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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 31.8 MILLION
(US\$42 MILLION EQUIVALENT)

TO

TUVALU

FOR AN

ADDITIONAL FINANCING FOR

MARITIME INVESTMENT IN CLIMATE RESILIENT OPERATIONS II

UNDER THE PACIFIC CLIMATE RESILIENT TRANSPORT PROGRAM

April 23, 2024

Transport Global Practice
East Asia and Pacific Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective March 31, 2024)

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US\$1.32405 = SDR 1

FISCAL YEAR
July 1 - June 30

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AM	Accountability Mechanism
AtoNs	Aids to Navigation
AUD	Australian Dollar
CERC	Contingent Emergency Response Component
CPMO	Central Project Management Office
D&B	Design and Build
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESRS	Environmental and Social Review Summary
ESS	Environmental and Social Standards
FM	Financial Management
GCLS	Grievance Complaint Logging System
GIS	Geographic Information System
GoTv	Government of Tuvalu
GRS	Grievance Redress Service
LMP	Labor Management Procedures
M&E	Monitoring and Evaluation
MICRO	Maritime Investment in Climate Resilient Operations Project
MICRO2	Maritime Investment in Climate Resilient Operations II Project
MOFED	Ministry of Finance and Economic Development
MPWIDW	Ministry of Public Works, Infrastructure Development, and Water
MPWIELMD	Ministry of Public Works, Infrastructure, Environment, Labor, Meteorology, and Disaster
NDC	Nationally Determined Contribution
PICs	Pacific Island Countries
PCRTP	Pacific Climate Resilient Transport Program
PDO	Project Development Objective
PMU	Project Management Unit
SEA/SH	Sexual Exploitation and Abuse and Sexual Harassment
SEP	Stakeholder Engagement Plan
SOP	Series of Projects
STEP	Systematic Tracking of Exchanges in Procurement
TULEP	Tuvalu Learning Project

Tuvalu

Additional Financing for Maritime Investment in Climate Resilient Operations II

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BASIC INFORMATION – PARENT (Maritime Investment in Climate Resilient Operations II - P177100)

Country	Product Line	Team Leader(s)		
Tuvalu	IBRD/IDA	Satoshi Ogita		
Project ID	Financing Instrument	Resp CC	Req CC	Practice Area (Lead)
P177100	Investment Project Financing	IEAT1 (9381)	EACNF (6680)	Transport

Implementing Agency: Ministry of Finance and Economic Development, Ministry of Public Works, Infrastructure Development and Water

Is this a regionally tagged project?	
No	

Bank/IFC Collaboration
No

Approval Date	Closing Date	Expected Guarantee Expiration Date	Environmental and Social Risk Classification
15-Apr-2022	31-Jul-2029		Substantial

Financing & Implementation Modalities

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



Development Objective(s)

To improve the climate resilience and safety of maritime sector in Tuvalu, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

Ratings (from Parent ISR)

	Implementation					Latest ISR
	03-Aug-2022	21-Apr-2023	14-Jun-2023	31-Aug-2023	19-Dec-2023	09-Apr-2024
Progress towards achievement of PDO	S	S	S	S	S	S
Overall Implementation Progress (IP)	S	S	S	S	S	S
Overall ESS Performance	S	S	S	S	S	S
Overall Risk	S	S	S	S	S	S
Financial Management	S	S	S	S	MS	MS
Project Management	S	S	S	S	S	S
Procurement	S	S	MS	MS	MS	MU
Monitoring and Evaluation	S	S	S	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Additional Financing for Maritime Investment in Climate Resilient Operations II - P181595)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P181595	Additional Financing for Maritime Investment in Climate Resilient	Cost Overrun/Financing Gap, Restructuring, Scale Up	No



	Operations II		
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	13-May-2024	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
30-Nov-2029	No		
Is this a regionally tagged project?			
No			

Financing & Implementation Modalities

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

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD				%
IDA	46.50	0.27	44.42	.6 %
Grants				%

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Additional Financing for Maritime Investment in Climate Resilient Operations II - P181595)

FINANCING DATA (US\$, Millions)



SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	46.50	42.00	88.50
Total Financing	46.50	42.00	88.50
of which IBRD/IDA	46.50	42.00	88.50
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Development Association (IDA)	42.00
of which IDA Recommitted	7.70
IDA Grant	42.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Tuvalu	0.00	42.00	0.00	0.00	42.00
National Performance-Based Allocations (PBA)	0.00	42.00	0.00	0.00	42.00
Total	0.00	42.00	0.00	0.00	42.00

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



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

INSTITUTIONAL DATA

Practice Area (Lead)

Transport

Contributing Practice Areas

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
Satoshi Ogita	Team Leader (ADM Responsible)		IEAT1
Myint Kyaw	Team Leader	CPMO	EACMM
Mohammad Amin Saskai	Procurement Specialist (ADM Responsible)	Procurement	EEAR2
David Bruce Whitehead	Financial Management Specialist (ADM Responsible)	FM	EEAG2
Ha Thuy Tran	Financial Management Specialist	Financial Management	EEAG2
Bunlong Leng	Environmental Specialist (ADM Responsible)	Environmental Safeguards	SEAE1
Ian Alexander Hay	Social Specialist (ADM Responsible)		SEAS1
Andrey Orlando Asian	Team Member		EACNF
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Dean Georgakopoulos	Procurement Team		EACNF
Fakavae Taomia	Team Member	Liaison Officer	EACTU
Joan Toledo	Team Member		WFACS
Ma. Lourdes Mascardo	Team Member		WFACS
Mengyu Cao	Team Member	FM	EEAG2
Terina Eirenei Darna Masei	Team Member	Legal	LEGAS
Victoria Ewura Ekuwa Wood	Team Member	Legal	LEGAS
Vipasha Bansal	Team Member	Legal	LEGAS
Extended Team			
Name	Title	Organization	Location



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. **This Project Paper seeks approval for an additional International Development Association (IDA) Grant in the amount of SDR 31.8 million (US\$42 million equivalent) to the Maritime Investment in Climate Resilient Operations II Project (MICRO2, P177100, IDA Grant D970-TV).** The Government of Tuvalu (GoTv) requested the proposed Additional Financing (AF) via letters.¹ The proposed AF will fund cost increases for the maritime infrastructure improvement works in the three outer islands: Nanumanga, Nanumea, and Nukufetau, as well as the Funafuti Port rehabilitation works which are proposed to be added to MICRO2.

2. **This Project Paper also includes a Level 2 restructuring.** The restructuring, approved by management, would (a) expand the planned public health outreach campaign under Component 1 of MICRO2 to include Nanumanga, (b) revise Component 2 scope and costs including expanding the scope of MICRO2 to include Funafuti Port rehabilitation works, (c) add Component 5: Central Project Management Office (CPMO), and (d) adjust relevant results indicator targets including incorporating the new World Bank Group Scorecard indicator for transport (Outcome Area 8 – Connected Communities) and climate (Outcome Area 5 – Green and Blue Planet and Resilient Populations). The Project Development Objective (PDO) will remain unchanged. This is the first AF and restructuring of MICRO2.

B. Country and Sector Context

3. **Tuvalu is one of the most vulnerable Pacific Island Countries (PICs) to climate change and is included in the World Bank's Harmonized List of Fragile and Conflict-Affected Situations (FCS).** Located approximately 1,100 km north of Fiji, Tuvalu consists of nine islands with a total land area of around 26 km², scattered over 0.5 million km² of the western Pacific Ocean. The islands are low lying, and the majority of Tuvalu's population live on land less than 1 m above sea level. Roughly half of Tuvalu's population of 11,000 live on the main atoll, Funafuti. The remaining population is distributed across the other eight islands and atolls.

4. **Tuvalu is vitally dependent on access to well-functioning and reliable transportation systems, particularly maritime transport.** Tuvalu imports most basic needs such as food, fuel, manufactured products, and emergency relief to Funafuti, which are then shipped to outer islands by interisland vessels. As none of the outer islands have airports or airfields, domestic shipping provides outer island residents' sole access to secondary and tertiary education, hospital services, and imported goods.

5. **Establishing safe and resilient maritime connectivity to outer islands is a strategic national priority.** Over half the population of Tuvalu resides in Funafuti, which suffers from overcrowding due to limited infrastructure, water supplies, and agricultural capacity. To reduce overcrowding in Funafuti, the GoTv has prioritized developing its maritime sector to reduce socioeconomic disparities between Funafuti and the eight outer islands to encourage residents to voluntarily remain in or return to the outer islands.

