



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 28-Mar-2018 | Report No: PIDISDSA24234



BASIC INFORMATION

A. Basic Project Data

Country Marshall Islands	Project ID P163131	Project Name Project to Strengthen budget execution and financial reporting systems	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 29-Mar-2018	Estimated Board Date 30-May-2018	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) The Republic of the Marshall Islands	Implementing Agency Ministry of Finance	

Proposed Development Objective(s)

The objective of the project is to improve the completeness, reliability and timeliness of Government’s annual financial statements, and the availability of reliable socio-economic statistics.

Components

Strengthening Public Financial Management Environment
Financial Management Information System (FMIS)
Change Management and Human Resource Development
Household Income and Expenditure Survey (HIES) Implementation
Project Management

Financing (in USD Million)

Financing Source	Amount
Borrower	0.50
IDA Grant	9.00
Total Project Cost	9.50

Environmental Assessment Category

B - Partial Assessment



Decision

The review did authorize the preparation to continue

Other Decision (as needed)

N/A

B. Introduction and Context

Country Context

- 1. The Republic of the Marshall Islands (RMI) is one of the world’s smallest, most isolated and vulnerable nations.** The country consists of 29 atolls and 5 isolated islands (24 of which are inhabited) and has a total land mass of just 181 km² set in an area of over 1.9 million km² in the Pacific Ocean. The population of RMI is estimated at 53,066¹ in 2016, of which the two largest urban centers, Majuro (the nation’s capital) and Ebeye, have populations of 28,000 and 9,614, respectively. The RMI was consolidated into the Trust Territory of the Pacific Islands governed by the USA during the Second World War. It became self-governing in 1979 and achieved formal independence in 1986.
- 2. The RMI faces many of the development challenges common to small, remote economies with dispersed populations.** Small size and remoteness increase the costs of economic activity and make it difficult to achieve economies of scale. Remoteness also imposes transport costs that increase the costs of trade and fundamentally constrain competitiveness of exports of goods and services in world markets. These same factors also increase the cost and complexity of providing public services. Moreover, geographical characteristics, including populations centered on small, low-lying atolls, make the country extremely vulnerable to natural disasters. As with other Pacific Island Countries (PIC), RMI suffers from gender inequalities in terms of access to economic opportunities and markets, access to endowments, women’s voice and agency, and vulnerability to emerging risks². The PIC governments, in partnership with the development community, are working in various ways to reduce these gender inequalities however, overall analysis and policy making with respect to poverty reduction and shared prosperity in the PIC-9 are severely constrained by the paucity and low quality of data, particularly gender-disaggregated data.
- 3. These barriers have led to an undiversified economic base and persistent current account deficits.** With limited export and domestic production opportunities, public administration and social services constitute the largest share of the economy – approximately 44 percent of GDP. The fisheries sector comprises around 12 percent of GDP, while manufacturing makes up less than 1 percent. Copra and fisheries are the most significant exports, while the country is almost completely reliant on imports for food, fuel, and other basic needs. With substantial constraints to export-led growth, the RMI is heavily dependent on aid and other fiscal transfers. Grant inflows largely finance the current account deficit. Aid and fiscal transfers, primarily from the United States of America (USA), support reasonable though declining standards of living for most of the population.

¹ 2011 RMI census.

² World Bank: Consolidated Country Gender Action Plan for nine Pacific Island Countries FY17-21



- 4. The country is highly dependent upon financial transfers from the USA.** In 1983, the RMI signed a “Compact of Free Association” (Compact) with the USA. An amended Compact became effective in 2004, and runs until 2023. Since its inception, the Compact has provided large external financial transfers to support the Government in delivering key services (particularly education and health) and substantial public-sector investment. Under the Amended Compact, RMI receives payments of an inflation-adjusted US\$57.7 million per year over the period 2004 – 2013, and US\$62.7 million per year from 2014 – 2023. This comprises of US\$35.2 million in sector grants (rising to US\$37.2 million in 2014), US\$15.0 million (rising to US\$18.0 million in 2014) for US military use and operating rights – which the RMI government uses to compensate landowners on the Kwajalein Atoll – US\$7.0 million to be placed in a Compact Trust Fund, and US\$500,000 for an annual audit. After the Amended Compact expires in 2023, investment income from the Trust Fund is expected to replace the grants, but current projections indicate that the Trust Fund income can be expected to fall short of what is needed to replace Compact grants in 2024. Helping to address this situation through strengthening public financial management, will be crucial for RMI’s long-term fiscal sustainability.

