



PROJECT OPERATIONS MANUAL

Vanuatu Infrastructure Reconstruction and Improvement Project

Abstract

Project Operations Manual (POM) establishes and maintains a system of project implementation and management procedures to ensure the Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP) will be implemented effectively.

March 2018

Republic of Vanuatu: Vanuatu Infrastructure Reconstruction and Development Project

Financed by:

The World Bank

The Government of Vanuatu

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For : Director General, Ministry of Infrastructure and Public Utilities

ABBREVIATIONS

AUD	Australian Dollar	PAD	Project Appraisal Document
CERC	Contingency Emergency Response Component	PCR	Physical Cultural Resources
CRW	Crisis Response Window	PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
DA	Designated Account	PDNA	Post-Disaster Needs Assessment
DSPPAC	Department of Strategic Planning, Policy and Aid Coordination	PDO	Project Development Objective
EMP	Environmental Management Plan	PMO	Prime Minister's Office
ESMF	Environmental and Social Management Framework	PMU	Project Management Unit
GDP	Gross Domestic Product	POM	Project Operations Manual
GoA	Government of Australia	PPN	Policy and Practice Note
GoNZ	Government of New Zealand	PRIF	Pacific Regional Infrastructure Facility
GoV	Government of Vanuatu	PSC	Project Steering Committee
GPSS	Global Program for Safer Schools	PST	Project Support Team
GRM	Grievance Redress Mechanism		
GRS	Grievance Redress Service	PWD	Public Works Department
HIES	Household Income and Expenditure Survey	RPC	Recovery Program Committee
IBCs	Island Based Contractors	RPCo	Recovery Program Coordinator
ICB	International Competitive Bidding	R4D	Roads for Development
IDA	International Development Association	SDR	Special Drawing Rights
IRCCNH	Increasing Resilience to Climate Change and Natural Hazards Project	SORT	Systematic Operations Risk-Rating Tool
MIPU	Ministry of Infrastructure and Public Utilities	SRDP	Strategy for Climate and Disaster Resilient Development in the Pacific
MoET	Ministry of Education and Training	TC Pam	Tropical Cyclone Pam
NGO	Non-Government Organisation	USD	United States Dollars
NRESP	National Recovery and Economic Strengthening Program	VERM	Vanuatu Education Road Map
NZD	New Zealand Dollar	VESP	Vanuatu Education Sector Program
OP/BP	Operational Procedure/Bank Policy	VESS	Vanuatu Education Sector Strategy
VIRIP	Vanuatu Infrastructure Reconstruction and Improvement Project		
VMDRR	Mainstreaming Disaster Risk Reduction Project		
WB	World Bank		

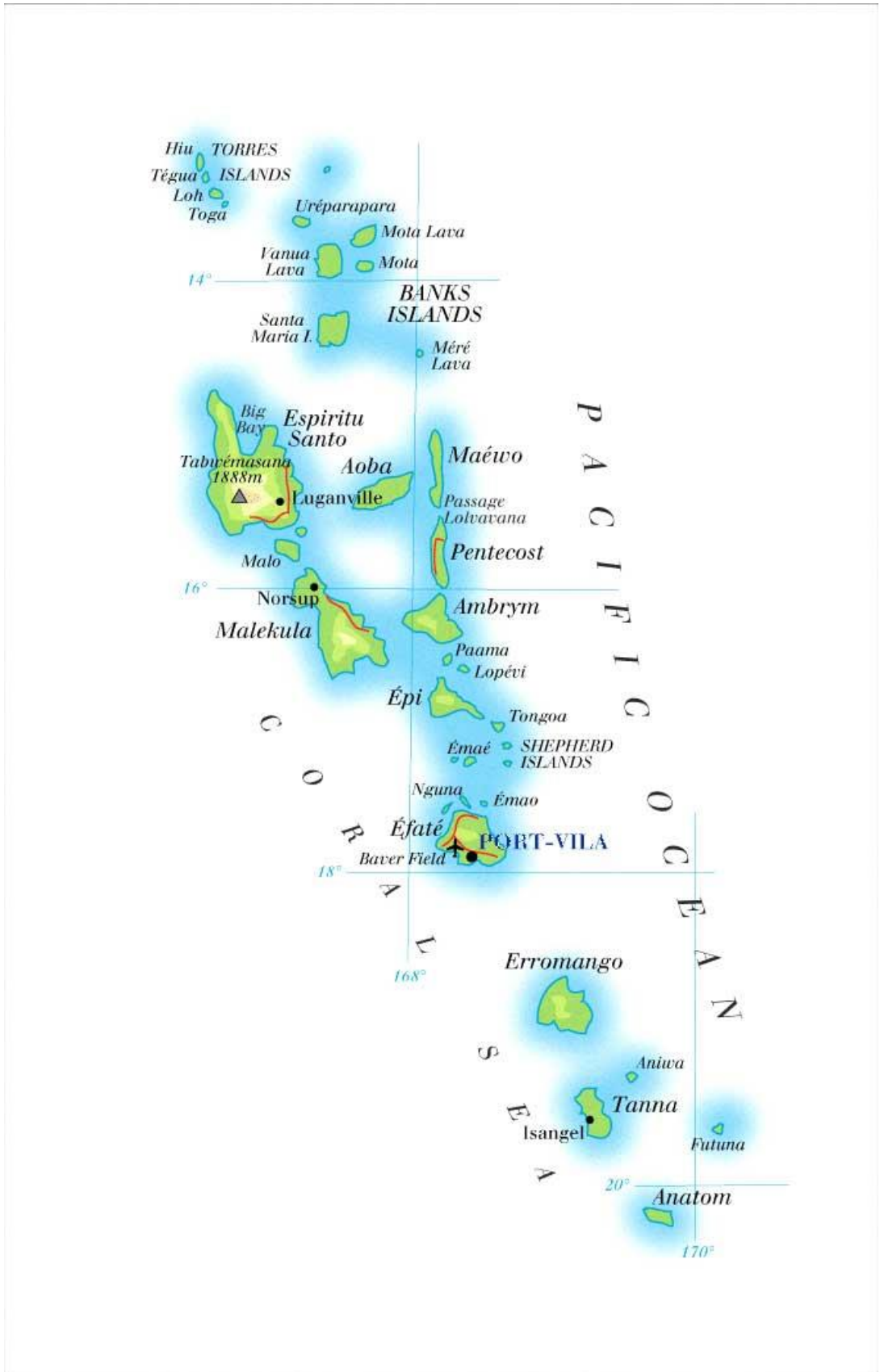
Notice

This manual was produced for the Ministry of Infrastructure and Public Utilities of Vanuatu (MIPU) for the specific purpose of the Vanuatu Infrastructure Reconstruction and Improvement Project.

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PROJECT OPERATIONS

This Manual

1. The purpose of this Project Operations Manual (POM) is to establish and maintain a system of project implementation and management procedures to ensure the Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP) will be implemented effectively.
2. This manual will be adopted by all parties involved in VIRIP including:
 - Officers and staff within Ministry of Infrastructure and Public Utilities (MIPU) and the VIRIP Project Support Team (PST),
 - Other agencies including Ministries and Departments involved with the project, and
 - Independent Consultants appointed for specific assignments.
3. This **Project Operations Manual** (POM), is the key operational document guiding the implementing agency in the management of project implementation. The POM provides details on institutional roles and responsibilities for project owners and agency – particularly for procurement and financial management, monitoring and evaluation for reporting, contract management, safeguards procedures, and scheduling
4. The POM has been approved for use for VIRIP and its associated sub-projects by the Director General of MIPU. In addition, the World Bank (WB) has issued its approval via a No Objection Letter (NOL) in relation to this document. The POM is a “living document”, which will be developed and enhanced as the project proceeds.
5. Formal agreement is required from MIPU and WB prior to any revisions being made to this Manual.

Project Background, Objectives and Indicators

6. The World Bank has provided **Special Drawing Rights (SDR) 17.65 million of Grant and SDR 17.65 million Credit (equivalent of approximately USD 50 million at the time of the Financing Agreement)** to the Government of Vanuatu (GoV) in response to **Tropical Cyclone Pam** (TC Pam) through the International Development Association (IDA) Crisis Response Window (CRW) to finance VIRIP.
7. VIRIP will provide financial support to GoV through targeted investments in road assets and to reconstruct schools and public buildings damaged by TC Pam.
8. The project will inject funding at national and local level by working through **Island-Based Contractors** (IBCs) and **Nationally-Based Contractors** (NBCs) as well as international contractors, when necessary, where project activities are able to be undertaken by these contractors. IBCs and NBCs will be strengthened to respond to a future natural disaster.

9. The **Project Development Objective** (PDO) is to reconstruct and/or improve the disaster and climate resilience of selected public sector assets in provinces impacted by TC Pam, and to provide immediate and effective response to any future Eligible Crisis or Emergency.
10. The primary beneficiaries of this project will be the communities, students and Government Agencies that will have roads, schools and public buildings reconstructed and/or improved to greater natural disaster and climate resilience.
11. Achievement of the PDO will be measured principally by the following indicators:
 - Population on project islands with improved road and pedestrian access (number, with sub-indicator of breakdown of percentage of women/men); and
 - Number of users/beneficiaries of schools reconstructed and upgraded to higher structural safety standards (number, with sub-indicator of breakdown of percentage of women/men).

Project Parts and Finance

12. The PDO will be achieved through the following 5 parts:
 - **Part 1: Road Reconstruction and Improvement** Carrying out road repair works and undertaking spot improvements to road sector assets affected by TC Pam, including improving the resilience of road sector assets in provinces affected by TC Pam.
 - **Part 2: School Reconstruction & Improvement** Reconstruction or rehabilitation or repair or retrofit of schools affected by TC Pam, including improving the resilience of schools in provinces affected by TC Pam.
 - **Part 3: Public Building Reconstruction & Improvement** Reconstruction or rehabilitation or improvement or retrofit of selected public buildings affected by TC Pam, including improving the resilience of selected public buildings in provinces affected by TC Pam.
 - **Part 4: Project Implementation & Technical Support.** Carrying out a program of activities designed to enhance the capacity of Vanuatu for project management, implementation, coordination, monitoring and evaluation of VIRIP, such program to include the establishment and maintenance of a Project Support Team (PST) to assist in managing VIRIP, and ensure that the World Bank's fiduciary, safeguards and reporting requirements, including monitoring and evaluation, are met throughout the implementation period.
 - **Part 5: Contingency Emergency Response.** This zero-cost component supports preparedness and rapid response to eligible disasters, emergencies, and/or catastrophic events, if needed. Following the declaration of a disaster or state of emergency, it allows for reallocation of credit and grant proceeds from VIRIP components under streamlined

procurement and disbursement procedures, or a mechanism to channel additional funds, should they become available, because of an emergency.

- An overview of Project Costing is provided in Table 1 below.

Table 1: Project Cost and Financing

Costs by Part including Contingencies		Total Cost (USD million) ¹	
		World Bank	% Financing
1.	Road Reconstruction & Improvement	26.00	52.6
2.	School Reconstruction & Improvement	13.00	25.8
3.	Public Building Reconstruction & Improvement	6.50	12.6
4.	Project Implementation & Technical Support	4.50	9.0
5.	Contingency Emergency Response	0.00	0.0
Total		50.00	100

Note 1: The cost is based in USD, however the Financing Agreement is denominated in SDR. Foreign Exchange adjustments will occur throughout the project and will affect the amount of USD available for the project.

- Details of the anticipated project and project objectives, design, institutional arrangements and activities to be funded under the project may be found in the **Project Appraisal Document (PAD)**, prepared by the World Bank. This is publicly and freely available on the World Bank website www.worldbank.org

Project Delivery

13. Supported by the implementation arrangements and framework documents, the project delivery will occur two main parts highly focussed on achieving the PDO (Refer to Figure 1 below):

- **Project Cycle**, and
- **Activity Cycle**.

14. There are two key features of the Project and Activity Cycles:

- Feedback within each cycle to continually improve performance and refinements in delivery;
- Establishment of measures for improvement resilience and preparedness.

15. Feedback will occur throughout each cycle, however it is expected that most structured feedback will occur during communications with stakeholders, monitoring and evaluation, risk assessment and reporting.

16. Improvements in disaster and climate change resilience and preparedness for a future disaster will occur through delivery of physical infrastructure at the activity level and through the development of policies, practices and procedures at the project level.

Figure 1: Project Delivery

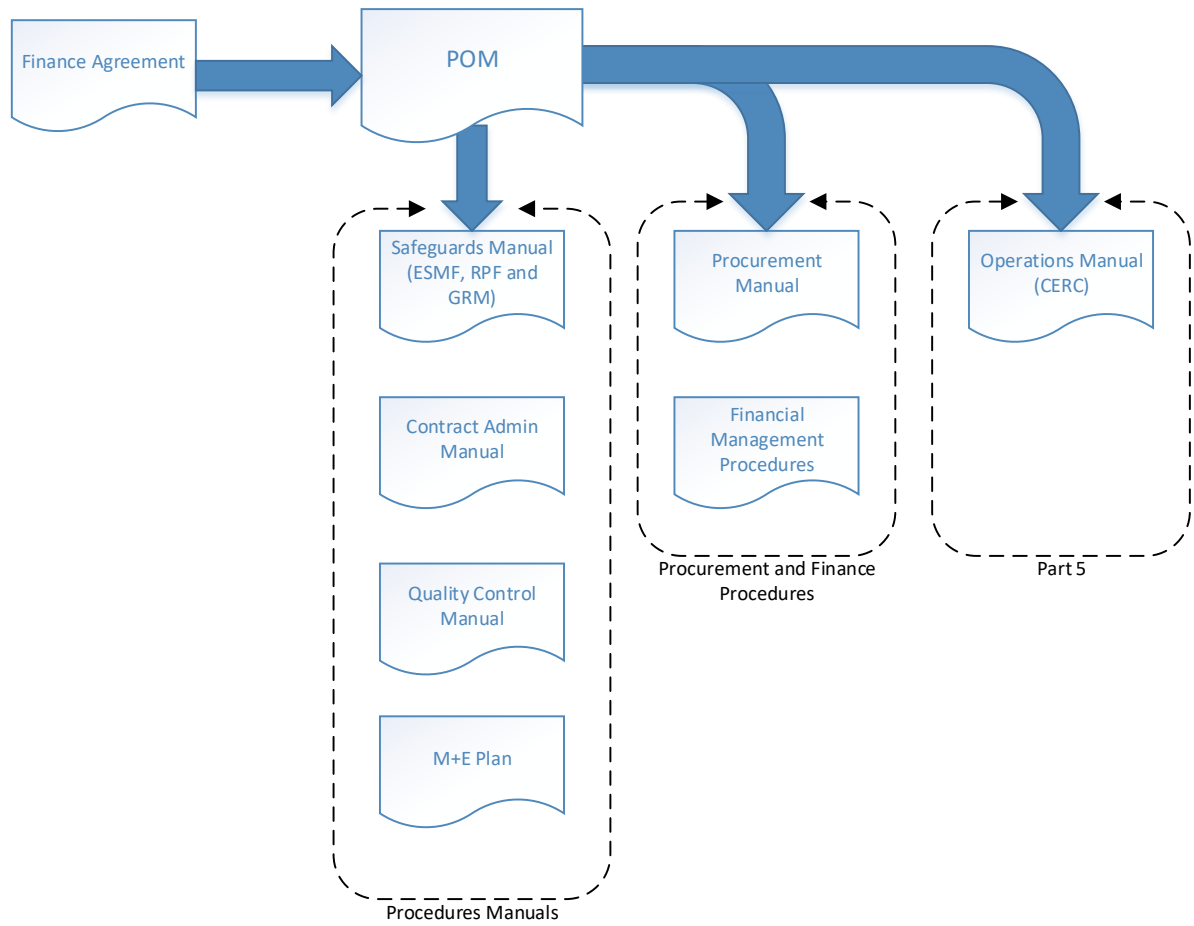


17. The principal document for project delivery is the POM. Six supporting documents are referenced throughout the POM, including:

- **Safeguards Manual (SM)** A compendium of documents consisting of; Resettlement Policy Framework (RPF), Grievance Redress Mechanism (GRM) and Environmental and Social Management Framework (ESMF).
- **Procurement Manual (PM)** (Consisting of the PWD Procurement Manual with the VIRIP Procurement Supplement)
- **Financial Management Procedures** (as outlined in Financial Management section below)
- **Contract Administration Manual (CAM)**
- **Quality Control Manual (QCM)**
- **Monitoring and Evaluation Plan (M+E Plan)**
- **Operations Manual (Contingency Emergency Response Component) (OM (CERC))**

18. Figure 2 describes the POM inter-relationship of these documents.

Figure 2: Project Manual used for Project Delivery



IMPLEMENTATION ARRANGEMENTS

Roles and Responsibilities

19. The **Executing Agency** (EA) for VIRIP is the Ministry of Finance and Economic Management (MFEM) and this agency has overall responsibility for the execution of the Financing Agreement and any amendments thereof.
20. Overall coordination and oversight of GoV's reconstruction program is being led by the **Recovery Program Committee** (RPC). The RPC is chaired by the Prime Minister's Office (PMO) and has overall authority for all recovery projects and programs in Vanuatu. RPC has delegated responsibility for leading the project to an Implementing Agency and a Project Implementation Committee.
21. MIPU is the **Implementing Agency** (IA) which is ultimately responsible to the PRC for project implementation. MIPU will house the project PST and provide direct management and technical oversight for the implementation of the project. It will also coordinate and direct other Ministries, as appropriate
22. A **Project Implementation Committee** (PIC), is responsible for leading project planning and implementation. The PIC is Chaired by the Director, Public Works Department (PWD) which is an operational arm of MIPU. The PIC comprises Directors (or senior staff delegates) from the following agencies: PMO, Ministry of Finance and Economic Management (MFEM), Ministry of Education and Training (MOET). The PST provides Secretariat support to the PIC.
23. The **Project Support Team** (PST) reports to PWD/MIPU and has responsibility for overseeing and managing all aspects of VIRIP's execution, including ensuring compliance with project requirements associated with: design; procurement; inspection and certification of works; financial management and auditing; safeguards, monitoring and evaluation; and project reporting.
24. As PWD and MOET are the GoV agencies responsible for the majority of works undertaken by VIRIP (road and school reconstruction), the PST supports the implementation teams within MoET and PWD with contract management and by providing specialists to work with counterparts in PWD and MoET in order to implement their respective activities under VIRIP.
25. Figure 3 outlines the key entities involved with VIRIP.

