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Report No: PAD5635

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

AND RESTRUCTURING

IN THE AMOUNT OF (SDR 11.4) MILLION
(US$ 15 MILLION EQUIVALENT)

TO THE

REPUBLIC OF THE MARSHALL ISLANDS

FOR A SECOND

Additional Financing for the Pacific Resilience Project II under the Pacific Resilience Program

April 15, 2024

Environment, Natural Resources & The Blue Economy Global Practice
East Asia And Pacific Region

CURRENCY EQUIVALENTS

Exchange Rate Effective Mar 31, 2024

Currency Unit =	United States Dollar
US$ 1.32405 =	SDR 1

FISCAL YEAR
October 1 – September 30

Regional Vice President:	Manuela V. Ferro
Country Director:	Stephen N. Ndegwa
Regional Director:	Anna Wellenstein
Practice Manager:	Ann Jeannette Glauber
Task Team Leader(s):	Qing Wang, Xiawei Liao

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
CEA	Civil Engineering Advisor
CERC	Contingent Emergency Response Component
CIU	Central Implementation Unit
DC	Design and Supervision
DIDA	Division of International Development Assistance
DNP	Defects Notification Period
DRM	Disaster Risk Management
EC	Emergency Communication
EIRR	Economic Internal Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
FM	Financial Management
GCF	Green Climate Fund
GDP	Gross Domestic Product
GoRMI	Government of RMI
GRS	Grievance Redress Service
IDA	International Development Association
IFR	Interim Financial Report
MoFBPS	Ministry of Finance, Banking and Postal Services
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
NDMO	National Disaster Management Office
NPV	Net Present Value
OCS	Office of the Chief Secretary
O&M	Operation & Maintenance
PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
PDO	Project Development Objective
PICs	Pacific Island Countries
RCP	Representative Concentration Pathway

The Republic of the Marshall Islands

Second Additional Financing for the Pacific Resilience Project II under the Pacific Resilience Program

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BASIC INFORMATION – PARENT (Pacific Resilience Project II under the Pacific Resilience Program - P160096)

Country	Product Line	Team Leader(s)		
Marshall Islands	IBRD/IDA	Qing Wang		
Project ID	**Financing Instrument**	**Resp CC**	**Req CC**	**Practice Area (Lead)**
P160096	Investment Project Financing	SEAE1 (9269)	EACNF (6680)	Environment, Natural Resources & the Blue Economy

Implementing Agency: Ministry of Finance, Banking and Postal Services

Is this a regionally tagged project?	Country (ies)
Yes	Marshall Islands

Bank/IFC Collaboration

No

Approval Date	Closing Date	Expected Guarantee Expiration Date	Original Environmental Assessment Category	Current EA Category
09-May-2017	30-Jun-2026		Partial Assessment (B)	Partial Assessment (B)

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach [MPA]	[ ] Contingent Emergency Response Component (CERC)
[✓] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a Non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made disaster
[ ] Alternate Procurement Arrangements (APA)	[ ] Hands-on Expanded Implementation Support (HEIS)

Development Objective(s)

The Objective of the Project in the Republic of the Marshall Islands (RMI) is to strengthen early warning systems, climate resilient investments in shoreline protection, and to provide immediate and effective response to an Eligible Crisis or Emergency.

Ratings (from Parent ISR)

	Implementation					Latest ISR
	22-Dec-2021	29-Jun-2022	16-Dec-2022	30-Jun-2023	01-Jan-2024	14-Feb-2024
Progress towards achievement of PDO	MU	MU	MU	MU	MU	MS
Overall Implementation Progress (IP)	MU	MU	MU	MS	MS	S
Overall Safeguards Rating	S	S	S	S	S	S
Overall Risk	M	M	S	S	S	S
Financial Management	MS	MU	MU	MS	MU	MU
Project Management	MS	MS	MS	S	S	S
Procurement	MS	MS	MS	MS	MS	MS
Monitoring and Evaluation	S	S	S	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Additional Financing for the Pacific Resilience Project II under the Pacific Resilience Program - P181646)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P181646	Additional Financing for	Cost Overrun/Financing Gap	No

	the Pacific Resilience Project II under the Pacific Resilience Program		
Financing instrument Investment Project Financing	Product line IBRD/IDA	Approval Date 06-May-2024	
Projected Date of Full Disbursement 30-Oct-2026	Bank/IFC Collaboration No		
Is this a regionally tagged project? Yes		Country (ies) Marshall Islands	

Financing & Implementation Modalities

[✓] Series of Projects (SOP)	[✓] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[✓] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a Non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made disaster
[ ] Alternate Procurement Arrangements (APA)	[✓] Hands-on Expanded Implementation Support (HEIS)
[✓] Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD				%
IDA	35.00	10.14	24.29	29 %
Grants	25.00	4.58	20.42	18 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Additional Financing for the Pacific Resilience Project II under the Pacific Resilience Program - P181646)

FINANCING DATA (US$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	44.63	15.00	59.63
Total Financing	44.63	15.00	59.63
of which IBRD/IDA	19.63	15.00	34.63
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Development Association (IDA)	15.00
IDA Grant	15.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Marshall Islands	0.00	15.00	0.00	0.00	15.00
National Performance-Based Allocations (PBA)	0.00	15.00	0.00	0.00	15.00
Total	**0.00**	**15.00**	**0.00**	**0.00**	**15.00**

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No

Does the project require any other Policy waiver(s)?

[ ] Yes [✓] No

INSTITUTIONAL DATA

Practice Area (Lead)

Environment, Natural Resources & the Blue Economy

Contributing Practice Areas

Urban, Resilience and Land

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Qing Wang	Team Leader (ADM Responsible)		SEAE1
Nicholas Gerard Williams	Procurement Specialist (ADM Responsible)		EEAR2
David Bruce Whitehead	Financial Management Specialist (ADM Responsible)	Financial Management	EEAG2
Rachelle Therese Marburg	Social Specialist (ADM Responsible)	Social Safeguards	SEAS1
Rosemary Alexandra Davey	Environmental Specialist (ADM Responsible)		SEAE1
Bridgette Eliza Hogan	Procurement Team		EACNF
Cherry Lyn Dacanay Somcio	Team Member		EEAG2
Dean Georgakopoulos	Procurement Team		EACNF
Elezor A. Trinidad	Team Member	ACS	SEAE1
Iretomiwa Olatunji	Team Member	Natural Resources Management Specialist	SEAE1
Joan Toledo	Team Member	Disbursement	WFACS
Katarzyna Malgorzata Mazur	Team Member	Environmental Economist	SEAE1
Katherine Baker	Team Member	Operations Support	SEAU1
Lanieta Widreu Senibulu	Team Member	Financial Management	EEAG2

Maria Cristina Rosa Lucia Villani	Procurement Team		EEAR2
Nika R Asasi	Team Member		EACNF
Pei Shen Wang	Environmental Specialist		SEAE1
Richard Croad	Team Member	Water Resources & Coastal Resilience Specialist	SEAS1
Thu An Annie Phan	Team Member		EACNF
Victoria Ewura Ekua Wood	Team Member	Counsel	LEGAS
Vipasha Bansal	Team Member	Senior Counsel	LEGAS
Xiawei Liao	Team Member	Environmental Specialist	SEAE1
Yong Jian Vun	Team Member	Senior DRM Specialist	SEAU1

Extended Team

Name	Title	Organization	Location

I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

1. This Project Paper seeks Executive Directors approval to provide a second additional financing (AF) in the amount of SDR11.4 million (US$15 million equivalent) for the Pacific Resilience Project II for the Republic of the Marshall Islands (PREP II RMI, P160096). The second AF is needed to address a financing gap for critical (seawall) infrastructure in Ebeye, due to price escalation driven by weakened market competition post-COVID-19 and extraordinary inflation driven by rising oil prices and the reverberating effects of conflicts. Other proposed changes would include reallocation of funds between project components and revisions to the Results Framework.

