



Project Administration Memorandum

Project Number: 37265
Loan Number: 2327
January 2008

MLD: Loan for Domestic Maritime Transport Project

The project administration memorandum is an active document, progressively updated and revised as necessary, particularly following any changes in project or program costs, scope, or implementation arrangements. This document, however, may not reflect the latest project or program changes.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 9 January 2007)

Currency Unit	=	Rufiyaa (Rf)
Rf1.00	=	\$0.078
\$1.00	=	Rf12.85

ABBREVIATIONS

ADB	–	Asian Development Bank
DMTP		Domestic Maritime Transport Project
MCPI	–	Ministry of Construction and Public Infrastructure
MEEW		Ministry of Environment, Energy and Water
MHUD	–	Ministry of Housing and Urban Development
MoFT	–	Ministry of Finance and Treasury
MPND	–	Ministry of Planning and National Development
MTC	–	Ministry of Transport and Communications
MTCC	–	Maldives Transport and Constructing Company
PIU	–	Project Implementation Unit
PMU	–	Project Management Unit
PSC	–	Project Steering Committee
PWS	–	Public Works Services
UNDP	–	United Nations Development Programme

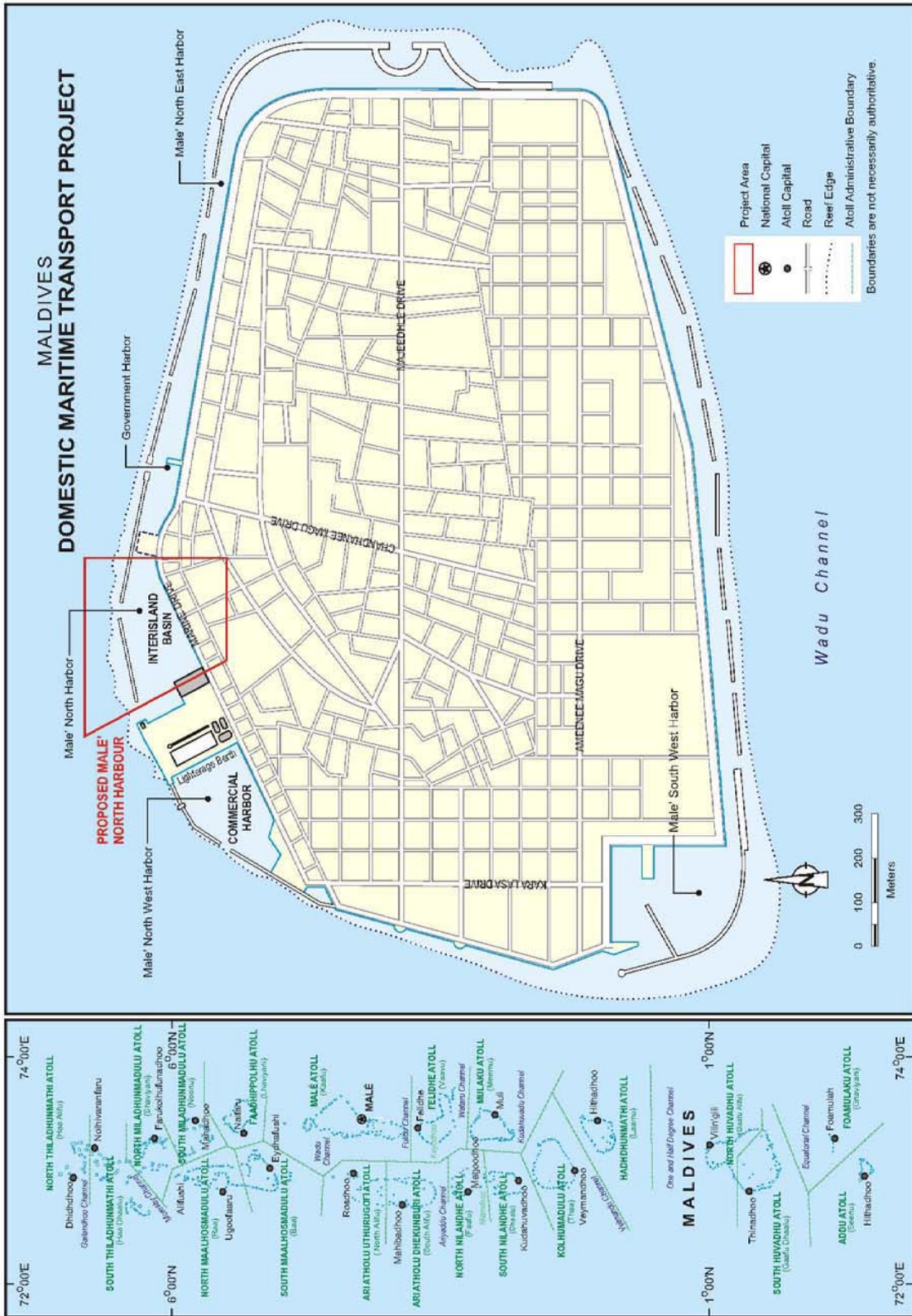
NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

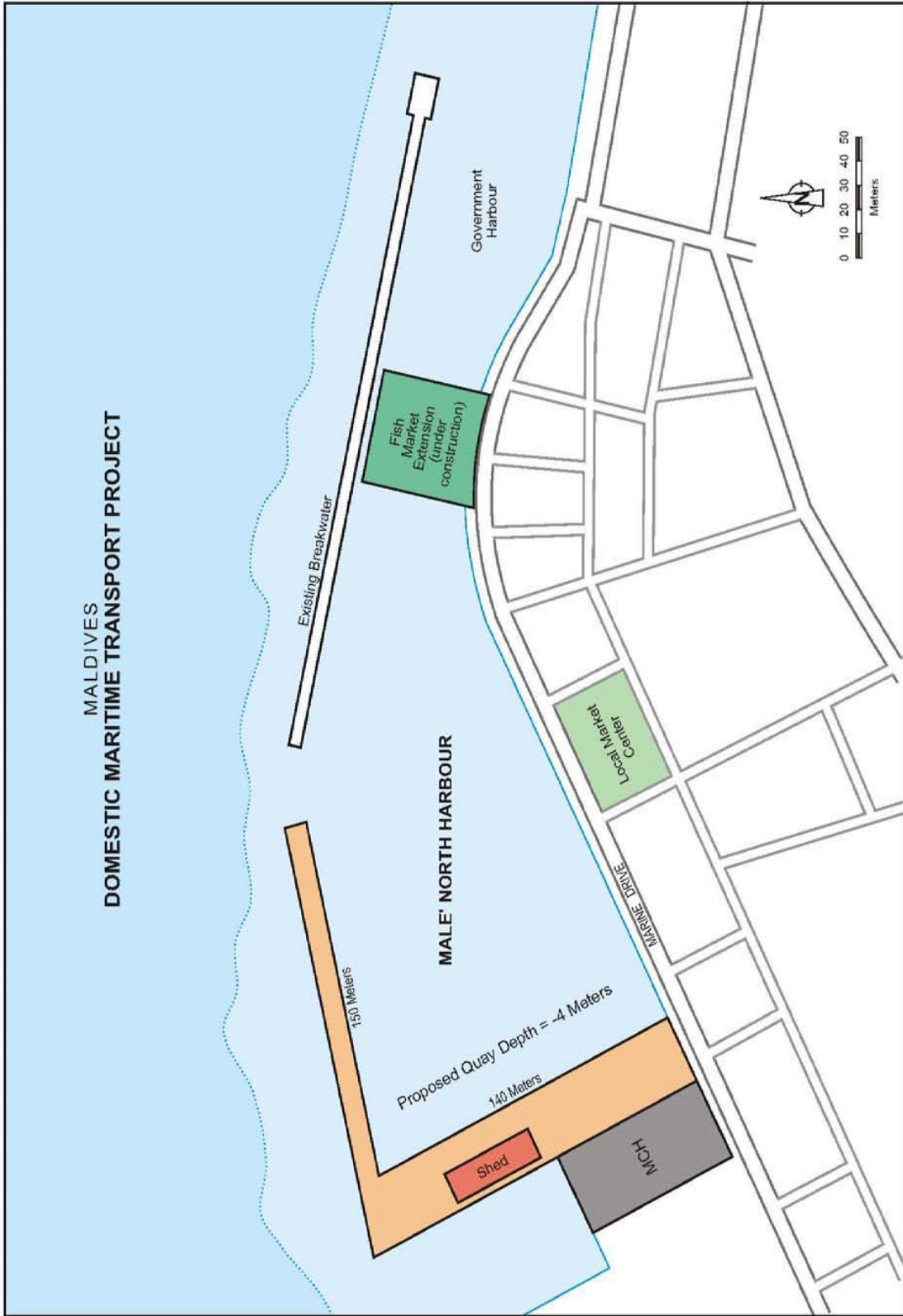
CONTENTS

	Page No.
CONTENTS	iii
MAPS	iv
LOAN PROCESSING AND ADMINISTRATION HISTORY (Chronological Summary of Important Events)	vi
DESIGN AND MONITORING FRAMEWORK	vii
I. PROJECT DESCRIPTION	1
II. COST ESTIMATES AND FINANCING PLAN	4
III. IMPLEMENTATION ARRANGEMENTS	5
IV. IMPLEMENTATION SCHEDULE	6
V. CONSULTING SERVICES	6
VI. PROCUREMENT	8
VII. DISBURSEMENT PROCEDURES	9
VIII. ACCOUNTING AND AUDITING REQUIREMENTS	10
IX. REPORTING, MONITORING AND EVALUATION	10
X. PROJECT REVIEW	10
XI. MAJOR LOAN COVENANTS	11
XII. KEY PERSONS INVOLVED IN THE PROJECT	15
XIII. ANTICORRUPTION	17
APPENDIXES	
1. Detailed Cost Estimates	18
2. Implementation Arrangements	19
3. Implementation Schedule	20
4. Outline Terms of Reference for Infrastructure Investment Component	22
5. Outline Terms of Reference for Institutional Development & Capacity Building Component	26
6. Indicative Contract Packages and Procurement Plan	40

Map 1



06-4644a HR



PURPOSE OF THIS DOCUMENT

This document provides a reference for the Government, its executing agency (EA), implementing agency (IA), and ADB. It indicates the Project implementation arrangements that have been agreed and the monitoring and control procedures which are to be used to help ensure that the intended Project objectives are realized.

LOAN PROCESSING HISTORY

Sl. No.	Activity	Dates
1	Approval of Preparatory Technical Assistance (TA 4394-MLD: Domestic Maritime Transport Project)	22 September 2004
2	Approval of Feasibility Study	
3	Fact-Finding Mission	19-30 November 2006
4	Management Review Meeting	12 January 2007
5	Appraisal Mission	28 January – 2 February 2007
6	Staff Review Committee Meeting	23 February 2007
7	Loan Negotiations	March 2007
8	Board Circulation	30 March 2007
9	Board Consideration and Approval	24 April 2007
10	Loan Agreement Signing	29 August 2007
11	Loan Effectiveness, including conditions	23 October 2007

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Sustained equitable and regionally balanced economic growth within the Maldives</p>	<p>Increase Malé North Harbor's contribution to GDP by 0.1% by 2015</p> <p>10% volume increase in key outputs of domestic agricultural produce (coconut, watermelon, banana, cucumber, pumpkin, and mango) sold in Malé North Harbor markets by 2014</p>	<p>National Economic Data and Statistics</p> <p>Baseline survey</p>	<p>Assumption</p> <ul style="list-style-type: none"> The Agricultural Master Plan^a targets 100% growth in key agricultural produce by 2015. Improved transport only accounts for a portion of this expected growth, estimated at 2% annually. <p>Risk</p> <ul style="list-style-type: none"> Other support mechanisms targeting the agricultural sector may fail to materialize, apart from improved access to markets through transport infrastructure investments.
<p>Outcome</p> <p>1. Improved services of Malé North Harbor</p>	<p>1. Operation</p> <p>Reduction of congestion and increase in the amount of larger vessels calling at Malé North Harbor</p> <p>(i) Total time spent in Malé North Harbor for small vessels reduced from an average of 10 days to 8 days by August 2014, i.e. after 5 years of operations</p> <p>(ii) Total time spent in Malé North Harbor for large vessels decreased from an average of 15 days to 13 days by August 2014</p> <p>(iii) At least 70% of service users (i.e., vessel operators, passengers, and cargo shippers) rate the harbor services "satisfactory" by 2011</p> <p>(iv) By 2014, at least 1% of passengers and cargo sellers visiting Malé North Harbor report that their trip was induced by improved services</p> <p>(v) Average traffic flow through (as defined by number of vehicles passing through a given point) on Marine Drive along Malé North Harbor will increase by 25% by 2014</p>	<p>(i) Harbor operation service records</p> <p>(ii) Harbor operation service records</p> <p>(iii) Annual harbor user survey and government reports or feedback</p> <p>(iv) Annual harbor user survey and government reports or feedback</p> <p>(v) Baseline survey</p>	<p>Assumptions</p> <ul style="list-style-type: none"> Construction of additional 290 m quay wall is completed on time The Government will introduce harbor management and harbor usage charges in Malé North Harbor based on the training and capacity building outputs <p>Risk</p> <ul style="list-style-type: none"> Factors outside the direct project scope, such as improvements to transport and cargo services provided by vessel owners, may influence harbor usage satisfaction