¹ Letters were dated November 16, 2023; November 22, 2023; and March 21, 2024



6. **Maritime infrastructure on the outer islands is frequently inadequate, unsafe, and vulnerable to climate change.** Due to the lack of channels and harbors, passengers and cargo must be transferred from interisland vessels to small ‘workboats’ offshore (i.e., in deep water), ferried to shallow water by workboats, then manually conveyed across the reef flat to shore. This results in safety risks, inefficiency, loss of cargo, and delays to distribution of emergency relief.
7. **Climate change is impacting the Government’s efforts to provide adequate maritime infrastructure and operations.** Tropical cyclones Pam (2015) and Tino (2020) damaged jetties and ramps in Nukufetau and Nanumanga, respectively, leaving those islands without adequate maritime connectivity. Infrastructure faces rising threats from sea level rise, which is accelerating coastal erosion, and an expected increase in the intensity of cyclones. Precipitation intensity and frequency is likely to increase in the future because of climate change.
8. **Tuvalu also faces major cost escalations for maritime sector infrastructure in the aftermath of the Global COVID-19 Pandemic.** Remoteness from major economies, the global supply chain crisis, and post-pandemic inflation have resulted in dramatic cost escalations for several ongoing maritime investments in Tuvalu, including rehabilitation of Funafuti Port. As the only international port in Tuvalu, Funafuti plays a vital role receiving and storing imported cargo and as the hub for all domestic ferry and shipping services.
9. **The new GoTv continues to prioritize investment in the maritime sector.** Tuvalu had a general election in January 2024, and established a new cabinet in February of 2024. The new government reconfirmed its commitment to development of a resilient, safe, and efficient maritime sector to reduce development gaps between Funafuti and the outer islands.

Project Background

10. **The World Bank has been supporting investment in maritime operations in Tuvalu under the Pacific Climate Resilient Transport Program (PCRTTP) Series of Projects (SOP).** The objective of the SOP is “to (a) support the recipients in improving the resilience of their transport sector and (b) in the event of an eligible crisis or emergency, provide an immediate response to the eligible crisis or emergency.” The first project in the SOP in Tuvalu is Maritime Investment in Climate Resilient Operations (MICRO)², which is financing rehabilitation of Funafuti Port.
11. **The World Bank Board of Executive Directors approved MICRO2 on April 25, 2022, with financing comprising IDA Grant D970-TV in the amount of SDR 33.4 million (US\$46.5 million equivalent).** MICRO2 became effective on May 25, 2022. The PDO is “To improve the climate resilience and safety of the maritime sector in Tuvalu, and in case of an eligible crisis or emergency, respond promptly and effectively to it.”
12. **The original MICRO2 Project has the following four components.**

² The World Bank Board of Executive Directors approved MICRO project on December 18, 2018, with IDA financing of SDR 14.5 million (US\$20 million equivalent). MICRO became effective on April 9, 2019. The PDO of MICRO is “To improve the climate resilience of Nanumanga harbor and Funafuti Port, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.” Further details can be found in Annex 1.



- (a) **Component 1: Sectoral and Spatial Planning Tools (US\$1.50 million).** This component involves technical assistance for sectoral and spatial planning tools that will improve the way climate change is addressed in Tuvalu's maritime sector by enabling policy makers to make informed decisions based on the accurate and up-to-date information available. This component consists of the following subcomponents:
- (i) **Subcomponent 1.1: Development of spatial planning and risk-based tools (GIS mapping) (US\$0.04 million).** This activity collects and record the location and needs of vulnerable populations to improve preparedness and post-disaster response to climate hazards for persons with disabilities and the elderly in the outer islands.
 - (ii) **Subcomponent 1.2: A health outreach campaign in Nukufetau and Nanumea(US\$0.01 million).** The subcomponent provides support to the community to understand and manage the issues associated with a sustainable food supply in line with the Government's healthy food security strategy.
 - (iii) **Subcomponent 1.3: Technical assistance on maritime sector planning (US\$1.45 million).** This subcomponent supports development of climate-informed maritime asset management system and priority technical assistance to enhance planning capacity of the maritime sector in Tuvalu.
- (b) **Component 2: Integrated Climate Resilient and Safe Maritime Sector Solutions (US\$40.00 million).** This component involves the design and construction of identified priority maritime access and 10 m workboat harbor; construction of breakwaters to protect the channels and basins from wave action, jetties, small wharves, and concrete ramps for fishing vessels; installation of aids to navigation (AtoN); and coastal protection measures to ensure sustainability and resilience of infrastructure. In addition, rehabilitation and/or upgrade of access and utility infrastructure linked to these harbors, including access road to harbors, electricity, water, terminals for passengers, and warehousing/storage areas, as well as equipment to improve maritime safety and resilience, will also be included. This component includes four subcomponents:
- (i) **Subcomponent 2.1: Nanumanga (US\$15.50 million)** finances the provision of new safe berthing facilities for a 10 m workboat harbor and associated infrastructure which includes the construction of a cargo shed/passenger holding areas and upgrading of the access road between the existing townsite and the proposed harbor.
 - (ii) **Subcomponent 2.2: Nanumea (US\$6.50 million)** finances the improvement of existing harbor facilities, which includes the construction of new passenger holding areas, cargo/warehouse shed, and additional berthing areas (suitable for local fishing boats) and associated infrastructure which includes the upgrading of the access road between the harbor, the town center, and the rest of the island.
 - (iii) **Subcomponent 2.3: Nukufetau (US\$15.00 million)** finances the provision of new safe berthing facilities for a 10 m workboat harbor and associated infrastructure which includes the construction of a cargo shed/passenger holding areas and upgrading of the access road between the existing townsite and the proposed harbor.



- (iv) **Subcomponent 2.4: Maritime operation safety and resilience improvement (US\$3.00 million)** This subcomponent supports activities that will improve climate resilience and safety of the maritime facilities and operations in Tuvalu. This includes provision of improved key maritime operation equipment such as a near coast navigation system to protect the maritime operations and facilities from climate risks including storm surge events and tropical cyclones. The subcomponent also includes provision of priority safety solutions and equipment to improve safety and resilience of maritime operations, which may include a 10 m workboat, a small crane, harbor improvements, and other equipment.
- (c) **Component 3: Strengthening Maritime Sector Capacity in Tuvalu (US\$5.00 million)** finances and supports institutional and regulatory reforms for climate resilient maritime asset management and maintenance, including measures to strengthen local capacity and increase the sustainability of climate resilient maritime infrastructure investments. This component consists of the following subcomponents:
 - (i) **Subcomponent 3.1: Implementation capacity building (US\$1.70 million)** improves the planning, management, and regulation of a climate resilient maritime infrastructure and provide support to address gender employment gaps and mitigate and respond to risks of sexual exploitation and abuse/sexual harassment (SEA/SH) related to project implementation.
 - (ii) **Subcomponent 3.2: Project management support (US\$3.30 million)** finances the provision of technical, advisory, operational, and administrative support for project management and supervising engineer consultancy.
- (d) **Component 4: Contingent Emergency Response (US\$0 million)** is designed to provide swift response in the event of an eligible crisis or emergency, by enabling the Government to request the World Bank to reallocate project funds to support emergency response and reconstruction.

13. **The Ministry of Public Works, Infrastructure Development and Water (MPWIDW)³ is the implementing agency of MICRO2** responsible for Components 1, 2, and 3. The Ministry of Finance and Economic Development (MOFED) is responsible for responding to an eligible crisis or emergency if the Contingent Emergency Response Component (CERC) is activated. The Project Management Unit (PMU) under the MPWIDW manages day-to-day tasks of project implementation.

C. Project Implementation Status

14. **MICRO2 has been rated Satisfactory for implementation progress and progress toward achievement of the PDO for more than 18 months since Board approval.** The current progress of the MICRO2 components is as follows:

- (a) **Component 1:** Procurement is under way for key activities under Component 1, the GIS mapping survey, and health outreach campaign. The terms of reference for this component

³ At appraisal, the official name of the implementing agency was the Ministry of Public Works, Infrastructure, Environment, Labor, Meteorology, and Disaster (MPWIELMD).



have been approved by the World Bank and hiring of relevant consultants is in progress.

- (b) **Component 2:** Procurement of Component 2 activities is advancing. Two Design and Building (D&B) contracts and a supervision consultant will be procured. The expected contract award and completion dates for the three outer islands harbor works are presented in table 1.
 - (i) **First D&B contract for Nanumanga and Nanumea harbor works.** Nanumanga and Nanumea harbor works are under procurement as a single D&B contract. The revised draft Request for Proposals (RFP) of the contract is under preparation. The GoTv plans to advertise it by May 2024 and award the contract by September 2024. Based on the market outreach, market interest received to date, larger contract size (by combining works in the two islands), and updated cost estimates, the risk of procurement failure of this contract is considered lower than the Funafuti Port works contract risk.⁴
 - (ii) **Supervision consultant for the outer island harbor works.** Procurement for this consultancy will commence in May 2024 and the contract will be awarded by September 2024, to coincide with the awarding of the D&B contract for Nanumanga and Nanumea.
 - (iii) **Second D&B contract for Nukufetau harbor works.** The concept design for the upgrades to Nukufetau harbor will be finalized once the cost of Nanumanga and Nanumea D&B contract is known. Considering the current uncertainty over construction costs, the options for this harbor range from a facility that serves a 10 m workboat to one that serves up to a 70 m vessel. The possibility to expand the scope to accommodate a 70 m vessel will be assessed, as requested by the Government, after the first D&B contract is awarded and adequate financing resources is confirmed.⁵ The procurement strategy and plan for Nukufetau works will be periodically reviewed and updated based on lessons from bidding the Nanumanga and Nanumea harbor works, and changes to the procurement approach may be adopted if appropriate.