2. **Project's Original Objectives and Scope.** The Project Development Objective (PDO) is to strengthen early warning systems, climate resilient investments in shoreline protection, and provide immediate and effective response to an Eligible Crisis or Emergency. The project is part of the Pacific Resilience Program Series of Projects that helps selected Pacific Island Countries and two regional entities (the Pacific Community and the Pacific Islands Forum Secretariat) to strengthen early warning and preparedness; create a framework and enabling environment for stronger governance and for better, prioritized investments for climate and disaster resilience; and improve the post-disaster response capacity of the countries through strengthened financial resilience to disaster events.

3. The project has four components: Component 1 - Institutional strengthening, early warning and preparedness, supports climate change integration with disaster risk management, multi-hazard early warning systems including emergency communication (EC) equipment installation and training in Majuro and remote locations, and design of a resilient multifunctional government facility including the National Disaster Management Office (NDMO) and its warehouse; Component 2 - Strengthening coastal resilience, supports coastal vulnerability assessments for Ebeye and Majuro and priority coastal protection investments in Ebeye; Component 3 - Contingent Emergency Response Component (CERC), provides rapid response to an eligible crisis or emergency, if needed; and Component 4 - Project management

4. The original IDA Grant (D183-MH) of US$19.6 million equivalent was approved by the World Bank's Board of Executive Directors on May 9, 2017. Subsequently, additional financings (AF) of US$15.4 million equivalent (IDA Grant D569-MH) and US$25 million from the Green Climate Fund (GCF) (TF0B2404) were approved in April and March 2020, respectively, increasing the total project amount to US$60 million equivalent. The original IDA Grant's closing date was extended from November 30, 2022, to February 12, 2024, to align it with that of the AF. The second project restructuring was approved on February 12, 2024, and the closing dates were extended: (a) for the two IDA Grants by 28 months from February 12, 2024, to June 30, 2026; and (b) for the GCF Grant by 22 months from February 12, 2024, to December 3, 2025 to allow completion of key investments (i.e. EC equipment installation and seawall construction) and achievement of PDOs due to project implementation delays caused by COVID.

5. **Project Performance.** The Development Objectives rating was upgraded to Moderately Satisfactory (MS) and the Implementation Performance rating was upgraded to Satisfactory (S) in February 2024 after the second project restructuring, since both PDO-level outcomes -- (a) strengthened early warning systems and (b) climate resilient investments in shoreline protection – are expected to be met by the new closing date of June 30, 2026.

6. The implementation status by Component is as follows:

a. **Component 1: Institutional Strengthening, Early Warning and Preparedness.** This component has been progressing well since February 2023: (a) A Sea Level Rise and Adaptation Policy and a Disaster Risk Management (DRM) Act have been approved by the Cabinet, and the DRM Act was enacted by the Nitijela (Parliament) on September 28, 2023; (b) The National Adaptation Plan (NAP) was adopted (see below); (c) Community-level DRM training was completed in all neighboring atolls following the standard operating procedure. The Typhoon Preparedness Action Plans and Community Disaster Plans have been developed for eleven atolls; (d) The building design for the resilient multifunctional government facility is expected to be completed by the end of March 2024;[1] and (e) EC equipment installation and training commenced in December 2023, after delays due to the longer-than-expected customs clearance process in the supplier's country and complex shipping logistics to RMI. Completion of EC equipment installation and training is expected in December 2024.

b. A pivotal achievement for PREP II was its vital role in the development of the RMI's NAP between 2021 and 2023. Formally adopted by the Cabinet on October 20, 2023, and showcased at the Conference of the Parties (COP) 28 on December 5, 2023, the NAP has gained global recognition. Developed in a participatory, gender-sensitive, and transparent manner, the NAP outlines a national adaptation pathway and proposes actions (including seawall construction), featuring strategic decision points aligned with sea-level rise projections. Envisioned as a dynamic and adaptable blueprint for resilience through 2150, the NAP aligns with DRM initiatives, combining scientific research with traditional indigenous knowledge.

c. **Component 2: Strengthening Coastal Resilience.** A detailed cost estimate completed in January 2023 identified a financing gap of approximately US$20 million for the originally designed, full-length seawall (about 1,800 meters[2]) in Ebeye, additional to the original budget of about US$37 million under PREP II. The financing gap reflects price escalations for: (a) shipping; (b) contractor margins and overheads; (c) general cost of labor and materials; and (d) general premium for reduced competition. Construction of the Ebeye seawall has thus been delayed and requires more time and financing arrangements to be in place. The bidding process was launched in July 2023 and is now at the negotiation stage, expected to be concluded by end of March 2024.

d. **Component 3: Contingent Emergency Response Component**. This component has not been triggered to date.

e. **Component 4: Project Management.** Component implementation is proceeding as scheduled.

7. **Additional Financing for a Cost Overrun.** The bidding process for seawall construction was launched on July 17, 2023 (after two previous unsuccessful bids because of challenging markets), and two bidding proposals were received on October 3, 2023. Only one bidder passed the technical evaluation, and its financial proposal for a full-length (1800 m) seawall is well above the original allocated seawall construction budget of about US$37 million due to price escalations (see details in paragraph 29). With these new developments, to secure the successful bid and to commence the seawall construction soon, the Government of RMI (GoRMI) has requested a second AF via a letter from the Ministry of Finance, Banking and Postal Services (MoFBPS)

[1] The RMI Urban Resilience Project (P177124) will finance the construction of this facility.
[2] On top of the existing 300 meters, which were deemed unnecessary to be rebuilt.

dated February 8, 2024. The proposed AF will cover a financing gap for the completion of the seawall construction only. There are neither new types of activities nor changes in scope and the original safeguards policies continue to apply. With the AF approved, the construction of the seawall is expected to commence in June 2024 and complete by June 2026.

