

# Progress Report

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Project Number: 53043-001  
Grant Number: 0713-KIR  
April 2021

## Republic of Kiribati: Outer Islands Transport Infrastructure Investment Project

**Quarterly Progress Report No. 1**  
**QPR for the reporting period 1 January 2021 to 31 March 2021**

Prepared by Outer Islands Implementation Unit  
Tarawa, Kiribati

For Ministry of Finance and Economic Development  
Ministry of Information, Communication, Transport and Tourism Development  
Ministry of Infrastructure and Sustainable Energy

This quarterly progress report is a document of the recipient. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

### Purpose:

This report is prepared to fulfill the requirement of the ADB Project Administration Manual which requires the submission of the Project Quarterly Progress Report. This is the first Quarterly report therefore comments and suggestions on how to improve the report are invited. Feedbacks will improve the contents and presentation of the next quarterly report.

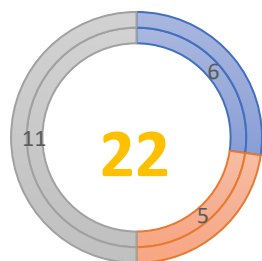
Submission Date: April 30, 2021

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### 1. Procurement Activities for 2021

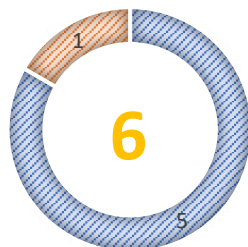
#### Procurement Activities



■ Completed Procurement activities  
 ■ Ongoing Procurement activities  
 ■ Remaining Procurement activities

#### COMPLETED PROCUREMENT

■ Individual consultant ■ Consulting Firm (UKHO)



Completed procurement activity in the previous report:

**0**

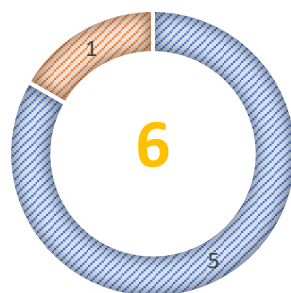
Activity	Progress in %	Progress as of first quarter 2021
<b>Consulting Services</b>		
<b>Completed Activities</b>		
Project Manager (OIIU)	100%	The national PM has been recruited and he is the one producing this quarterly report!
KFSU Manager	100%	These positions are currently supported by KOITIIP -KFSU positions are fully supported by WB.
KFSU Finance Manager	100%	
KFSU Procurement Officer	100%	
UKHO	100%	Contract was signed between UKHO and GOK (MICTTD) on 02/12/2020. UKHO is now working closely with GOK to implement Component 1 of the Project
Social Safeguards Specialist (OIIU)	100%	The officer is now sitting with the KFSU and ready to commence work
<b>Ongoing Procurement Activities</b>		
Chief Technical Adviser	60%	The shortlisted candidates are currently engaged in other WB infrastructure projects. It was agreed that the re-advertisement be conducted to get new and available candidates. There is a great need of this position knowing that the Project is progressing
Hydrographic Survey Services	60%	The GOK is currently working closely with UKHO to develop the bidding documents for this required service. It is anticipated that the ROEI will be advertised in June 2021.
Safeguard Specialist (international)	40%	The application closes in Q2/2021
Engineering Consulting Firm (mentoring, audit, QA, design & supervision)	10%	MISE is still drafting the TOR and EOI. It is expected that by end of the 2nd quarter, the REOI will be published/advertised
<b>Remaining Procurement Activities</b>		
Marine Sector Development Planning	0%	This activity will be discussed further with MICTTD, WB & ADB
Senior Engineer (OIIU)	0%	This position has been relocated to MISE Implementing Unit. MISE has to confirm the date in which this position is required
Environmental Specialist (OIIU)	0%	The candidate is still negotiating his contract with GOK. He is expected to sign his contract in early May 2021. The position has been shifted OIIU to KFSU to assist with other ADB & WB active projects
Gender/Gender based violence Specialist (OIIU)	0%	The position is expected to be advertised in Q2 2021.
Community Liaison Officer (OIIU)	0%	The position is expected to be advertised in Q2 2021.
Monitoring & Evaluation Officer	0%	The position is expected to be advertised in Q2 2021.
Procurement Officer (International)	0%	The position is expected to be advertised in Q2 2021.
KFSU Procurement Officer (national)	0%	The position is expected to be advertised in Q2 2021.
KFSU Finance Officers (2 nationals)	0%	The position is expected to be advertised in Q2 2021.