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
2. Alignment of MTC's organizational structure with its mandate	<p>2. Institutional development and capacity building</p> <p>(i) Action plan for institutional alignment of MTC's maritime transport activities in line with its sector mandate developed by end December 2008</p> <p>(ii) Action plan for introduction of harbor usage charges, with supportive documentation, developed by end July 2009</p> <p>(iii) Action plan for recommended changes to maritime safety regulations, vessel inspections, and registration procedures developed by end October 2009</p> <p>(iv) Action plan for improvements to financial management systems by mid-March 2010</p>	<p>(i) Institutional development and capacity building consultants' reports</p> <p>(ii) Institutional development and capacity building consultants' reports</p> <p>(iii) Institutional development and capacity building consultants' reports</p> <p>(iv) Institutional development and capacity building consultants' reports</p>	<p>Assumption</p> <ul style="list-style-type: none"> Political will exists to implement institutional alignment and human resources enhancement efforts
<p>Outputs</p> <p>1. Capacity of Malé North Harbor enhanced</p> <p>2. Institutional capacity of MTC and MCPI upgraded</p>	<p>(i) Construction of quay wall and ancillary civil works, provision of cargo handling equipment, and construction of a temporary transit area for goods and passengers completed and operational by end October 2009</p> <p>(ii) Strategic policy and planning capacity building provided</p> <p>(iii) Regulatory capacity building in harbor usage charges conducted by end July 2009.</p> <p>(iii) Capacity building in maritime safety regulations, vessel inspections, and registration procedures for MTC staff completed by October 2009</p> <p>(iv) Project performance monitoring system, comprising impact indicators (including environmental and social aspects)^b developed by end August 2008</p> <p>(v) Training in harbor management for MCPI staff completed by end January 2010</p>	<p>Design and supervision consultants' reports</p> <p>Institutional development and capacity building consultants' reports</p> <p>Government reports or feedback</p>	<p>Assumption</p> <ul style="list-style-type: none"> Contracts for detailed design, supervision consultants, and civil works are awarded on time <p>Risk</p> <ul style="list-style-type: none"> Delays in construction caused by weather conditions will affect construction schedule <p>Assumption</p> <ul style="list-style-type: none"> Contracts for institutional development and capacity building consultants are awarded on time <p>Risks</p> <ul style="list-style-type: none"> Staffing of PMU and PIUs in accordance with competency requirements Trained staff will be retained

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	<p>(vi) Development of best practices operations manual for harbor management completed by mid March 2010</p> <p>(vii) Development of best practices operations manual for financial management completed by mid March 2010</p> <p>(viii) Project Management training for MCPI completed by September 2009</p>		
<p>Activities with Milestones</p> <p>1. Infrastructure Investment Component</p> <p>1.1 Hire consultants by November 2007</p> <p>1.2 Detailed design and update of EMP completed by March and April 2008, respectively</p> <p>1.3 Tender documents approved by April 2008</p> <p>1.4 Pre-construction activities—land acquisition, titling, permits, etc.—completed by May 2008</p> <p>1.5 Tendering, bid evaluation, and contract award completed by August 2008</p> <p>1.6 Civil works and installation of related equipment completed by September 2009</p> <p>1.7 Facilities ready for public use by October 2009</p> <p>1.8 Training in crane operations conducted by mid-October 2009</p> <p>2. Institutional Development and Capacity Building Component</p> <p>Hire consultants by end June 2008</p> <p>Subcomponent 1 – Institutional Alignment of MTC’s Maritime Transport Activities with its Sector Mandate</p> <p>1.1 Review government strategies by end August 2008</p> <p>1.2 Review current recruitment policies and terms and conditions of service by end August 2008</p> <p>1.3 Conduct an assessment of staff numbers and skills mix by end September 2008</p> <p>1.4 Develop a recommendation for the proposed realignment by end October 2008</p> <p>1.5 Develop recommendations for possible changes and training needs of MTC’s human resources employed in maritime transport activities by end October 2008</p> <p>1.6 Assist in ensuring broad-based stakeholder consultations on the proposed realignment and human resources enhancement efforts by end October 2008</p> <p>1.7 Assist in the preparation of documents necessary to ensure approval of the realignment by end November 2008</p> <p>1.8 Develop a time-bound action plan for implementation by end December 2008</p> <p>Subcomponent 2 – Capacity Building in MTC</p> <p>2.1 Strategic planning and policy analysis</p> <p>(i) Prepare training materials and deliver formal on-the-job training in accordance with the requirements determined in the training needs assessment by end January 2009</p> <p>2.2 Establishment of harbor usage charges</p> <p>(i) Verify the level of harbor usage charges for Malé North Harbor necessary to achieve the Government’s objectives, conduct willingness-to-pay surveys of relevant user segments, and recommend a potential harbor usage charges structure by end March 2009</p>			<p>Inputs</p> <p>1. Investment component</p> <ul style="list-style-type: none"> • Total cost: \$4.43 million ADB to finance \$3.65 million (excluding taxes and duties, IDC, and contingencies). The Government to finance \$777,112 • Consulting services: 25 person-months of international input and 15 months of national experts • Inception report • Monthly progress reports • Final reports • ADB review missions <p>2. Institutional Development and Capacity Building component</p> <ul style="list-style-type: none"> • Total cost: \$697,500 ADB to finance \$697,500 (excluding taxes and duties, IDC, and contingencies) • Consulting services: 25.5 person-months of international experts and 18 person-months of national experts • Inception report • Monthly progress reports • Final reports • ADB review missions

<p>(ii) Assist in ensuring broad-based stakeholder consultations and develop a time-bound action plan for implementation of the preferred harbor usage charges by end May 2009</p> <p>(iii) Assist in drafting of documents necessary to obtain approval for the introduction of harbor usage charges, according to the procedures outlined in the Legal Opinion issued by the Attorney General's Office on 31 January 2007, by end July 2009</p> <p>2.3 Maritime safety regulations and vessel inspections and registration procedures</p> <p>(i) Review and assess maritime safety regulations and vessel inspections and registration procedures by end August 2009</p> <p>(ii) Identify possible enhancement to existing regulations by end September 2009</p> <p>(iii) Recommend possible changes to the regulatory framework by end September 2009</p> <p>(iv) Assist in ensuring broad-based stakeholder consultations on proposed changes by end October 2009</p> <p>(v) Assist in the preparation of documents necessary to ensure approval of the recommended changes and develop a time-bound action plan for implementation by end October 2009</p> <p>2.4 Develop a project performance monitoring system, including project impact indicators, by end August 2008</p> <p>Subcomponent 3 – Capacity Building in MCPI</p> <p>3.1 Harbor management training</p> <p>(i) Develop a training program for MCPI/PWS staff by end November 2009</p> <p>(ii) Implement the training program through formal and on-the-job training by end January 2010</p> <p>(iii) Develop a harbor management manual by mid-March 2010</p> <p>3.2 Financial management training</p> <p>(i) Review present accounting and budgeting systems and practices, and recommend improvements and modifications by end August 2009</p> <p>(ii) Review and recommend improvements to the financial model for revenue and cost management, including harbor usage charges, by end October 2009</p> <p>(iii) Assist in ensuring consultations on the changes to (i) and (ii) by end November 2009</p> <p>(iv) Assist in preparation of documents necessary to ensure approval of the new systems as in (i) and (ii) by end December 2009</p> <p>(v) Develop a time-bound action plan for implementation and operations manual by mid-March 2010</p>	
---	--

ADB = Asian Development Bank, EMP = environmental management plan, GDP = gross domestic product, IDC = interest during construction, m = meter, MCPI = Ministry of Construction and Public Infrastructure, MTC = Ministry of Transport and Communication, PIU = project implementation unit, PMU = project management unit, PWS = Public Works Services.

^a Agricultural Development Master Plan, Maldives, 2006–2020, final draft, September 2006, prepared by the Government of the Maldives with assistance from the Food and Agriculture Organization of the United Nations.

^b Environmental quality indicators have been identified in the initial environmental examination report.

I. PROJECT DESCRIPTION

A. Introduction

1. The Maldives consists of 1,190 coral islands, with a total land area of approximately 250 sq km, out of which more than 80% is less than one meter above sea level. The population of 298,842¹ lives on less than 200 inhabited islands, with the capital Malé attracting more than 30% of the total population to its almost 2 sq km of land. Population density in Malé with more than 52,000 people per sq km is one of the highest in the world.

2. The geophysical setting of the Maldives creates a critical role for maritime transport in ensuring access to economic and social development opportunities. Large distances in combination with slow and uncomfortable maritime transportation, variable demand, lack of economies of scale, limited economic activity in remote atolls to finance travel needs combined with seasonally adverse weather conditions result in high transport cost and limited transportation opportunities. While air transport is a gradually developing sector, maritime transport remains the most important transport mode in the country. Lack of connectivity is an underlying cause of poverty, remoteness, and isolation in outer atolls; and is an impediment to ensuring equitable opportunities and fairer distribution of income and wealth, which are key objectives of the Government's Seventh National Development Plan (7NDP).

3. The Domestic Maritime Transport Project (DMTP or the Project) include (i) an infrastructure investment component; and (ii) an institutional development and capacity building component. The infrastructure investment component consists of enhancements to the existing Malé North Harbor through (i) construction of a new 290 meter (m) long quay, projecting northward at right angles to Marine Drive alongside the boundary to Malé Commercial Harbor; (ii) ancillary civil works; (iii) provision of cargo handling equipment; (iv) construction of a temporary transit area for goods and passengers; and (v) consulting services for detailed design, preparation of tender documents, bid evaluation, construction supervision, and project management assistance. The institutional development and capacity building component aims at increasing the sustainability of the investment and enhancing ongoing sector initiatives by providing support to (i) current efforts to align the organizational structure of the Ministry of Transport and Communication (MTC) to its sector mandate, in particular focusing on policy, planning, and regulatory functions of international and domestic maritime transport infrastructure and transport services; (ii) capacity building within MTC in the areas of: (a) strategic planning and policy analysis, (b) establishment of harbor usage charges, (c) maritime safety regulations and vessel inspection and registration procedures, and (d) project performance and impact monitoring; and (iii) capacity building within the Ministry of Construction and Public Infrastructure (MCPI) to enable it to manage, operate, and maintain maritime transport infrastructure in Malé in a sustainable manner through (a) harbor management, and (b) financial management training.

B. Project Area and Location

4. The harbor area relevant to the proposed Project is Malé North Harbor (Map 2), which is the gateway to the capital for the outer atoll population and is reserved for inter-atoll passenger and cargo vessels. The harbor currently consists of a quay wall of 200 m along Marine Drive from the west side of the existing fish market up to the existing boundary wall of MCH. Vessels

¹ Maldives Population and Housing Census 2006, Preliminary Results, Ministry of Planning and National Development, Malé, Maldives, 6 April 2006.

longer than 20 m berth along the quay and discharge and load item by item using manual labor. Vessels shorter than 20 m berth bows onto the quay. The harbor has an external seawall and offers unused space with potential for quay wall development in protected waters. At present, the area has no infrastructure supporting loading and unloading, and the efficiency of its operations is hindered by lack of harbor management.

C. Impact and Outcome

5. The Project will help ensure sustained equitable and regionally balanced economic growth by providing enhanced access to markets and social services for the outer atoll population. The impact will be attained by enabling improvements to the country's main inter-atoll transport hub, included as the highest ranked land and sea infrastructure investment priority in the 7NDP, supported by institutional and capacity building initiatives in the domestic maritime transport sector. The expanded capacity of Malé North Harbor will improve connectivity, reduce transport cost, and facilitate interisland trade. It is expected that the expanded capacity will increase Malé North Harbor's contribution to GDP by 0.1% by 2015. The increase in interisland trade is expected to result in a 10% volume increase in key outputs of domestic agricultural produce sold in Malé North Harbor markets by 2014. The improved services of Malé North Harbor will reduce congestion and increase the amount of larger vessels calling. The total time spent in Malé North Harbor by small vessels is expected to be reduced from an average of 10 days to 8 days by 2014, i.e., after 5 years of operation. The total time spent by larger vessels is expected to decrease from an average of 15 days to 13 days by 2014. Average traffic flow through (defined by the number of vehicles passing through a given point) on Marine Drive along Malé North Harbor is expected to increase by 25% by 2014 because of additional drive-on access and cargo handling quay surface constructed under the Project. To ensure sustainability, and in line with the Government's policy directions, the institutional development and capacity building component will result in (i) an action plan for institutional alignment of MTC's maritime transport activities in line with its sector mandate; (ii) an action plan for the introduction of harbor usage charges; (iii) an action plan for recommended changes to maritime safety regulations, vessel inspections, and registration procedures; and (iv) an action plan for improvements to financial management systems.

D. Outputs

6. The Project will enhance the capacity of Malé North Harbor through construction of additional quay wall, provision of cargo handling equipment, and construction of a temporary transit area for goods and passengers. The institutional capacity of MTC and MCPI will be strengthened through the inputs provided under the infrastructure investment consulting, and the institutional development and capacity building components. Capacity building within MTC will focus on the areas of (i) strategic planning and policy analysis; (ii) establishment of harbor usage charges; (iii) maritime safety regulations and vessel inspection and registration procedures; and (iv) project performance and impact monitoring. Capacity building within MCPI will focus on enhancing its ability to manage, operate, and maintain maritime transport infrastructure in Malé in a sustainable manner through (i) harbor management; and (ii) financial management training.