8. **Alignment with Pacific Islands Regional Partnership Framework.** This second AF aligns with the World Bank's mission of creating a world free of poverty on a livable planet, through reducing disaster-related economic and livelihood losses in Pacific Island Countries (PICs). PREP II is consistent with the World Bank's Systematic Country Diagnostic (SCD) and Pacific Islands Regional Partnership Framework (RPF) FY17-FY23 (Report No. 120479) that covers nine PICs: Kiribati, RMI, Federated States of Micronesia, Republic of Nauru, Republic of Palau, the Independent State of Samoa, the Kingdom of Tonga, Tuvalu, and Vanuatu. In particular, the PREPII and this proposed second AF align with Focus Area 3 of the RPF by contributing to the achievement of Objective 3.1: Strengthened resilience to natural disasters and climate change and mainstreaming disaster risk and climate change considerations in development planning and investments.

9. **The proposed AF is also aligned with the World Bank Evolution Roadmap, emphasizing the need for urgent action to tackle pressing global challenges including climate change.** It is also in line with the Global Crises Response Framework[3] and the Climate Change Action Plan 2021–2025[4]. The implementation of the proposed AF will contribute to the preparation of the Pacific Atoll Nations Country Climate and Development Report (CCDR) for the Republic of RMI, the Republic of Kiribati, and Tuvalu, under preparation. The proposed AF is aligned with the new World Bank Group Scorecard. Both **PDO Indicator 1** (number of people who can receive timely and actionable hazard forecast and warning messages) and **PDO Indicator 2** (number of people with reduced risks to coastal hazards and the effects of climate change) contribute to the Scorecard indicator on 'Millions of people with enhanced resilience to climate risks'.

10. **Alignment with the RMI's climate commitments[5].** In 2018, the RMI was the first country to submit an enhanced Nationally Determined Contribution (NDC) with a more ambitious binding target of reducing greenhouse gas emissions to at least 32 percent below 2010 levels by 2025 and to at least 45 percent below 2010 levels by 2030. It also launched the Tile Til Eo ("lighting the way") 2050 Climate Strategy in 2018 which established a vision to reach net-zero emissions and 100 percent renewable energy by 2050. With the updated NDC, the country developed its NDC Partnership Plan to support implementation of the climate targets and committed to develop a NAP to support its NDC targets. A NAP was adopted and presented to COP28 in December 2023 (paragraph 6b), outlining an adaptation pathway for RMI, which includes seawall construction.

II. DESCRIPTION OF ADDITIONAL FINANCING

[3] Navigating Multiple Crises, Staying the Course on Long-Term Development: The World Bank Group's Response to the Crises Affecting Developing Countries. 2022. World Bank.
[4] Alignment with GRID and the Climate Change Action Plan 2021–2025 is seen in the project's focus on supporting RMI strengthening climate resilience and protecting incomes and livelihoods through shifting towards systematically incorporating climate risks and opportunities at every phase of strategic planning, investment design, implementation and evaluation of development outcomes.
[5] https://rmigov.com/RMI-NAP-2023.pdf

11. **The proposed AF** will provide additional funds in an amount of US$15 million equivalent for the construction of the full-length seawall in Ebeye.

12. **Besides the AF, a project restructuring is also proposed** to (a) revise the component costs (IDA financing only) and the disbursement catagories by reallocating Component 3 CERC funds to Component 1 (Subcomponet 1.1) to support EC equiment installation and training and other existing activites as needed, and (b) revise the baselines or the end targets for PDO Indicators 1, 2, and 3 and Intermediate Indicators 2.1, and the name of PDO indicator 2. This AF and restructuring will not change the PDO.

13. **Changes to Component Costs.** The AF funds for the seawall construction will fill the gap for Component 2. Component 3: CERC, with US$1.17 million allocation has not been triggered to date. To support essential areas where additional resources are required, specifically – the EC equipment installation and training, which requires more funding than expected, GoRMI proposed to reallocate the CERC funds to Component 1 (Subcomponent 1.1): Institutional Strengthening, Early Warning and Preparedness. Component 3 remains without cost allocation. The table below indicates the current and AF costs by component, and the proposed total project cost.

Table 1. Project and Component Costs after proposed AF and Restructuring

Project Components	Current Project Cost (IDA) (US$ millions)	Current Project Cost (GCF) (US$ millions)	Proposed Second AF Cost (US$ millions)	Proposed Total Project Cost (US$ millions)
Component 1: Institutional Strengthening, Early Warning and Preparedness	4.60	1.95		7.72 (including 1.17 reallocated from Component 3)
Component 2: Strengthening Coastal Resilience	26.13	22.31	15.00	63.44
Component 3: Contingent Emergency Response Component	1.17			0 (reallocated to Component 1)
Component 4: Project and Program Management	3.11	0.74		3.85
	35.01	**25.00**	**15.00**	**75.01**

14. **Reallocation between Disbursement Categories.** The reallocation of US$1.17 million from Component 3 to Component 1 (Subcomponent 1.1) will require corresponding reallocation between disbursement categories for parts 3 and 1 of the Project.

15. **Changes to the Results Framework.** The revised Results Framework with indicator definitions are presented in Section VIII of this Project Paper. The summary of the proposed changes to the PDO-level and intermediate results indicators and the rationale for them are as follows.

a. **Changes to PDO Indicators.**

i. End target of **PDO Indicator 1** (*number of people who can receive timely and actionable hazard forecast and warning messages*) is proposed to be reduced from 46,800 to 38,000 (about 90

percent of the 42,418 according to 2021 census in RMI; https://rmieppso.org/) due to the decrease of the population in RMI.

ii. Name of **PDO Indicator 2** (*number of people with reduced risks to coastal hazards and the effects of climate change*) is proposed to be changed to *'Number of people with enhanced resilience to climate risks*' to be aligned with the new World Bank Group Scorecard.

iii. End target of **PDO Indicator 2** (*number of people with reduced risks to coastal hazards and the effects of climate change*) is proposed to be reduced from 10,000 to 8,400 (100 percent people covered) due to the reduction of population on Ebeye island.

b. **Changes to Intermediate Results Indicators**

i. Component 2 – Baseline of Intermediate Results Indicator 2.1 (*Length of coast with reduced vulnerability*) is proposed to be revised from 0 to 300 meters since there are 300 meters of existing seawall that are deemed unnecessary to be rebuilt based on the seawall design.

III. KEY RISKS

16. There will be no new types of activities proposed under the second AF. The overall risk rating has been reassessed at appraisal of this proposed AF and remains as Substantial. The following risks are rated Substantial or High for the proposed PREP II RMI AF:

17. **Sector Strategies and Policies is rated Substantial.** While the adoption of the NAP will strengthen implementation of the sector strategies and policies for climate adaptation, the sectoral context remains complex because: (a) the resilience and adaptation agenda cuts across multiple sectors; (b) coordination across sectors is in early stages; and (c) the capacity of DRM/climate resilience institutions is generally weak. To manage sector strategies and policy risks, the second AF will continue to support, through the PREP II existing activities: (a) GoRMI's capacity building for implementation of the NAP which includes seawall construction, the DRM Bill and the SLR policy; (b) citizen engagement for seawall construction in Ebeye; and (c) strengthening of the interface between the CSO, the MoFBPS, Ministry of Public Works, Infrastructure and Utilities, and the key DRM and climate resilience agencies through PREP II and the AF.

