

# Project Administration Manual

Project Number: 36111-013  
Grant Number: GXXXX  
July 2016

Republic of the Maldives: Kulhudhuffushi Harbor  
Expansion Project

## ABBREVIATIONS

ADB	=	Asian Development Bank
AGO	=	Auditor General's Office
APFS	=	audited project financial statement
DMF	=	design and monitoring framework
EIA	=	environmental impact assessment
EIRR	=	economic internal rate of return
EMP	=	environmental management plan
EPA	=	environmental protection act
EWCD	=	elderly-women-children-disabled
FMICRA	=	Financial Management Inherent and Control Risk Assessment
GRC	=	Grievance Redressal Committee
ICPS	=	Interim Country Partnership Strategy
IDB	=	Islamic Development Bank
IEE	=	initial environmental examination
IPSAS	=	International Public Sector Accounting Standards
MED	=	Ministry of Economic Development
MHI	=	Ministry of Housing and Infrastructure
MMA	=	Maldives Monetary Authority
MOFT	=	Ministry of Finance and Treasury
PAM	=	project administration manual
PDS	=	project data sheet
PEFA	=	Public Expenditure and Financial Accountability
PMC	=	project management consultant
PMU	=	project management unit
PSC	=	Project Steering Committee
PWS	=	Public Works Services
QCBS	=	quality- and cost-based selection
SPS	=	Safeguard Policy Statement 2009
SOE	=	statement of expenditure
TA	=	technical assistance
TOR	=	terms of reference

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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 Finance and Treasury (MOFT), and the Ministry of Housing and Infrastructure (MHI) are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower 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 MOFT and MHI of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At grant negotiations, the borrower 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 negotiation. 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 Kulhudhuffushi Harbor Expansion Project (the project) aims at enhancing access to services in the northern region of the Maldives, by improving inter-island connectivity. The project will construct a passenger and cargo harbor on Kulhudhuffushi Island, which will be an expansion to the existing multi-purpose harbor. For the investment in the harbor infrastructure to be effective and sustainable, technical assistance (TA) will be provided with the project to enhance the institutional capacity of the operator in harbor operation, maintenance, safety and financial management. The TA is also designed to help promote income-generating livelihood opportunities for local communities in the northern region of the Maldives.

2. The impact of the project will be enhanced access to services, aligned with the Government's Seventh National Development Plan,<sup>1</sup> and Manifesto of the Progressive Party of Maldives for 2013 to 2017.<sup>2</sup> The outcome will be improved inter-island connectivity in the northern region.

3. The outputs of the project will be (i) increased harbor passenger and cargo capacity in Kulhudhuffushi, through expansion of the existing multi-purpose harbor, and (ii) strengthened institutional capacity in harbor operation, maintenance, safety and financial management.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Grant Processing		Project Implementation	
ADB actions	GOM actions	ADB actions	GOM actions
Feb 2016			Prepare TOR and cost estimates for PMC
Mar 2016	Fact-Finding Mission	Preparation of the RFP for PMC	Invite EOI for PMC; Prepare RFP
May 2016	Staff Review Meeting		
June 2016	Grant negotiations	Submission 1 approval	Issue RFP for PMC to shortlisted firms
July 2016		Preparation of counterpart funding for the next fiscal year. Formation of Project Steering Committee.	Recruitment of Project Management Unit
Aug 2016	Board approval	Submission 2 approval	Proposal evaluation
Sept 2016		Grant signing Submission 3 approval Submission 4 approval	PMC contract negotiation PMC contract award
Oct 2016		Legal opinion issued	PMC mobilization
Nov	Grant effectiveness		

<sup>1</sup> Government of the Maldives, Ministry of Planning and National Development. 2007. *Seventh National Development Plan, 2006-2010*. Malé.

<sup>2</sup> Progressive Party of the Maldives. Manifesto of the Progressive Party of Maldives, 2013–2017. Unpublished (Unofficial English Translation).

<b>Grant Processing</b>		<b>Project Implementation</b>	
<b>ADB actions</b>	<b>GOM actions</b>	<b>ADB actions</b>	<b>GOM actions</b>
2016			

ADB = Asian Development Bank; EOI = expression of interest; GOM = Government of Maldives; PMC = project management consultant; RFP = request for proposal; TOR = terms of reference  
Source: Asian Development Bank estimates.





## B. Overall Project Implementation Plan

4. Project implementation plan recording key implementation activities on a quarterly basis is provided in Figure 1 below. It will be updated annually and submitted to ADB with contract and disbursement projections for the following year.

**Figure 1: Project Implementation Plan**

ITEMS	2016				2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Year 1				Year 2				Year 3				Year 4				Year 4			
<b>A. Project preparation</b>																				
Loan processing and approval by ADB	■																			
Loan signing and effectiveness			■																	
<b>B. Advance Contracting</b>																				
Advance recruitment of PMC	■																			
Mobilization of PMC			■																	
<b>C. Output 1: Harbor capacity in Kulhudhuffushi increased</b>																				
Detailed design, cost estimate and bidding documents			■																	
Procurement and construction			■																	
Maintenance and defect liability period																	■			
<b>D. Output 2: Institutional capacity strengthened</b>																				
Recruitment of CDTA consultant (by ADB)				■																
Training in harbor operation, maintenance, safety and finance							■													
Training in income-generating livelihood opportunities							■													
Fesibility study for harbor charging system							■													
Harbor safety campaign								■												

ADB=Asian Development Bank, PMC= project management consultant, CDTA=capacity development technical assistance

Source: Asian Development Bank estimates.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Executing agency (MOFT)	<ul style="list-style-type: none"> <li>▪ Responsible for overall execution and coordination of the project;</li> <li>▪ Responsible for the flow of funds to the implementing agency, provide counterpart funding, and administer imprest account;</li> <li>▪ Perform inter-agency coordination;</li> <li>▪ Conduct and approve evaluation of proposal in consultant recruitment and bid evaluation in procurement of works;</li> <li>▪ Maintaining project accounts and loan financial records; and</li> <li>▪ Review and sign withdrawal applications before submitting to ADB by MHI.</li> </ul>
Project steering committee	<ul style="list-style-type: none"> <li>▪ Provide oversight and policy direction; and</li> <li>▪ Guide and monitor overall project execution.</li> </ul>
Implementing agency (MHI)	<ul style="list-style-type: none"> <li>▪ Establish PMU and appoint project director, project officer and project accountant on full-time basis;</li> <li>▪ Perform day-to-day project management;</li> <li>▪ Oversee detailed design and bidding documents;</li> <li>▪ With the help of MOFT, engage PMC and perform procurement of works;</li> <li>▪ Monitor and ensure quality assurance of works and services of consultants and counterpart staff;</li> <li>▪ Keep supporting documents for project financial statements and project accounts;</li> <li>▪ Prepare and submit reports, including the annual report and financial statements to ADB;</li> <li>▪ Prepare disbursement procedures, request budgetary allocations for the ADB and counterpart funds, collect supporting documents and submit withdrawal applications to ADB via MOFT;</li> <li>▪ Perform post-construction large scale maintenance and ensure sufficiency of its funding;</li> <li>▪ Act as counterpart in the capacity building technical assistance;</li> <li>▪ Responsible for coordination with the Kulhudhuffushi Council and Public Work Services to ensure smooth project implementation; and</li> <li>▪ Provide counterpart contribution in the capacity building activities.</li> </ul>
ADB	<ul style="list-style-type: none"> <li>• Monitor and review overall implementation of the project in consultation with the executing and implementing agencies, including: project implementation schedule; actions required in terms of environmental impacts and social mitigation measures applicable; timeliness of budgetary allocations and counterpart funding; project expenditures; progress with procurement and disbursement; statement of expenditure when applicable; compliance with particular grant covenants; and</li> <li>• Post on ADB website the updated project information documents and safeguards documents as per disclosure provision of the ADB safeguards policy statement.</li> </ul>

ADB = Asian Development Bank, MHI = Ministry of Housing and Infrastructure, MOFT = Ministry of Finance and Treasury, PMC = project management consultant, PMU = project management unit

## B. Key Persons Involved in Implementation

5. The project's executing agency is MOFT, and the implementing agency is MHI. The project will be overseen by a Project Steering Committee (PSC), consisting of senior officials of MOFT, MHI, and the Ministry of Economic Development (MED). The PSC is chaired by the appointed PSC official of MHI.

6. A project management unit (PMU) will be established within the implementing agency, consisting of a project director, a project officer and a project accountant hired on full-time basis for the project. The PMU staff will be financed from the grant proceeds. PMU will report to the Director General of the Infrastructure Department of MHI.

### Executing Agency

Ministry of Finance and Treasury      Ms. Aminath Nashia  
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### Implementing Agency

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### Asian Development Bank

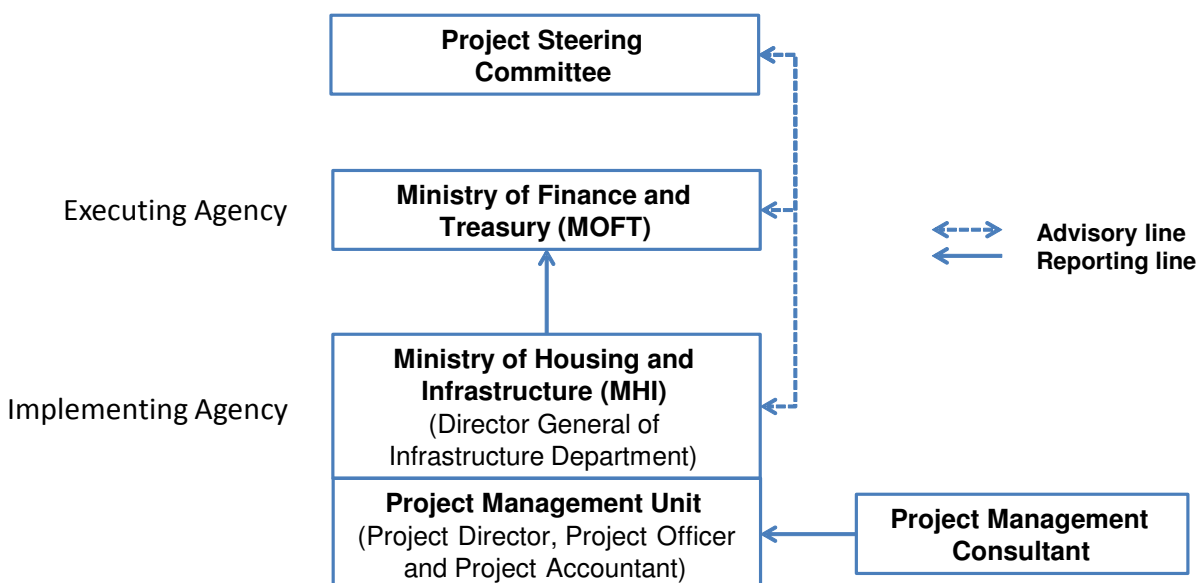
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### C. Project Organization Structure

7. The flow chart of the project organization will be as follows.



### IV. COSTS AND FINANCING

8. The project is estimated to cost \$10.44 million, inclusive of taxes and duties, and physical and price contingencies (Table 1).

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Harbor development	9.11
<b>Subtotal (A)</b>	<b>9.11</b>
<b>B. Contingencies<sup>c</sup></b>	<b>1.33</b>
<b>Total (A+B)</b>	<b>10.44</b>

<sup>a</sup> Includes taxes and duties of \$0.68 to be financed from government resources by cash contribution.

<sup>b</sup> In mid-2016 prices; exchange rate of US\$ 1= Rf 15.40 applied.

<sup>c</sup> Physical contingencies computed at 10% for civil works, field research and development, training, surveys, and studies. Price contingencies computed at 1.5% on foreign exchange costs and 2.5% 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.

#### A. Cost Estimates Preparation and Revisions

9. The cost estimates was prepared at the project preparatory stage based on the current market price. The implementing agency will be responsible for revising and updating the cost estimates during implementation.

## B. Key Assumptions

10. The following key assumptions underpin the cost estimates and financing plan:
- (i) Exchange rate: Rf15.41 = \$1.00 (as of 13 July 2016).
  - (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

**Table 2: Escalation Rates for Price Contingency Calculation (%)**

Item	2016	2017	2018	2019	Average
Foreign rate of price inflation	1.50	2.92	4.46	6.03	1.47
Domestic rate of price inflation	2.50	5.06	7.69	10.38	2.50

Source: Asian Development Bank estimates.