Sectoral and Institutional Context

- 5. The public sector of the RMI plays an important role in service delivery, economic growth, development, and sustainability.** An effective government is therefore critical to ensure efficiency, effectiveness, accountability of public expenditure, and adequate service delivery to the poor. Strengthened public financial management systems are key to improving the management and efficiency of public expenditure.
- 6. Recent assessments have identified a range of weaknesses in RMI’s public financial management systems and economic, social and poverty data collection.** These assessments include the 2012 Public Expenditure and Financial Accountability (PEFA) assessment and a risk assessment for Ministry of Finance (MoF) conducted by the US Graduate School in April 2016³. The last Household Income and Expenditure Survey (HIES) data available is from 2002. To address these weaknesses, the Government in August 2014 developed in August 2014 a Public Financial Management (PFM) Reform Roadmap for a three-year period. In addition, a National PFM National Steering Committee was established in April 2016 for monitoring and facilitating the Roadmap’s implementation for which the period was extended to 2020.
- 7. The PFM Reform Roadmap has 30 sets of initiatives from which MoF has identified six (6) “Key Areas” for focus.** Development Partners (DPs) have emphasized the need for prioritization and sequencing to match the absorptive capacity. The “Key Areas” include; (a) Accounting; (b) Medium Term Budgeting Framework Improvement; (c) Procurement System Improvement; (d) Aid coordination and Management Improvement; (e) Tax Administration and Non-Tax Revenue Management Improvement; and (f) State Own Enterprises (SOE) Oversight and Management Improvement. Human resource (HR) management is a cross cutting area.
- 8. The government has identified the need to implement a new financial management information system**

³ Graduate School USA. 2016. *Republic of the Marshall Islands. Ministry of Finance Risk Assessment*. Majuro. *The report identified three high risk areas: system deficiencies, management deficiencies and continuing delays in the annual single audit. The report recommended the acquisition of a new FMIS coupled with HR development, training and process improvements*



(FMIS) as a critical element for achieving the objectives of the Key Areas. A commercial accounting software, 4-Gov, has been in use by the government since 2003. A support services contract is in place but the MoF has been receiving diminishing support as the software is being phased out. Requests for enhancements and addition of a module for human resource management have been declined. The software is used centrally for ex-post recording of expenditures. It does not have budget preparation and commitment control modules to exercise appropriation and commitment control. 4-Gov was initially hosted in the cloud of a US-based firm, but later moved on-premise due to connectivity issues. Majuro and Ebeye have been connected through submarine cable, though the backup of the cable connectivity will likely take a few years to be laid out. FMIS solutions can contribute to the efficiency and equity of government operations and can help governments comply with domestic and international financial regulations and reporting standards. In its current form, the MoF is unable to achieve many of these benefits.

9. **Achievement of the objectives in the PFM Roadmap will require more than a change in hardware and software.** As learnt from experience⁴ in supporting several governments in FMIS interventions across the world, it is essential to recognize that any FMIS can only deliver on expected benefits of technology if it is supported by an appropriate legal, regulatory and monitoring framework and required human resources are in place to operate the system. Over the past few years, MoF has been through a period of staff shortages and high staff turnover. A significant number of positions (23 out of 101 or about 23%) remains unfilled. Qualified staff are leaving MoF for better paid, less demanding jobs and the remaining staff are overworked and underqualified with no support through training opportunities or written guidance. The resulting loss of institutional knowledge is evident, especially in the quality of data input and in the lack of consistent application of accounting principles in basic operations. Without a current set of Standard Operating Procedures, new employees to the MoF do not have clear guidance on functional and operational responsibilities. Training opportunities for staff are almost nonexistent on both the operation of the system and on technical topics regarding accounting and financial reporting.

10. **The Government has been unable to meet the single audit submission requirement for the past five years and the Compliance audit report has noted several recurring deficiencies in internal controls.** A single audit is due for submission to the US Department of the Interior's Office of Insular Affairs within nine months of the end of the fiscal year. Since FY2011⁵, the government has consistently missed this deadline due to delays in the preparation of the financial statements and availability of information and documents for audit. Submission has on average been delayed by five (5) months. Contrary to normal practices, the MoF largely relies on support from the external auditor to prepare the annual financial statements. The financial statements have received an unqualified audit opinion with emphasis of matter⁶ on certain accounting treatments. The Compliance audit report on internal controls over financial reporting and compliance with standards has consistently noted several deficiencies, including questionable expenditures, lack of documentation and outstanding reconciliation among various records.