Goods, Works and Non consulting Services		
Design-built (ATONS and maritime works in Abaiang & Beru)	0%	This activity will be discussed further with MICTTD, WB & ADB in Q2/2021.
Office equipments	1%	Equipments required by the OIIU PM have been purchased and these include: laptop computer & office program. The equipments for the OIIU officers will proceed in Q2/2021 prior to the signing of the Consultant contract.
Office furnitures	0%	This procurement will wait until OIC MFED has delegated an office space for OIIU. It is expected that the decision will be made in Q2/2021.

## 2. Contract Management

### ACTIVE CONTRACTS

- Individual consultant
- Consulting Firm (UKHO)



UKHO CONTRACT Output	Value in %	2021												Legend
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Phase 1 Programme Preparation (10%)</b>	<b>10%</b>	<b>1ST QUARTER</b>												
Development of Contract Documentation consisting of Specifications, Hydrographic Instruction and Tender Documentation	10%													Planned
		delay (approx 16 wks)												Actual
<b>Phase 2 Project Execution &amp; Management (51%)</b>	<b>51%</b>	<b>2ND QUARTER</b>												Delay
Programme/Project Management - Invoiced at end of Phase 2 and delivery of data to GoK)	7%													
Tender Evaluation - Invoiced on completion of Contractor kick off meeting	5%													
On Site Training - Invoiced on completion of onsite training	5%													
Data Quality Checks during Acquisition (Client Representation) - Invoiced at Contractor demobilisation from site	20%													
Tidal Analysis, Data Validation and Quality Control - Invoiced on completion of data validation and acceptance of data	14%													

Number of Active Individual Consultant Contracts	Individual Consultants	Name	UNIT	Commencement date	Funding Support	Expenditure to date
5	OIIU PM	Paul Takabiri	OIIU	26-Feb-21	ADB/WB	Please refer to IFR prepared by KFSU
	KFSU Manager	Atanteora Beiatau	KFSU	Q4/2020	WB	
	KFSU Finance Manager	Tekiera Ruaia	KFSU	Q4/2020	WB	
	KFSU Procurement Officer	Temwaia Ereata	KFSU	Q4/2020	WB	
	KFSU Social Safeguard Officer	Dr. Komeri Onorio	KFSU	09-Mar-21	WB	

## 3. Environmental & Social Safeguards

Item	Agreed Actions from Mission	Agency Responsible	Action Date	Progress	Comments
1	OIIU, supported by KFSU, to send physical copies of the ESMF and RF to the selected outer islands	OIIU	ASAP	0%	To be reviewed once the safeguard officer is onboard. The Environmental Safeguard Officer is expected to sign his contract in early May 2021
2	KFSU, supported by OIIU, to operationalize GRM by establishing logging, tracking and report system, training responsible personnel and publicize information about the GRM in project areas	KFSU	Jun 30, 2021	0%	This activity will be implemented in Q2/2021
3	KFSU to prepare updated Stakeholder Engagement Plan to reflect KOITIIP's work plan Year 1 activities	KFSU	Jun 30, 2021	0%	
4	OIIU to add safeguards requirements such as instrument development and environmental license approvals into the Project Work Plan	OIIU	May 31, 2021	50%	Obtaining Environmental License has been added into the Project Work Plan. Please refer to Annex 2, Management Activities - 1.1
5	OIIU to develop an isolated worker procedure including safety at sea considerations and identify associated safety equipment (e.g emergency locator beacons, lifejackets etc)	OIIU	May 31, 2021	30%	The safety procedure for Project staff is currently developed by OIIU PM with the assistance of KFSU, MICTTD and MISE

1. Safeguards Specialist (international position) – Applications was closed on 31<sup>st</sup> March 2021 and there was only one applicant. The report had been submitted to the World Bank for the No Objection before proceeding to the Contract Negotiation.
2. Social Safeguard Officer (national position) – Dr Komeri is the Social Safeguard Officer and he commenced work on 9<sup>th</sup> April 2021.
3. The Environmental Safeguard Officer (national position) – The candidate is expected to sign his contract in early May 2021. Once the Environmental Safeguard Officer is onboard, Project activities concerning environmental and social safeguards will be planned and implemented.