## C. Detailed Cost Estimates by Expenditure Category

Item	(\$ million)		% of Total Base Cost
	Foreign Exchange	Total Cost	
<b>A. Investment Costs</b>			
1. Civil works	8.11	8.11	89.02%
2. Consulting service	0.82	0.82	9.00%
<b>Subtotal (A)</b>	<b>9.01</b>	<b>8.93</b>	<b>98.02%</b>
<b>B. Recurrent Costs</b>			
1. Project management <sup>a</sup>	0.18	0.18	1.98%
<b>Subtotal (B)</b>	<b>0.18</b>	<b>0.18</b>	<b>1.98%</b>
<b>Total Base Cost</b>	<b>9.11</b>	<b>9.11</b>	<b>100.0%</b>
<b>C. Contingencies</b>			
1. Physical	0.89	0.89	9.77%
2. Price	0.44	0.44	4.83%
<b>Subtotal (C)</b>	<b>1.33</b>	<b>1.33</b>	<b>14.60%</b>
<b>Total Project Cost (A+B+C)</b>	<b>10.44</b>	<b>10.44</b>	

<sup>a</sup> Consisting of salaries for PMU staff, excluding in-kind contribution of \$22,000 for local travel for PMU staff, office operation during project implementation and publication of notices.

Notes: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

#### D. Allocation and Withdrawal of Grant Proceeds

11. The table provided below sets forth the categories of items of expenditure to be financed out of the grant and the allocation of amounts of the grant to each such category.

Category			ADB financing
Number	Item	Amount allocated (\$ million)	Percentage and basis for withdrawal from the grant account
1	Works	7,580,000	93% of total expenditure claimed
2	Consulting service	750,000	91% of total expenditure claimed
3	Recurrent costs	162,000	90% of total expenditure claimed
4	Unallocated	1,198,000	
	<b>TOTAL</b>	<b>9,690,000</b>	

#### E. Detailed Cost Estimates by Financier

Item	Government		ADB		Total Cost (\$ million)
	Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category	
<b>A. Investment Costs</b>					
1. Civil works	0.53	6.54%	7.58	93.46%	8.11
2. Consulting service	0.07	8.54%	0.75	91.46%	0.82
<b>Subtotal (A)</b>	<b>0.60</b>	<b>6.72%</b>	<b>8.33</b>	<b>93.28%</b>	<b>8.93</b>
<b>B. Recurrent Costs</b>					
1. Project management	0.02	10.00%	0.16	90.00%	0.18
<b>Subtotal (B)</b>	<b>0.02</b>	<b>10.00%</b>	<b>0.16</b>	<b>90.00%</b>	<b>0.18</b>
<b>Total Base Cost</b>	<b>0.62</b>	<b>6.78%</b>	<b>8.49</b>	<b>93.22%</b>	<b>9.11</b>
<b>C. Contingencies</b>	<b>0.13</b>	<b>9.92%</b>	<b>1.20</b>	<b>90.08%</b>	<b>1.33</b>
<b>Total Project Cost (A+B+C)</b>	<b>0.75</b>		<b>9.69</b>		<b>10.44</b>
<b>% Total Project Cost</b>		<b>7.18%</b>		<b>92.82%</b>	<b>100%</b>

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

#### F. Detailed Cost Estimates by Year (\$ million)

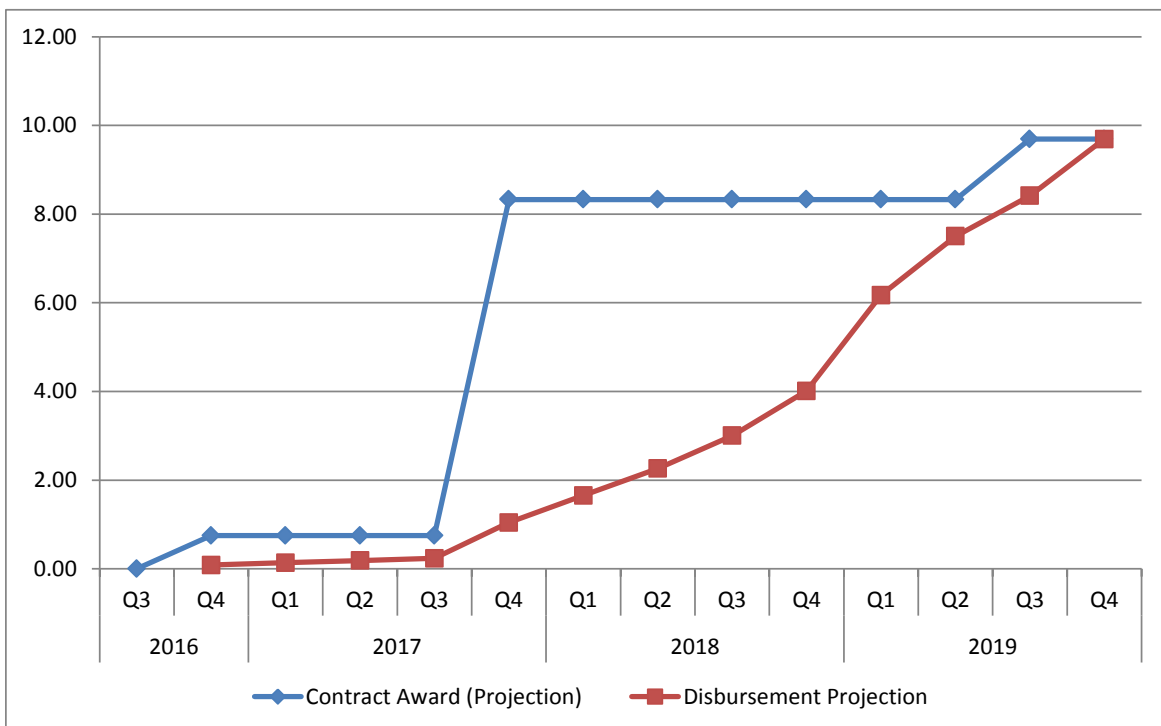
Item	Total Cost	2016	2017	2018	2019
<b>A. Investment Costs</b>					
1. Civil works	8.11	0.00	0.81	2.84	4.46
2. Consulting service	0.82	0.08	0.16	0.29	0.29
<b>Subtotal (A)</b>	<b>8.93</b>	<b>0.08</b>	<b>0.98</b>	<b>3.13</b>	<b>4.75</b>
<b>B. Recurrent Costs</b>					
1. Project management	0.18	0.01	0.06	0.06	0.06
<b>Subtotal (B)</b>	<b>0.18</b>	<b>0.01</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>
<b>Total Base Cost</b>	<b>9.11</b>	<b>0.10</b>	<b>1.03</b>	<b>3.18</b>	<b>4.80</b>
<b>C. Contingencies</b>	<b>1.33</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.33</b>
<b>Total Project Cost (A+B+C)</b>	<b>10.44</b>	<b>0.10</b>	<b>1.03</b>	<b>3.18</b>	<b>6.13</b>
<b>% Total Project Cost</b>	<b>100%</b>	<b>0.9%</b>	<b>9.9%</b>	<b>30.5%</b>	<b>58.7%</b>

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

### G. Contract and Disbursement S-Curve

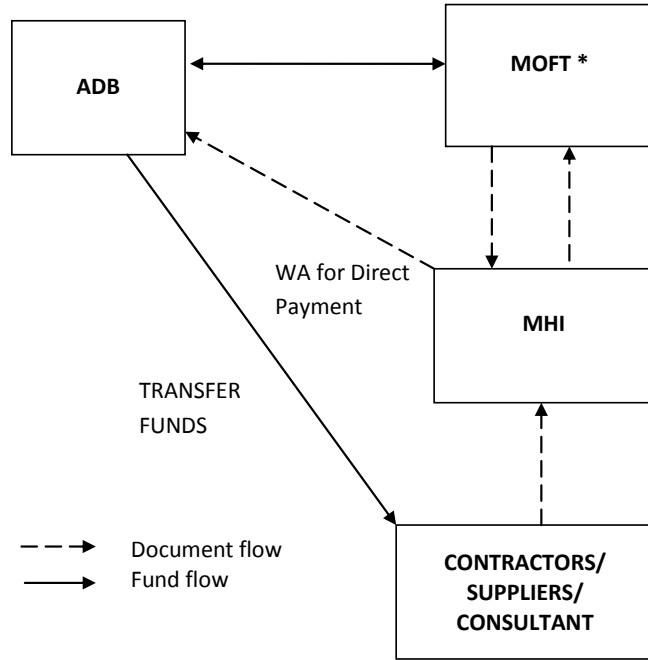
Year	Quarter	CONTRACT AWARD		DISBURSEMENT	
		Projection	Cumulative	Projection	Cumulative
		\$ million	\$ million	\$ million	\$ million
2016	Q3	0.00	0.00	0.00	
	Q4	0.75	0.75	0.09	0.09
2017	Q1	0.00	0.75	0.05	0.14
	Q2	0.00	0.75	0.05	0.19
	Q3	0.00	0.75	0.05	0.24
	Q4	7.58	8.33	0.81	1.05
2018	Q1	0.00	8.33	0.61	1.65
	Q2	0.00	8.33	0.61	2.26
	Q3	0.00	8.33	0.74	3.00
	Q4	0.00	8.33	1.01	4.01
2019	Q1	0.00	8.33	2.16	6.17
	Q2	0.00	8.33	1.33	7.50
	Q3	1.36	9.69	0.91	8.41
	Q4	0.00	9.69	1.28	9.69
<b>TOTAL</b>		<b>9.69</b>		<b>9.69</b>	



**H. Fund Flow Diagram**

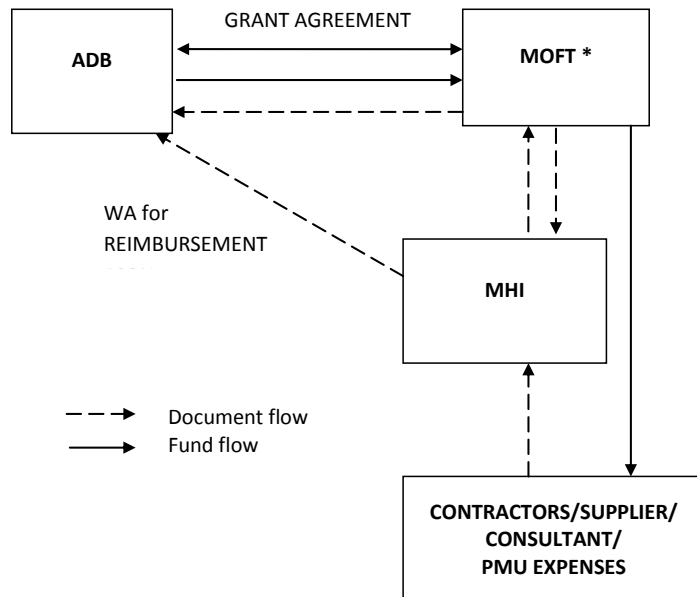
12. The fund flows for all disbursement procedures for the project are shown below.

**Fund Flow diagram for Direct Payment Procedure**



\* Application process – MHI will fill the WA forms along with the required supporting documents and forwarded to MOFT for signature. Signed WA is then returned back to MHI. Then MHI forward the application to ADB for payments. Authorized signatories to ADB are from MOFT (minimum of two signatures would be placed).

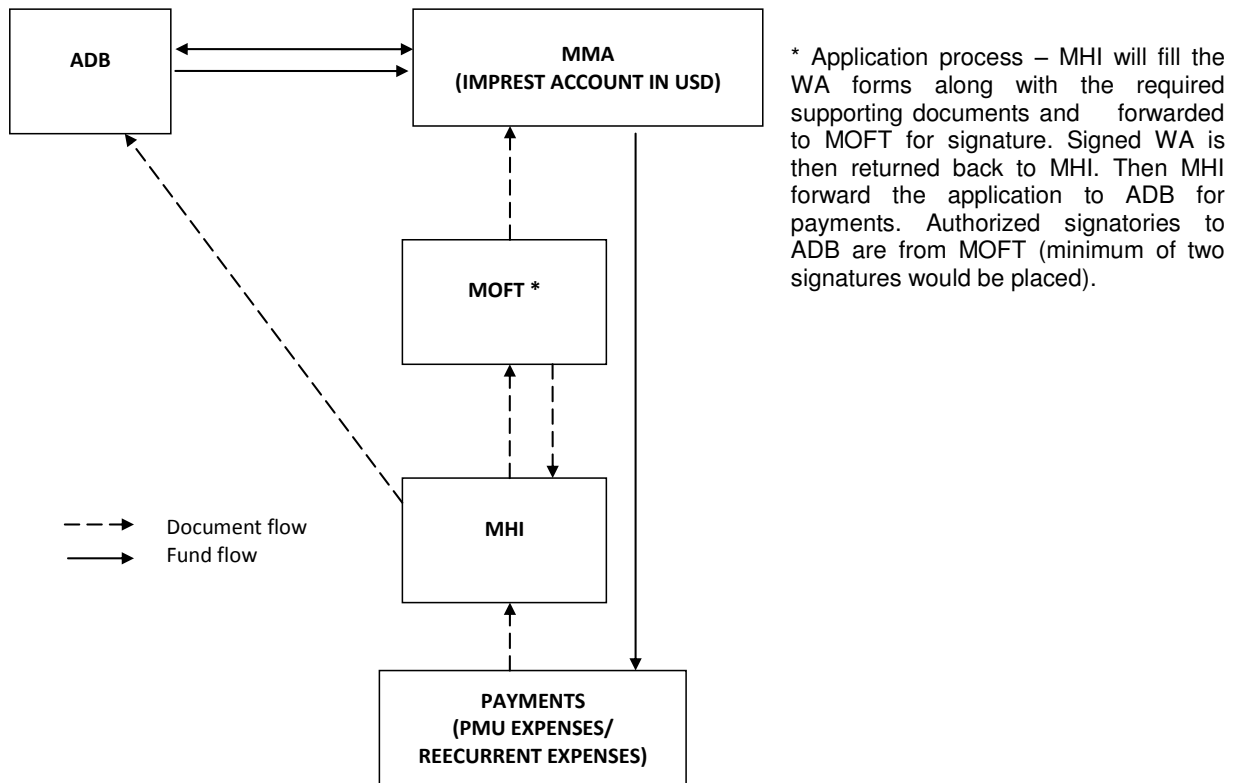
**Fund Flow diagram for Reimbursement Procedure**



\* The bank account is in MMA. MHI will fill the WA forms along with the required supporting documents and forwarded to MOFT for signature. Signed WA is then returned back to MHI. Then MHI forward the application to ADB for payments. Authorized signatories to ADB are from MOFT (minimum of two signatures would be placed).



