of trees, counterpart government staff, custom clearance costs, and taxes and duties (exemption). The financing plan is presented at Table 5.

Table 5: Revised Financing Plan

Item	Current		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank	11.30	84.7	15.42	91.1	26.72	88.4
Global Environment Facility (grant) ^a	0.50	3.7	-	-	0.50	1.7
GoT Ministry of Finance	1.50	11.5	1.50	8.9	3.00	9.9
Total Financing	13.30	100	16.92	100	30.22	100

Note: Numbers may not sum precisely due to rounding.

a Administered by the Asian Development Bank. Funds, net of agency fee, will be front-loaded in the following order: (i) Global Environment Facility (grant), (ii) Special Funds resources (grant) from Disaster Response Facility, and (iii) Special Funds resources (grant).

Source: Asian Development Bank estimates.

C. Detailed Cost Estimates

19. Table 6 shows cost estimates by expenditure category for the original Project, and Table 7 the cost estimated by expenditure category for the additional financing.

Table 6: Detailed Cost Estimates by Expenditure Category – Project

Item	Amount (US\$ '000)		Total Cost ^a	% of Total Base Cost
	Foreign Exchange	Local Currency		
A. Investment Costs^b				
1 Civil Works	7,737	1,063	8,801	76.5%
2 Consultants				
a. Project Support and Master Planning	2,000	200	2,200	19.1%
b. Project Management Unit	360	36	396	3.4%
Subtotal (A)	10,097	1,299	11,397	99.1%
B. Recurrent Costs				
1 Land lease (during 3-year project period)		109	109	0.9%
Subtotal (B)	-	109	109	0.9%
Total Base Cost	10,097	1,409	11,506	100.0%
C. Contingencies^c				
1 Physical	401	56	457	4.0%
2 Price	1,301	70	1,371	11.9%
Subtotal (C)	1,702	126	1,829	15.9%
Total Project Cost (A+B+C)	11,800	1,535	13,335	115.9%

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$1.4 million to be financed from government resources, or to be exempted.

^b In mid-2016 prices.

^c Physical contingencies computed at 4% for civil works; and 6% for consulting services. Price contingencies computed at 13% on foreign exchange costs and 5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

Table 7: Detailed Cost Estimates by Expenditure Category – Additional Financing

Item	Amount (US\$ '000)		Total Cost ^a	% of Total Base Cost
	Foreign Exchange	Local Currency		
A. Investment Costs^b				
1 Maritime Infrastructure	10,060	2,300	12,360	86.9
2 Geotechnical Surveys	220	70	290	2.0
2 Consultants				
a. Construction Supervision Consultant	1,000	100	1,100	7.7
b. Project Management Unit	300	30	330	2.3
Subtotal (A)	11,580	2,500	14,080	98.9
B. Local Costs				
1 Land lease (during 3-year project period)		80	80	0.6
2 Compensation for Economic Losses		70	70	0.5
Subtotal (B)	-	150	150	1.1
Total Base Cost	11,580	2,650	14,230	100.0
C. Contingencies^c				
1 Physical	900	170	1,070	7.5
2 Price	1,420	230	1,620	11.5
Subtotal (C)	2,320	400	2,690	9.3
Total Project Cost (A+B+C)	13,900	3,050	16,920	109.3

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$1.35 million to be financed from government resources, or to be exempted.

^b In Q1 2018 prices.

^c Physical contingencies computed at 7% for civil works; and 7% for consulting services. Price contingencies computed at 12% on foreign exchange costs and 9% on local currency costs.

Source: Asian Development Bank estimates.

D. Allocation and Withdrawal of Grant Proceeds

20. Except as ADB may otherwise agree, each item of expenditure will be financed from the proceeds of the grant on the basis of the percentages set forth in the table below.

Table 8: Allocation and Withdrawal of Grant Proceeds

Category			ADB Financing
No	Item	ADB Financing \$'000	Percentage and Basis for Withdrawal from the Grant Account
1	Works	11,500	100% of total expenditure claimed*
2	Consulting Services	1,300	100% of total expenditure claimed*
3	Unallocated	2,620	
Total		15,420	

* Exclusive of taxes, duties, and custom clearance fees within the territory of the Recipient, and the commissions to the Central Pacific Shipping Commission.

Table 9: Detailed Cost Estimates by Financier – Project ('000)

Item	ADB	Total	ADF Regular	ADF DRF	GEF		Government					Total Cost
	Amount US\$	% of Cost Category	Amount US\$	Amount US\$	Amount US\$	% of Cost Category	Amount US\$	Amount (Taxes & duties) US\$	Total US\$	% of Cost Category	AU\$ Equivalent	
A. Investment Costs^a												
1 Civil Works	7,237	82.2%	4,237	3,000	500	5.7%		1,063	1,063	12.1%	1,418	8,801
2 Consultants												
a. Project Implementation Support, Institutional Strengthening, and Master Planning	2,000	90.9%	2,000					200	200	9.1%	266	2,200
b. Project Management Unit	360	90.9%	360					36	36	9.1%	48	396
Subtotal (A)	9,597	84.2%	6,597	3,000	500	4.4%	-	1,299	1,299	11.4%	-	11,397
B. Recurrent Costs												
1 Land lease (during 3 year project period)		0.0%	0				109		109	100.0%	145	109
Subtotal (B)	-	0.0%			-	0.0%	109	-	109	100.0%	145	109
Total Base Cost	9,597	83.4%	6,597	3,000	500	4.3%	109	1,299	1,409	12.2%	145	11,506
C. Contingencies^b												
1 Physical	401	87.7%	401					56	56	12.3%	75	457
2 Price	1,301	94.9%	1,301					70	70	5.1%	93	1,371
Subtotal (C)	1,702	93.1%	1,702		-			126	126	6.9%	169	1,829
Total Project Cost (A+B+C+D)	11,300	84.7%	8,300	3,000	500	3.7%	109	1,426	1,535	11.5%	314	13,335

Note: Numbers may not sum precisely because of rounding.

^a In mid-2016 prices.

^b Physical contingencies computed at 4% for civil works. Price contingencies computed at 13% on foreign exchange costs and 5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

Table 10: Detailed Cost Estimates by Financier – Additional Financing ('000)

Item	ADB		Government				Total Cost
	Amount US\$	Percent of cost category	Amount US\$	Amount taxes and duties US\$	Total US\$	Percent of cost category	
A. Investment Costs							
1 Maritime infrastructure	11.24	91%		1.07	1.07	9%	12.31
2 Geotechnical Surveys	0.26	90%		0.03	0.03	10%	0.29
3 Consultants							
a. Construction Supervision Consultant	1.00	91%		0.10	0.10	9%	1.10
b. Project Management Unit	0.30	91%		0.03	0.03	9%	0.33
Subtotal (A)	12.80	91%		1.23	1.23	9%	14.03
B. Recurrent Costs & Compensation							
1 Land lease (during 3 yr project period)			0.08		0.08	100%	0.08
2 Compensation for Economic Losses - Trees			0.07		0.07	100%	0.07
Subtotal (B)			0.15		0.15		0.15
Total Base Cost	12.80		0.15	1.23	1.38		14.18
C. Contingencies							
1 Physical	0.98	91%		0.10	0.10	9%	1.08
2 Price	1.64	98%		0.02	0.02	2%	1.66
Subtotal (C)	2.62			0.14	0.12		2.74
Total Project Cost (A+B+C)	15.42	91%	0.15	1.35	1.50	9%	16.92

Table 11: Detailed Cost Estimates by Outputs – Project (\$ '000)

Item	Output 1		Output 2		Output 3		Total Cost ^a
	Amount US\$	% of Cost Category	Amount US\$	% of Cost Category	Amount US\$	% of Cost Category	
A. Investment Costs^b							
1 Civil Works	8,801	100%	-	0%	-	0%	8,801
2 Consultants							
a. Project Implementation Support, Institutional Strengthening, and Master Planning	1,100	50%	440	20%	660	30%	2,200
b. Project Management Unit	198	50%	79	20%	118	30%	396
Subtotal (A)	10,099	89%	519	5%	778	7%	11,397
B. Recurrent Costs							
1 Land lease (during 3-year project period)	109	100%	-	0%	-	0%	109
Subtotal (B)	109	100%	-	0%	-	0%	109
Total Base Cost	10,208	89%	519	5%	778	7%	11,506
C. Contingencies^c							
1 Physical	228	50%	91	20%	137	30%	457
2 Price	685	50%	274	20%	411	30%	1,371
Subtotal (C)	914	50%	365	20%	548	30%	1,829
Total Project Cost (A+B+C+D)	11,123	83%	885	7%	1,327	10%	13,335

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$1.4 million.

^b In mid-2016 prices.

^c Physical contingencies computed at 4% for civil works. Price contingencies computed at 13% on foreign exchange costs and 5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

Table 12: Detailed Cost Estimates by Outputs– Additional Financing (\$ '000)

Item		Amount US\$	Output 1	Total Cost ^a
			% of Cost Category	
A.	Investment Costs^b			
1	Maritime infrastructure	12.31	88%	12.31
2	Geotechnical Surveys	0.29	2%	0.29
3	Consultants			
	a. Construction Supervision Consultant	1.10	8%	1.10
	b. Project Management Unit	0.33	2%	0.33
	Subtotal (A)	14.03	100%	14.03
B.	Government Costs			
1	Land lease (during 3 yr project period)	0.08	55%	0.08
2	Compensation for Economic Losses - Trees	0.07	45%	0.07
	Subtotal (B)	0.15	100%	0.15
	Total Base Cost	14.18		14.18
C.	Contingencies			
1	Physical	1.08	39%	1.08
2	Price	1.66	61%	1.66
	Subtotal (C)	2.74	100%	2.74
	Total Project Cost (A+B+C)	16.92		16.92

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$1.35 million to be financed from government resources, or to be exempted.

^b In Q1 2018 prices.

^c Physical contingencies computed at 7% for civil works; and 7% for consulting services. Price contingencies computed at 12% on foreign exchange costs and 9% on local currency costs.

Source: Asian Development Bank estimates.

Table 13: Detailed Cost Estimates by Year – Project (\$'000)

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total Cost
A. Investment Costs						
1 Civil Works	-	880	3,520	3,520	880	8,801
2 Consultants						
a. Project Implementation Support, Institutional Strengthening, and Master Planning	-	550	880	550	220	2,200
b. Project Management Unit	-	99	158	99	39	396
Subtotal (A)	-	1,529	4,559	4,169	1,139	11,397
B. Recurrent Costs						
1 Land lease (during 3 yr project period)	-	27	43	27	10	109
Subtotal (B)	-	27	43	27	10	109
Total Base Cost	-	1,556	4,602	4,196	1,150	11,506
C. Contingencies						
1 Physical	-	-	-	-	457	457
2 Price	-	-	-	-	1,371	1,371
Subtotal (C)	-	-	-		1,829	1,829
Total Project Cost (A+B+C+D)	-	1,556	4,602	4,196	2,979	13,335

Note: Numbers may not sum precisely because of rounding.

^a. Includes taxes and duties of \$1.4 million.

^b In mid-2016 prices.

^c Physical contingencies computed at 4% for civil works. Price contingencies computed at 13% on foreign exchange costs and 5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

Table 14: Detailed Cost Estimates by Year – Additional Financing (\$'000)

		2019	2020	2021	
Item		Year 1	Year 2	Year 3	Total Cost
A. Investment Costs					
1	Maritime infrastructure	4.95	6.18	1.18	12.31
2	Geotechnical Surveys	0.29			0.29
3	Consultants				
	a. Construction Supervision Consultant	0.44	0.55	0.11	1.10
	b. Project Management Unit	0.11	0.16	0.05	0.33
	Subtotal (A)	5.78	6.90	1.40	14.03
B. Recurrent Costs					
1	Land lease (during 3 yr project period)	0.03	0.03	0.02	0.08
2	Compensation for Economic Losses - Trees	0.07			0.07
	Subtotal (B)	0.10	0.03	0.02	0.15
	Total Base Cost	5.87	6.92	1.43	14.18
C. Contingencies					
1	Physical	0.44	0.52	0.12	1.08
2	Price	-	1.26	0.40	1.66
	Subtotal (C)	0.44	1.78	0.52	2.74
Total Project Cost (A+B+C)		6.32	8.70	1.94	16.92

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$1.35 million to be financed from government resources, or to be exempted.

^b In Q1 2018 prices.

^c Physical contingencies computed at 7% for civil works; and 7% for consulting services. Price contingencies computed at 12% on foreign exchange costs and 9% on local currency costs.

Source: Asian Development Bank estimates.

E. Contract and Disbursement S-Curve

21. The following tables show contract awards and disbursement for the allocated amounts over the life of the additional financing Project, and annually based on the contract awards and disbursement projections.