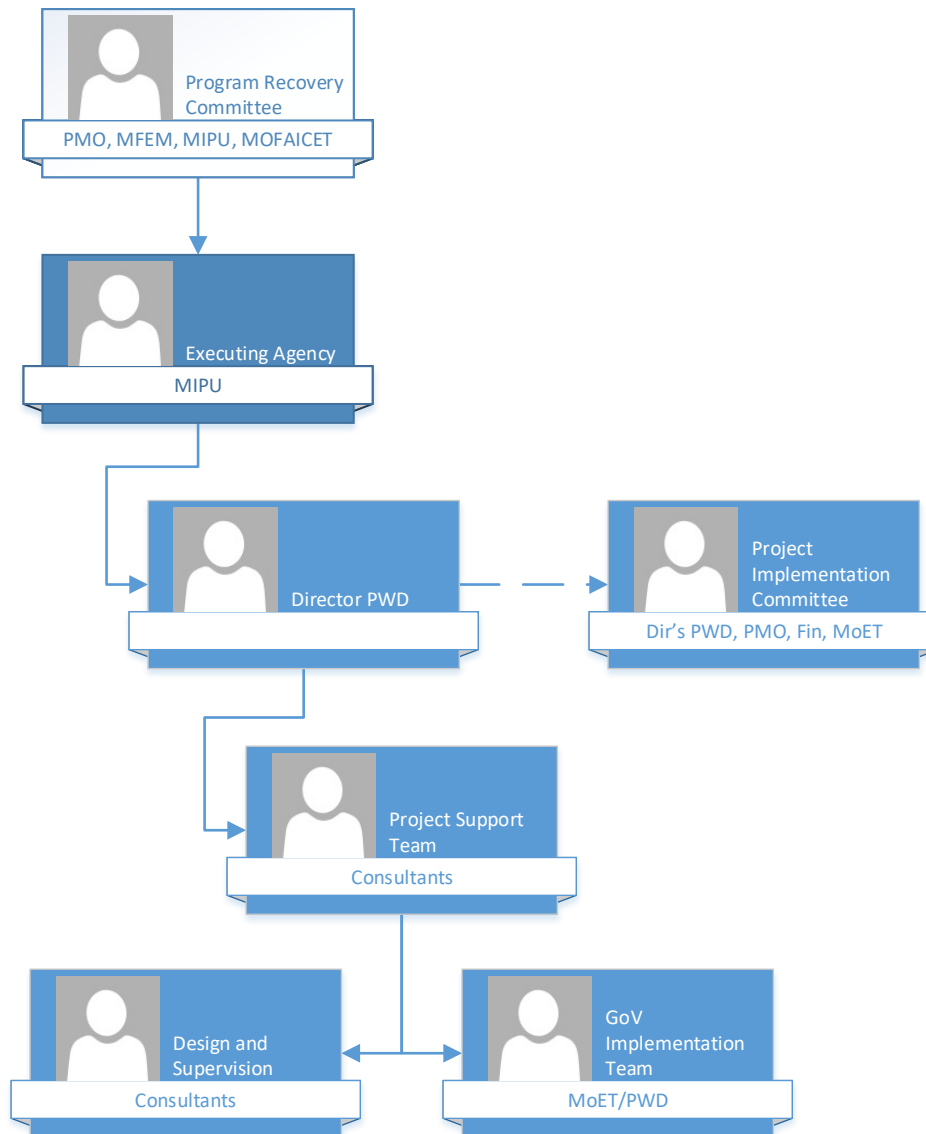


Figure 3: Key Entities

26. A summary of the main agencies and their roles and responsibilities is shown Table 2 below.

Table 2: Roles and Responsibilities of Key Entities

Organization	VIRIP Roles and Responsibilities
Executing Agency (EA) – MFEM	<ul style="list-style-type: none"> On behalf of the GoV, responsible for the execution of the Financial Agreement and any amendments thereof.
Recovery Program Committee	<ul style="list-style-type: none"> Responsible to Council of Ministers for the implementation of the Government's Recovery Program.

Implementing Agency (IA) –MIPU	<ul style="list-style-type: none"> • Houses and operates the project PST • Provides direct management and technical oversight for the implementation of the project • Coordinates and directs other Ministries, as appropriate
Project Implementation Committee	<ul style="list-style-type: none"> • Develops and updates policy(ies) on reconstruction for review and approval by Program Recovery Committee, as appropriate. • Oversees and monitors all aspects of project implementation • Advises the GoV of any issues or concerns affecting project implementation and proposes remedial action
Project Support Team (PST)	<ul style="list-style-type: none"> • Responsible for overall execution and day to day implementation of the project in line with this Project Operations Manual • Implementation of the GRM, ESMF and RPF and ensure compliance with World Bank environmental and social safeguard policies and Government of Vanuatu laws and regulations • Ensure all project procurement meets Government¹ and WB requirements • Oversee evaluation of contracts for supply of goods, works and services • Check and certify work done and deliverables by all consultants and contractors • Prepare withdrawal applications and submit applications to World Bank • Keep full file records and report on all project activities
Ministry of Education and Training	<ul style="list-style-type: none"> • Responsible of identifying candidate Activities for school. • Provide technical support for planning and design • Assist with monitoring and evaluation and reporting.
Design and Supervision Consultants	<ul style="list-style-type: none"> • Individual consultants and consultant firm(s) to provide: inspection, scoping, design, specifications, drawings and cost estimates for the pre-tender activities; and construction supervision during the contract implementation.
World Bank	<ul style="list-style-type: none"> • Provide implementation support • Monitor compliance with financial management, procurement, environment and social safeguard measures

¹ Vide COM Decision 199 of 2017, Council of Minister (COM) approved the use of World Bank procurement arrangements at its meeting of 24 August 2017

27. The Design and Supervision Consultants will consist of individual consultants and consultant firm(s) to provide inspection, scoping, design, specifications, drawings and cost estimates for the pre-tender activities and construction supervision during the contract implementation.
28. Roads - MIPU will contract Supervision Consultants to administer works contracts and support overall execution and day-to-day implementation of project activities related to road works, including overseeing all aspects of construction works, with the support of PWD site inspectors. Supervision Consultants, with support from their PWD counterparts, will be responsible for: adapting standard designs and scoping the works for bidding purposes; assisting PWD to procure island-based contracts; providing oversight of construction and contract administration; certifying that works are done to standard; and releasing interim and final payments by PWD. All Supervision Consultants will be expected to mentor locally employed and trained site inspectors. For larger-scale road assets and contracts for public buildings, the Engineers or Project Manager role (contract term) will be fulfilled by a nominated person in PWD. The role of Engineer or Project Manager's representative will be fulfilled by the Supervision Consultant. Supervision Consultants would also be responsible for incorporating the Environmental and Social Management Plan (ESMP) requirements in designs and supervising the implementation of ESMP requirements during construction. Training for IBCs and NBCs will be delivered through current PWD training resources with additional support from the PST Safeguards Specialist and others.
29. Schools & Public Buildings - With the support and direction of PST and PWD counterparts, Supervision Consultants will help oversee day-to-day implementation of VIRIP activities associated with schools and public buildings. Specifically, PST on behalf of MIPU will: (i) provide detailed review of standardized design drawings and specifications to be used for reconstruction, physical inspection, scoping and detailing of required works on existing buildings that may be repaired or retrofitted; (ii) oversee all aspects of construction works to ensure that all new, repaired and retrofitted facilities comply with national and/or international cyclone resilience standards; (iii) certify completion of works for the release of interim and final payments; (iv) undertake capacity building activities for local contractors to construct buildings and structures to higher structural safety standards; and (v) implement the ESMP during design and supervise the implementation of ESMP during construction.
30. PST's Safeguard Specialist will have an important role in implementation through: (i) helping with consultations and baseline data collection with the relevant Ministries during project planning; (ii) screening and undertaking due diligence for proposed sub-projects from a safeguards perspective and confirming that they may be funded; (iii) providing training on the GRM, ESMF and Resettlement Policy Framework (RPF) procedures to PWD Divisional Managers and officers (roading sub-projects), Supervision Consultants (schools and public Building sub-projects) and PST contractors (all projects); (iv) addressing the potential for asbestos; (v) preparing environmental permit applications and ESMP(s) for confirmed subprojects; (vi) monitoring works to ensure that the construction teams have the training and skills to comply with the activity ESMP and project ESMF requirements and that they are actually

complying with these, and assist with remedying any incidents of non-compliance; and (vii) ensuring bid documents and contracts have requisite safeguards instrument(s) attached and appropriate safeguards-related clauses. The PST will also be actively engaged in supporting the resolution of grievances that have not been suitably resolved by the Chiefs, contractors, and/or supervising engineers, and managing the GRM recording and reporting processes.

31. The World Bank will provide implementation support and monitor compliance with financial management, procurement, environment and social safeguard measures. They will also monitor the progress towards achieving the PDO and indicators through regular Supervision and Technical Missions.

FRAMEWORK DOCUMENTS

Legal Agreements

32. VIRIP is governed by the legal agreements in place between IDA and the Government of Vanuatu:
- **Financing Agreement** – this is the foundation legal document that details the conditions of the Grant and Credit, eligible expenditures (what the money can be spent on), implementation arrangements, safeguard compliance, procurement, financial and reporting requirements. This agreement references the Procurement Plan, as well as the Disbursement Letter.
 - **Procurement Plan** – the Procurement Plan is a key planning document referenced in the Financing Agreement. It is modified during project implementation at agreed intervals (usually every 12 months) with the plan published through the World Bank's Systemic Tracking of Exchanges in Procurement (STEP). The procurement guidelines, methods and processes are specified in the Financing Agreement and must be reflected in this document.
33. There are a number of implementation covenants required by the Government of Vanuatu according to the terms of their Financing Agreement. A summary of these is provided in [Annex 1](#).
34. The Financing Agreement is the foundation legal document for the project. In the event of a conflict between any other document and the Financing Agreement, the Financing Agreement always takes precedence.

Key Project Management Documents

35. The PST will lead and assist in the updating of project related documentation as required from time to time. This includes the Project Operations Manual, relevant legal and contract documents, and other project documents to improve implementation. This will occur periodically and as-required throughout the project.
36. Key documents which must be either adopted or in place under each Financing Agreement, include:
- **Project Operations Manual (POM)** – this is produced and updated by the PST as required. It is approved by WB and must also be formally adopted within 60 days of project effectiveness.
 - **Environmental and Social Management Framework (ESMF)** – this is produced to meet the environmental and social safeguards required within the Financing Agreement. The ESMF will be supported by a series of protocols, safeguards guidelines, ESMPs, training materials and tools to support successful safeguards management for all project activities. The ESMF has already been drafted and cleared by the WB during project appraisal, but it will be revised and re-issued by the Safeguards Specialist for clearance by WB.

- **Resettlement Policy Framework.** This framework sets out the process for determining all compensation, voluntary donation of land or assets for use by the project. It includes an Abbreviated Resettlement Action Plan (ARAP) for any involuntary or compulsory acquisition of land.
- **Grievance Redress Mechanism.** This has been developed from the original ESMF as a separate, stand-alone document which sets out definitions and the process for handling grievances arising from sub- projects.
- **Project Procurement Plan.** This plan is a requirement of the FA and requires the Government to provide details, methods, timings and costs estimates for all works, goods and services to be procured under VIRIP.
- **Financial Management Procedures.** The Section in the POM describes the systems, procedures and forms required for processing, reconciling, auditing and reporting of financial transactions and disbursements associated with the project.

37. Other key documents, include:

- **Contract Administration Manual (CAM)** – This document will be produced by VIRIP PST with support from PWD and the Roads for Development (R4D) programme. The CAM describes all the standard practices and procedures for the administration of works contracts under the project, as well as provisions for emergency works.
- **Quality Control Manual (QCM).** This document exists in parts within PWD, however it will be finalised in conjunction with other stakeholders by a Consultant under VIRIP as a Quality Control Manual (QCM). . This document will describe the quality control and assurance measures required for all works to demonstrate that the quality has met the requirements of the respective contracts, including specifications and drawings.
- **Safeguards Manual (SM).** This document is a compendium of documents, including the Resettlement Policy Framework, Grievance Redress Mechanism and the Environmental and Social Management Framework. These documents will be developed by the Safeguards Specialist and reviewed and approved by the World Bank. The Safeguards Manual will be updated on an as required basis and maintained by the Safeguards Specialist.

Key Supporting Documents

38. The following are the key supporting documents or those which are produced based on the legal agreements or manuals:

- **Project Appraisal Document (PAD);** this publicly disclosed, non-legally binding document explains the project design prior to negotiations with the Government and provides; strategic context, project development objectives, project description, implementation arrangements, key risks and appraisal summary.
- **Procurement Plans, Annual Work Plans, Budgets/Fund Flow Forecasts** – which may be agreed from time to time and will supersede previous versions;
- **Guidelines:** Procurement under IBRD Loans and IDA Credits, dated January 2011 (Revised July 2014);

- **Guidelines:** Selection and Employment of Consultants by World Bank Borrowers, dated January 2011 (Revised July 2014);
- **WB Disbursement Guidelines** for Projects (May 2006);
- **WB Operating Policies** and guidelines in respect of fraud and corruption, equal opportunities (including gender equality), child protection etc;
- **Government procedural requirements:**
 - MFEM Financial Operation Procedures Manuals
 - Smartstream Purchasing Module
 - Travel
 - Payroll
 - Inventories
 - Uniform Chart of Account
 - Accounting Policy
 - Accounting Procedures
 - Audit Tracking
 - Internal Control
 - Financial Statements Preparation Guide, and

Induction of Project Staff and Consultants

39. Project Staff and Consultants are provided with a brief induction training upon recruitment, including familiarisation with the project and key Framework Documents. All project staff will read through the Framework Documents, Key Project Management Documents including the POM and relevant Key Supporting Documents. Consultants will be given and required to read those documents relevant to them performing their roles as per agreed terms of reference.
40. Induction will take place at commencement of employment and will include a formal meeting between the new recruit and the PMC to discuss the Project, key documents, and the current status of the project.

ACTIVITY CYCLE

Stages

41. VIRIP project activities² will occur through a cycle consisting of the following stages:

- **Activity Identification** – procedures for screening individual project activities
- **Activity Planning** – procedures for designing activity and engaging Consultants and Contractors³
- **Implementation** – procedures for undertaking the activity
- **Activity Performance Monitoring** – procedures to ensure implementation follows the plan to the required quality in accordance with the terms of the contract
- **Activity Closure** – actions to confirm completion of activity, all documentation and final payment



42. Throughout the activity cycle feedback will provide the opportunity for improvement and refinement of future activities towards achieving the PDO and indicators.

Activity Identification

43. **Purpose:** This procedure will screen all proposed project activities under VIRIP Part 1 Road Reconstruction and Improvement, Part 2 School Reconstruction and Improvement and Part 3 Public Building Reconstruction and Improvement to ensure that they meet project and donor criteria and can be approved.

44. This procedure will result in a set of screened individual project activities that meet project requirements, including any feedback with resulting improvements and refinements.

45. The procedure output will be an Activity Proposal Form clearly describing each activity for submission to the World Bank for approval.

46. Once approved, the activity can advance to the detailed planning and design (Activity Planning) stage of the project activity cycle.

