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Report No: PAD2009

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED RESTRUCTURING AND ADDITIONAL IDA GRANT

IN THE AMOUNT OF SDR 1.4 MILLION
(US\$1.9 MILLION EQUIVALENT)

TO THE SOLOMON ISLANDS

FOR THE

RAPID EMPLOYMENT PROJECT

November 7, 2016

Social, Urban, Rural and Resilience Global Practice
EAST ASIA AND PACIFIC

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CURRENCY EQUIVALENTS

(Exchange Rate Effective September 30, 2016)

Currency Unit = Solomon Islands Dollars (SBD)
= US\$1
US\$1.39581 = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

| | |
|-------|--|
| AF | Additional Financing |
| CDD | Community Driven Development |
| CRW | Crises Response Window |
| CSO | Civil Society Organization |
| ESMG | Environmental and Social Management Guideline |
| GBV | Gender Based Violence |
| GEC | Global Economic Crises |
| GPG | Guadalcanal Provincial Government |
| GRM | Grievance Redress Mechanism |
| GRS | Grievance Redress Service |
| HCC | Honiara City Council |
| IDA | International Development Association |
| LAR | Land Acquisition and Resettlement |
| MDPAC | Ministry of Development Planning and Aide Coordination |
| MoU | Memorandum of Understanding |
| MoFT | Ministry of Finance and Treasury |
| MPGIS | Ministry of Provincial Government |
| NGO | Non-Governmental Organization |
| OP/BP | Operational Policy/Bank Procedure |
| PDO | Project Development Objective |
| POM | Project Operations Manual |
| PET | Pre-Employment Training |
| PRIF | Pacific Region Infrastructure Facility |
| REP | Rapid Employment Project |
| RES | Rapid Employment Scheme |
| RPF | Resettlement Policy Framework |
| SAS | Semi Annual Survey |
| SDR | Special Drawing Rights |
| SIG | Solomon Islands Government |
| SMS | Short Message Service |
| SPF | State and Peace-Building Fund |

| | |
|----------------------------------|--------------------------|
| Vice President: | Victoria Kwakwa |
| Country Director: | Michel Kerf |
| Country Manager: | Guido Rurangwa |
| Senior Global Practice Director: | Ede Jorge Ijjasz-Vasquez |
| Practice Manager/Manager: | Bassam Ramadan |
| Task Team Leader: | Sonya Woo |

**SOLOMON ISLANDS
RAPID EMPLOYMENT PROJECT**

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ADDITIONAL FINANCING DATA SHEET

Solomon Islands

Rapid Employment Project Additional Financing (P160738)

EAST ASIA AND PACIFIC

GSU02

| Basic Information – Parent | | | | | | | |
|---|-----------------------------|---------------------------------------|---------------|------------------|--------------------|-----------------------|----------------------|
| Parent Project ID: | P114987 | Original EA Category: B | | | | | |
| Current Closing Date: | 31-Dec-2016 | | | | | | |
| Basic Information – Additional Financing (AF) | | | | | | | |
| Project ID: | P160738 | Additional Financing Type (from AUS): | | Scale Up | | | |
| Regional Vice President: | Victoria Kwakwa | Proposed EA Category: | | B | | | |
| Country Director: | Michel Kerf | Expected Effectiveness Date: | | 30-Dec-2016 | | | |
| Senior Global Practice Director: | Ede Jorge Ijjasz-Vasquez | Expected Closing Date: | | 31-Dec-2018 | | | |
| Practice Manager/Manager: | Bassam Ramadan | Report No: | | PAD2009 | | | |
| Team Leader(s): | Sonya Woo, Ingo Wiederhofer | | | | | | |
| Borrower | | | | | | | |
| Organization Name | Contact | Title | Telephone | Email | | | |
| Ministry of Finance and Treasury | Harry D. Kuma | Permanent Secretary | +67722556 | hkuma@mof.gov.sb | | | |
| Project Financing Data - Parent (Rapid Employment Project-P114987) (in USD Million) | | | | | | | |
| Key Dates | | | | | | | |
| | | | | | | | |
| Project | Ln/Cr/TF | Status | Approval Date | Signing Date | Effectiveness Date | Original Closing Date | Revised Closing Date |
| P114987 | IDA-D0860 | Effective | 31-Jul-2015 | 16-Sep-2015 | 09-Oct-2015 | 31-Dec-2016 | 31-Dec-2016 |
| P114987 | IDA-H5750 | Effective | 18-May-2010 | 02-Jul-2010 | 28-Sep-2010 | 30-Jun-2015 | 31-Dec-2016 |
| P114987 | TF-95966 | Effective | 24-Mar-2010 | 01-Apr-2010 | 01-Apr-2010 | 30-Jun-2012 | 31-Dec-2016 |
| P114987 | TF-96620 | Effective | 20-Apr-2010 | 30-Apr-2010 | 30-Apr-2010 | 30-Jun-2013 | 31-Dec-2016 |

| Disbursements | | | | | | | | | | |
|---|-------------------------------|--------------------------|---------------------------|-------------------------------------|----------------|-----------|-----------|-------------|-------------|--|
| Project | Ln/Cr/TF | Status | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed | |
| P114987 | IDA-D0860 | Effective | USD | 1.50 | 1.50 | 0.00 | 1.02 | 0.52 | 67.76 | |
| P114987 | IDA-H5750 | Effective | USD | 3.20 | 3.20 | 0.00 | 3.37 | 0.00 | 105.43 | |
| P114987 | TF-95966 | Effective | USD | 3.22 | 3.22 | 0.00 | 3.19 | 0.03 | 99.04 | |
| P114987 | TF-96620 | Effective | USD | 3.29 | 3.29 | 0.00 | 3.29 | 0.00 | 99.96 | |
| Project Financing Data - Additional Financing Rapid Employment Project Additional Financing (P160738)(in USD Million) | | | | | | | | | | |
| <input type="checkbox"/> | Loan | <input type="checkbox"/> | Grant | <input checked="" type="checkbox"/> | IDA Grant | | | | | |
| <input type="checkbox"/> | Credit | <input type="checkbox"/> | Guarantee | <input type="checkbox"/> | Other | | | | | |
| Total Project Cost: | | | 1.90 | Total Bank Financing: | | | 1.90 | | | |
| Financing Gap: | | | 0.00 | | | | | | | |
| Financing Source – Additional Financing (AF) | | | | | | | | Amount | | |
| IDA Grant | | | | | | | | 1.90 | | |
| Total | | | | | | | | 1.90 | | |
| Policy Waivers | | | | | | | | | | |
| Does the project depart from the CAS in content or in other significant respects? | | | | | | | No | | | |
| Explanation | | | | | | | | | | |
| Does the project require any policy waiver(s)? | | | | | | | No | | | |
| Explanation | | | | | | | | | | |
| Team Composition | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Bank Staff | | | | | | | | | | |
| Name | Role | | Title | | Specialization | | Unit | | | |
| Sonya Woo | Team Leader (ADM Responsible) | | Senior Operations Officer | | TTL | | GSU02 | | | |

| | | | | |
|---------------------------------|--|------------------------------------|--------------------------|-------|
| Ingo Wiederhofer | Team Leader | Lead Social Development Specialist | Co-TTL | GSU02 |
| Manuela Da Cruz | Procurement Specialist (ADM Responsible) | Procurement Specialist | Procurement | GGO02 |
| Stephen Paul Hartung | Financial Management Specialist | Financial Management Specialist | Financial Management | GGO20 |
| Carlos Rafael Orton Romero | Team Member | Economist | Country Economist | GMF10 |
| Chau-Ching Shen | Team Member | Senior Finance Officer | Finance and Disbursement | WFALN |
| Darian Naidoo | Team Member | Consultant | Impact Evaluation | GSU02 |
| Duangrat Laohapakakul | Counsel | Senior Counsel | Legal | LEGES |
| Faustinus Marius Ravindra Corea | Team Member | Consultant | MIS | GSURR |
| Francisca Melia Setiawati | Safeguards Specialist | Consultant | Social Safeguards | GSURR |
| Janet Funa | Team Member | Program Assistant | Team Assistant | EACSB |
| Kathy Cusack | Team Member | Consultant | Gender | GSU02 |
| Loren Jayne Atkins | Counsel | Associate Counsel | Associate Counsel | LEGES |
| Ly Thi Dieu Vu | Safeguards Specialist | Consultant | Environmental Safeguards | GEN2B |
| Michelle Lee McDonall | Team Member | Program Assistant | Program Assistant | EACNF |
| Rob Dingen | Team Member | Consultant | Engineer | GSURR |
| Stephen David Close | Team Member | Consultant | Education and Training | CEAAS |