### Fund Flow diagram for Imprest Fund Procedure



ADB = Asian Development Bank, MOFT = Ministry of Finance and Treasury, MHI = Ministry of Housing and Infrastructure, PMU = project management unit, MMA = Maldives Monetary Authority, WA = withdrawal application

## V. FINANCIAL MANAGEMENT

13. A financial management assessment of MOFT and MHI was conducted during March, 2016 in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects (2005) and *Financial Management Assessment Technical Guidance Note* (May 2015).<sup>3</sup> This included an assessment of the financial management capacity of MOFT and MHI including fund-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, internal controls, and internal and external auditing arrangements. The primary instruments used for the assessment was ADB's financial management assessment questionnaire, together with interviews with MOFT, MHI and Auditor General's Office (AGO) staff, Interim Country Partnership Strategy governance risk assessment and recent Public Expenditure and Financial Accountability (PEFA) assessment.

### A. Financial Management Assessment

14. The financial management assessment concludes that the overall financial management risk is moderate and suggests mitigation measures. The financial management assessment concludes that MOFT and MHI have sufficient experience and capacity to manage the project funds and have adequate fund flow, accounting, and budgeting arrangements. The financial management arrangements and practices require strengthening, including the development of an internal audit function within the MHI, and completion of MHI audited financial statements. Actions are required in terms of (i) commitment for adequate counterpart fund allocation; (ii) training in ADB's rules and regulations on disbursement, procurement and financial management, and (iii) appointment of a dedicated project accountant, among others. The proposed fund flow arrangements are straightforward and financial management arrangements are designed taking into consideration the capacities identified at the IA level. The MOFT and MHI have agreed to implement an action plan as key measures to address the deficiencies. The financial management action plan is provided in Table 3 below.

**Table 3: Financial Management Action Plan**

Action Plan	Responsibility	Time Frame
Recruitment of project staff including dedicated project accountant.	MHI	July 2016
Setting up of internal audit department.	MHI - Recruitment of new staff with the approval of Public Finance Regulation.	December 2016
Accounting System - Train PMU staff on preparation of financial statements and reporting requirements.	AGO to train its staff on the project financial management and reporting requirements and the usage of standard template.	on going
	ADB to conduct training program on ADB project financial management and reporting requirement.	Before grant effectiveness.

<sup>3</sup> Available upon request.

MHI has no past experience in managing ADB funded projects.	ADB to train MHI (including PMU staff) on ADB loan disbursement policies and principles.	Upon grant effectiveness.
Creating a system for timely submission of Financial Reports.	ADB to share the Audit TOR list with the MHI and AGO; ADB to guide AGO on the TOR.	Upon grant effectiveness.
Audit report for MHI for FY 2013 to be finalized and issued.	AGO	August 2016
MHI to submit 2015 final account to allow AGO sufficient time to conduct the audit.	MHI	March 2016
Obtaining counterpart fund allocation.	MHI to work with MOFT within the current year budget.	Before recruitment of consultant.

ADB = Asian Development Bank, AGO = Auditor General's Office, MOFT = Ministry of Finance and Treasury, MHI = Ministry of Housing and Infrastructure, PMU = project management unit, TOR = terms of reference

15. The overall risk assessment is summarized in Table 4 below. Financial management risks and risk-mitigation measures should be reviewed and updated throughout the life of the project.

**Table 4: Financial Management Inherent and Control Risk Assessment (FMICRA)**

Area of Assessment	Risk Rating	Risk Assessment	Mitigation Measures
<b>Inherent Risk</b>			
Country Specific	H	Weak capacity of financial management including planning, budgeting, accounting and reporting indicated in the PEFA assessment.	There is an ongoing World Bank funded Public Financial Management Strengthening project aiming to improve macro fiscal planning, forecasting, strengthen debt, cash management strengthening public accounting system using SAP modules , strengthening internal controls , internal audit and procurement management practices.  Short term Economic Recovery Program TA under ADB assistance helped improved MOFT its accounting and reporting system.
		Lack of skilled staff retained in the public sector.	The grant implementation arrangement provides sufficient funds to contract out key project staff with attractive incentives and is expected to remain during the project period.
		The latest available audit report for MHI is FY2011.	FY2013 financial statements of MHI are being audited. Audit exit meeting is scheduled in mid-March. Once completed the FY2013 report can be issued. Actions should be taken to finalize FY2014 and FY2015 reports. MOFT and MHI should work closely with AGO to finalize these reports.
Entity Specific	M	Weak internal audit function	MHI has one staff in the internal audit department and case by case basis staff from different areas are called to carry out assigned

Area of Assessment	Risk Rating	Risk Assessment	Mitigation Measures
<b>Inherent Risk</b>			
			<p>internal audit inquiries</p> <p>With the approval of Public Finance regulation in April 2016, each ministry is required to have internal audit department. MHI will be required to adhere to this and strengthen the internal audit division.</p> <p>MHI is to work within the existing guidelines and ensure the internal audit department is established within the MHI.</p>
Project Specific	M	Relatively small project with only three staff working in PMU and is operating within the IA.	<p>All payments are being checked twice, once by PMU as well as MOFT.</p> <p>Straight forward transactions.</p> <p>One works contract, one consultancy contract and three PMU staff salaries would be financed by ADB while the taxes and duties are by the government.</p>
<b>Control Risk</b>			
Implementing Agency	M	MHI have implemented large number of Public Sector Investment Program projects as well as foreign funded projects. MHI is the IA for the ongoing Phase II of harbor development project costing \$20.00 million under the Islamic Development Bank (IDB).	MHI has no past experience in managing ADB funded projects. ADB should train MHI (including PMU staff) and MOFT on ADB loan disbursement policies and principles.
Fund Flow	N	<p>MOFT is overseeing all direct payments and imprest fund procedure payments. Withdrawal applications to ADB are prepared by PMU and certified by MOFT. Only PMU staff salaries will be paid from imprest account. Imprest account being monitored by MOFT</p> <p>Imprest account is opened at Maldives Monetary Authority (MMA) in US Dollar.</p>	

Area of Assessment	Risk Rating	Risk Assessment	Mitigation Measures
<b>Inherent Risk</b>			
		<p>No sub accounts are proposed.</p> <p>Payments to PMU staff are through the imprest account at MMA.</p>	
Staffing	M	<p>There is a high staff turnover due to lower pay rates offered in the public sector.</p> <p>MHI staff does not have prior ADB project experience.</p>	<p>The grant implementation arrangement provides sufficient funds to contract out key project staff with attractive incentives.</p> <p>Currently this is practiced in IDB funded project.</p> <p>Dedicated project accountant assigned to the PMU.</p> <p>Provide regular training on ADB disbursement policies and procedures and project financial management and reporting requirements.</p>
Accounting policies and procedure	M	<p>MHI follows International Public Sector Accounting Standards (IPSAS) cash basis of accounting. Similar arrangement to be followed for the project financial statement.</p> <p>Staff does not have experience in project financial reporting and preparation of financial accounts.</p>	<p>Once the PMU project accountant is in place AGO to provide necessary training on preparation of project financial statements</p> <p>PMU staff needs training on ADB project financial management and reporting requirements. ADB to conduct training program on ADB project financial management and reporting. AGO has a standard template prepared for project financial statements under IPSAS cash basis.</p>
Internal Controls	M	Fixed asset procured for the project may not get recorded in the project accounts.	A separate fixed asset register to be maintained for the asset purchased under the project. Periodic asset verifications are to be carried out.
Internal Audit	S	There is no effective internal audit function within the IA.	<p>With the approval of Public Finance regulation in April 2016, each ministry is required to have internal audit department. Once established, Internal audit program should cover the proposed project within their annual program. Effectiveness of this to be monitored during project implementation.</p> <p>All the payments under donor funded projects are being reviewed by MOFT in addition to</p>

Area of Assessment	Risk Rating	Risk Assessment	Mitigation Measures
<b>Inherent Risk</b>			
			<p>PMUs before authorizing payments to donor agencies.</p> <p>Few transactions are expected under this project.</p>
External Audit	S	<p><u>Agency level</u></p> <p>Delays in finalization of audited accounts, mainly due to staff turnover within MHI and the delay in assigning AGO. Latest available report for MHI is for FY2011, which raises issues on accountability to the general public and governance.</p> <p><u>Project level</u></p> <p>AGO to carry out the external audit. AGO currently conducts WB funded Public Financial Management Strengthening project.</p>	<p><u>Agency level</u></p> <p>2013 Audit report to be finalized and issued by March 2016. MHI to work closely with AGO to finalize 2014 report. MHI to submit 2015 final account by 31 March 2016 to allow AGO sufficient time to conduct the audit.</p> <p><u>Project level</u></p> <p>AGO was informed of Audited Project Financial Statement (APFS) submission requirement and the consequences of non-compliance.</p> <p>It was agreed that PMU would prepare project financial statements in a prescribed manner within three months of the fiscal year end, and forward the same for AGO allowing AGO sufficient time frame to conduct the audit and issue an opinion within six months from the financial year end. A copy of the APFS to be submitted to ADB within 6 months from the fiscal year end.</p> <p>Audit TOR for the APFS will be shared with AGO and ADB would conduct training for the AGO on ADB's requirement on financial reporting and auditing requirements for projects funded by ADB.</p> <p>In addition, training would be conducted for MHI and PMU on ADB's requirement on financial reporting of project funded by ADB.</p>
Budgeting	M	<p>Counterpart budget required for taxes and duties.</p> <p>Counterpart payments are made through SAP system. PMU accountant will not have access rights to pay these invoices</p>	<p>Foreign funded projects are given priority in the process and the counterpart funds are given on timely manner. MHI together with MOFT should ensure sufficient budget is provided for payment of taxes and duties.</p> <p>Project director of PMU and MHI should closely monitor payments from counterpart funds to avoid any delays.</p>

Area of Assessment	Risk Rating	Risk Assessment	Mitigation Measures
<b>Inherent Risk</b>			
		<p>through SAP. These would be paid by regular staff from MHI.</p> <p>PMC consultant and PMU expenditure would be under retroactive expenditure.</p>	<p>MHI and MOFT to take necessary approvals to pay the PMC in foreign currency as retroactive expenditure.</p> <p>MHI will have to work with in their existing budget provisions to pay the retroactive expenses. (This is the first time retroactive finance being used in Maldives project).</p>
Reporting and monitoring	M	<p>Public sector financial statements are prepared in accordance with IPSAS cash basis.</p> <p>Although SAP is used for government expenditure recording the project records are kept in excel spreadsheet and records are kept manually.</p> <p>Project progress report needs to be prepared and submitted to ADB.</p>	<p>AGO has designed a template for project financial statements for cash basis accounting under IPSAS. Once PMU project accountant is in place action should be taken by MHI to guide the PMU project accountant to fully adapt to the requirements laid down by AGO. Upon request AGO conducts training on project financial reporting requirements. Immediately upon assumption of duty PMU project accountant is required to attend this training program.</p> <p>Use of excel spreadsheet is in practice for externally funded projects. Although use of excel spreadsheets are more prone to errors, since there are relatively small number of transactions expected during the project period, action should be taken to periodically reconcile PMU's excel records with MOFT records, project progress reports to identify any mismatches.</p> <p>Project Progress report should contain information on cumulative expenditure, a comparison with actual and budget released, physical and financial progress.</p>
Information Systems	M	<p>Although SAP is used for public sector, the projects accounts are maintained in excel spreadsheet. Records are maintained manually.</p>	<p>There are relatively small numbers of transactions expected during the project period. PMU records periodically need to reconcile with MOFT records.</p> <p>MHI is currently planning to digitize the project record keeping under IDB.</p> <p>PMU can explore the possibility of digital record archiving system.</p> <p>Action should be taken to periodically reconcile PMUs excel records with MOFT records, project progress reports to identify any mismatches.</p> <p>Explore the possibility of procuring off the shelf</p>

Area of Assessment	Risk Rating	Risk Assessment	Mitigation Measures
<b>Inherent Risk</b>			
			accounting package for the project.
<b>Overall</b>	<b>M</b>		

Risk Rating: H = High, S=Substantial, M=Moderate, N=Negligible or Low

ADB = Asian Development Bank, AGO = Auditor General's Office, APFS = annual project financial statement, IPSAS = International Public Sector Accounting Standards, MMA = Maldives Monetary Authority, MOFT = Ministry of Finance and Treasury, MHI = Ministry of Housing and Infrastructure, PMU = project management unit, PMC = project management consultant, TOR = terms of reference, ISD = Islamic Development Bank

## B. Disbursement

### 1. Disbursement Arrangements for ADB

16. The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time), and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.<sup>4</sup> PMU staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

17. ADB's disbursement procedures will be used for withdrawal of grant proceeds, namely:

- Direct payment procedure by ADB may be used for works, purchase of PMU equipment and consultancy payments.
- Reimbursement and imprest fund procedure may be used for payments of PMU staff's salaries.