² The term ‘activity’ refers to an item of works, goods and services (consulting and non-consulting), which directly contribute to the Project Development Objectives.

³ The term ‘Contractor’ can include Supplier

47. References:

- Financing Agreement (FA)
- VIRIP Safeguards Manual (SM)
- Procurement Manual (PM)
- Financial Management Procedures

48. Key Responsibilities:

- Agencies (PWD, MOET and PMO) are responsible for submitting proposed activities for this identification procedure to ensure the proposed activities meet relevant GoV policy requirements or development priorities. PWD responsible for Roads, MOET Schools and PMO for Public Buildings.
- PST is responsible for ensuring the individual activities are screened in accordance with the Financing Agreement and these procedure's requirements.
- PIC is responsible for reviewing and agreeing all the activities that meet requirements for inclusion in Annual Work Plan.
- PST is responsible for completing and sending the Activity Proposal and an accompanying safeguards screening checklist, in accordance with the ESMF and RPF, updating the Procurement Plan (as required) and send to the World Bank for no objection, if subject to prior approval.
- WB is responsible for assessing the Activity Proposal, if prior reviewed, and providing no objection or requesting further information required for no objection. Only those activities either requiring no objection or the terms of reference review (as per World Bank Procurement Guidelines) will have the Activity Proposals submitted to the World Bank for comment and/or no objection.

49. Procedure:

- Agencies submit proposed activities for assessment with sufficient supporting information for PST to undertake screening in accordance with the Financing Agreement as required by the criteria checklist for this procedure (Table 3) and approved by the PIC and endorsed by the WB. This information may also be collected through a visit to the site by either representative of the Agency or member of PST or a Consultant and Contractor to provide sufficient detail for the criteria of an activity to be assessed.
- Criteria set out in the FA must be met before an activity can be considered for agreement by the PIC.
- Criteria for safeguards as set out in the approved VIRIP ESMF and RPF must be met before an activity can be considered for agreement by the PIC.
- Two chance variables (land owner consent and presence of asbestos) must be assessed and reviewed before an activity can be considered for agreement by the PIC.
- If the activity is subject to WB prior review, Activity Proposal must be sent to the WB for no objection.

- Procurement Plan and the Annual Work Plan (AWP) must be updated and approved by the WB before an activity can be considered for agreement by the PIC.

Table 3: Criteria checklist for screening individual project activities:

Criteria to be met	Part 1: Roads	Part 2: Schools	Part 3: Public Buildings
VIRIP Financing Agreement criteria	<p>Carrying out road repair works and undertaking spot improvements to road sector assets affected by Tropical Cyclone Pam, including improving the resilience of road sector assets in provinces affected by Tropical Cyclone Pam.</p> <p>Walking tracks: In remote locations, walking tracks may be improved at critical locations including, but not limited to: concrete steps, surfacing on steep grades and simple pedestrian bridges over water crossings.</p>	<p>Reconstruction, rehabilitation, repair, or retrofit of schools affected by Tropical Cyclone Pam, including improving the resilience of schools in provinces affected by Tropical Cyclone Pam.</p> <p>Construction or reconstruction of at least one disaster resilient building, in selected schools, that complies with technical standards required for evacuation centres.</p> <p>Carrying out a program of activities designed to improve water supply and sanitation facilities and other amenities in schools affected by Tropical Cyclone Pam.</p>	<p>Reconstruction, rehabilitation, improvement, or retrofit of Selected Public Buildings affected by Tropical Cyclone Pam, including improving the resilience of Selected Public Buildings in provinces affected by Tropical Cyclone Pam.</p>
	<p>Excludes routine and periodic maintenance tasks, such as grading, bitumen resealing, clearing drains and grass-cutting, unless deemed to be part of a repair and improvement works activity.</p>	<p>Excludes privately-owned and independently operated schools.</p>	<p>Excludes any law enforcement buildings, detention facilities and any housing.</p>

<p>Criteria Definitions</p>	<p>road repair works. Repairs to road sector assets, affected by TC Pam, which conform to the PWD Rural Road Access Frameworks and the rational PWD planning process (including identification and selection of Activities). The works will not be routine maintenance tasks, such as grading, clearing drains and grass-cutting, unless required to conduct a repair works activity.</p> <p>spot improvements. Isolated improvements to road sector assets, such as strengthened road pavements and surface treatments, erosion control, slope protection, drainage and stream crossings, which conform to the PWD Rural Road Access Frameworks and the rational PWD planning process (including identification and selection of Activities)</p> <p>road sector assets. Urban and rural road pavements, road and</p>	<p>disaster resilient building. Is a new building constructed to comply with structural standards required for evacuation centres.</p> <p>improve water supply and sanitation facilities and other amenities. Rainwater harvesting from roof catchments of existing and new buildings. Reconstruct, rehabilitate and improve sanitation facilities destroyed or damaged by TC Pam</p> <p>Reconstruction. Reconstruction of a school building(s) either substantially damaged and beyond economical repair or fully destroyed. Building to be partly or wholly demolished, to be constructed to its original substantive form and function for future use in this role. New constructed classrooms to be equipped with standard MOET-approved fit-out, including new desks, chairs and teaching equipment.</p>	<p>Selected Public Buildings. Means the selected public buildings identified by the Government, approved by the Association and included in the Approved Work Plan and Budget, for financing under Part 3 of the Project, but excluding any law enforcement buildings and detention facilities and any housing.</p> <p>Reconstruction. Reconstruction of a public building(s) either substantially damaged and beyond economical repair or fully destroyed. Building to be partly or wholly demolished as required and constructed to its original substantive form and function for future use in this role. For public buildings, the reconstructed building must be substantially within the pre-existing footprint of the original building.</p> <p>Rehabilitation. Significant reconstruction of part of a public building that was partially</p>

	<p>roadside drainage (such as drifts and vented and unvented causeways), drainage structures (such as unlined and lined drains, culverts and pipes), bridges (single span up to around 25m in length) and ancillary structures and facilities (such as signage, line-marking, speed control measures and pedestrian crossings).</p> <p>improving the resilience. Improving roads sector assets to ensure they are; planned and designed in accordance with good engineering principles, designed for disaster risk reduction and climate change requirements, are maintainable and included in an asset system for future maintenance.</p> <p>Small works to be carried out by IBCs are expected to include repairs to embankments and strengthening of coastal protection measures, improvements to existing roads and drainage structures, including drifts and/or vented drifts on water crossings, pipe culverts, lined drains, and low-maintenance surfacing on steep grades in the form of concrete pavements or concrete "tire paths." In some remote locations, walking tracks</p>	<p>Rehabilitation. Significant reconstruction of part of a school building that was partially destroyed. Building to be constructed to its original substantive form and function for future use in this role.</p> <p>Repair. Repair of part of a school building that received minor damage. Building to be repaired to its original substantive form and function for future use in this role.</p> <p>Retrofit. Improvement to structural elements of the school building to better withstand a future earthquake and cyclone. Includes removal of hazardous materials (asbestos) in buildings that are being reconstructed, rehabilitated, repaired or retrofitted.</p>	<p>destroyed. Building to be constructed to its original substantive form and function for future use in this role.</p> <p>Repair. Repair of part of a public building that received minor damage. Building to be repaired to its original substantive form and function for future use in this role.</p> <p>Improvement and retrofit. Improvement to structural elements of the public building to better withstand a future earthquake and cyclone. Includes removal of hazardous materials (asbestos) in buildings that are being reconstructed, rehabilitated, repaired or retrofitted.</p>
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	<p>would be improved at critical locations with concrete steps or surfacing on steep grades and simple pedestrian bridges over water crossings. More complex improvements would also be undertaken to improve existing road sector assets to more resilient standards to withstand future climatic events</p> <p>Walking track. A pedestrianised track suitable for most ages and fitness levels. Tracks may have short steep hill sections and a rough surface and many steps.</p>		
Funding Limit			Works for individual buildings to be under USD 300,000 (equivalent).
Prioritisation	<ol style="list-style-type: none"> 1. As per PWD Annual Work Plan process, based on Rural Road Access Framework for Rural Roads 2. Urban Roads to be prioritised, based on traffic and socio-economic needs, demonstrated to be rationalised across the urban network. 3. Walking tracks to be prioritised based on socio-economic needs and access to key services, in particular after a natural disaster. 	<p>Within a listed school:</p> <ol style="list-style-type: none"> 1. Classroom reconstruction, rehabilitation and repair. 2. Administration building reconstruction, rehabilitation and repair. 3. Teacher houses reconstruction, rehabilitation and repair 	To be determined by DSPPAC.

<p>Planning Criteria</p>	<p>Planning will be consistent with the PWD strategic network analysis, prioritisation process and provincial allocation of funds. The intention is to provide the greatest level of repairs, improvements and associated resilience measures across the entire network within the affected provinces.</p> <p>Works aligned to current, approved PWD design and construction standards.</p> <p>All activities will enhance the Government's ability to more effectively respond to a future disaster and make appropriate provisions for climate change.</p> <p>Completed works must be added to the PWD asset register and included in subsequent annual operation and maintenance programs.</p>	<p>Schools, classrooms and other buildings damaged by TC Pam will be constructed or reconstructed with at least one building of selected schools complying with technical standards required for evacuation centres.</p> <p>Buildings will be outside of tsunami and storm-surge inundation areas.</p> <p>The structural resilience of schools that were not impacted by TC Pam may also be improved.</p> <p>Works to be aligned with MOET approved design and construction standards.</p> <p>Activities will enhance the Government's ability to more effectively respond to a future disaster and make appropriate provisions for climate change.</p> <p>Completed works must be added to the MoET's asset register and included in subsequent annual operation and maintenance programs.</p>	<p>Only the Selected Public Buildings included in an approved Annual Work Plan shall be eligible.</p> <p>Resilience of public buildings that were not impacted by TC Pam may also be improved.</p> <p>Public buildings must return to their original use.</p> <p>Any new work elements must be in accordance with the Vanuatu Building Code.</p> <p>All activities will enhance the Government's ability to more effectively respond to a future disaster and make appropriate provisions for climate change.</p> <p>Completed works must be added to the respective Ministry's asset register and included in subsequent annual operation and maintenance programs.</p>
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Procurement criteria	Meets requirements of the FA	Meets requirements of the FA	Meets requirements of the FA
Safeguards criteria	Completion of the ESMF Screening Checklist results in Category B or C.	Completion of the ESMF Screening Checklist results in Category B or C	Completion of the ESMF Screening Checklist results in Category B or C
Chance Variable Land*	Taking place on and along an existing road corridor	Land lease or agreement to use or occupy in place	Land lease or agreement to use or occupy in place
	Land lease or agreements to use or occupy in place or RPF ARAP in process.	No formal agreement	No formal agreement
Chance Variable Asbestos*		Presence of asbestos suspected in buildings to be demolished, reconstructed, rehabilitated, repaired or retrofitted.	Presence of asbestos suspected in buildings to be demolished, reconstructed, rehabilitated, repaired or retrofitted.

***Chance Variable: Land.** If a land lease or written agreement is not available for a proposed Part 2 or 3 Activity (School or Public Building), then the proposed Activity may proceed through this stage to the Activity Planning stage provided an undertaking is given by the relevant Implementing Agency to gain such written agreement is received and recorded. Implementation of all Part 2 and 3 Activities will be placed on hold until such agreement is gained. If a land lease or written agreement is not available for a proposed Part 1 Activity (Roads), requiring additional land outside an existing road corridor, the proposal will not progress to the Activity Planning Stage except to more clearly identify land requirements and until agreement is gained. Refer to Safeguards Voluntary Land Acquisition in the ESMF and the RPF for further details.

***Chance Variable: Asbestos.** If the presence of asbestos is suspected, then the VIRIP Asbestos Protocol in the ESMF must be followed. Parts of the proposed activity such as construction of new buildings on the same site that do not require the handling or exposure to suspected asbestos may proceed through this stage to the Activity Planning stage provided the requirements of the VIRIP Asbestos Protocol in the ESMF are followed.

Once a chance variable is resolved then it can re-enter the beginning of the Activity Identification stage. In the case of those Part 2 or 3 Activities agreed to be kept on hold until a land agreement is finalised, these can proceed to Activity Planning provided the requirements of the Activity Planning procedure have been met in the interim.

Once a proposed activity has met all the relevant criteria and been agreed by the PIC, then the Activity Proposal Form must be completed for the activity.

The Activity Proposal Form with supporting information including a completed WB Safeguards Screening Checklist as required by the VIRIP ESMP will then be completed. If required, the Activity Proposal will be sent to the WB for their no-objection

WB will review each completed Activity Proposal delivered to it generally within seven (7) working days and confirm approval or otherwise (with reasons) or request further information required for no objection. Once confirmation of no-objection is received (any outstanding queries resolved) then the activity can be entered onto the VIRIP Agreed Activities monitoring spreadsheet and VIRIP Procurement Plan and then proceed to **Activity Planning stage**. If no WB prior review is required, then the activity may proceed to the **Activity Planning stage**.

50. **Forms and Related Documents and Policies for this Procedure:**

- Procurement Plan – revised and approved by PIC and WB
- Annual Works Plan – revised and approved by PIC and WB
- List of Selected Public Buildings - endorsed by PRC and approved by WB for inclusion in Annual Works Plan
- Activity Proposal – for submitting activity information for PIC approval.
- Activity Proposal – for activities requiring prior review for WB approval.
- WB Safeguards Screening Checklist – Appendix B of the VIRIP ESMF
- Spreadsheet of proposed activities to be considered by PIC
- Land lease or signed form for permitted land use.
- Agreed activities monitoring spreadsheet

Activity Planning

51. **Purpose:** This procedure ensures all approved project activities can be designed, planned, budgeted for and procured in line with VIRIP objectives as well as project, donor and Government requirements.

52. **References:**

- Financing Agreement (FA)
- VIRIP Safeguards Manual (SM)
- Procurement Manual (PM)
- Financial Management Procedures

53. **Key Responsibilities:**

- Agencies (PWD, MOET and PMO) are responsible for confirming work designs and site conditions for this Activity Planning procedure.
- PST Project Manager/Coordinator (PMC) is responsible for ensuring the individual activities are planned for implementation according to this procedure's requirements and undertaking tasks where indicated in the procedure to the required quality standard.
- PIC has no responsibility in the Activity Planning stage, unless there are issues and problems beyond the control of the PST.
- PST Safeguards Specialist (SS) is responsible for completing all safeguards required to meet ESMF, RPF and Vanuatu legislative requirements for implementation to go ahead.
- PST Procurement Specialist (PS) is responsible for preparing all tender documents in line with FA and PM requirements.

- WB has no responsibility in the Activity Planning stage, unless either issues arise that require no-objection from the WB or issues require clarification on the project design and FA.

54. Procedure:

- Once an Activity Proposal has been approved by PIC and WB (if prior review is required), then the PST sets up a dedicated file for the Activity on the VIRIP filing system. All details of the planning process including decisions on procurement process and contract selection will be recorded in the dedicated Activity file.
- PMC confirms the responsible person (PST member, consultant or Implementing Agency officer) for developing the Activity design, plans and specifications including construction methods. The PMC sets the timeframe for completing these tasks including any interim drafts or options.
- PMC confirms with SS the likely requirements for safeguards for the Activity and a site visit will be arranged to determine site- specific safeguards issues if this has not already taken place during the Activity Identification stage.
- Once the Activity design details are confirmed, SS will confirm the safeguards requirements required for the Activity and will arrange any permits or environmental management controls (such as safeguards instruments) in accordance with the ESMF and Vanuatu legislative requirements. The SS will prepare all documents regarding safeguards to be included in the Activity tender documents. Any new safeguards instruments (ESMP) will be reviewed and cleared by the WB.
- Once the Activity design details and safeguards requirements are completed to the level of detail and quality required for costing purposes, the PMC will confirm the responsible person for estimating the pricing and timing of the Activity.
- Once the pricing and timing is confirmed, the choice of procurement method will be decided by the PMC in line with FA and PM requirements in collaboration with PS, and the result recorded along with any comments or considerations. If required, a revised Procurement Plan will be sent to the WB for no-objection.
- Based on the agreed procurement methods, the preparation of bidding, quotation/proposal documents will finalised and reviewed and approved by the PWD/MoET. If required, the final documents will be sent to the WB for no-objection.
- Once approval is received, documents are issued in accordance with the FA and PM requirements.
- Collection and receipt of all tenders or quotes will be in accordance with FA and PM requirements.
- Assessment of received tenders/quotes/proposal will be in accordance with FA and PM requirements and detailed in an evaluation report.

- Draft Contract documents to be prepared in accordance with PM for agreement with the Contractor. Where prior review is required, negotiated Contract documents to be sent to the WB for no-objection.
- Final Contract documents to be signed by both parties in accordance with the PM.
- All procurement will be recorded and included in the Activity file kept by the PST as well as other VIRIP project control documents including: Activities Monitoring Spreadsheet, FMP and other accounting records.

