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# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 12-Feb-2018 | Report No: PIDISDSC23240



**BASIC INFORMATION**

**A. Basic Project Data**

|  |  |   |  |
|--|--|---|--|
| Country<br>Marshall Islands                          | Project ID<br>P161382                    | Parent Project ID (if any)                                      | Project Name<br>The Republic of the Marshall Islands Maritime Investment Project (P161382) |
| Region<br>EAST ASIA AND PACIFIC                      | Estimated Appraisal Date<br>Aug 10, 2018 | Estimated Board Date<br>Dec 20, 2018                            | Practice Area (Lead)<br>Transport & Digital Development                                    |
| Financing Instrument<br>Investment Project Financing | Borrower(s)<br>Ministry of Finance       | Implementing Agency<br>Ministry of Transport and Communications |  |

**Proposed Development Objective(s)**

Facilitate maritime access and safety in the Republic of the Marshall Islands by improving marine infrastructure and assets, and strengthening institutional arrangements.

**Financing (in USD Million)**

| Financing Source          | Amount       |
|---------------------------|--------------|
| IDA Grant                 | 15.00        |
| <b>Total Project Cost</b> | <b>15.00</b> |

|   |  |
|---|--|
| Environmental Assessment Category<br>B-Partial Assessment | Concept Review Decision<br>Track II-The review did authorize the preparation to continue |
|---|--|

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Other Decision (as needed)



## **B. Introduction and Context**

### Country Context

The Republic of the Marshall Islands (RMI) is located approximately midway between Hawaii and the Philippines and consists of 29 atolls, 5 islands and numerous small islets. The country covers an area of 1.9 million square km, but has just 181 square km in land area. The overall population is about 55,000, but 75 percent live in Majuro (the capital) and Ebeye. Between 1980 and 1988, the population increased at around 5 percent per annum, but average annual growth declined to less than one-half of one percent (0.4) from 1999 to 2011. RMI has a young population, 40 percent of which is under the age of 15. The population is sparsely distributed, but there is growing in-migration from the outer islands due, primarily, to a lack of employment opportunities and increased reliance on the cash economy, as compared to a subsistence lifestyle. At the same time, lower incomes and a rising cost of living is causing Marshallese residents to leave the country for better jobs and educational opportunities abroad, mainly in Hawaii, the United States mainland, and Guam.

In 2016, Gross Domestic Product (GDP) was US\$181 million, which equated to around US\$3,300 per capita. The economy is dominated by the public sector, which accounts for over half of GDP, while private sector activity focuses on fisheries, retail services, copra and tourism. RMI, which has the second largest shipping registry in the world after Panama and Liberia, has 3,244 registered vessels and receives US\$5 million annually. The remoteness of RMI and its narrow domestic manufacturing base and relatively limited natural resources makes inhabitants heavily reliant on international trade and shipping operations. Most foodstuffs (excluding local foods, such as fish, coconuts and some fruits), building materials, clothing and manufactured products, are imported, while exports are limited to fish and copra products.

### Sectoral and Institutional Context

Given the country's geographic characteristics and distant outer islands, the provision of efficient, reliable and affordable sea transport services is considered essential for the country's basic economic and social functions, and to achieving RMI's national development plans. A fundamental requirement for providing inter-island shipping services is well-functioning maritime transport infrastructure and assets, including wharfs, docks and jetties. Combined, maritime services and assets underpin inclusive economic growth and social development by providing RMI communities with reliable access to economic opportunities, services and information.

Majuro is regularly served by international cargo services from the United States, Asia and Australia. Annual cargo throughput in terms of the total number of twenty-foot equivalent units (TEUs) was 10,610 in 2013, but increased to 12,169 in 2015. About half of the TEUs came from the United States, 40 percent from Asia, and the balance from Australia, New Zealand and Fiji.

Majuro is the largest regional tuna transshipment port and transshipped 600,000 metric tons of tuna in 2016. Fishing vessels make-up as much as 75 percent of vessel traffic calling at Majuro.