According to Section III – Special Conditions of Contract, Clause 46.2 of the Contract between the GoK and the UKHO which was signed on 2<sup>nd</sup> December 2020, the preparations for the bidding documents must be completed in January 2021. Currently, this activity is still ongoing, and will be completed by the end of May 2021, and to be advertised by 15<sup>th</sup> June 2021. This indicates a delay of approximately 16 weeks which will potentially delay the whole UKHO contract. Delay was caused due to MICTTD officer who was stranded in Fiji for more than 4 months due to the pandemic. More delay is expected as the border continues to close. Predicting future delays is difficult as it depends on the decision made by the Ministry of Health and Medical Services and Ministry of Foreign Affairs. Delays caused by the pandemic need to be carefully monitored and recorded by OIIU.

## 5. Financial Management

Please refer to the IFR prepared by KFSU!

## 6. Annex 1: Requirements of the Grant Agreement (Special Operations) - ADB

### Execution of Project: Financial Matters

Section	Description	Does it comply?
Article IV		
4.02	Maintain separate accounts and records for the project	ADB Project Account is yet to be set up – This will be discussed in detail between GOK, WB and ADB on 30 <sup>th</sup> April 2021
	Prepare annual financial statements for the Project in accordance with financial reporting standards acc	Yes – KFSU is still preparing these financial statements.
	Have financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB	Noted
	As part of each such audit, have the auditors prepare a report, which includes the auditors' opinions on the financial statements and the use of the Grant proceeds and a management letter, which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit	Noted
	Furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and manage letter.	Noted
Schedule 3		
2 (a)	The Procurement of Goods, Works and Services is carried out in accordance with the Procurement Framework	Yes
2 (b)	Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and review requirements. The Recipient may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in the updates to the Procurement Plan	Yes
2 (c)	All goods and Works procured and Services obtained do not violate or infringe any industrial property or intellectual property right or claim of any third party	Yes



	All contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and if appropriate indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.	Yes
3	The Recipient will not award any Works contract which involves environmental impacts until: the Recipient's Ministry of Environments, Lands and Agricultural Development has granted final approval of the respective ESIA and the Recipient has incorporated the relevant provisions from the respective ESMP into the Works contract	Noted and will be followed
4	The Recipient will not award any Works contract which involves involuntary resettlement impacts, until the Recipient has prepared and submitted to ADB the final Resettlement Plan for the Project site based on the Project's detailed design and obtained ADB's clearance of such Resettlement Plan.	Noted and will be followed in upcoming contracts
5	The Recipient shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Recipient relating to environment and requirements set forth in the respective ESIA and ESMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.	Noted
6	The Recipient shall ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Recipient relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the Resettlement Framework; and (d) all measures and requirements set forth in the respective Resettlement Plan, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.	Noted
7.	Without limiting the application of the Involuntary Resettlement Safeguards, the Resettlement Framework or the respective Resettlement Plan, the Recipient shall ensure that no physical or economic displacement takes place in connection with the Project until: (a) compensation and other entitlements have been provided to affected people in accordance with the Resettlement Framework and the respective Resettlement Plan; (b) a comprehensive income and livelihood restoration program has been established in accordance with the Resettlement Framework and the respective Resettlement Plan	Noted

8	The Recipient shall ensure that the Project does not impact indigenous people within the meaning of the SPS. If due to unforeseen circumstances, the Project impacts indigenous people, the Recipient shall take all steps necessary or desirable to ensure that the Project complies with all applicable laws and regulations of the Recipient and with the SPS	Noted
9	The Recipient shall make available necessary budgetary and human resources to fully implement each ESMP, the Resettlement Framework and each Resettlement Plan	Noted
10	The Recipient shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:	
	a. Comply with the measures relevant to the contractor set forth in the respective ESIA, ESMP, Resettlement Plan (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report	Noted
	b. Make available a budget for all such environmental and social measures	Noted
	c. Provide the Recipient with a written notice of any unanticipated environmental, resettlement or indigenous people risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the respective ESIA, ESMP, Resettlement Framework or Resettlement Plan	Noted
	d. Adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction	Yes, conditional assessment report completed. Another conditional assessment will be conducted before construction commences
11	e. Reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction	Noted
	The Recipient shall do the following	
	a. Submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission	Noted