1. Infrastructure Investment Component

7. The civil works component of the Project consists of the construction of a 290 m L-shaped quay. The main part of the quay, projecting northwards at right angles to Marine Drive (Bodu Thakurufaanu Magu), will be 140 m long and 30 m wide. The eastward leg of the quay,

placed along and inside the existing breakwater, will be 150 m long and 11 m wide (Map 2). The quay wall will provide additional space for vessels to moor and undertake unloading and loading activities, while the quay surface will provide 6,600 square meters (m²) of additional drive-on access and cargo handling. A covered shelter of 480 m² to protect passengers and cargo in transit will also be provided. The quay wall depth will be -4.0 m to cater to the anticipated increase in the use of larger vessels. When operations begin on the new quay, loading and unloading of cargo at the existing 200 m quay wall along Marine Drive will be restricted in order to reduce vehicle congestion.

8. The proposed harbor quay walls are comprised of sheet piling and reinforced concrete capping beams, finished with precast interlocking concrete paving blocks. This quay wall construction method has been used successfully with minimum maintenance costs in both MCH and Malé South West Harbor. The method is assessed to suit the unique environment of these harbors and would also be suitable for the proposed Project in Malé North Harbor. The structural stability of the quay walls are maintained by an anchoring system. The Malé North Harbor structure will be further studied and designed in detail under the infrastructure investment consulting component in accordance with the standards and regulations of MCPI; Malé Municipality; Ministry of Environment, Energy and Water (MEEW); Maldives Housing and Urban Development Board; and all relevant stakeholders. The level of the quay area will be maintained in line with Marine Drive. A comprehensive land use plan will be completed during the detailed design to ensure optimum use of the quay area and ensure accessibility to the main road. The land use plan will include loading and unloading zones, and pedestrian zones ensuring the safety of passengers using interisland ferries. The detailed harbor design also includes usage of cranes, transit shelters for cargo and passengers, pedestrian and vehicular control arrangements with gates, fencing, and guard post. The quay will be equipped with mooring bollards and fenders to protect both quay walls and vessels. Adequate elevated lighting will be provided to allow for 24-hour operation, as in Malé South West Harbor.

2. Institutional Development and Capacity Building Component

9. The Government has requested that institutional development and capacity building support be provided under the DMTP to support the gradual implementation of the long-term sector objectives of ensuring separation of maritime transport sector policy, planning, and regulatory functions from operational activities. To support MTC's sector responsibilities and ensure the sustainability of the investment, the institutional development and capacity building component includes assistance to (i) enhance current efforts to align MTC's organizational structure to its sector mandate, particularly focusing on policy, planning, and regulatory functions of international and domestic maritime transport infrastructure and domestic maritime transport services; and (ii) capacity building within MTC in the areas of: (a) strategic planning and policy analysis, (b) establishment of harbor usage charges, (c) maritime safety regulations and vessel inspection and registration procedures, and (d) project performance and impact monitoring.

10. In the short to medium term, operational responsibilities for domestic maritime transport infrastructure are to remain with MCPI, according to the Government's strategy. Assistance to enhance MCPI's harbor management capacity is included under the institutional development and capacity building component as follows: capacity building within MCPI to enable it to manage, operate, and maintain maritime transport infrastructure in Malé in a sustainable manner through (i) harbor management; and (ii) financial management training.

E. Special Features

11. DMTP combines core social dimensions with sustainability through the introduction of harbor usage charges for Malé North Harbor and Vilin'gili Harbor, at levels that will ensure full recovery of O&M costs within 4 years after project completion. The development of harbor usage charges—under a transparent and formal process delineating regulatory functions from operational activities, in combination with enhanced harbor management practices as proposed under the Project—is expected to increase effective utilization of maritime transport infrastructure in the capital. Anchoring these project elements within institutional capacity building support forms an integrated sector approach to solve the congestion of Malé North Harbor in a holistic manner; ensure timely project implementation, enhance long-term institutional and human resources sector capabilities and guarantee asset preservation.

II. COST ESTIMATES AND FINANCING PLAN

A. Detailed Cost Estimates

12. DMTP's total investment costs are estimated at \$6.65 million, including taxes and duties. The summary investment plan is in Table 1 below. Detailed cost estimates are in Appendix 1.

**Table 1: Project Investment Plan
(\$ million)**

Item		Amounts
A	Base Cost ^a	
	Component 1: Infrastructure Investment	4.43
	Component 2: Institutional Development and Capacity Building ^b	0.70
	Taxes and Duties	0.43
	Sub Total (A)	5.56
B	Contingencies ^c	1.04
C	Financing Charges during Implementation ^d	0.05
	Total (A+B+C)^e	6.65

^a In 2006 prices.

^b Includes environmental management costs of \$52,500.

^c Physical contingencies: 10% of all costs except "dredging, reclamation and quay walls" costs of which were calculated at 15%; price contingencies calculated at 2.8% (for foreign costs) and 5% (for local costs).

^d Interest charges, computed at 1%, capitalized during construction period.

^e Further footnotes in detailed costs appendix.

Source: Asian Development Bank estimates

B. Financing Plan

13. The Government has requested a loan of up to US\$5.33 million equivalent from ADB's Special Funds resources to help finance the Project. The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1.0% during the grace period and 1.5% per annum thereafter. Interest charges will be capitalized during the Project implementation period. The remaining US\$1.31 million equivalent will be provided by the Government as counterpart financing or 20.0% of the total Project cost.

**Table 2: Financing Plan
(\$ million)**

Source	Total	%
Asian Development Bank	5.33	80% ^a
Government of Maldives	1.32	20%
Total	6.65	100%

^a In accordance with the current cost sharing limit which is 80%.
Source: Asian Development Bank estimates

C. Allocation and Withdrawal of Loan Proceeds

14. The loan proceeds have been allocated and will be disbursed on the basis of the percentages presented in Table 3 below.

Table 3: Allocation and Withdrawal of Loan Proceeds

CATEGORY			ADB FINANCING
Number	Item	Amount Allocated SDR Category	Percentage and Basis for Withdrawal from the Loan Account
1	Works	2,435,000	83 percent of total expenditure ^a
2	Consulting Services	906,000	100 percent of total expenditure ^a
3	Interest Charge	33,000	100 percent of amount due
4	Unallocated	170,000	
	Total	3,544,000	

^a Exclusive of duties and taxes imposed within the territory of the Borrower.

III. IMPLEMENTATION ARRANGEMENTS

A. Executing and Implementing Agencies

15. The EA for the Project will be the Ministry of Finance and Treasury (MoFT). The IA will be the Ministry of Transport and Communication (MTC).

B. Project Management

16. As follows from Appendix 2, a Project Steering Committee (PSC), chaired by Minister, MTC, and with representatives at director levels from MoFT, MCPI, MEEW, Ministry of Planning and National Development (MPND), Ministry of Housing and Urban Development (MHUD), and Malé Municipality and other relevant agencies as necessary will be established for the Project. The PSC will provide overall policy and operational advice and guidance to the Project. The PSC will meet as often as necessary, but at least quarterly, and will hold its first meeting within 3 months of loan effectiveness. Following signing of the loan agreement, the Government decided that the PSC established during Project preparation should continue during Project implementation. The existing PSC includes representation from agreed agencies, except with regards to Malé Municipality. Appointment of representation from this agency is ongoing. The latest PSC meetings were held on 16 December 2007 and 2 January 2008, respectively.

17. The project management unit (PMU) will be located in the IA and will be headed by the executive director of planning and projects in MTC as project director. The project director will serve as secretary to the PSC and will appoint the heads of the two project implementation units (PIUs) to be established in MTC and MCPI. The PMU will be staffed with (i) a senior transport policy and planning specialist; (ii) a transport policy and planning specialist; (iii) a senior

transport project management specialist; and (iv) a transport project management specialist. The staffing requirements are in place and the names of the incumbents of these positions are included in Section XII below.

18. The MTC PIU will be headed by a senior transport policy and planning specialist; it will be staffed with (i) a policy and planning expert; and (ii) a regulatory expert. The MCPI PIU will be headed by a senior engineer and be staffed with (i) a design approval engineer; (ii) a supervision engineer, including environmental coordination; and (iii) a project accountant. The staffing arrangements are in place and the names of the incumbents of the positions are reflected in Section XII.

IV. IMPLEMENTATION SCHEDULE

19. At the time of Board Approval, it was expected that the Project would be implemented over 24 months, including pre-construction activities. The Project has experienced delays as a combined result of (i) time taken to declare the loan effective compared to the assumptions at the time of Board Approval; and (ii) the need for re-advertising of the institutional development and capacity building component, as none of the five firms having submitted proposals met the minimum technical point score limit. The current implementation period is estimated at 30 months. A revised implementation schedule is in Appendix 3, indicating that the scheduled completion date for the Project is March 2010. At the time of Board Approval, the loan closing date was estimated to be end December 2009. The possible need for an extension of the loan closing date will be determined at a later stage during Project implementation.

V. CONSULTING SERVICES

20. International and national consultants, to be engaged by the Government, will assist MTC and MCPI in implementing the Project. All international and national consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* (2006, as amended from time to time). Consultant services will be required for both the infrastructure investment and the institutional development and capacity building components.

21. During Project processing, the Government requested ADB's assistance for undertaking advance actions necessary to facilitate recruitment of consultants immediately after loan effectiveness. The consulting services were advertised on ADB's Business Opportunities (ADBBO) on 19 December 2006, and expressions of interest were requested by 15 February 2007 for the infrastructure investment consulting component; and 15 March 2007 for the institutional development and capacity building component.

1. Infrastructure Investment Component

22. For the infrastructure investment consulting component, which includes environmental monitoring, consulting services will be provided for (i) detailed design; (ii) preparation of tender documents; (iii) bid evaluation support; (iv) construction site supervision; and (v) project management assistance. Two groups of international and national consultants—the design and supervision group, and the project management assistance group—will be engaged by the Government through a firm over 21 months in one contract package of 25 person-months international and 15 person-months national input. MCPI PIU will ensure the availability of office space within MCPI offices prior to the mobilization of consultants. Outline terms of reference for the infrastructure investment consulting component, are in Appendix 4.

23. The Request for Proposals (RFP) for the infrastructure investment component, the cost of which was estimated at \$599,940 at the time of Board Approval, requiring quality and cost-based selection (QCBS) Bio-Data Proposals was issued on 23 March 2007 with a submission date of 14 April 2007. The technical evaluation and financial evaluation was finalized by ADB as part of the advance action and on 14 June 2007 ADB advised the Government to kindly proceed with inviting the highest ranked firm for contract negotiations. Contract negotiations were held on 23 and 24 July 2007, and the contract with Japan Port Consultants Limited was signed in Malé on 15 November 2007, which is also the date of consultants' mobilization.

24. A detailed schedule showing the recruitment activities for the infrastructure investment component is presented below:

Table 4: Infrastructure Investment Component

Activities	Actual Date
Advertisement in ADBBO	19 December 2006
Deadline for submission of EOI	15 February 2007
ADB preparing draft shortlist, draft evaluation criteria, draft request for proposals (RFP), and draft consultant's contract	19 February 2007
ADB/EA finalizing shortlist, evaluation criteria, RFP, and draft consultant's contract	26 February 2007
ADB sending out of RFP to shortlisted firms	5 March 2007
Deadline for submission of technical (Biodata) and financial proposals to ADB	14 April 2007
ADB evaluating technical proposals	14 May 2007
ADB issuing invitation for public opening of financial proposals	15 May 2007
Public opening of financial proposals	17 May 2007
ADB evaluating overall ranking	14 June 2007
EA inviting first-ranked firm to contract negotiations	05 July 2007
Contract Negotiations	23 July 2007
EA submitting draft negotiated contract to ADB	23 October 2007
ADB sending approval of the negotiated contract to EA	07 November 2007
Signing of the contract	15 November 2007
Commencement of Consulting Services	15 November 2007

2. Institutional Development and Capacity Building Component

25. The Government has requested that institutional development and capacity building support be provided under the DMTP to support the gradual implementation of the long-term sector objectives of ensuring separation of maritime transport sector policy, planning, and regulatory functions from operational activities. To support MTC's sector responsibilities and ensure the sustainability of the investment, the institutional development and capacity building component includes assistance to (i) enhance current efforts to align MTC's organizational structure to its sector mandate, particularly focusing on policy, planning, and regulatory functions of international and domestic maritime transport infrastructure and domestic maritime transport services; and (ii) capacity building within MTC in the areas of: (a) strategic planning and policy analysis, (b) establishment of harbor usage charges, (c) maritime safety regulations and vessel inspection and registration procedures, and (d) project performance and impact monitoring and (iii) capacity building with MCPI to enable it to manage, operate, and maintain maritime transport infrastructure in Malé through (a) harbor management and (b) financial management training. A team of international and national consultants will be engaged through

a firm, intermittently over 21 months for 25.5 person-months of international input and 18 person-months of national input. MTC PIU will ensure the availability of office space within MTC offices prior to mobilization of the consultants. Outline terms of reference for the institutional development and capacity building component are in Appendix 5.