55. Forms and Related Documents and Policies for this Procedure:

- Confirmed Final Activity Proposal– including the Activity information approved by PIC and WB (if prior reviewed).
- Design, plans and specifications for the Activity.
- Activity safeguards (ESMP, Conditions, Permits) assessments and requirements of the ESMF, RPF and Vanuatu legislation as identified in the site visit at the Activity Identification stage or afterwards.
- Bidding/Quotation/Proposal and Contract documents (as required by PM)
- Agreed Activities Monitoring Spreadsheet

Implementation

56. **Purpose:** The purpose of this procedure is to ensure that a project activity is implemented as planned and that all pre-deployment and operational activities are in place and undertaken. It includes the key steps from the signing of a contract for an activity and preparation of all safeguard documents by the Contractor through to the completion of all physical works.

57. References:

- VIRIP Safeguards Manual (SM)
- Procurement Manual (PM)
- Financial Management Procedures
- Contract Administration Manual (CAM)
- Quality Control Manual (CQM)

58. Key Responsibilities:

- Agencies (PWD, MOET, PMO) are responsible for ensuring all local agency requirements and site access requirements are fulfilled including pre-notification of communities about the activity before work starts.

- Consultant/Contractor is responsible for procuring the temporary use of land for camp sites or storage and evidence of agreements for this use is presented in the CESMP to be approved by the PST.
- PST is responsible directly or through contracted consultants for ensuring the pre-deployment requirements, deployment requirements and project works are undertaken as planned to include assisting with community awareness meetings on the project and safeguards provisions including temporary site access agreements, training and signing off the contractor's safeguards manual and procedures as contained in the CESMP. The PST may delegate some or all of these tasks to a design and supervision consultant.
- PST is responsible for ensuring works are completed to the required standard and that the requirements of the Performance Monitoring procedures are met. The PST may delegate some or all of these tasks to a supervision consultant.
- Agencies are responsible for ensuring that services/works can continue throughout the contract period and arrangements for consultant/contractors, access to information, site access etc are in place.
- Consultant/Contractor is responsible for ensuring all the terms and design requirements and technical standards are followed at all times and at all sites. This includes following all safeguards requirements.

59. Procedure:

- Once the contract is signed, the Consultant/Contractor, PST (including any supervision Consultant) and the relevant Agency will meet to discuss and confirm the programme of works from initial pre-deployment activities through to demobilisation. This meeting will cover all elements of the Activity including intended provisions for safeguards and community liaison. Details of the scope of the meeting are set out in Table 4 below:

Table 4: Checklist for initial tripartite meeting:

Item for discussion	Roads	Schools	Public Buildings
Technical requirements	Consultant/Contract or Personnel	Contractor Personnel	Contractor Personnel
	Scope / ToR	Scope / ToR	Scope / ToR
	Information/materials sourcing and availability, as appropriate.	Information/materials sourcing and availability, as appropriate.	Information/materials sourcing and availability, as appropriate.
	Logistics	Access and Logistics	Access and Logistics
	Programme of Services/Works	Programme of Service/Works	Programme of Services/Works
	Other	Other	Other
Financial Management	System requirements, payment schedules, financial details including credit guarantees etc	System requirements, payment schedules, financial details including credit guarantees etc	System requirements, payment schedules, financial details including credit guarantees etc
Safeguards criteria	ESMP and permit requirements	ESMP and permit requirements	ESMP and permit requirements
	Pre -deployment requirements	Pre -deployment requirements	Pre -deployment requirements
	CESMP preparation, templates and application, as appropriate	CESMP preparation, templates and application, as appropriate	CESMP preparation, templates and application, as appropriate
	Temporary Land Access agreements in place (if required)	Temporary Land Access agreements in place (if required)	Temporary Land Access agreements in place (if required)
	Other guidelines and rules	Other guidelines and rules	Other guidelines and rules
	Pre-deployment site visit	Pre-deployment site visit	Pre-deployment site visit

60. **Technical Requirements:** The meeting shall include confirmation of all technical and logistical elements required for successful start of implementation of the Activity.

61. The PST SS will provide orientation and relevant templates, requirements and specifications for environmental and social safeguard to the Contractor's CLO and Safeguards Specialist if this is a different individual.

62. **Site Visit:** For Contractors, a pre-deployment site visit will take place with representatives of the Contractor as well as the Agency and PST

including the PST SS or delegate. The site visit will inform and help finalise the agreed Programme of works including any issues affecting implementation that may need to be managed and agreeing on how these are to be approached. The site visit will also identify potential location(s) for the Contractor's works camp and storage facility and ensure that any access or use is negotiated with relevant landowner(s).

63. The Contractor's personnel responsible for safeguards management must also attend the site visit as it will form part of the pre-deployment consultation and awareness raising with local communities required under the ESMF (or activity-specific ESMP) and identify suitable dates, venues and attendees for safeguards training and awareness, introduction to GRM etc.
64. Following the pre-deployment site visit, the Contractor will organise all logistics for materials equipment and personnel to the site and one week prior to starting work undertake formal safeguards awareness and training with relevant communities and personnel in line with ESMF and ESMP requirements.
65. For Consultants, a site visit may be required and will be dependent upon the nature of the services.

66. Forms and Related Documents and Policies for this Procedure:

- Contract – including all terms of reference, designs, plans and specifications for the Activity, safeguards financial and other attachments and requirements to be followed.
- Agreed Programme of Services/Works.
- Activity safeguards (ESMP, Conditions, Permits) assessments and requirements of the ESMF and Vanuatu legislation as identified in the site visit at the Activity Identification stage or afterwards.
- Forms, reports, letters and notices as per CAM and QCM.
- Permits

Performance Monitoring

67. **Purpose:** The purpose of this procedure is to ensure the supervision and monitoring of all project activities to ensure they meet contract specifications in terms of the agreed programme of works, quality standards and other requirements including financial management and safeguards.
68. Consultants may be engaged as Specialist, Designers and Supervisors and the PST in conjunction with the PWD will be responsible for the performance monitoring. Similarly, Suppliers will be engaged and their performance monitoring will be undertaken by the PST in conjunction with the Agency. The VIRIP Contract Administration Manual sets out the

specific management responsibilities for non-compliance and poor performance of contractors (including sub-contractors) on all sub-projects.

69. Supervising consultants will generally be responsible for the performance monitoring of Contractors. The PST together with PWD and MOET will assess Consultants performance.

70. References:

- Procurement Manual (PM)
- Financial Management Procedures
- VIRIP Safeguards Manual (SM)
- Contract Administration Manual (CAM)
- Quality Control Manual (CQM)
- Contract Documents

71. Key Responsibilities:

- Agencies (PWD, MOET, PMO) are responsible for ensuring their agency requirements are fulfilled and that the activity is progressing as anticipated in line with Activity Proposal and that any lessons learned are fed back into project cycle for continuous improvement.
- PST is responsible for ensuring and recording that services/works are completed to the required standard and that the requirements of the Performance Monitoring procedures, as outlined in the ESMF/ESMP, CAM and QCM are met. The PST may delegate either some or all of these tasks to a Supervision Consultant. PST is responsible for retaining accurate records of all project Activity reports.
- Consultant is responsible for ensuring the services are performed in accordance with the Contract and the Terms of Reference, including the CESMP, and all reports and outputs completed to the satisfaction of the PST.
- Contractor is responsible for ensuring all the project works are documented with all site and progress reports completed to the satisfaction of the PST. The Contractor is responsible for working in accordance with the CESMP.

72. Procedure:

- Project implementation reporting and monitoring will commence with the pre-deployment site visit where all information that might affect the quality of the project, concerns, risks and potential safeguards issues are to be recorded in a Project Inception Report. Any issues identified will be recorded in the report and their subsequent resolution recorded. The Project Inception Report will also set out any additional site-specific requirements for safeguards

arising from the pre-mobilisation community and stakeholder consultation.

- Key Performance Indicators (KPIs) shall be confirmed for each Activity and reflect contract requirements in terms of technical requirements and the quality of works.
- Regular inspections throughout the Activity implementation will take place and Site Reports will be produced as shown in the following table by the PST, Contractor and Supervising Consultant. Records of all site reports will be retained by PST with copies to PWD and MOET.

Table 5: Project Activity Reports:

Report Name	Report Scope and Contents	Frequency/Who
Inception Report	Agreed approach to site specific issues prior to commencement Safeguards requirements Confirms agreed KPIs	Once (follow up on action points) PST/Contractor
Daily Site Report	Progress, issues including any complaints under GRM.	Daily Contractor
Site Report (Weekly)	Summary of daily reports, issues, progress against programme of works and safeguards summary including GRM.	Weekly PST/ Supervisor
Monthly Report	Progress of all Activities	PST
Notices	Details activities required to bring services/works up to ToR/specification.	As per ESMF/ESMP, CAM/QCM PST/ Supervisor
Ad Hoc/ Audit Report	Audits for compliance and verification of safeguards, project progress and systems.	Ad Hoc PST/ WB
Works Completion Report	In two parts: 1. Confirmation of completion of physical works 2. Confirmation of completed demobilisation of Contractor.	PST / Supervising Consultant / Agency
Activity Final Report	Confirms all works completed and lessons learned for future VIRIP activities.	PST

73. **Monthly Report.** Apart from the site reports in the table, a summary report shall be prepared monthly and circulated to PIC Chairman as well as WB team to provide regular reporting on the overall VIRIP progress. The monthly report will therefore include reports on overall VIRIP project performance as well as updates on progress on all identified works within the Activity project cycle.

74. **Notices.** Notices shall be prepared by either the PST or Supervising Consultant, in accordance with the ESMF/ESMP, CAM/QCM. Notices can be in a variety of formats, including: contract notices, letters, instructions, quality control forms and inspection reports. As such a Notice can cover any aspect of service/works under a contract for an Activity. The Notices will be issued to Consultant/Contractors by either PST or Supervising Consultant within the timeframe indicated in the CAM/QCM.
75. **Ad Hoc Report.** Ad hoc inspections will take place for most activities to help ensure that contract requirements are being met and no key elements are being missed through regular reporting and inspection. Ad hoc inspections may result in the issuing of Notices to the Consultant/Contractor if required to remedy shortfalls.
76. **Audit Report.** Audit reports are focused on verifying other reports and will be undertaken from time to time to ensure that VIRIP control and operational procedures are being followed. The results of audits can also result in a Notice but are more likely to result in a formal request to amend or improve a process or procedure, for example requiring changes to the levels of detail recorded in the GRM records.
77. The WB conducts **Supervision Missions** about every six (6) months with possibly intermediate Technical Missions. Whilst any findings from the Mission are encapsulated in an Aide Memoire, any findings that have contractual implications may result in the issuance of an Audit Report and subsequent Notices.
78. **Works Completion Report.** This report is in two parts and confirms the successful completion of all works to do with a contract for a specific Activity. The first part of this report confirms the standard and quality of physical works and sign off on these as satisfactorily completed. The second part of the report confirms the satisfactory completion of all the Activity safeguards and successful de-mobilisation of the Contractor, staff and equipment in line with ESMF and contract requirements.
79. **Activity Final Report.** This report is prepared for largely administration purposes as it primarily closes the Activity file opened at the Activity Planning stage of the process and confirms all elements of the Activity are completed including all payments, data entries to meet Financial Management Procedures and other purposes. A section of the report will also require to be completed by PST providing a brief overview of the Activity and how it performed against expectations. This report will be completed at the end of the Activity Completion stage of the process.
80. **Forms and Related Documents and Policies for this Procedure:**
- GRM logs from Contractor and Supervisor
 - Report templates

- Contract – including terms of reference, all designs, plans and specifications for the Activity, safeguards financial and other attachments and requirements to be followed.
- Agreed Programme of Services/Works.
- Notices, as per CAM and QCM
- Financial Management Procedures
- Environment and Social Management Framework (ESMF)
- Environment and Social Management Plan (ESMP)
- Contractor's Environment and Social Management Plan (CESMP)

Activity Closure

81. **Purpose:** This procedure sets out the steps and requirements to confirm the Activity has been successfully completed as planned and the related administrative procedures and requirements have been completed.

82. References:

- Procurement Manual (PM)
- Financial Management Procedures
- VIRIP Safeguards Manual (SM)
- Contract Administration Manual (CAM)
- Quality Control Manual (CQM)
- Contract Documents

83. Key Responsibilities:

- Agencies (PWD, MOET and PMO) are responsible for formally confirming the completion of the Activity and passing any other Activity paperwork or reports for completing and closing the Activity file.
- PST is responsible for ensuring this procedure's requirements are met and the Activity file is completed and the job is formally closed.
- PIC is responsible for reviewing and confirming the Activity is completed and the job can be formally closed.
- PST is responsible for completing and sending the Activity Final Report to the PIC and World Bank for confirmation and job closure.
- WB is responsible for confirming the Activity is completed and that all WB administrative requirements have been met with regards to the individual Activity.

84. Procedure:

- The PST shall gather all Activity reports including the Works Completion Report to ensure that the Activity has been completed

including; sign-off of Consultant reports and demobilisation of the Contractor, workforce, equipment and any project wastes.

- The PST shall verify with the relevant Agency that all services and physical works have been completed and that the Activity site can be formally handed over to the Agency upon receipt of a letter from the Agency agreeing that the Activity works are completed and the Agency is able to either accept the Consultant deliverable or take the site over the works.
- The PST will perform a final project budget to confirm performance against budget for the Activity PST will also collect all project Activity documents and store them in a single place.
- Once the report and documents have been gathered, the PST will prepare the Activity Final Report which will include review by PST Specialists (Procurement, Safeguards) and signed off by the PMC. The PMC will also ensure that a short summary section in the report indicating the services/works meet the requirements of the Activity Proposal and is completed with any "lessons learned" that may be used in other Activities or Parts of VIRIP.
- The final step is to obtain formal validation and verification of the Activity Final Report from the PIC and WB.

85. Forms and Related Documents and Policies for this Procedure:

- Financial Records for the Activity
- Agreement letter from relevant Agency conforming handover.
- Activity Final Report

PROJECT MANAGEMENT

Project Management

86. The PST will be responsible for the day-to-day project management, monitoring and coordination of the VIRIP, under the policy direction of the PIC and management of MIPU.

87. The PST will consist of a PMC, Procurement Specialist, Safeguards Specialist and a Project Accountant with short-term consultants for discrete and specialist roles. The terms of reference for those positions will be based on this POM. The PST is based in MIPU in Port Vila, with part time presence in the affected provinces as required. The PST will report on the progress of the project implementation to the Director PWD.

88. The five key aspects to project manage VIRIP are as follows:

- Selection Criteria and Development of Annual Work Plans and Budgets.
- Mainstreaming the project outcomes towards increasing disaster and climate change resilience and preparedness for a future disaster.
- Actively involve stakeholders in decision-making.
- Effective design and supervision
- Continued project improvements throughout the Project and Activity Cycles.

Development of Compiled AWP and Budgets

89. Project Cycle and Activity Cycle are interconnected and compiled into Annual Work Plans (AWPs) and project Budgets. Project Cycle is cross-cutting and focussed on project-related outcomes and the activities are discrete and focused on individual outputs of works and services. Together both cycles are PDO-orientated and focussed on meeting indicators, as provided for in the reporting structure.

90. The PST will be responsible for planning, managing and reporting of the project and activity cycles as outlined below, based on selection criteria and development of the annual work plans. .

91. **Annual Work Plans.** The FA indicates that AWP should be submitted to IDA by 31 July each year or other such date agreed by the World Bank. The September 2017 mission, it agreed to align Part 1 AWP with the end-November date for finalization the PWD generated AWP. The AWP will be a compilation of the approved activities, with some subject to prior World Bank review, for each Part. To establish this, the following procedure will occur by Part:

- Part 1: PWD has a detailed rational Annual Works Planning process, which will be adopted for VIRIP, subject to the

individual activities meeting the selection criteria. Refer to Annex 5 for the detailed procedure and timeline. The PIC will be required to assess and approve the VIRIP activities under the PWD Annual Work Plan against the selection criteria agreed with the World Bank. The results of this process will be relayed to the World Bank within the December Quarterly Report for review and no objection. Any changes to the PWD AWP throughout the year which affects a VIRIP-funded activity will be referred to the World Bank.

- Part 2: Activities under this Part will be identified each year by 31 March for review by the PIC by 30 April to ensure they are consistent with the selection criteria. Any revisions and recommendations will be considered by the PST and MOET by 30 June for inclusion in the mid-year Quarterly Report. Prioritisation will be based on reconstruction, repair and retrofit of classrooms, followed by administration buildings and lastly teachers housing. The results of this process will be relayed to the World Bank in the Quarterly Report for review and no objection. Any changes to the PWD AWP throughout the year which affects a VIRIP-funded activity will be referred to the World Bank.
- Part 3: Similar to Part 2, activities under this Part will be identified, prioritised and selected each year by 28 February in conjunction with DSPPAC for review by the PIC by 31 March to ensure they are consistent with the selection criteria. Any revisions and recommendations will be considered by the PST and DSPPAC by 30 June for inclusion in the mid-year Quarterly Report. The results of this process will be relayed to the World Bank in the Quarterly Report for review and no objection. Any changes to the PWD AWP throughout the year which affects a VIRIP-funded activity will be referred to the World Bank.