Table 12: Contract Awards Projections (\$ '000)

	Q1	Q2	Q3	Q4	Annual	Cumulative
2018				300	300	300
2019	2,000	11,400	300	1,400	15,100	15,400
2020						
2021						

Note: Numbers may not sum precisely because of rounding.

Table 13: Disbursement Projections (\$ '000)

	Q1	Q2	Q3	Q4	Annual	Cumulative
2018				300	300	300
2019	100	1,100	4,000	1,000	6,200	6,500
2020	1,000	1,000	2,000	3,000	7,000	13,500
2021	1,000	500	400	0	1,900	15,400

Note: Numbers may not sum precisely because of rounding.

Figure 2: Contract Awards and Disbursement S-Curve (US\$'000)



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

22. A financial management assessment has been prepared. The financial management capacity of both MFED and MCT to manage the expenditures of the Project has been assessed in accordance with ADB's Guidelines for Financial Analysis and Management of Projects and

Financial Due Diligence Methodology Note, including use of ADB's standard Financial Management Assessment Questionnaire (FMAQ) that has been prepared in collaboration with agency staff.

23. MFED will be the intermediary through which funds and approvals pass between ADB and MCT. However, MFED and MCT have only recently become familiar with the processes involved in ADB disbursement and reimbursement, such as completion of draft withdrawal applications and endorsing claims for payment from MCT under an ADB project. A PMU has already been established in MCT under the current Project with a Deputy Project Director, and Financial Manager. The capacity of the PMU staff has been developed with input from ADB Subregional Office in Fiji. As the PMU will run through to the end of project implementation, training to familiarize PMU staff with ADB procedures has been carried out under the current Project, and has been extended to include staff of MCT and MFED. The financial management assessment concludes that the overall pre-mitigation risk of the executing and implementing agency is moderate and a project financial management action plan is summarized in Table 14.

Table 17: Financial Management, Internal Control and Risk Assessment

Risk Type	Risk Assessment Rating	Risk Description	Mitigation Measures
A. Inherent Risk (the susceptibility of the project financial management system to factors arising from the environment in which it operates, such as country rules and regulations and entity working environment (assuming absence of any counter checks or internal controls)).			
1. Country-specific Risks	Moderate	PEFA report identifies risks associated with segregation of duties, FMIS implementation, regular reconciliations to facilitate good internal control and lack of internal audit as key challenges to improve PFM.	Subsequent to the PEFA, government has established an internal audit unit, which however needs further capacity building and staff. TWOG accounts have been disclaimed by AG due to several reasons but AG has noted improvements with time. Most of these reasons relate to adjustments to convert cash basis TWOG statements to accrual basis at the year end.
2. Entity-specific Risks	Low	Government ministries under a centralized payment system. Project managed by separate PMU.	
	Low	Entity financial statements submitted to audit on a timely manner	
3. Project-specific Risks	Low	Relatively straightforward turnkey project with single contractor	
Overall Inherent Risk	Low		
B. Control Risk (the risk that the project's accounting and internal control framework are inadequate to ensure project funds are used economically and efficiently and for the purpose intended, and that the use of funds is properly reported).			
1. Implementing Entity	Low	EA/IA has ongoing ADB project and World Bank project and has	Need to ensure that the PMU is adequately staffed with the growing

		an established PMU which is well versed in ADB procedures.	scope of responsibilities with the approval of additional financing.
2. Funds Flow	Low	The majority of funds will not flow to EA/IA/PMU but be directly paid to contractor by ADB. Small amount of funds under re-imbursement procedure mainly for PMU recurrent expenditure.	The reimbursement procedure must require complete documentation.
3. Staffing	Low	Well qualified and experienced staff in both technical areas and finance	The PMU has two full time staff ; a Project Manager with a technical background and a Project Accountant with training on ADB procedures.
4. Accounting Policies and Procedures	Moderate	Entity financials according to International Public Sector Accounting Standards (IPSAS) and so are project financial statements	Capacity building of TWOOG accounting staff is needed to move on to accrual basis and satisfy the requirements of the AG
5. Internal Audit	Moderate	Separate unit recently established with one staff still in the process of being trained. Audit committee established.	Further capacity building and additional staff required for the internal audit division. Still in the early stages. Additional staff to be recruited before the start of the additional financing.
6. External Audit	Moderate	Financial statements audited in a timely manner, but disclaimer of opinion issued.	Disclaimer relates to procedures for migration from cash-based accounting to accrual accounting in terms of assets, receivables and payables. Nevertheless, AG notes improvements from FY2014-FY2016
7. Reporting and Monitoring	Moderate	Some reconciliation of past account balances, non - consolidation of certain public enterprise	All accounts must be reconciled before the start of the project and regularly thereafter. Financial statements for some public enterprises must be identified and submitted for audit.
Overall Control Risk	Moderate		

* H = High; M = Moderate; L = Low or Negligible.

Table 18: Financial Management Action Plan (Updated)

No.	Weakness	Mitigating Actions	Responsibility	Time-Frame	Resources
1	The following PMU weaknesses were observed in past project: (i) delay in replenishing the imprest account; (ii) poor book-keeping and mishandling of supporting	PMU has acquired an accounting software that suits the transactions under the project and compatible with Government reporting; Follow ups are consistently being made to ensure the timely	MCT and PMU MCT and PMU	 June 2018	Project funds Project funds

	documents; (iii) delayed release of Government counterpart funds; and (iv) incomplete audit of project accounts	submission of audited project financial statements			
2	Donor's funds are pooled into the Tuvalu Development Fund	A separate bank account has been established in the National Bank of Tuvalu for the receipt of project funds.	MFED, ADB	At project start up	
3	Agency has no internal audit function	There is still no internal audit system being implemented. Establishment of the internal audit unit is proposed under the capacity building TA8100.	MFED, AGO, ADB		TA8100
4	Lack of capacity to implement ADB projects	The PMU is being supported with 3 individual consultants from the Project Design Advance (PDA) stage. Additional support will be provided under RETA 9086 if required.	MCT, PMU, ADB	Since project start up	TA9086
5	Inadequate asset management	Appropriate asset registers will be maintained and audited. MCT and ADB will ensure that project assets will be included in the inventory and books of MCT after project completion. TA will also provide support.	MCT, MFED, AGO, ADB	At every year-end audit	Project funds; TA8100

B. Disbursement Arrangements for ADB Funds

24. The grant proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time)² and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.³ Project staff are encouraged to avail of this training to ensure efficient disbursement and fiduciary control.

25. Payments for works, goods and consulting services will be disbursed by ADB through direct payment and reimbursement procedures as applicable, and should be certified by the PMU Project Manager based on the payment terms in the contracts. The PMU, through MCT and MFED, will be responsible for (i) preparing disbursement projections; (ii) requesting budgetary allocations for counterpart funds; (iii) collecting supporting documents; and (iv) preparing and sending withdrawal applications that are to be submitted by MCT and MFED to ADB. Each withdrawal application must include the claim or invoice from the supplier or consultant and approved by the recipient's authorized representatives.

26. Before the submission of first withdrawal application, MCT will submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of

² Available at: <https://www.adb.org/sites/default/files/adb-loan-disbursement-handbook-2017.pdf>

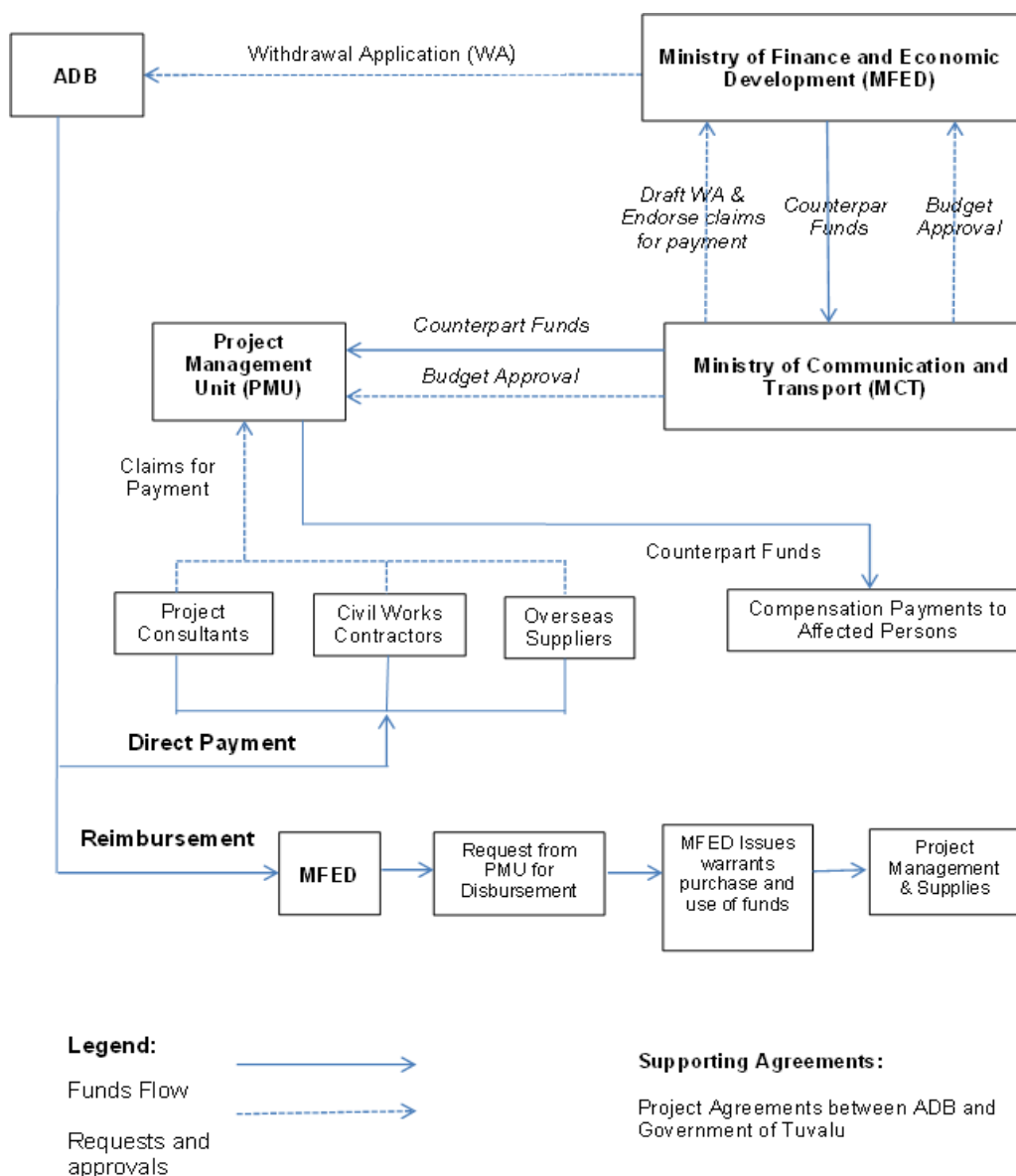
³ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

the recipient, together with the authenticated specimen signatures of each authorized person. The minimum withdrawal application amount is in accordance with the Loan Disbursement Handbook. Individual payments below such amount should be paid by the government and subsequently claimed to ADB through reimbursement, unless otherwise accepted by ADB. The government should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD)⁴ system is encouraged for submission of WAs to ADB.

C. Disbursement Arrangements for Counterpart Fund

27. Counterpart funds should be included and allocated in the MCT approved annual budget. PMU will estimate disbursement of counterpart funds and MCT will request certification for expenditures from MFED. MCT should ensure timely availability of counterpart funds during project implementation, and when operation, repairs and maintenance costs have been identified for the newly created infrastructure under the project.

⁴ The CPD facilitates online submission of WA to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online at <https://www.adb.org/documents/client-portal-disbursements-guide>. CPD was rolled out in Mongolia in April 2018.

Figure 3: Fund Flow Diagram

D. Accounting

28. MCT will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following International Public Sector Accounting Standard for cash-based accounting or national equivalent. MCT will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations that are consistent with international accounting principles and practices.

E. Auditing and Public Disclosure

29. MCT/PMU will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing or its equivalent national standards adopted by the government of Tuvalu, by an independent auditor acceptable to ADB. The audited project financial

statements together with the auditor's opinion will be presented in the English language to ADB within six months from the end of the fiscal year by the MCT. The auditor's terms of reference is presented in Annex 5.

30. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the grant were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

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

32. The government and MCT 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.⁵ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), 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.

33. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.⁶ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

34. To expedite implementation, the government has requested advance contracting for geotechnical surveys, while civil works procurement will be assisted under the support of the PDA consultant who has been extended to support pre-construction activities and procurement of the

⁵ ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the grant may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the grant.