⁴ [World Bank Study](#): "Financial Management Information Systems: 25 Years of World Bank Experience on What Works and What Doesn't", April 2011.

⁵ Except for fiscal year 2016 when external consultants were engaged to assist in the accounting function and the deadline was achieved with great effort.

⁶ Emphasis of Matter is a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements. (International Standard on Auditing 706)



11. **The Office of the Auditor-General (OAG) conducted a compliance audit for procurement in 2017 which highlighted several issues affecting the procurement processes.** These include an outdated regulatory framework and serious deficiencies in the implementation of procurement policies. The Procurement Code 1988, which provides the legal framework for procurement processes was formulated nearly three decades ago. It does not include modern instruments for public procurement i.e. the use of information and communication technology (ICT) related tools such as online shopping, electronic portal for bid opportunity/result notification. Implementing rules and regulations (IRR) are yet to be prepared and issued. In the absence of established procedures to guide practitioners, public procurement is inefficient and time-consuming as there are several practices and rules which fill the gap of formal IRR. The Procurement Code provided for the establishment of a Procurement Policy Office (PPO) for oversight and enforcement but this office has not been operationalized.

12. **Shortcoming in poverty and economic data is preventing serious policy planning and analysis on matters related to poverty reduction and provision of basic services.** The last Household Income and Expenditure Survey (HIES) in RMI was carried out in 2002, despite the international guidelines that data collections take place every three years, making RMI one of the most data deprived countries in the region. In the absence of a recent HIES, it is impossible to accurately examine trends in poverty and other quality of life indicators. This knowledge gap has seriously compromised policy discussion and budgeting, especially on matters related to poverty reduction and provision of basic services. In addition, the Economic Policy, Planning and Statistical Office (EPPSO) responsible for collecting and disseminating statistics in RMI, faces severe financial and staffing constraints and low technical capacity. There is a need to develop a sustainable program of data collection that facilitates regular poverty monitoring and provides more continuous inputs to policy adjustments. Moreover, immediate action is needed to strengthen the capacity of the EPPSO and implement a comprehensive household survey that provides updated information on living conditions in RMI to facilitate and inform national policy discussion on poverty alleviation. ICT tools can be used to reduce survey costs, improve data quality and enhance the management of surveys.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The objective of the project is to improve the completeness, reliability and timeliness of Government's annual financial statements, and the availability of reliable socio-economic statistics.

Key Results

13. The achievement of the PDO will be measured through the following PDO level results indicators:
 - a) Annual financial statements prepared by MoF to meet completeness, quality and timeliness criteria for "B" score for Performance Indicator 29 of the Public Expenditure and Financial Accountability (PEFA) Framework⁷.
 - b) Production and public release of statistical abstract featuring key findings from HIES.
 - c) New FMIS used for preparation of budget and recording of revenue and expenditure transactions.

⁷ https://pefa.org/sites/default/files/PEFA%20Framework_English.pdf

D. Project Description

14. The project is designed to respond to the government's most urgent needs under the PFM Reform Roadmap in collaboration with support being provided by other Development Partners. The project will be implemented under five complementary components briefly described below.

Component 1: Strengthening the Public Financial Management Environment (US\$ 500,000)

The objective of this component is to improve the legal and regulatory framework of the public financial management (PFM) and procurement system. This component will have two subcomponents.

Subcomponent 1.1: Aligning the legal, regulatory and operating environment (US\$ 300,000)

15. The objective of this subcomponent is to ensure that the legal and regulatory framework and the procedural guidance for business processes governing budget formulation, budget execution and financial reporting for revenues and expenditures are internally consistent, aligned with the applicable accounting guidance⁸ and streamlined for efficiency. The US government reporting requirements are very specific and complex. However, there are well established guidelines and frameworks in place which can serve as a resource when updating the government procedures and regulations.
16. The project will finance the: a) Review of legal and regulatory framework leading to preparation of a proposal for amendments to existing laws and regulations or new guidelines, as required, for approval by competent authority; b) Formulation of a new chart of accounts with appropriate structure and classification to facilitate management, statistical and fiscal reporting; and c) preparation of a Financial Operations Manual detailing functional roles and responsibilities including specific responsibilities related to the operation of FMIS.