18. All withdrawal applications to ADB will be first prepared by the PMU established under MHI. The PMU will then submit withdrawal applications along with supporting documents to MOFT for review and approval. Withdrawal applications are then signed by MOFT and returned to MHI for transmittal to ADB.

19. **Imprest fund procedure.** A separate imprest account for the project will be established and maintained by MOFT at the Maldives Monetary Authority (MMA) of the Republic of Maldives. The currency of the imprest account is US dollar, to be used exclusively for ADB's share of eligible expenditures. MOFT is accountable and responsible for proper use of advances to the imprest account.

20. The total outstanding advance to the imprest account shall not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming 6 months. MHI (PMU) through MOFT may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet, setting out the estimated expenditures to be financed through the account for the forthcoming 6 months.<sup>5</sup> Supporting documents should be submitted to ADB or retained by the MHI in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) when liquidating or replenishing the imprest account.

<sup>4</sup> Disbursement eLearning. [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning)

<sup>5</sup> ADB. 2015. *Loan Disbursement Handbook*. 10B.



21. **Statement of expenditure procedure.**<sup>6</sup> The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the imprest account. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. A ceiling of \$100,000 for the use of SOE procedure is considered reasonable given that MHI does not have significant prior experience in ADB funded projects and only PMU staff salaries are paid from the imprest account. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

22. Before submission of the first withdrawal application, MOFT should submit to ADB sufficient evidence of authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is set in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time). Individual payments below this amount should be paid (i) by the executing agency and/or implementing agency and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure, unless otherwise accepted by ADB.

## **2. Disbursement Arrangements for Counterpart Fund**

23. MHI and MOFT will be responsible for (i) preparing disbursement projections, and (ii) requesting budgetary allocations for counterpart funds. The government will finance local taxes and duties under the project through its annual budget.

## **C. Accounting**

24. MHI (PMU) 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. The PMU will prepare project financial statements in accordance with International Public Sector Accounting Standard for cash-based accounting, and the government's accounting laws and regulations, which are consistent with international accounting principles and practices. The accounts will follow international accounting principles and practices, adhere to sound financial management requirements during implementation of the proposed grant, and will maintain separate records to identify (i) goods and services financed from grant proceeds (ii) financing resources received (iii) expenditures incurred on each component of the project, and (iv) counterpart funds received and expended.

## **D. Auditing and Public Disclosure**

25. MOFT and MHI are subject to audit by Auditor General's Office (AGO), the supreme audit institution in Maldives. MHI will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion

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<sup>6</sup> SOE forms are available in Appendix 9B of ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).

will be presented in the English language to ADB within 6 months from the end of the fiscal year by MOFT.

26. 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 of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements.

27. 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.

28. The government, MOFT and MHI 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.<sup>7</sup> 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.

29. 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.<sup>8</sup> 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.<sup>9</sup>

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

30. All advance contracting and retroactive financing 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). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The

<sup>7</sup> 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 loan 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 loan.

<sup>8</sup> Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>9</sup> 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).

government has been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

31. **Advance contracting.** The government has requested advance action for the recruitment of consultants including finalization of the request for proposal and recruitment of PMU staff.

32. **Retroactive financing.** The government has requested approval for retroactive financing on consulting service and project management. If approved by the Board, the maximum amount of eligible expenditures up to \$1.938 million, the equivalent of 20% of the total ADB grant, incurred before loan effectiveness, but not more than 12 months before the signing of the grant agreement, will be eligible for retroactive financing.

33. **Condition for award.** The government should award the civil works contract only after the environmental clearance has been received from the Environmental Protection Agency (EPA).

## **B. Procurement of Goods, Works, and Consulting Services**

34. As per the current government set up, the procurement of civil works and consultant recruitment will be carried out by the Tender Evaluation Section under MOFT and MHI as the line ministry.

35. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

36. MHI and ADB have discussed the procurement packages and procedures, and understood that international competitive bidding procedures will be used for civil works contract estimated to cost \$2 million or more. Shopping will be used for contracts for procurement of equipment worth less than \$100,000.

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

38. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>10</sup> The terms of reference for all consulting services are detailed in Section D.

39. A Project Management Consultant (PMC), with a total estimated inputs of 46 person-months (11.5 international, 34.5 national), is required to facilitate the preparation of detailed design, project management and implementation. The consulting firm will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 90:10.

40. Three full-time PMU staff will be recruited by MHI, comprising a project director, a project officer, and a project accountant, with a total estimated person-months of 78 (national). These PMU staff will be recruited using the individual consultant recruitment method.

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<sup>10</sup> 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/>

### C. Procurement Plan

41. The procurement plan is in Attachment A, and describes the procurement of civil works and consulting service to be undertaken for the project based on the procurement capacity assessment undertaken by ADB. The procurement plan is prepared in accordance with the generic or country-specific templates prepared by the Operations Services and Financial Management Department.

### D. Consultant's Terms of Reference

42. The consultant's terms of reference (TOR) are provided in the following attachments:
- a. The TOR for the project management consultant is in Attachment B.
  - b. The TOR for the attached Capacity Development for Sustainable Harbor Operation and Maintenance is in Attachment C.
43. The TOR for the PMU staff are as follows:
- a. **Project Director (national), 26 months.** A project director (PD) will be recruited to lead the PMU within the implementing agency. The project director will report to the Director General of the Infrastructure Department of MHI. The candidate should have a master degree or equivalent in engineering or any related fields, possess at least 10 years of experience in general infrastructure projects with significant managerial responsibilities. This experience should include at least 5 years in harbor projects. Experience in working for international donor funded projects will be preferred. In particular, the tasks for the project director include, but not limited to:
    - i. Perform day-to-day project management and monitor project implementation against the outputs and indicators in the design and monitoring framework (DMF), and in accordance with project agreements.
    - ii. Provide troubleshooting on any project management and implementation issues.
    - iii. Provide technical engineering input when required.
    - iv. Identify and report to MHI and ADB for any foreseeable issues that may prevent the project from achieving its outputs.
    - v. Organize and facilitate stakeholder consultations and project review meetings as required.
    - vi. Conduct field visits as required to verify project activities relative to stated targets.
    - vii. In coordination with MHI, oversee and approve the outputs of the PMC such as detailed design, project cost estimates, bidding documents and reports.
    - viii. Monitor and ensure quality assurance of works and services of the PMC.
    - ix. Perform the procurement of goods and services in accordance with ADB guidelines, and be responsible for the subsequent contract administration. This includes, but is not limited to, the coordination of all activities to ensure the construction to be carried out as per the qualitative benchmarks set under the contract specifications.
    - x. Ensure implementation of social and environmental safeguards requirements.
    - xi. Lead the preparation of draft reports, including annual project reports.
    - xii. In coordination with the project accountant, prepare and approve project financial statements for submission to MHI and ADB and for internal and external auditing purposes.

- xiii. In consultation and coordination with MHI and MED, oversee the implementation of the capacity development technical assistance, and approve the TA outputs.
  - xiv. Coordinate closing out activities for the project, which include preparation of final financial and technical reports and handing over of documents as necessary.
- b. **Project Officer (national), 26 months.** A project officer will be recruited to assist the project director in the day-to-day operation of the PMU. The candidate should have a degree or equivalent in engineering or related fields, with 5 years of experience in infrastructure projects. Experience in working for international donor funded projects will be preferred. In particular, the tasks for the project officer include, but not limited to:
- i. Support the project director in day-to-day project management and monitoring to ensure that project is being implemented as planned.
  - ii. Perform project progress and project disbursement monitoring
  - iii. Report to the project director on any project implementation issues for troubleshooting to ensure smooth project implementation.
  - iv. Prepare draft report, including annual report of project implementation.
  - v. Support the project director in monitoring and ensuring the implementation of social and environmental safeguard requirements.
  - vi. Support the project director in general project assistance and administration activities.
  - vii. Facilitate counterpart support for the TA.
- c. **Project Accountant (national), 26 months.** A project accountant will be recruited to oversee the financial management of the project within the implementing agency. The project accountant will report directly to the project director. The candidate should have a degree or equivalent in accounting or related field and have 5 years working experience in project finance. The candidate should have hands-on experience in using Microsoft Excel and Microsoft Words programs. Experience in working for international donor funded projects will be preferred. In particular, the tasks for the project officer include, but not limited to:
- i. Set up the finance and accounting system at the PMU for the project.
  - ii. Prepare all necessary documentation to detail the procurement and financial arrangements including funds flow, accounting policies and procedures, internal control and reporting of financial transactions.
  - iii. Carry out all procurement of materials required for PMU setup and staff recruitment for PMU where necessary in accordance with ADB guidelines and or in line with the local financial regulations applicable to the project.
  - iv. Liaise with the finance and accounting team of the project from donor and executing agency side.
  - v. Provide inputs to the project director on all financial aspects of the projects, including coordination with other divisions within MHI and other departments within MOFT, and on policy and strategic issues, financial position, and financial performance of the project.
  - vi. Provide inputs to the project in developing satisfactory organization for the finance and accounting functions, including recruitment of staff for the project.
  - vii. Provide inputs to the project team on the budget requirements for the project in the government's budget (for local component).

- viii. Provide inputs in preparation and approval of budgets and financial projections/forecasts for the project.
- ix. Provide inputs in ensuring that an effective system of internal controls is operational and the internal audit system is set up for the project and is working satisfactorily; ensure follow-up on issues arising out of internal audit.
- x. Ensure smooth flow of funds to all levels of the project's organization, payments to various parties, and ensure adherence to service standards; ensure effective cash management including short-term forecasting.
- xi. Ensure timely preparation of withdrawal application to ADB, and submission of appropriate requests to MOFT to ensure timely flow of funds to the project.
- xii. Ensure timely preparation of project financial statements in line with Public Sector Accounting Standards followed in Maldives; liaise effectively with external auditors to ensure timely audit and issuance of financial statement.

## **VII. SAFEGUARDS**

44. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (SPS, 2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in Appendix 5 of the SPS.

### **A. Environment safeguards**

45. The project scope includes the construction of a harbor for passenger and cargo vessels in the Kulhudhuffushi Island. There are no endangered species, unique habitat or protected areas in the project site or surrounding area. The project harbor area is 12 hectares, which is small, and construction works will be confined within the project area and its immediate surroundings. Therefore, the project is classified as environment category "B" according to the SPS. An initial environmental examination (IEE) report including an environmental management plan (EMP) has been prepared for the project.

46. The EMP is a plan for mitigating all anticipated environment impacts during project construction and operation. Specific mitigation measures with details on location, time and responsible agency for implementation is given in the EMP. A monitoring plan to monitor various environment quality parameters and checking the effectiveness of the EMP has also been prepared. It comprises activities to test the quality of sea water through laboratory procedures and physical monitoring of condition of the reef community, beach environment and occupational health and safety issues.

47. **Implementation arrangements for environment safeguards.** The responsibilities of various agencies and parties for implementing environment safeguards are provided below.

48. **Project management unit (PMU).** The project director of the PMU is responsible for the overall compliance of the project with the SPS and applicable national laws. The environmental officers under the Environment Unit of MHI will be responsible for processing the environmental clearance and addressing environmental concerns under the project as needed. The project director will be responsible for:

- Reviewing and approving all environment safeguards related documents such as the IEE report, safeguard monitoring reports prepared by PMC and forwarding to ADB for disclosure on the ADB website.
- Conducting monthly site visits.