There are two principal docks (ports) at Majuro: (i) Delap Dock for international cargo; and (ii) Uliga Dock for domestic passengers and cargo. Delap Dock is the hub of RMI's cash economy and serves as the gateway for imports and exports that support the livelihoods of RMI residents, private business, and government agencies. It is accessed through a deep-water channel and lagoon that is well protected. The dock predominantly serves international cargo vessels that deliver a wide variety of imported food and household items, construction equipment and materials, and diesel fuel.



International cargo vessels call at Delap Dock an average of once per week, while tankers deliver fuel about once per month. Inter-island cargo vessels also periodically offload copra to the dock.

International fishing vessels also make occasional use of Delap Dock for purse seine<sup>1</sup> net repairs, fuel resupplies, and other vessel maintenance. The international wharf is not equipped with shore or mobile cranes, which makes it necessary for vessels calling into the dock to have their own equipment.

RMI is a member of the International Maritime Organization (IMO) and is party to most IMO conventions and other maritime-related international conventions. Several entities oversee maritime operations in RMI. The principal ones include:

- Ministry of Transport and Communications (MoTC) is responsible for policymaking and some regulatory oversight, management and development of the maritime sector in RMI.
- Republic of the Marshall Islands Ports Authority (RMIPA) is a state-owned entity responsible for operating RMI's publicly-owned ports at Majuro and Jaluit, as well as all facilities and structures situated within the public ports and airport areas. In addition to operational responsibilities, RMIPA also carries out both regulatory and enforcement functions related to the use of the ports and vessel activities.
- Majuro Stevedore and Terminal Company (MSTCO) is a private company and the terminal operator at Delap Dock. It is a private company operating under a 10-year concession agreement with RMIPA, which will end in 2023.
- Marshall Islands Shipping Corporation (MISC), a quasi-public corporation, has four cargo-passenger vessels that provide services to the outer islands. MISC provides four services per year along a northern, southern, western, and eastern route. The vessels, which are less than 500 tons each, operate from Uliga Dock.
- Kwajalein Atoll Port Authority (KAPA), which is under the Kwajalein Atoll Local government and the Kwajalein Atoll Development Authority (KADA), is responsible for Ebeye ports.
- Kwajalein Atoll Stevedoring Company (KASCO) is the terminal operator at Matson International dock in Ebeye.
- RMI Environmental Protection Authority (RMIEPA) is responsible for nature conservation, solid waste disposal, public sanitation, public and marine water quality monitoring, and environmental education. The capacity of RMIEPA to address marine pollution is limited, as the required equipment and technical capacity is not in place to enable responses to spills or to clean-up contaminated sites. RMIEPA is also responsible for issuing environmental permits and supervising environmental aspects of construction works in RMI.
- Marshall Islands Marine Resources Authority (MIMRA) manages fishing in RMI and has an oceanic division, which focuses on tuna, and a coastal fisheries division. The oceanic division monitors local and international fishing vessels for illegal fishing, and issues licenses.

#### Relationship to CPF

The Regional Partnership Framework (RPF) for FY17 to FY21, which was approved in February 2017, covers nine small

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<sup>1</sup> A purse seine is a wall of netting that is released around a school of fish. The seine has floats along the top line with a lead line threaded through rings along the bottom. Once a school of fish is identified, a small boat encircles the school with the net.



Pacific island countries (PIC9), including RMI.<sup>2</sup> The RPF identifies four areas of focus for PIC9 as: (i) fully exploiting the available economic opportunities; (ii) enhancing access to economic opportunities; (iii) protecting incomes and livelihoods; and (iv) strengthening the enablers of growth and opportunities (macro-economic management, infrastructure and addressing knowledge gaps). The proposed Marshall Islands Maritime Investment Project (MIMIP) generally supports all four focus areas. With improved port and maritime services, opportunities to increase transshipment services are there, which enhances access to economic opportunities, and without a well-functioning maritime sector, livelihoods could be compromised, since RMI imports almost 100 percent of food, pharmaceuticals and fuel. As such, MIMIP would support focus areas (i), (ii) and (iii). MIMIP would also support focus area (iv) by creating more reliable access to maritime infrastructure, and improving the safety and resilience of services. The RPF also highlights the key role that maritime shipping and internal connectivity play in trade in basic goods in the nine PICs.