Table 1. Marine Works Timeline

D&B Package No.	Location	Estimated Award Date	Estimated Completion Date
1	Nanumanga	September 2024	December 2026
	Nanumea	September 2024	September 2026
2	Nukufetau	September 2025	September 2027

- (c) **Component 3:** Preparation of various technical assistance activities have commenced, including hiring of a Maritime Technical Advisor to help enhance planning capacity of the marine sector in Tuvalu and ship-to-ship transfer studies. SEA/SH mitigation activity has also commenced, and the terms of reference are currently being finalized. The PMU staff including Financial Management (FM) and environmental and social safeguard officers, project management advisor, and administration assistant are in place.

15. **The harbor works on Nanumanga, Nanumea, and Nukufetau under Component 2 face major cost increases.** Cost estimates, prepared in early 2022, were based on the preliminary designs and cost

⁴ Procurement of the Funafuti Port works failed three times between 2019 and 2022 due to limited market interest, and high bid prices.

⁵ Restructuring will be necessary to expand the scope of the Nukufetau harbor works to accommodate a 70 m vessel.



information from before the COVID-19 pandemic. Based on the concept design finalized in June 2023, and accounting for recent escalation of civil works costs in the Pacific, the costs of these three works have increased from US\$37 million to US\$69 million. For example, mobilization and establishment costs, which account for between 34 and 45 percent of the total works costs (depending on the island), were underestimated by almost 30 percent during appraisal. The revised cost estimates include a 25 percent contingency (previously 10 percent), to address potential cost increases and changes in scope that may arise during implementation, and 15 percent withholding tax as required by current Tuvalu law.

16. **Disbursement.** MICRO2 has disbursed US\$0.27 million (0.6 percent) of the US\$42 million Grant, which is lower than the projected disbursement of US\$4.3 million (10.6 percent). The rate was expected to be low in the first year while concept designs for the three outer islands harbors were still being prepared under MICRO. Delays in preparing the concept designs and bidding documents by more than a year, mainly due to understaffing of PMU, resulted in lower than expected disbursements in the second year. The rate is expected to increase in the second half of 2024 when the ongoing Funafuti Port works are included in MICRO2 and the D&B contract for Nanumanga and Nanumea is awarded, which is planned for September 2024. Disbursement will increase further after the second D&B contract, for Nukufetau, is awarded, which is planned for September 2025. The revised disbursement estimates are presented in Section VII.

17. **Compliance with legal covenants.** The project is in compliance with the legal covenants. Concretely, (i) the National Infrastructure Steering Committee is maintained; (ii) PMU was established and is maintained; and (iii) Project Operations Manual was prepared and accepted by the World Bank.

18. **MICRO2 is in compliance with World Bank fiduciary requirements.** FM is rated Moderately Satisfactory. Project interim financial reports are generally submitted late but accepted by the World Bank, and there are no overdue interim financial reports. The Annual Audited Project Financial Statements are submitted on time and are of acceptable quality. Procurement is rated Moderately Unsatisfactory. In the past 12 months, MICRO2 procured seven contracts equivalent to US\$663,314, of which 41 percent was procured within schedule. It took more than eight months to finalize the bidding documents of the D&B contract for the Nanumanga and Nanumea harbors. Project procurements are undertaken in accordance with the World Bank Procurement Regulations for IPF Borrowers issued in July 2016 and revised in November 2020 and using the World Bank's Systematic Tracking of Exchanges in Procurement (STEP) tool. Procurement Plans are updated regularly, and procurement is undertaken with consideration of prevailing market conditions.

19. **The project is in compliance with World Bank Environmental and Social Framework (ESF) requirements and rated Satisfactory.** No civil works are currently under way and no occupational health and safety issues, safety incidents, nor grievances were reported. ESF instruments have been finalized and cover the Funafuti Port works including the Environmental and Social Impact Assessment (ESIA)/Environmental and Social Management Plan (ESMP), Labor Management Procedures (LMP), Stakeholder Engagement Plan (SEP), Environmental and Social Commitment Plan (ESCP), and Environmental and Social Review Summary (ESRS). The project is operating a Grievance Complaint Logging System (GCLS) which is readily accessible in the project area. Information about accessing the GCLS is included on public notice boards in the project areas.



20. **Implementation arrangements are in place, but the PMU is currently understaffed.** The GoTv has reiterated its commitment and taken steps to ensure adequate capacity within the MICRO2 PMU. Currently the PMU is operated only with the environmental and social safeguard officer, FM officer, and international project management advisor. A project manager, monitoring and evaluation (M&E) officer, project/contract engineer, procurement officer, and procurement assistant are expected to be hired by June 2024. In addition, the project has been substantially supported by the CPMO in the fiduciary and safeguard areas.

21. **The GoTv requested restructuring and AF for MICRO2 via letters dated November 16, 2023, November 22, 2023, and March 21, 2024.** The letters requested (a) Additional Financing for MICRO2 of US\$42 million to close the financing gap for the maritime works and fund the CPMO costs; (b) restructuring MICRO2 to add ongoing activities of MICRO as eligible activities under MICRO2, including (i) Funafuti Port rehabilitation works and (ii) the Nanumanga health outreach campaign; and (c) restructuring MICRO2 to include operating costs of the Central Project Management Office (CPMO) as an eligible activity under MICRO2.⁶

D. Rationale for the Proposed Additional Financing

22. **The AF aligns with the World Bank Group's strategic priorities and the World Bank's Regional Partnership Framework for Nine Pacific Island Countries (FY2017–FY2023) (Report No. 120479).** The proposed AF and restructuring strengthen the project's alignment with the World Bank Group's mission to end extreme poverty and boost shared prosperity on a livable planet by building resilience to extreme weather events and improving the reliability of Tuvalu's maritime transport network. The proposed changes align with the focus areas of the Regional Partnership Framework⁷ by enhancing access to employment opportunities and social services, which will help protect incomes and allow people to exploit the available economic opportunities through better and more resilient maritime transport services.

23. **The AF is an appropriate response to rapid cost escalation for the outer islands harbors and Funafuti Port works given Tuvalu's limited access to non-concessional financing.** Cost increases in Tuvalu's maritime sector arose due to global trends following the COVID-19 pandemic and are in line with recent experiences of other PICs. The decision to use AF was informed by recent experiences in which attempts to rebid civil works in PICs have not resulted in savings or additional bids due to limited competition in small remote markets. The estimated cost of the first D&B contract, for Nanumanga and Nanumea, has increased from US\$22 million to US\$37 million, which would absorb the entire financing allocation for civil works under Component 2. The second D&B contract for Nukufetau is estimated to cost around US\$32 million and the preparation for this contract cannot advance further until adequate financing is secured. As a fragile state, Tuvalu has limited access to non-concessional financing for infrastructure. Therefore, the proposed AF is required to enable the planned maritime works to proceed without interruption.

⁶ The CPMO was established as a subcomponent of the Tuvalu Learning Project (TULEP) in 2021 to provide project management support and advice to all World Bank-financed projects in Tuvalu in (a) financial management (FM), (b) procurement, (c) environmental and social safeguards, and (d) monitoring and evaluation (M&E). The GoTV requested that MICRO2 take over financing CPMO costs in after TULEP fully disburses the US\$3 million allocated to the CPMO, which is expected to be in January of 2025.

⁷ The four focus areas are (a) fully exploiting the available economic opportunities, (b) enhancing access to employment opportunities, (c) protecting incomes and livelihoods, and (d) strengthening the enablers of growth and opportunities.



24. The proposed AF incorporates new activities that directly align with the PDO of MICRO2 and support MICRO2’s focus on domestic maritime connectivity to outer islands and associated health impacts. Resilience and safety improvements to Funafuti Port are the Government of Tuvalu’s highest maritime infrastructure priority given the Port’s essential role as the sole international gateway and the hub for all domestic shipping. Supplementing resources for the Funafuti Port rehabilitation would allow works to be completed by November 2024 as currently planned. Table 2 outlines how the proposed AF supports a programmatic engagement in the sector.

Table 2: Programmatic Financing Linkages between MICRO, MICRO2 and MICRO2 AF

Maritime Investment in Climate Resilient Operations (MICRO)	Maritime Investment in Climate Resilient Operations II (MICRO2)	Proposed MICRO2 Additional Financing (MICRO2 AF)
GIS mapping for emergency response on Nanumanga, Vaitupu, Nui, and Nanumea	Expanded GIS mapping for emergency response to Nukufetau, Nukulaelae, Funafuti, Niutao, and Niulakita	-
Public health campaign on Nanumanga (not completed and transferred to MICRO2 AF) ⁸	Public health campaigns on Nanumea and Nukufetau	Continuing public health campaign on Nanumanga
Rehabilitation of Funafuti Port (civil works and supervision)	-	Continuing Funafuti Port civil works
Prepare civil works designs for Nanumanga, Nanumea, and Nukufetau harbors	-	-
Nanumanga harbor civil works (shifted to MICRO2) ⁹	Nanumanga, Nanumea, and Nukufetau harbor civil works and supervision	Close the financing gap for Nanumanga, Nanumea, and Nukufetau harbor civil works

II. DESCRIPTION OF ADDITIONAL FINANCING

25. The proposed AF resources are needed solely to cover the emerging financing gap for maritime infrastructure works and the CPMO costs under the proposed Component 5. Proposed AF include (a) revising the cost of Component 2 from US\$40 million to US\$80 million to reflect the cost escalation as shown in table 3; and (b) allocating US\$2 million to a newly added Component 5: Central Project Management Office (CPMO). The restructuring changes introduced in the AF include: (a) adding Funafuti Port rehabilitation as an eligible activity under Component 2 of MICRO2, which will jointly finance those

⁸ A consultant hired to carry out the health campaign was unable to complete this assignment. Due to limited time before MICRO closes in January of 2025, the GoTv requested this activity be implemented under MICRO2.