Extended Team

| Name | Title | Location |
|------|-------|----------|
| | | |

Locations

| Country | First Administrative Division | Location | Planned | Actual | Comments |
|-----------------|-------------------------------|----------|---------|--------|----------|
| Solomon Islands | Guadalcanal Province | Honiara | | | |

| |
|---|
| Institutional Data |
| Parent (Rapid Employment Project-P114987) |
| Practice Area (Lead) |
| Social, Urban, Rural and Resilience Global Practice |
| Contributing Practice Areas |
| |
| Additional Financing Rapid Employment Project Additional Financing (P160738) |
| Practice Area (Lead) |
| Social, Urban, Rural and Resilience Global Practice |
| Contributing Practice Areas |
| Education, Fragile, Conflict & Violence, Social Protection & Labor |
| Consultants (Will be disclosed in the Monthly Operational Summary) |
| Consultants Required? Consulting services to be determined |

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional grant in the amount of US\$1.9 million to the Solomon Islands Rapid Employment Project (“REP” or “project,” P114987, IDA Grant No. H575-SB), as requested by the Solomon Islands Government (SIG). The proposed Additional Financing (AF), which would be the Second Additional IDA Grant, will be used to support an ongoing, well-performing project. It will support the continuation of project activities for a further 24 months, scale up certain components of the project, and help to improve its overall development effectiveness and the sustainability of project impacts. The AF will help to scale up the project’s components one and two, which will help to improve developmental effectiveness and sustainability. Specifically, the AF will generate additional short-term employment and extend mentoring and referral services for job seekers and vulnerable urban groups, including women and youth; and maintain improved public service provision and access to services and markets through the rehabilitation of tertiary roads. In addition, and in accordance with the existing Project Development Objective (PDO), the AF will provide a small amount of financing to facilitate preparatory activities, including carrying out pilot activities in Guadalcanal, which will help to generate lessons on the provision of urban services and labor-intensive sub-projects in a low capacity environment with community participation, and to support preparatory work for such pilot activities in one other high growth urban location outside of Honiara. The information and experience is expected to inform the preparation of a REP Phase II operation, currently under discussion with the SIG.
2. The project will also require a Level 2 Restructuring to: (i) Extend the Closing Date of the Original (IDA Grant No. H575-SB) and the First Additional IDA Grant (P114987 P154412; D0860) from December 31, 2016 to December 31, 2018 (two years), to allow for the continuation of project activities under the AF. This will be the second extension of the project, which would result in a total extension period of three-and-a-half years; (ii) Scale up certain project activities (mentioned above); (iii) Introduce new pilot activities (mentioned above), and accordingly, a new disbursement category; and (iv) Amend the Results Framework, to reflect changes in the project design and duration and ensure improved results reporting.

II. Background and Rationale for Additional Financing

3. **Project Background and Partnership Arrangements.** The REP is financed through an IDA Grant (H575-SB) of US\$3.2 million, which was approved on May 18, 2010 and co-financed by a World Bank administered State and Peace-building Fund (SPF) Grant of US\$1.82 million and a Pacific Region Infrastructure Facility (PRIF) Grant of US\$ 2 million, which were approved on March 24 and April 20, 2010, respectively. The IDA Grant was declared effective on September 28, 2010; the SPF Grant was declared effective on April 1, 2010 and is scheduled to close on December 31, 2016; and the PRIF Grant was declared effective on April 30, 2010 and is scheduled to close on December 31, 2016.¹ An AF in the amount of US\$ 1.29 million from the PRIF was approved in November 2013; another AF in the amount of US\$1.40 million from the SPF was approved in April 2014; and further AF (or First Additional IDA Grant) in the amount of US\$1.5 million from the IDA CRW was approved in July 2015; bringing the total financing for the project to US\$ 11.21 million.

¹ The Closing Dates for the SPF (TF095966) and PRIF (TF096620) remain unchanged.

4. **Country and Sector Issues.** REP was designed as an emergency employment project to target the poor and vulnerable populations in and around Honiara. It was set up in response to the SIG's request for support from the international community to help mitigate the risk of renewed violence in 2009/10. The country had experienced several years of conflict, known locally as the "Tensions," from 1998 to 2003. The recovery from conflict was disrupted when the country experienced a fiscal crisis in 2009, precipitated by the Global Economic Crisis (GEC). SIG feared that the poor in Honiara would feel the negative effects of the GEC most acutely, and REP was set up to provide a safety net.
5. Youth unemployment and limited socio-economic opportunities for the urban poor are two challenges that remain critical for Solomon Islands. Although the food poverty line varies by location, it is estimated that approximately 12.7% of people in Solomon Islands suffer basic needs poverty and are classified as "poor." The poverty line is highest in Honiara, followed by Guadalcanal, as basic needs costs twice as much as most other locations, and lowest in Temotu, followed by Malaita and Choiseul, where the cost of meeting basic needs is less than one-half of that in Honiara. Peri-urban households around the capital of Honiara suffer from disproportionate levels of poverty, which is about 15 percent higher than the national average of seven to ten percent, followed by Makira, where one-third of the population is poor, and Guadalcanal where one in five persons lives in poverty. As a national average, the poverty risk for female headed households is slightly less than male headed households.
6. Only about 50,000 people out of a working population of over 250,000 are employed in the formal economy, with the bulk of the remaining population engaged in subsistence agriculture with periodic cash incomes. Rapid population growth (2.3 percent per year), has outstripped job creation in the formal economy. An estimated 7,500 young people enter the workforce each year but only one among every six school leavers will find paid employment. According to the Solomon Islands Population and Housing Census (2009), the labor force participation rate was 63% of those aged twelve and over, with similar rates for men and women. However, the majority of participants were operating in the subsistence economy as shown by the "paid worker to population rate," which was only 24%; and within this segment, males had a rate twice as high as females. About 51% of "employed" women produce goods for their own consumption and men hold a significant majority of jobs in both the private and public sector. Only 26% of employed women compared to 51% of men are in paid work, and of this number, 31% of women are in the non-agricultural sector. The situation has remained largely unchanged since 1999. Many of these young people make their way into the urban and peri-urban areas particularly around Honiara, which has been growing at an average rate of 4.4 percent per year for the last ten years. A significant focus of the original project design is therefore to provide short-term employment and training opportunities for these vulnerable groups. Later, this was revised to include improving access to services and markets through repaired, more climate resilient secondary and tertiary roads and access infrastructure, following severe floods in Honiara and in response to a request from SIG to shift the focus of the project to also include improving and strengthening the quality of urban and peri-urban roads damaged by severe weather events.
7. **Project Development Objectives (PDO).** The original PDO was to assist targeted vulnerable urban populations in the Recipient's territory to: (i) increase their incomes through the provision of short term employment; and (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society. A third objective: "(iii) improve their access to services and markets through repaired, more climate resilient roads and access infrastructure" was added as part of a previous AF and restructuring that was approved in July 2015.
8. **Project Components:** The project comprises three components:

Component 1: Rapid Employment Scheme (RES), is designed to provide short-term employment to unemployed residents of Honiara through labor based public works. It comprises two subcomponents:

Sub-Component 1A Road Repair and Maintenance Scheme, implemented by the Ministry of Infrastructure Development (MID), is responsible for:

- i. Carrying out of labor-based road repair and maintenance works of the unpaved urban and peri-urban roads in and around Honiara;
- ii. Provision of technical assistance and training to build the capacity of local works contractors and of MID; and
- iii. Improvement and maintenance of urban and peri-urban roads in and around Honiara to reinstate critical access for vulnerable urban communities to the main roads and to basic socio-economic services after the 2014 floods.

Sub-Component 1B Urban Works and Services, implemented by the Honiara City Council (HCC), is responsible for sub-project activities such as street cleaning, brushing and clearing, and development of community access infrastructure.

Component 2: Pre-Employment Training (PET), provides basic life skills training to REP beneficiaries to prepare them for RES and for future employment opportunities. Topics covered include: Health and Personal Hygiene; Social Issues, Gender and Diversity; Environmental Awareness and Community Responsibilities; Problem Solving; Seeking Employment; Workplace Safety and Use of Hand Tools; and Supervisor-Employee Relations; and Financial Skills and Management. Additional coaching, counseling and referral services to employers and other social intermediaries, such as NGOs and CSOs was added to the end of the basic life skills training, and supported as a part of a previous AF that was approved in 2015.

Component 3: Project Management Support, provides technical support to the implementing agencies, HCC and MID.