As defined in RMI's National Strategic Plan 2015-2017 (NSP), the scope and objective of MIMIP are also in line with key Government development objectives. NSP recognizes the critical importance of a strong maritime sector both in terms of the quality, frequency, and cost-effectiveness of inter-island transport services, as well as the fostering of international charter and tourist vessels. Given the country's geographical characteristics, the provision of efficient and reliable shipping services is considered essential for health care and education.

### **C. Proposed Development Objective(s)**

Facilitate maritime access and safety in the Republic of the Marshall Islands by improving marine infrastructure and assets, and strengthening institutional arrangements.

Key Results (From PCN)

Progress will be measured against the following PDO-level results indicators:

- (a) Cargo vessel turnaround times at Delap Dock reduced (minutes);
- (b) Reduced damage to vessels and maritime infrastructure at project ports (percentage);
- (c) Strengthened maritime institutional and regulatory arrangements; and
- (d) Grievances registered related to delivery of project benefits that are addressed (percentage).

### **D. Concept Description**

MIMIP will be financed by a US\$15.00 million IDA grant. The project will seek a Project Preparation Advance (PPA) of US\$1.50 million to prepare the necessary technical, economic, environmental, social and design studies for the project. Expected PPA activities include: (i) identifying an optimal layout and configuration of port/cargo yard activities and key government services to improve operational efficiency, environmental management and safety at Delap Dock; (ii) estimating costs, conducting economic evaluations, prioritizing investments and preparing bid documents for Delap Dock; (iii) determining shortcomings and recommending measures to strengthen institutional and regulatory arrangements; (iv) undertaking stakeholder engagement and consultations and preparing safeguards documents, such as environmental management plans and land acquisition and resettlement plans; and (v) funding a consultant to oversee project preparation.

The following table estimates cost per component in US\$ million:

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<sup>2</sup> The nine include Kiribati, Nauru, the Republic of Marshall Islands, the Federated States of Micronesia, Palau, the Independent State of Samoa, the Kingdom of Tonga, Tuvalu and Vanuatu.



| Component  | Cost         | IDA          | PPA         |
|--|--------------|--------------|-------------|
| Component A: Maritime Infrastructure                     | 8.75         | 8.75         | 0.00        |
| Component B: Port Operations Equipment                   | 2.75         | 2.75         | 0.00        |
| Component C: Technical Assistance and Project Management | 3.50         | 2.00         | 1.50        |
| Component D: Supporting Post-Disaster Recovery           | 0.00         |              |             |
| <b>Totals:</b>   | <b>15.00</b> | <b>13.50</b> | <b>1.50</b> |

MIMIP has four components:

**Component A - Maritime Infrastructure (est. US\$8.75 mil.):** Repairs to the existing berth and dock facilities at Delap Dock will include reconfiguring the layout of key assets to improve operational efficiency, reconstructing offices maintenance areas and warehouses, paving of the container storage area, and extending utilities at Delap. Repairs to quay walls and improvements to anchoring systems at Delap and Uliga Docks will also be carried out. Small improvements to Uliga Dock, such as providing a terminal for passengers waiting to board domestic vessels, will be considered during preparation. Reception facilities could be installed to better manage solid waste, waste fuel and oil and wastewater.

**Component B: Port Operations Equipment (est. US\$2.75 mil.):** Cargo handling equipment, such as tractor trailers or reach stackers, would be financed for Delap Port. Any equipment obtained with project funding would need to receive regular maintenance, and long-term programs to maintain the assets and ensure their sustainability.

**Component C: Technical Assistance and Project Management (est. US\$3.50 mil.):**

- **Institutional sector strengthening:** Based on the PPA-financed review of institutional arrangements, carry out key recommendations to address gaps in policies, legislation, compliance with international conventions, and roles and responsibilities of key stakeholders involved in the maritime sector.
- **Review of port operations:** A review and update of Delap Dock’s operations and masterplan would be carried out to analyze current cargo and container handling, including assessments of financial sustainability of operations, and environment, health and safety (EHS) management.
- **Assessment of options to improve maritime services to outer islands:** An assessment of options to improve the reliability and safety of passenger services to outer islands will be carried out with a view to establishing a plan for implementation under a subsequent operation.
- **Establishment of design standards and maintenance regime:** Technical assistance to establish fit-for-purpose design standards and maintenance regimes to support RMIPA with tendering of civil works and maintaining marine facilities would be financed.
- **Capacity building:** Training and specialized technical advisory services would be financed to enhance capacity to better operate and regulate the sector. This could also include support to RMIEPA.
- **Project management:** Funding would be required to implement the project, including qualified staff to support procurement, financial management, and safeguards.