26. The shortlist and evaluation criteria for the institutional development and capacity building component, the cost of which was estimated at \$767,250 at the time of Board Approval requiring QCBS Simplified Technical Proposals, were approved on 19 April 2007 and the RFP was issued on 26 April 2007. On 18 July 2007, the technical evaluation process concluded that none of the five firms having submitted proposals met the minimum point score limit. In close consultation with the EA and the IA, it was decided to re-advertise the component and to expand the explanation of the details of the qualification and experience requirements of the international experts. The component was re-advertised in ADBBO on 31 October 2007 and expressions of interest were requested by 27 December 2007. The shortlist and evaluation criteria were discussed in detail during the Inception Mission and the following steps for selection and engagement of the consultants were agreed upon:

Table 5: Institutional Development & Capacity Building Component

Activities	Scheduled Date
Advertisement in ADBBO	31 October 2007
Deadline for submission of EOI	27 December 2007
ADB preparing draft shortlist, draft evaluation criteria, draft request for proposals (RFP), and draft consultant's contract	08 January 2008
ADB/EA finalizing shortlist, evaluation criteria, RFP, and draft consultant's contract	2 February 2008
ADB sending out of RFP to short-listed firms	8 February 2008
Deadline for submission of technical (Simplified) and financial proposals to ADB	24 March 2008
ADB evaluating technical proposals	11 April 2008
ADB issuing invitation for public opening of financial proposals	18 April 2008
Public opening of financial proposals	25 April 2008
ADB evaluating overall ranking	02 May 2008
EA inviting first-ranked firm to contract negotiations	9 May 2008
Contract Negotiations	16 May 2008
EA submitting negotiated contract to ADB	23 May 2008
ADB sending approval of the negotiated contract to EA	29 May 2008
Signing of the contract	13 June 2008
Commencement of Consulting Services	1 July 2008

VI. PROCUREMENT

27. The Project includes procurement of one civil work contact of \$3.89 million covering all harbor and land works, as well as cargo handling facilities. The contract will be procured in accordance with ADB's *Guidelines for Procurement* through single stage, one envelope international competitive bidding (ICB) without prequalification procedures, with prior review by ADB. Bidders will be given 6 weeks for preparation and submission of bids. The Tender Evaluation Board and the MCPI PIU Head are responsible for all procurement activities. Indicative contract packages for the Project including consulting services are shown in the procurement plan in Appendix 6. The table below shows the description of the components of the civil works contract:

Table 6: Description of the Civil Works Contract

Civil Works Contract	Description	Estimated Value (\$)	ADB Amount (\$)	%	Mode of Procurement
Investment Improvement	a. Dredging, reclamation and quay walls	3,245,144	3,113,001	80	ICB single stage, one envelope without prequalification procedure
	b. Fenders, mooring bars and bollards	83,067			
	c. Paving works	268,508			
	d. Land works (shed, fence, gate, guard post, crane lights)	293,394			
	Total	3,890,113	3,113,001	80	

28. A detailed schedule showing procurement activities is presented below:

Table 7: Procurement Activities

Activities	Date
Preparation of Bid Documents	15 March 2008
Submission of Bid Documents to ADB	21 March 2008
Approval of Bidding Documents	18 April 2008
Advertise in ADBBO and Local Newspaper	22 April 2008
Issuance of Bid Documents	24 April 2008
Opening of Bids	5 June 2008
Submission of Bid Evaluation Report (BER) by EA	10 July 2008
ADB approval of BER and award recommendation	24 July 2008
Award and signing of contract	29 August 2008

VII. DISBURSEMENT PROCEDURES

A. Disbursement Arrangements

29. Loan disbursements will be in accordance with ADB's *Loan Disbursement Handbook*, (2007, as amended from time to time), and detailed arrangements agreed between the Government and ADB. For both works and consulting services, loan funds will be disbursed using ADB's direct payment procedures.

30. The direct payment is detailed below:

- **Direct Payment Procedure** is one whereby ADB, at the Borrower's request, pays a designated beneficiary directly. It is used for payment of mainly civil works, consultants' services and goods. The withdrawal application should be submitted to ADB together with a summary sheet and copy of the invoice duly approved for payment. Different applications should be submitted for different contractors and/or for each currency.

VIII. ACCOUNTING AND AUDITING REQUIREMENTS

31. The PMU and PIUs will each maintain separate project records and accounts adequate to identify goods and services financed from loan proceeds, financing resources received, expenditures incurred, and use of local funds. All project accounting systems will be set up in accordance with sound accounting principles and practices in line with national or international standards. Annual project accounts and related financial statements, consolidated at the PMU level, will be subject to an annual external audit by auditors acceptable to ADB. The annual audit report will include an opinion on use of loan proceeds, compliance with covenants, and discrepancies in accounting records or policies, if any. The EA will monitor project accounting systems and reports at the PMU and PIUs, and will provide ADB with the annual audited financial statements and project accounts, audit reports, and management letters in English no later than 6 months after the end of each fiscal year during project implementation. The EA, in conjunction with the PMU, will also provide quarterly project progress reports in accordance with the project performance monitoring system (PPMS) framework.

IX. REPORTING, MONITORING AND EVALUATION

32. The design and monitoring framework indicators and PPMS have been discussed and the Government agrees that indicators of project impact should relate to volume increase in key outputs of domestic agricultural produce sold in Malé North Harbor markets. The relevance and practicability of indicator data collection has been confirmed by the Government. MTC, supported by the consultants engaged under subcomponent 2 of the institutional development and capacity building component, will develop a comprehensive PPMS framework to monitor activities, analyze and consolidate the data, and provide quarterly PPMS monitoring reports for submission to ADB until project completion. The PPMS framework will include the requirements for ADB project progress reports as well as data for socioeconomic and environmental impact indicators² to measure project impacts at the beginning of project implementation and allow for quarterly reporting on implementation of the environmental management plan (EMP). The PPMS framework will be refined to confirm achievable targets, monitoring arrangements, and will be finalized no later than 6 months after project inception, i.e., by August 2008. After project completion, evaluation surveys will be conducted annually and submitted to ADB for 5 years after project completion. The project completion report will be prepared within 3 months after the physical completion of the Project. The report will include a detailed evaluation of the Project covering the design, costs, contractors and consultant's performance, social and economic impact, economic rate of return, and other details relating to the Project as may be requested by ADB.

X. PROJECT REVIEW

33. A project inception mission will be fielded soon after loan effectiveness. Thereafter, regular reviews will be conducted annually or more frequently as required for effective project implementation. In January 2009, a midterm review by the Government and ADB will consider the Project's progress and agree on any changes in scope or implementation required to achieve the Project's intended impact. The EA and IA will monitor project implementation and keep ADB informed of any significant deviations that may result in the schedule not being met.

² Environmental quality indicators have been identified in the initial environmental examination (IEE).

XI. MAJOR LOAN COVENANTS

34. The standard loan covenants, as well as other assurances which have been agreed among the Government, the EA, IA, and ADB which are to be complied with are as follows:

Table 8: Major Loan Covenants

Particulars	Agency Responsible	Remarks
Project Executing and Implementing Agencies		
1. MOFT shall be the EA for the Project. MTC shall be the IA, responsible for day-to-day implementation of the Project.	MoFT MTC	Complied with
Project Steering Committee		
2. A PSC shall be established immediately after the Effective Date. The PSC shall be chaired by Minister, MTC and comprise representatives at director level from MOFT, MCPI, MEEW, MPND, MHUD, Malè Municipality, and other relevant agencies, as necessary. The Project Director shall act as secretary to the PSC. The PSC shall provide overall policy and operational advice and guidance to the Project. The PSC shall meet as often as necessary, but at least quarterly, and shall hold its first meeting within 3 months of the Effective Date.	MTC	Complied with except for the representation from Malè Municipality for which appointment is ongoing
Project Management Unit		
3. Within 1 month of the Effective Date, the PMU shall be established in MTC and shall be headed by the Executive Director, Planning and Projects, MTC as the Project Director. The PMU shall comprise: (i) a senior transport policy and planning specialist; (ii) a transport policy and planning specialist; (iii) a senior transport project management specialist; and (iv) a transport project management specialist.	MTC	Complied with
Project Implementation Units		
4. Within 1 month of the Effective Date, two PIUs shall be established in each of MTC and MCPI. The heads of the PIUs shall be appointed by the Project Director. Unless otherwise agreed between the Borrower and ADB, the PIU in MTC (MTC PIU) shall be headed by a senior transport policy and planning specialist and be staffed with (i) a policy and planning expert; and (ii) a regulatory expert. Unless otherwise agreed between the Borrower and ADB, the PIU in MCPI (MCPI PIU) shall be headed by a senior engineer and be staffed with (i) a design approval engineer; (ii) a supervision engineer, including environmental coordination; and (iii) a project accountant.	MTC MCPI	Complied with
Institutional Realignment		
5. The Borrower shall ensure that the implementation of the action plan for institutional realignment of MTC's maritime transport activities within its sector mandate, as developed with assistance from the Institutional Consultants, commences not later than 31 May 2008.	MTC	Not yet due - recruitment of consultants is ongoing

Particulars	Agency Responsible	Remarks
Harbor Usage Charge Structures		
6. The Borrower shall ensure that a harbor usage charge structure for the Malé North Harbor and Vilin'gili Harbor is finalized and approved for implementation within 18 months of the Effective Date to ensure compliance with the cost recovery covenant in paragraph 11 of this Schedule. With support from the Institutional Consultants, MTC shall (a) review potential usage charge structures including with relevant price segmentation within 15 months of the Effective Date, (b) subsequently submit to ADB and the Borrower for discussion, a recommended usage charge structure or structures within 16 months of the Effective Date, (c) facilitate approval of the agreed final usage charge structure such that formal approval is gained within 18 months of the Effective Date, and (d) commence implementation within 18 months of the Effective Date.	MTC MCPI	Not yet due - recruitment of consultants is ongoing
Financial Management		
7. With support from the Institutional Consultants, PWS shall implement financial management system reforms such that all Malé North Harbor related assets, expenditures and revenues can be recorded and reported in accordance with generally accepted accounting principles. The financial management system reform action plan shall be established within 24 months of the Effective Date. Financial reports from the systems above shall be made publicly available through MCPI's website and regularly reported to MTC and the EA.	MCPI	Not yet due
Assets		
8. The Borrower shall ensure that responsibility for management of Malé North Harbor related assets remains with PWS and no changes are made without prior consultation with ADB.	MCPI	Not yet due
Revenues and Cost Recovery		
9. The Borrower shall ensure that PWS is given the mandate to levy and collect harbor usage charges in Malé North Harbor and Vilin'gili Harbor in accordance with the accepted harbor usage charge structure.	MoFT	Not yet due
10. For the period when harbor usage charges are not adequate to cover all operations and maintenance costs at Malé North Harbor, the Borrower shall ensure that adequate budget allocations are made in a timely manner to PWS for meeting the gap.	MoFT	Not yet due
11. The Borrower shall ensure that PWS implements harbor usage charges such that 75% of cost recovery of operation and maintenance (O&M) is achieved within 3 years after completion of the Project, and 100% cost recovery of O&M is achieved within 4 years after the completion of the Project.	MoFT	Not yet due
Counterpart Funds		
12. The Borrower shall ensure that throughout the implementation of the Project, adequate budgetary allocations of the required counterpart funds are made available, approved and released in a timely manner.	MoFT	Being complied with

Particulars	Agency Responsible	Remarks
<p>13. The Borrower shall ensure that MPA shall (a) demolish the building located on the government-owned 16-meter wide strip of land (adjacent to Malé North Harbor) currently occupied by MPA, including trees and cover all costs associated with such demolition, and (b) make the land and rights in land, free from any encumbrances required before commencement of construction activities relating to the contract. The Borrower shall ensure that the physical conditions of such land are not altered.</p>	MTC	Not yet due
Environment and Resettlement		
<p>14. The Borrower shall ensure that: (a) the Project facilities are constructed, operated, maintained and monitored in accordance with (i) the Borrower's applicable environmental laws and regulations, and (ii) ADB's <i>Environment Policy</i> (2002); (b) the IEE including EMP is updated during the detailed design stage; (c) all required environmental mitigation measures in the IEE including the EMP are incorporated into the Project design, bidding document for civil works contract, and implemented accordingly; (d) any adverse environmental impacts arising from the Project are minimized by implementing the mitigation measures prescribed in IEE; and (e) the civil works contract entered into with contractors includes obligations of contractors relating to environment including mitigation and monitoring measures as specified in the IEE. The Borrower shall further ensure that both compliance with the environmental mitigation measures and environmental monitoring results collected throughout the Project are submitted by the Borrower to ADB every 6 months.</p>	MCPI	Being complied with
<p>15. The Borrower shall ensure that the Project does not require any land acquisition or involuntary resettlement. In case of any change in the Project design and consequent land acquisition and resettlement impacts, the Borrower shall inform ADB, prepare necessary resettlement plans in accordance with ADB's <i>Involuntary Resettlement Policy</i> (1995) and the Borrower's applicable laws and regulations, disclose these resettlement plans to affected people and submit them to ADB for approval prior to award of civil works contracts.</p>	MCPI	Being complied with
Social		
<p>16. The Borrower shall ensure that all civil works will comply with all applicable labor laws, do not employ child labor for construction and maintenance activities, encourage employment of the poor, particularly women, and will not differentiate wages between men and women for work of equal value. The Borrower shall ensure that the civil works contractors disseminate information at worksites on the risks of sexually transmitted diseases and HIV/AIDS for those employed during construction. Contracts for all subprojects will include specific clauses on these undertakings, and compliance will be strictly monitored by the Borrower during Project implementation.</p>	MCPI	Being complied with