	b. If any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in any ESIA, EMP, Resettlement Framework or Resettlement Plan, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan	Noted
	c. Report any actual or potential breach of compliance with the measures and requirements set forth in any ESMP, Resettlement Framework or Resettlement Plan promptly after becoming aware of the breach.	Noted
13	The Recipient shall ensure that the core labour standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things	
	a. Comply with the Recipient's applicable labour law and regulations and incorporate workplace occupational safety norms	Noted
	b. Do not use child labor	Noted
	c. Do not discriminate workers in respect of employment and occupation	Noted
	d. Do not use forced labor	Noted
	e. Allow freedom of association and effectively recognize the right to collective bargaining	Noted
	f. Disseminate or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.	Yes
14	The Recipient shall strictly monitor compliance with the requirements set forth in paragraph 13 above and provide ADB with regular reports.	Yes
15	The Recipient shall ensure that	
	a. The GAP is implemented in accordance with its terms	Yes
	b. The bidding documents and contracts that include relevant provisions for contractors to comply with the measures set forth in the GAP	Noted
	c. Adequate resources are allocated for implementation of the GAP	Noted
	d. Progress on implementation of the GAP including progress toward achieving key gender outcome and output targets, are regularly monitored, and reported to ADB	Noted

16	The Recipient shall make available through budgetary allocations or other means, all counterpart funds required for the timely and effective implementation of the Project including any funds required	
	a. Compensation costs for safeguard impacts	Noted
	b. Mitigation of unforeseen environmental and social impacts	Noted
	c. Any additional costs arising from design changes, financing gaps or construction or installation costs	Noted
17	The Recipient shall ensure the allocation and availability of a sufficient budget or subsidy, on an annual basis, for the operations and maintenance of Project Facilities and ensure that the Project facilities are included in an asset management information system established to account for the assets of the Recipient	Noted
18	The Recipient, the Project Executing Agency, and the implementing agencies shall:	
	a. Comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project	Noted
	b. Cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation	Noted
	c. The Recipient, the Project Executing Agency and the implementing agencies shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.	Noted

## 7. Annex 2: Requirements of Financing Agreement (IDA & GOK) - WB

Section/Part	Description	Progress/Does the Government comply?
<b>Schedule 1</b>		
<b>1</b>	<b>Safe Inter-Island Navigation- Carrying out activities to improve the safety of inter-island navigation including:</b>	
a	Conducting hydrographic surveys and preparing and publishing maritime charts	GOK is currently working closely with UKHO to finalize the bidding documents to select the contractor to conduct the survey/data acquisition. It is expected that the ROEI will be advertised in June.
b	Providing and installing tide gauges and current meters	Not yet
c	Providing contract management services to support activities under Part 1	Ongoing – OIIU and MICTTD are currently managing the Contract of UKHO. UKHO is to supervise the hydrographic survey and to convey the survey data in the maritime charts.
<b>2</b>	<b>Resilient Outer Island Access Infrastructure</b>	
<b>1</b>	<b>Improvement of Ship Safety Navigation</b>	
a	Designing and installing new aids to navigation and replacing existing ineffective aids to navigation in locations informed by the hydrographic surveys and maritime charts prepared under Part 1a of the Project	ATON specification has been produced in the preparation phase of the KOITIIP. The design and build contract will be discussed further with ADB and WB in Quarter 2 of 2021. This is another important task that needs to be confirmed before the actual start of the hydrographic survey.
b	Providing technical assistance to develop a system for maintenance of aids to navigation and preparing safeguard documents.	This activity will become part of the Contract for the Contractor who will design and build the ATON according to the Specification produced in the Preparation Phase of the Project.
<b>2</b>	<b>Rehabilitation of Island Access Infrastructure</b>	
	Carrying out activities to construct and rehabilitate infrastructure to improve maritime access to Selected Outer Islands, as informed by the hydrographic surveys and maritime charts under Part 1a of the Project including:	
a	Designing and constructing a new jetty, passenger terminal, concrete ramp and associated infrastructure on the Recipient's island of Abaiang; undertaking small scale dredging in Tebikeriki, on the Recipient's island of Beru; and constructing a passenger terminal and associated infrastructure, and upgrading the seawall on Recipient's island of Beru; including preparing site assessments and safeguards documents	The design and construction of the Jetty and dredging still await the recruitment of an independent contractor.