Subcomponent 1.2: Support for Procurement Reform (US\$ 200,000)

17. The objective of this subcomponent is to support the government's procurement reforms, including update of the Procurement Code, issuance of its IRR, creation and strengthening of the PPO, standardization of procurement documents, forms and templates, development of generic procurement manual, training and creation of a career stream in the bureaucracy to professionalize procurement practitioners. Public procurement suffers from deficiencies in regulatory framework and in implementation.
18. In the medium-term the reforms include update of the Procurement Code, issuance of its IRR, creation and strengthening of the PPO, standardization of procurement documents, forms and templates, development of generic procurement manual, training and creation of a career stream in the bureaucracy

⁸ The RMI government has adopted accounting principles generally acceptable in the United States of America (US GAAP) and adheres to the requirements set by the Governmental Accounting Standards Board of the United States of America (US GASB). The external auditor is required to report on compliance with the "Uniform Guidance" regarding Compact funds i.e. US Office of Management and Budget (OMB) *Compliance Supplement* and *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, cost Principles and Audit Requirements of Federal Awards*.



to professionalize procurement practitioners.

19. The project will finance: a) Review of existing legal framework and preparation of a proposal for amendments; b) Preparation of IRR for the revised Procurement Code; and c) Standardization of procurement documents, forms and templates.

Component 2: Financial Management Information System (FMIS) (US\$ 4,480,000)

20. The objective of this component is to implement a new financial management information system (FMIS) which will support effective management of public resources and improve financial reporting for management and accountability. Given the low capacity environment, a gradual, incremental sequencing strategy will be used in building up the new system which will include modules for budget preparation, commitment control and cash management, general ledger, payroll, fixed assets, accounts payable, accounts receivable and financial reporting.
21. The project will finance: a) services for system security and functionality review and updates to address most urgent operational requirements in current FMIS system; b) the conduct of a system requirements study to determine technical and functional specifications for a new FMIS; c) the procurement and implementation of FMIS (Commercial-Off-The-Shelf package) at key sites including a document management system; d) site preparation; e) hardware, including servers, personal computers, networking and other accessories; f) data center⁹ arrangements for primary and disaster recovery centers¹⁰; g) end-user training on system usage and technical support; h) subscriptions for Service Level Agreement with telecom provider; i) preparation of a policy framework (policy, standards and guidance) for security and usage of IT assets (hardware, software, internet) in government offices; and j) technical consultants on PFM, IT security and technical support. In the design of the new chart of accounts, necessary provisions will be made to allow tracking of special programs such as those directed at encouraging gender parity. To support ongoing efforts in medium term budgeting and performance monitoring, the new FMIS will include capabilities to support data collection on outputs and beneficiaries, including gender disaggregated information.

Component 3: Change Management and Human Resource Development (US\$ 970,000)

22. The objective of this component is to support the successful implementation of FMIS with active stakeholder engagement and development of individual competencies and institutional capacity needed to sustain FMIS operations and related PFM functions. The project will support capacity-building in MoF

⁹ Data center is a facility used to house computer systems/ servers and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, redundant data communications connections, environmental controls (e.g. air conditioning, fire suppression) and various security devices.

¹⁰ A disaster recovery center is a location where an organization can relocate following a disaster, such as fire, flood, security threat or other disruptive event. This is an integral part of the disaster recovery plan and wider business continuity planning of an organization. A backup, or alternate, site can be another data center location operated by the organization, or contracted via a company that specializes in disaster recovery services.



and other agencies with key roles in the public financial management cycle such as the Office of Auditor General (OAG). This component will have two subcomponents.

Subcomponent 3.1: Change Management (US\$ 290,000)

23. The introduction of an FMIS especially the replacement of an existing system is a disruptive change affecting stakeholders across the public sector. During the implementation stage, service delivery is likely to deteriorate before it improves as understanding of the new system increases. This subcomponent will support the preparation and implementation of a gender-sensitive communications and change management strategy.
24. The project will finance: a) preparation of a communications and change management strategy; b) the design, production and delivery of communication materials using traditional and social media; c) outreach events to disseminate information regarding the project interventions; d) establishment of user forums and feedback platforms; and e) creation of a website for MoF to facilitate information dissemination.