⁶ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

civil works contract for the Niutao port using savings from the original PDA contract. The geotechnical surveys have been procured under the Direct Contracting (DC) Procedures in accordance with ADB procurement procedures. DC is considered an appropriate procurement method in this case since: (i) only a few geotechnical survey firms are interested in working in the remote and unique conditions of Tuvalu outer islands as shown in the low participation of previous competitive tender process and market analysis, (ii) specialized geotechnical survey equipment that can be easily transported and can drill various soils is needed, and (iii) the urgency to carry out the geotechnical investigations. Under the proposed contract, this contractor will extend geotechnical investigation services being carried out for Nanumaga and Nui to Nui Tao.⁷

35. ADB has informed the government that approval of advance contracting does not commit ADB to finance the project. All advance contracting will be undertaken in conformity with ADB Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

36. **Advance Contracting.** The government has requested advance contracting for geotechnical surveys, civil works procurement and the engagement of the PMCSC. ADB will review all procurement packages prior to their release. The PDA consultant, currently engaged on the project, is supporting the execution of the geotechnical survey contract, will support the creation of the civil works package and provide ongoing assistance to the EA during the tender phase.

37. With the exception of the geotechnical investigation contract stated below, contracts procured under advance action will commence after effectiveness of the grant.

38. **Retroactive financing.** In order to finalize the detailed design of the project and permit the advance contracting for the civil works package, thus increasing project readiness, the government requested retroactive financing for the ADB funded portion of the geotechnical investigation contract (see paragraph 5). The government has been informed that all expenditures must be incurred not more than 12 months before the signing of the grant agreement and that the maximum amount of retroactive financing permitted is 20% of the Grant amount.

B. Procurement of Works and Consulting Services

39. All procurement of works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

40. With ADB's technical assistance, the government's procurement system was strengthened with Tuvalu Procurement Act of 2013 and its rules and regulations.⁸ The Central Procurement Unit (CPU) was established and has been operational since the beginning of 2015. The Procurement Review Committee (PRC) was also established as the government's decision-making body.

41. A procurement risk assessment was carried out during project preparation and the procurement risk was determined to be moderate, based on experience under the Project.

⁷ Since the overall Project is financed with ADB-administered cofinancing resources, universal procurement will apply. ADB. 2013. Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Cofinancing for Operations Financed from Asian Development Fund Resources. Manila

⁸ ADB TA8100-TUV: Institutional Strengthening of the Ministry of Finance and Economic Development

42. CPU will again lead the procurement activities such as preparation of bidding documents, advertisement, bid evaluation, etc. with technical support from MCT, MPUI and the PDA consultant. CPU is responsible to seek PRC approval on draft bid documents, bid evaluation, and recommendation of contract awards. To cover CPU's limited experience, the Tender Assistance Team (TAT) is established with team leader and procurement specialist of the PDA consultant, and staff of MCT, MPUI and the Attorney General's Office. This structure was utilized on the existing project and has been successful.

43. The geotechnical investigation on Niutao has been procured using Direct Contracting (DC) in accordance with ADB procurement procedures. A company, Webster Drilling has been engaged on a contract with a value of \$300,000. Due to the large costs involved in mobilizing this specialist equipment and services to the outer islands, this contractor will extend geotechnical investigation activities being carried out in Niutao to also cover similar investigations required for a World Bank project in Nanumaga and a potential future ADB project in Nui. Reflecting this arrangement, the contract is part funded by World Bank.

44. The decision to undertake DC followed market research activities conducted by the PDA consultant which found that (i) only a few geotechnical survey firms were interested in working in the remote and unique conditions of Tuvalu outer islands, (ii) specialized geotechnical survey equipment that can be easily transported and can drill various soils was needed, and (iii) the urgency to carry out the geotechnical investigations necessitated a responsive approach. Based on these criteria, the above-named firm was engaged.

45. The procurement work flow is given in the action plan below (Table 15).

Table 15: Action Plan for Procurement of Works

No	Actions	In-charge	Target Date of Completion	Remarks
1	Prepare bidding documents.	Cardno under PDA	1 Sep 2018	
2	Review draft bidding documents	CPU, TAT	15 Sep 2018	Staff of AGO to focus on the draft contract (GCC and PCC), which is part of the bid docs.
3	Review and approve bid docs.	ADB	1 Oct 2018	
4	Approve bid docs.	PRC	15 Oct 2018	
5	Tender call and issue bid docs.	CPU, TAT	1 Nov 2018	Bid docs to be made available electronically.
6	Organize pre-bid meeting in Funafuti - excluding site visit to Niutao (use of drone filming).	CPU, TAT	1Dec 2018	
7	Bid submission and public opening of technical and bids in Funafuti (one stage one envelope).	CPU, TAT	15 Jan 2019	10 weeks from the tender call.
8	Technical and financial bid evaluation. Prepare bid evaluation report (BER).	CPU, TAT	1 Feb 2019	
9	Review and approve the tech BER.	ADB	15 Feb 2019	
10	Publicly open financial bids.	CPU, TAT	1 Mar 2019	
11	Financial bid evaluation. Prepare a financial BER.	CPU, TAT	10 Mar 2019	
12	Review and approve the fin BER.	ADB	13 Mar 2019	
13	Review and approve the fin BER.	PRC, CPU	18 Mar 2019	
14	Issue a letter of award to the contractor.	CPU, TAT	30 Mar 2019	
15	Minister MCT and the contractor sign the contract.	Minister MCT, CPU, the contractor	5 April 2019	
16	Send the signed contract to ADB	MCT/PMU	6 April 2019	

17	Confirm financing the contract by issuing PCSS number.	ADB	15 April 2019	
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46. **Construction supervision consultant.** The PMCSC will be recruited adopting QCBS method with a standard quality–cost ratio of 90:10.⁹ The selection of consultants will be carried out jointly by MCT and ADB staff according to the Responsibility Matrix in Annex 2.

47. **Single Source Selection of PMU Staff.** PMU's staff will be recruited using a Single Source Selection given the need to continue their engagement with the government and their satisfactory performance under the Project.

C. Procurement Plan

48. A procurement plan indicating threshold and review procedures for works and consulting service contract packages and national competitive bidding guidelines is presented at Annex 3.

D. Consultant's Terms of Reference

49. The PMCSC terms of reference are presented at Annex 4.

VII. SAFEGUARDS

50. **Social Safeguards.** The Project is category C for involuntary resettlement. The due diligence indicates that workboat harbor at Niutao will be mostly on government-owned land. Some private lands will be required for associated facilities (e.g. passenger transit, terminal building, warehouse and access road) where the government will establish lease agreement based on accepted and long-standing process of acquiring non-government land with the willing landowners. This is not expected to have any livelihood impacts or physical displacement, except for the removal of a small number of trees which are largely non-productive. The scope of the actual private land required is estimated at six acres and will be confirmed during the detailed design stage. No civil works will start prior to finalizing the lease agreement and payment for the lease. Failure to negotiate the lease will not result in compulsory land acquisition by the government. Due Diligence Report including third party verification will be submitted following the detailed design and final lease arrangement between the government and the landowners. The MCT and PMU will be responsible for facilitating the lease agreement and ensuring compliance and monitoring of the overall safeguards requirements.

51. The Project is category C for indigenous peoples. It will not impact any distinct and vulnerable indigenous groups as the people in the Project area are part of the mainstream Tuvaluan Polynesian society. The project will be implemented in a culturally appropriate and participatory manner.

52. **Environment.** The original and proposed Projects are category B for environment. The impacts are site-specific, limited to the footprint of the small-scale harbor (including channel) and associated land-side facilities on Nuiatua, and can be mitigated and managed to acceptable levels provided the measures identified in the IEE and EMP are implemented, and subsequently monitored and reported. A number of alternative locations for the new channel at Niutao have been considered and the proposed option provides the most suitable from an environmental (coastal processes i.e. littoral drift, sand transportation, wave climate and marine ecological)

⁹ 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/>

perspective. The Department of Environment under the Ministry of Foreign Affairs, Trade, Tourism, Environment, and Labor has adequate capacity to monitor the project with the PMU's support. The IEE and EMP will be updated based on the geotechnical surveys, detailed designs and sediment plume modeling which will provide additional information (including baselines); existing information gaps will be filled at this time. The contractor will prepare its construction EMP (CEMP) based on the updated EMP included in the bid and contract documents. The PMU (with support from the PMCSC) will review and clear the CEMP.

53. The project will provide resources and support to ensure safeguards are effectively implemented. The PMCSC will include an environmental specialist to support PMU and ensure environmental safeguards are properly implemented and to monitor compliance of contractor with the approved CEMP during construction. The contractor will recruit an experienced environmental specialist, with expertise in marine ecosystems, to prepare the CEMP (including site-specific plans, drawings and construction methodology for temporary working areas/platforms) and to monitor implementation of the same.

54. In compliance with the Public Communications Policy 2011, the IEE, updated IEE and semi-annual monitoring reports will be disclosed on ADB's website.

55. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement 2009 (SPS)¹⁰ 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.

VIII. GENDER AND SOCIAL DIMENSIONS

56. The Project is proposed as effective gender mainstreaming and a Gender Action Plan (GAP) in Table 16A, has been prepared and will be implemented. The GAP for the overall project is in Table 16B. Project design elements that ensure women's participation and access to project benefits include (i) women-friendly design of the maritime facilities; (ii) women participation in the capacity building and training activities; (iii) equal employment opportunities given to women during construction; (iv) gender awareness activities to target groups; and (v) business opportunities associated with the new harbour (canteen and craft items) among others. Intermittent international and national gender and social development specialist will be engaged to assist the PMU in the implementation of GAP.

TABLE 16A: GENDER ACTION PLAN-ADDITIONAL FINANCE

OUTPUT: Maritime infrastructure constructed in Niutao	TIME LINE	RESPONSIBILITY	ESTIMATED COST
Consultation and decision making			
1. During design and implementation, all community consultations will have a target of at least 40% female participation. There will be women-only consultations. (baseline:0).	Q4 2018-Q4 2021	Gender and Social Development Specialist (PMSC) as the lead, PMU and Contractor	Part of the PMSC budget.
Construction and Maintenance Work			
2. The contractor will employ men and women including from the island, with at least 10% women (baseline:0)	Q1 2019	Contractor and PMU (lead), Gender and Social Development Specialist. Kaupule	Part of the contractor budget/obligation .
3. The PMU will employ men and women including from the island with at least 30% women (baseline:0).			

¹⁰ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

OUTPUT: Maritime infrastructure constructed in Niutao	TIME LINE	RESPONSIBILITY	ESTIMATED COST
4. Provide separate toilets and sanitation facilities at construction camp and appropriately sized protective clothing and safety equipment (baseline:0).	Q1 2019	Contractor	Part of the contractor budget/obligation
5. Ensure application of core labor standards for all female and male workers in all operations including equal pay for equal work between male and female workers and zero tolerance for child labor. Payroll with names, sex, work done, working period, and wages received will be made available by the contractor for inspection.	Q4 2018-Q4 2021	Contractor	No cost
6. All male and female civil works laborers and at least 30% surrounding community members have received trainings on HIV/AIDS/STIs, gender sensitivity awareness and culture in two phases: prior to construction, during construction and at completion (baseline:0). 7. Zero tolerance for sexual harassment and other forms of gender-based discrimination in the workplace implemented.	Q1 2015 and Q2 2020 Q4 2018-Q4 2021	Gender and Social Development Specialist (PMSC) as the lead and PMU oversight, Contractor, Tuvalu Family Health Association, and Department of Gender Affairs	Part of the PMSC budget.
Resettlement issues			
8. Equal compensation will be made for men and women for land leasing. As a part of this strategy it is essential that all women and men have access to all information on compensation and information on grievance processes.	Q1 2019	Jointly clan heads Kaupule and Gender and Social Development Specialist/Social Safeguard consultant (lead), Niutao Women's Council (NWC) and PMU	Part of the safeguards requirement.
9. Removal of vegetation from the harbor site to public space in Niutao for use by local women (especially coconuts and pandanus) for handicraft production and men for building houses and construction.	Q4 2018-Q2 2021	Jointly Kaupule and Gender and Social Development Specialist/Social Safeguard consultant (lead), PMU, Women's Handicraft group, Niutao Women's Council, Contractor	To be included into contract documentation (EMP) for execution by contractor
Safety issues and Precautions			
10. Participatory workshops held among the communities on (i) water safety of passengers and community and (ii) harbor basic use and maintenance of the facilities, with a minimum of 40% women. Workshop materials will be provided to the communities. 11. Safety awareness posters and brochures for the noticeboard at the transit shed and distributed to schools and health clinic. 12. Priority seating reserved for pregnant women, elderly and the disabled in the passenger terminal. 13. Passenger terminal includes a multi-purpose room equipped with a first aid station for the sick/elderly/pregnant women and first aid supplies.	Q4 2018-Q4 2021	Gender and Social Development Specialist/PMSC (lead), PMU, Kaupule Red Cross NWC, Women in Maritime group, Nurses Teachers/school	Part of the PMSC budget
14. Provision of life buoy for safety of transfer from harbor to workboat and workboat to ship (and vice	Q4 2018-Q4 2021 and	PMSC and PMU (lead), Kaupule, Stevedores	Part of the PMSC budget