	b	constructing small multipurpose maritime facilities on Recipient's islands of Nonouti and Tabiteuea South, including a boat ramp, shelter and aids to navigation workshop; preparing site assessments and safeguard documents; and providing associated small equipment	Not yet
	c	providing technical assistance for the design, construction and maintenance activities under Part 2.2(b) of the Project, including conducting engineering studies, carrying out capacity development activities for the Recipient's staff, preparing safeguard documents, and conducting quality assurance audits.	This will form part of the Contractor Agreement for 2.2 (b)
3		<b>Rehabilitation of Lagoon Crossings</b>	
	a	Rehabilitating and upgrading existing causeways identified and selected in accordance with the criteria and procedures specified in the <b>Project Operations Manual</b> to ensure climate resilient access to Selected Outer Islands, including preparing site assessments and preparing safeguard documents, and carrying out activities related to the maintenance of the causeways.	Not yet
	b	Providing technical assistance for the design, construction, and maintenance activities under Part 2.3(a) of the Project, including conducting site investigations and engineering studies, carrying out supervision of works, conducting quality assurance audits, preparing safeguard documents, and carrying out capacity development activities for staff and personnel of the Ministry of Infrastructure and Sustainable Energy ("MISE").	Awaits the recruitment of MISE mentoring firm. MISE is still preparing the TOR for the mentoring firm. The TOR should be ready for advertising in July 2021.
3		<b>Strengthening the Enabling Environment</b>	
1		Institutional Strengthen - Providing technical assistance to the Ministry of Information, Communications, Transport and Tourism Development ("MICTTD") and MISE to increase their capacity to implement the Project and manage transport infrastructure, including:	
	a	conducting assessments and studies, and training MICTTD staff on the development and management of a marine spatial database; and	Not yet – UKHO is now currently working with MICTTD on the development of bidding documents for the survey work. This is also part of the capacity building. Tion is the key person from MICTTD who is currently working with UKHO.

b	developing a MISE capacity investment plan and providing associated training, program licenses and software.	OIIU and KFSU are still waiting for the specification of the software. It is recommended that MISE purchases software or computer programs that the mentoring firm is familiar with or currently use in its everyday business.
2	<b>Operational Support for the Outer Island Implementation Unit</b>	
	Providing technical and operational assistance to the Outer Islands Implementation Unit ("OIIU") on Project management and implementation, including audits, training of Project staff and personnel, supporting overall supervision of the Project, providing small equipment, reporting, monitoring and evaluation, and safeguard monitoring; and supporting gender informed activities, including citizen engagement, outreach activities, and developing employment networks designed to increase women's participation and prevent gender-based violence.	OIIU PM is currently paid under the fund dedicated for the support of the OIIU.
3	<b>Operational Support for the Kiribati Fiduciary Services Unit</b>	
	Strengthening capacity of the Kiribati Fiduciary Services Unit ("KFSU") in providing Project management and implementation support to this Project and other IBRD and/or Association financed or co-financed projects in the Recipient's territory, including audits, providing small equipment, training Project staff and personnel, reporting, and monitoring and evaluation.	All operational costs of the KFSU are funded under KOITIIP. It is a shame if KFSU does not put KOITIIP activity as priority number 1 in their everyday activity!
<b>Part 4 – Contingent Emergency Response</b>		
	Providing immediate response to an Eligible Crisis or Emergency, as needed.	



## SCHEDULE 2: PROJECT EXECUTION

### Section 1 IMPLEMENTATION ARRANGEMENT

A	Institutional Arrangements	
1	The Recipient shall maintain until the Closing Date, the Development Coordination Committee, with a mandate, composition and resources satisfactory to the Association, which shall be: (i) chaired by the Secretary to Cabinet (or their representative), and comprising, <i>inter alia</i> , the secretaries (or their representatives) of the Ministry of Finance and Economic Development (“MFED”), MISE, MICTTD, Ministry of Internal Affairs, Ministry for Women, Youth, Sports and Social Affairs, and Ministry of Environment, Lands and Agriculture Development, and other members as specified in the Project Operations Manual; and (ii) responsible for, <i>inter alia</i> , providing general oversight, coordination, strategic direction and guidance for the Project.	The DCC meets monthly, and the meeting is organized by the NEPO within MFED. Introducing KOITIIP in the DCC will be done in Q2 2021 with the assistance of the NEPO.
2	The Recipient shall, by no later than three (3) months after the Effective Date (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), establish and thereafter maintain until the Closing Date, a Project Technical Taskforce, with a mandate, composition and resources satisfactory to the Association, which shall: (i) be chaired by the Project manager of the OIIU (or their representative), and comprising, <i>inter alia</i> , technical staff representatives from MISE, MICTTD, Ministry of Internal Affairs, Ministry of Environment, Lands and Agriculture Development, and key personnel from OIIU; and (ii) be responsible for, <i>inter alia</i> , providing technical oversight of the Project, preparing Annual Workplans and Budgets and ensuring that the Project meets its development objectives.	The first meeting of the Project Technical Taskforce, TTF, was in March 2021. The only member turning up were representatives from the Ministry of Women, Youth and Social Affairs. The next meeting is scheduled for 19 <sup>th</sup> May 2021. A Cabinet Paper will be prepared after the second meeting to seek Cabinet’s endorsement about the establishment of the TTF.
3	The Recipient shall vest in MFED: (i) the overall responsibility for coordination and implementation of the Project; (ii) the responsibilities on implementation of Parts 3.2, 3.3 and 4 of the Project; and (iii) the responsibilities on Project management and fiduciary aspects of Project implementation, all in accordance with the provisions of this Agreement and the Project Operations Manual.	Done - KFSU was created within MFED by the KRRP and KOITIIP is currently maintaining that set up until now.