⁹ MICRO was restructured on December 14, 2021, to cancel US\$13 million from the project financing and drop the Nanumanga harbor works under Component 2, which was subsequently incorporated into MICRO2 so that this works can be bid together with other outer island with a larger size of contract, which is likely to attract more interest from international bidders.



works alongside MICRO; (b) expanding the planned public health outreach campaign under Component 1 of MICRO2 to include Nanumanga; (c) adding Component 5: Central Project Management Office (CPMO) and the associated CPMO activities; and (d) adjusting the Results Framework to reflect the restructured investments and the World Bank Group Scorecard indicator for transport and climate; and (e) adopting changes to the implementing agency and disbursement arrangements.

26. **As shown in table 3, Component 2 costs would increase by US\$40 million, resulting in an increase in the project financing provided by the Association.**

Table 3. Proposed Uses of Financing (US\$, millions)

Proposed Activities	Original Project Cost at Appraisal	Proposed World Bank Additional Financing	Revised Cost ¹⁰
Component 1: Spatial and Sector Planning Tools	1.50	—	1.50
1.1: Development of spatial planning and risk-based tools	0.04	—	0.04
1.2: A health outreach campaign	0.01	—	0.01
1.3: Technical assistance on maritime sector planning	1.45	—	1.45
Component 2: Integrated Climate Resilient and Safe Maritime Sector Solutions	40.00	40.00	80.00
2.1: Nanumanga	15.50	9.50	25.00
2.2: Nanumea	6.50	5.50	12.00
2.3: Nukufetau	15.00	17.00	32.00
2.4: Maritime operation safety and resilience improvement	3.00	—	3.00
2.5: Funafuti Port (New subcomponent)	—	8.00	8.00
Component 3: Strengthening Maritime Sector Capacity in Tuvalu	5.00	—	5.00
3.1: Implementation capacity building	1.70	—	1.70
3.2: Project management support	3.30	—	3.30
Component 4: Contingent Emergency Response	—	—	-
Component 5: Central Project Management Office (New component)	—	2.00	2.00
Total	46.50	42.00	88.50

27. **Component 1. Sectoral and Spatial Planning Tools (US\$1.5 million).** The health outreach campaign in Nanumea and Nukufetau will be expanded to include Nanumanga island. The campaign facilitated through the hiring of the health outreach consultant aims to improve resilience by supporting the community to understand and manage the issues associated with a sustainable food supply. Given the potential for improved shipping operations to increase the importation of food such as sugar and flour that can increase the risk of noncommunicable diseases such as diabetes, the inclusion to the project activities provides support to the community to understand and manage the issues associated with a sustainable food supply. No changes are proposed to the Component 1 budget as the cost increase will

¹⁰ Costs are estimated, pending outcome of the D&B contract procurement for Nanumanga, Nanumea, and Nukufetau.



not be significant due to the proposed expansion of the scope of the health outreach campaign, and the existing budget will be adjusted accordingly.

28. **Component 2. Integrated Climate Resilient and Safe Maritime Sector Solutions (US\$80 million, including the proposed US\$40 million AF).** The estimated costs in the harbor works in the three outer islands: Nanumanga, Nanumea and Nukufetau increase by US\$32 million in total. Also, development of climate resilient and safe maritime infrastructure at Funafuti Port will be added to this component, resulting in an increase in Component 2 costs by US\$8 million, as shown in table 3. The Funafuti Port has two main functional uses including as a port to transfer cargo between land and sea and as a warehouse where containers are stored. The following improvements will be added to Component 2 of MICRO2 under a new Subcomponent 2.5 Funafuti:

- (a) **Pavement of the cargo handling area.** The 6,000 m² cargo handling area, which is currently an uneven gravel surface, will be paved with a suitable rigid pavement. A seawall will be constructed to protect the pavement area from potential erosion.
- (b) **Repair of warehouse/maintenance shed.** There is currently a large central storage shed within the port which is used to store loose cargo as it is loaded or unloaded from the containers. The shed is subject to flooding during king tides and storm events, indicating that it is approximately 1 m lower than optimal. The proposed improvements will improve the resilience of warehouse to king tides and storm events.
- (c) **Energy efficiency improvements.** A 2017 energy audit identified that annual production of greenhouse gas emissions in 2017 was 74 tons. Improvement to energy efficiency will include installation of high-efficiency lights with dimmable drivers, solar lights, and a control system to enable a reduction in light levels when there are no ships in the port, as well as upgrading of air conditioning units with a high-efficiency split system.
- (d) **Providing wharf operational equipment,** including cargo handling equipment.

29. **Component 5: Central Project Management Office (US\$2 million).** This component will be added to finance the cost of CPMO support after the Tuvalu Learning Project (TULEP) CPMO resources are exhausted, as shown in table 3. Support provided by the CPMO is critical for the success of all World Bank projects in Tuvalu. The CPMO currently oversees and provides hands-on support for coordination, preparation, and implementation of World Bank-financed development projects in Tuvalu. It also provides capacity building for the government ministries implementing World Bank-funded projects including the MICRO2 PMU. As Tuvalu has a low implementation capacity, the CPMO, which comprises international and national staff, provides critical support to World Bank-financed projects.

30. **This new Component 5 will provide support to the CPMO** through: (a) supporting the continuing operation of the CPMO within the MOFED and (b) strengthening the capacity of the GoTV to provide implementation support to this project and other World Bank-financed or co-financed operations. The CPMO will comprise international and national staff in project management, procurement, FM, safeguards, and M&E. Activities to be financed will include (a) operating costs and remunerations of national and international consultants for the CPMO, (b) training and workshops for capacity-building activities to be delivered by the CPMO, (c) small goods and equipment for functioning of the CPMO, (d)



financial audits, and (e) M&E. Technical specialists and coordinators needed by other projects will be financed separately by those projects.

31. **Results Framework.** Changes to the Results Framework are described below:

- (a) **Introduce a new PDO indicator:** ‘Improvement of climate resilience and safety in maritime infrastructure on Funafuti Port (Percentage)’, with a baseline of 35 percent, which MICRO will deliver and an end target of 100 percent. The proportional contribution of MICRO2 to the Funafuti Port works contract is 65 percent.
- (b) **Component 2 intermediate indicator:** The current wording ‘Maritime workboat harbor at selected locations constructed with climate resilient design standards’ will be adjusted to ‘Maritime harbor at selected locations improved with climate resilient design standards’ and its end target changed from 3 to 4.
- (c) **Component 2 intermediate indicator:** The end target for the indicator, ‘People with enhanced access to transportation services’ will increase from 900 to 6,900.
- (d) **Component 2 intermediate supplement indicator:** The end target for the indicator, ‘People with enhanced access to transportation services - IWT/Ferries’¹¹ will increase from 900 to 6,900.
- (e) **Adding the World Bank Group Scorecard indicator for Transport as Component 2 intermediate indicator:** ‘People that benefit from improved access to sustainable transport infrastructure and services’ with a baseline of 0 and an end target of 6,900.
- (f) **Adding the World Bank Group Scorecard indicator for Transport as Component 2 intermediate supplement indicator:** ‘Women that benefit from improved access to sustainable transport infrastructure and services’ with a baseline of 0 and an end target of 3,450.
- (g) **Adding the World Bank Group Scorecard indicator for Transport as Component 2 intermediate supplement indicator:** ‘Youth that benefit from improved access to sustainable transport infrastructure and services’ with a baseline of 0 and an end target of 2,200.
- (h) **Adding the World Bank Group Scorecard indicator as Component 2 intermediate indicator:** ‘People with enhanced resilience to climate risks’ with a baseline of 0 and an end target of 6,900.
- (i) **Introducing a new Component 5 intermediate indicator:** ‘Number of project management indexes with satisfactory level’, with a baseline of 2 and an end target of 4.