18. **Technical Design of Project is rated Substantial.** While the seawall construction contract negotiations are to be concluded in May 2024, the technical risk remains substantial because the seawall construction is a technically and operationally complex endeavor involving many stakeholders throughout all stages: design, construction and operation & maintenance (O&M). The Project will continue to manage the technical risks by: (a) retaining the consulting firm who designed the seawall to provide technical assistance on seawall construction (including the quality control oversight from a third-party technical team); (b) drawing on the expertise of the Civil Engineering Advisor (CEA) and the technical consultants for Component 2, who will further identify and develop management actions for technical risks and uncertainties when and if they arise during seawall construction; and (c) continuing intensive stakeholder consultations and public communication on the project to ensure community support and understanding of the risks.

19. **Institutional capacity for implementation and sustainability is rated Substantial.** Institutional capacity in RMI remains relatively limited, particularly due to scarce human resources. GoRMI may not have sufficient technical and administrative capacity for contract management and timely payments and supervising and maintaining the seawall construction. In terms of government absorptive capacity to successfully implement the Project, risks will be mitigated by: (a) key consultants remain the same for Component 2; (b) the project will continue to draw on the Central Implementation Unit (CIU) for safeguards support; (c) the World Bank team's continued biweekly follow up with the PIU, in additional to regular implementation and technical support missions, and continued procurement Hands-on Expanded Implementation Support (HEIS) support. Payments will be made through Direct Payment from the Bank; and (d) an O&M Manual will be prepared by the DS firm too and training will be provided to Ebeye government. Maintenance of rock seawall is not expected to be difficult nor very costly, which is expected to be managed by GoRMI.

20. **Fiduciary risk is rated Substantial.** The Project financial management (FM) performance has been rated as MU as of February 2024 due to shortcomings in timely and reliable financial reporting, including inaccuracies in Interim Unaudited Financial Reports (IFRs), unreconciled IDA and GCF funding sources; maintaining an updated contract register; and the outstanding FY22 audited financial statements**.** Procurement performance is rated MS with effective HEIS procurement support. To mitigate FM risk, the World Bank FM team will continue to provide guidance and support following the action plan agreed in December 2023, including mobilizing a dedicated project financial specialist on the island and possibility of hiring a private firm for project-specific audit. Other mitigation measures agreed from the FM and procurement assessments conducted at appraisal of PREP II will remain in place for the AF, including provision of technical assistance and training, maintenance of the Project Accountant, Procurement Advisor and Procurement "pool" within the CIU to support the PIU, and compliance with the World Bank Procurement and FM requirements with strong internal financial controls and regular independent audits. The World Bank will monitor this through implementation support missions, which will include reviewing the effectiveness of internal financial controls, reviewing interim financial reports and following up on the status of issues raised in audit reports.

21. **Environmental and Social risk is rated High.** Coastal protection works will have potential negative impacts on the foreshore and marine environments of Ebeye including loss of habitat and changes to erosion/deposition patterns. These impacts were assessed in the Environmental and Social Impact Assessment (ESIA), and appropriate mitigation is identified in the Environmental and Social Management Plan (ESMP). The ESIA and ESMP, along with stakeholder engagement, have provided crucial insights for the detailed design of the seawall. This includes employing suitable modelling to identify the most appropriate construction approach. The seawall contractor will subsequently develop its own ESMP, subject to review by the CIU and the Bank, before commencing construction. Social risks include creating inequalities between communities and gender or influencing medium to long term settlement patterns. The seawall component of the project is located in Ebeye, an outer island of RMI, which is amongst the most densely populated islands in the world. While the population of Ebeye is relatively small, around 50 percent is under 18. Due to the scarcity of employment opportunities, access to infrastructure and limited housing, the population is considered vulnerable. In this context, construction activities for the seawall are considered high risk,

particularly due to challenges of material supply, transport within the island, worker influx (relative to the population) and challenges of monitoring and oversight. All impacts and potential alternatives have been thoroughly assessed for all proposed works and appropriate measures included in the design and construction phase. To mitigate this risk: (a) the project will continue to have experienced Safeguards Advisors, recruited by the CIU to support the PIU with the safeguards aspects of the project; (b) the design firm will continue to provide technical support during the seawall construction stage; (c) the project will continue to engage with land owners and Ebeye residents for seawall construction; (d) there will be no involuntary land acquisition; and (e) the design process for the seawall in Ebeye has avoided the need for relocation so there is no need to relocate anyone for this element of the project. There is a Resettlement Policy Framework in place in case resettlement becomes necessary, but it has been avoided to date.

22. **The Climate and Disaster Risk Screening indicates a low climate risk to the project outcome.** A climate change and disaster risk screening were carried out using the Bank's Climate and Disaster Risk Screening Tool. The screening shows that the mean monthly rainfall has decreased in recent decades. However, the proportion of rainfall falling in heavy events has increased at an average rate of 2.6 percent, and the five-day annual rainfall maxima has increased by 8.4 mm per decade, with the largest increases in the wet season. The proportion of rain that falls in heavy events is projected to increase in the coming decades by approximately 15 percent. Wet season (December – February) rainfall is also projected to increase, and the wet season may become longer. Local sea level rise is 4 mm/year and is projected to continue to increase in line with global increases. Although the frequency of typhoons may not change, or could even decrease, an increase in the average maximum typhoon wind speed, and associated wind-generated wave heights, of between 2 and 11 percent, and an increase in rainfall intensity of about 20 percent within 100 km of the typhoon center, is forecast by the 21st century. Because of the projected increases in intense precipitation as well as sea level rise, the project results are considered highly exposed to climate change impacts. The design of the seawall to be built under this project is based on feasibility and detailed design analysis taking account of high tides, future sea level rise, typhoon wind-generated waves, swell waves, wave set-up over the reef, and negative pressure induced storm surge. The design of the sea wall allows for sea level rise and acceptable wave overtopping to 2050 with the ability to adapt the height of the structure beyond that. The project also includes institutional capacity building, emergency preparedness plans and communications, and maintenance arrangements for the seawall. Combined, these features will further reduce the anticipated risk from climate hazards. Overall, this AF aims to provide direct protection to approximately 8,400 people (i.e., the total population of Ebeye) by building a full seawall protecting the entire ocean-facing coastline including the southern power station.

IV. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

23. The project's development impact is the reduction in tangible and intangible losses that would result from the destructive impact of major weather events through the construction of a 1,800m long revetment. Public sector financing is justified for this project given the public good nature of the protection that will be provided (i.e., the revetment's protection will be extended to all assets and spaces within its protective span,

without exclusion). As critical public infrastructure, it is unlikely that sufficient private funds could be mobilized for this investment. In addition to financing, the World Bank's brings considerable value to the project's design and implementation through its staffs' experience and technical knowledge of effective coastal protection measures locally and globally.