9. **Project Performance.** The proposed AF meets the criteria of suitability and appropriateness. REP has performed consistently well and consecutive ISRs have rated the progress towards the achievement of its Development Objectives and Implementation Progress as *Satisfactory*. The project is well placed to meet or exceed its targets, and has complied with all legal covenants and audit reporting requirements. As of June 30, 2016, the RES has generated over 688,000 labor days (95% of the target revised at the last Additional Financing), provided short-term employment to over 12,600 people in Honiara, and transferred a total of US\$2.9 million in wages. The PET has trained 11,588 people. The project is effectively reaching vulnerable groups in Honiara, including unemployed women and youth, with 60% of the participants being women and 53% being youth between the ages of 16 to 29 years. The project therefore continues to be relevant in the context of an environment of high urban unemployment, and with limited urban service delivery, especially in poorer urban and peri-urban neighborhoods of Honiara (including "settlements"). Furthermore, the project does not have any unresolved fiduciary or safeguard compliance issues and complies with all of the Bank's fiduciary and safeguard requirements.
10. **Youth and Gender.** The original Youth Scoping Study completed by the Bank in 2008², highlighted some of the vulnerabilities and challenges faced by these two groups, which triggered follow-on consultations with youth and women's groups themselves during project design and implementation.

² *Youth in Transition (2008) by Clark, Wiederhofer and Woo.*

The three most prominent issues identified by participants themselves were barriers to the labor market (limited employment opportunities), inadequate learning opportunities and Gender Based Violence (GBV) in the workplace, at home and as a result of the earlier mentioned conflict. General cultural bias, norms and resistance from men during early discussions around the project led to the project design incorporating specific targeting mechanisms for young men and women, through a combination of self-selection, geographic targeting and by the types of works to be undertaken. As a result, the project's recruitment and socialization campaigns specifically raise awareness around the participation of both young men and women; the sub-project selection screens for gender impacts; and most of the road maintenance and street cleaning activities have evidently demonstrated a higher appeal to women compared to men. In addition, to continue to raise the project's understanding of gender issues, GBV, and in an effort to mitigate GBV risks within the project, the project conducted a review of gender impacts in November 2015. The project now includes, as part of the PET, referral services to SAFENET for young men and women that require further assistance or counseling and is developing project specific sexual harassment and GBV response protocols and guidelines. Appraisal of the AF confirmed that the project's existing mechanisms to target both groups continued to be relevant and appropriate. However, overall sex and youth disaggregated reporting on REP activities needs to be strengthened to better understand the project's citizen engagement and specific dynamics in the relations between women and men. Although the data exists, very little is reported on in the Quarterly and Semi-Annual reports, which could be used to feed into further analysis of the disaggregated data. This will help to strengthen overall lessons learned on RES and PET, and potentially feed into the design of a follow-on project (REP II), which will for the most part, continue supporting a rapid employment scheme but in a more sustainable manner.

11. **Outcomes Achieved.** To improve beneficiaries' incomes and employability overtime, the project provides four types of services: (i) the PET, which focuses on developing soft skills that are relevant to everyday life and in the workplace; (ii) the RES, which provides on-the-job training and facilitates entry level work experience; (iii) additional labor-based road maintenance and worksite safety training; and (iv) coaching and counselling sessions, which provides assistance to beneficiaries on the preparation of CVs as well as referral services to employers and other support intermediaries (e.g., SAFENET).
12. As evidence by the consecutive AFs, the project's efficacy in meeting its income and employment skills development sub-objectives is assessed as *Substantial*. The project's Semi-Annual Survey³ confirms that: 15% of REP beneficiaries reported that they had other employment when surveyed six months after graduating from REP, and of those who obtained subsequent employment, 54% were women and 46% men; 81% believed that REP was an important reason why they had obtained that other employment; 64% of respondents believed that REP did make a positive difference to their household wealth; and 98% of respondents who had obtained subsequent employment found the PET to be somewhat or very useful. Eleven percent of respondents also reported that they had invested some or all of their REP income on business activities. Of those who reported investing some or all of their REP income in business activities 76% were women, 24% men and 7% were youth.
13. Furthermore, the project has made an impact in influencing positive outcomes that go beyond the limited scope of generating temporary income and employment for vulnerable groups. For example, (i) the street cleaning activities have resulted in visible improvements to the urban environment, which has in turn, fostered a sense of pride and awareness in urban regeneration and environmental protection. 85% of respondents indicated that there was more than one type of positive impact from the project; and (ii) the specific targeting of youth and women in the project's socialization campaigns and sensitized training as well as monitoring of their participation during project implementation have strengthened the

³ The project's 5th semi-annual survey (SAS5) was conducted in 2015 and consisted of 650 Beneficiaries and 150 Community members being interviewed.

social inclusion of vulnerable groups. In addition to the high representation of youth (53%) and women (60%), about 60% of participants represent communities that are ranked as the highest priority on the vulnerability index (details provided under section on “Technical Analysis,”) which compares favorably to results achieved in other well established and recognized poverty-targeted CDD programs, such as the Indonesia PNPM Rural. In the next round of surveys, additional outcome data will be collected on improved access to services and markets based on the small scale infrastructure developed, such as the concrete steps and footpaths as well as other community perceptions. Studies and evaluations of CDD investments have consistently demonstrated that communities value and feel strong ownership of investments when they are involved in the selection, planning, construction and maintenance.

14. **Disbursements.** Overall, the project has disbursed 90% of the current financing envelope of US\$11.2 million from the combined funding sources, and is on track to fully disburse all resources by the revised closing date based on the pipeline of contracts that are already under implementation. A breakdown by funding source is provided in Table 1.

Table 1: REP Disbursements (July 1, 2016)

| Source of Financing | Amount Signed (US\$)* | Amount Disbursed (US\$) | % Disbursed |
|----------------------------|------------------------------|--------------------------------|--------------------|
| IDA Grant (IDA H575-SB)* | 3,200,000 | 3,199,619 | 99.99% |
| SPF Grant (TF95966) | 3,221,250 | 3,081,213 | 95.65% |
| PRIF Grant (TF96620) | 3,290,000 | 3,228,633 | 99.96% |
| IDA AF Grant (D0860)* | 1,500,000 | 754,248 | 49.02% |
| Total | 11,211,250 | 10,141,159 | 90% |

Note: Amount Disbursed is based on the original USD equivalent less the amount not yet disbursed as recorded in Client Connection. The actual amount recorded as disbursed in project accounts may differ due to currency fluctuations over the life of the project.

15. **Rationale for Additional Financing.** In June 2016, SIG requested that the Bank proceed with the AF primarily in order to enable the continuation, scale up and improvement of certain project activities throughout 2017 and 2018 (24 months), and as such, the PDO would remain unchanged. While counterpart financing of SBD800,000 (US\$100,000)⁴ has been committed by the project’s implementing agencies for 2017, the amount is not enough to sustain current levels of activity. Therefore, in order to continue the work and on-the-job training activities, there is an urgent need for AF. The AF is being processed using condensed procedures following Country Director approval to apply Paragraph 12 of OP10.00 during the concept review meeting on the basis that Solomon Islands is a low-income and low-capacity fragile and small state with entrenched divisions, vulnerabilities and inequalities. However, no fiduciary or safeguard requirements have been deferred.
16. **Alternatives Considered.** Earlier in 2016, SIG requested the Bank to consider preparation of a successor project to REP that would both scale up its current activities and extend the project to other provinces. Based on a scoping study in January/February 2016 and assessment by the Bank team in March 2016, early estimates indicated that a budget of US\$20-25million would be required, which well exceeded the available IDA-17 budget. Given the project closing date of December 31, 2016, SIG requested that the Bank proceed in preparing an AF to modify and scale up activities and strengthen the project’s development impacts. The alternatives considered were: (i) immediate preparation of the successor project, which would almost inevitably have led to a funding gap since neither SIG resources nor other donor funds were immediately available; and (ii) temporary closure of the project until the

⁴ Financing will be provided in-kind and as such is not reflected in the Financing Agreement.

successor project is approved and becomes active, which would result in losing the considerable implementation capacity that has been built up thus far, and the significant scale down or discontinuation of activities that have proven to be effective. The AF period would give the implementing agencies and Bank adequate time to prepare for a REP Phase II operation, which would potentially involve a stronger focus on service delivery for targeted urban communities, and expansion to other provincial centers. While there would not be sufficient funds to scale up to multiple provincial centers under the AF, initial planning activities could begin.