92. **Procurement Plan and Project Budget:** The Procurement Plan will be managed through Systematic Tracking of Exchanges in Procurement (STEP), a tool developed by the World Bank. As such the updates of the procurement plan will be done on an activity basis through STEP, significantly saving time and effort. The project budget will be likewise updated, based on the activities described in the Procurement Plan. This will be managed by the PST, using an Excel Spreadsheet.

Mainstreaming Resilience and Preparedness

93. Disaster and climate change resilience and disaster preparedness is a key aspect and outcome of VIRIP.

94. At the Activity level, physical works will involve improving resilience at the identification and planning stages. Works will be designed to ensure that once complete the asset is less susceptible to future disasters. Planning and design standards will be based on a risk-based approach to optimise the output. Stakeholder involvement is critical to determining the approach risk threshold to be adopted.

Stakeholder Involvement

95. **Stakeholder involvement** is a key aspect of project planning and implementation and improvement. This type of involvement is designed to ensure implementation activities are as informed, comprehensive and thorough as possible. Proper and full involvement from stakeholders will significantly benefit the overall success of VIRIP by ensuring key stakeholders are not only informed but participate alongside the Implementing Agency to deliver planned, practical and resilient investments. The process will also allow a continued learning process, which will improve to current and future activities.
96. **Stakeholder consultation** will take the following forms, depending on the assignment to be undertaken: (i) planning, design issues and resilience/risk-related matters, (ii) consultation on Terms of Reference/Specifications as they are being developed; (iii) notification of tenders as they are advertised; and (iv) comment to deliverables.
97. Comments from stakeholders, when received, are taken into consideration, however the level of such incorporation will remain at the discretion of the Implementing Agency.
98. **Citizen engagement** will feature highly in project activity planning and implementation. Arrangements for citizen engagement including Grievance Redress Mechanisms (GRM) are included in the Environmental and Social Safeguards section of this manual.

Effective Design and Supervision

99. The project will focus on utilising and developing, where possible, local consulting resources. However, the absorptive capacity of the local consulting resources will be a determinate factor on the pace of implementation. For those activities that cannot be designed by local consultant, foreign consultants shall be sourced. Local individuals and consultant firms will be utilised for supervision tasks, where possible. Local consultants will be developed to more fully understand; designs requirements to create resilient infrastructure assets, safeguards requirements, procurement, contracting, quality control and assurance and monitoring and evaluation.
100. Part 1: R4D has extensive drawings and specifications for smaller works. In most cases, local consultant will design the works, which will occur annual and in anticipation for the following year's Annual Works Plan. For larger works (such as complex coastal protection), these will be designed by foreign consultant.
101. Part 2: School classrooms are already designed under an existing education project, which MoET has decided to utilise for VIRIP. Should MOET require a different design for VIRIP classrooms or for certain sites then the new design will be developed under VIRIP in consultation with MOET. Repairs and retrofitting of existing school buildings requires scoping and documentation, by local consultants at each site.

102. Part 3: List of public buildings has been produced by DSPPAC, but the initial scope and cost estimates have not been developed by technical experts and need review. Local consultant(s) shall be engaged to scope, document and where possible, design the reconstruction, rehabilitation and retrofitting of public buildings.

Efficient Implementation

103. Works under Parts 1, 2 and 3 will almost exclusively be undertaken by local contractors, packaged to meet the market conditions to achieve best value for money. The absorptive capacity of the local contractors will be a determinant factor on the pace of project implementation. Local contractors will be supported to more fully understand the requirements for community consultation; safeguards; sub-project tendering; contracting; quality control and assurance; and monitoring and evaluation. Provision for Force Account is described in the Procurement section, however the use of Island-based Contractors and Nationally-based Contractors is described below.

104. **Island-based contractors (IBCs)** will be utilised for small works, where appropriate. This will assist in injecting much needed funding at the local level, create possible business opportunities for members of those communities in the future maintenance of these assets, and provide skills training. Small works to be carried out by IBCs are expected to include repairs to embankments and strengthening of coastal protection measures, improvements to existing roads and drainage structures, including drifts and/or vented drifts on water crossings, pipe culverts, lined drains, and low-maintenance surfacing on steep grades in the form of concrete pavements or concrete "fire paths." In some remote locations, walking tracks will be improved at critical locations with concrete steps or surfacing on steep grades and simple pedestrian bridges over water crossings.

105. The use of IBCs through Direct Contracting are restricted up to three rounds of small value contracts (not to exceed Vatu 5 million - USD50,000 equivalent - per contract and no more than three cycles). After the initial learning stage, contracts will be awarded through competitive procurement based on a cost-plus fee or lump sum (as appropriate).

106. **Nationally-based contractors (NBCs)** are expected to collect the major share of works if available and have the required qualifications to implement contracts of construction. NBC will be trained to improve disaster resilience through more fully understanding disaster-related construction/reconstruction and its design requirements, tendering, contracting, safeguards, construction methods and quality assurance and control.

Project Improvement

107. The project will be managed to be '**PDO-orientated**', continually reflecting on the project objectives, project indicators and interim result indicators and improving the inputs, outputs and outcomes through continual feedback, review and revision.
108. Activity proposals must demonstrate how the individual activity contributes to the objective and indicators. In this way the fabric of identification, planning and implementation must support the project outcomes.
109. Regular reporting will provide an opportunity to broad review of VIRIP. The Monitoring and Evaluation Specialist will develop a reporting framework which will reflect on how to achieve the objectives and indicators and provide valuable advice on how to either make improvements within the project or revise the indicators.
110. The project will be managed through a risk-based approach, whereby the likelihood and consequences of possible events will be considered. This management tool will allow further refinements to existing activities and improvements in delivery.
111. World Bank Technical and Supervision Missions will provide an opportunity for thorough periodic reviews and the resulting Mission Aide Memoires will provide written agreements with the Government on how to make improvements. Whilst these reviews can sometimes be confronting, the PIC commits to working with the World Bank on dealing with the proposed improvements.
112. The Mid-term Review in 2019 will also provide an opportunity for the World Bank and the Government to reflect on the achievements to date, modifications to the indicators and outputs.
113. Feedback from consultation and the project's grievance redress mechanism will provide an opportunity for improvements from a broader audience of stakeholders. This will provide an opportunity for improvements throughout the project period.
114. By its nature, the Acquisition Strategy will provide reviews and refinement of future procurement of activities.
115. Capacity Development is a cross-cutting initiative within the project including strengthening the IA, MOET, Central Tenders Board, private sector and others. The development of these entities will allow further understanding and improvements within the project. Where required to meet project objectives, some incremental resources (eg temporary staff) will be engaged through the project to supplement existing resources in GoV agencies where existing resources are insufficient to manage additional workloads.

COMMUNICATION

116. Communication and consultation with all stakeholders will take place in order to support the implementation of the project. This includes disclosure of project documents as well as early disclosure and consultation with stakeholders. Such requirements are set out in the project Safeguards Manual (ESMF, RPF and GRM).
117. The objective is to ensure that internal and external stakeholders are engaged and routinely informed of VIRIP project outputs and outcomes so that they contribute, as needed, to the effective delivery of the project.
118. VIRIP will inform, engage and involve communities and other local stakeholders impacted by the project while providing all parties with a process to deal effectively with complaints and grievances arising from project activities.

Grievance Redress

119. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to an established project **Grievance Redress Mechanism (GRM)**, a stand alone document that is also included as an Annex to the ESMF and RPF. The GRM is designed to address and resolved as quickly and equitably as possible. The GRM applies to all aspects of VIRIP including site specific project works as well as overall project management and is intended to address and resolve most if not all complaints or grievances regarding the project.
120. For site specific project works, all communities will be made aware of the GRM at a pre-mobilisation meeting prior to physical works commencing. The same meeting will identify issues of specific concern to communities or landowners about the project works.
121. For grievances regarding VIRIP project management, the GRM shall ensure aggrieved parties can complain about management and purchasing decisions made.
122. Project-affected communities and individuals may also submit their complaint to the WB's **Grievance Redress Service (GRS)** at any time. The GRS ensures that complaints received are promptly reviewed to address project-related concerns. If the issue remains unresolved then the WB's independent Inspection Panel which determines whether harm occurred, or could occur, because of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. Complaints to the World Bank's corporate Grievance Redress Service (GRS), to the World Bank Inspection Panel will be via www.inspectionpanel.org.

DOCUMENT MANAGEMENT

Document Management System

123. The PST will be responsible for the upkeep and effective management of a **Document Management System (DMS)**, as well as appropriate web-based access and usage of their respective staff, MIPU, MOET, WB and other key stakeholders deemed to have access rights. Hard copies of selected key documents will be held within the PST, such as sign formed contracts and will be filed, stored and archived with the unique identifiers, as provided for in the DMS. At the end of the project, all files (hard and e-copy) shall be transferred to MIPU.
124. **Access rights** criteria will be developed by the PST for approval by the PIC and will be based on need for information sharing and editability of documents.
125. To facilitate the storage and exchange of project documentation, an **on-line document repository** will be established. Consultant outputs and other project related documents will be stored and available to authorized persons.

Filing System

126. The PST is responsible for directing the central filing system for the project and is to be adopted by the respective design and supervision consultants.
127. Two types of Reference Numbers will be used for each activity – the **Procurement Plan Activity Reference** and a matching **Contract Reference**. Contract numbers match the Procurement Numbers, and denote the contract signatory.
128. The referencing system is based on the Project design (Parts A – C), and the contract signatory (MIPU); and the type of procurement CF = Consultant Firm, IC = Individual Consultant, G = Goods, W = Works, SHP = Shopping etc.
129. Some examples are provided in Table 6 below:

Table 6: Examples of Project Referencing

Activity/Assignment	Procurement Reference	Contract Reference
School Reconstruction and Improvement	B-CON06	MIPU/IC/CON06
	B = Part B activity	MIPU = contract signatory
	CON06 = sequential contract reference from procurement plan	IC = Individual Consultant CON06 = procurement reference
Vehicles	C-G1	MIPU/G/G1
	C = Part C activity	MIPU = Contract signatory

	G1 = sequential contract reference from procurement plan	G= Goods G1 = procurement reference
Road Reconstruction and Improvement	A-W4 A = Part A activity W4 = sequential contract reference from procurement plan	MIPU/W/W4 MIPU- Contract Signatory W= Works W4 = procurement reference

130. A full list of procurement filing requirements and file structures is provided in Procurement Manual.

131. These files are expected to be kept by both the PST and Consultants. Close liaison will be required to ensure that key documents/emails are provided to all relevant parties for file purposes.

PROCUREMENT

Procurement

132. The Procurement Specialist will develop a **Procurement Manual**, describing the procurement arrangements and processes associated with VIRIP. As an interim arrangement the PWD Procurement Procedures with the VIRIP Procurement Supplement will be used to guide VIRIP procurement.
133. Where the PWD Procurement Procedures conflict with those of the World Bank, then the World Bank Procurement policy, procedures and guidelines shall apply.
134. Procurement for VIRIP is carried out in accordance with:
- The World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated January 2011;
 - The World Bank's "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011, and
 - Specific provisions stipulated in the Financing Agreement,
 - In case of procurement of goods and works, the World Bank Standard Bidding Documents for Procurement of Goods, the World Bank Standard Bidding Documents for Procurement of Works, and the Sample Bid Evaluation Report for ICB; template documents developed and agreed with the World Bank for NCB, shopping and direct contracting of IBCs, and
 - In case of selection of consultants, the World Bank Standard Request for Proposals, Standard Contracts and Sample Evaluation Report.
 -
135. Procurement methods and thresholds applicable to VIRIP are detailed in the Procurement Plan which has been approved by the World Bank.

Procurement Plan

136. All procurement is undertaken in accordance with the Project's approved **Procurement Plan**.
137. The Procurement Plan is managed through STEP by the PST in close collaboration with MIPU and MOET.
138. The Procurement Plan is reviewed and revised on an activity basis, managed through STEP between the MIPU, MoET and PST, signed off by the Project Implementation Committee. Any changes to the Procurement Plan require The World Bank 'NOL'. Changes to the

approved Procurement Plan may occur but requires approval of the MIPU/PST/PIC and The World Bank through a formal request for 'NOL' to The World Bank.

139. It should be noted that the Procurement Plan is reviewed on a quarterly basis as part of the ongoing project management, but will normally only be approved on an annual basis by the World Bank. However, it is recognised that during the early stages of VIRIP, more frequent revisions of the Procurement Plan may be required.

140. When reviewing the Procurement Plan, careful consideration and planning is required by the IA and PST Procurement Specialist and Project Manager/Coordinator to ensure implementation schedules make practical sense as well as being reflective of project and MIPU/MoET/PIC policies and priorities.

141. The agreed initial Procurement Plan and subsequent updates will be available from the PST and will also be published on the MIPU and World Bank internal websites.

Procurement Arrangements

142. All procurement will be managed by the PST. The procurement roles and responsibilities of the PST are outlined in Table 7 below.

Table 7. Procurement Responsibilities

PST responsibilities	<ul style="list-style-type: none"> • Manage and oversee all procurement in conjunction with MIPU/MoET • Prepare, review and update Procurement Plans through STEP, as required. • In conjunction with PWD and MOET: <ul style="list-style-type: none"> ○ Prepare bidding documents (for civil works, goods, and consulting services). ○ Prepare Request for Expressions of Interest. ○ Prepare shortlist evaluation report. ○ Coordinate inputs and finalize TOR and approve cost estimates prior to submission for 'No Objection'. ○ Respond to bidders' questions and clarification of Request for Proposals. • Assist the evaluation committee as the Probitry Advisor⁴ and coordinate the inputs of the committee members. • Draft Evaluation Reports for submission to IDA, as required. • Assist with contract negotiations. • Assist with the preparation of contracts. • Publish contract award information. • Monitor contract progress.
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⁴ Probitry Advisor will be a non-voting advisor to the evaluation committee and will provide advice on Government and World Bank procurement systems and safeguards, draft clarifications to Contractors and Consultants, draft evaluation reports for signing by the evaluation committee and direct questions to the World Bank, as required.

- In accordance with the POM, retain all necessary documentation and files, including complaints.
- Prepare reports for submission to PIC and WB as required.

143. The **tender evaluation committee** is appointed by the Director General MIPU for PST Staff and Director PWD for works and goods. The committee will consist of members with appropriate skills from various departments to assist with the evaluation process.

National Systems

144. Council of Minister (COM) approved the use of World Bank procurement arrangements at its meeting of 24 August 2017. VIRIP will therefore be exempt under Section 9 (1) and (2) of the Tenders Regulation Order number 40 of 1999 to waive Vanuatu Government Procurement Procedures.

145. This waiver reflects the emergency nature of VIRIP. It also provides an opportunity to test procurement arrangements under such conditions with the intention to develop a procurement regulation for response to a future disaster/emergency, which the current legislation struggles to provide.

146. To ensure appropriate probity measures, the PIC will provide quarterly procurement and financial reports to the CTB for review and feedback.

Procurement Methods

147. PST will manage, facilitate and where necessary conduct all procurement for the project for approval by MIPU using the approved procurement methods specified in the Financing Agreement. All key decisions relating to contract award will be made by MIPU. All contracts will be executed (signed) by the nominated Vanuatu Government delegate.

148. Where possible Procurement arrangements, documents, practices and procedures will be aligned with the current Government systems, if exist and acceptable to the World Bank. If Government systems conflict with WB Guidelines and FA, then the WB policy, procedures and guidelines will prevail. Standard templates will be based on existing national procurement documents for Bidding Document/Draft Contract and Bid Evaluation Reports, will include the information requirements for IDA-financed goods, works and services in accordance with World Bank guidelines, and shall be acceptable to the World Bank. The templates will include: NCB bidding document, invitation for quotations (shopping), contract under direct contracting, evaluation report, etc.

149. PST will work with CTB to review the procurement arrangements, documents, practices and procedures such that they can better reflect the emergency nature of VIRIP and future disasters. This will occur

concurrently with the development of a procurement regulation for response to a future disaster/emergency.