Subcomponent 3.2: Human Resource Development (US\$ 680,000)

25. The objective of this subcomponent is to support the usage of the FMIS and sustainability of project interventions through a Human Resource (HR) Development strategy to build a pool of staff possessing the competencies needed to achieve desired outcomes from PFM systems, processes and institutions. The US government's competency frameworks established for accountants and other finance professionals will be a useful resource. Building on the HR skills assessment for MoF conducted by ADB and working closely with the ADB-funded HR staff in Reform Coordination unit (RCU), the project will develop a holistic strategy for developing the skills for existing and potential staff for MoF, whilst ensuring opportunities for the participation and advancement of women. The HR Development strategy will include short and medium actions and a long-term vision. In the short term, workplace policies may be introduced to enhance productivity coupled with hand holding support from external consultants. In the medium term MoF will work with the Public Services Commission (PSC) to prepare or update job descriptions, and employee records, proceed to workload analysis of each section/unit and based on results, review MoF staffing plan and number of positions appropriate for the new FMIS and business procedures.
26. Training will include technical training for administration and management of the FMIS (information security, networking, application software) and training on the use of information from the system for fiscal analysis and planning. Use of embedded trainers and development of e-learning courses will be considered in addition to partnerships with local, regional and international institutions for delivery of certification and degree courses in required areas of competencies and tailored courses for public financial management. Gender-disaggregated data will be captured for project beneficiaries for which activities will be designed as gender-neutral i.e. providing equal opportunities for education and training to the current and potential employees, and developing associated human resources policies which promote gender parity.
27. The project will finance: a) Preparation of a competency framework for PFM related roles across the



government; b) Preparation of a training plan for existing staff in MoF, OAG and other ministries accessing the FMIS; c) Development of training partnerships and bespoke training courses with local and international institutions; d) Short-term technical assistance to build capacity in selected areas; and e) Engagement of a firm for internal audit and capacity building from fourth year of project life.

Component 4: Household Income and Expenditure Survey (HIES) Implementation (US\$ 650,000)

28. The objective of this component is to strengthen the capacity of the national statistics organization (EPPSO) to conduct and publicly release the results of a household income and expenditure survey that meets international quality standards. The project will support introduction of better methods for gathering information such as the inclusion of food consumed outside the household for poverty measurement, as well as Computer Assisted Personal Interviewing (CAPI) with tablet computers and electronic data transmission to improve data quality substantially with real-time data checks. By eliminating data entry, not only is a potential source of error removed, but the lag between collection and review is virtually eliminated, allowing for rapid identification and correction of problem areas. The project aligns RMI with other countries in the Pacific region in generating harmonized, comparable estimates, and RMI will be the pilot country for updated methods that will be rolled out to other countries in the region.
29. The project will finance: a) fieldwork for HIES, including training and transportation costs for interviewers and supervisors; b) goods and materials to support data collection; c) technical assistance for data analysis and dissemination; and d) capacity building of the statistics function of EPPSO. The project will also finance technical assistance to be provided by the Statistics for Development Division (SDD) of the Pacific Community (SPC), a regional coordinating body. Support from SDD ensures comparable best practice methods are used for pilot testing, sampling, training, fieldwork, supervision, verification, cleaning, and analysis, and ensures that training materials and pedagogy are effective and of high quality.

Component 5: Project Management (US\$ 2,400,000)

30. The objective of this component is to support overall project management and coordination. Since design and roll-out of FMIS will cause disruption across the government, strong leadership will be critical. The PFM National Steering Committee will need to play a proactive role to serve as a trusted forum to allow sharing of information and achieving collaboration and coordination across various stakeholders. A Project Implementation Unit (PIU) will be established with specific responsibilities to support and coordinate implementation of project activities. The PIU will work in coordination with the Division of International Development Assistance (DIDA) within MoF for financial management, procurement, safeguards, communications and monitoring. The project will finance: a) external consultancies required for project staffing; b) technical consultancies; c) office and other equipment; and d) travel and operational costs.

E. Implementation

Institutional and Implementation Arrangements

31. **The Ministry of Finance (MoF) is the implementing agency.** Within MoF, the Project Implementation Unit (PIU) established under the Secretary of Finance will be responsible for managing the project, including



coordination with other development partner funded projects and activities on PFM reform implementation. A dedicated Project Manager is being recruited for the PIU, in addition to procurement and financial management specialists in MoF's Division of International Development Assistance (DIDA). A staff with expertise in communications may also be brought on board at an early stage to support the development of messaging around the PFM Reform Roadmap and associated action plan.