**Component D: Supporting Post-Disaster Recovery (est. US\$0.00 mil.):** This zero-sum component will finance response to an Eligible Crisis or Emergency, as needed.

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## SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project will finance physical works at the main port at Delap, Majuro, and may finance physical works at the secondary wharf at Uliga, depending on the final scope. The ports are located in modified foreshore environments in urban areas, on Government-leased land. Neighboring land uses include the Majuro Energy Company diesel power plant, fuel bunkers and small-scale industrial land. The near-shore water quality and ecosystems are degraded due to urban runoff, reclamations and sea walls, dredging, poor waste management, and wastewater and ballast discharges from vessels in anchorage in the lagoon. Solid waste is poorly managed on Majuro because of lack of land for sanitary and secure burial. Any solid or hazardous waste created by the project (such as demolition materials) would exacerbate these issues, and therefore, would be exported for appropriate disposal or recycling. Local sand and aggregates are currently quarried from the lagoon. This activity can exacerbate coastal erosion and inundation and degrade coral ecosystems. Creating demand for such materials can exacerbate these risks, and therefore, sustainable aggregate sources will need to be identified for this project. The fishing/shipping industry is a known source of demand for sex workers, as well as creating potential for unwanted solicitation and gender-based violence. Imported workforces for construction and infrastructure projects are known to contribute to these issues. In RMI, prostitution is illegal, but provided informally and according to local NGOs is suspected to be a conduit for human trafficking (women are particularly at risk). NGOs have been working in this space to identify and manage these issues, generally increase awareness, and break-down taboos around the issues of gender based violence and other social issues in RMI. The project could support these campaigns and training and other services in/to the maritime sector. It could also assist to improve data capture around key issues to support future policies and campaigns. An assessment of likely sector and projects risks and identification of achievable mitigation/management measures will be undertaken as part of the ESIA process.

As a result of a large amount of concurrent infrastructure and construction projects on Majuro, there may be cumulative impacts from this project on the numbers of imported workers. The social issues relating to accommodating workers and the interactions with locals will need to be assessed and managed.

### B. Borrower's Institutional Capacity for Safeguard Policies

MoTC will be responsible for project implementation, although the Ports Authority will be a key stakeholder and may be responsible for much of the design oversight and works supervision. The Ports Authority, MoTC and RMIPA have no experience with World Bank safeguards policy implementation. MoTC will engage consultants to prepare the safeguards instruments and facilitate stakeholder engagement and consultations during project preparation. RMIEPA is familiar with World Bank safeguards policies and how our processes align with in-country processes.

The World Bank task team will provide training and support to MoTC, RMIPA and RMIEPA to build their awareness and understanding of safeguards policies and their responsibilities under this project.



The Government of the Republic of the Marshall Islands is in the process of procuring a full time, experienced safeguards specialist in the Department of International Development Assistance (DIDA) to provide safeguards services to all World Bank projects. Once on board (by March 2018) this person can assist with the project preparation, managing safeguards consultants and institutional capacity building, and coordinate the responsibilities of the various stakeholders. This position will act as a coordinating role for safeguards across the various stakeholders and components which will provide consistency and cohesion. Another safeguards specialist will need to be recruited by DIDA to implement the safeguards responsibilities of the maritime project during project implementation.