Table 4. Project Result Indicators with Proposed Changes

	Result Indicator	Original End Target	Proposed Target/Update
PDO Indicators			
1	Improvement of climate resilience and safety in	—	New indicator with a baseline of 35%

¹¹ IWT = Inland Waterway Transport



	Result Indicator	Original End Target	Proposed Target/Update
	maritime infrastructure on Funafuti (Percentage)		and an end target of 100%
Intermediate Result Indicators			
Component–2: Integrated Climate Resilient and Safe Maritime Sector Solutions			
2	Component 2 intermediate indicator: Maritime harbor at selected locations improved with climate resilient design standards (Number)	3	4
3	Component 2 intermediate indicator: People with enhanced access to transportation services (Number)	900	6,900
4	Component 2 intermediate supplement indicator: People with enhanced access to transportation services - IWT/ Ferries (Number)	900	6,900
5	Component 2 intermediate indicator: People that benefit from improved access to sustainable transport infrastructure and services (Number)	—	Adding the new World Bank Group Scorecard indicator for Transport with a baseline of 0 and an end target of 6,900
6	Component 2 intermediate supplement indicator: Women that benefit from improved access to sustainable transport infrastructure and services (Number)	—	Adding the new World Bank Group Scorecard indicator for Transport with a baseline of 0 and an end target of 3,450
7	Component 2 intermediate supplement indicator: Youth that benefit from improved access to sustainable transport infrastructure and services (Number)	—	Adding the new World Bank Group Scorecard indicator for Transport with a baseline of 0 and an end target of 2,200
8	Component 2 intermediate indicator: Number of people with enhanced resilience to climate risks (Number)	—	Adding the new World Bank Group Scorecard indicator for Climate with a baseline of 0 and an end target of 6,900
Component–5: Central Project Management Office			
9	Component 5 intermediate indicator: Number of project management indexes with satisfactory level (Number)	—	New indicator with a baseline of 2 and an end target of 4

32. **Implementing agency.** The new Component 5 will be implemented by the MOFED in addition to Component 4. The MPWIDW will continue to implement Components 1, 2, and 3.

33. **Disbursement arrangement.** Given that Component 5 will be managed by a different implementing agency than the other components, an additional Designated Account will be set up before January 2025 when MICRO2 is expected to take over the support of the CPMO from TULEP. In addition, to ensure robust FM controls for the Funafuti Port works that will be financed from two projects, the following measures will be implemented:

- (a) **Utilization priority.** The funds allocated for Funafuti Port works under the MICRO project will be exclusively used for the Funafuti Port works contract until they are fully expended. Only upon complete depletion of the MICRO budget for this contract will the MICRO2 funds be utilized. The Project Operation Manual will include this requirement.



- (b) **Annual budget clarity.** The annual budgets for both projects will distinctly specify the amounts allocated to the Funafuti Port works contract.

III. KEY RISKS

34. **The overall risk rating will continue to be Substantial if the proposed AF and restructuring are approved.** The rating of Substantial is informed by the risk ratings for institutional capacity, fiduciary, and environmental and social.

35. **Institutional capacity risk remains Substantial.** Limited capacity in the public sector continues to present a risk that could impede the implementation of project activities. Capacity constraints in Tuvalu are typical of small island states, especially in the Pacific. Tuvalu faces significant institutional limitations, which are exacerbated by the loss of skilled workers due to migration because of the COVID-19 pandemic. These pose the risk that the actions supported by this project might not be implemented as efficiently as expected or in the agreed time frame due to staff changes or unavailability. The GoTv is continuously addressing institutional capacity risks through the staffing of the CPMO, PMU, and external consultants to provide technical and project management support during project implementation. The CPMO is supported by international advisers in procurement, environmental and social risks management, and FM.

36. **Fiduciary risk continues to be rated Substantial.** Both procurement and FM risks are rated Substantial. The key risks are related to the small pool of local expertise in procurement and challenging market conditions for procurement of firms to execute engineering and civil works services. The primary procurement risks include uncertainties surrounding the D&B procurement outcomes for Nanumanga, Nukufetau, and Nanumea harbors, particularly concerning market interest and the financial proposals received in the wake of the pandemic and recent inflation. The GoTv has established a CPMO, within the MOFED, with the necessary expertise to support procurement and FM functions and proactively mitigate the fiduciary risks. Packaging procurement of (i) Nanumanga and Nanumea, and (ii) Nukufetau to two D&B contracts will mitigate market risk by offering sufficiently large contracts, raising interest in the works as well as streamlining the procurement process. Adequate operational measures will be established to mitigate potential FM risks that may arise from the concurrent financing of the Funafuti Port works by two separate projects, MICRO and MICRO2. Therefore, the risk mitigation measures described in paragraph 33 will be implemented.

37. **Environmental and social risk is rated Substantial.** The environmental and social risk continues to be rated Substantial. The nature of the maritime investments, sensitive marine environment, uncertainty about the final scope and design of harbor investments, and recent experience in Tuvalu's maritime sector suggest that a substantial environmental and social risk rating still remains. Nanumanga is a reef island, and Nanumea and Nukufetau are atolls. The proposed works would require dredging of access channels and potential construction of piles into the reef to ensure access infrastructure (for example, jetty and wharf) is more resilient to extreme climatic events. Some significant risks are associated with the project typologies that have a medium probability of resulting in longer-term impacts, requiring significant time and investment to mitigate or remediate (for example, changes to coastal hydrology and sediment transport, sedimentation, and damage to coral through completion of in-water works). This risk will be mitigated by requiring the D&B contractors to implement the ESMP adequately and, among others, conduct enhanced sediment and erosion control measures during and after



excavation, under oversight of the GoTv and supervision consultant. Limited institutional capacity and experience of the implementing agency in environmental and social risk management is also another reason for the substantial risk, yet this is bolstered significantly through ensuring the CPMO's environmental and social risk management capacity with international experts. Other risks and impacts are expected to be mostly temporary and predictable and easily managed through the implementation of the project's safeguards instruments. Potential impacts and residual risks were assessed and will be managed and mitigated through the measures defined in the updated ESMP dated April 10, 2024, including the updated SEP and LMP.

IV. APPRAISAL SUMMARY

A. Economic Analysis

38. The project interventions provide basic maritime access to outer islands, which is critical to the welfare and economic development of Tuvalu as well as the Government's strategic national priorities. As the beneficiary population of the outer island maritime works is small relative to investment costs, a cost-effectiveness analysis was utilized to identify the least cost investments that could achieve the project objectives. The Funafuti Port is serving only as an international port and a hub for the outer islands maritime transport. The outer islands harbors are the only gateway connecting each island to Funafuti on passenger and cargo. The project will contribute to risk mitigation of climate events and safety improvements on maritime operation at these ports and harbors, which will result in significant improvement in the welfare and livelihood through ensuring delivery of basic goods and access to critical services. In the long run, these works address the community's basic need for resilient, efficient, and sustainable maritime infrastructure and services; contribute to fill a development gap between Funafuti and outer islands; and ultimately keep a livable environment on these islands. There is no alternative investment option that can bring similar benefits at the same level of costs as the proposed investments.

B. Technical

39. The proposed AF does not introduce changes to the technical design of the harbor works on the three outer islands of Nanumea, Nanumaga, and Nukufetau. The technical design continues to be appropriate to the development needs of Tuvalu and the outer islands, the prevailing circumstances, and the implementing capacity of the borrower. The project will improve outer island communities' access to social and economic opportunities through improved resilience and safety of maritime transport and intra-island transport. Locations of the harbors in the outer islands, in particular Nanumaga, were carefully chosen considering climate risks such as cyclones. Other harbors and ports are exposed to a relatively low climate risk since these are located on the inside of natural harbors, yet coastal protection from erosion is necessary and included.

40. The World Bank assessed the technical aspects of the Funafuti Port works, including design issues, appropriateness of design to the needs, and capacity of the GoTv in the context of the long-term development objectives of the country. The proposed interventions have been identified based on the GoTv's objectives of improving worker safety, efficiency of operations for all port activities, and climate resilience. Paving the port cargo handling area and establishing adequate drainage will improve disaster and climate resilience by minimizing vulnerability of the handling area to storm events, reducing the risk



of damage to cargo, and improving the reliability of port operations. The pavement design adopts standard engineering practices for pavements with granular base and subbase. For example, a part of the cargo area at the Funafuti Port will be protected by a newly installed seawall to reduce an erosion risk. The warehouse design is based on Australian Standards and will provide improvements in overall safety and disaster and climate resilience to storm events through upgrading of structural and functional elements.

41. **Paris Alignment:** The proposed AF and the original investment under MICRO2 are consistent with the country's Nationally Determined Contribution¹² (NDC) and National Adaptation Plan¹³ (NAP) framework. On mitigation, this proposed AF will directly support the National Outcome 18 identified in the 2022 NDC to improve shipping, networking, and harbor facilities. On adaptation, the proposed AF does not hinder the achievement of Tuvalu's adaptation efforts to increase resilience and will further promote climate change resilience by supporting the implementation of upgrades port infrastructure with climate resiliency design.