- Timely endorsement and signing of key documents and forwarding to the respective agency required for processing of environmental clearance and other environment safeguards related permits and licenses.
- Awarding the civil works contract only after the environmental clearance has been received from EPA.
- Ensuring all contractors obtain permits, licenses etc. for activities such as dredging and others before the implementation of the respective construction activity.
- Taking proactive and timely measures to address any environment safeguards related challenges and significant grievances (during construction stage).
- Ensure corrective actions are implemented properly during non-compliances.

49. **Project management consultant (PMC).** The environment specialist under the PMC will monitor implementation of the EMP and monitoring plan by the contractor. Specific responsibilities of the environmental specialist are:

- Review the detailed design of the harbor and ensure it includes the least impacts on the local environment and follows recommendations made in the IEE report.
- Conduct an initial training on implementation of the EMP requirements for the contractor including providing guidance on format of monitoring checklists/reports to be maintained by the contractor.
- Provide on the job training for contract workers as needed during project construction.
- Conduct monthly site visits to the construction site.
- Review the test results for testing the sea water quality and air quality.
- Review the EMP implementation records of the contractor and cross check with the project site conditions.
- Ensure contractors secure necessary permits and clearances on a timely basis.
- Prepare monthly monitoring reports based on the site visit and submit it to the project director for review and approval.
- Based on the monthly monitoring reports prepare semi-annual safeguards monitoring reports and submit it to the project director for review and approval and further submission to ADB for disclosure on the ADB website.
- Advise the contractor on how to address non-compliances and implement the corrective action plan properly.
- Report the occurrence of any unanticipated impacts to the project director and recommend mitigation measures and need for the IEE report to be updated.
- Accordingly advise the contractor on how to address the unanticipated impact.
- Facilitate the functioning of grievance redress mechanism and ensure that all complaints are resolved on a timely basis.

50. **Contractor.** The Contractor is the principal agent to implement the EMP during the pre-and construction stages. Specifically, the contractor will:

- Appoint a qualified environment focal person to implement the EMP and monitoring plan.
- Obtain necessary environmental license(s), permits etc. from relevant agencies prior to commencement of civil works contracts.
- Implement all mitigation measures in the EMP and activities in the monitoring plan.
- Submit monthly self-monitoring reports to the PMU.
- Ensure that all workers, site agents, including site supervisors and management participate in training sessions delivered by PMU.

- Ensure compliance with environmental statutory requirements and contractual obligations.
- Prepare a corrective action plan and implement it for instances of non-compliance.
- Participate in resolving issues as a member of the grievance redressal committee (GRC).
- Respond promptly to grievances raised by the local community or any stakeholder and implement environmental corrective actions or additional environmental mitigation measures as necessary.
- Based on the results of EMP monitoring, cooperate with the PIU to implement environmental corrective actions and corrective action plans, as necessary.

## **B. Social Safeguard and Indigenous Peoples**

51. The project is classified as category C for both involuntary resettlement and indigenous peoples in accordance with the SPS. The social development specialist of PMC will conduct semi-annual monitoring to verify that there are no impacts during implementation and that information disclosure and meaningful consultation are continued throughout construction period. The result will be compiled as part of the Semi-Annual Safeguard Monitoring Report prepared by PMC. The project director will review the report and submit to ADB for review and disclosure.

52. MHI will adhere to the ADB's SPS objectives, which are: (i) to avoid involuntary resettlement wherever possible; (ii) to minimize involuntary resettlement by exploring design alternatives; (iii) to enhance or at least to restore, the livelihood of all displaced persons in real terms relative to pre-project levels; and (iv) to improve the standards of living of the displaced poor and other vulnerable groups. Specifically, MHI will (i) implement the project in accordance with any safeguard planning document; (ii) ensure that all displaced persons (if any) should be paid compensation and assistance prior to the commencement of the civil works; (iii) ensure that land that is free of encumbrance can be handed over to the contractors; (iv) undertake continued meaningful consultation; (v) establish efficient grievance redress mechanisms to assist affected persons to resolve grievances and complaints in a timely manner; and (vi) submit semi-annual monitoring reports to ADB on the implementation of the safeguard activities.

## **C. Grievance Redress Mechanism**

53. GRC will be established at two levels, one at the project site level and another at PSC level, to receive, evaluate and facilitate the resolution of all concerns, complaints and grievances. The GRC is aimed to provide a trusted way to voice and resolve concerns linked to the project, and to be an effective way to address affected person's concerns without allowing it to escalate resulting in delays in project implementation. The GRC will aim to provide a time-bound and transparent mechanism to voice and resolve social and environmental concerns linked to the project. The response time prescribed for the GRCs would be four weeks. The GRC is not intended to bypass the government's built in redressal process, nor the provisions of the statute, but rather it is intended to address concerns and complaints of the affected persons promptly, making it readily accessible to all segments of the affected persons and is scaled to the risks and impacts of the project.

First Level of GRC: The project site level GRCs will function on site where the harbor expansion is being implemented. The GRC will be chaired by the Resident Engineer of



PMC and the members will comprise of the following as members, including 2 women members.

- Island Council representative
- NGO representative / Person of standing from the community
- NGO representative / Person of standing from the community
- Contractor representative

Second Level GRC: Project Steering Committee

- Senior Official, MOFT
- Senior Official, MHI
- Senior Official, MED

## VIII. GENDER AND SOCIAL DIMENSIONS

### A. Gender

54. The project is categorized as “Some Gender Elements” per Guideline for Gender Mainstreaming Categories of ADB Projects.<sup>11</sup> Table 5 below lists out the gender-related measures under the project and the institutions responsible for their implementation.

**Table 5: Provisions of Gender-related Measures**

	<b>Activity</b>	<b>Responsibility</b>
1	Integrating elderly-women-children-disabled - friendly features in the designs of the harbor, including separate toilets and ablution/prayer facilities for male and female passengers, lighted waiting rooms, and disability-friendly access features.	<ul style="list-style-type: none"> <li>▪ Detailed design by PMC.</li> <li>▪ Monitoring by PMU.</li> </ul>
2	Targeting 2 out of 5 members of the GRC to be women.	<ul style="list-style-type: none"> <li>▪ Implementation by PMC and PSC.</li> <li>▪ Monitoring by PMU.</li> </ul>
3	Provision in the bidding document and civil works contract to ensure that all applicable labor laws will be complied with, including not employing child labor for construction; encouraging increased employment of women and local poor; and not differentiating wages between men and women for work of equal value.	<ul style="list-style-type: none"> <li>▪ Bidding document and contract preparation by PMC.</li> <li>▪ Implementation by civil works contractor.</li> <li>▪ Implementation monitoring by PMC and PMU.</li> </ul>

PMU = project management unit, PMC = project management consultant, GRC = grievance redressal committee, PSC = project steering committee

Source: Asian Development Bank estimates.

### B. Health

55. MHI shall ensure that civil works contractors provide adequately for the health and safety of construction workers and further ensure that bidding documents include measures on how

<sup>11</sup> <http://www.adb.org/documents/guidelines-gender-mainstreaming-categories-adb-projects>

contractors will address this, including an information and awareness raising campaign for construction workers on sexually transmitted diseases, HIV/AIDS, and human trafficking. MHI is encouraged to display awareness raising materials in strategic locations in the expanded harbor during operations. PMC will conduct monitoring.

### **C. Labor**

56. MHI will ensure that works contracts under the project follow all applicable labor laws of the government and that these further include provisions that contractors will (i) carry out semi-annual HIV/AIDS awareness programs for labor and disseminate information at work sites on risks of sexually transmitted diseases and HIV/AIDS, as part of health and safety measures for those employed during construction; and (ii) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

## **IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION**

### **A. Project Design and Monitoring Framework**

57. The design and monitoring framework (DMF) is in Attachment D.

### **B. Monitoring**

58. **Project performance monitoring.** The achievement of the project performance targets will be assessed following the DMF. MHI will, within 3 months of the grant signing, develop a systematic project performance monitoring system, in form and substance acceptable to ADB, for use throughout the life of the project. MHI will also establish, within 3 months of grant effectiveness, baselines for performance indicators to be used for monitoring implementation of the project. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the MHI's quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.

59. **Compliance monitoring.** Compliance with covenants will be monitored through ADB's project administration missions – including project inception mission to discuss and confirm the timetable for compliance with the covenants; project review mission to review the government's compliance with particular covenants; and where there is any noncompliance or delay, discuss proposed remedial measures with the government; and mid-term review mission, if necessary, to review covenants and to assess whether they are still relevant or needs to be changed, or waived due to changing circumstances.

60. **Environment safeguard monitoring.** The environment specialist from the PMC will prepare monthly environmental monitoring reports based on monthly site visits for review and approval by the project director. Based on the monthly reports he/she will prepare consolidated Semi-Annual Safeguards Monitoring reports with inputs from the social development specialist of the PMC. The Semi-Annual Safeguards Monitoring Report will be submitted to the project director for review and approval, and for subsequent submission to ADB for disclosure on the ADB website.

61. **Social safeguard monitoring.** The social development specialist from the PMC will conduct semi-annual monitoring of the project to ensure that there are no impacts for involuntary resettlement or to indigenous peoples, and that the grievance redressal mechanism is functioning. The results will be submitted in the combined Semi-Annual Safeguard Monitoring Report together with monitoring on environment.

62. **Gender and social dimensions monitoring.** The social development specialist from the PMC will conduct semi-annual monitoring of gender and social aspects, especially to ensure that information disclosure are continued meaningful consultations are taking place. The results will be submitted in the combined Semi-Annual Safeguard Monitoring Report.

### C. Evaluation

63. ADB will field regular missions to discuss progress of the project and any changes to the implementation arrangements or remedial measures towards achieving the overall project objectives. A mid-term review will be undertaken in 2018. The review will focus on overall progress of the project and its institutional, administrative, organizational, technical and environmental and social aspects. Within 6 months of physical completion of the project, MHI will submit a project completion report to ADB.

### D. Reporting

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

### E. Stakeholder Communication Strategy

65. Various information regarding the project, including scope, general progress status, beneficiaries, invitation for bids, and consultant recruitment notices, will be provided to the general public through the websites of ADB and MHI, direct communication with the local public during project implementation and through the Grievance Redress Mechanism. The information will be made available and updated through the official websites of MHI and ADB. ADB's communication strategy is summarized below.

<b>Project Documents</b>	<b>Means of Communications</b>	<b>Frequency</b>	<b>Audience(s)</b>
<b>Project Data Sheet (PDS)</b>	ADB website	Initial PDS no later than 30 calendar days from approval of the concept paper; quarterly updates afterwards	General public
<b>Design and Monitoring Framework (DMF)</b>	ADB website	Draft DMF after fact-finding mission	General public
<b>Initial</b>	ADB website	Post fact-finding mission	General public,

<b>Project Documents</b>	<b>Means of Communications</b>	<b>Frequency</b>	<b>Audience(s)</b>
<b>Environmental Examination Report (IEE)</b>	MHI website		project-affected people in particular
<b>Summary Poverty Reduction and Social Strategy (SPRSS)</b>	ADB website	Post fact-finding mission	General public, project-affected people in particular
<b>Legal Agreements</b>	ADB website	No later than 14 days from Board approval of the project	General public
<b>Project Administration Manual</b>	ADB website	After grant negotiation	General public
<b>Safeguard Monitoring Reports</b>	ADB's website	Semi-annually	General public, project-affected people in particular

Source: Asian Development Bank estimates.

## **X. ANTICORRUPTION POLICY**

66. The government is advised of ADB's Anticorruption Policy (1988, as amended to date). Consistent with its commitment to good governance, accountability and transparency, implementation of the project shall adhere to ADB's Anticorruption Policy. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>12</sup> 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.<sup>13</sup>

67. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the Grant Agreement and the bidding documents. In particular, all contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the states and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the project. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contract under the project.

68. ADB's Anticorruption Policy designates the Office of Anticorruption and Integrity (OAI) as the point of contact to report allegations of fraud or corruption among ADB-financed projects or its staff. OAI is responsible for all matters related to allegations of fraud and corruption. For a more detailed explanation refer to the Anticorruption Policy and Procedures. Anyone coming across evidence of corruption associated with the project may contact the Anticorruption Unit by telephone, facsimile, mail, or email at the following numbers/addresses:

By email at [integrity@adb.org](mailto:integrity@adb.org) or [anticorruption@adb.org](mailto:anticorruption@adb.org)

By phone at +63 2 632 5004

<sup>12</sup> Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>13</sup> ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

By fax to +63 2 636 2152

By mail at the following addresses (Please mark correspondence Strictly Confidential):

Office of Anticorruption and Integrity  
Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines

69. 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 contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.<sup>14</sup> To support these efforts, relevant provisions are included in the grant and project agreements and the bidding documents for the project.