**C. Environmental and Social Safeguards Specialists on the Team**

Penelope Ruth Ferguson, Environmental Safeguards Specialist  
Ross James Butler, Social Safeguards Specialist

**D. Policies that might apply**

| Safeguard Policies                  | Triggered? | Explanation (Optional)  |
|-------------------------------------|------------|---|
| Environmental Assessment OP/BP 4.01 | Yes        | <p>Maintenance and upgrades will be carried out with the existing footprint of Delap dock (and potentially Uliga dock). This includes new pavement areas, maintenance of bollards and fenders, new or renovated buildings, fencing, dolphin bouys, machinery and equipment. Screening has identified potential social and environmental impacts from construction: water pollution, health and safety of port users and workers, influx of foreign labour causing harm or harassment to host communities. There are potential improvements to safety of passengers and workers during operations and improvements to spill and waste management. Technical assistance will include a review of regulations and policies, which may lead to changes in environmental management and enforcement and / or future investments in infrastructure and equipment beyond the project such as dock expansions or dredging.</p> <p>OP4.01 is triggered. The project is screened as Category B as the impacts are considered moderate and readily prevented and mitigated. An environmental assessment of proposed works and an environmental audit of existing operations will be undertaken and a limited ESIA prepared to document the assessment. An ESMP will be prepared to cover all components, including physical investments and technical assistance activities. Social impacts will be a key focus; the ESIA will include a Stakeholder</p> |





|  |     |   |
|--|-----|---|
|  |     | Engagement Plan, social assessment and a baseline assessment of social issues such as gender-based violence and human trafficking issues. It will identify the likely size of imported vs local workforce required to complete the works based the potential location, type and scale of physical investments.  |
| Natural Habitats OP/BP 4.04            | Yes | An assessment of the impact of upgrades on the marine ecosystem is required. The ESIA will confirm the presence of natural habitats and the potential for impacts from physical works or future operations as a result of this project. Appropriate mitigation measures will be included in the ESMP.   |
| Forests OP/BP 4.36                     | No  | There are no mangroves within the project area of influence.  |
| Pest Management OP 4.09                | No  | There will be no pest management under this project or the requirement to purchase and use pesticides.  |
| Physical Cultural Resources OP/BP 4.11 | TBD | The physical investments will all be carried out within the footprints of Government-leased, highly modified, environments, where PCR are not anticipated. The ESIA will identify the potential for PCR to be impacted from temporary, ancillary, land use or physical works and measures to avoid them.  |
| Indigenous Peoples OP/BP 4.10          | Yes | Almost the entire population of Majuro is indigenous Marshallese. To ensure that the principles of the policy are addressed, a Stakeholder Engagement and Consultation Plan will be prepared in compliance with the policy and consistent with an Indigenous Peoples Policy Framework, reflecting a Free, Prior and Informed Consultation approach that addresses the needs of vulnerable people and women.   |
| Involuntary Resettlement OP/BP 4.12    | No  | The project will involve physical investments on Government-leased land. Involuntary land acquisition or resettlement will not be required. The ESIA will identify whether any supporting infrastructure or facilities such as laydown areas are required and identify suitable Government-leased land for these purposes. Any compensation in relation to the project, but not related to land acquisition, will be managed under the ESMP.<br>No livelihood impacts are likely.<br>The social assessment will provide information on the land tenure, availability of land and the laws governing it. |
| Safety of Dams OP/BP 4.37              | No  | This policy is not triggered as the project does not rely on a dam or will be affected by the operation of an existing dam.   |



|  |    |   |
|--|----|---|
| Projects on International Waterways OP/BP 7.50 | No |   |
| Projects in Disputed Areas OP/BP 7.60          | No | There are no disputed areas in the project area of influence. This policy is not triggered. |

### **E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jul 16, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Consultant recruitment for safeguards specialists is ongoing. The studies are expected to commence by April 2018 and safeguards instruments will be prepared by mid-August 2018. Social assessment will be undertaken as early as possible during preparation so that the results can inform all aspects of the project design and mitigation.

### **CONTACT POINT**

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**APPROVAL**

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|----------------------|--|
| Task Team Leader(s): | James A. Reichert, Sean David Michaels |
|----------------------|--|

**Approved By**

|                           |             |             |
|---------------------------|-------------|-------------|
| Practice Manager/Manager: | Almud Weitz | 02-Feb-2018 |
| Country Director:         | Mona Sur    | 12-Feb-2018 |

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