42. **The proposed AF is aligned with the goals of the Paris Agreement on both mitigation and adaptation.**

- (a) **Assessment and reduction of mitigation risks:** The proposed AF has introduced three new activities (Funafuti Port Upgrade, health outreach campaign in Nanumanga island and inclusion of CPMO) compared to the parent project. These activities are universally aligned as the port infrastructure will not handle or transport coal through the Port, and there is no material risk of deforestation as the port is an existing facility. In addition, the health outreach campaign in Nanumanga island and inclusion of CPMO are all capacity building activities and will have negligible impact on Tuvalu's low-GHG-emissions development pathways.
- (b) **Assessment and reduction of adaptation risks:** Tuvalu is expected to be impacted by climate change through an increase in sea levels, intensified storm surge, increased precipitation, and flooding, posing high inherent risk to the proposed AF. The detailed engineering designs have been completed for Funafuti Port upgrades to reduce these risks, which identified site-specific resilient engineering solutions, such as appropriate drainages, slope stabilization measures, and concrete reinforced pavement for the cargo handling area. These design measures will be incorporated to accommodate the anticipated climate change impacts. The Funafuti Port works, which will be added by the AF, will include an additional seawall to protect container storage area, which will mitigate climate risk on port operation. The pavement of the cargo handling area will decrease delay in cargo handling operation due to rain puddles on the current uneven surface and mitigate a similar risk because of future heavier rains associated with climate change. In addition, given that the proposed AF finances maritime safety and climate resilience works, including technical studies and capacity building activities (i.e., Health Outreach Campaign and CPMO), to improve Tuvalu's overall resilience capacity, risks from climate hazards are acceptable and the proposed AF is aligned on adaptation.

¹² Tuvalu's Updated Nationally Determined Contribution, 2022.

¹³ Tuvalu's National Adaptation Plan Framework, 2020.



C. Financial Management

43. The FM appraisal for the proposed AF was carried out according to the World Bank Policy and World Bank Directive: Investment Project Financing updated March 13, 2023. The project FM arrangements for AF follows the Guidance Note of the Bank’s Investment Project Financing for Additional Financing. Under the World Bank Policy, the borrower and the project implementing agencies are required to maintain FM arrangements including planning and budgeting, accounting, internal controls, funds flow, financial reporting, and auditing arrangements acceptable to the World Bank to provide reasonable assurance that the proceeds are used for the purposes for which they were granted. For the AF, there are no changes to the FM arrangements.

D. Procurement

44. The existing procurement systems and implementation arrangements are sufficient to ensure that procurement will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers dated September 2023. MICRO2 will be subject to the ‘World Bank’s Anticorruption Guidelines’, dated October 15, 2006, revised in January 2011, and as of July 1, 2016. The World Bank will continue to provide relevant procurement training and implementation support, and the STEP tool will be used to plan, record, and track all procurement transactions. Accordingly, all the procurement activities under MICRO2 will be entered, tracked, and monitored online through the system. The existing Procurement Adviser in the CPMO at the MOFED is providing support, advising, and guiding the implementing agencies as they proceed to carry out implementation functions under the World Bank-financed projects. Unlike the Funafuti Port works, which are relatively small, the D&B Nanumanga and Nanumea harbors works could attract more international bidders due to the larger contract size. The project has conducted a market outreach and has received several inquiries from potential bidders. The risk of failure of the procurement is assessed lower than the Funafuti Port works. The World Bank, alongside development partners such as Asian Development Bank, Australia Department of Foreign Affairs and Trade, and New Zealand Ministry of Foreign Affairs and Trade, is set to host the Pacific Infrastructure Business Opportunities Seminar 2024 in Nadi, Fiji. This event aims to bring together key local and international contractors. The seminar will spotlight a pipeline of activities, including this D&B contract, with the goal of enhancing visibility and encouraging active participation from contractors in upcoming bidding exercises. In addition, the project will continue to assess the current market and revise the Project Procurement Strategy for Development to identify the most effective market approach for procurement activities.

E. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No



F. Social

45. The social impacts associated with the new activity include arrival of some workers from outside Tuvalu and associated worker accommodation for foreign staff. The contractor will be required to prioritize employment of local workers, thereby minimizing the need for accommodations for foreign workers. A local labor registry will be developed, and a rotation system for employment opportunities will be established and managed by the local Kaupule, which will encourage benefit sharing. Contractors will be required to employ local community members for food preparation and housekeeping. Other impacts may include social tension between the local community and the construction workers, potential increase in illicit behavior and crime, and pressure on local infrastructure and services. To address these, all workers will be required to sign a code of conduct on appropriate behavior (including about avoiding HIV transmission and avoiding SEA/SH). The contractor will be required to supply all project fresh water and food needs during construction. Benefits, however, are likely to be gained through local employment opportunities. The LMP and Stakeholder Management Plan were updated to include Funafuti Port works.

G. Environment

46. The Funafuti Port works were developed under the safeguards policies as those applied to MICRO. The World Bank ESF applies to MICRO2. The additional Funafuti Port works are the same infrastructure typologies as the other MICRO2 footprints and are not expected to pose any additional environmental risks. The implementing agency has updated MICRO's existing safeguards instruments for Funafuti Port works, which comprise an ESIA/ESMP, to meet the requirements of relevant Environmental and Social Standards (ESS) under the ESF. The 2018 ESIA and updated 2024 ESMP do not identify the presence of natural and/or critical habitat for the Funafuti Port works as the site is an existing port and the project will not result in changing footprint. The CPMO National Safeguards Specialist and International Safeguards Adviser will continue support during project implementation. The key environmental impacts identified for the Funafuti Port works include disturbance of the foreshore, solid waste management, water quality impacts in the nearshore environment, and wastewater management. Appropriate mitigation measures were included in the ESIA/ESMP. The updated ESIA/ESMP follow the national regulations and the World Bank Group's ESF requirements. The MICRO2 ESCP has been updated to reflect changes proposed in this AF and restructuring, and ESMP, SEP, and LMP have been revised to include the Funafuti Port works.

H. Gender

47. The design of the parent project was informed by a gender assessment based on field data collection. The proposed AF will continue to undertake actions to prevent, mitigate, and address risks of SEA/SH related to the project and will be managed through the implementation of a GBV¹⁴ Action Framework which will be developed in accordance with best international practice. Women in Funafuti and the project outer islands will benefit through improved access to social and economic opportunities as well as short- and medium-term employment opportunities (such as maintenance and monitoring jobs as well as on-site hospitality and administrative services) during the construction phase. The project will continue to support culturally appropriate measures to encourage women's participation in scientific and technical positions within the transport and marine sectors. As originally planned, the project will support an assessment of the barriers women face in accessing scientific and technical positions within the

¹⁴ GBV = Gender-based violence.



transport and marine sectors, promote women’s technical employment within the sector, and recruit a Gender Adviser who will identify at least two priority activities to promote women’s participation in technical employment. The project will monitor this through the following indicators: ‘Share of jobs generated by project investments allocated to women’, ‘Percentage of activities to promote women’s technical employment in the transport and marine sectors implemented’, and ‘Share of community consultations with at least 30 percent female participation’. Since major activities have not been commenced, there is no progress on these indicators as of the AF Appraisal.

I. Citizen Engagement

48. The citizen engagement mechanism embedded in the parent project will continue to be implemented under the proposed AF. Through the implementation of the SEP, the proposed AF will continue to ensure that project communities and stakeholders are informed and involved in all stages of project implementation. The SEP which was updated includes measures for engaging with communities in their preferred language and respecting their cultural needs, ensuring private land access is voluntary and involves all relevant landowners, ensuring all eligible households and businesses are aware of impending works (particularly vulnerable households), and ensuring stakeholders are fully engaged in the design of MICRO2’s works and various institutional strengthening activities. The project established the project-level grievance redress mechanism which can communicate with people in person, via telephone, electronically, in letter, or through a representative of the community to the PMU. Engagement will continue throughout the project including during the planning and design, construction, and post construction phases of physical works, for technical assistance, and institutional strengthening activities. There will be an emphasis on participatory design whereby local communities and affected landowners and occupiers participate in the decisions related to the design of improvements that affect them. The project will monitor this through the indicators ‘Grievances registered related to delivery of project benefits that are addressed’, and ‘Grievances responded and/or resolved within the stipulated service standards’. As of the AF Appraisal, no grievance has been received since no physical work is initiated.

V. WORLD BANK GRIEVANCE REDRESS

49. **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	✓	
Disbursements Arrangements	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
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: Sectoral and Spatial Planning Tools	1.50	No Change	Component 1: Sectoral and Spatial Planning Tools	1.50
Component 2: Integrated Climate Resilient and Safe Maritime Sector Solutions	40.00	Revised	Component 2: Integrated Climate Resilient and Safe Maritime Sector Solutions	80.00
Component 3: Strengthening	5.00	No Change	Component	5.00



Maritime Sector Capacity in Tuvalu			3:Strengthening Maritime Sector Capacity in Tuvalu	
Component 4: Contingency Emergency Response	0.00	No Change	Component 4: Contingency Emergency Response	0.00
	0.00	New	Component 5: Central Project Management Office	2.00
TOTAL	46.50			88.50

DISBURSEMENT ARRANGEMENTS

Change in Disbursement Arrangements

Yes

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2022	0.00	0.00
2023	136,640.00	136,640.00
2024	2,363,360.00	2,500,000.00
2025	11,000,000.00	13,500,000.00
2026	11,000,000.00	24,500,000.00
2027	20,000,000.00	44,500,000.00
2028	20,000,000.00	64,500,000.00
2029	23,000,000.00	87,500,000.00
2030	1,000,000.00	88,500,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Substantial	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate



Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Substantial	● Substantial
Environment and Social	● Substantial	● Substantial
Stakeholders	● Moderate	● Moderate
Other	● Moderate	● Moderate
Overall	● Substantial	● Substantial

LEGAL COVENANTS – Additional Financing for Maritime Investment in Climate Resilient Operations II (P181595)

Sections and Description

Section I.B.1 of Schedule 2 to the Financing Agreement. By not later than two (2) months after the Effective Date, (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), the Recipient shall prepare and adopt an updated Project Operations Manual in form and substance satisfactory to the Association.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	Paragraph 4.01 of Article IV of the Financing Agreement. The Additional Condition of Effectiveness consists of the following, namely that the Amendment Letter has been executed and delivered on behalf of the Recipient.