## **XI. ACCOUNTABILITY MECHANISM**

70. 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 an effort in good faith 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.<sup>15</sup>

71. MHI, with PMC's assistance, will set up the grievance redress mechanism to receive and resolve complaints, as well as to act upon stakeholders reports of irregularities on project related matters, including grievances concerning environment and social issues. The existence of this mechanism will be widely publicized to ensure that stakeholders are aware that a venue is available to address concerns or grievances relating to fraud, corruption, abuse, and any other aspects of project implementation.

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

72. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement s-curves.

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

<sup>15</sup> Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

**ATTACHMENTS**

- Attachment A - Procurement Plan
- Attachment B - Terms of Reference for Project Management Consultant
- Attachment C - Terms of Reference for Capacity Building for Sustainable Harbor  
Operation and Maintenance
- Attachment D - Design and Monitoring Framework

## PROCUREMENT PLAN

### Basic Data

<b>Project Name:</b> Kulhudhuffushi Harbor Expansion Project	
<b>Project Number:</b> 36111-013	<b>Approval Number:</b>
<b>Country:</b> Maldives	<b>Executing Agency:</b> Ministry of Finance and Treasury
<b>Project Procurement Classification:</b> B	<b>Implementing Agency:</b> Ministry of Housing and Infrastructure
<b>Procurement Risk:</b> Moderate	
<b>Project Financing Amount:</b> \$9,690,000 <b>ADB Financing:</b> \$9,690,000 <b>Cofinancing (ADB Administered):</b> - <b>Non-ADB Financing:</b> -	<b>Project Closing Date:</b> 31 December 2019
<b>Date of First Procurement Plan:</b> tbd	<b>Date of this Procurement Plan:</b> 21/06/2016

#### 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	US\$ 2,000,000 and Above	
International Competitive Bidding for Goods	US\$ 1,000,000 and Above	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	
Individual Consultant Selection (ICS)	

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

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

Package Number	General Description	Estimated Value	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
H-01	Harbor construction	\$8,110,000	ICB	Prior	1S2E	Q2/2017	PQ: N/A; Domestic preference: N/A; Large works

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

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

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
C-01	Project Management Consultant	\$899,000	QCBS	Prior	Q1 2016	Simplified Technical Proposal	Assignment: International Quality-Cost Ratio: 90:10 Advance Contracting: Yes

## 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	General Description	Estimated Value	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
PMU-1	PMU Equipment	\$10,000	1	Shopping	Post	-	Q2 2016	



Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
PMU-2	Project Director	\$65,000	1	ICS	Prior	Q2 2016	-	Assignment: National Advance Contracting: Yes
PMU-3	Project Officer	\$50,000	1	ICS	Prior	Q2 2016	-	Assignment: National Advance Contracting: Yes
PMU-4	Project Accountant	\$55,000	1	ICS	Prior	Q2 2016	-	Assignment: National Advance Contracting: Yes

#### 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/Post (Sample)]	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 (quarter/year)	Date of ADB Approval of Contract Award	Comments

## 2. Completed Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

## D. Non-ADB Financing

The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments

## PROJECT MANAGEMENT CONSULTANT

### TERMS OF REFERENCES

ADB Grant P36111-MLD - Kulhudhuffushi Harbor Expansion Project

#### A. Background and Objectives

1. The Government of Maldives has applied for a grant from the Asian Development Bank (ADB) for the Kulhudhuffushi Harbor Expansion Project (the project) and intends to apply a portion of proceeds to engage a consulting firm (the consultant) to support the Ministry of Housing and Infrastructure (the Employer) in the project implementation.
2. The indicative components of the harbor works and the related facilities are as follows:
  - a) Dredging and reclamation works
  - b) Breakwaters, revetments and quay-wall structures including harbor separation walls and finger piers
  - c) Pavement
  - d) Harbor navigational beacons and quay lighting
  - e) Ice Plant
  - f) Buildings – Administration/Retail/Terminal
  - g) Market – Fish/ Fruits and Vegetable
3. Upon engagement, the selected consultant will be given access to the project preparatory technical assistance reports and outputs.

#### B. Scope of Service

4. The main requirement of the consultant is to assist the employer in (i) the overall project management, (ii) detailed engineering design of the project, (iii) procurement of civil work contract, (iv) construction supervision and contract administration, and (v) project compliance and monitoring. The consultant's tasks are grouped into 6 components which includes, but not limited to, the following activities:

##### Component 1: Overall Project Management

- |         |   |
|---------|---|
| Task 01 | Provide project management services throughout detailed design, procurement, construction, and commissioning stages and post-defect liability period.   |
| Task 02 | Prepare project schedule and corresponding projected cash flow in conjunction with the Employer and provide ADB a realistic schedule for design, approvals, tendering, construction and commissioning, The consultant is to maintain and update the project schedule throughout the project.  |
| Task 03 | Formulate and maintain a project performance management system in the format acceptable by the Employer and ADB, which consists of (1) preparing in the initial stage a project performance management system, in accordance with the ADB's project design and monitoring framework (DMF) to monitor (i) the progress of the overall project implementation, and (ii) the development impact of the project; and (2) collecting/updating the project performance indicator benchmarks, this includes updating the baseline data in the DMF. |
| Task 04 | Develop a project management plan in sufficient detail to enable the project to be  |

monitored as per the Employer's requirements, and to support the Employer to prepare quarterly progress reports to evaluate the scope, implementation arrangement, progress, and achievement of the project objectives.

### Component 2: Detail Design Engineering and Cost Estimates

- Task 05 Review the preliminary design prepared during the project preparatory stage, validate/improve in accordance with best international standards and recommended practices. This includes carrying out value engineering - evaluating and proposing cost effective alternatives as deemed necessary. The detailed design should be prepared by considering the inputs from public consultation in Kulhudhuffushi.
- Task 06 Review the existing surveys, identify and carry out additional detail surveys and undertake full detail design namely:
- Carry out detail design for all improvement works – including preparation of detailed design drawings in sufficient details for accurate determination of quantities and cost and to facilitate construction.
  - Compile existing data and carry out limited hydrographic/oceanographic surveys as required to enable numerical modeling of the harbor and coastal structures to ensure sufficient safeguards against overtopping, harbor stilling and safe entry. Data collection may be required within the time available in the overall program.
  - Geotechnical site investigation to verify soil conditions for dredging and coastal structures
- Task 07 Prepare estimated quantities and cost of all proposed works and equipment with best possible accuracy.

### Component 3: Procurement Support

- Task 08 Review the indicative contract packages, prepared during the project preparatory stage, and, if warranted, recommend better alternatives to in order to optimize contract administration, construction coordination, and competitive pricing.
- Task 09 Based on the type of bidding procedures and contracts, as advised by the Employer, prepare bidding documents for all works and equipment packages. The bidding documents shall be prepared in accordance with ADB's latest applicable Standard Bidding Documents (SBD) available in the ADB website.
- Task 10 Provide all necessary assistance for the procurement of contracts, including but not limited to, advertising the invitation to bid, bid clarifications, addenda, pre-bid meetings, bid openings, bid evaluation and reports, contract negotiations, and draft contract documents.

### Component 4: Construction Supervision and Contract Administration

- Task 11 Approve contractor's work program, method statements, material sources, safety plan and environmental management plan.
- Task 12 Review and check working drawings, the setting out of the works, and provide

instructions to the contractor.

- Task 13 Review the quality control programs of the contractors.
- Task 14 Inspect materials and works to ensure compliance with the contract specifications and give notice to the contractor in the event that such materials and works fail to comply with the specifications.
- Task 15 Accept or reject any part or parts of the completed works.
- Task 16 Make measurements and keep measurement records.
- Task 17 Maintain records, correspondence, and diaries.
- Task 18 Certify work volume and interim certificates for progress payments.
- Task 19 Assist the Employer's representative with the maintenance of consolidated project accounts, and with preparation of financial statements and withdrawal applications for submission to ADB.
- Task 20 Certify completion of part or all of the works.
- Task 21 Periodically check the remaining quantities for completion, and undertake regular monitoring of each contract through an earned value management framework
- Task 22 Provide assessments to the Employer in relation to Contractor's variation claims, extensions of time claims, and other technical and contractual matters that may arise.
- Task 23 Negotiate with each contractor and recommend to the Employer the rates for any unscheduled items of work that may arise.
- Task 24 Advise the Employer's representative on all matters relating to the execution of the works; and assist the representative with processing the contractor's possible claims.
- Task 25 Prepare, at the completion of the contracts, a consolidated project completion report in a format provided by ADB.
- Task 26 Check and certify as-built drawings for the works prepared by the contractors.
- Task 27 Inspect the works at appropriate intervals during the defects liability period and certify the defects liability certificate for issuance by the Employer's representative.
- Task 28 Provide the Employer with complete records, and inception, monthly, and completion reports.
- Task 29 Assist the Employer to provide on-site training where required for the Employer's field staff on quality assurance and contract administration.

Component 5: Social Safeguard

- Task 30 During the detailed design stage, conduct consultation with local communities in Kulhudhuffushi for input to the harbor design where appropriate.
- Task 31 Support the Employer in matters relating to land acquisition and resettlement, if impact is identified during project implementation period. Tasks include preparing Resettlement Plan, monitoring the implementation of the resettlement plan and providing expert advice in all matters relating to acquisition and resettlement.
- Task 32 Design, prepare and conduct HIV/AIDS, anti-trafficking and child labor awareness campaign at the project influence areas, monitor the status of contractor's compliance with HIV/AIDS, and Core Labor Standards.
- Task 33 Implement gender-specific project features and ensure Contractor is in compliance with equal payment for equal work for men and women.
- Task 34 Ensure compliance with social impact mitigation requirements of civil works contracts, and provide information to ADB on those processes in the semi-annual safeguard report.

#### Component 6: Environmental Assessment and Monitoring

- Task 35 Review the Initial Environmental Examination (IEE) report and carry out additional studies and public consultations if recommended or required by the IEE. If there are changes in the project design or discovery of new environmental impacts, update the IEE report and disclose it on the ADB website as necessary. Review the general engineering design and in discussion with the engineering team, identify needs if any, for design modification to enhance environment safeguard and/or mitigate climate risks. Update the environmental management plan (EMP) and provide more specific details based on site visits, the revised design and new information acquired, if any. Review the bidding documents and ensure the inclusion of the EMP, related mitigation costs and all necessary provisions for compliance to environment safeguard requirements. The environment management plan will be updated as part of the updated IEE.
- Task 36 Monitor the project's compliance to environment safeguards as given in the IEE report and implementation of the EMP by the contractor and ensure compliance with the environmental safeguard requirements of civil works contracts. Provide necessary training and technical advices including on-site advisory to the contractors as found necessary. Review and confirm that the EMP implementation records are maintained by the contractor. Prepare monthly and semi-annual environmental monitoring reports based on these records and on-site spot checks carried out and submit to the Employer. The semi-annual reports which will also cover social safeguard issues with inputs from the Social Development Specialist will be for submission to ADB for disclosure on the ADB website.

### **C. Implementation Arrangement**

5. The consulting services will be implemented by a firm of international consultants. The consultant selection will be in accordance with quality- and cost-based selection method using a quality and cost ratio of 90:10. An association or direct engagement of suitable national

consultants is highly recommended to compliment consultant's local knowledge and experience. It is anticipated that the following international and local staff will be required:

### International Staff

No.	Position	Qty	Number of person-month	Total person-month
1	Resident Engineer/Team Leader	1	8.5	8.5
2	Harbor/Coastal Engineer	1	3.0	3.0
	<b>TOTAL</b>			<b>11.5</b>

### National Staff

No.	Position	Qty	Number of person-month	Total person-month
1	Deputy Resident Engineer	1	15.0	15.0
2	Procurement Specialist	1	1.5	1.5
3	Environmental Specialist	1	8.0	8.0
4	Social Development Specialist	1	3.0	3.0
5	Architect	1	2.0	2.0
6	Civil/Structural Engineer	1	2.0	2.0
7	Mechanical Electrical and Plumbing (MEP) Engineer	1	2.0	2.0
8	Quantity Surveyor	1	1.5	1.5
	<b>TOTAL</b>			<b>35</b>

Notes:

- (i) The estimated person-months are indicative of actual requirements and will be paid on actual time-basis. To provide a common basis for financial proposals, the Consultants shall propose the staff person-months indicated above.
- (ii) Other support staff (such as CAD operators, administrative support, etc.) necessary to complete the assignment shall be included in the consultant's financial proposal under Out-Of-Pocket expense items.
- (iii) Other expense items (such as communication, report production, local support staff, stationary, in-country transport, including vehicle rental and fuel, and etc.) necessary to complete the assignment shall also be included in the consultant's financial proposal under Out-Of-Pocket expense items. The Consultant will bear at its own expense any of essential out-of-pocket expense items that are not priced in the financial proposal.