17. **Relevance to the Bank’s Country Partnership Strategy (CPS) and Alignment with Government Strategy.** SIG’s request for AF is consistent with the CPS for 2013-2017, and in particular the second area of engagement, which focuses on supporting improvements in the equitable and accountable delivery of basic services across the country. In addition, the REP supports the SIG’s National Development Strategy (NDS) 2016-2035 goal of increasing social and economic opportunities through efforts to alleviate poverty; providing targeted programs to assist the vulnerable; and encouraging equitable distribution of public resources and economic benefits across the country. The Mid-Term Review of the project and recent discussions with the SIG about the potential for Phase II have highlighted the strong commitment to and ownership of the REP by SIG, and in particular by the two implementing agencies—HCC and MID. Both agencies see REP activities as critical to their core mandate; and the prospects of holding the 2023 South Pacific Games in Honiara provides a favorable environment for addressing urban issues.

III. Proposed Changes

| Summary of Proposed Changes | |
|--|---|
| <p>This Project Paper seeks the approval of the Executive Directors to provide an Additional Financing (AF) Grant of approximately US\$1.9 million to modify and scale up activities of the Solomon Islands Rapid Employment Project (REP; P114987, IDA Grant No. H575-SB). Specifically, proposed changes will include: (i) The extension of the Closing Date of the Original (IDA Grant No. H575-SB) and the First Additional IDA Grant (P114987 P154412; D0860) from December 31, 2016 to December 31, 2018 (two years), to allow for the continuation of project activities under the AF; (ii) Scale up certain project activities (mentioned above); (iii) Introduction of new pilot activities (mentioned above), and accordingly, a new disbursement category; and (iv) Amendment the Results Framework, to reflect changes in the project’s design and duration and ensure improved results reporting.</p> <p>With this AF, the original parent project’s (IDA Grant No. H575-SB) closing date will be extended for another 24 months (from December 31, 2016 to December 31, 2018), which will result in a cumulative extension period of 30 months, hence requiring Regional Vice President (RVP) approval. In addition, the restructuring would also involve the extension of the closing date of the IDA Crisis Response Window (CRW) Grant (P154412; D0860) from December 31, 2016 to December 31, 2018 (two years). This will be the first extension of the IDA CRW Grant.</p> | |
| Change in Implementing Agency | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Project's Development Objectives | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Results Framework | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] |
| Change in Safeguard Policies Triggered | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |

| | |
|--|---|
| Change of EA category | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Other Changes to Safeguards | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Legal Covenants | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Loan Closing Date(s) | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] |
| Cancellations Proposed | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Disbursement Arrangements | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] |
| Reallocation between Disbursement Categories | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Disbursement Estimates | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] |
| Change to Components and Cost | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] |
| Change in Institutional Arrangements | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Financial Management | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |
| Change in Procurement | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] |
| Change in Implementation Schedule | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] |
| Other Change(s) | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] |

Development Objective/Results

Project's Development Objectives

Original PDO

To assist targeted vulnerable urban populations to: (i) increase their incomes through the provision of short-term employment; and (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society.

Current PDO

To assist targeted vulnerable urban populations in the Recipient's territory to (i) increase their incomes through the provision of short term employment; (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society; and (iii) improve their access to services and markets through repaired, more climate resilient roads and access infrastructure.

Change in Results Framework

Explanation:

This AF does not introduce any changes to the PDO. However, as part of the project's Restructuring and AF, certain indicators have been amended. They include: (i) Percentage of participants who obtained subsequent employment reporting that the REP was useful in obtaining that employment (further disaggregated by gender and youth); and (ii) Total number of labor days generated through the RES (further disaggregated by gender and youth). Additional indicators have been added in order to better reflect the evolution and progress of the project. They include: (i) Percentage of REP graduates that obtained subsequent employment; and (ii) Percentage of REP graduates reporting that they invested REP income in business activities. Both additions have been further disaggregated by gender and youth. Select output indicators will be dropped although they will continue to be monitored in the Monitoring and Information System (MIS). They include: (i) Number of works contracts completed or achieving satisfactory outputs; (ii) Number of community grants provided; and (iii) Number of street theater or media initiatives conducted. Furthermore, all end targets values with the exception of Numbers of PET graduates

and Numbers of street theater or media initiatives conducted have been modified up to account for the AF. (See Annex 1).

| Compliance | | | | | | |
|---|-----------------------------|--------------------------|--|--------------------------|----------------------------|--------|
| Covenants - Additional Financing (Rapid Employment Project Additional Financing - P160738) | | | | | | |
| Source of Funds | Finance Agreement Reference | Description of Covenants | Date Due | Recurrent | Frequency | Action |
| | | | | <input type="checkbox"/> | | |
| Conditions | | | | | | |
| Source Of Fund | | | Name | | Type | |
| | | | | | | |
| Description of Condition | | | | | | |
| | | | | | | |
| Risk | | | | | | |
| Risk Category | | | | | Rating (H, S, M, L) | |
| 1. Political and Governance | | | | | Moderate | |
| 2. Macroeconomic | | | | | Moderate | |
| 3. Sector Strategies and Policies | | | | | Moderate | |
| 4. Technical Design of Project or Program | | | | | Moderate | |
| 5. Institutional Capacity for Implementation and Sustainability | | | | | Substantial | |
| 6. Fiduciary | | | | | Moderate | |
| 7. Environment and Social | | | | | Moderate | |
| 8. Stakeholders | | | | | Low | |
| 9. Other | | | | | | |
| OVERALL | | | | | Moderate | |
| Finance | | | | | | |
| Loan Closing Date - Additional Financing (Rapid Employment Project Additional Financing - P160738) | | | | | | |
| Source of Funds | | | Proposed Additional Financing Loan Closing Date | | | |
| IDA Grant | | | 31-Dec-2018 | | | |
| Loan Closing Date(s) - Parent (Rapid Employment Project - P114987) | | | | | | |
| Explanation: | | | | | | |
| The Closing Date of the original parent project (Solomon Islands Rapid Employment Project, P114987, | | | | | | |

IDA Grant No. H575-SB) and IDA Crisis Response Window (CRW) Grant (P154412; D0860) will be extended from December 31, 2016 to December 31, 2018 to allow for the continuation of project activities under the AF. The AF will support the continuation of project activities for a further 24 months, scale up certain components of the project, and help to improve its overall development effectiveness and the sustainability of project impacts. Specifically, the AF will generate additional short-term employment and extend mentoring and referral services for job seekers and vulnerable urban groups, including women and youth; and maintain improved public service provision and access to services and markets through the rehabilitation of tertiary roads. In addition, and in accordance with the existing PDO, the AF will provide a small amount of financing to carry out pilot activities in Guadalcanal, which will help to generate lessons on the provision of urban services and labor-intensive sub-projects in a low capacity environment with community participation, and to support preparatory work for such pilot activities in one other high growth urban location outside of Honiara.

| Ln/Cr/TF | Status | Original Closing Date | Current Closing Date | Proposed Closing Date | Previous Closing Date(s) |
|-----------------|---------------|------------------------------|-----------------------------|------------------------------|---|
| IDA-D0860 | Effective | 31-Dec-2016 | 31-Dec-2016 | 31-Dec-2018 | 31-Dec-2016 |
| IDA-H5750 | Effective | 30-Jun-2015 | 31-Dec-2016 | 31-Dec-2018 | 30-Jun-2015, 31-Dec-2016 |
| TF-95966 | Effective | 30-Jun-2012 | 31-Dec-2016 | 31-Dec-2016 | 31-Dec-2013, 31-Mar-2014, 31-May-2014, 30-Jun-2015, 31-Dec-2016 |
| TF-96620 | Effective | 30-Jun-2013 | 31-Dec-2016 | 31-Dec-2016 | 30-Jun-2013, 30-Jun-2015, 31-Dec-2016 |
| | | | | | |

Change in Disbursement Arrangements

Explanation:

An additional disbursement category (4) has been added to facilitate the provision of sub-grants to community groups for the carrying out of urban works and services in peri-urban locations within Guadalcanal Province. The HCC and Guadalcanal Provincial Assembly are expected to enter into a Memorandum of Understanding (MoU) that is in form and substance satisfactory to the Bank, detailing the anticipated cooperation between HCC and Guadalcanal Provincial Assembly with respect to the sub-project activities to be undertaken within Guadalcanal Province. This will include, among other things, the provision of support by Guadalcanal Provincial Assembly to HCC and community groups in their undertaking of the sub-projects activities within Guadalcanal Province. As a condition of disbursement for any new pilot activities, the MoU will need to be entered into, and the Recipient will need to confirm that all necessary authorizations for HCC to implement sub-projects in Guadalcanal Province have been obtained, both to the satisfaction of the Bank.

Change in Disbursement Estimates (including all sources of Financing)

Explanation:

The disbursement estimates are revised to accommodate the Additional Financing period, from December 31, 2016 to December 31, 2018.