24. During the original project preparation (P160096), an economic benefit cost analysis (BCA) was carried out for the Component 2 investments. The BCA primarily quantified the benefits of protecting Ebeye's population and assets from inundation, which is projected to occur following major weather events like swell waves, typhoons, and tsunamis in the absence of built protection. Different investment options, considering varied lengths ranging from identified hotspot inundation locations, to the entire island of Ebeye and beyond, were evaluated. The BCA calculates the expected avoided damage to Ebeye's physical assets (homes, businesses, public assets) from inundation in a non-project scenario (based on modelled flood and storm predictions) and compares it to project costs.[6] The BCA was updated at the time of the first AF (P172014) and has been further updated for this AF.

25. Updates include adjusting prices from 2018 to reflect 2024 prices of avoided losses. The asset value obtained from the 2010 Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) data was updated from 2010 to 2024, reflecting a 2 percent annual rate consistent with the average annual GDP per capita growth. The assessment includes assets as per the 2010 PCRAFI asset survey, which thus excludes any new developments since, apart from the new power and water plants (which were included in the BCA at time of the first AF). This approach yields a conservative estimate. Two additional climate change scenarios (Representative Concentration Pathway (RCP) 1.9 and RCP 2.6) were incorporated into the model to represent likely possible states of the world. The initial investment values were increased to about US$45 million and US$48 million[7] respectively, and the disbursement schedule was adjusted to reflect the current plan, with 50 percent of the disbursement occurring in the first year and 50 percent in the second year. The discount rate used was 1.4 percent.[8]

26. **The results show positive net present values of the project under a range of climate change scenarios.** A low sea level rise (SLR) scenario (RCP1.9), consistent with the goals of the Paris Agreement, leads to smaller (but still positive) net benefits, while more pessimistic scenarios (i.e., greater SLR) see increases in NPV as the avoided damage estimate under the project becomes larger, in line with greater expected inundation in the absence of the project. The NPV under RCP1.9 is estimated at US$8.9 million, with an Economic Internal Rate of Return (EIRR) of 2.2 percent. An increase in investment costs to US$48 million sees smaller but still positive NPV of US$6 million and EIRR of 1.9 percent under RCP1.9. Returns under the higher

[6] See original project PAD (P160096) for details.
[7] Depending on applicable tax of 3 percent or 10 percent, to be finalized when the contract negotiation is concluded.
[8] While low for conventional infrastructure BCA in many countries, this discount rate (a social discount rate) reflects the low rate of economic growth in RMI. It is consistent with the initial assessment.

SLR scenarios see NPV ranging from US $11.9 to $19.2 million (RCP2.6 to RCP8.5) (Table 1). A no climate change (no SLR) scenario is not considered realistic.[9]

Table 1. Results of BCA under different costs and climate (SLR) scenarios.

Climate scenario	(No SLR)	RCP1.9	RCP2.6	RCP4.5	RCP8.5
US$ 45 mil. investment					
EIRR (%)	1.1.	2.2	2.4	2.5	2.8
NPV (US$)	-2.98	8.94	11.93	14.59	19.24
US$ 48 mil. investment					
EIRR (%)	0.8	1.9	2.1	2.3	2.5
NPV (US$)	-5.92	6.01	8.99	11.66	16.30

Note: EIRR: Economic internal rate of return. SLR: Sea Level Rise.

27. **The BCA is unable to consider all indirect and intangible benefits of the project's investment, or flow-on effects to economy, and should thus be considered conservative.** Safeguarding assets from inundation benefits economic activity reliant on this infrastructure, ensuring uninterrupted operations and thus supporting long-term economic growth. As the major urban area of the RMI, failure to safeguard the island's assets undermines important functions of the government, the economy, and the willingness of the private sector or private individuals to invest in long-term activities and assets. Other benefits are also expected: these include public health cost savings due to reduced flood exposure and related illnesses or injuries and avoided social and economic costs of community displacement (i.e., stable housing and social networks). It should also be noted that the seawall provides option value. By securing Ebeye, it allows for future climate adaptation actions that may be impossible without basic physical stability of the island.

B. Technical

28. **The first AF was used to scale-up development effectiveness of the project** by (a) enhancing early warning systems through increased support for the NDMO; (b) supporting development of RMI's NAP and (c) extending the length of seawall to a full wall. The original Project design provided for a partial seawall along the ocean coastline of Ebeye, targeting erosion "hotspots" only. Early in project implementation, it became clear this would not be acceptable to GoRMI nor the Ebeye local government and communities, since extending the wall to include the Ebeye power station perimeter became paramount. The first AF responded to a request from the GoRMI to extend the length and where needed, level of service provided by the shoreline protection for Ebeye, which will strengthen protection to key infrastructure, including the existing power plant. As detailed in paragraph 6a, the envisioned support under the first AF under Component 1 has largely been achieved, including the development of NAP, NDMO renovation and community-level DRM

[9] Under a no sea level rise (SLR) scenario the benefits from the investments are negative. Such a scenario is not considered realistic given warming and observed SLR to date, as reflected in findings from the IPCC. In addition, it's important to note that the BCA is conservative as it does not account for all potential benefits, such as non-market benefits, flow-on effects, option values, and the value of future assets protected by the seawall.

training. The installation and training of the EC network has commenced in January 2024 and expected to be completed by December 2024.

29. **This second AF is to address the financing gap for the seawall construction in Ebeye**, the design for which was completed in early 2023, followed by a bidding process to select a construction works contractor. A detailed cost estimate completed in January 2023 identified a financing gap from the pre-concept stage cost estimate in late 2016 (paragraph 6c), which formed the basis for the first AF. Cost estimates for the seawall in January 2023 were prepared by a professional seawall design firm that will also provide technical supervision at the seawall construction stage. These estimates were independently checked and recalculated using resourced-based estimating methods by a construction risk firm. The designs were also subject to extensive value engineering to optimize scope and costs. By the end of 2022, an increase in the cost estimates was anticipated due to factors such as: (a) weakened competition, as global market opportunities expanded post-COVID-19 and contractors are seeking easier, lower-risk projects; and (b) extraordinary inflation, especially in transport-related aspects such as importing rock riprap and aggregates, driven by rising oil prices and the reverberating effects of conflicts.[10] Several rounds of consultations also confirmed that a full-length seawall is the only option supported by both GoRMI and Ebeye residents, as a partial seawall could introduce new substantial risks such as flanking erosion along neighboring inhabited and vulnerable coastal areas.