4	<p>Without limitation to the generality of Section I.A.3 above, the Recipient shall, by no later than three (3) months after the Effective Date (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), establish and thereafter maintain until the Closing Date, an OIIU within MFED, with a mandate, composition and resources satisfactory to the Association, which shall: (i) be responsible for, <i>inter alia</i>, carrying out day-to-day implementation of activities under Part 3.2 of the Project and Project management and fiduciary aspects of Project implementation, including safeguards compliance, and monitoring and evaluation, with support from KFSU on, <i>inter alia</i>, procurement and financial management; and (ii) unless otherwise agreed with the Association or specified in the Project Operations Manual, include at all times the following minimum staff and/or personnel, or be supported by such specialists from KFSU: (A) a Project manager; (B) a chief technical advisor; (C) a procurement specialist; (D) a social safeguards specialist; (E) an environmental safeguards specialist; (F) a gender or gender-based violence specialist; and (G) a community liaison specialist; each with terms of reference, qualifications and experience satisfactory to the Association.</p>	<p>OIIU has been established. The PM was engaged in 26<sup>th</sup> February and the remaining positions are to be finalized before they are advertised.</p>
5	<p>Without limitation to the generality of Section I.A.3 above, the Recipient shall maintain until the Closing Date (or such other date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), KFSU within MFED, with a mandate, composition and resources satisfactory to the Association, which shall: (i) be responsible for, <i>inter alia</i>, carrying out day-to-day implementation of activities under Part 3.3 of the Project, and supporting OIIU on fiduciary aspects of Project implementation, including procurement and financial management; and (ii) unless otherwise agreed with the Association or specified in the Project Operations Manual, include at all times the following minimum staff and/or personnel: (A) a procurement specialist; (B) a financial management specialist; and (C) a safeguards specialist; each with</p>	<p>Done - KFSU was created within MFED by the KRRP and KOITIIP is currently maintaining that set up until now.</p>

	terms of reference, qualifications and experience satisfactory to the Association.	
6	The Recipient shall vest the responsibilities on technical implementation of: (i) Parts 2.2(b), 2.2 (c) and 2.3 of the Project in MISE; and (ii) Part 3.1 of the Project jointly in MISE and MICTTD, all in accordance with the provisions of this Agreement, the Project Operations Manual and the MISE Implementation Manual.	Yes - the GOK is following this arrangement
7	The Recipient shall vest the responsibilities on technical implementation of: (i) Parts 2.2(b), 2.2 (c) and 2.3 of the Project in MISE; and (ii) Part 3.1 of the Project jointly in MISE and MICTTD, all in accordance with the provisions of this Agreement, the Project Operations Manual and the MISE Implementation Manual.	Yes - the GOK is following this arrangement
8	Without limitation to the generality of Section I.A.7 above, the Recipient shall, by no later than three (3) months after the Effective Date (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), establish and thereafter maintain until the Closing Date, an MISE Implementation Unit within MISE, with a mandate, composition and resources satisfactory to the Association, which shall: (i) be responsible for, <i>inter alia</i> , carrying out day-to-day technical implementation of Parts 2.2(b) and 2.3(a) of the Project; and (ii) include at all times the following minimum staff and/or personnel: (A) a Project manager; and (B) a senior civil engineer; each with terms of reference, qualifications and experience satisfactory to the Association	Yes - the GOK is following this arrangement – MISE has drafted a Ministerial directive note regarding the establishment of the MISE-Implementing Unit
B	Project Operational Manual	The OIIU is currently preparing this document.
1	By not later than two (2) months after the Effective Date (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), the Recipient shall:	
a	prepare a manual, in form and substance satisfactory to the Association, which shall set forth, <i>inter alia</i> , the following detailed arrangements and procedures for the implementation of the Project: (i) implementation arrangements, including the division of roles and responsibilities between the implementing ministries and	