For payments made not more than six months before the expected date of the signing of the legal agreement, a twenty percent (20%) retroactive financing will be made available. An amount up to 20% of IDA grant of SDR1.4 million, or SDR280,000 (\$380,000 equivalent, or 20% of \$1,900,000), will be provided to finance eligible expenditures to be incurred within 6 months prior to the signing of the financing agreement, provided that Bank's relevant procurement guidelines are followed. This will ensure project continuity, in view of the fact that the majority of existing project funds have been disbursed.

Expected Disbursements (in USD Million)(including all Sources of Financing)

| Fiscal Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------|------|------|------|------|------|------|------|------|------|------|
| Annual | 0.70 | 1.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cumulative | 0.70 | 1.90 | 1.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Allocations - Additional Financing (Rapid Employment Project Additional Financing - P160738)

| Source of Fund | Currency | Category of Expenditure | Allocation | Disbursement % (Type Total) |
|----------------|----------|---|--------------|-----------------------------|
| | | | Proposed | Proposed |
| IDAT | XDR | Category 1: Sub-Grants (incurred by HCC), excluding Sub-Grants for Sub-Projects under Part 1 (B)(iv) of the Project | 180,000.00 | 100.00 of amounts disbursed |
| IDAT | XDR | Category 2: Works (incurred by MID) | 200,000.00 | 100.00 |
| IDAT | XDR | Category 3 (i): Goods, Training, Consultants' Services and Incremental Operating Costs (incurred by MID) | 440,000.00 | 100.00 |
| IDAT | XDR | Category 3 (ii): Goods, Training, Consultants' Services and Incremental Operating Costs (incurred by HCC) | 540,000.00 | 100.00 |
| IDAT | XDR | Category 4: Sub-Grants (incurred by HCC) for Sub-Projects under Part 1 (B) (iv) of the Project. | 40,000.00 | 100.00 of amounts disbursed |
| | | Total: | 1,400,000.00 | |

Components

Change to Components and Cost

Explanation:

The AF will allow the continuation of the project's components as described below with the following additions and indicative allocations:

Sub-Component 1A: Road Repair and Maintenance Scheme (estimated at US\$0.68 million). Financing will be used to implement four road contracts, two road improvement and two road maintenance contracts. The two road improvement contracts covers a total of 1.16 km of tertiary roads, which will be upgraded to better standards and include the paving of road sections on steep slopes and concrete lining of side drains to enable them to better withstand harsh climate events. The two road maintenance contracts (6.8 km of tertiary roads), will benefit from maintenance activities such as reshaping of road carriage surfaces, vegetation control and desilting of road drainage among others. The four contracts will generate an additional total of 7,622 labor days of work, employing a total of 152 workers who are trained in labor-based road maintenance work, which equates to US\$40,650 in wages transferred.

Sub-Component 1B: Urban Works and Services (estimated at US\$0.75 million). Financing will be used to continue street cleaning, community works, such as brush cutting and drain desilting for another year, and the construction of small community access infrastructure including five Jacobs ladders (concrete steps and pathways), and site improvements in two schools. In addition, using similar methods adopted by the Urban Works and Services Scheme, pilot activities will be undertaken in Guadalcanal and prepared in one other high growth urban location outside of Honiara to test labor-intensive community participation approaches in delivering urban services, with a view to informing the design of REP Phase II. Specific areas of investigation would include: (i) the institutional arrangements and/or undertaking of subsidiary arrangements with provincial authorities to oversee the implementation of activities; (ii) changes to the community engagement process and monitoring participation to strengthen the project's social cohesion; (iii) changes to the curriculum and pedagogy for pre-employment training, including the possibility of delivering the training directly in the communities; and (iv) in addition to continuing to transfer resources for labor-intensive sub-projects, expanding the menu of sub-project activities to include more inclusive service delivery and economic activities. The Project description has been amended to allow these pilot activities in Guadalcanal Province by adding a new Part 1 (B) (iv): "Provision of Sub-Grants to Community Groups for the carrying out of urban works and services in peri-urban locations within Guadalcanal Province."

A tool (see Annex 2) has been developed for selection of candidate pilot locations during the AF period. It consists of a set of selection criteria and a weighted scoring scheme that takes account of factors like distance, availability of local materials, population and development needs. The initial results that emerged, which placed Auki (Malaita) as the top priority outside Guadalcanal, was discussed, and the response from all stakeholders was positive overall. It was emphasized that these results were not conclusive at this stage and that stakeholders were encouraged to contribute to the selection criteria as well as the scoring in ongoing discussions. It was also agreed that further consultations with the Steering Committee, and possibly a wider workshop, would be undertaken before the decision on a second pilot site is confirmed. In addition, for the purpose of the planned pilot activities, the HCC and the Guadalcanal Provincial Government (GPG) will sign a Memorandum of Understanding (MoU), detailing the anticipated cooperation between HCC and Guadalcanal Provincial Assembly with respect to the sub-project activities to be undertaken within Guadalcanal Province. This will include, among other things, the provision of support by Guadalcanal Provincial Assembly to HCC and community groups in their undertaking of the sub-projects activities within Guadalcanal Province. As a condition of disbursement for any new pilot activities, the MoU will need to be entered into, and the Recipient will need to confirm that all necessary authorizations for HCC to implement sub-projects in Guadalcanal Province have been obtained, both to the satisfaction of the Bank.

The pilots, which are allocated a modest budget (inclusive of materials and equipment costs) will also

prepare for and implement climate resilient infrastructure, including a complementary sub-project selection approach which may combine, for example, economic infrastructure such as market facilities, combined with road and pedestrian access and improved drainage and flood protection measures. Siting of the pilots will be based on consultations with the provincial government and other stakeholders. Together, activities under this subcomponent are estimated to deliver an additional 77,000 labor days of work, employing a total of 1,540 persons, which equates to US\$330,000 in wages transferred. The sub-component will also pilot new, optimized, delivery modes for the labor intensive waste management and simple road maintenance activities, using smaller group sizes and task based contracts in preparation for sustaining these services under HCC.

Component 2: The Pre-Employment Training (PET) (estimated at US\$0.090 million). Financing allocated to the HCC will be used to continue to support a small team of two (Team Leader and Social Service Coordinator) to run a referral system for PET graduates to take advantage of further training opportunities, social services, or to get connected to potential employers, with a view to sustaining the improvements experienced by REP participants (new knowledge, more work, extra income), and help them decide on next steps after they have completed their work experience. The referral service includes: (i) Making people aware of literacy classes and vocational training opportunities that are available in or near Honiara; (ii) Making links to employers in Honiara or referring REP participants to employment services companies or NGOs providing linkages to employers; (iii) Linking up REP participants to social services such as health services, support for women who are victims of domestic violence, support for people who want further counseling; and (iv) Supporting REP participants to apply for specific jobs, training or other services. Should additional funding be made available under REP Phase II, the project would also seek to modify the delivery of the PET to include additional entrepreneurship and livelihoods training that would be delivered in the communities themselves as well as incorporate a SMS banking component, to help promote financial inclusion. Based on the trials, some of these modules and low cost community-based delivery modes will be piloted during the AF period, including PET training for beneficiaries in new areas to be covered under the AF.

Component 3: Incremental Project Management (estimated at US\$0.38 million). Financing will be used to continue to support supervision costs and consulting services to strengthen MID and HCC capacity to effectively supervise project activities, and implement the Semi-Annual Survey as well as explore preparatory activities for a follow-on operation, including any studies that would need to be done. To the extent possible, the project will seek to complement other community-based projects with a view to developing more sustainable and less sectoral specific governance structures as well as ways to strengthen community participation in urban areas, which tend to be more heterogeneous, and developing a better understanding constraints to market and services. Approximately US\$100,000 has been included in the budget to support preparatory activities.