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Tuvalu

Additional Financing for Maritime Investment in Climate Resilient Operations II

Project Development Objective(s)

To improve the climate resilience and safety of maritime sector in Tuvalu, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Sectoral and Spatial Planning Tools										
Identified planning tools being used to improve climate resilience and safety of maritime infrastructure (Number)		0.00	0.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Integrated Climate Resilient and Safe Maritime Sector Solution										
Improvement of climate resilience and safety in maritime infrastructure on Nanumanga (Percentage)		0.00	0.00	10.00	25.00	50.00	75.00	100.00	100.00	100.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Improvement of climate resilience and safety in maritime infrastructure on Nanumea (Percentage)		0.00	0.00	10.00	25.00	50.00	75.00	100.00	100.00
Improvement of climate resilience and safety in maritime infrastructure on Nukufetau (Percentage)		0.00	0.00	0.00	20.00	40.00	60.00	80.00	100.00
Improvement of climate resilience and safety in maritime infrastructure on Funafuti (Percentage)		35.00	35.00	35.00	100.00	100.00	100.00	100.00	100.00
Action: This indicator is New	Rationale: Due to the addition of the Funafuti Port Works.								
Strengthening Maritime Sector Capacity in Tuvalu									
Identified enabling environment solutions implemented (Number)		0.00	0.00	1.00	2.00	3.00	4.00	5.00	5.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Component 1: Sectoral and Spatial Planning Tools									



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
GIS database used to inform disaster preparedness and response (Text)		GIS database not established	GIS database not established	GIS database used to inform disaster preparedness and response	GIS database used to inform disaster preparedness and response	GIS database used to inform disaster preparedness and response	GIS database used to inform disaster preparedness and response	GIS database used to inform disaster preparedness and response	GIS database used to inform disaster preparedness and response
Maritime asset management system that includes climate factors in use (Percentage)		0.00	0.00	0.00	20.00	40.00	60.00	80.00	100.00
Component 2: Integrated Climate Resilient and Safe Maritime Sector Solutions									
Maritime harbor at selected locations constructed with climate resilient design standards (Number)		0.00	0.00	0.00	0.00	1.00	2.00	3.00	4.00
Action: This indicator has been Revised	Rationale: Due to the addition of the Funafuti Port Works.								
Improve associated infrastructure of selected maritime workboat harbor location (Percentage)		0.00	0.00	0.00	25.00	50.00	75.00	90.00	100.00
Priority investments to improve climate resilience and safety of maritime operation in selected islands identified and implemented (Number)		0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
People with enhanced access to transportation		0.00	0.00	0.00	6,000.00	6,600.00	6,900.00	6,900.00	6,900.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
services (CRI, Number)									
Action: This indicator has been Revised	Rationale: Due to the addition of the Funafuti Port Works.								
People with enhanced access to transportation services – IWT/ Ferries (CRI, Number)	0.00	0.00	0.00	6,000.00	6,600.00	6,900.00	6,900.00	6,900.00	6,900.00
Action: This indicator has been Revised	Rationale: Due to the addition of the Funafuti Port Works.								
People that benefit from improved access to sustainable transport infrastructure and services (Number)	0.00	0.00	0.00	6,000.00	6,600.00	6,900.00	6,900.00	6,900.00	6,900.00
Action: This indicator is New	Rationale: Adding the World Bank Group Scorecard indicator for Transport								
Women that benefit from improved access to sustainable transport infrastructure and services (Number)	0.00	0.00	0.00	3,000.00	3,300.00	3,450.00	3,450.00	3,450.00	3,450.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Action: This indicator is New	Rationale: Adding the World Bank Group Scorecard indicator								
Youth that benefit from improved access to sustainable transport infrastructure and services (Number)	0.00	0.00	0.00	1,900.00	2,100.00	2,200.00	2,200.00	2,200.00	2,200.00
Action: This indicator is New	Rationale: Adding the World Bank Group Scorecard indicator								
Number of people with enhanced resilience to climate risks (Number)	0.00	0.00	0.00	6,000.00	6,600.00	6,900.00	6,900.00	6,900.00	6,900.00
Action: This indicator is New	Rationale: Adding the World Bank Group Scorecard indicator								
Component 3: Strengthening Maritime Sector Capacity in Tuvalu									
Number of Government staff and local consultants who have achieved improvements in skills/knowledge as a result of capacity building programs compared to pre-training baseline (Number)	0.00	0.00	4.00	8.00	12.00	14.00	16.00	16.00	16.00
Share of jobs generated by project investments	0.00	0.00	1.00	3.00	5.00	10.00	15.00	20.00	20.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
allocated to women (Percentage)									
Percentage of activities to promote women’s technical employment in the transport and marine sectors implemented (Percentage)	0.00	0.00	0.00	5.00	10.00	20.00	30.00	40.00	50.00
Share of community consultations with at least 30 percent female participation (Percentage)	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Grievances registered related to delivery of project benefits that are addressed (Percentage)	0.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Grievances responded and/or resolved within the stipulated service standards (Percentage)	0.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Project beneficiaries continues to identify maritime sector investments would improve access to economic opportunities (Percentage)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	90.00
Open Contracting used to publicize procurement data and updated on a monthly basis (Yes/No)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Unqualified audit with the time specified under the Legal Agreement (Yes/No)		No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Percentage of Project Workers who have signed the SEA/SH Code of Conduct. (Percentage)		0.00	0.00	100.00	100.00	100.00	100.00	100.00	100.00
Percentage of Project Workers who completed an induction of the SEA/SH Code of Conduct. (Percentage)		0.00	0.00	100.00	100.00	100.00	100.00	100.00	100.00
Component 5: Central Project Management Office (Action: This Component is New)									
Number of project management indexes with satisfactory level (Number)		2.00	2.00	2.00	2.00	3.00	3.00	4.00	4.00
Action: This indicator is New	Rationale: Due to the addition of the CPMO								

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Identified planning tools being used to improve climate resilience and safety of maritime infrastructure	A cumulative measure of the uptake of analytical and sectoral planning tools	Semester	Project Progress Report	Stocktake of the planning tools in use	PMU



	(i.e., maritime asset management system) that improves the way that climate change is addressed in Tuvalu's maritime sector				
Improvement of climate resilience and safety in maritime infrastructure on Nanumanga	The percentage of planned climate resilient and safe maritime infrastructure investments at Nanumanga that are constructed and put into operation (e.g., Nanumanga wharf and associated infrastructure)	Semester	Project progress reports	Obtaining physical progress data from contractor's progress report, Project Progress Report, Site Visit, and Virtual Meeting	PMU
Improvement of climate resilience and safety in maritime infrastructure on Nanumea	The percentage of planned climate resilient and safe maritime infrastructure investments at Nanumea that are constructed and put into operation (e.g., Nanumea wharf and associated infrastructure)	Semester	Project's progress report	Obtaining physical progress data from contractor's progress report, Project Progress Report, Site Visit, and Virtual Meeting	PMU
Improvement of climate resilience and safety in maritime infrastructure on Nukufetau	The percentage of planned climate resilient and safe maritime infrastructure investments at Nukufetau that are constructed and put into operation (e.g., Nukufetau wharf and associated	Semester	Project's progress report	Obtaining physical progress data from contractor's progress report, Project Progress Report, Site Visit, and Virtual Meeting	PMU



	infrastructure)				
Improvement of climate resilience and safety in maritime infrastructure on Funafuti	The percentage of planned climate resilient and safe maritime infrastructure investments at Funafuti that are constructed and put into operation (e.g., Funafuti Port). The baseline is 35 percent, which MICRO will deliver, and the end target is 100 percent. The proportional contribution of MICRO2 to the Funafuti Port works contract is 65 percent.	Semester	Project Progress Report	Obtaining physical progress data from contractor's progress report, Project Progress Report, Site Visit, and Virtual Meeting.	PMU
Identified enabling environment solutions implemented	The number of consulting services and/or goods purchases that have led to improved institutional and/or regulatory functions.	Semester	Project's progress report	Stocktake of contracts completed	PMU