OUTPUT: Maritime infrastructure constructed in Niutao	TIME LINE	RESPONSIBILITY	ESTIMATED COST
versa) and lifting litter, especially for pregnant women, children, elderly, and disabled.	harbor operation		
15. Appropriate safe lighting sites for the 24-hour solar lights at the harbor facility to ensure the safety of women.	Q4 2018-Q4 2021	Jointly contractor, Kaupule and Niutao Women's Council Kaupule (lead) with support from Gender and Social Development Specialist (PMSC) and PMU to ensure the arrangement will be in place in time for the operation.	Solar lighting included in building design.
16. Training conducted for stevedores on lifting and safety procedures to ensure safe transfer for women, children, elderly, and disabled including transfer of their luggage.	Q4 2021	PMSC (lead), PMU, and Kaupule	Part of the PMSC budget
17. Women-friendly design of facilities (e.g. handrail on jetty) for the elderly, children, and pregnant women, as well as those with limited mobility. Signs posted on jetty for safety warning and procedures.	Q4 2018-Q4 2021	Contractor (lead) Social Development Specialist, and PMU	Railings and signage included in project budget
Income Generation for women			
18. Canteen constructed inside the passenger terminal managed by women's groups e.g. Niutao Women's Council.	Q4 2018-Q4 2021	Contractor (during construction), Niutao Women's Council (during operation), support from Gender and Social Development Specialist, and PMU to facilitate the arrangements prior to turn-over	Included in the project cost
19. Build sale area for women to sell handicrafts at the passenger terminal	Q4 2018-Q4 2021	Contractor (during construction), Gender and Social Development Specialist and PMU	Part of the project budget.

ADB – Asian Development Bank; EMP = Environmental Management Plan; GAP = Gender Action Plan; NGO – nongovernmental organization; PMSC = Project Management Supervision Consultants; PMU = project management unit.

Implementation. An international and national Gender and Social Development Specialist under the Project Management and Supervision Consultant (PMSC) will be engaged to lead the GAP implementation jointly with government counterparts and Project Management Unit (PMU). GAP accountability will also be included in the PMSC's TOR of the Team Leader. All GAP activities will be supported by the collection of sex-disaggregated data, where applicable, by the Gender and Social Development Specialists. GAP Progress Report will be submitted bi-annually to the government executing agency and ADB.

TABLE 16B: GENDER ACTION PLAN- OVERALL PROJECT

Outputs	Proposed Activities and Targets	Main Responsibility (Mandate)
Output 1. Small-scale harbour constructed in Nukulaelae; the boat ramps of Nanumaga and Niutao rehabilitated	<ul style="list-style-type: none"> During design and implementation, all community and public consultations will have a target of at least 20% female participation. During construction, the contractor is encouraged to hire women with a target of at least 10% women workers, if possible. These may include administrative, maintenance, security, and supervision works. Ensure women-friendly design of facilities. For example, this may include the transit shed to have extra space for trading stall or the jetty to have a hand-rail or similar. The contractor and the consultant are required to organize awareness training on HIV/AIDS and gender issues for all construction workers and nearby community members (with at least 20% women participation from each village). Ensure equal pay for equal work between female and male workers. 	<ul style="list-style-type: none"> PMU and the consultant (TOR) PMU and the contractor PMU, the consultant, and the contractor (contract provision) PMU, the consultant, and the contractor (contract provision) PMU and the contractor (contract provision)
Output 1 (Additional Financing) Small-scale harbors constructed in Niutao	<ul style="list-style-type: none"> During design and implementation, all community consultations will have a target of at least 40% female participation. There will be women-only consultations. (baseline:0). The contractor will employ men and women including from the island, with at least 10% women (baseline:0) The PMU will employ men and women including from the island with at least 30% women (baseline:0). Provide separate toilets and sanitation facilities at construction camp and appropriately sized protective clothing and safety equipment (baseline:0). Ensure application of core labor standards for all female and male workers in all operations including equal pay for equal work between male and female workers and zero tolerance for child labor. Payroll with names, sex, work done, working period, and wages received will be made available by the contractor for inspection. All male and female civil works laborers and at least 30% surrounding community members have received trainings on HIV/AIDS/STIs, gender sensitivity awareness and culture in two phases: prior to construction and during construction (baseline:0). 	<ul style="list-style-type: none"> Gender and Social Development Specialist as the lead, PMU and Contractor Contractor and PMU (lead), Gender and Social Development Specialist and Kaupule Contractor Gender and Social Development Specialist as the lead and PMU oversight, Contractor, Tuvalu Family Health Association, and Department of Gender Affairs

	<ul style="list-style-type: none"> • Zero tolerance for sexual harassment and other forms of gender-based discrimination in the workplace implemented. • Equal compensation will be made for men and women for land leasing. As a part of this strategy it is essential that all women and men have access to all information on compensation and information on grievance processes. • Removal of vegetation from the harbor site to public space in Niutao for use by local women (especially coconuts and pandanus) for handicraft production and men for building houses and construction. • Participatory workshops held among the communities on (i) water safety of passengers and community and (ii) harbor basic use and maintenance of the facilities, with a minimum of 40% women. Workshop materials will be provided to the communities. • Safety awareness posters and brochures for the noticeboard at the transit shed and distributed to schools and health clinic. • Priority seating reserved for pregnant women, elderly and the disabled in the passenger terminal. • Passenger terminal includes a multi-purpose room equipped with a first aid station for the sick/elderly/ pregnant women and first aid supplies. • Provision of life buoy for safety of transfer from harbor to workboat and workboat to ship (and vice versa) and lifting litter, especially for pregnant women, children, elderly, and disabled. • Appropriate safe lighting sites for the 24-hour solar lights at the harbor facility to ensure the safety of women. • Training conducted for stevedores on lifting and safety procedures to ensure safe transfer for women, children, elderly, and disabled including transfer of their luggage. • Women-friendly design of facilities (e.g. handrail on jetty) for the elderly, children, and pregnant women, as well as those with limited mobility. Signs posted on jetty for safety warning and procedures. • Canteen constructed inside the passenger terminal managed by women's groups e.g. Niutao Women's Council. 	<ul style="list-style-type: none"> • Jointly clan heads Kaupule and Gender and Social Development Specialist/Social Safeguard consultant (lead), Niutao Women's Council (NWC) and PMU • Jointly Kaupule and Gender and Social Development Specialist/ Social Safeguard consultant (lead), PMU, Women's Handicraft group, Niutao Women's Council, Contractor • Gender and Social Development Specialist (lead), PMU, Kaupule Red Cross, NWC, Women in Maritime group, Nurses Teachers/school • PMSC and PMU (lead), Kaupule, Stevedores • Jointly contractor, Kaupule and Niutao Women's Council Kaupule (lead) with support from Gender and Social Development Specialist and PMU to ensure the arrangement will be in place in time for the operation. • Project Management Supervision Consultant (lead), PMU, and Kaupule • Contractor (lead) Social Development Specialist, and PMU • Contractor (during construction), Niutao Women's Council (during operation), support from Gender and Social Development Specialist, and PMU to
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	<ul style="list-style-type: none"> • Build sale area for women to sell handicrafts at the passenger terminal 	<p>facilitate the arrangements prior to turn-over</p> <ul style="list-style-type: none"> • Contractor (during construction), Gender and Social Development Specialist and PMU
Output 2: The capacity to operate and maintain harbors improved.	<ul style="list-style-type: none"> • At least one O&M training will be conducted for island communities including the Kaupule officer-in-charge and at least 20% participation of women representatives. • If the community is tasked to carry out any O&M of project facilities as a result of institutional strengthening, at least 10% of O&M work would be carried out by women. • At least 1 safety awareness on the use of the facilities conducted among women in the community prior to the facility handover. 	<ul style="list-style-type: none"> • PMU and the consultant (TOR) • PMU and the community • PMU and the consultant (TOR)
Output 3: A transport sector master plan for future harbor development in the outer islands created, with a view to promote fisheries and tourism.	<ul style="list-style-type: none"> • During feasibility study, all community and public consultations will have a target of at least 20% female participation. • The feasibility study will include assessment and designing for needs of local community particularly elderly, pregnant women, children, and those with disabilities. • During master planning, all community and public consultations will have a target of at least 20% female participation. 	<ul style="list-style-type: none"> • PMU and the consultant (TOR) • The consultant (TOR) • PMU and the consultant (TOR)

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

57. ADB and the government have agreed on a set of indicators for project performance in relation to its impact and outcome, consistent with the design and monitoring framework (DMF) presented in Annex 1. The PMU will assist MCT in monitoring and evaluating progress towards the performance targets in the DMF, safeguard issues, covenants of the grant agreement, and other aspects of the project that are subject to performance monitoring.

B. Monitoring

58. **Project performance monitoring.** The PMU will collect and/or verify baseline data for impact, outcome, and outputs, and will establish a monitoring framework for performance indicators. The monitoring framework, along with the timeframe for progress, will be included in

the first quarterly progress report. The MCT through the PMU and the PMCSC will update the progress or achievements on a quarterly basis through its progress reports. The progress reports will provide information necessary to update ADB's project performance management system (PPMS). ADB review missions will validate the reports.

59. ADB will review the project at least twice a year. Each review will cover all institutional, regulatory, administrative, organizational, technical, environmental, social, economic, financial, integrity and other relevant aspects that may affect the performance of the project and its continuing viability. In particular, review missions will monitor the implementation of the risk management plan, the EMP, and the GAP as agreed by the executing agency, as well as compliance with other covenants under the grant agreement.

60. **Compliance monitoring.** Grant covenants on policy, legal, financial, economic, environmental, labor standards, and others will be monitored regularly through various reports (monthly, quarterly, and annual progress reports), and discussion during review missions.

61. **Safeguards monitoring.** The involuntary resettlement and indigenous peoples' categorizations are C and the additional financing (and Project) is category B for environment. The updating and implementation of the requirements identified in the due diligence report and the IEE and EMP will be the subject of monitoring. Monitoring of safeguard activities will be included in contractor's monthly reports and PMU's quarterly progress reports and semi-annual monitoring reports.

62. Corrective action requests and any unexpected impacts during project implementation will be reported by MCT/PMU, who will inform ADB and address these issues according to the SPS. Semi-annual safeguards reports will be prepared and submitted and will be disclosed on ADB's website. The items to be monitored are shown in the implementation checklists and an outline of semi-annual safeguards monitoring reports is included in Annex 6.

63. **Gender and social dimensions monitoring.** Monitoring report on implementation of GAP will also be included in the quarterly progress reports (that of the second and fourth quarters of the year). A semi-annual GAP implementation progress will be prepared by the Gender and Social Development Specialist for submission to the government and ADB.

C. Evaluation

64. The government and ADB will jointly undertake a midterm review of the project in about 1.5 years of project implementation. The midterm review will focus on (i) project impact, outcome, and outputs; (ii) implementation progress; (iii) the performance of consultants and contractors; (iv) the status of compliance with covenants in the grant agreements; and (v) the need for any midcourse changes in project scope or schedule to ensure full achievement of the intended impact. Within 6 months of physical completion of the project, MCT with the help of the PMU and PISC will submit a project completion report to ADB. Reporting

D. Reporting

65. MCT will provide ADB with:

- (i) Project's 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 performance targets, (b) key implementation issues and solutions, and (c) updated implementation plan for next 12 months; and
- (iii) Audited project accounts together with the associated auditor's report.

E. Stakeholder Communication Strategy

66. The Communication and Participation Plan was prepared during project preparation. MCT/PMU will maintain and regularly disseminate information on the project to the public through available media including the government website, and regularly consult with the public and civil society organizations in respect of each of the foregoing matters.

X. ANTICORRUPTION POLICY

67. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.¹¹ 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 and/or 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.¹²

68. To support these efforts, relevant provisions are included in the grant agreements and the bidding documents for the Project.

XI. ACCOUNTABILITY MECHANISM

69. 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.¹³

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

70. Normally, projects are expected to be implemented as approved by the Board. However, flexibility should be built into project design to allow changes in project scope and implementation arrangements in response to unexpected changes in circumstances during implementation. Moreover, project design should be receptive to changes in project scope and implementation arrangements that would improve the development impact and reflect stakeholder interests during implementation. Midterm review missions assess the appropriateness of the project scope and implementation arrangements in detail. The government, the executing agency, or ADB may propose changes in scope and implementation arrangements.