| Current Component Name | Proposed Component Name | Current Cost (US\$M) | Proposed Cost (US\$M) | Action |
|--------------------------------|--------------------------------|-----------------------------|------------------------------|---------------|
| Rapid Employment Scheme | Rapid Employment Scheme | 8.33 | 9.76 | Revised |
| Pre-Employment Training (PET) | Pre-Employment Training (PET) | 1.20 | 1.29 | Revised |
| Project Implementation Support | Project Implementation Support | 1.68 | 2.06 | Revised |
| | Total: | 11.21 | 13.11 | |

| | | | | |
|---|--|-------------|---------------|--|
| | | | | |
| Other Change(s) | | | | |
| | | | | |
| Implementing Agency Name | | Type | Action | |
| | | | | |
| | | | | |
| Change in Procurement | | | | |
| <p>Explanation: The World Bank New Procurement Framework, which became effective on July 1 2016, is applicable for procurement under the project AF. However, the procurement methods and institutional arrangements under the original project will remain for the most part unchanged.</p> | | | | |
| <p>Explanation: The AF will support the continuation of project activities for a further 24 months until December 31, 2018. An AF implementation plan has been prepared by the implementing agencies.</p> | | | | |
| Appraisal Summary | | | | |
| Economic and Financial Analysis | | | | |
| <p>Explanation: The proposed activities under the AF will result in economic benefits from: (i) Increased short-term employment and improved future employment prospects for the Pre-Employment Training and Rapid Employment Scheme (RES) participants; (ii) Improved infrastructure, which will provide increased access to markets and services; and (iii) Likely economic spillovers from reduced poverty and social cohesion, in the context of the high prevailing rates of youth unemployment.</p> <p>A comparison of expected costs and benefits over the life-time of the project with that of a no-project scenario indicates that Components 1 and 2 of the USD 1.9 million grant are estimated to generate an economic internal rate of return of 8.3 percent, after adjusting for tax revenues and the net transfer to labor provided by the project.</p> <p>Overall, with the funding available to REP through the AF, the project is expected to generate short-term employment for an additional 1,692 people (152 employed under MID roadworks contracts and 1,540 under HCC activities), transferring a conservatively estimated US\$ 350,000 to REP beneficiaries. This increase in incomes will likely have multiplier effects on the rest of the economy as it is spent, with these benefits estimated conservatively at US\$ 69,000.</p> <p>Specifically, for the 1.6 km of upgraded roads, benefits include lower recurrent maintenance costs over time with a present value (PV) of US\$ 75,000, a reduction in travel times (PV US\$ 31,000), and lower vehicle operating costs (PV USD 52,000). Benefits derived from the maintenance of 6.8 km of road, which would likely be left unmaintained in the absence of REP, are estimated to have a present value of US\$ 353,000. While difficult to quantify, the time savings derived from community infrastructure (such as footpaths and the maintenance of public buildings) are estimated to have a present value of US\$ 108,000. The benefits of increased employment and improved future employment prospects for REP participants is expected to yield a present value US\$ 1,035,000.</p> <p>Additional social benefits, which are not possible to quantify with currently available data but should</p> | | | | |

nevertheless be taken into account, include: (i) Better health and education outcomes from improved access; (ii) A reduction in the likelihood of violence and crime; and (iii) Greater social cohesion and stability.

Technical Analysis

Explanation:

With the exception of the Results Framework and scaling up on certain activities as described earlier, the PDO, targeting and implementation arrangements continue to be relevant and will be maintained during the AF.

Targeting: At the very beginning, the project initiated the engagement of areas and formation of work groups by geographic location and population but as the project profile increased, proposals were instead directly submitted by communities and groups who had graduated from the PET. Since June 2012, the project has also been applying an index which classifies all communities in and around the city according to an assessment of vulnerability and a screening form to assess community needs. The Vulnerability and Screening Tool aims to inform the geographic prioritizing of poorer communities in the award of grants. The Tool is based on a set of sample social criteria drawn from the Household Income and Expenditure Survey (HIES), e.g., access to basic services, such as water supply and energy sources, school facilities, population as well as distance and means of accessibility to transport infrastructure. Accordingly, 28 out of 95 communities are classified as high priority communities / vulnerable communities. The Screening Tool for the Criteria for Review, Evaluation and Selection of Community Works is then used to determine community needs and screens the proposed sub-projects against gender and youth equitable impacts among other criteria. The final selection of sub-projects require the endorsement of the authorized Ward Councilor before proceeding to further ensure the legitimacy of the work group and activity.

The 6th SAS, to be conducted in mid-2017, will be updated to collect additional outcome data on improved access to services and markets based on the small scale infrastructure developed, such as the concrete steps and footpaths as well as other community perceptions. In addition, the implementing agencies have: (i) Updated their AF work plans and budgets; (ii) Re-confirmed that MID and HCC counterpart funding has been allocated in their 2017 budgets; (iii) Finalized the selection criteria and agree on the pilot location; and (iv) Documented the procedures used to guide the implementation of the pilot activities.

Financial Management (FM): The FM arrangements continue to be relevant, and in addition to the incorporation of an additional disbursement category for sub-grants to be incurred by HCC for sub-projects to be implemented in Guadalcanal Province, current disbursement arrangements will continue under the AF, including the two (MID and HCC) Designated Accounts with pooled funding. The 2015 project audit was received by the Bank on time and the report was unqualified.

Procurement: While the new Procurement Regulations will be applicable to the AF, the procurement methods and institutional arrangements under the original project will remain for the most part unchanged. The World Bank New Procurement Framework, which became effective on July 1, 2016, is applicable for procurement under the project AF. The implementing agencies have developed a draft Project Procurement Strategy for Development (PPSD). Based on the analysis of the PPSD, the findings are: (i) The institutional and implementation arrangements will remain unchanged for AF project activities: MID will be responsible for project component on Road Repair and Maintenance, and HCC will be responsible for the activities of community based road maintenance; (ii) The procurement methods will remain unchanged under the AF. They include Shopping, Fixed budget Selection (FBS) for the selection of an international consulting firm for the Pre-Employment Training (PET), Consultants Qualifications (CQS), selection of individual consultants and a national firm, and Single Source Selection; and (iii) Procurement risks have been identified and mitigation measures have been agreed upon and will be implemented during the AF

period. Accordingly, a simplified procurement plan has also been prepared by the implementing agencies. The detailed procurement plan for the AF is recorded in the project files, will be disclosed on the project and World Bank websites and monitored and updated as required.

Social Analysis

Explanation:

The AF will not trigger any new safeguard policies. Anticipated social safeguards issues under the AF mainly revolve around land acquisition for Right of Way (RoW) related-issues under road repair and maintenance activities and urban works and services activities. Loss of land, removal of trees, crops or even structures in minor level are anticipated. However, measures to avoid, mitigate or minimize and address the land acquisition impacts, have been outlined in the Environmental and Social Management Guidelines (ESMG), which was last updated and disclosed in April 2014 and re-disclosed again more recently in October 2016. A Land Acquisition and Resettlement (LAR) screening tool and a Resettlement Policy Framework (RPF) was prepared under ESGM and is being effectively implemented by the project. The ESGM will be applied to the proposed AF and re-disclosed together with the updated climate resilient screening tool (see below).

A Grievance Redress Mechanism (GRM): A GRM is in place, and has been enhanced by increasing awareness of GRM among beneficiaries, disseminating more information materials as well as adding safeguards and GRM in the agenda of regular PIU meetings to facilitate timely actions and regular reporting to IDA. The PMU will also develop and implement sexual harassment and gender based violence guidelines as part of the GRM during the AF period, including creating awareness of the new guidelines among staff and beneficiaries. The GRM will be complemented by the World Bank Corporate Grievance Redress Service.

Environmental Analysis

Explanation:

The AF will not trigger any new safeguard policies and the Environmental Category B remains unchanged as the type and location of investments proposed under the AF will be similar to those of the parent project. The AF is expected to continue to bring about positive environmental impacts, e.g., improved drainage and local sanitation and better accessibility to the existing services for local communities. Potential negative environmental impacts and risks of AF investments would be limited to dust, noise, community disturbance, waste and wastewater generation, health and safety issues, etc. These impacts are mostly temporary, short-term, and small-scale. These potential negative impacts and risks has been managed satisfactorily based on the guidelines given in the ESGM, which was re-disclosed in October 2016. The ESGM was further updated during Appraisal to reflect the project updates, including the introduction of a climate resilient screening tool and safeguard management experience gained through the original project and first AF.

Climate Change and Disaster Risks: The proposed AF investments will be screened for short- and long-term climate change and disaster risks. A preliminary assessment has already been done. Design of roads and footpaths will take into account climate-related factors such as intensity and frequency of rainfalls/typhoons and inundation level, erosion potentials as the result in determining ground elevation, materials used (such as earth/granular materials/asphalt/reinforced concrete etc.), drainage and other structures/plants for erosion protection etc.)