6. The indicative key tasks and the preferred qualifications of the key experts are given below:

- a. **Resident Engineer /Team Leader (international).** The expert will be responsible for overall coordination, personal management and delivery of the services. The candidate shall have a master degree or equivalent in civil engineering or related field, with at least 15 years of experience in infrastructure design, project management and implementation of maritime projects. The candidate should be familiar with contract administration using FIDIC forms. Experience in developing countries, particularly in small island countries is preferred. As a team leader, the candidate should have the experience as a team leader of at least 3 harbor projects. Experience in working for projects by ADB or any other international donor agencies is preferred. This is a full-time position based on the island of Kulhudhuffushi during the construction phase.

- b. **Harbor/Coastal Engineer (international).** The expert will contribute in the detailed design of the harbor infrastructure and the related facilities. The candidate shall possess a degree or equivalent in civil engineering or related field, and possess at least 10 years of experience in design (including numerical modelling for harbor projects) and implementation of harbor and coastal works projects. The candidate should be familiar with climate change impact on maritime infrastructure. Experience in developing countries, particularly in small island countries is preferred.
- c. **Deputy Resident Engineer (national).** The expert will support the Resident Engineer in the overall coordination and delivery of the services. The candidate shall possess a degree or equivalent in civil engineering or related field, and possess at least 10 years of experience in design, project management, and implementation of coastal infrastructure development projects. Familiarity with contract administration using the FIDIC forms of contract required. Experience in working for projects by ADB or any other international donor agencies is preferred. This is a full-time position based on the island of Kulhudhuffushi during the construction phase.
- d. **Procurement Specialist (national).** The expert is responsible for the activities under Component 3. The candidate shall possess a degree or equivalent in civil engineering or related field, with at least 10 years of experience in procurement of goods, works and services and contract management. Experience in working for projects by ADB or any other international donor agencies is preferred.
- e. **Environment Specialist (national).** The expert is responsible for activities related to environmental safeguard during project implementation. The candidate shall possess a degree or equivalent in environmental science or equivalent, and possess at least 10 years of experience in environmental impact studies. Familiarity with coral island environments is required. The candidate must be registered as an Environmental Impact Assessment consultant with Maldives environmental protection act (EPA). Familiarity with ADB and Maldives EPA policy on environmental safeguard and project compliance monitoring and reporting is preferred.
- f. **Social Development Specialist (national).** The expert is responsible for activities related to social safeguard during project implementation. The candidate shall possess a degree or equivalent in social sciences or related field. The candidate should have at least 5 years of experience in designing, implementing or monitoring social components of developmental projects, preferably with experience in transport sector. Familiarity with ADB policy on social safeguard and project compliance monitoring and reporting is preferred.
- g. **Architect (national).** The expert is responsible with the design of the building work as part of the harbor facilities. The candidate shall possess a degree or equivalent in architecture or related field, and be licensed for practice in Maldives. The candidate should have at least 5 years of experience in design of buildings in Maldives.
- h. **Mechanical, Electrical and Plumbing (MEP) Engineer (national).** The expert is responsible with MEP design for the harbor facilities. The candidate shall possess a degree or equivalent in MEP/building services engineering or related field, with a minimum of 5 years of experience in the design of MEP engineering for buildings.



- i. **Quantity Surveyor (national).** The expert is responsible for preparing the Bill of Quantities and cost estimates for the civil work contract. The candidate shall possess a degree or equivalent in civil engineering or related field, with at least 5 years of experience in procurement of goods, works and services and contract management. Experience in maritime project is preferred.

#### **D. Reports, Deliverables and Time Schedule**

7. The consulting services will be implemented over 26 calendar months from the commencement date with an anticipated design and tender period of 8 months and an implementation period of 18 months.

8. The Consultant shall prepare and submit the following reports in the English language (5 copies for the Employer and 2 copies for ADB). The final report shall be prepared in hardcopy and in CD-ROM.

<b>Report</b>	<b>Description/Technical Accomplishment</b>	<b>Timeline</b>
Inception Report	Recommendations for preliminary design and procurement packages, and staff mobilization schedule.	Within 1 month of commencement of services
Standard Bidding Documents	Standard bidding documents for preliminary review (excluding BOQ, specification, and design drawings).	Within 2 months of commencement of services
Final Bidding Documents	For all works and equipment packages – incorporating Employer/ADB's comments on SBD and including BOQ, specification, and design.	Within 4 months of commencement of services
Design Completion Report	Design criteria and approach, survey reports, and progress of design for all contract package including results of the models tests validating design	Within 4 months of commencement of services
Monthly Progress Report	Brief details of the work carried out during the previous month (all components), the problems encountered or anticipated, together with the steps taken or recommendations for their correction, and financial and physical progress to date.	Every month by the 10 <sup>th</sup> of the subsequent month
Safeguards Report	Progress and status of project compliance to the grant covenants, national policies and EMP for the project. Description of monitoring activities undertaken with pictures. Environmental quality test results.	Semi-annually

#### **E. Data, Local Services, Personnel, and Facilities to be provided by the Employer**

9. The Employer will provide the consultant with office space in Malè, furniture, supplies and internet connection during the design and procurement phase. The civil work contractor will provide the consultant with office space and utility services, furniture, internet connection and reasonable office supplies at the contractor's office in Kulhudhuffushi during the implementation phase.

**F. Cost Estimates**

10. The cost estimates for this consulting service is as follows.

<b>No.</b>	<b>Item</b>	<b>Total Cost (\$'000)</b>
1.	Consultants	
	a. Remuneration and per diem	
	i. International consultants (11.5 person-months)	267.3
	ii. National consultants (35 person-months)	227.6
	b. International and local travel	50.0
	c. Reports and communications	03.0
2.	Equipment (computer, printer, etc.) <sup>b</sup>	15.0
3.	Workshops, training, seminars, and conferences	03.0
4.	Studies and surveys	140.0
5.	Miscellaneous administration and support costs	39.4
6.	Contingencies	72.7
	<b>Sub total</b>	<b>818.0</b>
	VAT 10%	81.0
	<b>TOTAL</b>	<b>899.0</b>

## **TECHNICAL ASSISTANCE: CAPACITY DEVELOPMENT FOR SUSTAINABLE HARBOR OPERATION AND MAINTENANCE**

### **TERMS OF REFERENCE**

ADB Grant P36111-MLD - Kulhudhuffushi Harbor Expansion Project

#### **A. Introduction**

1. The Government of Maldives has received a grant from the Asian Development Bank (ADB) to construct a new passenger and cargo harbor as an expansion of the existing multi-purpose harbor in Kulhudhuffushi. The construction is expected to commence in Q3 2017 with a target completion by the end of 2018. The ADB assistance in this project includes a technical assistance (TA) with the objective to strengthen the institutional capacity of the relevant agencies in Kulhudhuffushi in harbor operation, maintenance, safety and financial management. The TA will be carried out through a consulting service for which this TOR was prepared.

2. The scope of the TA was discussed with the Ministry of Housing and Infrastructure (MHI) as the implementing agency, during the fact-finding for the project on 6-13 March 2016. The MHI, the Ministry of Economic Development (MED) and the Secretariat of Kulhudhuffushi Council (SKC) were also consulted for the scope in which their involvement in the TA will be required.

#### **B. Outputs and Key Activities**

3. To achieve the TA objectives, the key tasks of the consulting service is to assist the MHI in conducting various activities under 4 key components, namely (i) capacity development training component, (ii) harbor safety component, (iii) harbor user charges component, and (iv) income-generating livelihood opportunities component.

##### Component 1 – Capacity development training

4. The SKC will be responsible for day-to-day operation of both the existing and the new harbor, perform the necessary routine maintenance activities, to ensure their operational sustainability so that the socio-economic benefits of the project are maintained throughout the economic life of the project. The MHI's Public Works Services (PWS) in Kulhudhuffushi will continue its responsibility to carry out the large scale maintenance work, including for the harbors. Insufficient capacity of the SKC and PWS in terms of skill sets for operation and maintenance mechanism has been identified by the MHI and verified at the project preparatory stage. For this, the SKC and the MHI have committed to assign a number of staff to be trained in harbor operation and maintenance. The training on financial management will be included to streamline the financial aspect of the harbor operation and maintenance by the SKC, including in revenue-generating activities to help fund the operation and maintenance of the harbor. The TA also involves development of toolkits and a performance monitoring mechanism for harbor operation and maintenance. Due to the possible staff turnover from time to time in the future, the training program and the resulting streamlined systems needs to be institutionalized as part of the standard practice within the SKC and PWS.

5. The outputs under this component will be (i) training program for the harbor operation, maintenance and financial management; (ii) development of harbor operation and maintenance

toolkits; (iii) execution of the training program; (iv) harbor operation and maintenance manual; and (v) the inclusion of training program as part of the council's operation.

6. Based on these outputs, the consultant is expected to perform the following, but not limited to these activities:
- a. Reviewing the recommendations for institutional capacity development during the project preparatory stage, and identify other possible areas for inclusion in the training program.
  - b. Preparing the training program in consultation with the SKC and PWS, and obtain approval from ADB and the MHI. Consultations and coordination with Maldives Port Limited in Malé may be required to explore possibility of cooperation in the execution of the training. The training program will cover harbor operation, maintenance and financial management. The training on harbor operation will include, but not limited to general harbor operation, safety, and waste management (solid and liquid waste).
  - c. Reviewing any previous studies and toolkits in harbor maintenance in Kulhudhuffushi, including one developed by UNDP for its suitability for implementation, and improvement or further development on the toolkit will be performed where required. The training will include the use of the toolkits and the demonstration of the reporting mechanism.
  - d. Performing the approved training program for at least 3 council staff and 10 PWS staff. Training for PWS staff is only for maintenance works.
  - e. Compiling the training materials and toolkits into a harbor operation and maintenance manual which will be used as reference by the SKC and PWS.
  - f. In consultation with the SKC and the MHI, institutionalizing the training program as part of the standard operation for staff training.

### Component 2 – Harbor safety

7. Insufficient provision to reduce harbor safety risks have been identified during the project preparatory stage. As the harbor related activities increases, safety risks will also increase. Aside from the inclusion of safety provision the harbor infrastructure design under the project, measures to increase public awareness on harbor safety will also be required. This will cover safety of passengers, harbor administrative staff, harbor workers, and local communities living within the harbor vicinity. Training for boat/vessel operators and captain/drivers will also be conducted, including in the provision for passenger safety during emergency and extreme weather condition. The TA will address the need for other specific community awareness requirement and perform the recommended activities. Based on the lessons learnt from the application in Kulhudhuffushi, the TA will also recommend the action plan for harbor safety awareness for application to all harbors in Maldives. The activities under this component will be performed in consultation with the Transport Authority and MED.

8. The outputs under this component will be (i) harbor safety awareness program for Kulhudhuffushi, (ii) execution of the program, (iii) training for the boat/vessel operators and captain/drivers in harbor safety including in emergency condition, and (iv) action plan for safety awareness campaign to all harbors in Maldives.

9. Based on these outputs, the consultant is expected to perform the following, but not limited to these activities:
- a. Reviewing the recommendations for harbor safety improvement measures during the project preparatory stage, and identify any missing harbor safety issues not yet addressed.
  - b. Developing and performing a harbor safety awareness program for Kulhudhuffushi.

- c. Developing and performing a training program for vessel drivers in harbor safety. Consultations and coordination with Maldives Port Limited in Malé may be required to explore possibility of cooperation in the execution of the training.
- d. Developing an action plan for harbor safety awareness campaign for all harbors in Maldives.

### Component 3 – Harbor user charges

10. Most, if not all public harbors in the outer atolls of Maldives are currently free of charge, including the existing Kulhudhuffushi multi-purpose harbor. The absence of user charges in public harbors not only limits the funding for maintenance and operational activities, but also prevents the island council to use charging system as a controlling instrument to manage the use of the infrastructure, for example, to prevent excessive berthing or mooring time of vessels in the harbor area by local residents. The government has decided to address the growing need to levy harbor user charges by first understanding the impacts and its feasibility on various social-economic aspects, in both local and national contexts. The TA will include a feasibility study of introducing harbor user charges for Kulhudhuffushi, with recommendation and action plan for implementation. The TA includes socio-economic impact assessment for a nation-wide application. The activities under this component will be performed in consultation with the Transport Authority and the MED.

11. The outputs under this component will be (i) a feasibility study and socio-economic impact assessment of implementing harbor user charges in Kulhudhuffushi, (ii) recommendation and action plan for implementation in Kulhudhuffushi, (iii) action plan for implementation in all harbors in the country.

12. Based on these outputs, the consultant is expected to perform the following, but not limited to these activities:

- a. Reviewing the regulatory and institutional framework for levying user charges in public harbors, and recommend any improvement measures at both national and local levels.
- b. Conducting the stakeholder engagement and public consultation for implementing harbor user charges in the form of workshops and focus group discussions in Kulhudhuffushi.
- c. Conducting feasibility study for implementing harbor user charges in Kulhudhuffushi, taking into account technical aspects and socio-economic development impacts. The study will include recommendation and action plans for implementation in Kulhudhuffushi. Interview and necessary data collection will be required for this study.
- d. Preparing the recommendation and action plans for implementation in all harbors in Maldives.