150. **Market Analysis.** The PST Procurement Specialist will undertake a Market Analysis of local consultants and contractors to establish the absorptive, residual and potential capacities, costs, scheduling, qualifying criteria and capabilities. The outcomes of this analysis will be used as input to determine the scoping, strategy (including packaging) and scheduling of future procurement.
151. **Procurement of Goods.** The following table provides the threshold for different methods of goods procurement. Direct Contracting may be used in exceptional circumstances, as stated in paragraph 3.7 of the World Bank Procurement Guidelines.
152. **Procurement of Works.** The majority of works for reconstruction and improvement of road structures is expected to be small to medium value (generally between USD20,000 to USD3 million) scattered among remote islands in four provinces.
153. It is expected that shopping will be used for most contracts. In some of the islands where competent local contractors⁵ are not available, up to three rounds of small value contracts (not to exceed Vatu 5 million - USD50,000 equivalent - per contract may be awarded through direct contracting to identified local firms that have the potential to be developed into IBCs. During the construction process under these contracts, training and education will be provided by the engineers of PWD. After the initial learning stage with direct contracting, contracts will be awarded through competitive procurement based on a cost plus fee or lump sum (as appropriate). In all other cases for road works, it is expected that nationally-based contractors will compete. Construction/reconstruction of public buildings and schools will be contracted through shopping (generally) or NCB/ICB and slice and package arrangements will be offered, where possible.
154. The table below provides the threshold for different methods of civil works procurement.
155. **Selection of Consultant Firms and Individual Consultants.** The table below provides the thresholds for different methods of the selection of consulting firms and individual consultants. Under the circumstances described in paragraph 3.8-3.11 of the Consulting Guidelines, consulting firms may be selected and awarded on a Single-Source Selection (SSS), subject to IDA's prior approval. Individual consultants will be selected and contracts awarded in accordance with the provisions of Para. 5.1 through 5.5 of the Consultant Guidelines. Under the circumstances described in Para. 5.6 of the Consultant

⁵ Under DFAT's Road for Development Project (R4D), local contractors were trained in contracting and construction of small structures and road maintenance on about four islands. These contractors are referred to as Island Based Contractors (IBCs). Under VIRIP, some small works are expected to take place on islands without contractors.

Guidelines, individual consultants may be selected and awarded on a Single-Source basis, subject to IDA's prior approval.

Table8: Procurement Methods and Review Thresholds

Procurement Methods	Procurement Thresholds	Prior Review Thresholds
Goods:		
International Competitive Bidding (ICB)	≥USD 500,000	All contracts subject to prior review.
Shopping	<USD 500,000	N/A
Direct Contracting		≥USD 500,000
Works:		
International Competitive Bidding (ICB)	≥USD 5,000,000	≥USD 2,000,000
International Competitive Bidding (ICB) or National Competitive Bidding (NCB)	≥USD 1,000,000	≥USD 2,000,000
Shopping	<USD 1,000,000	N/A
Direct contracting (applicable to islands where competitive IBCs are not available)	<USD 50,000	The first cycle of direct contracting is subject to prior review.
Selection of Consultants:		
Selection Methods	Applicability	Prior Review Thresholds
Firms (QCBS, QBS, LCS, CQS and SSS)	In accordance with World Bank Consulting Guidelines.	≥USD 500,000
Individuals		≥USD 200,000

Force Account

156. **Force Account** is a procurement method applied for works such as construction and non-consulting (technical) services carried out by a government department using its own personnel and equipment (a government-owned construction unit that is not managerially, legally, or financially autonomous shall be considered a Force Account unit. Force account is otherwise known as "direct labour", "departmental force" or "direct work"). It is applied when this method is the only practical one under the given circumstances.

157. Whenever force account is to be used WB no objection shall be obtained previously, and it shall be justified under the following circumstances:

- risk of unavoidable work and service interruption are better borne by the Borrower than by a contractor;
 - specialized non-consulting services such as aerial surveys and mapping and waste removal, can only be carried out cost effectively by specialized branches of the government; or
 - urgent repairs to prevent further damages, requiring prompt attention, or works to be carried out in affected areas where private firms may not be interested.
158. It is recognised that use of force account requires strict quality control and financial accountability. In this regard, the following practical arrangements for force account are strongly recommended.
159. The following principles shall be followed in the exercise of the quality and financial control of Force Account procurement:
- Despite the circumstances described above all reasonable effort shall be applied to determine at the stage of design or planning of the force account works the estimated resources (volume of materials, work force input, equipment, energy and fuel, and time required). Whenever the overall inputs of the works is above 15% of the cost estimate it shall be justified and World Bank no objection shall be obtained.
 - Supervision of quality and quantity of the works by supervisors that are independent from the organization carrying out the works by force account.
 - Payment for works based on certification done by independent qualified persons.
 - Keeping of all the records relevant to planning, implementation and payment or cost of the works.
160. No competitive or direct procurement of works, or quotations or formal contracts, as for other procurement methods, are involved in force account as these are expected to be carried using own resources and procedures from the executing government department.
161. Force account activities are only to be used under exceptional circumstances. Full detail on the payments permitted under force account may be found in the Financial Management Procedures.

Confidentiality and Ethical Conduct

162. All persons involved in the procurement, oversight or any other aspect of the tendering process are expected to uphold the highest standards of confidentiality and ethical conduct.
163. This means that information relating to a procurement process or tender, particularly sensitive information such as the names of

evaluators, the outcomes of the evaluation process, cost estimates, or any other information, shall not be disclosed to any party at any time, except the information which is required to be published by the World Bank Guidelines.

164. Once an activity has commenced procurement (i.e. TOR or specifications are being developed), all information is immediately considered confidential, and no communication with interested consultants, suppliers or contractors may take place.
165. All inquiries and clarifications relating to procurement shall be directed to the Procurement Specialist with a copy to the PST Project Manager/Coordinator.
166. Evaluators will be expected to sign a Statement of Confidentiality, Ethical Conduct, and Fraud and Corruption and to confirm their agreement with evaluation outcomes as part of the evaluation process. The template Statement will be included in the Procurement Manual.

Contract Award Notices

167. For all procurement of goods, works, services and non-consulting services which is subject to prior review as required in the procurement plan, a Contract Award Notice is completed and included in the Evaluation Report (ER) submitted to the Bank for 'NOL'. A template of this notice will be included in the Procurement Manual.
168. The purpose of this notice is to provide a snapshot of the procurement process, and provides the basic information that is published publicly on UNDB once 'NOL' is received to contract award.

FINANCIAL MANAGEMENT PROCEDURES

169. The Financial Management procedures for VIRIP have been developed with the World Bank. The Executing Agency is required to adopt these procedures as part of the legal covenants for the Financing Agreement.

170. An overview of the FM arrangements and procedures is provided below.

Financial Management Arrangements

171. Financial management of the Project is conducted by the PST through the Project Accountant.

172. FM roles and responsibilities of the PST are outlined in Table 9 below.

Table 9. FM Responsibilities PST

PST responsibilities	<ul style="list-style-type: none"> • Establishing the in-country Project accounts and signatories thereto, and maintaining those accounts. • Maintaining the books of account. • Preparing annual budgets/fund flow forecasts, to 31 December each year, based on the Procurement Plan and progress to date. • Preparing a monthly report for the project, for management purposes, and consolidated six monthly semester financial reports. • Monitor and review financial performance of the Project in relation to disbursement schedules. • Support MIPU in budgeting/fund flow forecasting for the Project, in the preparation of the Annual Financial Statements. • Support MIPU in monitoring and management of Project funds. • Preparation and submission of Applications (for withdrawal/commitment from the IDA Grant/Credit Accounts). • Facilitating/following up IDA review missions. • Preparing Statements of Expenditure for PST-related reimbursements. • Maintaining complete Project records, including all supporting documents, to provide a satisfactory audit trail. • Preparing Project reports to Ministry of Finance and Economic Management, as required. • Prepare reports for the World Bank as required.
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173. All project related payments or any other financial matter are prepared by the PST and actioned by PWD.

Eligible Expenditures

174. The Financing Agreement identifies the eligible expenditures under the Project, and the percentage of expenditures to be financed by the Grant as reflected in Table 10 below.

Table 10: Expenditures Financed under Financing Agreement

Category	Amount of IDA Credit Allocated (USD)	Amount of IDA Grant Allocated (USD)	% of Expenditures to be Financed (inclusive of taxes)
(1) Goods, works, consultants' services, non-consulting services, audits, training and workshops, incremental operating costs under Parts 1, 2 and 4.	21,750,000	21,750,000	100%
(2) Goods, works, consultants' services, non-consulting services, incremental operating costs under Part 3.	3,250,000	3,250,000	100%
(3) Goods, works, consultants' services, under Part 5 of the Project (Contingency for Emergency Response).	0	0	100%
Total Amounts:	25,000,000	25,000,000	

175. The Project will not finance land acquisition or any other activity outside of works, goods and consulting services.

176. The Financing Agreement includes a disbursement category, of which VIRIP services are an eligible expenditure. Internal controls for these charges include measures for project operating costs, the PST Project Manager/Coordinator will seek approval from the IA prior to instructing staff travel to project sites.

Taxes

177. VIRIP is subject to domestic duties and taxes except where there is an agreement to the contrary with the Government.

178. The PIC intends to apply for exemption from Value Added Tax (VAT) for the duration of the project and subject to that approval, all works goods and services procured under VIRIP will be VAT exempt.

Financial Management System

179. In disbursing the Grant/Credit, the World Bank recognises and appreciates the Government of Vanuatu budget management system and procedures as the legitimate and transparent process to manage its public financial resources.

180. The disbursement and management of the grant/credit will be managed by two separate governance approaches;
1. Disbursement Letter and Disbursement Guidelines (World Bank).
 2. Vanuatu Government Financial Act and Financial Regulations
 - i) The Public Finance and Economic Management Act 1998 (Amended 2002), and
 - ii) The Financial Regulations Order No. of 2012 provides for the systems, processes and procedures to manage public financial resources
 - iii) The Government Contracts and Tenders Act (CAP 245) of 2001.
181. Disbursement Letter provides further instructions on the withdrawal of the proceeds of IDA Credit No. 5847 (the Credit) and IDA Grant No. D1220 (the Grant) collectively known as the "Financing." The Disbursement Guidelines of the World Bank forms the integral part of the Disbursement Letter.
182. The Public Finance and Economic Management (PFEM) Act (1998) and Financial Regulations (2014) provides for the secure management, execution, control, procurement and reporting of the use of grant/loan proceeds. It also provides for the systematic approach to recording of the grant/credit and processes and procedures to support the release of the budget for eligible expenditures.
183. The Implementing Agency and VIRIP are required to adhere to the PFEM Act, 1998, and Financial Regulations (2014) as part of the legal covenants of the Financing Agreement.

System Overview

184. The Grant/Credit financing of VIRIP will utilize the Vanuatu Government Financial Management Smart-Stream System and to acquaint with the implementation process, the following have to be followed;
- i) The Development Account
 - ii) MFEM Chart of Accounts
 - iii) Commitment Account
 - iv) Financial Reporting
 - v) Recording of Revenue and Cash Management
 - vi) Approval to Disburse Funds

vii) Procurement and Payment Procedures

viii) Audit and Risk Management

The Development Account

185. The development fund has been established in the Smart-Stream finance system has a separate database for the accounting of all donor related projects. This ensures that all donor projects have their revenue and expenditure accounted for separately from the Government of Vanuatu recurrent budget and in effect ensures these funds are "ring-fenced".

186. Although line agencies raise Local Purchase Orders (LPO's) and journals, all accounting for revenue and expenditure is undertaken by the Department of Finance, Accounts Section. This is carried out by the Senior Development Accountant and the Development Accountant. They are also responsible for reporting to donors on the balance of funds held in the development fund account.

MFEM Chart of Accounts

187. MFEM has adopted a standard system of classifying agency financial information to fulfil the need for uniform, consistent terminology and classifications to be used for budgeting, accounting and reporting the financial activities of the government. Financial transactions are described by means of an alphanumeric characters that are assigned to descriptive titles. These characters are often referred to as indicators, as the characters provide a logical indication to the user of the meaning of the code. For example, in the cost centre code "78" always means PWD.

Commitment Accounting

188. Commitments are obligations for goods, materials, and services that have been ordered but not received by the end of the accounting period. Commitment accounting assures that appropriation authority will be available for a subsequent expenditure. This is accomplished by recording as a commitment the estimated amount of an order when it is placed, thereby restricting that portion of the appropriation.

189. Commitment accounting is used when accounts are subject to budgetary control.

Financial Accounting

190. The current financial reports available on the finance system are all accessed through the Department of Finance and Treasury main website via the government intranet which is available to all head office and provincial finance officers. This site provides access to the Department of Finance financial reporting tools and each is described below:

a) VIRIP Budget

The Budget will be recorded in the Government Finance System (Smart-stream) with a Project Name with detailed expenditure codes. (A copy of the Budget structure is attached as Annex 6).

b) Smart-Stream Finance Reports

These are accessed through the Citrix/Smart-Stream menus and provide a standard range of reports on financial transactions and financial performance, which can also be downloaded into a MS Excel format.

c) Vision Smart Stream Reports and Vision Development Fund Reports

These Excel based reporting tools provides a number of summary and cost centre type reports. Vision Development Fund Reports are widely used by donor funded projects for the monitoring of revenue and expenditure as they provide customised project based reports rather than Smart-Stream reports which, are more suited to reporting on the recurrent budget activities.

d) VIRIP report to the World Bank

These reporting timeline as per the Public Finance and Economic Management (PFEM) Act, Section 15 where it reports on a semester or half yearly and also the Annual Report in PFEM Act, Section 17. (A sample of Semester 1 report is attached as Annex 7).

Recording of Revenue and Cash Accounting

191. The Grant/Credit funds are disbursed by World Bank to the Government of Vanuatu, via a Designated Account held with the Reserve Bank of Vanuatu in Vanuatu.

Approval to Disburse Funds

192. After the VIRIP fund have been received, the Department of Strategic Policy, Planning and Aid Coordination (DSPPAC) developed a green form which is a "Request for Authorisation to Expend Development Funds". The form is completed by the department responsible for the project or program, with support from the program staff and involves, providing some general information on the project/programs budget and planned expenditure. Once completed the form is sent to DSPPAC who then approve and forward to the Department of Finance and Treasury.

Procurement and Payment Procedures

193. VIRIP uses the centralised government systems to process purchase orders of any projects and contractors. To complement and strengthen fund control, the VIRIP office also developed a number of additional forms and procedures, which provided additional controls and reduced the level of risk associated with the disbursement of VIRIP financed grant funds. In particular, the VIRIP developed a Purchase Order Requisition Form similar to the one used by R4D (DFAT / Australian

Aid funded Project) in conjunction with the decentralised finance systems.

194. **PWD Procurement Procedures.** The Public Works Department has a Procurement Manual which applies to all PWD officers involved in the procurement process and also, any donor projects which are delivered through the department. To ensure that all PWD procurement obtains value for money and complies with applicable Government of Vanuatu legislation the procedures manual is based on the following key legislations and guidelines;

- a) The Government Contracts and Tenders Act (CAP 245) of 2001 and the associated Tenders Regulations (Order 40 of 1999) define the rules and procedures that must be followed for government procurements valued at more than 5 million vatu.
- b) The Public Finance and Economic Management Act (CAP 8) of 1998 and the associated Financial Regulations (Order 27 of 2000) define the rules and procedures that must be followed for government procurements valued at less than 5 million vatu.
- c) The Ministry of Finance and Economic Management (MFEM) has produced a document entitled "Guidelines for the Procurement of Goods and Services" (June 2005) which provides clear guidance for ensuring that Government procurement complies with the above two Acts.

195. **Payment Methods.** The Department of Finance and Treasury can authorize the disbursement of funds via the following methods:

- Local Cheques from DoF Port Vila or a Finance Service Branch. These payments include the payment to officers in relation to
- Journal Vouchers (JV payments) are used for all payments between accounts in the MFEM ledger. For example, payment of landowner royalties by VTSSP to the Department of Mines and Geology trust account.
- Foreign Currency Transfers are used to pay overseas suppliers for materials, goods and services. For example, emulsion, road signs, plant and equipment.
- EFT Payments are electronic transfers from an MFEM bank account to the payee's account at their designated financial institution.

Audit and Risk Management

196. Audits of VIRIP expenditures will be undertaken by the Auditor General and may be out-sourced to a local qualified audit firm by the Office of the Auditor General if deemed necessary.

197. **Internal Audit.** VIRIP will set up its internal audit to support proper and efficient finance systems in line with the Financial Regulations Part

14, and will undertake audits on operational areas where risks are regarded as high. This will also include the audit of processes, system, filing and other issues to help improve VIRIP efficiency.

CONTRACT MANAGEMENT

Contract Administration and Quality Control for Works

198. A **Contract Administration Manual** (CAM) for works has been developed and issued as a separate manual to this POM.
199. The CAM guides day to day contract management under the Project and contains templates for various monitoring, documentation, filing and other management tools to support effective contract administration. The CAM will be consistent with the standard suite of Government approved template contracts for works (where possible).
200. It is intended for use primarily by the project support team/project management unit (including Works Supervisors / Consultants), but should also be shared and used by the Implementing Agency as many of the principles can be carried forward to non-project work.
201. A separate **Quality Control Manual** (QCM) will be developed by the PST to monitor, check and approve/reject deliverables and issued separate to this POM. The QCM will be developed for works and consistent with the PWD Roads and Bridges Specification. Further checklists and quality control forms will be developed for building works and incorporated into the QCM.