30. **Based on the status of works contract negotiations, the contract is expected to be signed in May 2024 with a defect notification period beyond the project closing date.** According to the single technically responsive bidder's workplan, the earliest certificate of construction completion would be issued in May 2026. There will be an anticipated defects notification period (DNP) until May 2027, surpassing the current project closing date of June 30, 2026. In addition, given the potential for unforeseen ground conditions and extreme weather impacts, such as Typhoons, which may delay construction, it is crucial for GoRMI and the contractor to plan mitigation measures to ensure seawall completion by project closing. GoRMI will assign the operations responsibilities during the DNP to the current seawall design and construction supervision (DS) firm, or a CEA attached to Ministry of Public Works, Infrastructure and Utilities after the project's completion. The costs associated with this arrangement would need to be covered either internally or under a separate follow-on operation on NAP implementation support as discussed with GoRMI. The proposed AF includes provisions for potential variations in the seawall contract. The DS firm will provide full-time construction oversight in Ebeye through two rotating Resident Engineers. Both the DS firm and CEA will contribute to covering a portion of the DNP. Negotiations will determine how to manage the remaining DNP and final stages of contract administration. One option is to utilize engineers from the Kwajalein Atoll Development Authority. Another option is for input from the DS firm and CEA to transition to a follow-on IDA21 operation supporting NAP implementation. The increase in construction costs will not affect the expected budgets for supervision. PREP II has allocated sufficient budget for supervision costs, including the DS firm, CEA, construction risk advisory firm, and core members of the Project Implementation Unit (PIU) until June 30, 2026.

[10] For instance, rock and quarry run materials are estimated to cost about US$2,871 per meter in January 2023, representing an 84 percent increase from US$1,558 per meter as in the pre-concept stage cost estimate in late 2016. The total seawall construction cost is estimated to be US$34,468 per meter of seawall in Jan. 2023, compared to US$13,983 estimated in 2016.

31. **Paris Alignment (PA).** The proposed second AF addresses a financing gap and does not introduce any new type of activities compared to the parent project, which was approved prior to Paris Agreement and is not inconsistent with PA principles. The PREP II finances institutional capacity building for risk governance, multi-hazard early warning systems, and coastal resilience strengthening through coastal protection investments, all to enhance preparedness and disaster risk management. Activities supporting institutional capacity building, multi-hazard disaster early warning systems, and coastal protection without significant energy-consuming infrastructure are universally aligned. The design of the resilient multifunctional government facility (its construction will be financed by the Urban Resilience Project) is low risk as it has considered climate resilience and adaptation principles. Thus, the proposed AF will have a negligible impact on RMI's low-GHG-emissions development pathways. Risks from climate and hazards to the Project's development outcomes are also low and considered acceptable (see paragraph 22). Furthermore, the proposed AF will enhance RMI's overall capacity and ability to prepare for and respond to emergencies, thus further reducing risks from climate hazards. The PREP II also supported the development of the country's NAP, establishing RMI as a pioneer among the PICs. This NAP serves as a comprehensive guide for RMI, integrating climate adaptation strategies into national policies and development goals.

32. **Climate Co-benefits.** The climate co-benefits of this second AF involve enhancement of RMI's resilience to climate and disaster risks, through constructing the Ebeye seawall. This effort is to safeguard human settlements, infrastructure, and livelihoods against the adverse effects of climate change and reduce vulnerability to extreme weather events and rising sea levels. Additionally, the seawall will allow Ebeye to buy time to build its capacity to withstand climate change impacts and disasters. Ultimately, these measures seek to mitigate the economic and social consequences for the people of RMI. The Climate Co-Benefits for the proposed AF is assessed as 100 percent prior to appraisal.

33. **Gender.** The PREP II Project was gender-tagged with a Gender Action Plan (GAP) developed[11]. All project activities were designed and implemented using a gender equality and social inclusion (GESI) lens to ensure appropriate responses to the unique needs of marginalized and unrepresented groups. For example, development of the RMI NAP (which includes seawall construction) involved extensive education and consultation across the nation to ensure Marshallese from all walks of life - including women, youth, elders, and traditional leaders were able to inform and shape this critical "national survival plan". The NAP highlights numerous activities aimed at building adaptive capacity and empowering women and other vulnerable groups which will serve as a "springboard" for achieving broader GESI outcomes. The design of the Ebeye seawall also included a series of island-based consultations over a two-year period during which women and youth groups identified areas of particular concern and proposed relevant mitigation measures. The installation of multi-hazard early warning system is expected to protect the most vulnerable groups of people and enable women to better prepare for and respond to national disasters. The gender-related indicators included in the GAP are

[11] The GAP included one outcome indicator on 'reduced risks to coastal hazards and the effects of climate change and increased coverage of hazard forecast and warning message to 8,000 women' and three outputs indicators: (a) length of coast with reduced vulnerability to flooding and storm surges, which will benefit 5,000 females; (b) improved early warning system for population at risk in outer islands, benefiting 3,000 females; and (c) improved coverage of disaster communication network.

expected to be achieved with the completion of EC installation and seawall construction. They will continue to be monitored with the proposed AF.

34. **Citizen Engagement.** Citizen Engagement will persist and be fortified under the second AF, with two seawall-relevant project indicators for ongoing monitoring: PDO 4 (*Communities involved in planning/implementation/evaluation of early warning and shoreline protection activities*) and one specific beneficiary feedback indicator for Component 2 (*Majority of beneficiaries are satisfied with the community consultation on shoreline protection activities*). Both indicators have been reported "met" and will continue to be monitored during the rest project life. The PIU has conducted ongoing community consultations (including surveys) for Ebeye seawall. Citizen Engagement and beneficiary feedback will continue to utilize face to face surveys and group consultations to gauge beneficiary satisfaction for seawall construction, ensuring that 50 percent of the targeted beneficiaries are women. To meet project objectives, a minimum of 75 percent of respondents will need to express satisfaction with the activities related to seawall construction. Feedback from Citizen Engagement and beneficiary feedback will be compiled by the PIU and included in its project progress and completion reports.

C. Financial Management (FM)

35. **FM supervision was carried out in September 2023 and FM Performance was rated as MU.** Since the September 2023 mission, the World Bank team has provided continuous in-country support to help improve FM performance. The major progress since the last mission is the resubmission of the last three Interim unaudited Financial Reports (IFR), which have been accepted. There are no overdue IFRs. A performance improvement action plan was developed and agreed upon in December 2023. The exercise is being led by the project accountant who was recruited in August 2023 and is currently in the country to provide hands-on support. A recent progress is that the reconciliation of the IDA and GCF funding sources and updated contract register have been submitted to the Bank for review. The Bank's FM team will continue to provide dedicated in-country support to address the remaining outstanding issues, including considering hiring a private firm for project-specific audit. The project's FM performance rating is expected to improve within the next few months.

36. **Disbursement methods and supporting documentation arrangements:** The disbursement methods to be used will be advance, direct payment, reimbursement, and special commitments. These are the same disbursement methods under the PREPII. Funds will flow through the pooled Designated Account maintained by the Ministry of Finance, Banking and Postal Services.

37. **Audit Status.** The project's financial reporting arrangements include integrated annual reporting as part of the whole-of-government consolidated audited financial statements. The audited financial statements for the year ending September 30, 2022, were due on December 31, 2023. In its letter dated January 14, 2024, the MoFBPS has requested an exception to the now overdue audit and indicated it expects the audit to be completed by June 30, 2024. The delay stems from challenges in mobilizing new auditors during COVID following the departure of the previously contracted independent auditors, and delays in preparing financial statements by the CIU. The Bank's FM team is providing ongoing guidance and support to help with the

completion of the audit within the agreed timeline. In addition, the World Bank and GoRMI are exploring possibilities for hiring a separate auditor to carry out the project audit as soon as possible.