Particulars	Agency Responsible	Remarks
Accounting, Auditing, and Reporting		
<p>17. Without limiting the generality of Section 6.04 of the Loan Regulations, the Borrower shall ensure that each of MTC PIU, MCPI PIU and the PMU shall maintain separate Project records and accounts adequate to identify goods and services financed from the Loan proceeds, financing resources received, expenditures incurred, and use of local funds. All Project accounting systems shall be set up in accordance with sound accounting principles and practices per national or international standards. Annual project accounts and related financial statements, consolidated at the PMU level, shall be subject to an annual external audit by auditors acceptable to ADB. The annual audit report shall include an opinion on use of the Loan proceeds, compliance with covenants, and discrepancies in accounting records or policies, if any. The EA shall monitor Project accounting systems and reports at the PMU and PIUs and shall provide ADB with the annual audited financial statements and project accounts, audit reports, and management letters in English not later than 6 months after the end of each fiscal year during Project implementation. Without limiting the generality of Section 6.05 of the Loan Regulations, the EA in conjunction with the PMU shall also submit detailed quarterly progress reports to ADB as per PPMS framework.</p>	MoFT	Being complied with
Project Performance Monitoring System (PPMS)		
<p>18. The Borrower shall ensure that the IA, supported by the Institutional Consultants, shall have developed comprehensive PPMS framework to monitor activities, analyze and consolidate the data and provide quarterly PPMS monitoring reports for submission to ADB until Project completion. The PPMS framework shall be refined to confirm achievable targets, monitoring arrangements, and shall be finalized not later than 15 December 2007. After Project completion, evaluation surveys shall be conducted annually and submitted to ADB for a period of five years post Project completion. The Project completion report shall be prepared within 3 months after the physical completion of the Project. The report shall include a detailed evaluation of the Project covering the design, costs, contractors and consultants' performance, social and economic impact, economic rate of return, and other details relating to the Project, as may be requested by ADB.</p>	MTC	<p>Delayed due to the time taken for declaration of loan effectiveness and the need for re-advertising the institutional development and capacity building component.</p> <p>Recruitment of consultants is ongoing and revised date for finalization of the PPMS frameworks is targeted for 31 August 2008.</p>

Particulars	Agency Responsible	Remarks
Project Reviews		
19. ADB shall conduct regular reviews annually or more frequently, as required for effective Project implementation. In June 2008, a midterm review by the Borrower and ADB shall consider the Project's progress and agree on any changes in scope or implementation required to achieve the Project's intended impact. The EA and the IA shall monitor the Project implementation and keep ADB informed of any significant deviations that may result in the schedule not being met.	ADB	Due to the delay in loan effectiveness, the mid-term review is currently targeted for January 2009

XII. KEY PERSONS INVOLVED IN THE PROJECT

35. The following are the key persons responsible for the implementation and administration of the Project.

Name	Position	Agency	Contact Numbers
BORROWER/EXECUTING AGENCY (EA): Ministry of Finance and Treasury (MOFT) Ameenee Magu, Malé			
Mr. Riluan Shareef	State Minister	Ministry of Finance and Treasury (MOFT)	Fax No. 960-3324-432 Tel No. 960-3328-761 e-mail: rshareef@finance.gov.mv
Ms. Aminath Ali Manik	Assistant Director General	Ministry of Finance and Treasury (MOFT)	Fax No. 960-3324-432 Tel No. 960-3349-223 e-mail: aminath.ali@finance.gov.mv
IMPLEMENTING AGENCY (IA): Ministry of Transport and Communication (MOTC) Huravee Building, Ameer Ahmed Magu, Malé			
Hon. Mohamed Saeed	Minister	Ministry of Transport and Communication (MOTC)	Fax No. 960-3323-994 Tel No. 960-3323-810 e-mail: msaeed@transport.gov.mv
Mr. Ahmed Wajeeh	Executive Director	Ministry of Transport and Communication (MOTC)	Fax No. 960-3323-994 Tel No. 960-3333-047 e-mail: wajeeh@transport.gov.mv
Mr. Adnan Ali	Civil Engineer	Ministry of Transport and Communication (MOTC)	Fax No. 960-3343-434 Tel No. 960-3343-416 e-mail: adnan@transport.gov.mv
PROJECT MANAGEMENT UNIT: Ministry of Transport and Communication (MOTC) Huravee Building, Ameer Ahmed Magu, Malé			
Mr. Ahmed Wajeeh, Executive Director, Planning and Projects	Project Director	Ministry of Transport and Communication (MOTC)	Fax No. 960-3323-994 Tel No. 960-3333-047 e-mail: wajeeh@transport.gov.mv
Mr. Adnan Ali	Senior Transport Policy and Planning Expert	Ministry of Transport and Communication (MOTC)	Fax No. 960-3343-434 Tel No. 960-3343-416 e-mail: adnan@transport.gov.mv
Mr. Hussain Nazeer, Senior Secretary	Transport Policy and Planning Specialist	Ministry of Transport and Communication (MOTC)	Fax No. 960-334-3434 Tel No. 960-334-3486 e-mail: hussainnazeer@transport.gov.mv

Name	Position	Agency	Contact Numbers
Ms. Niuma Abdul Sattar, Senior Secretary	Senior Transport Project Management Specialist	Ministry of Transport and Communication (MOTC)	Fax No. 960-334-3434 Tel No. 960-334-3439 e-mail: niuma@transport.gov.mv
Ms. Mariyam Riyaza, Secretary	Transport Project Management Specialist	Ministry of Transport and Communication (MOTC)	Fax No. 960-334-3434 Tel No. 960-334-3443 e-mail: riyaza@transport.gov.mv
PROJECT IMPLEMENTATION UNIT: Ministry of Transport and Communication (MOTC) Huravee Building, Ameer Ahmed Magu, Malé			
Mr. Adnan Ali	Head, Senior Transport Policy and Planning Expert	Ministry of Transport and Communication (MOTC)	Fax No. 960-3343-434 Tel No. 960-3343-416 e-mail: adnan@transport.gov.mv
Ms. Niuma Abdul Sattar, Senior Secretary	Policy and Planning Expert	Ministry of Transport and Communication (MOTC)	Fax No. 960-334-3434 Tel No. 960-334-3439 e-mail: niuma@transport.gov.mv
Mr. Hussain Nazeer, Senior Secretary	Regulatory Expert	Ministry of Transport and Communication (MOTC)	Fax No. 960-334-3434 Tel No. 960-334-3486 e-mail: hussainnazeer@transport.gov.mv
PROJECT IMPLEMENTATION UNIT: Ministry of Construction and Public Infrastructure (MCPI) Izzudheenu Magu, Malé			
Mr. Abdulla Naushad, Director General, Engineering Section	Head Senior Engineer	Ministry of Construction and Public Infrastructure (MCPI)	Fax No. 960-3328-300 Tel No. 960-3323-234 e-mail: naushad@construction.gov.mv
Mr. Shifaz Ali, Coastal Engineer	Design Approval Engineer	Ministry of Construction and Public Infrastructure (MCPI)	Fax No. 960-3328-300 Tel No. 960-3323-234 e-mail: shifaz@construction.gov.mv
Ms. Zeeniya Ahmed Hameed, Senior Architect	Supervision Engineer	Ministry of Construction and Public Infrastructure (MCPI)	Fax No. 960-3328-300 Tel No. 960-3323-234 e-mail: zeeniya@construction.gov.mv
Mr. Abdulla Shakeeb, Deputy Director	Head, Project Accountant	Ministry of Construction and Public Infrastructure (MCPI)	Fax No. 960-3313-249 Tel No. 960-333-1586 e-mail: shakeeb@publicworks.gov.mv
Asian Development Bank (ADB) 6 ADB Avenue, Mandaluyong City, Manila, Philippines			
Kazuhiko Higuchi	Director	Transport & Communications	Fax No. 632-636-2340 Tel. No. 632-632-6806 e-mail: khiguchi@adb.org
Sri Widowati	PAU Head	Transport & Communications	Fax No. 632-636-2340 Tel. No. 632-632-6794 e-mail: swidowati@adb.org
Lise Weidner	Senior Transport Specialist (PPP)	Transport & Communications	Fax No. 632-636-2340 Tel. No. 632-632-6842 e-mail: lweidner@adb.org
Asel Djusupbekova	Senior Counsel	Office of General Counsel	Fax No. 632-636-2444 Tel No. 632-632-4226 e-mail: adjusupbekova@adb.org

Name	Position	Agency	Contact Numbers
Francis Emmanuel	Senior Financial Control Specialist	Controller's Department	Pex No. 632-638 2442 Tel No. 632-532-4903 e-mail: fmanuel@adb.org

XIII. ANTICORRUPTION

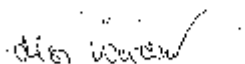
36. ADB defines corruption as "abuse of public or private office for personal gain." ADB will systematically identify in consultation with its member countries opportunities for reducing corruption as part of its broader emphasis on improving good governance and sound development management. ADB's *Anticorruption Policy* (1998 as amended to date) has set the guidelines and procedures in addressing fraudulent corrupt practices. Anyone coming across evidence of fraud or corruption associated with the Investment Program must contact ADB's Office of the General Auditor, who will investigate such allegations.

37. Consistent with its commitment to good governance, accountability and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's *Anticorruption Policy* are included in the loan regulations and its bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of the EA, the IA, and the PIUs and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

38. The Project will introduce additional specific measures to enhance governance and prevent corruption. Such measures include, but are not limited to (i) continued consultant support to MCP4 PIU staff on procurement and project management; (ii) harbor management training for MCP4 PIU staff including training in collection of harbor usage charges; and (iii) improving financial management systems and practices. Specific measures to improve transparency under the Project include random and independent spot checks by ADB review missions on procurement and financial project accounts. The Government will ensure that procurement of all civil works necessary for the Project will be undertaken by the Government through the Tender Evaluation Board.



AHMED WAHEEH
EXECUTIVE DIRECTOR
Project and Planning
Ministry of Transport and Communication



LISA WEIDNER
MISSION LEADER
Asian Development Bank

DETAILED COST ESTIMATES BY EXPENDITURE CATEGORY AND FINANCIER^h

Item	Costs – In \$ Terms			Financing Plan - \$			Costs in Local Currency Terms - Rf			
	Foreign Currency	Local Currency	Total	ADB Amount	%	Government Amount	%	Foreign Currency	Local Currency	Total
1. Base Costs										
A. Component 1: Infrastructure Improvement^a										
a. Dredging, Reclamation and Quay walls	2,082,808	1,162,336	3,245,144					26,764,077	14,936,017	41,700,094
b. Fenders, Mooring Bars, and Bollards	51,478	31,589	83,067					661,489	405,922	1,067,411
c. Paving Works	214,306	54,202	268,508	3,113,001	80	777,112	20	2,753,832	696,495	3,450,327
d. Land works (shed, fence, gate, guard post, crane, lights)	228,128	65,266	293,394					2,931,444	836,673	3,770,117
e. Detail design, bid preparation, site supervision and Project management ^b	418,200	124,000	542,200	542,200	100	0	0	5,373,870	1,593,400	6,967,270
Subtotal	2,994,919	1,437,394	4,432,313	3,655,201	82	777,112	18	38,484,713	18,470,507	56,955,220
B. Component 2: Institutional Development and Capacity Building										
a. Institutional Development and Capacity Building ^c	600,000	45,000	645,000	645,000	100	0	0	7,710,000	578,250	8,288,250
b. Environmental Impact Assessment	37,500	15,000	52,500	52,500	100	0	0	481,875	192,750	674,625
2. Taxes and Duties^d	0	434,622	434,622	4,352,701	0	434,622	100	46,676,588	5,584,892	71,502,986
3. Contingencies										
a. Physical ^e	467,382	251,318	718,701					6,005,863	3,229,441	9,235,303
b. Price ^f	163,247	158,122	321,369					2,097,729	2,031,867	4,129,596
Total Contingencies	630,630	409,440	1,040,070	930,807	89	109,263	11	8,103,592	5,261,308	13,364,900
Subtotal Before Financing Charges	4,263,049	2,341,456	6,604,505					54,780,180	30,087,707	84,867,886
4. Financing Charges: Interest Capitalized during Construction^g	49,920	0	49,920	49,920	100	0	0	641,466	0	641,466
Total Cost	4,312,969	2,341,456	6,654,424	5,333,427	80	1,320,997	20	55,421,646	30,087,707	85,509,352

^a Civil works (labour, materials, and equipment) cost estimates.

^b Represents 25 international man-months and 15 national person-months.

^c Represents 25.5 international man-months and 18 national person-months.

^d Import taxes (25%/15%) on specified import items.

^e Physical contingencies: 10% of all costs except "dredging, reclamation and quay walls" for which contingencies are computed at 15%.