Contract Administration for Consulting Services

202. The management and administration of consulting services contracts will be described in the VIRIP Supplement to the PWD Procurement Procedures Manual. The PMC will be responsible for the regular monitoring of the deliverables, reporting and performance of the Consultants – individuals and firms.
203. The PMC will work collaboratively with MIPU/PWD and MoET to monitor performance with any variations, disputes and termination referred to the PIC and approved by the Implementing Agency (MIPU).

Roles and Responsibilities

204. Contract management of project financed activities are a collaborative approach between the MIPU/PWD, PST and their Supervision Consultant(s).
205. Supervision Consultant(s) will be employed under the Project.
206. The PMC is responsible for overall contract management of the Project activities. The PMC will work closely with the Supervision Consultants, monitoring their performance to ensure that appropriate oversight, management and support is provided for all signed contracts.
207. The Supervising Consultant will be responsible for the following tasks:

- Monitor/manage the implementation of the contracts financed under the Project, with regards to contractor/consultant compliance with the contract, timely delivery of services, quality of deliverables etc.;
- Manage the implementation of contracts financed under the Project, with regards to the response of the implementing agency to issues that arise under the contract, timely responses to consultant deliverables/requests etc.;
- Assist the implementing agencies in developing responses to contractors;
- Provide supporting justification to the PMC, Procurement Specialist regarding variations within Contracts, especially in regard to works contracts;
- Ensure records are kept up to date;
- Advise/assist where required with contracts' management related technical expertise for inclusion in Bid Documents for Project funded activities;
- Submit monthly progress reports identifying (i) implementation progress, (ii) issues affecting performance of the contract (of consultants/contractors or the implementing agency), (iii) recommendations for improvements; (iv) any other relevant issue or that may be requested by the Project Manager/Coordinator;
- Support the implementing agencies with the administration and management of their contracts, and planning throughout the duration of the contracts;
- At the completion of each contract work with the implementing agency to develop a contract performance review for submission to the PMC; and
- Any other work as directed by the PMC.

208. Payments associated with deliverables or contractor performance are not authorised without prior sign-off by the PMC.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

Management Framework

209. The **Environment and Social Management Framework (ESMF)**, issued separately, sets out the principles, policies and procedures for environmental and social protection that the Government of Vanuatu (GoV) agrees to employ in the context of the Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP) (World Bank P156505) to comply with World Bank environmental and social safeguards policies.

210. The ESMF outlines the project, its components, the socio-cultural context, possible environmental and social impacts, and their management. The document meets the requirements of the relevant World Bank Operational Policies and laws of Vanuatu to describe the procedural responses to identifying and managing impacts throughout the project.

Safeguards Document Hierarchy

211. This section sets out the key documents for safeguards management throughout the project. These constituent documents may be revised to ensure that they meet WB and GoV requirements.

Table 11: Safeguards Documents and Purposes

Document	Purpose
Project Operations Manual (POM)	Confirms the key documents and plans to manage project safeguards.
Environmental & Social Management Framework (ESMF)	Sets out safeguards requirements for the project and project activities. This includes adherence to both World Bank policies and national legislation.
Resettlement Policy Framework (RPF)	Sets out the process for determining all compensation, voluntary donation of land or assets for use by the project. It includes a framework and process for any Abbreviated Resettlement Action Plan (ARAP) required for any involuntary or compulsory acquisition of land
Grievance Redress Mechanism (GRM)	Sets out the process and responsibilities for recording responding to and resolving grievances and complaints arising from project activities.
Safeguards Manual	Comprises the set of ESMF, RPF and GRM. Further documents and templates for assessment, reporting, training and awareness raising materials including PWD and other GoV manuals will also be used where appropriate.
Emergency procedures	A set of stand-alone procedures to be developed for safeguards in times of emergency and national disaster. Meets Part 5 of the VIRIP, may be integrated within other plans where appropriate for successful implementation. Will include or refer to any emergency

Document	Purpose
	and disaster response manuals as already exist in GoV agencies.
Activity Approval Form	Sets out the justification for each activity and demonstrates its compatibility with project objectives and provincial and GoV priorities for reconstruction.
Screening Checklist	ESMF requires screening checklist for every activity under the project. The screening checklist will be attached to each Activity Approval Form.
Environmental and Social Management Plan (ESMP)	Sets out safeguards requirements for each individual activity. While templates might be used, site specific and activity specific requirements will be included to ensure all safeguards are considered and managed.
Contractor's Environmental & Social Management Plan (CESMP)	Sets out how the contractor will address all relevant safeguards for each specific project activity. As national and island based contractors will be used for many activities, management tools, templates and training will take place to ensure understanding and standardisation of safeguards management and implementation by contractors and their workforces.
Training manuals	Related to the CESMP and its implementation, PWD has a series of training manuals intended for training island based contractors. These manuals will be used as a basis for safeguards training for contractors' workforce and enhanced and harmonised where required to align with project activity requirements for safeguards.
Other protocols and standards	A series of additional standards and protocols developed or used under VIRIP as may be required. These will include handling and storage of hazardous substances including asbestos and other external health and safety standards.

212. Implementation of ESMF and CCP. The ESMF and CCP will be administered by the PST on behalf of MIPU. PST will regularly oversee that works are being selected, designed and constructed consistent with the ESMF, and will produce progress reports for the PIC and the Bank. CCP will identify that the relevant training and capacity building is carried out and that ESMF requirements form part of the contract documentation for consultants and contractors involved in the Project. PST will ensure that Ministries are also acting in accordance with the ESMF and CCP. PST has recruited a Safeguards Specialist with expertise in the implementation of donor safeguards policies, to perform these responsibilities.

Social Safeguards and Citizen Engagement

213. VIRIP is expected to have positive social benefits, especially for those most vulnerable to natural hazards with improvements to public assets and subsequent improvements to public services.

214. All assets, including road sector assets, schools, public buildings, and associated structures will be reconstructed or improved within their existing boundaries wherever possible. However limited land acquisition and/or minor land impacts may be necessary on a few sites due to site limitations. Therefore World Bank policy OP4.12 Involuntary Resettlement has been triggered. Land is expected to be voluntarily granted to the project based on the system of compensation for loss of assets or land including Voluntary Land Donation Protocols defined in the Resettlement Policy Framework (RPF). Any land acquisition will be based on meaningful consultation with landowners and appropriate citizen engagement. Where resources such as sand or aggregates are required, consultation with resource owners will be undertaken before permits are gained and payment arrangements are made in line with Vanuatu laws.
215. To the extent possible, all assets, including road sector assets, schools, public buildings, and associated structures, will be reconstructed and/or improved within their existing boundaries. There is the potential that small amounts of new land area may be required during implementation. This may be as a result of realigning the footprint of infrastructure, or it may be for access to sand and/or aggregates, or for the disposal of waste. The use of any such land will be negotiated with land owners and either voluntarily granted to the project based on the Voluntary Land Donation Protocol defined in the RPF, or a lease will be arranged. Any process for access to or use of land or other assets will be subsequent to meaningful public and stakeholder consultation and citizen engagement.. Where this process is not successful, and the project cannot be forfeited, then the involuntary resettlement processes will be used under the Resettlement Policy Framework and in accordance with Vanuatu legislation.
216. Community-based labour is common in the remote villages in Vanuatu and is currently being promoted by the PWD for basic road maintenance. It is anticipated that communities may want to provide labour on road projects under VIRIP. If it is confirmed by a contractor that local labour may be used, then the contractor will require to train community members as workers engaged on project activities. This training includes occupational health and safety training, safeguards awareness and training and use of safety equipment alongside any technical training.
217. Public health and safety is a risk for all project activities and all ESMPs require contractors to prepare plans to minimise risk and hazards to the general public and communities. This includes site signage at all work sites, community awareness raising and training, community health and safety, traffic management and so on.
218. Together the ESMF and CCP set out the requirements for community communication and grievance redress. All communities will be consulted with regarding any planned works in their local area. This consultation and subsequent awareness raising or training may be delivered by either PWD staff with VIRIP PST or contractors in support or

will require the Contractor to deliver such training and awareness with the support of PWD and VIRIP PST staff or contractors.

219. Citizen engagement is an important element of the project and will be supported by through:

- participating in and using existing provincial planning processes to identify local priorities for VIRIP activities;
- consultation during project planning using community participation officers (MoET) and community project officers (PWD) for identification and safeguards management;
- community consultation and awareness raising on specific project activities on the potential social and environmental impacts and planned mitigation measures through Contractors (as required by ESMP) and through MOET and PWD officers supported by the PST Safeguards Specialist.

220. Citizen engagement will be measured through the project's Results Framework by the following indicators:

- percentage of beneficiaries reporting that project investments reflected their needs; and
- percentage of registered grievances related to the project activities that are appropriately responded to within two weeks.

Environment

221. VIRIP project activities will all be either Category B or Category C with no Category A activities envisaged. Each project activity will be dealt with on an individual basis under VIRIP meaning each will be screened for the application of safeguards appropriate to the specific activity.

222. All project activities involving site works will be subject to the ESMF and site specific considerations of potential environmental impacts of works. As set out in the table Safeguards Documents and Purposes above, each proposed activity will require to be screened at the time of Activity Approval (identification stage) for environmental impacts and the subsequent requirements for environmental safeguards followed. These safeguards include the following options depending on the magnitude of likely environmental impacts:

- standardised ESMP with site specific conditions; or
- specific ESMP with conditions; or
- Environmental impact assessment with ESMP and additional conditions.

223. In all instances confirmation from the Department of Environmental Protection and Conservation DEPC will be sought on the need for an environmental permit for an activity under the Environmental Protection and Conservation Act. In all instances the contractor will require to produce a CEMP to demonstrate how environmental management of the works for each project activity.
224. An initial screening of the proposed types of investments (in accordance with OP4.01 Environmental Assessment) has identified likely potential impacts from: (i) managing construction and demolition waste, including the risk of asbestos-containing materials; (ii) sourcing sand and aggregates for construction; (iii) vegetation clearance and sediment discharge from earthworks; and (iv) cement and other discharges to waterways and coastal areas from concrete works.
225. Construction and demolition wastes will be managed in line with provincial waste management strategies (if existing in the activity area). All inert or non-hazardous wastes shall be managed in line with provincial council and community preferences including reuse by local communities. Hazardous wastes are specifically included for management in the ESMF and in all ESMPs for each project activity and the individual CESMPs will reflect these requirements. Some initial work on asbestos identification has taken place in Vanuatu⁶ and specific protocols for asbestos identification, recovery and disposal are included in the ESMF.
226. Sand and aggregates for construction. Licensed quarries for sand and aggregates are located on most islands, but for many small-scale activities, informal beach mining and terrestrial sources of aggregate is used (despite environmental permits and mining licenses being required). All VIRIP project activities will require formal permits (environment and resource permits) for locally sourced materials. In consultation with PWD these sources may be coordinated on a site by site basis in order to provide sources for other PWD or infrastructure projects.
227. Vegetation clearance and sediment discharge from earth works will be minimised on all project activity sites by minimising the amount of vegetation to be cleared at all sites. This is to minimise potential impacts on biological environment but also to reduce the risk of erosion and siltation arising for project works. Erosion and silt protection measures will be adopted at all work sites where required and included as part of the ESMP and CESMP.
228. Discharges into waterways of contaminated water and any wastes is prohibited for all project activities. Sediment laden wastewater shall be controlled through silt protection measures prior to final discharge.

⁶ SPREP Vanuatu Asbestos Survey May 2015

229. Other significant impacts from reconstructing infrastructure to be avoided or mitigated include: (i) exacerbating flooding and coastal erosion, or otherwise modifying waterways and the foreshore; and (ii) affecting breeding or feeding grounds or migratory routes. These potential risks will be identified for each project activity and managed through both the relevant ESMP and corresponding CESMP.
230. All project activities require contractor's workforce to be trained and made aware of the importance of minimising environmental harm such as vegetation clearance and avoiding discharges of wastes and wastewater into the environment from project works. Training and training materials shall ensure that all contractors are aware of environmental responsibilities and site specific mitigation measures will be agreed at all sites to minimise risks of discharges into the environment.
231. Physical cultural resources (PCR) (regarding OP4.11) and natural habitats (regarding OP4.04) are unlikely to be found in the existing alignments/footprints of infrastructure that will be reconstructed. However, they may be encountered when footprints are expanded or realigned, or for ancillary sites such as where aggregates are sourced. The ESMF provides checklists and procedures for identifying PCR and natural habitats and avoiding or mitigating possible impacts. Sub-projects that are inconsistent with either policy will be screened out of selection for funding.

Gender & Children

232. Based on the 2009 census, women make up 48 percent of the ni-Vanuatu population; 24 percent of households are female headed. Traditionally women are responsible for domestic works and small-scale income-generation activities, while men engage in community and family decision-making and sell cash crops and livestock for income. Women in Vanuatu are under-represented in government decision-making bodies and also potentially underrepresented in community consultations. Violence against women in Vanuatu is high, widely accepted, and complicated by traditional ways of dealing with violence.
233. Gender & Child Protection Actions Under VIRIP. Project safeguards instruments, technical designs, and capacity-building for project implementation agencies, contractors and communities will include specific actions to mitigate specific gender and child --related risks and concerns. These will help to ensure that there are opportunities for women to benefit from project investments. The PWD safeguards system and training manuals referred to in the table Safeguards Documents and Purposes above include specific modules for gender as well as for youth and disabilities. Under the existing PWD safeguards system children are prohibited from working as labourers under contracts and this prohibition will continue under VIRIP. VIRIP will use the existing PWD training manuals and supporting materials including gender and child protection modules for safeguards training for

communities and contractors' workforces wherever suitable and supplement these as required.

234. Reconstruction of schools contracts require the strict separation of contractors' workforces from students at all times with barriers and signage.
235. Reconstructed schools and public buildings, will provide adequate sanitation facilities for women and girls, taking into account safety and emergency considerations.
236. The project results framework includes beneficiary population as well as number of work days created for local contractors disaggregated by gender. Gender issues will also be monitored throughout the project implementation.
237. All contracts implemented under VIRIP shall be implemented in accordance with the approved ESMF. This is achieved by incorporating the ESMF requirements into the bidding documents and contracts under the Project. Full details of the monitoring and mitigation activities is found in the ESMP for each project activity.
238. Disclosure of the ESMF and constituent plans and supporting documents will be via the VIRIP (PWD) website as well as the Bank project webpages. Copies of the ESMF may be obtained through the MIPU, PST with additional copies held by DEPC and the relevant provincial government departments.
239. Safeguard monitoring reports will be included in the quarterly Project reports. A qualified Safeguard Specialist has been hired by the PST and is responsible for monitoring and supporting the implementation of the ESMF and providing detailed inputs to the project quarterly reporting.

MONITORING AND EVALUATION

Monitoring and Evaluation Framework

240. A Monitoring and Evaluation Specialist (M+E Sp) shall be engaged by the PST to work on a part-time basis. The role and responsibilities of the M+E Sp will be to provide monitoring and evaluation oversight of VIRIP, develop a framework and provide periodic reporting against the framework.
241. The basis of the monitoring and evaluation framework will be the Results Framework and Monitoring, including the PDO and indicators, as provided for in the PAD. The M+E Sp will review the PAD and establish the best means of achieving the PDO and indicators, including methods of measuring, resource requirements, data collection and reporting. The M+E Sp will regularly provide reports on outputs and outcomes made under VIRIP and provide recommendations for improvements in project delivery. The Mid-term review will provide an opportunity to update and modify indicators, where appropriate, based on lessons learnt.
242. A VIRIP M+E Plan was prepared submitted in January 2018. The plan outlines in details the approach and associated methodologies to be employed to collect, analysis and present relevant information and data to demonstrate project progress and achievement.

Monitoring Reports

243. The MIPU will report, through the PST, the overall performance of the project and its implementation. This includes:
- the extent to which project objectives are being achieved;
 - the administrative, physical and financial progress achieved with respect to the implementation of the project components; and,
 - the extent to which required implementation procedures, such as the ESMF, are being complied with.
244. The M+E Sp will monitor and evaluate the progress of VIRIP and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and based on indicators acceptable to the World Bank and set out in Annex 2. However, the M+E Sp will review these indicators upon mobilisation and possibly update and modify these requirements for the WB review.
245. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) after the end of the period covered by such report.
246. The results monitoring and evaluation will take the form of quarterly project and inputs to semi-annual financial Reports by the PST to the World Bank. These reports will be prepared through collaborative

efforts between the PST, MIPU/PWD/MOET/R4D and Supervising Consultants.

