



Progress Report on Implementation

Project Number: 39099
Loan Number: 2160-MLD(SF)/GRANT 0001-MLD
December 2005

MLD: Tsunami Emergency Assistance Project

**MALDIVES: PROGRESS OF IMPLEMENTATION OF
LOAN 2160-MLD(SF)/GRANT 0001-MLD: TSUNAMI EMERGENCY ASSISTANCE PROJECT**
(as of 31 December 2005)

I. PROJECT BACKGROUND

1. A loan for \$1.8 million equivalent from ADB's Special Funds resources and a grant for \$20.0 million from the Asian Tsunami Fund were approved on 31 March 2005. The financing agreement was signed on 21 April 2005 and declared effective on 23 May 2005. The Project will be implemented over 2 years and will be completed by 31 March 2007.

II. THE PROJECT

A. Project Scope and Components

2. The project scope consists of two components: (i) a \$6.5 million quick-disbursing component, and (ii) a \$15.3 million project component. The quick-disbursing component covers financing of imports necessary for an effective recovery program. The project component includes (i) water supply, sanitation, and solid waste management, covering rehabilitation and reconstruction of sewage systems, provision of water, sewage treatment and disposal facilities for displaced populations, and provision of solid waste management system and facilities; (ii) transport, covering rehabilitation of damaged maritime navigation aids; strengthening of interisland transport capacity; rehabilitation of damaged jetties, seawalls, and quay walls; repair of causeways; dredging of harbor basins and approach channels; and rehabilitation of Malé international airport; (iii) power, covering supply and installation of generators and improvements to the distribution network, including cables and distribution boxes, panel boards, streetlights, powerhouses, and connections to households; (iv) fisheries, covering processing equipment for fish processors, working capital, and extension services; and (v) agriculture, covering tools, equipment, and working capital for affected farmers in perennial and field crop sectors.

B. Executing Agency and Implementing Agencies

3. The Executing Agency is the Ministry of Finance and Treasury (MOFT), and the implementing agencies¹ are (i) the Ministry of Environment, Energy, and Water (MEEW) for water supply and sanitation, and power; (ii) the Ministry of Transport and Communication (MOTC) for transport; and (iii) the Ministry of Fisheries, Agriculture, and Marine Resources (MOFAMR) for fisheries and agriculture.

C. Project Management Unit

4. Although the project management unit (PMU) has not been formally established, designated persons in MOFT and in the implementing agencies have been carrying out the functions of project director and project managers, respectively, in accordance with the project

¹ Implementing agencies changed from those mentioned in the report and recommendation of the President because of changes in the Government's cabinet in July 2005.

organization structure stipulated in the report and recommendation of the President (RRP).² ADB has been following up the formal establishment of the PMU with the Government.

D. Extended Mission in Maldives

5. The extended mission in the Maldives (EMM, a joint office with the World Bank) has been operational since mid-September 2005, with the fielding of the senior resident advisor to Maldives in August 2005.

E. Project Consultants

6. Consultants for all sectors have been engaged and fielded to (i) conduct the survey and detailed design, initial environmental examination (IEE), financial and economic analyses, prepare subproject reports, and prepare bidding documents for the water supply and sanitation, transport and power sectors; and (ii) prepare a needs assessment, conduct community development, and develop training programs for agriculture and fisheries. A total input of 22 person-months of international and 47 person-months of domestic consultants has been contracted.

III. DISBURSEMENT

7. Upon the loan's effectiveness, \$9.4 million was disbursed to three imprest accounts established by MOFT: (i) \$1.8 million from the loan for the quick-disbursing component, (ii) \$4.7 million from the grant for the quick-disbursing component, and (iii) \$2.9 million from the grant for the project component. About \$0.3 million has been disbursed for payment to consultants.

IV. PROGRESS

A. Progress of the Quick-Disbursing Component

8. As of the end of December 2005, MOFT has liquidated \$4.2 million, or 65% of the total amount of the quick disbursing component.

B. Progress of the Project Component

9. Progress has been made in the following areas:

- (i) **Water supply, sanitation, and solid waste management sector.** For the first island, detailed design, the IEE and bidding documents have been completed, while the economic analysis is in progress. MEEW is considering some changes in the design. A revised design will be completed by end February 2006. For the second island, ADB and MEEW have not reached agreement with regard to the technical design, in view of its impact to the environment. Intensive discussion is ongoing, and a final decision is expected by the end of March 2006.
- (ii) **Transport sector.** The financial and economic assessments, IEE, detailed design and bidding documents for harbor subprojects have been completed. Bidding will be conducted by the end of February 2006. Technical specifications

² ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Grant and Loan to the Republic of the Maldives for the Tsunami Emergency Assistance Project*. Manila.

for damaged equipment at Malé International Airport have been finalized and bidding documents are under preparation.

- (iii) **Power sector.** Bidding documents for rehabilitating the power supply system in seven affected islands were issued on 20 November 2005. The deadline for bid submission was extended from the end of December 2005 to the end of February 2006. The contract is expected to be awarded by the end of April 2006.
- (iv) **Agriculture sector.** Affected beneficiaries in the 26 islands have been identified, based on the needs assessment prepared in consultation with the community-based organizations. MOFAMR finalized the implementation matrix and budget requirements in December 2005. Draft guidelines for the rehabilitation fund were submitted to ADB for review, and the implementing agreement between MOFAMR and the community-based organizations is expected to be approved by the end of February 2006.
- (v) **Fisheries sector.** Satisfactory progress has been made on the participatory process of consulting the stakeholders about (a) the best island-based organizations to implement the project, (b) identifying training and extension needs, and (c) raising awareness about the potential of cooperatives. A cooperative expert was recruited and mobilized, training programs are being designed, and training materials and field visit programs will be prepared by the end of February 2006.

C. ADB Reviews

10. The South Asia Regional Department's sector divisions fielded review missions for the following: (i) water supply, sanitation, and solid waste management in November 2005, (ii) transport in November 2005, (iii) power in September 2005, and (iv) agriculture and fisheries in August and December 2005. The senior resident advisor of EMM is coordinating the activities with MOFT and the implementing agencies.

D. Summary of Progress

11. The project start-up was slightly delayed, including delayed subproject selection by the Government. As most of the preparatory work for all sectors, including preparing bidding documents, will be finalized in February 2006, the project implementation is expected to accelerate in the next 6 months, and the project will be substantially completed by March 2007 as originally scheduled.