	their relevant units, the Island Councils, the <u>Development Coordination</u> Committee and the Project Technical Taskforce; (ii) procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures; (iv) Project performance indicators; (v) arrangement and procedures for environment and social safeguard management; (vi) monitoring and evaluation arrangements; (vii) the criteria and procedures for identifying any additional Selected Outer Islands and identifying and prioritizing investments under Part 2 of the Project; and (viii) any other administrative, financial, technical or organizational arrangements and procedures as may be necessary for the implementation of the Project and the achievement of its development objectives	
b	furnish to, and exchange views with the Association on such manual promptly upon its preparation; and	
c	adopt such manual as shall have been accepted by the Association (“Project Operations Manual”).	
2	The Recipient shall thereafter implement the Project in accordance with the Project Operations Manual, and except as the Association shall otherwise agree in writing, the Recipient shall not amend, suspend, abrogate, repeal or waive any provisions of the Project Operations Manual.	
3	In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.	
C	<b>MISE Implementation Manual</b>	MISE is yet to draft this document
1	By not later than twelve (12) months after the Effective Date (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), the Recipient shall:	
a	prepare a manual, in form and substance satisfactory to the Association, which shall set forth, <i>inter alia</i> , the following detailed arrangements and procedures for the implementation of activities under Parts 2.2(b) and	

	2.3(a) of the Project: (i) implementation arrangements; (ii) procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures; (iv) arrangement and procedures for environment and social safeguard management, including gender and gender-based violence prevention and mitigation activities; (v) monitoring and evaluation arrangements; (vi) technical procedures and design specifications; and (vii) any other administrative, financial, technical and organizational arrangements and procedures as may be necessary for the implementation of Parts 2.2(b) and 2.3 (a) of the Project.	
b	furnish to, and exchange views with the Association on such manual promptly upon its preparation; and	
c	adopt such manual as shall have been accepted by the Association (“MISE Implementation Manual”).	
2	The Recipient shall thereafter implement Parts 2.2(b) and 2.3(a) of the Project in accordance with the MISE Implementation Manual, and except as the Association shall otherwise agree in writing, the Recipient shall not amend, suspend, abrogate, repeal or waive any provisions of the MISE Implementation Manual.	
3	In the event of any conflict between the provisions of the MISE Implementation Manual and those of this Agreement and/or the Project Operations Manual, the provisions of this Agreement and the Project Operations Manual shall prevail, in that order of priority.	
D	<b>Annual Work Plans and Budgets</b>	
1	<p>The Recipient shall prepare and furnish to the Association, by not later than one (1) month after the Effective Date and June 30 of each subsequent year during the implementation of the Project (or such other interval or date as the Association</p> <p>The Recipient shall prepare and furnish to the Association, by not later than one (1) month after the Effective Date and June 30 of each subsequent year during the implementation of the Project (or such other interval or date as the Association may agree), for the Association’s review and no-objection, an Annual Work Plan</p>	The implementing agencies are currently working on their proposed activities and budget for the year 2022. This will be reviewed by the TTF before it is submitted to ADB & WB.

	and Budget, which shall, <i>inter alia</i> : (a) list all activities (including Operating Costs and Trainings and Workshops) proposed to be included in the Project in the Recipient's following fiscal year; (b) provide a budget for their financing (with a financial plan specifying all sources of financing including the Financing, the Co- financing and any other resources provided by the Recipient); and (c) describe the environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.F of this Schedule 2.	
	The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the Recipient's respective fiscal year; provided, however, that in the event of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.	
	The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets, unless the Association has provided its prior no-objection thereof in writing.	
F	SAFEGUARDS	
1		
a	the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguard Instruments;	The Project is recruiting Safeguards Officers to ensure that safeguard issues are addressed by the Project.
b	for each activity under the Project for which the Environmental and Social Management Framework ("ESMF") and the Resettlement Framework ("RF") provide for the preparation of an Environmental and Social Impact Assessment ("ESIA"), an Environmental and Social Management Plan ("ESMP") and/or a Resettlement Action Plan ("RAP"):  proceed to have such ESIA, ESMP and/or RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF and the RF, respectively; (B) consulted upon adequately with people affected by the Project as per the ESMF and the RF, respectively, and submitted	