1. Any revisions/updates during course of implementation will be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

¹¹ Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹² ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

¹³ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

No.	Date	History	Remarks
1	17 th May 2018	Agreement with the government during the fact-finding mission.	Signed MOU

DESIGN AND MONITORING FRAMEWORK

<p>Original Project</p> <p>Safe and efficient domestic maritime transportation that helps increase climate resilience of community infrastructure. The outcome will be improved maritime transfer operations in Niutao, Nukulaelae, and Nanumaga, anchored on a transport master plan, with a view to promoting fisheries and tourism.</p> <p>Overall Project</p> <p>Unchanged</p>
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Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>Outcome</p> <p>Original Project Maritime transfer operations in Nukulaelae, Nanumaga, and Niutao improved, anchored on a transport master plan, with a view to promoting fisheries and tourism</p> <p>Overall Project Unchanged</p>	<p>Original Project</p> <p>By 2021</p> <p>a. Transfer efficiency, defined as transferred volume of passengers and cargo divided by the dwell time in Nukulaelae, improved by 20% (2013–2015 baseline: 1.59 cubic meters per hour on average)</p> <p>b. Total number of passengers who have travelled to and from Nukulaelae remains the same or increases (2015 baseline: 445 passengers)</p> <p>Overall Project</p> <p>By 2022</p> <p>a. Transfer efficiency, defined as transferred volume of passengers and cargo divided by the dwell time in Nukulaelae and Niutao improved by 20% (2013–2015 baseline: 1.59 cubic meters per hour on average for Nukulaelae and to be determined for Niutao).</p> <p>b. The total number of passengers travelling to and from Nukulaelae and Niutao remains the same</p>	<p>a–b. Annual report of the Ministry of Communication and Transport, Marine and Port Department.</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>or increase (2015 baseline: 445 passengers for Nukulaelae and 2017 baseline: 1,175 passengers for Niutao).</p>		
<p>Outputs Project</p> <p>1. A small-scale harbor constructed in Nukulaelae and the boat ramps of Nanumaga and Niutao rehabilitated</p> <p>Overall Project</p> <p>1. Small-scale harbors constructed in Nukulaelae and Niutao, boat ramps of Nanumaga and Niutao rehabilitated.</p>	<p>Original Project</p> <p>By 2020</p> <p>1a. One small-scale harbour in Nukulaelae constructed, including dredged channel and boat basin, trestle, boat ramp, and boat parking area (2016 baseline: 0)</p> <p>1b. A transit shed and a crane truck provided in Nukulaelae (2016 baseline: 0)</p> <p>1c. Boat ramps in Nanumaga and Niutao Improved (2016 baseline: 0)</p> <p>1d. Women-friendly design incorporated in facilities, e.g., handrail on the jetty or a trading stall in the transit shed</p> <p>Overall Project</p> <p>By 2022</p> <p>1a. Small-scale harbours in Nukulaelae and Niutao constructed, including dredged channel and boat basin, trestle, boat ramp, and boat parking area (2016 baseline: 0)</p> <p>1b. A transit shed, women friendly passenger terminal (e.g. priority seating reserved for pregnant women) and a crane truck provided in Nukulaelae</p>	<p>1a–c. Project design and quarterly project progress report.</p>	<p>Civil works bids come in substantially higher than engineers estimate.</p> <p>Competitive tendering compromised by government's limited procurement capacity</p> <p>Sustainability compromised by Government's technical and financial management capacity.</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>and Niutao (2016 baseline: 0)</p> <p>1c. Boat ramp in Nanumaga and Niutao improved (2016 baseline: 0)</p> <p>1d. Women-friendly design incorporated in facilities: e.g., handrail on the jetty or a trading stall (sale area for women to sell handicrafts) and multi-purpose room with first aid for sick/elderly and pregnant women in the transit shed, provision of life buoy for safety of transfer, appropriate lighting and safety and security at the harbour facility 1a.</p> <p>1e. Canteen constructed inside the passenger terminal managed by women groups e.g. Niutao Women's Council</p>		
<p>Original Project 2. The capacity to operate and maintain harbors improved.</p> <p>Overall Project Unchanged</p>	<p>Original Project 2a. O&M plan for the maritime infrastructure prepared and training implemented for the outer islands communities, MCT, and other relevant national government agencies. (2016 baseline: 0)</p> <p>2b. At least one O&M training will be conducted for island communities, including the <i>Kaupule</i> (local government council) officer-in-charge and at least 20% participation of women representatives</p> <p>Overall Project Unchanged</p>		<p>The government may lose the current sources of revenue such as fishing license or .TV license revenues.</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Original Project 3. A transport sector master plan for future harbor development in the outer islands created, with a view to promote fisheries and tourism. Overall Project Unchanged	Original Project 3a. A master plan for the transport sector with a view to promote fishery and tourism developed 3b. Feasibility study for developing a small-scale harbor in Nanumaga, Niutao, and Nui prepared 3c. Prefeasibility study prepared for developing harbor that can accommodate the government ships in outer islands 3d. All community and public consultations will be participated in by at least 20% female representatives Overall Project Unchanged	3a–d. Quarterly project progress report.	Failure to reach consensus among stakeholders for the direction or priority of development.

Key Activities with Milestones

Original Project

1. A small-scale harbor constructed in Nukulaelae and the boat ramps of Nanumaga and Niutao rehabilitated
1.1 Procurement of works in Nukulaelae, Nanumaga, and Niutao (January–May 2017, under project design advance)

1.2 Construction of small-scale harbor in Nukulaelae and rehabilitation of the boat ramps in Nanumaga and Niutao (June 2017–December 2020)

2. The capacity to operate and maintain harbors improved, involving the outer islands communities, MCT, and other relevant national government agencies

2.1 Consultant recruitment (October 2016–February 2017)

2.2 Consulting services for institutional strengthening (June 2017–December 2020)

Overall Project

1. A small-scale harbor constructed in Nukulaelae and the boat ramps of Nanumaga and Niutao rehabilitated

1.1 Procurement of works in Nukulaelae, and Nanumaga, (January–May 2017, under project design advance). Procurement of works for Niutao harbor (January–May 2019).

1.2 Construction of small-scale harbor in Nukulaelae and rehabilitation of the boat ramps in Nanumaga and Niutao (June 2017–December 2020) Construction of Niutao harbour and Nukulaelae Passenger Terminal (June 2019–December 2022)

2. The capacity to operate and maintain harbors improved, involving the outer islands communities, MCT, and other relevant national government agencies

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
2.1 Consultant recruitment for Nukulaelae and Maritime Transport Plan (October 2016–February 2017) Consultant recruitment for Niutao harbour construction supervision support consultant (October 2018–February 2019). 2.2 Consulting services for institutional strengthening (June 2017–December 2020), Consultant services for Niutao harbour construction supervision support consultants (June 2019–December 2022).			

ADB = Asian Development Bank, m³ = cubic meter, MCT = Ministry of Communication and Transport, O&M = operation and maintenance, PDA = project design advance.

Source: Asian Development Bank.

Matrix of Responsibilities

Joint Consultant Recruitment with ADB

Project Name: _____

Executing Agency: _____

Name of Consulting Service: _____

Purpose of this Matrix:

This matrix aims at clarifying roles and responsibilities of the executing agency (EA) and ADB in recruiting a consultant to be financed by grant financing when the executing agency requested ADB to assist recruiting a consultant. ADB's Consultant Management System (CMS) will be used. The matrix provides options for the EA for the level of involvement in the recruitment process at Step No. 4 (shortlisting of consultants) and No. 12 (technical evaluation). If the EA concurs with the matrix, the EA staff shall choose one option out of [4a, 4b, or 4c] and [12a, 12b, or 12c] and sign on the last page and send back all pages back to ADB.

No.	Stage	Activity	Responsibility
1	Pre-advertisement Procurement plan	Preparation of terms of reference, budget estimates, shortlisting criteria and recommendation of selection method choice	EA in coordination with ADB
2	Advertisement/ Consulting Services Recruitment Notice (CSRN)	Advertisement of consulting services assignment and collection of EOIs	ADB
3	Preparation of Long List	EOIs are received electronically through CMS and by email/ fax. Submitted EOIs will be shared with the EA.	ADB
For Step 4 below, please choose one of 4a, 4b, or 4c, and check only one box			
4a <input type="checkbox"/>	Shortlisting of consultants	ADB staff evaluates EOIs, prepare a shortlist, and seeks EA's concurrence.	ADB and EA
4b <input type="checkbox"/>		ADB staff and EA jointly evaluate EOIs and prepare a shortlist.	ADB and EA jointly
4c <input type="checkbox"/>		EA evaluates EOIs, prepare a shortlist and seeks ADB's concurrence.	EA and ADB
5	Preparation of Request for Proposal	Request for Proposal is prepared based on current understanding of the assignment scope, complexity and risks. Feedback received from consulting firms on adequacy of budget and adequacy of TOR, as advertised, is reviewed and incorporated, as applicable. If shortlist includes commercial and non-commercial entities, the selection method changes to QBS or FBS.	ADB prepares RFP
6	Approval of shortlist and RFP	ADB officially approves shortlist and RFP.	ADB
7	Issuance of RFP to the shortlisted firms	ADB issues RFP to the shortlisted firms through ADB's CMS.	ADB
8	Clarifications to the RFP	ADB responds to clarifications requests.	ADB and EA, if applicable

No.	Stage	Activity	Responsibility
		If required, ADB staff seeks clarifications from EA.	
9	Receipt of the proposals	Proposals are submitted through CMS.	ADB
10	Distribution of technical proposals	Technical proposals are distributed to the members of the consultant selection committee (PMCSC)(see 12 for PMCSC).	ADB
11	Copy of technical proposals shared with EA	ADB project officer shares electronic copies of technical proposals with the EA.	ADB
For Step 12 below, please choose one of 12a or 12b, and check only one box			
12a <input type="checkbox"/>	Technical evaluation	ADB staff form PMCSC and evaluate technical proposals and notifies the results to EA. EA may send ADB any concerns on technical proposals before ADB holds a PMCSC meeting.	ADB
12b <input type="checkbox"/>		ADB and EA jointly form PMCSC and evaluate technical proposals. PMCSC meeting may be organized as a face-to-face meeting or by teleconference or videoconference.	ADB and EA jointly
13	Electronic Approval of technical evaluation	ADB officially approves technical evaluation.	ADB
14	Confidential notification of total scores of evaluated technical proposals	ADB notifies EA of the total scores of evaluated technical proposals.	ADB
15	Electronic opening of financial proposals for.	<p>< QCBS, FBS, LCS> CMS issues notifications of electronic opening of financial proposals to consulting firms whose technical proposals are evaluated above qualifying threshold of 750 points out of 1000.</p> <p>< QBS, CQS and SSS> CMS issues notification of electronic opening of the financial proposal to the first-ranked technically consulting firm and opens its financial proposal.</p>	ADB
16	Financial evaluation and final ranking	ADB's OSFMD evaluates financial proposals and prepares final ranking. ADB consults with EA on the results of financial evaluation and final ranking. EA reviews and may point out any inconsistencies in the financial proposals that might need to be discussed during the negotiations with the first-ranked firm. If no issues are uncovered within 3 working days or no feedback is received within 3 working days, the final ranking will be finalized.	ADB
17	Notification of final ranking and recommendation of contract award	CMS notifies EA of the final ranking and recommendation of contract award to the first-ranked firm.	ADB
18	Contract negotiations	EA negotiates the contract with the first-ranked firm. ADB may assist negotiations, if required	EA and ADB (if requested)

No.	Stage	Activity	Responsibility
19	Publication of contract award	EA publishes the award on government website, if applicable. ADB publishes the award on CMS.	EA and ADB
20	Notice to Proceed	EA issues Notice to Proceed.	EA

ADB = Asian Development Bank; EA = executing agency; EOI = expression of interest; QCBS = quality-and cost-based selection; FBS = fixed-budget selection; QBS = quality-based selection; LCS = least-cost selection; SSS = single-source selection; RFP = request for proposal; TOR = terms of reference; PMCSC = consultant selection committee; CSRN = consulting services recruitment notices; OSFMD = Operations Services and Financial Management Department.