### Component 4 – Income-generating livelihood opportunities

13. Training for local residents in income-generating livelihood opportunities will be conducted under the TA to increase awareness by local residents of business opportunities which will arise following the development of the new harbor. The business development service center in Kulhudhuffushi established under ADB assistance will be consulted and involved where appropriate to conduct the training.<sup>1</sup> Under the TA the local residents will be expected to use the harbor facilities to set up business on a rental basis, which will contribute to the cost-recovery mechanism for the maintenance and operation of the harbor facilities by the SKC.

<sup>1</sup> Loan 2867-MLD and Grant 0290-MLD: Inclusive Micro, Small and Medium-Sized Enterprise Development Project.

14. The outputs under this component will be (i) training program for local residents in income-generating livelihood opportunities, and (ii) execution of the training program. Participation of women in this training will be encouraged.

15. Based on these outputs, the consultant is expected to perform the following, but not limited to these activities:

- a. Reviewing the regulatory and institutional framework for business activities in public harbors.
- b. Preparing the training program in consultation with the SKC and the business development service center, and obtain approval from ADB and the MHI.
- c. Performing the approved training program, targeting at least 50 participants. Participation of women in the training is highly encouraged.

### C. Implementation Arrangement

16. The consulting services will be implemented by a firm of international consultants. The consultant selection will be in accordance with quality- and cost-based selection method using a quality and cost ratio of 90:10. An association or direct engagement of suitable national consultants is highly recommended to compliment consultant's local knowledge and experience. It is anticipated that the following international and local staff will be required:

#### International Staff

No.	Position	Qty	Number of person-month	Total person-month
1	Maritime Transport Specialist and Team Leader	1	5	5
2	Asset Management Specialist	1	2	2
3	Harbor Operation Specialist	1	2	2
4	Transport Economist	1	2	2
	<b>TOTAL</b>			<b>11</b>

#### National Staff

No.	Position	Qty	Number of person-month	Total person-month
1	Harbor Engineer and Deputy Team Leader	1	6	6
2	Financial and Institutional Development Specialist	1	3	3
4	Social Development Specialist	1	3	3
5	Small and Medium Enterprise (SME) Specialist	1	2	2
	<b>TOTAL</b>			<b>14</b>

Note:

- (i) The estimated person-months are indicative of actual requirements and will be paid on actual time-basis. To provide a common basis for financial proposals, the Consultants shall propose the staff person-months indicated above.
- (ii) Other support staff (such as office manager, administrative support, etc.) necessary to complete the assignment shall be included in the consultant's financial proposal under Out-Of-Pocket expense items.
- (iii) Other expense items (such as communication, report and leaflet production, local support staff, stationary, in-country transport, including vehicle rental and fuel, and etc.) necessary to complete the assignment shall also be included in the consultant's financial proposal under Out-Of-Pocket expense items. The Consultant will bear at its own expense any of essential out-of-pocket expense items that are not priced in the financial proposal.

17. The indicative key tasks and the preferred qualifications of the key experts are given below:

- a. **Maritime Transport Specialist and Team Leader (international).** The Maritime Transport Specialist and Team Leader will be responsible for overall coordination internally and externally, personal management and delivery of the TA outputs. In particular, the expert will (i) prepare all training programs with the relevant experts and oversee the implementation, (ii) perform the feasibility study on harbor charging scheme and prepare the action plan, and (iii) involved in stakeholder and public consultation. The expert will be responsible for the overall quality of the TA reports, and prepare monthly progress reports for submission to the MHI and ADB. The expert shall possess a master degree or equivalent in civil engineering or related field, and possess at least 15 years of experience in general maritime transport, such as harbor planning, harbor operation, maritime infrastructure and asset management. Experience in developing countries, particularly in small island countries is preferred. Experience in working for projects by ADB or any other international donor agencies is preferred. The candidate shall possess experience as a Team Leader of maritime projects for at least 3 projects.
- b. **Asset Management Specialist (international).** The Asset Management Specialist will be responsible for all capacity development activities and outputs related to the harbor maintenance. In particular, the expert will (i) prepare and execute the training program in harbor operation, maintenance and financial management in coordination with other relevant experts, and (ii) prepare and deliver the toolkits and manuals for the harbor maintenance. The expert shall possess a master degree or equivalent in civil engineering or similar field, and possess at least 10 years of experience in asset management. Experience in maritime asset management is preferred.
- c. **Harbor Operation Specialist (international).** The Harbor Operation Specialist will be responsible for all capacity development activities and outputs related to harbor operation and safety. In particular, the expert will (i) prepare and execute the training program in harbor operation, maintenance and financial management in coordination with other relevant experts, (ii) prepare and coordinate the execution of the trainings for vessel operators and drivers, and (iii) prepare and coordinate the harbor safety awareness program. The expert shall have a degree or equivalent qualification in maritime studies or related fields. The expert shall possess at least 10 years of experience in harbor operation. Experience working as harbor operator and vessels operations will be preferred.
- d. **Transport Economist (international).** The Transport Economist will work in coordination with other experts, to conduct the feasibility study and socio-economic impact assessment of introducing harbor user charges. The expert may be involved in the economic data collection and analysis for the study, and contribute in the delivery of the outputs of the feasibility study. The expert shall have a master degree in economics or closely related fields, and at least 10 years of experience in undertaking economic analysis for development projects in maritime transport projects. Experience in developing countries, particularly in small island countries is preferred.
- e. **Harbor Engineer and Deputy Team Leader (national).** The Harbor Engineer and Deputy Team Leader will assist and support the Maritime Transport Specialist and Team

Leader in the overall coordination of the team, delivery of TA output, and in particular to liaise with all stakeholders and government agencies. The expert will also be involved in all trainings and public consultations. The expert will have a master degree or equivalent in civil engineering or any related fields specialized in infrastructure development, operation and maintenance, and possess a minimum of 10 years of demonstrated project management skills.

- f. **Financial and Institutional Development Specialist (national).** The Financial and Institutional Development Specialist will be responsible for all capacity development activities and outputs related to the financial management and institutional aspects. In particular (i) review the financial and institutional aspects of the harbor operator and recommendations at the project preparatory stage in coordination with the Maritime Transport Specialist, (ii) prepare and execute the training program in harbor operation, maintenance and financial management in coordination with other relevant experts, and (iii) propose institutional set up and financial flow mechanism for introducing harbor charges as part of the action plan. The consultant will have a degree in law, finance or accounting, or similar fields, and possess minimum of 10 years of professional experience in financial management of public sector institutions. Experience in maritime financial management is preferred.
- g. **Social Development Specialist (national).** The Social Development Specialist will be responsible in activities and outputs related to social impact assessment in the TA. In particular, in coordination with other experts in the TA, the expert will be responsible primarily for the socio-economic impact assessment and mitigation action plan during the feasibility study of introducing harbor charges in Kulhudhuffushi. The expert shall have a master degree in social studies, with a minimum of 10 years of experience in socio-economic impact assessment. Experience in maritime projects is preferred.
- h. **Small Medium Enterprise (SME) Specialist (national).** The SME specialist will be responsible for the activities and outputs related to the training in income-generating livelihood opportunities related to harbor activities. The expert will have a master degree or equivalent in economics or similar fields, with experience in entrepreneurship projects particularly in micro, small and medium scales for at least 10 years.

#### D. Reports, Deliverables and Time Schedule

18. The consulting services will be implemented over a period of 6 calendar months from the commencement date, expected in July 2017.

19. The Consultant shall prepare and submit the following reports in the English language (5 copies for the MHI and 2 copies for ADB). The final report shall be prepared in hardcopy and in CD-ROM.

Report	Description/Technical Accomplishment	Approval Timeline
Inception Report	Project familiarization, objectives and target milestones, and staff mobilization schedule, general approach and methodologies.	Within 1.5 month of commencement of service
Feasibility study Report	Feasibility study and socio-economic impact assessment of introducing harbor user charges, and action plan for implementation.	Within 6 months after the commencement of service



Capacity building report	Report on all capacity development trainings and harbor safety awareness related activities	Within 6 months after the commencement of service
Monthly Progress Report	Progress of TA, issues and mitigation actions, TA administration.	Monthly

#### E. Data, Local Services, Personnel, and Facilities to be provided by the Government

20. The MHI will provide the consultant team with (i) office space, office furniture, internet connectivity during the TA implementation, and (ii) secondary data readily available within the government's domain including report on previous studies.

#### F. Cost Estimates

21. The cost estimates for this consulting service is as below.

Item	Total Cost
<b>Asian Development Bank</b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (11 person-months)	243.7
ii. National consultants (14 person-months)	81.2
b. International and local travel	60.0
c. Reports and communications	10.0
2. Equipment <sup>a</sup>	02.0
3. Workshops, training, seminars <sup>b</sup>	35.0
5. Surveys	10.0
6. Miscellaneous administration and support costs	04.2
7. Representative for contract negotiations	10.0
8. Contingencies	43.9
<b>Total</b>	<b>500.0</b>

<sup>a</sup> Comprises laptop, printers and portable projectors, to be handed over to MHI upon completion.

<sup>b</sup> Around 15 workshops, trainings and seminar will be carried out, each with around 20 participants from various stakeholders at either atoll or national levels.

Source: Asian Development Bank estimates.

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is Aligned with</b>			
Access to services enhanced by 2020 (Seventh National Development Plan, 2006–2010 <sup>a</sup> and Manifesto of the Progressive Party of Maldives for 2013 to 2017) <sup>b</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<b>Outcome</b> Interisland connectivity in the northern region improved	By 2020: a. Total passenger trips at Kulhudhuffushi Harbor increased by 75.9% (2015 baseline: 51,731 trips)  b. Goods arriving at Kulhudhuffushi Harbor increased by 17.5% (2015 baseline: 43,2517 tons)  c. Number of students enrolled in tertiary and higher education in Kulhudhuffushi increased by 10% (2015 baseline: 1,098 students)	a–c. Secretariat of the Kulhudhuffushi Council survey data	Delayed development of services in Kulhudhuffushi limits number of passengers and goods
<b>Outputs</b> 1. Harbor passenger and cargo capacity in Kulhudhuffushi increased	By 2020: 1a. A new passenger and cargo harbor and ancillary facilities constructed and operational, including the following items: quay wall; breakwater; revetments; dredging of main harbor basin up to 4 meters below mean sea level; and ancillary facilities, e.g. administrative building and trading facilities	1a. Project management consultant's report	1a. Lack of supply of material that results in higher bid price compared to the cost estimate.
2. Institutional capacity in harbor operation, maintenance, safety, and financial management strengthened	2a. At least 3 staff of the Secretariat of the Kulhudhuffushi Council and 10 staff of the Public Works Services trained in harbor operation, maintenance, safety, and financial management  2b. A feasibility study for implementing a harbor change in Kulhudhuffushi and the action plan for its implementation are completed	2a–d. Capacity building consultant's report	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>2c. Harbor safety campaign conducted in Kulhudhuffushi and at least 20 vessel drivers trained in safety for passengers</p> <p>2d. At least 50 local inhabitants (30% of whom are women) trained in income-generating livelihood opportunities</p>		

### Key Activities with Milestones

#### Output 1: Harbor passenger and cargo capacity in Kulhudhuffushi increased

- 1.1 Undertake advance recruitment of project management consultant by March 2016
- 1.2 Award project management consultant contract and mobilize by October 2016
- 1.3 Prepare detailed design, cost estimates, and bidding documents by April 2017
- 1.4 Award civil works contract by January 2018 and complete by June 2019

#### Output 2: Institutional capacity in harbor operation, maintenance, safety, and financial management strengthened

- 2.1 Award capacity building consultant contract by July 2017
- 2.2 Deliver training in harbor operation, maintenance, safety, and financial management by December 2017
- 2.3 Carry out feasibility study on harbor charging scheme and prepare action plan by September 2017
- 2.4 Perform harbor safety campaign and training for vessel drivers on passenger safety by November 2017
- 2.5 Deliver training on income-generating livelihood opportunities by August 2017

### Inputs

Project  
 ADB: \$9,690,000 (grant)  
 Government: \$750,000

Technical Assistance  
 ADB: \$500,000 (grant)

### Assumptions for Partner Financing

Not applicable

ADB = Asian Development Bank

<sup>a</sup> Government of the Maldives, Ministry of Planning and National Development. 2007. *Seventh National Development Plan, 2006–2010*. Malé.

<sup>b</sup> [Progressive Party of the Maldives. Manifesto of the Progressive Party of Maldives, 2013–2017](#). Unpublished (Unofficial English Translation).

Source: ADB.