	<p>to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and</p> <p>take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESIA, ESMP and/or RAP in a manner satisfactory to the Association; and</p>	
c	<p>all measures are taken to implement the RAPs in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall ensure that:</p> <p>funds are made available to cover all the costs of implementing the RAPs;</p> <p>prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with assistance in accordance with the RAPs, as applicable; and</p> <p>the implementation, monitoring and evaluation of such RAPs is completed and reported in a manner satisfactory to the Association.</p>	
2	<p>The Recipient shall ensure that the MISE Implementation Manual, all bidding documents and contracts for civil works under the Project include the obligation of all implementing ministries, local labor, contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of Safeguard Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx and workers' camps; and (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts.</p>	
3	<p>The Recipient shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant</p>	

	to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Safeguard Policies and EHS Guidelines	
4	<p>The Recipient shall ensure that the Emergency Response Part does not include any activities and expenditures on the negative list set forth in the CERC ESMF; and</p> <p>if any activities under Emergency Response Part, would, pursuant to the CERC ESMF, require the preparation of a CERC ESMP, the Recipient shall ensure that: (i) no such activities shall be implemented unless and until such CERC ESMP is prepared, consulted upon, approved, adopted and disclosed in accordance with the provisions of the CERC ESMF; and (ii) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such CERC ESMP.</p>	
5	<p>Without limitation upon its other reporting obligations under this Agreement, the Recipient shall:</p> <p>(a) take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, and promptly in a separate report whenever the Association may require or whenever the circumstances warrant, information on the status of compliance with the Safeguard Instruments, all such reports in form and substance acceptable to the Association, setting out, <i>inter alia</i>: (i) the status of implementation of the Safeguard Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguard</p>	



	<p>Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;</p> <p>(b) promptly furnish to the Association a copy of each progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and</p> <p>(c) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.</p>	
6	The Recipient shall maintain, throughout Project implementation, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Recipient, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Recipient.	
7	Except as the Association shall otherwise agree in writing, the Recipient shall ensure that none of the provisions of the Safeguard Instruments be abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail	



## SECTION II PROJECT MONITORING & EVALUATION

1	The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.	Noted
2	<p>The Recipient shall carry out, jointly with the Association, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, a mid-term review of the Project (“Mid-Term Review”) to assess the status of Project implementation, as measured against Project indicators acceptable to the Association, and compliance with the legal covenants included or referred to in this Agreement. Such review shall include an assessment of the following: (a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on implementation of safeguards measures; (e) implementation arrangements and Project staff turnover; and (f) the need to make any adjustments to the Project to improve performance. To this end, the Recipient shall:</p> <p>(i) prepare and furnish to the Association, at least one (1) month before the date of the Mid-Term Review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule 2 and the General Conditions, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof; and</p> <p>(ii) review, jointly with the Association, the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient</p>	Noted

	completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.	

## 8. Annex 3: Progress Chart – Planned vs Actual

Project Activities	2020				2021				2022				2023				2024				2025				2026	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Output 1. Safety of inter-island navigation improved																										
1. Hydrographic survey data and nautical charts																										
1.1 Recruiting of Consulting firm (UKHO)																										
1.2 Procurement of Surveyor																										
1.3 Hydrographic Survey																										
1.4 Management and supervision of hydrographic surveyor (UKHO)																										
1.5 Production of nautical charts																										
Output 2. Resilient outer island access infrastructure improved																										
2. Aids to navigation																										
2.1 Procurement of works (Design-Build Contract)																										
2.2 Installation and replacement of AtoNs																										
3. Maritime infrastructure facilities in Abaiang & Beru																										
3.1 Abaiang and Beru Design-Build works (Jetty, ramp, dredging, auxillary works)																										
4. Maritime infrastructure facilities in Nonouti and Tabiteuea South																										
4.1 Recruitment of consultants for mentoring MISE																										
4.2 Detailed Design (by MISE) in consultation with Mentor																										
4.3 Construction of maritime facilities (by MISE)																										
5. Rehabilitation of causeways in Beru, Nonouti, and Tabiteuea South																										
5.1 Detailed Design (by MISE) in consultation with Mentor																										
5.2 Rehabilitation of causeways (by MISE)																										
Output 3. Enabling environment strengthened																										
6.Capacity building for MICTTD																										
7. Capacity building for MISE																										
Operational Support for KFSU																										
B. Management Activities																										
1. Environment management plan key activities																										
1.1 ESIA/ESMP studies and preparation. Environmental license application made																										