Conforme:

Signature

Name:

Printed name

Title:

Agency Name:

Date:

PROCUREMENT PLAN

Basic Data

Project Name: Outer Island Maritime Infrastructure Project – Additional Financing	
Project Number: 48484-004	Approval Number:
Country: Tuvalu	Executing Agency: Ministry of Communication and Transport
Project Procurement Classification: A	Implementing Agency: Ministry of Communication and Transport – Project Management Unit
Procurement Risk: Moderate	
Project Financing Amount: \$15.5 million ADB Financing: \$15.4 million Non-ADB Financing: \$1.5 million	Project Closing Date: 30 June 2021
Date of First Procurement Plan: April 2018	Date of this Procurement Plan: April 2018

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 (ICB) for Works	\$3,000,000	Prior Review
International Competitive Bidding for Goods	\$1,000,000	Prior Review
National Competitive Bidding (NCB) for Works ²	Beneath that stated for ICB, Works	First subject to prior review, post review thereafter
National Competitive Bidding for Goods ²	Beneath that stated for ICB, Goods	First subject to prior review, post review thereafter
Shopping for Works	Below \$300,000	Post Review
Shopping for Goods	Below \$300,000	Post Review
Direct Contracting	< \$30,000 or other special circumstances	Prior Review unless < \$30,000 See PAI 3.06 & 3.07

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	QCBS 90/10
Single source selection	
Individual consultant (single source selection)	

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 ⁵	General Description	Estimated Value	Procurement Method	Review [Prior/Post]	Bidding Procedure ⁶	Advertisement Date	Comments ⁷
1	Civil works	\$11.4 million	ICB	Prior	1S1E	Q4 2018	Prequalification of Bidders: N

							Domestic Preference: N Type of Bidding Document: Large Works
--	--	--	--	--	--	--	---

SSS=single source selection, DC=Direct Contracting; ICB=International Competitive Bidding

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.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/Post)	Advertisement Date	Type of Proposal	Comments
2	Consultant	\$1.0 million	QCBS	Prior	Q3 2018	FTP	Assignment: International ADB/EA Joint selection
2	Consultant – Project Manager of PMU	\$0.2 million	SSS	Post	Q3 2019	N/A	Joint selection
3	Consultant – Project Accountant of PMU	\$0.1 million	SSS	Post	Q3 2019	N/A	Joint selection

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number ⁵	General Description	Estimated Value	Number of Contracts	Procurement Method	Review [Prior/Post]	Bidding Procedure	Advertisement Date	Comments

DC=Direct Contracting

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).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior/Post]	Bidding Procedure	Comments

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments

C. List of Awarded and On-going, and Completed Contracts

The following tables list the awarded and on-going contracts, and completed contracts.

1. Awarded and On-going Contracts

Consulting Services							
Package Number	General Description	Estimated Value	Awarded Contract Value	Recruitment Method	Advertisement Date	Date of ADB Approval of Contract Award	Comments
4	Geotechnical investigations	\$0.3 million	\$0.3 million	Direct Contract	Q2 2018	Q4 2018	Retroactive Finance World Bank covered domestic transport costs under a separate contract

Outline Terms of Reference for Project Management and Construction Supervision Consultant

A. Introduction

1. The Government of Tuvalu (the government) has obtained a grant financing from ADB for Additional Financing for the Outer Island Maritime Infrastructure Project (OIMIP) and ADB has approved financing of \$15.4.0 million for the Additional Financing Project. The project's impact will be safe and efficient domestic maritime transportation that helps increase climate resilience of community infrastructure. The outcome will be improved maritime transfer operations in Nukulaelae, and Niutao, anchored on a transport master plan to improve transport operations in the future for all the outer islands. The additional financing project outputs: will be (i) a small-scale harbor constructed in Niutao; and (ii) cost overruns and a passenger terminal constructed in Nukulaelae (collectively Output 1).

2. The Ministry of Communication and Transport (MCT) is the executing agency of the additional financing Project through its Project Management Unit (PMU). The PMU is headed by the Director for Marine and Port Services, who is concurrently the Project Director leading the project activities.

B. Objectives

3. The consultant will: (i) assist the PMU in project management and construction supervision (Output 1), (ii) concurrently carry out on-the-job training in project management and contract supervision and to support arrangements to maintain the project deliverables (Output 2), and (iii) supporting due diligence activities and project performance monitoring (Output 3). The consultant will be responsible to the PMU Project Manager for delivery of services under the contract.

4. The contract for this consulting service will follow an output-based contracting modality for both personal services and out-of-pocket expenses based on a performance-based terms of reference (TOR).

C. Scope of Work

5. The consultant will help ensure that the construction of the workboat harbor at Niutao is implemented according the agreed terms and conditions as laid out in the grant agreement, the Project Administration Manual (PAM) and other ADB's policies and procedures, and according to the construction contract between the government and the contractor. In delivering services to the PMU, the consultant will assist procurement activities, contract administration, the supervision of works, public consultation, environmental and social due diligence, and other project management actions. The consultant will be largely based out of Funafuti and the supervision engineer will be based in Niutao for the duration of works on site. The detailed tasks include the following:

- (i) Implement the Project according to the terms and conditions specified in the grant agreement between the government and ADB and ensure that the specified assurances are met;
- (ii) Assist the government in ensuring that the works are carried out in accordance with the Standard Bidding Documents and form of contract and related designs

and specification;

- (iii) In parallel to assisting the government with contract supervision, provide on-the-job training to the staff of MCT, PMU and other agencies involved;
- (iv) Fulfil the responsibilities as the Engineer under the FIDIC civil works contract;
- (v) Supervise the civil works in the field to ensure the quality of works is in accordance with designs and specifications, and provide any oversight for other services necessary for implementing the civil works;
- (vi) Administer all contracts of works, and any other related activities as provided for under the Project;
- (vii) Ensure all project activities will follow the safeguard plans agreed. For environment, assure quality and monitor the implementation of the approved construction environmental management plan (CEMP);
- (viii) Assist in ensuring that lease agreement is in place prior to any civil works and manage social safeguards issues which may arise during implementation. If any conditions change, update the due diligence report or prepare a resettlement plan depending on the results of detailed engineering.
- (ix) Ensure implementation of and compliance with the GAP
- (x) Lead coordination with stakeholders when necessary; and
- (xi) As per the requirements identified in the IEE and EMP, organize prevention and awareness sessions on communicable diseases including STIs and HIV/AIDS in the project outer island communities in coordination with the Ministry of Health.

D. Detailed Terms of Reference

6. **Port Engineer/Team Leader** (*international, minimum inputs: 12 months*). The candidate shall possess a degree in civil engineering, transportation engineering or a related discipline and possess at least 15 years of experience in design, project management, and implementation of maritime projects, of which some should be in the region. Experience in developing countries, particularly in the Pacific region, and working with development agencies is preferred. The key tasks of the Port Engineer Team Leader would be as follows:

- (i) Take overall responsibility for delivering the services in ensuring timely and effective delivery of the project, and in particular of the construction contract for the Niutao harbour.
- (ii) Be responsible for day-to-day management of the consultant team in delivering their responsibilities under the contract
- (iii) Provide direct support to the MCT/PMU in delivery of the project and reporting of

progress to the government and the ADB;

- (iv) Monitor project progress and report progress and issues encountered, and proposals for their resolution to MCT/PMU; and
- (v) Take responsibility for preparation of monthly reports, review and finalisation of sector reports and preparation of the project completion report to PMU, the Government and ADB.

7. **Contracts Specialist** (*international, minimum inputs: 2 months*). The candidate should have a degree in civil engineering or equivalent, and at least 10 years of experience in procurement of goods, works and services and contract management. Applied technical knowledge related to construction and work experience in the transport sector, and particularly maritime infrastructure or other similar sector projects is desired. Experience in developing member countries will be desirable particularly in the Pacific region. Experience in applying ADB's guidelines on contract management and supervision is preferred. The key tasks of the Contracts Specialist would be as follows:

- (i) Ensure compliance of the contractor with all contract provisions in accordance with FIDIC requirements;
- (ii) As necessary evaluate requests for contract variations as a result of unforeseen field conditions or changes in project scope and facilitate resolution in accordance with contract provisions;
- (iii) Carry out other contract management tasks as request by the PMU and consultants team leader.
- (iv) Assist in the preparation of monthly reports with contributions on contract management matters

8. **Resident Supervisor** (*international, minimum inputs: 8 months*). The candidate shall possess a diploma or equivalent in civil or structural engineering. The candidate should have at least 10 years of experience in construction supervision with 5 years of supervision in remote communities preferably the Pacific region. The candidate should have experience in mass concrete pours and working in an inter-tidal zone. The key tasks of the Contracts Specialist would be as follows:

- (i) Carry out daily supervision and quality assurance activities of civil works and equipment installations;
- (ii) Assist the PMU in civil works contract management in terms of cost, time and quality control;
- (iii) Assist the PMU and contractor in phasing civil works and installation activities so as to deliver the project in a timely fashion;
- (iv) Review and recommend for approval the contractor's installation methodology and work plans;

- (v) Identify and propose solutions to mitigate or prevent impediments related to construction, equipment installation, quality of works, and other issues as they arise;
- (vi) Carry out other supervision tasks as request by the PMU and consultants team leader;
- (vii) Assist in the preparation of monthly reports with contributions on contract supervision and construction progress matters.

9. **Gender and Social Development Specialist** (*international input, 2 person-months, intermittent and national input, 6 person-months, intermittent*). The international specialist will have a university degree preferably advanced studies and over 10 years of relevant experience in the field of sociology, anthropology, gender and development studies and related field. The national specialist will have a university degree and at least 5 years of relevant experience in related field. The specialists will be responsible for the task below. The national consultant will spend more time in providing support during GAP implementation, monitoring and reporting while the international consultant will be mostly in-charge of overall gender capacity building activities and identifying and mitigating any social risks which should be considered during implementation. The key tasks of the social development specialists would be as follows:

- (viii) Assist the MCT/PMU and capacitate them in implementing the GAP and supervision of proposed gender activities including amend and/or develop GAP activities during implementation, if required;
- (ix) Produce relevant instruction and awareness materials for raising understanding and awareness on gender and safety among target community, especially women and girls, and civil works contractor;
- (x) Establish gender-disaggregated baseline data in the project area to develop socioeconomic monitoring indicators according to project design and implementation plans (including training and improvement activities) and assist in collecting data reflecting progress on GAP targets and indicators and assist in preparing GAP progress report for submission to ADB;
- (xi) Assist in resolving any project related grievances or issues on land or social aspects particularly affecting vulnerable groups such as women that might arise during construction;
- (xii) Assist in the implementation of safeguards activities and stakeholder communication strategy including ensuring women's participation during all meetings and consultations and identification of key issues affecting women's participation and engagement in project activities and how to address issues; and
- (xiii) Identify any unanticipated safeguards issues and social risks and/or negative impacts including on gender and assist in developing mitigation measures to address issues, if any.

- (xiv) Assist in the preparation of monthly and semi-annual reports on GAP implementation progress and any issues concerning social safeguards.

10. **Environmental Specialists** (*international input, 2 person-months, intermittent and national input, 6 person-months, intermittent*). The international specialist will have a relevant university degree preferably advanced studies and at least 10 years of relevant experience in the field of environmental assessment and management (including monitoring) of infrastructure projects. Experience in maritime projects will be considered an advantage. The national specialist will have a university degree and at least 5 years of relevant experience in related fields. The specialists will be responsible for the tasks below. The national consultant will spend more time in providing support during CEMP implementation and monitoring, while the international consultant will be mostly in-charge of overall environmental reporting, capacity building activities and identifying and mitigating any environmental risks which should be considered during implementation. The key tasks of the environmental specialists include: :

- (i) As per the Project's Consultation and Communications Plan, coordinate consultations and disclosure/information dissemination with the PMU, social safeguards team and contractor;
- (ii) Ensure the contractor's CEMP is updated as required to reflect and include any conditions of consent/approval under Tuvalu environmental law and EIA Regulations; .
- (iii) Review, and suggest revision as required, the CEMP implementation checklists proposed to be used by the contractor;
- (iv) Assist the PMU in ensuring that the contractor complies with the approved CEMP based on the updated EMP and actual site conditions;
- (v) Assist the PMU and contractor in implementing the grievance redress mechanism (GRM) in collaboration with social specialists;
- (vi) Provide training to MCT, PMU and contractors covering: 1) CEMP preparation, implementation and supervision; 2) monitoring; and 3) reporting;
- (vii) Assess the implementation of the GRM , and in consultation with the social development/safeguard specialists, recommend improvements;
- (viii) Support the PMU to undertake inspections and audits of the works and contractor's implementation of the CEMP and recommend corrective actions and measures as required to address non-conformances and issues, with instructions/notices being issued to the contractor by the Supervising Engineer. Assist PMU to prepare the semi-annual monitoring reports and ensure that such reports are disclosed locally; and
- (ix) Review the overall results of environmental monitoring. Recommend investigations and recommend corrective actions, as necessary.