D. Procurement

38. **The Project's procurement performance remains MS as of March 2024.** The GoRMI has signed a total of 18 contracts worth US$3.2 million in the period from February 2023 to February 2024. The building designs and bidding documents for the resilient multifunctional government facility are being finalized. There are several lapses in contract management and administration that need improvement urgently, noting that the new full-time project manager was mobilized only mid-March 2024. The second AF addresses the financing gap for the major high value procurement for the seawall construction (after two failed tenders) with a proposed signing date in May 2024 and for construction to feasibly commence in June 2024. The Bank Team has not yet received the draft negotiation contract for clearance, while negotiations are ongoing with the support of HEIS. The Bid validity period will need to be extended after 90-days submission date in March 2024. The DNP for seawall construction is outside the current closing date and the separate liability and supervision will need to be addressed by the GoRMI as discussed under "Technical" section above. The Procurement Regulations for IPF Borrowers 4th Edition September 2023 ("Procurement Regulations") applies to this second AF. The procurement process for the Seawall started in July 2023 using Request for Bids (RFB) – July 2023 version (Two-envelope with rated criteria), which is still in use and valid as specified in the September 2023 "Procurement Regulations".

E. Environment and social (including Safeguards)

39. The purpose of this AF is to address the financing gap for the seawall construction under the parent project of PREP II which was prepared using Safeguards Policies. There are no additional activities involved nor are current activities being scaled up, and thus the Environmental and Social Framework does not apply, and the environmental and social impacts and risks remain unchanged from the original project. The ESIA and ESMP for the seawall have been reviewed and cleared by the Bank and publicly disclosed in May 2023, and implementation will be closely supervised by the PIU/CIU and the Bank's task team during the construction period. The ESIA/ESMP for the resilient multifunctional government facility is expected to be finalized by the end of April 2024 under PREP II, and its implementation will be supported and financed through the RMI Urban Resilience Project (P177124). There will be no involuntary land acquisition and the design process for the seawall in Ebeye has be done in a way to avoid the need for physical relocation during seawall construction. Areas behind the seawall will be backfilled to the existing land level. The seawall and any backfilled area will be adjacent to private land areas, and thus no land will be permanently taken for seawall construction. According to a signed 2017 lease, the Kwajalein Atoll Development Authority, who owns the infrastructure on behalf of Kwajalein Government, will take over and manage the backfilled area after construction. All project documents disclosed by the project can be found at https://www.ciudidasafeguards.com/prep2.

F. Other Safeguard Policies (if applicable)

Not applicable.

V. WORLD BANK GRIEVANCE REDRESS

40. ***Grievance Redress.*** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (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 Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit https://accountability.worldbank.org.

VI. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓

Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓

VII. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US$, millions)	Action	Proposed Component Name	Proposed Cost (US$, millions)
Component 1: Institutional Strengthening, Early Warning and Preparedness	6.55	Revised	Component 1: Institutional Strengthening, Early Warning and Preparedness	7.72
Component 2: Strengthening Coastal Resilience	48.44	Revised	Component 2: Strengthening Coastal Resilience	63.44
Component 3: Contingency Emergency Response	1.17	Revised	Component 3: Contingency Emergency Response	0.00
Component 4: Project and Program Management	3.85	No Change	Component 4: Project and Program Management	3.85
TOTAL	**60.01**			**75.01**

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-D1830-001 | Currency: XDR				
iLap Category Sequence No: (1)	Current Expenditure Category: GD/CW/nCS/CS/TRN/WS/OC Pt1,2,4			
1,125,592.00	1,291,784.38	1,291,784.38	100.00	100.00
iLap Category Sequence No: (2)	Current Expenditure Category: GD/CW/nCS/CS/TRN/WS/OC Pt3			

370,000.00	0.00	0.00	100.00	100.00
iLap Category Sequence No: (3)	Current Expenditure Category: REFUND OF PPA			
0.00	0.00	0.00		
iLap Category Sequence No: (4)	Current Expenditure Category: GD/CW/nCS/CS/TRN/WS/OCpt1.1,2.1.1,4			
12,510,000.00	3,233,258.59	12,713,807.62	100.00	100.00
iLap Category Sequence No: (5)	Current Expenditure Category: GD/CW/nCS/CS/TRN/WS/OCpt1.2,2.1.2			
494,408.00	421,297.75	494,408.00	100.00	100.00
Total **14,500,000.00**	**4,946,340.72**	**14,500,000.00**		
IDA-D5690-001 | Currency: XDR				
iLap Category Sequence No: (1)	Current Expenditure Category: GD/CW/nCS/CS/TRN/WS/OCPt1.1,2.1.1,4			
9,180,000.00	88,081.45	9,670,000.00	100.00	100.00
iLap Category Sequence No: (2)	Current Expenditure Category: GD/CW/nCS/CS/TRN/WS/OCPt1.2,2.1.2			
1,530,000.00	843,818.14	1,530,000.00	100.00	100.00
iLap Category Sequence No: (3)	Current Expenditure Category: GD/CW/nCS/CS/TRN/WS/OC Pt 3			
490,000.00	0.00	0.00	100.00	100.00
Total **11,200,000.00**	**931,899.59**	**11,200,000.00**		

Expected Disbursements (in US$)

Fiscal Year	Annual	Cumulative
2017	0.00	0.00
2018	500,000.00	500,000.00

2019	500,000.00	1,000,000.00
2020	1,063,256.00	2,063,256.00
2021	1,800,000.00	3,863,256.00
2022	3,744,048.53	7,607,304.53
2023	2,303,549.92	9,910,854.45
2024	4,508,464.85	14,419,319.30
2025	28,000,000.00	42,419,319.30
2026	21,580,680.70	64,000,000.00
2027	11,010,000.00	75,010,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	Moderate	Moderate
Macroeconomic	Moderate	Moderate
Sector Strategies and Policies	Substantial	Substantial
Technical Design of Project or Program	Substantial	Substantial
Institutional Capacity for Implementation and Sustainability	Substantial	Substantial
Fiduciary	Substantial	Substantial
Environment and Social	High	High
Stakeholders	Moderate	Moderate
Other	Substantial	Substantial
Overall	Substantial	Substantial

LEGAL COVENANTS – Additional Financing for the Pacific Resilience Project II under the Pacific Resilience Program (P181646)

Sections and Description
No information available

Conditions

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Marshall Islands

Additional Financing for the Pacific Resilience Project II under the Pacific Resilience Program

Project Development Objective(s)