^f Price contingencies: Foreign costs computed at 2.8% from 2007 onwards; local costs at 5% from 2007 onwards.

^g Financing Charges calculated under ADF loan terms as 1% interest for 8 years grace period (interest capitalized for loan implementation period of 2 years).

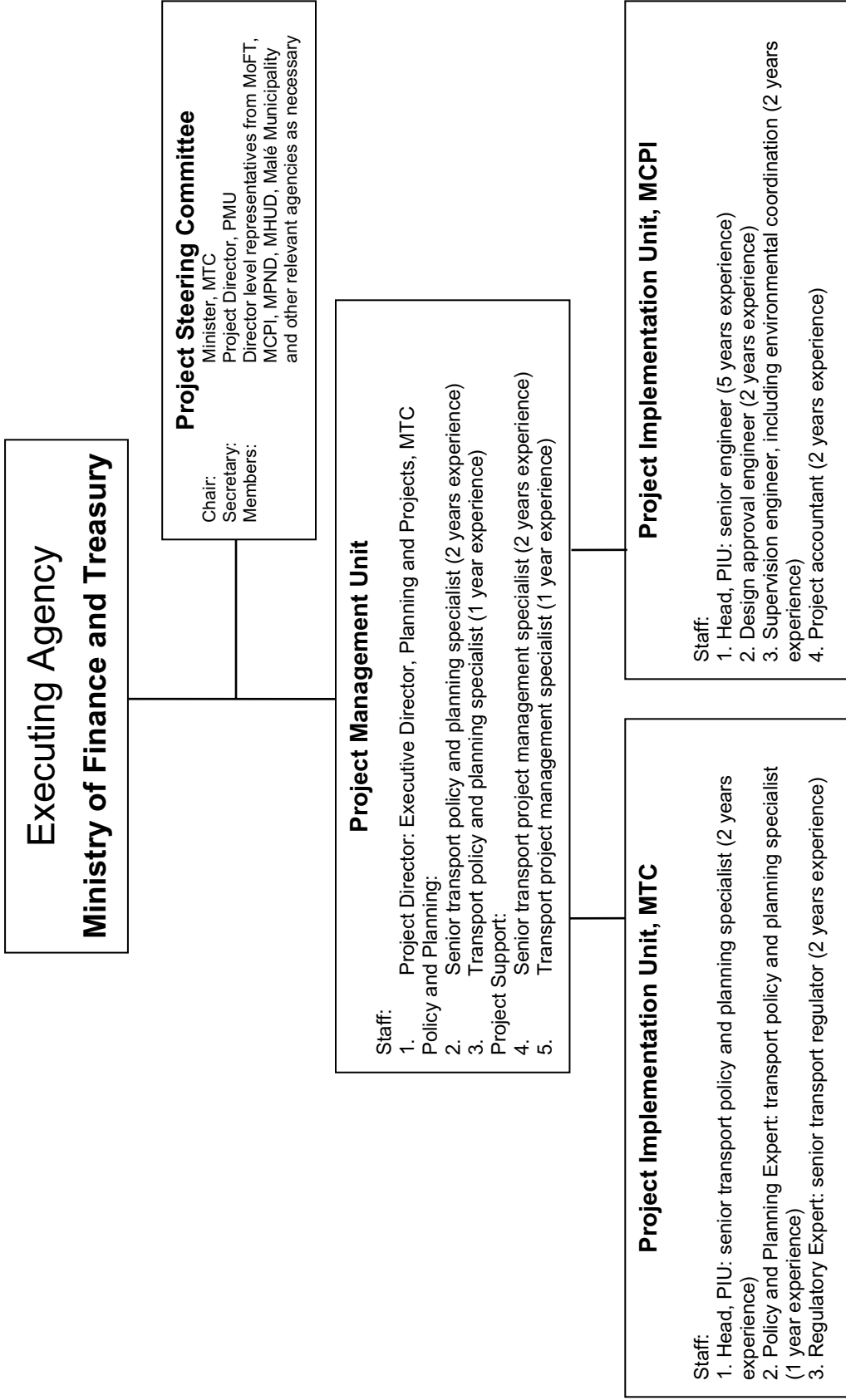
^h Exchange rate: Rf12.85 per \$1 (November 2006).

Numbers may not sum precisely because of rounding.

All base costs in end 2006 prices.

Source: Asian Development Bank estimates

IMPLEMENTATION ARRANGEMENTS



MCPI = Ministry of Construction and Public Infrastructure, MHUD = Ministry of Housing and Urban Development, MPND = Ministry of Planning and National Development, MoFT = Ministry of Finance and Treasury, MTC = Ministry of Transport and Communication, PIU = project implementation unit, PMU = project management unit.

Table A3.2: Institutional Development and Capacity Building Component

Item	2007	2008	2009	2010
	Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar			
Consultant Selection / Mobilization				
A. Subcomponent 1: Institutional Alignment of Ministry of Transport and Communication's (MTC) Maritime Transport Activities with its Sector Mandate				
Review of Government strategies and recruitment policies				
Assessment of staff numbers and skills				
Development of a recommendation for proposed realignment			(1.3 Ws)	
Development of recommendation for human resource composition and training needs			(1.3 Ws)	
Assisting in broad-based stakeholder consultations			(1.3 Ws)	
Preparation of documents for approval of realignment				
Development of action plan for implementation				
B. Subcomponent 2: Capacity Building in Ministry of Transport and Communication				
1. Strategic Planning and Policy Analysis				
2. Establishment of Harbor usage Charges				
-Review and Recommendation on Harbor Usage Charge Structures				
-Broad-based stakeholder consultation and develop a time-bound action plan for implementation			(2 Ws)	
-Assisting in process and draft supporting documentation required for issuance of the Presidential Decree			(2 Ws)	
3. Maritime Safety Regulations				
-Review of existing maritime regulations and vehicle inspection procedures				
- Recommendations on enhancement to existing regulations			(2 Ws)	
- Assisting in broad based stakeholder consultations on proposed changes			(2 Ws)	
- Assisting in document preparation for approval and develop a timebound action plan			(2 Ws)	
4. Project Performance Monitoring &				
C. Subcomponent 3: Capacity Building in MCPPI				
1. Harbor Management Training				
-Development of training program for MCPPI PWS				
-Implementation of training program				
-Development of harbor management manual				
2. Financial management (FM) Training				
-Review and recommend improvements to present accounting systems and procedures				
-Review and recommend improvements to financial models for operations				
- Assisting in consultations on proposed changes				
-Preparation of documents for approval of changes for new systems				
-Development of a time bound action plan for implementation and Operations				

W = weeks

■ projected during appraisal stage
 # actual

INFRASTRUCTURE INVESTMENT CONSULTING COMPONENT OUTLINE TERMS OF REFERENCE

A. Background

1. The infrastructure investment component of the Domestic Maritime Transport Project consists of improvements to the existing Malé North Harbor through (i) construction of a new 290 meter (m) long quay projecting northwards at right angles to Marine Drive alongside the boundary to Malé Commercial Harbor, (ii) ancillary civil works, (iii) provision of cargo handling equipment, and (iv) construction of a temporary transit area for goods and passengers.

2. The consulting services under the infrastructure investment component will conduct detailed design, preparation of tender documents, bid evaluation, construction supervision, and project management assistance.

3. Two groups of international and national consultants—design and supervision group and project management assistance group—will be engaged by the Government through a firm over a 21-month period. The consulting firm will be recruited through the quality- and cost-based selection (QCBS) method. All international and national consultants will be engaged in accordance with the Asian Development Bank's (ADB's) *Guidelines on the Use of Consultants* (2006, as amended from time to time) based on biodata technical proposals.

B. Description of Consulting Inputs

1. Design and Supervision Group

4. **Objectives.** The primary objective of the design and supervision group is to ensure that works are designed in accordance with international engineering standards, and are constructed to the prescribed quality in accordance with specifications, bidding documents, and quality assurance systems. The group will work in close coordination with the head of the project implementation unit (PIU) under the Ministry of Construction and Public Infrastructure (MCPI).

5. **Scope of Work.** The group's specific activities to be carried out include, but are not limited to, the following:

- (i) Review available surveys and studies, including the final report of Domestic Maritime Transport Project³ prepared by Opus International, New Zealand; the land use plan prepared by Maldives Housing and Urban Development Board; traffic studies conducted by the Ministry of Transport and Communication (MTC); and existing meteorological, geotechnical, hydrographic, and topographic data.
- (ii) Identify requirements of field surveys and other investigations. Based on the requirement assessment, carry out all the required engineering surveys and investigations with the agreement of the head of the MCPI PIU, including bathymetric survey and construction material survey. The surveys will incorporate all the necessary features for design of all allied infrastructure.
- (iii) Develop land use plan of the reclamation area, including zoning of the area and vehicle/pedestrian flow to achieve efficient cargo handling, safe passenger

³ ADB. 2004. *Technical Assistance to the Republic of the Maldives for Preparing the Domestic Maritime Transport Project*. Manila.

movement, and road congestion alleviation on Marine Drive; and finalize the specification of transit shed for goods and passengers and the specification of cranes proposed in the final report.

- (iv) Prepare the detailed engineering designs. Designs will be sufficiently detailed to ensure clarity and understanding by the head of the MCPI PIU. All the designs should be in conformity with the international engineering standards applicable to the Maldives. Based on the detailed engineering designs, prepare all necessary tender drawings, specifications, bill of quantities, detailed cost estimates, implementation schedule, and quality control programs.
- (v) Update environmental management plan (EMP) especially with a view to assessing the impact and mitigation measures for dredging, reclamation, and turbidity activities; and undertake consultation with potential people affected by these activities. The updated EMP will also (a) address any issue raised by the Ministry of Environment, Energy and Water (MEEW) as part of conditions of the “Decision Note”; and (b) include the updated cost for implementation of the EMP. Incorporate the updated EMP in the bidding document, and review the contractor’s proposal to ensure that the selected contractor has the capability to implement the EMP. Monitor and supervise the implementation of the updated EMP and prepare a monitoring report of its implementation.
- (vi) Prepare the necessary documentation required for international competitive bidding. The bidding documents will include instruction to bidders, employer's requirements, general and special conditions of contract, technical specifications, bill of quantities, tender drawings, and forms of contract, etc.
- (vii) Prepare draft bid evaluation report, and assist the Government on a needs basis in the award of contract and contract signing, etc.
- (viii) As the engineer's representative under the contract, supervise construction of all the project components; monitor construction methods and quality control, including implementation of the EMP during construction; certify that the quality of works conforms to the specifications and drawings; assess the adequacy of the contractor's input materials, labor, equipment, and construction methods; resolve contractual issues; furnish all revisions and detailed drawings as necessary during the continuance of the contract; attend third party inspections as necessary; examine the contractor's claims for variations/extension, additional compensation, etc.; and prepare recommendation for approval by the MCPI PIU; assist in preparing planned maintenance procedures; and check installation and commissioning. Record the work measurement, certify the contractor's claim, and assist the MCPI PIU in contract monitoring.
- (ix) Conduct training of operation of cranes to be installed in the Project before operations begin.

6. **Inputs.** Inputs required are in Table A4.1.

Item	Person-Months
Team Leader (Engineer)	7.0
Detail Land Usage/Traffic Flow Plan	1.0

Item	Person-Months
Crane Specification/Training	0.5
Detail Design/Construction Plan	4.0
Update Environmental Management Plan	1.5
Tender Documentation	1.0
Bid Evaluation Support	0.5
Resident Engineer	13.0
Total	28.5

Source: Asian Development Bank estimates.

2. Project Management Assistance Group

7. **Objectives.** The project management assistance group will be located in the MCPI PIU and will: (i) provide solutions to the MCPI PIU on key technical issues; (ii) assist the head, MCPI PIU in the approval process for designs and ensure quality of the works; (iii) support MCPI PIU in monitoring of projects, compliance with regard to assurances, and progress on the agreements; (iv) assist in setting up progress recording and reporting systems in accordance with ADB requirements; and (v) assist in strengthening the capabilities of MCPI PIU staff.

8. **Scope of Work.** The group's specific activities to be carried out include, but are not limited to the following:

- (i) Assist the MCPI PIU in overall project management, including liaison with relevant ministries, facilitating approvals of documents where necessary; and advise on planning/design/implementation of the Project;
- (ii) Assist MCPI PIU in planning and scheduling of works;
- (iii) Assist MCPI PIU in compliance with regards to assurances;
- (iv) Assist the MCPI PIU on a needs basis on substantive technical issues including technical, environmental, and bidding documents submitted by the design and supervision group;
- (v) Define for MCPI PIU the quality control mechanisms and parameters for the Project and, as the MCPI PIU representative, carry out periodic review of quality of construction and compliance with design/standards; and
- (vi) Assist MCPI PIU in finalizing the formats, indicators, and reporting arrangements (periodicity) both internally and to ADB.

9. **Inputs.** Inputs required are in Table A4.2.

Table A4.2: Inputs of Project Management Assistance Group

Personnel	Person-Months
Group Leader (Engineer)	5.0
Finance Specialist	6.5
Total	11.5

Source: Asian Development Bank estimates.