Risk

Explanation:

The overall Risk Rating is Moderate. In a low capacity environment, the project has delivered steady

results in an increasingly effective manner over the last six years and the risks and mitigation measures have been tested through numerous AFs and through similar related community-based projects such as the Rural Development Project (RDP) II. The main risks to project performance have been external, such as the risk of new weather shocks disrupting the planned works and social unrest. However, building the sustainable financing capacity for maintaining or growing the volume of activity without donor financing, has also proven to be challenging. To this end, the project was originally designed as an emergency response to address the issues of unemployment, poverty and civil unrest through what was essentially a cash-for-work program, but over time, has proven its ability to effectively evolve and adapt to changing circumstances. Although the project has successfully demonstrated the ability to generate short-term employment and promote other soft skills such as building the confidence of beneficiaries to re-engage in the labor market, the scope for generating long-term employment as a direct result of REP appears to be more limited. Therefore, in order to address the issue of sustainability, the team is proposing to use the AF to not only continue current activities, but carry out preparatory activities to set the stage for an expansion of the program under a follow-on broader urban CDD-based operation that would improve access to basic services for targeted urban communities, and at the same time, sustain government efforts to transfer resources for labor-intensive sub-projects. The envisaged Phase II operation could also provide a platform for a wider dialogue around greater synergies and efficiency gains in the portfolio of programs supporting development at the sub-national level.

IV. World Bank Grievance Redress

18. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank's GRS. The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1: REVISED RESULTS FRAMEWORK AND MONITORING

| | | | | | |
|--------------------|---|----------------------|------------------------------------|--------------|--------------------------|
| Project Name: | Rapid Employment Project Additional Financing (P160738) | Project Stage: | Additional Financing | Status: | DRAFT |
| Team Leader(s): | Sonya Woo | Requesting Unit: | EACNF | Created by: | Sonya Woo on 15-Jul-2016 |
| Product Line: | IBRD/IDA | Responsible Unit: | GSU02 | Modified by: | Sonya Woo on 28-Sep-2016 |
| Country: | Solomon Islands | Approval FY: | 2017 | | |
| Region: | EAST ASIA AND PACIFIC | Lending Instrument: | Investment Project Financing | | |
| Parent Project ID: | P114987 | Parent Project Name: | Rapid Employment Project (P114987) | | |

Project Development Objectives

Original Project Development Objective - Parent:

To assist targeted vulnerable urban populations to: (i) increase their incomes through the provision of short-term employment; and (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society.

Current Project Development Objective - Parent:

The new PDO is: to assist targeted vulnerable urban populations in the Recipient's territory to (i) increase their incomes through the provision of short term employment; (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society; and (iii) improve their access to services and markets through repaired, more climate resilient roads and access infrastructure.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

| Status | Indicator Name | Core | Unit of Measure | | Baseline | Actual(Current) | End Target |
|--------|----------------|------|-----------------|--|----------|-----------------|------------|
|--------|----------------|------|-----------------|--|----------|-----------------|------------|

| | | | | | | | |
|---------|--|--------------------------|------------|---------|----------------|--|--|
| Revised | Average wage transfer per person | <input type="checkbox"/> | Number | Value | 0.00 | 1738.00 | 1600.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | Actual data from HCC (MIS); MID wage transfer estimated from works contract information. | Target will remain at 1600 as the aim is to distribute a reasonable amount of cash among as many beneficiaries as possible. Originally set at US\$200 but reported in SBD. |
| Revised | Percent of participants from communities ranked as the highest priority on the vulnerability index | <input type="checkbox"/> | Text | Value | not applicable | 60% | 50% |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Revised | Percentage of youth participating in the project | <input type="checkbox"/> | Percentage | Value | 0.00 | 53.00 | 50.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Indicator overlaps with next - i.e. some "youth" will also be "women". |
| Revised | Percentage of women participating in the project | <input type="checkbox"/> | Percentage | Value | 0.00 | 60.00 | 50.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Indicator |

| | | | | | | | |
|---------|--|--------------------------|-------------------------------------|---------|--|---|---|
| | | | | | | | overlaps with previous. |
| Revised | Percentage of REP Graduates who obtained subsequent employment | <input type="checkbox"/> | Percentage | Value | | 15.00 | 15.00 |
| | | | | Date | | | 31-Dec-2018 |
| | | | | Comment | | As reported in the 5th SAS completed in 2015. | To monitor REP impact on employment outcomes via survey; REP activities have no direct influence on subsequent employment - target is based on actuals recorded in 2015 |
| Revised | Of which women | <input type="checkbox"/> | Percentage Sub Type Breakdown | Value | | 54.00 | 40.00 |
| | | | | Date | | 31-Dec-2015 | 31-Jul-2018 |
| | | | | Comment | | | Indicator overlaps with next - i.e. some "youth" will also be "women". |
| Revised | Of which youth | <input type="checkbox"/> | Percentage Sub Type Breakdown | Value | | | 40.00 |
| | | | | Date | | | 31-Jul-2018 |
| | | | | Comment | | | Indicator overlaps with |

| | | | | | | | |
|---------|--|--------------------------|-------------------------------------|---------|-------------|---|--|
| | | | | | | | previous. |
| Revised | Percentage of Participants reporting that REP was useful in finding subsequent employment | <input type="checkbox"/> | Percentage | Value | 0.00 | 81.00 | 60.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | As reported in the 5th SAS completed in 2015. | |
| Revised | Of which women | <input type="checkbox"/> | Percentage Sub Type Breakdown | Value | | | 40.00 |
| | | | | Date | | | 31-Dec-2018 |
| | | | | Comment | | | Conservative target as current proportion is not known. |
| Revised | Of which youth | <input type="checkbox"/> | Percentage Sub Type Breakdown | Value | | | 40.00 |
| | | | | Date | | | 31-Dec-2018 |
| | | | | Comment | | | Conservative target as current proportion is not known. Overlaps with previous indicator. |
| Revised | Percentage of REP Graduates reporting that they invested REP income in business activities | <input type="checkbox"/> | Percentage | Value | | 11.00 | 11.00 |
| | | | | Date | | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | As reported in the 5th SAS completed in 2015. | To monitor REP impact on income generating |

| | | | | | | | |
|---------|--|--------------------------|------------|---------|-------------|-----------------|--|
| | | | | | | | activities other than formal employment; REP activities have no direct influence on entrepreneurship - targets based on actuals recorded in 2015 |
| Revised | Of which women | <input type="checkbox"/> | Percentage | Value | | | 40.00 |
| | | | Sub Type | Date | | | 31-Dec-2018 |
| | | | Breakdown | Comment | | | Conservative target as current proportion is not known. |
| Revised | Of which youth | <input type="checkbox"/> | Percentage | Value | | | 40.00 |
| | | | Sub Type | Date | | | 31-Dec-2018 |
| | | | Breakdown | Comment | | | Conservative target as current proportion is not known; indicator overlaps with previous. |
| Revised | Estimated number of beneficiaries of road works, and other community access infrastructure | <input type="checkbox"/> | Number | Value | 0.00 | 60945.00 | 61000.00 |
| | | | | Date | 01-Dec-2014 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Based on estimated |

| | | | | | | | populations benefited by works. |
|---------------------------------|---|-------------------------------------|---------------------------------|---------|-------------|-----------------|--|
| Intermediate Results Indicators | | | | | | | |
| Status | Indicator Name | Core | Unit of Measure | | Baseline | Actual(Current) | End Target |
| Revised | Beneficiaries of Safety Nets programs (number) | <input checked="" type="checkbox"/> | Number | Value | 0.00 | 12613.00 | 12900.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Revised | Beneficiaries of Safety Nets programs - Female (number) | <input checked="" type="checkbox"/> | Number Sub Type Breakdown | Value | 0.00 | 7568.00 | 6450.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Revised | Average number of labor-days worked per person | <input type="checkbox"/> | Number | Value | 0.00 | 55.00 | 50.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Originally set at 50 aimed at equitable distribution of wage transfer opportunities. |
| Revised | Total labor days generated through RES | <input type="checkbox"/> | Number | Value | 0.00 | 688845.00 | 810000.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Revised | Of which women | <input type="checkbox"/> | Number Sub Type Breakdown | Value | | | 405000.00 |
| | | | | Date | | | 31-Dec-2018 |
| | | | | Comment | | | |

| | | | | | | | |
|---------------------|---|-------------------------------------|---------------------------------|---------|-------------|---|---|
| Revised | Of which youth | <input type="checkbox"/> | Number Sub Type Breakdown | Value | | | 405000.00 |
| | | | | Date | | | 31-Dec-2018 |
| | | | | Comment | | | |
| Revised | % of community leaders in project areas reporting they have better access to services and markets because of REP infrastructure | <input type="checkbox"/> | Percentage | Value | 0.00 | 70.00 | 75.00 |
| | | | | Date | 30-Jun-2015 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | As reported in the 5th SAS completed in 2015. | |
| Revised | Roads rehabilitated, Non-rural | <input checked="" type="checkbox"/> | Kilometers | Value | 0.00 | 104 | 110.00 |
| | | | | Date | 28-Sep-2012 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Results include roads maintained and/or improved, non-rural. |
| Revised | Kilometers of roads improved to all-weather, climate resilient standard | <input type="checkbox"/> | Kilometers | Value | 0.00 | 0.40 | 3.20 |
| | | | | Date | 30-Jun-2015 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Marked for Deletion | Average cost of benefits transferred - Roads rehabilitated and maintained | <input type="checkbox"/> | Amount(USD) | Value | | 0.68 | 0.68 |
| | | | | Date | | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Computed as: apportioned management costs (\$) per \$ of benefits |