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
GIS database used to inform disaster preparedness and response	A measure of whether the GIS database system has been established and used to inform disaster	Semester	Project's progress report	Project's progress report	PMU



	preparedness and response for the vulnerable communities identified				
Maritime asset management system that includes climate factors in use	Nationally integrated maritime asset management system created and maintained.	Semester	Project's progress report	Verification with Tuvalu government counterparts	PMU
Maritime harbor at selected locations constructed with climate resilient design standards	The number of islands for which climate resilient harbor investments are constructed/rehabilitated and put into operation (e.g., harbors in Nanumanga, Nanumea, Nukufetau and Funafuti).	Annually	Project's progress report	Project's progress report, site visit, virtual meeting	PMU
Improve associated infrastructure of selected maritime workboat harbor location	Completion of associated infrastructures in Nanumanga, Nanumea, and Nukufetau (e.g., rehabilitation and/or upgrade of access and utility infrastructure linked to the workboat harbors, electricity, water, terminals for passengers, and warehousing/storage areas).	Semester	Project's progress report	Obtaining physical progress data from contractor's progress report, Project progress report, site visit, and virtual meeting	PMU
Priority investments to improve climate resilience and safety of maritime operation in selected islands identified and implemented	Number of priority investment identified and implemented in selected island that resulted to improvement in climate	Semester	Progress Report	Reviewing Project progress report	PMU



	resilience and safety of maritime operations				
People with enhanced access to transportation services	The indicator measures the number of direct beneficiaries that experience improved access to transport infrastructure and services that have been built or rehabilitated through a WBG-financed project (including highways, rural roads, urban and interurban roads, mass transit systems, ports/waterways, railways, and airports). Beneficiaries typically experience reductions in cost and time to travel and/or improvements in safety, as well as increased access to markets, job opportunities, and health and education services. In urban areas, beneficiaries include the increase in the number of users of improved services. In rural areas, beneficiaries include the increase in the number of people who live in proximity to improved	Semester	Project progress report	Review of latest census data and contractor's progress reports	PMU



	services.				
People with enhanced access to transportation services – IWT/ Ferries		Semester	Project progress report	Review of latest census data and contractors' progress report	PMU
People that benefit from improved access to sustainable transport infrastructure and services	The number of people that experience improved access to sustainable transport infrastructure or services that have been built or rehabilitated through financed interventions.	Semester	Project Progress Reports	Review of latest census data and contractor's progress reports	PMU
Women that benefit from improved access to sustainable transport infrastructure and services	The number of women that experience improved access to sustainable transport infrastructure or services that have been built or rehabilitated through financed interventions.	Semester	Project Progress Reports	Review of latest census data and contractors' progress report	PMU
Youth that benefit from improved access to sustainable transport infrastructure and services	The number of youth (under age of 15) that experience improved access to sustainable transport infrastructure or services that have been built or rehabilitated through financed interventions.	Semester	Project progress report	Review of latest census data and contractors' progress report	PMU
Number of people with enhanced	The number of people	Semester	Project	Review of latest census	PMU



resilience to climate risks	benefitting directly and indirectly from improved climate risk management and increased climate resilience due to investments and activities by the project.		Progress Reports	data and contractors' progress report	
Number of Government staff and local consultants who have achieved improvements in skills/knowledge as a result of capacity building programs compared to pre-training baseline	Measurement of improvement in skills/knowledge of Government staff or consultants through Component 3 capacity building programs	Semester	Project's progress report	Count of number of unique persons participating in capacity building programs	PMU
Share of jobs generated by project investments allocated to women	Percentage of jobs generated by project investments allocated to women	Semester	Project progress report and contractors' progress report	Reviewing Project progress report and contractors' progress report	PMU
Percentage of activities to promote women's technical employment in the transport and marine sectors implemented	Percentage of proposed activities to promote women's employment in technical positions in the transport and marine sectors that have been achieved	Semester	Project's progress report	Percentage of activities which promotes women in technical positions	PMU
Share of community consultations with at least 30 percent female participation	Percentage of community consultations with at least 30 percent female attendance	Semester	Consultation participants records	Reviewing consultation participants records	PMU



Grievances registered related to delivery of project benefits that are addressed	Percentage calculated by the number of all grievances registered through the Grievance Redress Mechanism as denominator and those that are addressed as numerator	Continuous (project website); Semester (Project progress reports)	Project website and Project progress reports	Count of grievances registered	PIU
Grievances responded and/or resolved within the stipulated service standards	The project's grievance redress mechanism (GRM) defines service standards for responding to and ideally resolving complaints [(High (5 working days)/Medium (10 working days)/Low priority (30 working days)]	Continuous (Project web site);Semester	Project web site and project progress reports	Project web site and project progress reports	PMU
Project beneficiaries continues to identify maritime sector investments would improve access to economic opportunities	The percentage of people of Nanumanga, Nanumea and Nukufetau who agree that harbor interventions directly or indirectly provide improved economic, health and safety, and climate resilience through benefit perception survey	Annual	Benefit Perception Survey	Reviewing results of Benefit Perception Survey	PMU
Open Contracting used to publicize procurement data and updated on a monthly basis	Contract data such as award amount, variations, completion dates, etc., is made publicly available to improve transparency and	Continuous	Project web site	Review of currency of data on Open Contracting platform	PMU



	governance				
Unqualified audit with the time specified under the Legal Agreement	The audit for the project is accepted without any qualifications	Annual	Audit Report	Review of Audit Report	PIU
Percentage of Project Workers who have signed the SEA/SH Code of Conduct.	Percentage of contractors staff who have signed a Code of Conduct with an explicit provision prohibiting SEA / SH	Semester	Project Progress Report	stocktake assessment	PMU
Percentage of Project Workers who completed an induction of the SEA/SH Code of Conduct.	Percentage of contractors staff who have completed an induction on the SEA/SH components of the Code of Conduct.	Semester	Project Progress Report	Stocktake assessment	PMU
Number of project management indexes with satisfactory level	The indicator comprises of measuring four indexes of project management services provided to the PMUs of the World Bank financed operations covering financial management, procurement, environmental and social safeguards, and monitoring and evaluation.	Semester	Project Progress Reports	Review of the CPMO Progress Reports on CPMO's services provision	PMU





Annex 1. Project Background of MICRO

- 1. The World Bank Board of Executive Directors approved the Maritime Investment in Climate Resilient Operations (MICRO) project on December 18, 2018,** with financing comprising IDA Grant D410-TV in the amount of SDR 14.5 million (US\$20 million equivalent). MICRO became effective on April 9, 2019.¹⁵ The PDO of MICRO is “To improve the climate resilience of Nanumanga harbor and Funafuti Port, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.”
- 2. MICRO supports the rehabilitation and improvement of the Funafuti Port, which is the only international port in Tuvalu and vital for the whole country’s economy.** Ongoing activities under MICRO include Funafuti Port rehabilitation works and geographic information system (GIS) mapping to support emergency response. MICRO has disbursed 48 percent of its financing. MICRO was restructured on December 14, 2021, to cancel US\$13 million from the project financing and drop the Nanumanga harbor works under Component 2, which was subsequently incorporated into MICRO2 so that this works can be bid together with other outer island with a larger size of contract, which is likely to attract more interest from international bidders. A second restructuring was approved on October 17, 2023, extending the closing date by 12 months to provide time to complete implementation of Funafuti Port rehabilitation works which commenced in November 2023. The works are expected to be concluded by November 2024. MICRO will close on January 31, 2025.
- 3. The Funafuti Port works, currently financed solely by MICRO, has been delayed by several years, and faces cost increases.** The delay is attributable to (a) the COVID-19 global pandemic, which significantly slowed implementation and triggered a loss of workforce; (b) damage caused by Tropical Cyclone Tino in January 2020, which resulted in the need to update detailed design drawings; and (c) procurement of the port works failed three times between 2019 and 2022 due to limited market interest, and high bid prices.
- 4. After the third competitive procurement failed in 2023, the GoTv and the World Bank agreed to proceed with direct contracting for the Funafuti Port rehabilitation works.** The GoTv identified a preferred contractor, completed negotiation of the works contract, received the World Bank’s no-objection, and signed an AUD 19.66 million contract for the port rehabilitation works (US\$13 million equivalent) on November 10, 2023 for works to be completed from April to October 2024. MICRO can finance the works up to US\$5 million. Out of US\$5 million, around US\$3 million has already been paid to the contractor and the undisbursed balance of US\$2 million will be used for the Funafuti Port works.
- 5. MICRO includes financing for the supervision consultant for the Funafuti Port rehabilitation works.** The supervision contract was signed in April 2024. The consultant’s staff was mobilized and will be able to complete the supervision duties before the MICRO closing date of January 31, 2025. As the health outreach campaign in Nanumanga cannot be carried out within the remaining period under MICRO, the GoTv wishes to continue the health outreach campaign under MICRO2.

¹⁵ An Additional Financing (AF) to MICRO (IDA Grant D646-TV) of SDR 1.90 million (US\$2.5 million equivalent) was approved in May 2020 and was prepared under the global framework of the World Bank COVID-19 Response financed under the Fast Track COVID-19 Facility (FTCF) under the Crisis Response Window (CRW).



ANNEX 2. Map of Tuvalu with Project Sites