C. Cost Estimates. Costing is in Table A4.3.

Table A4.3: Costs for Infrastructure Investment Consulting Team
(\$)

ITEM	PERSON-MONTHS	RATE PER PERSON-MONTH	COSTS
TEAM LEADER/GROUP LEADER/RESIDENT ENGINEER	25	5,000–19,000	273,000
OTHER EXPERTS/SPECIALISTS	15	2,500	37,500
OUT-OF-POCKET EXPENSES			231,700
CONTINGENCIES		10%	54,220
TOTAL			596,420

Source: Asian Development Bank estimates.

INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING COMPONENT OUTLINE TERMS OF REFERENCE

A. Background

1. The Government has requested that institutional development and capacity building support be provided under the proposed Project to enhance the gradual implementation of the long-term sector objectives of ensuring separation of maritime transport sector policy, planning, and regulatory functions from operational activities in line with the strategic directions outlined in the Seventh National Development Plan (7NDP) and the ongoing reorganization initiatives. The consulting services provided under the Institutional Development and Capacity Building component of the Loan aim at strengthening the institutional capacity in (i) the Ministry of Transport and Communication (MTC) to effectively plan and regulate the maritime transport sector; and (ii) the Ministry of Construction and Public Infrastructure (MCPI) to manage, operate, and maintain maritime transport infrastructure in Malé in a sustainable manner.

2. A team of international and national consultants will be engaged by the Government through a firm, intermittently over 21 months. All international and national consultants will be engaged through Quality- and Cost-Based Selection (QCBS) in accordance with the Asian Development Bank's (ADB's) *Guidelines on the Use of Consultants* (April 2006, as amended from time to time) using simplified technical proposals. Qualification and experience requirements of international consultants are in section 5.1

B. Description of Consulting Inputs⁴

1. Sub-component One: Institutional Alignment of MTC's Maritime Transport Activities with its Sector Mandate.

3. **Objectives.** The primary objective of this sub-component is to support the ongoing efforts within MTC to strengthen the Ministry's policy, planning, and regulatory sector responsibilities for international and domestic maritime transport activities relating to both transport infrastructure and transport services (as outlined in Appendix 3); and align MTC's organizational structure to its mandate. Based on the agreed long-term sector focus areas and objectives, the consultants will advise and assist all levels of MTC staff in the realignment efforts and will undertake the following activities:

- (i) Review relevant Government strategies, including the 7NDP as well as existing and ongoing studies relating to the proposed realignment of MTC;
- (ii) Review current recruitment policies, strategies, terms and conditions of services, performance evaluation, promotion, and salary structures; and recommend improvements necessary to enable MTC to retain qualified maritime transport staff;
- (iii) Conduct an assessment of staff numbers and skills mix composition necessary to ensure fulfillment of MTC's mandate under the new organizational structure, including a training needs assessment and training plan based on current and expected future work responsibilities;

⁴ The outline terms of reference for each consultant are not exhaustive and may be expanded as required.

- (iv) Develop a recommendation on the preferred option for the organizational realignment with a view to meeting sector objectives, including detailed terms of reference for the focus areas with regard to international and domestic (a) maritime transport infrastructure; and (b) maritime transport services within the context of MTC's mandate;
- (v) Develop recommendations for possible changes in all levels of MTC's human resources employed in maritime transport activities to ensure achievement of the Ministry's sector objectives;
- (vi) Assist in ensuring broad-based stakeholder consultations on the proposed realignment and human resources enhancement efforts both within MTC and among relevant Government agencies and ADB;
- (vii) Assist in the preparation of documents necessary to ensure approval of the realignment; and
- (viii) Develop a time-bound action plan for the implementation of the realignment and its recommended human resources enhancement.

2. Sub-component Two: Capacity Building in MTC

4. **Objectives.** The primary objective of this sub-component is to provide capacity building assistance to strengthen MTC's capacity to effectively plan and regulate the maritime transport sector and to monitor Project implementation and achievement of Project impact indicators outlined in the design and monitoring framework (Appendix 1). Capacity building will be provided in the following areas:

5. **Strategic Planning and Policy Analysis** (2 person-months, international). The expert will prepare training materials and deliver formal and on-the-job training with regard to strategy and policy formulation in accordance with the requirements determined by the training needs assessment, in particular: (i) strategic planning and integration with the national development plans, including the 7NDP and the national budgets; and (ii) policy analysis and preparation.

6. **Establishment of Harbor Usage Charges.** The experts will do the following:

- (i) Review existing harbor usage charges structures in Malé harbors and recommend potential structures for calculation of harbor usage charges based on a number of parameters including (a) establishing harbor usage fee structures across harbors to ensure equity of different market segments; (b) customer segmentation; (c) cost recovery in accordance with government policy objectives; (d) maximizing utilization of harbor infrastructure; and (e) conducting willingness-to-pay and affordability surveys of relevant user segments to support this analysis (2 person-months, international);
- (ii) Assist in ensuring broad-based stakeholder consultations on the proposed harbor usage charges (including users, relevant government agencies, and ADB) to reach agreement on a time-bound action plan for implementation of the preferred harbor user charges (1.0 person-month international and 1.5 person-months national); and

- (iii) Assist in drafting of documents necessary to obtain approval for the introduction of harbor usage charges, according to the procedures outlined in the Legal Opinion issued by the Attorney General's Office on 31 January 2007 (0.5 person-month international and 0.5 person-month national).

7. Maritime Safety Regulations, Vessel Inspections, and Registration Procedures (2 person-months international and 2 person-months national). The experts will do the following:

- (i) Review and assess maritime safety regulations, vessel inspections, and registration procedures;
- (ii) Identify possible enhancements to the existing regulations required to ensure a safe domestic maritime transport sector;
- (iii) Recommend possible changes to the regulatory framework necessary to achieve government objectives, including possible penalties for noncompliance and recommendations for enforcement measures;
- (iv) Assist in ensuring broad-based stakeholder consultations on the proposed changes in the regulatory framework both within MTC and among relevant government agencies; and
- (v) Assist in the preparation of documents necessary to ensure approval of the recommended changes and develop a time-bound action plan for implementation of recommended regulatory changes.

8. Design a Project Performance Monitoring System (PPMS) for Project Impact Monitoring⁵ (2 person-month international). The expert will do the following:

- (i) Design PPMS to monitor activities, analyze and consolidate the data, and provide quarterly PPMS monitoring reports for submission to ADB until Project completion. The PPMS framework will include the requirements for ADB Project progress reports as well as data for socioeconomic and environmental impact indicators⁶ to measure Project impacts at the beginning of Project implementation and allow for quarterly reporting on implementation of the Environmental Management Plan (EMP). The PPMS will include a baseline survey system for independent evaluation of outcomes and impact indicators, including environmental and social aspects identified in the design and monitoring framework for implementation prior to commencement of Project construction.
- (ii) Carry out sampling and data analysis for the environmental quality indicators as part of the implementation of the EMP.

3. Sub-component Three: Capacity Building in MCPI

9. Objectives. With a view to enhancing MCPI's existing harbor management capacity, the objective of this sub-component is to provide (i) harbor management training for staff at the

⁵ MCPI will be included in the capacity building relating to environmental quality monitoring.

⁶ Environmental quality indicators have been identified in the IEE Report.

Public Works Services (PWS) Section under MCPI, including training in collection of harbor usage charges for the additional 16 new staff considered necessary to ensure the sustainability of the investment component; and (ii) financial management training for PWS staff. The experts will undertake the following activities:

10. **Harbor Management Training** (4 person-months, international). The purpose of the training activities provided under this sub-component is to assist MCPI PWS in enhancing their existing harbor management capacity to enable introduction of efficient harbor management systems in Malé North Harbor. The expert will do the following:

- (i) Based on observations from current practice in Malé South West Harbor and Malé North Harbor, develop a formal and on-the-job training program for MCPI PWS staff in harbor management;
- (ii) Implement the training program through hands-on training activities and conduct a workshop for relevant MCPI PWS staff to solicit feedback on the training activities and their appropriateness; and
- (iii) Based on the feedback obtained during the workshop and lessons learned from the training activities, develop a harbor management manual including the following components: (a) workflow efficiency of operations in terms of turnaround and avoidance of delays for vessels and vehicles; (b) safety practices for people, vessels, and vehicles; in particular, handling of hazardous materials; (c) allocation of berthing space for different vessel types and activities to maximize utilization of facilities; (d) best practice and security for short-term transit arrangements for passengers and goods; and (d) inspection and regular preventive maintenance procedures.

11. **Financial Management Training** (6 person-months international and 8 person-months national). The purpose of the training activities provided under this sub-component is to assist MCPI PWS in enhancing existing financial management systems for improved financial monitoring, cost and revenue efficiencies, and reporting in both construction and harbor operation and maintenance activities. Consultant activities will include, but not be limited to, the following:

- (i) Review present accounting and budgeting systems and practices within MCPI and PWS including (a) adequacy of hardware and software systems; (b) accounting standards followed; (c) budgeting practices; (d) asset safeguard policies; (e) financial monitoring and reporting practices including the interactions between MCPI, PWS, and Ministry of Finance and Treasury (MoFT); (f) internal control systems, including segregation of duties and cash and bank reconciliations; (g) auditing policies and practices; and (h) human resource base and financial skill levels. Recommend improvements and modifications to the areas identified in (a) to (h) based on best practices for financial management systems, including best practices in transparent financial reporting (such as publishing financial reports on websites, publishing user charges on websites, and newspapers periodically);
- (ii) Assess revenue model for PWS including collection systems for harbor usage charges. Discuss potential harbor usage fee structures being conceptualized by the harbor usage charge consultants (para. 7) to assess impact on collection

systems suggested. Recommend best practices for enhancing revenue model, including collection efficiencies in accordance with best harbor management benchmarks. Assess cost model for PWS, including operations, administration and other costs. Rationalize cost efficiencies to achieve benchmarks for cost control in accordance with best harbor management practices. Assess the financial model for calculating harbor user charges at PWS. In coordination with the harbor usage charges consultants (para. 7), recommend financial models for calculating harbor usage charges calculations based on a number of parameters (including market segmentation and cost recovery) so that these models may be used for reporting on (a) usage charge collection trends, details, and efficiencies; and (b) making periodic representations to the regulatory government departments for usage charge increases, as and when necessary;

- (iii) Assist in ensuring consultation on the above proposed recommendations through to approval of recommended financial management systems and policies;
- (iv) Recommend solutions to possible resource constraints in financial management systems, including recommended staffing levels and skills mix and training programs required;
- (v) Based on the agreed consultations, assist in the preparation of a best practice financial management operations manual for both MCPI and PWS; and
- (vi) Develop a time-based action plan for implementation of recommended financial management systems and policies, including a training program.

12. The services will be rendered by the following experts:

International Consultants	
Title	Person-months
Senior Maritime Transport Organizational Specialist/ Team Leader	6.0
Senior Maritime Transport Planner	2.0
Maritime Operations Specialist	7.0
Maritime Finance Specialist	6.0
Maritime Legal Specialist	2.5
Maritime Project Evaluation Specialist	2.0

National Consultants	
Title	Person-months
Maritime Transport Organizational Specialist	6.0
Maritime Operations Specialist	1.5
Maritime Finance Specialist	8.0
Maritime Legal Specialist	2.5

C. Activities with Milestones

13. Targeted Schedule.

Activity	Target
Institutional Development and Capacity Building component	
1.1 Hire Consultants.	July 2008

Sub-component 1 – Institutional Alignment of MTC’s Maritime Transport Activities with its Sector Mandate	
1.1 Review of Government strategies.	August 2008
1.2 Review of current recruitment policies and of terms and conditions of services.	August 2008
1.3 Conduct of an assessment of staff numbers and skills mix.	September 2008
1.4 Development of a recommendation for the proposed organizational realignment.	October 2008
1.5 Development of recommendations for possible changes and training needs of MTC’s human resources employed in maritime transport activities.	October 2008
1.6 Assistance in ensuring broad-based stakeholder consultations on the proposed realignment and human resource enhancement efforts.	October 2008
1.7 Assistance in the preparation of documents necessary to ensure approval of the realignment.	November 2008
1.8 Development of a time-bound action plan for implementation.	December 2008
Sub-component 2 – Capacity Building in MTC	
2.1 Strategic Planning and Policy Analysis	
(a) Preparation of training materials and deliverance of formal on-the-job training in accordance with the requirements determined in the training needs assessment.	End January 2009
2.2 Establishment of Harbor User Charges	
(a) Verification of the level of harbor user charges for Malé North Harbor necessary to achieve Government’s objectives. Conduct of willingness-to-pay surveys of relevant user segments. Recommendation of a potential harbor user charges structure.	March 2009
(b) Assistance in ensuring broad-based stakeholder consultations. Development of a time-bound action plan for implementation of the preferred harbor usage charges.	May 2009
(c) Assistance in drafting of documents necessary to obtain approval for the introduction of harbor usage charges according to the procedures outlined in the Legal Opinion issued by the Attorney General’s Office on 31 January 2007.	July 2009
2.3 Maritime Safety Regulations, Vessel Inspections, and Registration Procedures	
(a) Review and assessment of maritime safety regulations, vessel inspections, and registration procedures.	August 2009
(b) Identification of possible enhancement to existing regulations.	September 2009
(c) Recommendation of possible changes to the regulatory framework.	September 2009
(d) Assistance in ensuring broad-based stakeholder consultations on proposed changes.	October 2009
(e) Assistance in the preparation of documents necessary to ensure approval of the recommended changes. Development of a time-bound action plan for implementation.	October 2009
2.4 Project Performance Monitoring System (PPMS)	
(a) Development of PPMS, including project impact indicators.	August 2008
Sub-component 3 – Capacity Building in MCPI	
3.1 Harbor Management Training	
(a) Development of a training program for MCPI / PWS staff.	November 2009
(b) Implementation of the training program through formal and on-the-job training.	January 2010
(c) Development of a harbor management manual.	Mid-March 2010
3.2 Financial Management Training	