11. **Office Accounts and Administrative Assistant** (*national input, 15 person-months, full time*). The national accounts and administrative assistance will have an accounting, administrative or equivalent qualification at diploma level or above, and preferably at university degree level. The candidate will have excellent written and oral skills in English, and will have over 5 years of relevant experience in the fields of accounting and/or office administration, preferably including for projects or programmes funded from external bilateral or multi-lateral agencies. The key tasks of the office accounts and administrative assistant would be as follows:

- (i) Carry out such administrative and coordination tasks as required for smooth and timely delivery of the services.
- (ii) Liaise as necessary with government agencies and assist in the arranging of meetings, exchange, processing and approval of documents and permits as necessary for carrying out the services.
- (iii) Maintain project accounts in accordance with requirements of the PMU and of the ADB.
- (iv) Carry out any other such duties as required by the consultant's Team Leader

E. Outputs

12. Following are the detailed description of reports to be produced.

13. **Monthly Progress Reports.** Monthly progress reports covering all aspects of construction management and supervision will be prepared and submitted to the PMU. Details to be reported in relation to project management include physical and financial progress of each component, updated estimate of overall project cost, updated implementation schedule, and the status of project fund claiming and disbursement. In relation to the civil works and construction supervision, the monthly progress reports cover physical progress, implementation status of safeguard aspects, inputs of personal and equipment resources, invoices processed, contract variations requested and processed, and payment status, among others. In addition to factual reporting, issues arising from project activities will be reported, along with discussion on the action taken and/or possible solutions. Safeguard monitoring will be also reported semi-annually and key safeguards issues included in monthly progress reports.

14. In the event that project activities are anticipated to be low, the Task Force and MCT in consultation with ADB may decide that a monthly progress report for the coming month is not necessary. In such case, the decision will be delivered to the PMCSC at least 2 week prior to the start of the month.

15. **Project Completion Report.** The consultant will prepare a Project Completion Report on completion of the construction project, which will summarize all project activities to the end of project implementation period and will evaluate project performance. The contents, at a minimum, will cover all aspects specified in ADB's *Guidelines for the Evaluation of Public Sector Operations*.¹⁴

16. **Procedure for the Review and Acceptance of Outputs.** Each of the outputs will be reviewed by the government and ADB. Draft outputs shall be submitted to Project Director

¹⁴ <https://www.adb.org/documents/guidelines-preparing-performance-evaluation-reports-public-sector-operations>

through the PMU in both hard and soft copies, and to ADB in soft copy. The PMCSC will incorporate the government's comments in finalizing the documents. Upon formal acceptance of the outputs by the government, the progress payments will be made according to the payment schedule agreed and specified in the contract. Standard software usable on Microsoft Windows shall be used for preparing the reports. The outputs and tentative payment schedule are provided in the Table below.

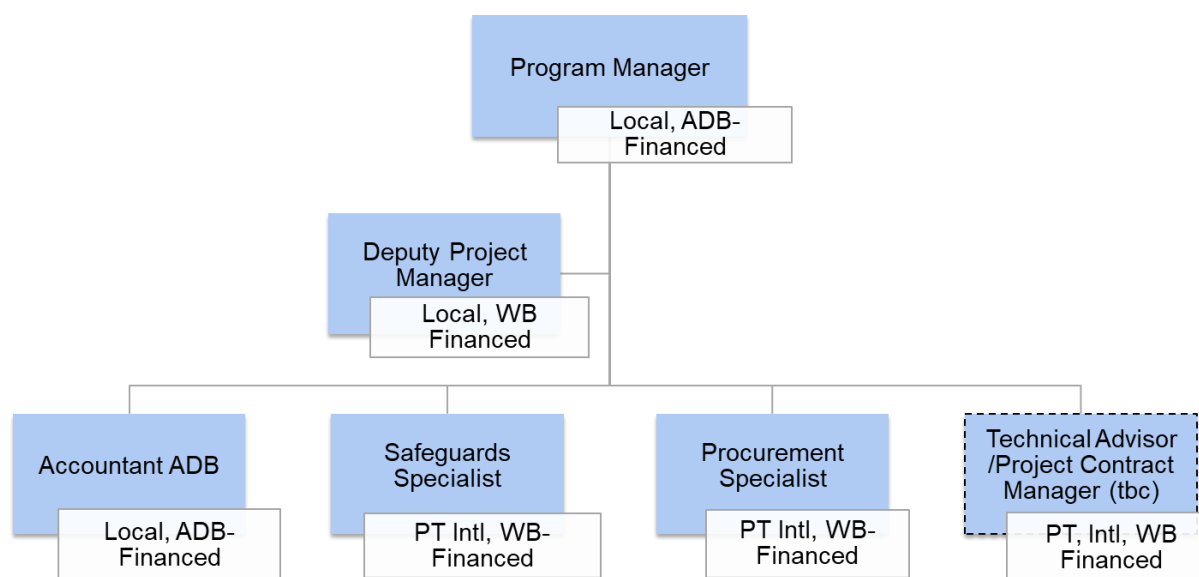
Table 1: Indicative Schedule of Outputs and Payments

No.	Milestones/Deliverable	Expected Date of Submission of Report	Percentage of Total Contract Amount
1	Mobilization and Inception Report.	Month 1	5%
2	Monthly Progress Reports on construction supervision *	Month 2-15	6% per month
3	Semi-annual Environmental and Social due diligence reports	Months 6 and 12	4% per report
4	Project Completion Report	Month 16	3%

** Preparation of monthly progress report will be decided by Task Force and MCT in consultation with ADB depending on the level of project activities anticipated. If MCT decides that a monthly progress report is not required, MCT will deliver such decision to PSMPC at the latest 2 weeks before the start of the month.*

Terms of Reference for Project Management Unit Consultants

1. The consultants currently engaged to support the PMU under the Project will continue to be engaged under revised terms and conditions to reflect the change in scope of the services, provided MCT assesses their performance as satisfactory. The scope of work of the PMU will be expanded to include management of: (i) the additional financing for OIMIP project; and (ii) the World Bank funded Maritime Investment in Climate Resilience (MICRO) project. The organizational structure of the expanded PMU is shown in the figure below.



2. **Project Management Unit (PMU)** will be tasked to carry out the following:
 - (i) Assist the Project Director in management of: (i) OIMIP; (ii) the additional financing OIMIP; and (iii) the MICRO project.
 - (ii) Monitor and evaluate project activities and outputs and report the findings to Project Director and funding agencies by monthly progress reports.
 - (iii) Review and verify documents submitted by consultants and contractors.
 - (iv) Review the consultant and contractor's invoices and advise the Project Director of its findings.
 - (v) Coordinate with the consultant and supervise the contractor.
 - (vi) Provide day-to-day support for the consultant and contractor's project activities.
 - (vii) Actively participate in the project activities aiming at early project completion.
 - (viii) Facilitate the consultant's communication with local stakeholders.
 - (ix) Consult with the public and disclose project information with ADB and the World Bank as necessary.
 - (x) Carry out measures to improve the projects' performance, as necessary.

3. **Project Manager** (full time, national consultant) will be tasked to carry out the following:

- (i) Supervise the Deputy Project Director, the Financial Manager and the Safeguards, Procurement and (if appropriate) Contract Management specialists in carrying out their respective project management activities.
- (ii) Ensure that the project activities follow the government's, ADB's and World Bank's policies and requirements as appropriate for each project, including the PAMs for the OIMIP, MICRO and additional financing projects.
- (iii) Review and ensure the quality of monthly progress reports prepared by the contract supervision consultants for OIMIP, MICRO and the additional financing project, and other consultants as appropriate, and endorse these to the Project Director.
- (iv) Coordinate with the consultants and the contractors in planning and monitoring daily project activities.
- (v) Monitor the quality of the consultant's and contractor's outputs.
- (vi) Review deliverables of the consultants and check if they are in accordance with the government's policy and regulations and the beneficiaries' needs. Advise the findings to the Project Director.
- (vii) Coordinate with the Central Procurement Unit in organizing procurement process for all contracts of civil works, equipment, and consulting services under the Project.
- (viii) Carry out field inspections to ensure that engineering designs are adequately implemented.
- (ix) Assist any design changes during project implementation as necessary.
- (x) Supervise contractors' works including carrying out periodic performance audits to ensure quality control and core labor standards are met.
- (xi) Review and approve the contractor's installation methodology and work plans.
- (xii) Review and endorse progress reports and claims of the consultants and the contractors.
- (xiii) If required, coordinate with staff of the Environment Division in reviewing contractor environmental management plans (CEMPs), carrying out regular audits and monitoring, and as required providing technical advice to ensure compliance with environmental assurances under the Project.
- (xiv) Liaise as necessary with other concerned departments of government is ensuring the smooth and timely execution of the projects.

4. **Financial Manager** (full time, national consultant) will be tasked to carry out the following:

- (i) Establish and administer a financial management system for the projects in accordance with the relevant ADB and WB guidelines concerning administration of disbursements, and arrangement of direct payments to contractors.
- (ii) Establish exclusive project accounts for each project and maintain them according to the Government's accounting principles.
- (iii) Provide the necessary accounting services to ensure effective project administration.

- (iv) Provide inputs to the monthly progress reports.
- (v) Coordinate with the Auditor General's Office for and arrange annual auditing of the project account, ensuring the ADB's and WB's requirements of audit are met.
- (vi) Review the consultant's and the contractor's progress claims and certify them for payment in coordination with the Deputy Project Director.
- (vii) Initiate timely disbursement of project funds in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time) and WB's disbursement procedures as appropriate.
- (viii) Manage the government counterpart funds and records of in-kind contribution.



Asian Development Bank

March 2015

Statement of Audit Needs (Auditor's Terms of Reference)

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**AUDITED PROJECT FINANCIAL STATEMENTS (APFS)
STATEMENT OF AUDIT NEEDS (AUDITOR'S TERMS OF REFERENCE¹⁵)**

I. INTRODUCTION

1. *[A description of the project will be provided with a focus on the purpose for which the funds are intended consistent with broad project objectives and budget. A description of the executing and implementing agencies will be included along with the related accounting and financial management practices, grant amount, financial reporting periods to be audited, and other relevant information that should be brought to the attention of the auditors.]*

II. MANAGEMENT RESPONSIBILITY FOR PREPARING PROJECT FINANCIAL STATEMENTS

2. Management is responsible for preparing and fairly presenting the project financial statements, and for maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error. In addition, management is responsible for ensuring that funds were used only for the purpose(s) of the project, for compliance with financial covenants (where applicable), and for ensuring that effective internal controls, including over the procurement process, are maintained. In this regard, management must:

- (i) Prepare and sign the Audited Project Financial Statements; and
- (ii) Prepare and sign a Statement of Compliance.

3. Management must include the following in the Statement of Compliance:

- (i) That project financial statements are free from material misstatements including omissions and errors, and are fairly presented;
- (ii) That the borrower or executing agency has utilized the proceeds of the grant only for the purpose(s) of the project;
- (iii) That the executing agency was in compliance with the financial covenants of the legal agreement(s) (where applicable);
- (iv) That effective internal control, including over the procurement process, was maintained.

III. OBJECTIVES

4. The objectives of the audit of the project financial statements is to enable the auditor to (i) express an independent and objective opinion as to whether the project financial statements present fairly, in all material respects, or give a true and fair view of the project's financial position,

¹⁵ This statement of audit needs was developed to guide project teams and executing and implementing agencies in communicating the Asian Development Bank's (ADB) auditing requirements to private auditors. This statement of audit needs may also be used as a guide when communicating auditing requirements with supreme audit institutions, where applicable.

its financial performance and cash flows, and (ii) provide a reasonable assurance opinion over certain specific representations made in the Statement of Compliance.

IV. AUDITING STANDARDS

5. The audit is required to be conducted in accordance with International Standards of Auditing or national equivalents. These standards require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the project financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial statements whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the project financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the project financial statements.

6. The standards to be applied will be documented in the project/grant documents, and will include the Standards promulgated by the International Organisation of Supreme Audit Institutions (INTOSAI).

7. In complying with ISA, the auditor will pay particular attention to the following standards:

- ISA 800/ISSAI 1800 – Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks.
- ISA 265/ISSAI 1265 – Communicating Deficiencies in Internal Control To Those Charged with Governance and Management.

V. PROJECT FINANCIAL REPORTING FRAMEWORK

8. The auditor will verify that the project financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) promulgated by the International Public Sector Accounting Standards Board (IPSASB), or national equivalents. The executing agency and/or implementing agency are responsible for preparing the project financial statements, not the auditor.

VI. AUDIT DELIVERABLES

A. Audited Project Financial Statements

9. An auditor's opinion providing reasonable assurance over the project financial statements, and project financial statements comprising the following:

Table 1: Content of the Project Financial Statements

For Cash-Based Financial Statements	
A statement of cash receipts and payments	
A statement of budgeted versus actual expenditures	

For Cash-Based Financial Statements
Significant accounting policies and explanatory notes
Any additional schedules agreed (e.g., a summary of assets)

B. Reasonable Assurance Opinion over the Use of Grant Proceeds and Compliance with Financial Covenants

10. The auditor will provide a reasonable assurance opinion following ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information for the following confirmations provided by Management in the Statement of Compliance:

- (i) That the proceeds of the grant were used only for the purpose(s) of the project; and
- (ii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s), where applicable.