32. Three main bodies constitute the project governance arrangements, which are: 1) *PFM National Steering Committee* to provide strategic guidance and decisions for the implementation of the project; 2) *PFM Working Group* comprising technical leads from within MoF, and relevant line ministries (MoH and PSS); and 3) a *Project Implementation Unit (PIU)* housed in MoF to be responsible for the day-to-day operations and supervision of project consultants, and to support the proceedings of PFM National Steering Committee and the PFM Working Group. The PIU is to facilitate the coordination within MoF and across the government. Together, these bodies should provide platforms for inter-ministerial collaboration, two-way communication of information among stakeholders, and coordination among departments and agencies to be impacted by the changes.
33. The National PFM National Steering Committee is tasked with monitoring and evaluation of the PFM Reform Roadmap, and provides the management and coordination structure for PFM reform. Formal terms of reference were drafted and adopted by the Cabinet in December 2016. A PFM Working Group has been established for detailed deliberation on system design, features, functionality and so on, which can prepare and recommend issues for the decision of the Steering Committee.
34. **For Component 4 on HIES implementation, EPPSO is the responsible agency.** EPPSO has appointed a Manager for HIES from its Statistics & Analysis unit as the focal point for this activity, and will be supported by technical specialists as needed. The HIES Manager will also work closely with DIDA, which will provide support for procurement and financial management.
35. For project management, the PFM PIU and the HIES Implementation Team will work closely with DIDA, which is to provide shared project support services for World Bank projects. Staff are being hired to build a fungible pool of skills for financial management, procurement, safeguards, communications and monitoring and evaluation. Costs of such services will be shared among the World Bank-funded projects.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Under Component 2, the project may fund local area network (LAN) cabling between government buildings on Majuro and Ebeye atolls. The project may fund small building renovations for the installation of the data center. All works will be carried out in urban environments. The cabling will be within buried conduits along road reserves and will require some trenching activities in urban areas. No sensitive receptors will be affected. There may be some inconveniences to pedestrians and drivers during trenching and health and safety risks to bystanders and workers that will require consultation and risk management.



G. Environmental and Social Safeguards Specialists on the Team

Wolfhart Pohl, Environmental Safeguards Specialist
Gerardo Pio Francisco Parco, Environmental Safeguards Specialist
Penelope Ruth Ferguson, Environmental Safeguards Specialist
Ross James Butler, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This project will not support the drafting of policies, strategies, laws and/or regulations which are likely to have environmental and social impacts when implemented through future programs or projects or involve the design and/or provision of capacity building to support the MoF or any other agencies to carry out activities that have potentially significant social and environmental impacts. The project may fund minor building renovations and underground network cabling to improve the IT capacity of the Government of RMI. Most impacts have been assessed as minor in the ESMP, but moderate or major impacts could occur from uncontrolled run off, waste management and the use of land for trenching without landowner permission. The project is classified Category B and an ESMP has been prepared to manage the potential impacts from the small scale works, including a consultation plan and instructions for the Contractor’s bid documents.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	



Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Moderate impacts could occur from uncontrolled run off, waste management and major social impacts could arise from the use of land for trenching without gaining appropriate landowner permission. These impacts are readily avoided or managed by good Contractor management and appropriate consultation with stakeholders. There are no large scale, significant and / or irreversible impacts.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: There are no potential indirect and or long term impacts anticipated.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. There are no relevant project alternatives.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The borrower engaged a consultant to prepare a practical ESMP to assist with managing Contractors once the scope of work is confirmed. DIDA is in the process of recruiting an experienced, full time safeguards advisor who will be based in Majuro and will be able to provide timely advice to the Project Manager and take responsibility for implementing the safeguards-related tasks.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The National Telecommunications Authority will be a key stakeholder for network cabling, since they manage the terrestrial network. The building owner(s) and occupants will be interested and affected stakeholders and will be identified during project implementation (since the building renovation locations is not yet known). Those affected by any cable laying will similarly be identified during project implementation. The ESMP contains a consultation plan to identify and consult with affected parties during the design phase and prior to construction starting. The key issues are to avoid nuisances such as noise, dust and property or road access restrictions, and avoiding accidents.



B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
07-Mar-2018	11-Mar-2018	

"In country" Disclosure

Marshall Islands

07-Mar-2018

Comments

Disclosed on the MOF website (<http://rmi-mof.com/division-of-international-development-assistance/reports/>)

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

World Bank

Saeeda Sabah Rashid
Sr Public Sector Spec.

Robert J. Gilfoyle
Sr Financial Management Specialist

Borrower/Client/Recipient

The Republic of the Marshall Islands

Implementing Agencies

Ministry of Finance
Maybelline Bing
Secretary
mayabing@gmail.com

Jennifer Tseng
Director, Directorate of International Development Assistanc
jenniferytseng@gmail.com



FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Saeeda Sabah Rashid Robert J. Gilfoyle
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Approved By

Safeguards Advisor:		
Practice Manager/Manager:	Fily Sissoko	28-Mar-2018
Country Director:	Michel Kerf	28-Mar-2018