(a) Review of present accounting and budgeting systems and practices. Recommendation of improvements and modifications.	August 2009
(b) Review and recommendation of improvements to the financial model for revenue and cost management, including harbor usage charges.	October 2009
(c) Assistance in ensuring consultations on the changes to (a) and (b).	November 2009
(d) Assistance in preparation of documents necessary to ensure approval of the new systems as in (a) and (b).	December 2009
(e) Development of a time-bound action plan for implementation and operations manual.	Mid-March 2010

D. Reports

14. The consultants will submit the following reports in English, in both hard copy and electronic form, to ADB for distribution (six copies for distribution to Government and three for ADB):

- (i) **Inception report.** This brief report will be submitted within 4 weeks of the start of the consulting services. It will outline, in accordance with the terms of reference, the consultants' approach, methodology, and work plan as well as cost implications for consulting services. The report will provide a clear bar chart of all activities, and recommend changes to the implementation arrangements. It will also provide a detailed background to the sector and identify issues and decision-making requirements, if any, to facilitate implementation progress.
- (ii) **Midterm progress report.** This report will be submitted at the midpoint of implementation of services. The report will take the format of the final report and will summarize recommendations and concepts being developed under the terms of reference. It will also provide a detailed background to the Institutional Development and Capacity Building component, and identify issues and decision-making requirements, if any, to facilitate progress.
- (iii) **Draft final report.** This report to be submitted on completion of services will provide the following: (a) summary of activities; (b) documentation of all data, analyses, and recommendations developed under the terms of reference; (c) stakeholder assessments; (d) assessment of the effectiveness of the activities undertaken; and (e) conclusions.
- (iv) **Final report.** The consultants will submit this report 1 month after receipt of the comments on the draft final report from the Government and ADB.

15. The final report will follow the outline below, subject to revisions proposed and agreed upon by the consultants and ADB during the course of the implementation.

- (i) **Introduction.** Outline objectives and process, and briefly describe the sector context.
- (ii) **Methodology.** Describe the team's approach to data collection, analysis, and compilation; and summarize the consultation process and outcomes.

- (iii) **Findings.** Describe in detail the outputs called for in the terms of reference, organized according to each of the Project components.
- (iv) **Recommendations.** Present action plans for implementation and recommendations for future sector work and reform initiatives.
- (v) **Appendices.** Present all data in summary form. Provide full quantitative and qualitative databases in supplementary appendices.

Qualification and Experience Requirements of International Experts

Team Leader –cum- Sr. Maritime Transport Organization Specialist (6 months input)

i)	General Qualifications (20%)	
	a) Educational Qualification	Graduate in (i) Engineering or Transport Planning; and (ii) Organizational Development or Human Resources; or equivalent of (i) and (ii).
	b) Total Professional Experience	Preferably 10 years, with at least 5 years experience in Small Island Economies.
ii)	Project Related Experience (60%)	
	a) Experience in Organizational Development of Transport Sector Institutions in Small Island Economies, preferably funded through ADB- or World Bank-assisted projects.	<p>(i) Familiar with strategic and organizational challenges of Transport Sector Institutions in Small Island Economies;</p> <p>(ii) Expertise in realignment/reorganization of transport sector institutions in similar country contexts, with a focus on division of international and domestic (a) maritime transport infrastructure; and (b) maritime transport services;</p> <p>(iii) Expertise in review of Human Resources strategies including terms and conditions of service, performance evaluations, promotion and salary structures; and staff assessments in terms of numbers and skills mix composition;</p> <p>(iv) Expertise in implementing broad-based stakeholder consultations; and</p> <p>(v) Expertise in development of time-bound actions plans for implementation of strategic realignments.</p>
iii)	Country Experience (20%)	
	a) Experience in Small Island Economies	<p>(i) Familiar with the Maldives;</p> <p>(ii) Carried out at least 2 similar assignments in Small Island Economies, preferably as Team Leader.</p>

Senior Maritime Transport Planner (2 months input)

i)	General Qualifications (20%)	
	a) Educational Qualification	Graduate in (i) Transport Planning; (ii) Economics; or (iii) Engineering; or equivalent.
	b) Total Professional Experience	Preferably 10 years, with at least 5 years experience in Small Island Economies.
ii)	Project Related Experience (60%)	
	a) Experience in Strategic Planning and Policy Analysis of the Maritime Transport Sector.	(i) Familiar with strategic and policy challenges of Transport Sector Institutions in Small Island Economies; and (ii) Expertise in (a) capacity building for strengthening strategic planning and integration with national development plans; and (b) policy analysis and preparation in Transport Sector Institutions in Small Island Economies.
iii)	Country Experience (20%)	
	a) Experience in Small Island Economies	(i) Familiar with the Maldives; (ii) Carried out at least 2 similar assignments in Small Island Economies, preferably as Team Leader.

Maritime Operations Specialist (7 months input)

i)	General Qualifications (20%)	
	a) Educational Qualification	Graduate in (i) Engineering, or (ii) Transport Planning; or equivalent.
	b) Total Professional Experience	Preferably 5 years, with at least 3 years experience in Small Island Economies.
ii)	Project Related Experience (60%)	
	a) Experience in Establishment of Harbor Usage Charges, and Development and Implementation of Harbor Training Programs and Harbor Management Manuals.	<p>(i) Familiar with harbor usage charges structures in harbors in Small Island Economies;</p> <p>(ii) Expertise in establishing harbor usage fee structures across harbors to ensure equity of different market segments; customer segmentation; cost recovery in accordance with sector objectives; and maximizing utilization of harbor infrastructure;</p> <p>(iii) Expertise in conducting willingness-to-pay and affordability surveys;</p> <p>(iv) Expertise in implementing broad-based stakeholder consultations for design and implementation of harbor usage fees;</p> <p>(v) Expertise in developing and implementing on-the-job training programs in harbor management; and</p> <p>(vi) Expertise in developing harbor management manuals including workflow efficiency; safety practices; allocations of berthing space for different vessel types; best practice and security for short-term transit arrangements; and inspection and regular preventive maintenance procedures.</p>
iii)	Country Experience (20%)	
	a) Experience in Small Island Economies	<p>(i) Familiar with the Maldives;</p> <p>(ii) Carried out at least 2 similar assignments in Small Island Economies.</p>

Maritime Finance Specialist (6 months input)

i)	General Qualifications (20%)	
	a) Educational Qualification	Graduate in (i) Finance; (ii) Accounting; or (iii) Economics; or equivalent.
	b) Total Professional Experience	Preferably 5 years, with at least 3 years experience in finance and accounting systems of Transport Sector Institutions in Small Island Economies.
ii)	Project Related Experience (60%)	
	a) Experience in Establishment of Budgeting and Accounting Systems in Transport Sector Institutions in Small Island Economies.	<p>(i) Familiar with best practice accounting and budgeting systems in Transport Sector Institutions in Small Island Economies;</p> <p>(ii) Expertise in assessing revenue and cost models including collection systems for harbor usage charges;</p> <p>(iii) Expertise in developing financial management systems including assessment and recommendation with regards to staff levels and skills mix composition;</p> <p>(iv) Expertise in development of best practice financial management operations manuals; and</p> <p>(v) Expertise in development of time-bound action plans for implementation of financial management systems and polices including training programs.</p>
iii)	Country Experience (20%)	
	a) Experience in Small Island Economies	<p>(i) Familiar with the Maldives;</p> <p>(ii) Carried out at least 2 similar assignments in Small Island Economies.</p>

Maritime Legal Specialist (2.5 months input)

i)	General Qualifications (20%)	
	a) Educational Qualification	Graduate in Law with a focus on Maritime Safety Aspects.
	b) Total Professional Experience	Preferably 5 years, with at least 3 years in similar assignments in Small Island Economies.
ii)	Project Related Experience (60%)	
	a) Experience in (i) Review and Assessment of Maritime Safety Regulations, Vessel Inspections, and Registration Procedures.	(i) Expertise in reviewing and assessing maritime safety regulations and recommending changes as necessary to the regulatory framework; (ii) Expertise in implementing broad-based stakeholder consultations; and (iii) Expertise in drafting documents necessary for obtaining approval of introduction of harbor usage charges.
iii)	Country Experience (20%)	
	a) Experience in Small Island Economies	(i) Familiar with the Maldives; (ii) Carried out at least 2 similar assignments in Small Island Economies.

Maritime Project Evaluation Specialist (2 months input)

i)	General Qualifications (20%)	
	a) Educational Qualification	Graduate in (i) Transport Planning; or (ii) Economics; or equivalent.
	b) Total Professional Experience	Preferably 5 years, with at least 3 years in Small Island Economies.
ii)	Project Related Experience (60%)	
	a) Experience in (i) Design of Project Performance Monitoring System (PPMS); and (ii) Sampling and Data Analysis for Environmental Quality Indicators.	(i) Experience in design of a PPMS to monitor activities, analyze and consolidate data, and provide quarterly PPMS reports for submission to ADB until Project completion. (ii) Experience in sampling and data analysis for the environmental quality indicators as part of the implementation of the Environmental Management Plan (EMP).
iii)	Country Experience (20%)	
	a) Experience in Small Island Economies	(i) Familiar with the Maldives; (ii) Carried out at least 2 similar assignments in Small Island Economies.

INDICATIVE CONTRACT PACKAGES AND PROCUREMENT PLAN

Project Information	
Country	Republic of the Maldives
Name of Borrower	Republic of the Maldives
Project Name	Domestic Maritime Transport Project
Loan or TA Reference	Project Number: MLD 37265
Date of Effectiveness	Actual: September 2007
Amount	\$5,333,427
Of which committed	\$576,300
Executing Agency	Ministry of Finance and Treasury
Approval Date of Original Procurement Plan	February 2007
Approval of Most Recent Procurement Plan	31 January 2008
Publication for Local Advertisements	Actual: December 2006 (Consulting Services) Target: April 2008 (Civil Works)
Period Covered by This Plan (18 months)	February 2008 - August 2009

Procurement Thresholds, Goods and Related Services, Works and Supply and Install

Procurement Method	To be used above (\$)
ICB Works	\$1,000,000 and above
ICB Goods	Not applicable
NCB Works	Not applicable
NCB Goods	Not applicable
Shopping Works	Not applicable
Shopping Goods	Not applicable
Alternative Methods	Not applicable

ICB = international competitive bidding, NCB = national competitive bidding.

Procurement Thresholds and Consulting Services

Procurement Method	To be used above (\$)
Quality- and Cost-Based Selection (QCBS)	Full technical proposal: \$1,000,000 and above Simplified technical proposal: \$600,000–\$1,000,000 Biddata proposal: Less than \$600,000
Consultants Qualifications Selection (CQS)	Not applicable
Least Cost Selection (LCS)	Not applicable
Alternative Methods	Not applicable

**Table A6: List of Contract Packages in Excess of \$100,000
Goods, Works, and Consulting Services**

Ref	Contract Description	Estimated Cost	Procurement Method	Actual/Expected Date of Advertisement	Prior Review (Yes/No)	Comments
1.	Consultancy services for institutional development and capacity building	\$697,500	QCBS/STP	December 2006	Yes	The Government has requested ADB assistance for recruitment of consultants. Expressions of interest were due on 15 March 2007 and the shortlist and evaluation criteria for Institutional Development and Capacity Building component were approved by ADB on 19 April 2007. The RFP was issued on 26 April 2007. On 18 July 2007, the technical evaluation concluded that none of the five firms having submitted proposals met the minimum point score limit. It was therefore decided to re-advertise the component and to expand the explanation of the details of the qualification and experience requirements of the international experts. The component was re-advertised in ADBBO on 31 October 2007 and expressions of interest were requested by 27 December 2007. The shortlist and evaluation criteria are expected approved by end January 2008. The target date for issuance of RFPs is 8 February 2008 with a deadline for submission of proposals on 24 March 2008. Commencement of services is expected by 1 July 2008.
2.	Consultancy services for detail design, tender support, site supervision, and project management assistance	\$542,200	QCBS/BTP	December 2006	Yes	The Government has requested ADB assistance for recruitment of consultants. Commencement of consulting services was 15 November 2007.

3.	Civil works for dredging, quay wall, shed and ancillary harbor facilities construction, and crane installation	\$3,890,113	ICB	GN: 12 October 2006 SN: 22 April 2008	Yes	The single-stage: one-envelope bidding procedure without prequalification for ICB will be used as the bidding procedure. The civil works contract will be based on a system of interim payment certifications.
----	--	-------------	-----	--	-----	--

ADB = Asian Development Bank, BTP = biodata technical proposal, GPN = general procurement notice, ICB = international competitive bidding, QCBS = quality-and cost-based selection, SN = specific notice, STP = simplified technical proposal.
Source: ADB estimates.