11. The auditor will outline the degree of compliance for each of the financial covenants in the grant agreement.

C. Management Letter

12. The auditor will provide a management letter containing, at a minimum, the following:

- (i) Any weaknesses in the accounting and internal control systems that were identified during the audit, including any irregularity in the use of the imprest fund and statement of expenditures (SOE) procedures (where applicable);
- (ii) Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains;
- (iii) Recommendations to rectify identified weaknesses;
- (iv) Management's comments on the audit recommendations along with the timeframe for implementation;
- (v) The status of significant matters raised in previous management letters;
- (vi) Any other matters that the auditor considers should be brought to the attention of the project's management; and

- (vii) Details of any ineligible expenditure¹⁶ identified during the audit. Expenditure is considered ineligible if it refers to (i) expenditures incurred for purposes other than the ones intended under the legal agreement(s); (ii) expenditures not allowed under the terms of the legal/financing agreements; and (iii) expenditures incurred in violation of applicable government regulations.

D. Specific Considerations

13. The auditor will, during the course of the audit, pay particular attention to the following:
 - (i) The use of external funds in accordance with the relevant legal and financing agreements;
 - (ii) The provision of counterpart funds in accordance with the relevant agreements and their use only for the purposes intended;
 - (iii) The maintenance of proper books and records;
 - (iv) The existence of project fixed assets and internal controls related thereto;
 - (v) Where the audit report has been issued under ISA 800 or ISSAI 1800, it shall include the mandatory Emphasis of Matter paragraph alerting users of the audit report that the project financial statements are prepared in accordance with a special purpose framework and that, as a result, the project financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading;
 - (vi) Where reasonable assurance has been provided using ISAE 3000 or ISSAI 4200, the assurance report must contain, among others:
 - A statement that the engagement was performed in accordance with ISAE 3000 or ISSAI 4200;
 - Subject matter;
 - Criteria for measurement;
 - A summary of the work performed; and
 - The auditor's conclusion.
 - (vii) Any weaknesses in internal controls over the procurement process.
14. All reports must be presented in the English language within 6 months following the end of the fiscal year.
15. Public disclosure of the project financial statements, including the auditor's opinion on the audited project financial statements, will be guided by ADB's Public Communications Policy (2011). After review, ADB will disclose the audited project financial statements and the opinion of the auditor on the audited project financial statements no later than 14 calendar days of ADB's

¹⁶ If the auditor reports any ineligible expenditure in the management letter, the details of the findings should include the funding source to which the observation relates.

confirmation of their acceptability by posting them on ADB's website. The management letter and the additional auditor's opinions will not be disclosed¹⁷

VII. OTHER MATTERS

A. Statement of Access

16. The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreement(s), bank records, invoices and any other information associated with the project and deemed necessary by the auditor.

17. The auditor will be provided with full cooperation by all employees of [XYZ] and the project implementing units, whose activities involve, or may be reflected in, the annual project financial statements. The auditor will be assured rights of access to banks and depositories, consultants, contractors and other persons or firms hired by the employer.

B. Independence

18. The auditor will be impartial and independent from any aspects of management or financial interest in the entity or project under audit. In particular, the auditor should be independent of the control of the entity. The auditor should not, during the period covered by the audit, be employed by, or serve as director for, or have any financial or close business relationship with the entity. The auditor should not have any close personal relationships with any senior participant in the management of the entity. The auditor must disclose any issues or relationships that might compromise their independence.

C. Auditor Experience

19. The auditor must be authorized to practice in the country and be capable of applying the agreed auditing standards. The auditor should have adequate staff, with appropriate professional qualifications and suitable experience, including experience in auditing the accounts of projects or entities comparable in nature, size and complexity to the project or entity whose audit they are to undertake. To this end, the auditor is required to provide curriculum vitae (CV) of the personnel who will provide the opinions and reports, together with the CVs of managers, supervisors and key personnel likely to be involved in the audit work. These CVs should include details of audits carried out by these staff, including ongoing assignments.

¹⁷ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

SAFEGUARDS MONITORING CHECKLISTS

Checklist for Safeguard Supervision/Monitoring (Environment)

PARD Safeguards Implementation Checklist: Environment									
Date: _____									
PROJECT INFORMATION									
Loan/Grant No.: _____		Project Name: _____							
Approval Date: _____			Closing Date: _____			Cumulative Progress (%): _____			
Project Team Leader(s): _____						Implementing Agency: _____			
1) Categorization									
(Original)		A		B		C		FI	
(additional financing, if any)		A		B		C		FI	
<i>(Please complete the following sections if the project has been categorized as A, B or FI)</i>									
2) Planning									
Documents:		EARF		IEE/EIA		No. of IEE/EIA		EMP	
IEE/EIA Disclosed and Posted on ADB Website:		Yes		No		If no, actions?			
EMP Finalized or Updated after Detailed Design:		Yes		No		If no, actions?			
CEMP submitted, reviewed and approved:		Yes		No		If no, actions?			
(Attach a list of subprojects and status if necessary.)									
3) Institutional Setup									
PIU/PMU Environment Staff Assigned:		Yes		No		If no, actions?			
		If yes, Name:				Since:		/	
						(month)		(year)	
Environmental Specialist/Consultant Mobilized:		Yes		No		If no, actions?			
		If yes, National Specialist's Name:				Since:		/	
						(month)		(year)	
Participation of Gov. Environment Agency/Division:		Yes		No		If no, actions?			
		If yes, Name:				Since:		/	
						(month)		(year)	
Grievance Redress Mechanism Established:		Yes		No		If no, why?			
Allocation of Government Budget:		Yes		No		If no, actions?			
		If yes, amount\$:							
4) Monitoring and Reports									
Internal Monitoring System Established:		Yes		No		If no, actions?			
Compliance monitoring incorp. into Q Progress Reports:		Yes		No		If no, actions?			
External Monitor Engaged (if needed):		Yes		No		If no, actions?			
		If yes, Name:				Since:		/	
						(month)		(year)	
Monitoring Report Submitted to ADB:		Yes		No		If no, actions?			
If Yes, provide information below									
	Baseline Report	Report 1	Report 2	Report 3	Report 4				
Submission Date (m/yr)									
ADB Review Date (m/yr)									
Web-posting Date (m/yr)									
Name of ADB Reviewer									
5) Field Review with Participation of Safeguard Specialist/Officer/Staff Consultant									
						Yes		No	
						If no, actions?			
If Yes, provide information below									
Mission Date (m/yr)									
Type of mission:									
Participants (safeguard specialist/officer/staff consultants)									

[illegible]

Checklist for Safeguard Supervision/Monitoring (Resettlement)

Checklist for Safeguard Supervision: Involuntary Resettlement																																	
PROJECT INFORMATION																																	
Loan/Grant No.:		Project Name:																															
Approval Date:				Closing Date:			Cumulative Progress (%):																										
Project Team Leader(s):																																	
1) Resettlement Categorization <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">(Original) A <input type="checkbox"/></div> <div style="text-align: center;">B <input type="checkbox"/></div> <div style="text-align: center;">C <input type="checkbox"/></div> <div style="text-align: center;">FI <input type="checkbox"/></div> </div> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">(additional financing, if any) A <input type="checkbox"/></div> <div style="text-align: center;">B <input type="checkbox"/></div> <div style="text-align: center;">C <input type="checkbox"/></div> <div style="text-align: center;">FI <input type="checkbox"/></div> </div>																																	
<i>(Please complete the following sections if the project has been categorized as A, B or FI involving land acquisition/resettlement issues)</i>																																	
2) Resettlement Planning <div style="display: flex; justify-content: space-between;"> <div style="width: 40%;">Resettlement Planning Documents:</div> <div style="width: 10%;">RF <input type="checkbox"/></div> <div style="width: 10%;">RP <input type="checkbox"/></div> <div style="width: 20%;">Number of RPs _____</div> <div style="width: 20%;">ESMS <input type="checkbox"/></div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 40%;">RP Finalized or Updated after Detailed Design:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="font-size: small; margin-top: 2px;">(Attach a list of subprojects and status if necessary.)</div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 40%;">Final/Updated RP Cleared by ADB and Posted on ADB Website</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 40%;">Compensation Rate Approved by the Govt:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div>																																	
3) Institutional Setup for Resettlement <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 40%;">PIU/PMU Resettlement Staff Assigned:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 60%;">If yes, Name: _____</div> <div style="width: 40%;">Since: _____ / _____ (month) (year)</div> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 40%;">Resettlement Specialist Consultant Mobilized:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 60%;">If yes, Name: _____</div> <div style="width: 40%;">Since: _____ / _____ (month) (year)</div> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 40%;">Grievance Redress Mechanism Established:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, why? _____</div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 40%;">Allocation of Government Budget:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="margin-top: 2px;">If yes, amount\$: _____</div>																																	
4) Resettlement Monitoring and Reports <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 40%;">Internal Monitoring System Established:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 40%;">External Monitor Engaged (if needed):</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 60%;">If yes, Name: _____</div> <div style="width: 40%;">Since: _____ / _____ (month) (year)</div> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <div style="width: 40%;">Monitoring Report Submitted to ADB:</div> <div style="width: 10%;">Yes <input type="checkbox"/></div> <div style="width: 10%;">No <input type="checkbox"/></div> <div style="width: 40%;">If no, actions?</div> </div> <div style="margin-top: 2px;">If Yes, provide information below</div> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 25%;"></th> <th style="width: 15%;">Baseline Report</th> <th style="width: 15%;">Report 1</th> <th style="width: 15%;">Report 2</th> <th style="width: 15%;">Report 3</th> <th style="width: 15%;">Report 4</th> </tr> </thead> <tbody> <tr> <td style="font-size: small;">Submission Date (m/yr)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="font-size: small;">ADB Review Date (m/yr)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="font-size: small;">Web-posting Date (m/yr)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>											Baseline Report	Report 1	Report 2	Report 3	Report 4	Submission Date (m/yr)						ADB Review Date (m/yr)						Web-posting Date (m/yr)					
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Web-posting Date (m/yr)																																	

Suggested Outline of Semi-annual Safeguards Monitoring Report

Heading/Section	Contents
Introduction	Brief background on the project and subproject; Institutional arrangements for project management and environmental management;
Monitoring Activities	Who participated in the monitoring; Methodology for monitoring (whether checklists prepared etc.); When the monitoring was undertaken and what period it covers; Summary of other monitoring undertaken in the period (i.e. form contractor's monthly reports and if any survey/sample monitoring undertaken); Main activities – observations/inspections, consultations, interviews with contractor staff etc.
Works in Progress	Details of the works being undertaken, (with photographs); Include whether any environmental training/awareness has been provided to contractor staff in the period (what, by whom etc.)
Monitoring Results and Actions Required	Whether works and measures comply with the approved EMP/CEMP; Should follow sequence of items identified in EMP/CEMP and verify that all mitigations measures noted are being implemented; Corrective actions cited (date to be resolved and person responsible on contractor team and verification by IA/HRMG)
Summary and Conclusions	Summary of main findings; Main issues identified and corrective actions noted; Can include summary table which can be updated each period to track completion of actions required
Annexes	Monitoring checklist (based on items identified in the EMP/CEMP) refer annex 1 Additional photographs Additional information as required

Suggested Contents of Resettlement Monitoring Report

Heading/Section	Contents
Introduction	Brief background on the project/subproject and progress status The project's category and planning documents (original, updated or new plans) on resettlement impacts Institutional arrangements and budget allocation for resettlement/social management; Arrangement for the monitoring
Monitoring Activities	Methodology for monitoring (whether checklists prepared etc.); What period the monitoring covers Main activities – site visits, consultations, survey etc.
Monitoring Results and Actions Required	Progress and performance in implementation of RPs and other programs (how they were implemented, what are the outputs, etc.) Results on consultations, disclosure and grievance redress (whether they have been effective, level of satisfaction of APs with various aspects of the RP, public awareness of the compensation policy and entitlements will be assessed among APs.) Whether the implementation comply with the approved RPs (e.g. whether compensation rates were at replacement cost, full payment made to all APs sufficiently before land acquisition; prompt attention to unforeseen damages or losses, to ensure APs are fully compensated for losses) Results on outcome (whether APs were able to restore livelihoods and productive activities) Compliance on monitoring and disclosure (whether reports have been submitted, posted on website) Whether any issues and corrective measures identified to achieve the RP objective. If yes, actions with target dates and responsible agency/person) Follow-up item/plan for next report
Summary and Conclusions	Summary of main findings; Main issues identified and corrective actions noted; A table on follow-up action which can be updated each period to track completion of actions required including progress of the follow-up of problems and issues identified in the previous report
Annexes	Monitoring checklist (based on items identified in the RPs) Photographs Additional information as required