| | | | | | | | |
|---------------------|---|--------------------------|--------|---------|-------------|------------------|--|
| | | | | | | | transferred, where benefits include all direct wages and stipends, materials, machine hire and works contract costs for that activity. |
| Marked for Deletion | Number of works contracts completed or achieving satisfactory outputs (for REP MID component) | <input type="checkbox"/> | Number | Value | 0.00 | 28.00 | 31.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2016 |
| | | | | Comment | | QPR Ending June | |
| Revised | Number of contractor representatives trained on labor based works methods | <input type="checkbox"/> | Number | Value | 0.00 | 468.00 | 500.00 |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Little additional training is planned during the AF period |
| Revised | Value of community grants provided | <input type="checkbox"/> | Text | Value | 0 | 18.1 million SBD | 18.9 million SBD |
| | | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Revised | Number of Community Access Infrastructure sub-projects completed | <input type="checkbox"/> | Number | Value | 0.00 | 39.00 | 46.00 |
| | | | | Date | 28-Sep-2011 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Marked for | Number of community grants | <input type="checkbox"/> | Number | Value | 0.00 | 1274.00 | 1140.00 |

| | | | | | | | |
|---------------------|---|--------------------------|-------------|---------|-------------|-----------------|--|
| Deletion | provided | | | Date | 28-Sep-2010 | 30-Jun-2016 | 31-Dec-2016 |
| | | | | Comment | | QPR Ending June | |
| Marked for Deletion | Average costs of benefits transferred - Community Access Infrastructure | <input type="checkbox"/> | Amount(USD) | Value | | 0.55 | 0.55 |
| | | | | Date | | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Computed as: apportioned management costs (\$) per \$ of benefits transferred, where benefits include all direct wages and stipends, materials, machine hire and works contract costs for that activity. |
| Marked for Deletion | Average costs of benefits transferred - Waste Management | <input type="checkbox"/> | Amount(USD) | Value | | 0.56 | 0.56 |
| | | | | Date | | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | Computed as: apportioned management costs (\$) per \$ of benefits transferred, where benefits include all direct wages and |

| | | | | | | | |
|---------------------|--|--------------------------|--------|---------|-------------|-----------------|---|
| | | | | | | | stipends, materials, machine hire and works contract costs for that activity. |
| Revised | Number of community access infrastructure units maintained or landscaped | <input type="checkbox"/> | Number | Value | 0.00 | 14.00 | 30.00 |
| | | | | Date | 30-Apr-2014 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Marked for Deletion | Number of street theater or media initiatives conducted | <input type="checkbox"/> | Number | Value | 0.00 | 60.00 | 36.00 |
| | | | | Date | 30-Apr-2014 | 30-Jun-2016 | 31-Dec-2016 |
| | | | | Comment | | QPR Ending June | |
| No Change | Number of PET Trainees who are certified | <input type="checkbox"/> | Number | Value | 0.00 | 11558.00 | 11000.00 |
| | | | | Date | 01-Sep-2011 | 30-Jun-2016 | 31-Dec-2015 |
| | | | | Comment | | QPR Ending June | PET ended in Dec 2015, except for mentoring and referral services |
| Revised | Number of one-on-one coaching sessions conducted | <input type="checkbox"/> | Number | Value | 0.00 | 1316.00 | 1800.00 |
| | | | | Date | 30-Apr-2014 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |
| Revised | Number of participants who produced CVs | <input type="checkbox"/> | Number | Value | 0.00 | 909.00 | 1140.00 |
| | | | | Date | 30-Apr-2014 | 30-Jun-2016 | 31-Dec-2018 |
| | | | | Comment | | QPR Ending June | |

ANNEX 2: DETAILED DESCRIPTION OF MODIFIED ACTIVITIES: SELECTION OF PILOT LOCATIONS

Background

In its request for a successor project to REP, the Solomon Islands Government (SIG) made specific reference to the need to explore the demand for similar services outside Honiara. The momentum for such assistance has been building for some time due to a number of factors. They include: the perception that other growth centers and provincial capitals do not receive equitable allocation of development resources; the stated commitments by SIG to better address the development of other provinces and rural areas; the perception that the ongoing urban drift to Honiara and the consequent population growth is due to the lack of developed and economic growth in other provinces.

A scoping mission for a successor to REP was therefore undertaken in January-February 2016. It visited Gizo and Noro in Western Province, and Auki in Malaita to consider options for activities in these towns in addition to continuing operations in Honiara. Meetings were held with local government officials, other development partners operating in the area and selected community residents. In all the sites visited observations were also made on the physical as well as economic conditions, types of settlements, quality of infrastructure and services delivered. This was followed by visits of local government officials from those locations to Honiara, in March 2016, where they visited work sites and spoke to beneficiary communities, and a further mission to Auki by a combined REP World Bank team, also in March 2016.

Based on the demand revealed during these discussions, funding has been set aside in the AF to plan and design REP activities in a province outside Guadalcanal. Implementation will be subject to budget availability under the AF.

There has also been strong interest in including Honiara's peri-urban communities (that fall under the administration of Guadalcanal Province rather than HCC) within the scope of the REP. Although logical, because informal settlements around Honiara spill over administrative boundaries, this was prevented by the current implementation arrangements. However, an extension to Guadalcanal may be considered under the AF as a pilot extension as it require no changes to the Honiara based PMU and incur little, if any additional cost. As a pilot it would help develop and test the processes for working with provincial government agencies.

Selection Criteria

Given the demand from several provinces, the team developed a set of criteria based on which the most suitable location for the pilot scale extension of REP could be selected objectively. The criteria were each allocated a weight representing their relative importance, the candidate locations were allocated scores from 1-10 under each criterion, and the weighted scores were then summed up for comparison. The criteria are described in Table (1) below.

Table (1) Selection Criteria

| | | |
|---|--|---|
| 1 | Distance / Management Logistics | Given the limited AF budget, management and logistical costs associated with the pilot location was a key concern. The assessment was based on the costs and time to travel from Honiara. |
| 2 | Local material and transport costs | There is significant variation in transport and material costs between the locations considered. Sub-grade for road construction, for example, costs significantly more in Gizo, than Honiara or Auki; This, too would be an important criterion in the pilot phase, due to the limited budget. |
| 3 | Local Government Agencies, interest and capacity | The interest and capacity of local implementation (partner) agencies was seen as a fundamental requirement. While interest is uniformly high, capacity, assessed by the number of staff and resources, were variable. The appointment of a senior level officer of the local government agency as a focal point who would be accountable for overseeing the implementation of project activities in the area is therefore proposed as a base criterion for selection of a location. The application of other selection criteria will be contingent on this condition being met. |
| 4 | Development Needs | The development needs of the candidate locations were assessed on the basis of four sub-criteria: |
| | a) Population | The population in the area to be served. |
| | b) Economic Growth Centre | Whether the location is seen as an economic growth center in that province and the levels of economic activity. |
| | c) Percentage below Poverty Line | The percentage of the local population estimated to be below the basic needs poverty line, according to the Solomon Islands Poverty Profile based on the HIES 2012/13 – NSO & World Bank. |
| | d) Essential Works & Services Needs | The gaps in essential works and services such as community access, water, sanitation and waste management services, assessed by the REP team. |
| 5 | Linkage with other partners/projects | The opportunity to link with other projects or private and public sector partners was seen as a potential advantage in the pilot stage as it might assist a rapid start up. |

Preliminary Conclusions

Four candidate locations were assessed, based on the discussions and visits of that have already taken place: Gizo, Noro, Auki and the peri-urban settlements around Honiara, (represented as Guadalcanal Province). Guadalcanal received the highest score under the selection criteria, primarily due to its proximity to Honiara, population, and percentage of the population below the basic needs poverty line. Extending the REP to communities in Guadalcanal would pose few logistical challenges and would require little or no changes to the REP PMU. It is therefore proposed to extend REP services to peri-urban communities as part of the current Honiara based operation. Of the other locations assessed, Auki received the highest score, followed by Gizo and Noro. Management and logistical costs, material costs and population were the key differentiating factors in this case. Accordingly it is proposed that Auki, in Malaita Province, be selected as the location for a pilot extension of REP during the AF period.