The Objective of the Project in the Republic of the Marshall Islands (RMI) is to strengthen early warning systems, climate resilient investments in shoreline protection, and to provide immediate and effective response to an Eligible Crisis or Emergency.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
To strengthen early warning systems							
Number of people who can receive timely and actionable hazard forecast and warning messages (Number)		7,000.00					38,000.00
Action: This indicator has been Revised	***Rationale:*** ***End target of PDO indicator 1 (number of people who can receive timely and actionable hazard forecast and warning messages) is proposed to be reduced from 46,800 to 38,000 (about 90% of the 42,418 according to 2021 census in RMI https://rmieppso.org/) due to the decrease of the population in RMI.***						
To strengthen climate investments in shoreline protection							
Number of people with enhanced resilience to climate risks (Number)		0.00					8,400.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Revised	***Rationale:*** ***Indicator name is revised to 'Number of people with enhanced resilience to climate risks' to be aligned with the new WBG Scorecard Indicator. End target of PDO indicator 2 (number of people with reduced risks to coastal hazards and the effects of climate change) is proposed to be reduced from 10,000 to 8,400 (100% people covered) due to the reduction of population on Ebeye island.***					
Reduced expected annual damage due to coastal protection interventions (Amount(USD))		0.00					700,000.00
Communities involved in planning/implementation/evaluation of early warning and shoreline protection activities (Yes/No)		No	Yes	Yes	Yes	Yes	Yes

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Component 1: Institutional Strengthening, Early Warning and Preparedness							
The Government has developed and adopted procedures to clarify the governance mechanism of the JNAP (Yes/No)		No	No	No	Yes	Yes	Yes
% of communication stations operating in line with Standard operating procedures (SOPs) in		0.00					80.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
outer island network (Percentage)							
National Adaptation Plan integrates the results of the coastal vulnerability assessment (Yes/No)		No					Yes
NDMO facilities modernized and operating in accordance with key priorities identified in agreed roadmap (Yes/No)		No					Yes
Development of National Adaptation Plan and adoption by Cabinet (Yes/No)		No					Yes
Majority of beneficiaries are satisfied with the community consultation of early warning activities (Yes/No)		No	Yes				Yes
Component 2: Strengthening Coastal Resilience							
Length of coast with reduced vulnerabilty to flooding and storm surges (Meter(m))		300.00					2,100.00
Action: This indicator has been Revised	***Rationale:*** ***Component 2 – Baseline of Intermediate Results Indicator 2.1 (Length of coast with reduced vulnerability) is proposed to be revised from 0 meter to 300 meters since there are 300 meters of existing seawall that are deemed unnecessary to be rebuilt based on the seawall design.***						
Value of public energy assets protected (Amount(USD))		0.00					10,000,000.00
Majority of beneficiaries are satisfied with the community consultation on shoreline		No	Yes				Yes

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
protection activities (Yes/No)							
Component 3: Contingency Emergency Response							
Time taken to receive funds from contingency emergency component for an eligible emergency. (Weeks)		0.00					6.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of people who can receive timely and actionable hazard forecast and warning messages	This indicator will monitor an activity implemented by the Government of RMI Data for this indicator will be disaggregated by gender. Target for female beneficiaries will be 50% of total. Coverage refers to the people who can receive hazard forecast and warning messages through a improved warning system	Annually	Survey	Data collected will be disaggregated by gender.	DiDA, NDMO

	(e.g.: modernization of communication system, improvement of warning messages and community awareness). Population as of 2011 Census is 52,000. 90% of the population will be beneficiaries.				
Number of people with enhanced resilience to climate risks	This indicator will monitor activities implemented by the Government of RMI Data for this indicator will be disaggregated by gender. Target for female beneficiaries will be 50% of total.	Annual	Project reports		MoF, MPW
Reduced expected annual damage due to coastal protection interventions	This indicator will monitor activities implemented by the Government of RMI The reduced expected average annual damage (EAD) was generated by the risk model developed for the coastal vulnerability assessment.	Annual	Risk Model		MoF

Communities involved in planning/implementation/evaluation of early warning and shoreline protection activities	This indicator will monitor activities implemented by the Government of RMI Data for this indicator will be disaggregated by gender.	Annual	Survey		DIDA, NDMO

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
The Government has developed and adopted procedures to clarify the governance mechanism of the JNAP	This indicator will monitor an activity implemented by the Government of RMI	Annually	Project Reports		PIU
% of communication stations operating in line with Standard operating procedures (SOPs) in outer island network	This indicator will monitor an activity implemented by the Government of RMI	Annually	Survey		PIU
National Adaptation Plan integrates the results of the coastal vulnerability assessment	This indicator will monitor an activity implemented by the Government of RMI. Updated CMF will include locally tailored risk information	Annually	Project reports		PIU
NDMO facilities modernized and operating in accordance with key priorities identified in agreed roadmap	This indicator will monitor an activity implemented by the Government of RMI Key priorities for NDMO	Annually	Survey		PIU

	modernization identified in the NDMO roadmap developed under the PREP may include institutional capacity building, training, equipment or infrastructure				
Development of National Adaptation Plan and adoption by Cabinet	This indicator monitors the development of the NAP under the project, and adoption of the NAP by Cabinet	Annual monitoring	Project Reports	Project Report	PIU
Majority of beneficiaries are satisfied with the community consultation of early warning activities	Beneficiary survey conducted after activities related to early warning and shoreline protection selected for the project. A “Yes” survey result would mean a minimum of 75% respondent expressed satisfaction to the activities related to early warning for the project.	Annual	Beneficiaries Surveys	Satisfaction Surveys	PIU
Length of coast with reduced vulnerabilty to flooding and storm surges	This indicator will monitor an activity implemented by the Government of RMI	Annually	Project reports	Site inspection, works completion reports.	PIU
Value of public energy assets protected	Key energy infrastructure includes diesel power station and solar array located at the southern end of Ebeye.	Annually	Site inspection and works completion reports	Site inspection and works completion reports	PIU

Majority of beneficiaries are satisfied with the community consultation on shoreline protection activities	Beneficiary survey conducted after activities related to early warning and shoreline protection selected for the project. A “Yes” survey result would mean a minimum of 75% respondent expressed satisfaction to the activities related to early warning and shoreline protection selected for the project.	Annual	Beneficiaries surveys	Satisfaction surveys	PIU
Time taken to receive funds from contingency emergency component for an eligible emergency.	This indicator will monitor an activity implemented by the Government of RMI.	Annually	Project reports		PIU

IX. Actions Completed by June and December 2023

Number	Component	Actions
Actions completed by mid-June 2023		
1	1	Contracts signed on time for the procurement of EC equipment and NDMO information technology (IT) and non-IT equipment, and for the EC equipment installation
2		The Sea Level Rise and Adaptation Policy and the Disaster Risk Management Bill submitted to Cabinet
3		The National Adaptation Plan development advanced, pending additional data, analyses and consultations, for the submission by the GoRMI at the COP28 in November 2023
4		Layout options and architectural designs commenced for the resilient multifunctional government facility
5	2	The Request for Bidding document for the Ebeye seawall construction issued

Actions completed by mid-December 2023		
1	1	EC equipment delivered with installation and training started
2		Draft resilient multifunctional government facility design and Environmental and Social Impact Assessment report for construction submitted to the Bank for review
3		NDMO IT and non-IT equipment delivered
4		NDMO office interior renovated with ancillary equipment installed
5		National Adaptation Plan adopted
6	2	Technical evaluation report for the seawall construction bidding submitted to the Bank for review