247. The PST is responsible for collecting the necessary data to undertake the monitoring and evaluation of the Project and the dedicated M+E Sp will lead this. The proposed evaluation methodologies and timeframes are detailed in the M&E Plan. Most of the data for the monitoring and evaluation of physical investments will be gathered by the design and supervision consultant and so is within the capacity of the MIPU to supply.
248. The proposed results framework details a range of key outputs and associated indicators that draw upon the technical and specialist areas of the PST.
249. In addition, the Ministry of Economic and Financial Management shall submit annual audit reports to IDA. The Government will conduct the audit, however in the event that the Auditor General (A-G) does not have adequate resources to complete the audit in a timely fashion, then VIRIP will fund the services for the exclusive use by the A-G, based on Terms of Reference developed by the A-G's office.

Mid-term Review

250. The M+E Sp will not later than June 30, 2019 will work with the PMC and PIC to carry out a mid-term review of the Project and draft for the PIC approval a report for the World Bank a mid-term report, documenting progress achieved in the carrying out of the Project during the period preceding the date of the report. This will take into account the monitoring and evaluation activities performed pursuant to paragraph 1 of Section II.A of the Financing Agreement, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date.
251. The PIC will then review with the World Bank the mid-term report about one month after its submission and take all measures required to ensure the continued efficient implementation of VIRIP and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the World Bank's views on the matter.

RISK MANAGEMENT

Risk Framework

252. Risk management applied for VIRIP will identify, assess and prioritise risks followed by a coordinated and socio-economic application of resources to minimise, monitor and control the likelihood and/or consequence of an event. Conversely risk management can maximize the realization of opportunities.
253. Risk management's objective is to assure uncertainty does not deflect the endeavor from the PDO and achievement of the indicators.
254. The framework for risk management is the defined in the Risk Matrix, including the likelihood scale, consequence criteria and controls as provided in Annex 3.
255. The PMC is responsible for managing the overall risk management and reviewing and revising the risk framework on a bi-yearly basis, based on stakeholder consultation. It is anticipated that the risk matrix will be updated accordingly.

Management

256. The management of risk will be addressed through the entire project and activity cycle. For example, during formal project meetings, risk management will be a routine item on the agenda for discussion and direction.
257. Risk management will be mainstreamed throughout and generated feedback brought back into project improvements.
258. Management of risk will be reported within the normal reporting requirements.

REPORTING

Project Reporting

259. MIPU is responsible for meeting the reporting obligations set out in their FA and the PST is responsible for drafting the reports for review and approval by the PIC.
260. Reporting obligations are defined in the Financing Agreement and cannot be assigned to any other party. This means that the MIPU is ultimately responsible for meeting the reporting obligations as set out in the FA.
261. The following reports are required:
- Quarterly supervision consultant reports to the World Bank in a format outlined in Annex 4;
 - Quarterly progress reports to PIC and World Bank are to be submitted to Task Force Group, IDA and project donors 45 days after the end of a fiscal quarter/calendar year to report on completed work, work to do in the next quarter/year-end results of implementation of the previous annual work Project and plan, and recommendations if any;
 - Interim Financial Reports (IFRs) for each source of funds within 45 days of the end of the reporting semester;
 - Annual Project Financial Statements for the project as approved by the World Bank, in accordance with international and national accounting standards;
 - Implementation Completion and Results Report;
 - Such other reports as may be necessary.

Format of Reports

262. Each report must be acceptable in content and format to The World Bank.
263. A template Table of Contents is provided as provided in Annex 4.
264. All Project and Project Reports must follow the report templates agreed by WB.
265. The Financial Management Procedures provides full detail of the financial report templates to be used by the PST. These are based on the requirements of the Disbursement Letters, the needs of the project, and are in line with good financial management practice.
266. All financial reports must follow the templates provided in the Financial Management Procedures.

ANNEX 1: SUMMARY OF LEGAL COVENANTS

Implementation Covenants			
Name	Recurrent	Due Date	Frequency
The Recipient shall ensure that: (i) only the Selected Public Buildings included in an approved Annual Work Plan and Budget shall be eligible for financing under the Project; and (ii) the total financing for any reconstruction/rehabilitation works for each respective Selected Public Building shall not exceed \$300,000 (three hundred thousand Dollars) equivalent.	Yes	Nil	On-going
The Recipient shall prepare, and thereafter adopt a Project Operations Manual , setting forth the arrangements and procedures for the implementation of the Project and said manual may be modified from time to time with the prior written no-objection of the Association.	Yes	Within 3 months of effectiveness	On-going
The Recipient shall prepare and furnish to the Association for the Association's no-objection, an Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures.	Yes	31 July	Each Year
The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines .	Yes		On-going
Prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Implementation Plan(s) ("CERIP"), for each Eligible Crisis or Emergency.	No	31 Dec 2017	Once (as a template document for future use)
The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework (ESMF) and the relevant Safeguard Assessments and Plans	No		On-going

<p>Safeguard Assessment and Plan is: to be prepared in accordance with the provisions of the ESMF and furnished to the Association for review and no-objection in accordance with the Project Operations Manual; and thereafter adopted and disclosed as accepted by the Association, in a manner satisfactory to the Association</p>	Yes	Prior to commencement of activity	On-going
<p>The Recipient shall take all necessary actions to avoid any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof.</p>	Yes		On-going
<p>Where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation at full replacement cost and, as applicable, relocate and rehabilitate the Affected Persons in accordance with the ESMF and any Resettlement Action Plan(s) and in a manner satisfactory to the Association</p>	Yes		On-going
<p>The Recipient shall ensure that: (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Association’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due</p>	Yes		On-going

attention is given to said policies and laws.			
Recipient shall collect, compile and submit to the Association on a calendar quarter basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF and the Safeguard Assessments and Plans	Yes	Quarterly	On-going
The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) after the end of the period covered by such report.	Yes	Quarterly	On-going
The Recipient shall carry out a mid-term review of the Project and, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the	No	June 30, 2019	Once

Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter			
The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions	Yes		On-going
The Recipient shall prepare and furnish to the Association not later than forty five days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association	Yes	Annually	On-going
The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period	Yes	Annually	On-going

ANNEX 2: RESULTS FRAMEWORK AND MONITORING⁷

Project Development Objectives						
PDO Statement: The project development objective is to reconstruct and/or improve the disaster and climate resilience of selected public sector assets in provinces impacted by Tropical Cyclone Pam, and to provide immediate and effective response to an Eligible Crisis or Emergency.						
These results are at: Project Level						
Project Development Objective Indicators						
Indicator Name	Baseline	Cumulative Target Values (FY)				
		YR1	YR2	YR3	YR4	End Target
Population on project islands with improved road and pedestrian access (number, with sub-indicator of breakdown of and percentage of women/men).	0	2,000 w-50%, m-50%	5,000 w-50%, m-50%	9,000 w-50%, m-50%	14,000 w-50%, m-50%	14,000 w-50%, m-50%
Number of users/beneficiaries of schools reconstructed and upgraded to higher structural safety standards (number, with sub-indicator of breakdown of percentage of women/men).	0	0 w-50%, m-50%	1,500 w-50%, m-50%	3,000 w-50%, m-50%	4,600 w-50%, m-50%	4,600 w-50%, m-50%
Intermediate Results Indicators						
Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
Road assets reconstructed or improved (number).	0	40	100	200	400	400
Schools reconstructed to higher structural safety standards.	0	8	15	30	40	40

⁷ Subject to review by the M+E Sp after his/her mobilisation

Public buildings impacted by TC Pam reconstructed to be more resilience.	0	5	10	15	20	20
Number of accredited IBCs able to construct assets/buildings to higher structural standards that are more climate resilient (text).	0	5 contracts signed	10 contracts signed	15 contracts signed	20 contracts signed	20 contracts completed
Work days created for local contractors (number, disaggregated by men and women).	0	3,000	12,000	12,000	18,000	18,000
Percentage of beneficiaries that feel project investments reflected their needs (percent, with breakdown of percentage for men/women).	0	50% w-50%, m-50%	60% w-50%, m-50%	80% w-50%, m-50%	85% w-50%, m-50%	95% w-50%, m-50%
Percentage of registered grievances appropriately responded within two weeks (percent, with breakdown of percentage for men/women).	0	60% w-50%, m-50%	75% w-50%, m-50%	85% w-50%, m-50%	95% w-50%, m-50%	95% w-50%, m-50%

Indicator Description				
Project Development Objective Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Population on project islands with improved road and pedestrian access (number, and percentage of women/men).	<p>Population, disaggregated by gender, living within two km of an improved road assets (cumulative).</p> <ul style="list-style-type: none"> Since it is not possible to identify all islands where improvements will be made, population estimates are based on the collective population of the four project provinces (133,843). It is further estimated that 85 percent of inhabitants live within 2 km of a road (113,767 people) in the project provinces. The known rural road network for each province is: Malampa 407 km; Penama 355 km; Shefa 356 km and Tafea 343, for a project total of 1,461. 	Bi-Annually	PST & consultant reports	MIPU

	<ul style="list-style-type: none"> It is assumed that an average of 156 people live within the two km catchment areas. 			
Number of users/beneficiaries of schools reconstructed and upgraded to higher structural safety standards (number, and percentage of women/men).	Number of primary and secondary students, disaggregated by gender, with access to school facilities constructed to higher structural standards based on enrollment figures as of January 31, 2015 (8,750), and is cumulative over time. An average of 114 students per school is assumed, at an average cost of \$300,000 per school will lead to 40 improved schools, which equates to about 4,600 students in total. In the event of another disaster, these schools will serve some 20,000 community members in providing adequate/disaster resilient emergency shelters. Higher structural standards for school facilities are defined as those that have been certified to comply with MoET designs and standards.	Bi-Annually	PST & consultant reports	MIPU
Intermediate Results Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Road assets reconstructed or improved (number).	Number of project-related road and pedestrian structures that are reconstructed or improved (cumulative).	Bi-Annually	PST & consultant reports	MIPU
Schools reconstructed to higher structural safety standards.	Number of project-related schools that are reconstructed or improved (cumulative).	Bi-Annually	PST & consultant reports	MIPU
Public buildings impacted by TC Pam reconstructed to be more resilience.	Number of project-related public buildings that are reconstructed or improved (cumulative).	Bi-Annually	PST & consultant reports	MIPU
Number of accredited IBCs able to construct assets/buildings to higher structural standards that are more climate resilient (text).	Relates to the number of local contractors' staff and site inspectors (IBCs and community groups) that are trained to build project structures and buildings to higher structural standards that are more climate resilient (cumulative).	Bi-Annually	PST & consultant reports	MIPU
Work days created for local contractors (number,	Relates to the number of days recorded by local contractors in their muster rolls, which is estimated to be 200	Bi-Annually	PST & consultant reports	MIPU

disaggregated by men and women).	working days per structure multiplied by an average of three structures per contract (cumulative).			
Percentage of beneficiaries that feel project investments reflected their needs (percent).	Based on interviews with beneficiaries about the relevance of improvement meeting their needs.	Bi-Annually	PST & consultant reports	MIPU
Percentage of registered grievances appropriately responded within two weeks.	For grievances that are registered during implementation, the percentage that are answered within two weeks of receipt of a grievance.	Bi-Annually	PST & consultant reports	MIPU

ANNEX 3: RISK MATRIX

Current Project Risk Matrix, as developed for VIRIP is provided in the tables below.

Reference should be made the Project Manager/Coordinator for further details.

Risk Matrix

		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
Consequence	Severe	Med	High	High	Extreme	Extreme
	Major	Med	Med	High	High	Extreme
	Moderate	Low	Med	Med	High	High
	Minor	Low	Low	Med	Med	Med
	Negligible	Low	Low	Low	Low	Med

Table 1: Likelihood Scale

RATING	LIKELIHOOD	PROBABILITY
Almost Certain	The event is expected to occur	>90%
Likely	The event will probably occur	50% to 90%
Possible	The event might occur	10% to 50%
Unlikely	The event probably won't occur	2% to 10%
Rare	The event is very unlikely to occur.	<2%

Table 3: Adequacy of Controls

LEVEL	ADEQUACY OF CONTROLS
Unreliable	Unpredictable environment where controls are not designed or in place
Informal	Controls are designed and in place but not adequately documented. Controls mostly dependent on people. No formal training or communication of controls
Standardised	Controls are designed and in place. Controls have been documented and communicated to employees. Deviations from controls may not be detected.
Monitored	Standardised controls with periodic testing for effective design and operation with reporting to management. Automation and tools may be used in a limited way to support controls.
Optimised	An integrated internal control framework with real-time monitoring by management with continuous improvement. Automation and tools are used to support controls and allow the organisation to make rapid changes to the controls if needed.

Table 2: Consequence Criteria

Rating	Project Objectives	Financial	Safety	Environment	Social	Compliance	Reputation
Severe	Failure to meet all three objectives with termination of project	Cost over-run by 25% or financial loss greater than USD1M.	Fatality or permanent significant disability, long term impairment or illness significantly affecting the quality of life for an employee, contractor or member of the public.	Permanent impacts to populations of significant flora or fauna (e.g. threatened), highly significant heritage items, complete removal of habitat or significant impairment of ecosystem function.	Permanent destruction or removal of significant assets or resources belonging to individual or community, permanent loss of livelihood.	Claim or action could be brought in the Courts; and	Court, regulator or Government/ Cabinet inquiry concludes improper, corrupt or grossly negligent conduct.
					Criminal act of violence by contractor worker(s) on member(s) of local communities.	Regulators could bring prosecution and penalties (and potential imprisonment for individuals); and	Other action by MIPU results in termination of Minister or DG
Major	Project substantially fails to meet one objective of the project	Cost over-run between 15-25% or financial loss between USD500 and USD1M.	Long term or permanent disability, impairment or illness not significantly affecting the quality of life for an employee, contractor or member of the public.	Medium-long term (>10 years) physical impacts likely to cause impacts to flora/fauna populations, or direct impacts to flora / fauna populations. Adverse impacts to significant heritage items.	Destruction of significant assets or resources belonging to individual or community, leading to loss of livelihood for a period of three years or over.	Claim or action could be brought in the Courts; and	Action by MIPU/PWD results in one or more Executives or senior managers being terminated.
	Project requires restructuring to meet revised project objectives				Significant or repeated criminal act(s) by contractor worker(s) on member(s) of local communities.	Regulator could bring prosecution for which the penalty (and potential imprisonment for individuals).	Government or Cabinet inquiry into our actions or operations.
							Prolonged and negative national media attention.
Moderate	Project does not meet the target(s) of at least one indicator for the project objectives	Cost over-run between 5% - 15% or financial loss between USD100,000 - USD500,000.	Hospitalisation with medical intervention of an employee, contractor or member of the public.	Medium term (3-10 years) impacts on populations of native flora / fauna including loss of individuals of threatened species, Significant impacts on physical environment.	Destruction of significant assets or resources belonging to individual or community, leading to loss of livelihood for a period of two to three years.	Claim or action could be brought in the Courts; and	Short term negative national media attention.
	Project requires time extension to meet project objectives				Petty crimes by contractor worker(s) on member(s) of local communities.	Regulator could bring prosecution for which a penalty or fine for an individual.	Regulator conducts formal inquiry.
					Continual trespass by contractor worker(s), long term use or occupation of land outside that agreed.		
					Social impacts such as introduction of diseases, pregnancies caused by construction workforce		Prolonged and negative media attention.

Minor	Project fails to meet intermediate results, but could with intervention, meet the project objectives	Cost over-run less than 5% or financial loss between USD10,000 and USD100,000.	Injury or illness requiring medical treatment of an employee, contractor or member of the public.	Short term (1-3 years) direct impacts on physical environment (water, soil, air) that may impact on flora or fauna. Loss of individuals of common native flora or fauna. May extend outside of work area.	Destruction of assets or resources belonging to individual or community, leading to loss of livelihood for a period of up to two years.	Claim or action could be brought in the Court; and	Formal complaint made to a Regulator.
					Trespass by contractor worker(s), short term use or occupation of land outside that agreed.		
					Social impacts such as introduction of diseases,	Regulator could issue an enforcement or penalty notice.	Short term negative media attention.
Negligible	Intervention required to meet targets and results to achieve project objectives	Financial loss less than USD10,000K.	Nil to first aid injury, low level short term inconvenience or symptoms for an employee, contractor or member of the public.	Low-level direct impacts on physical environment (water, soil, air) within work area.	Minor damage to property	Offence is merely reportable; and/or	Negative comment about MIPU/PWD at Cabinet level.
				Impacts easily remedied.	Minor trespass, poaching or collection of firewood	Regulator could issue a warning notice; and/or	Formal complaint made to MIPU/PWD
				No identifiable impact on flora or fauna.		GRM mechanism handles dispute with no further action required.	

ANNEX 4: PROJECT REPORTING TABLE OF CONTENTS TEMPLATE

Current Project Reports are based on the following TOC template. This will be updated as necessary to appropriate reflect project implementation.

Reference should first be made to the current project reporting documents as these are likely to reflect the most current templates.

Format of reports including structure, levelling and fonts will generally follow the format of the POM.

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ANNEX 5: STANDARD OPERATING PROCEDURES – PWD ANNUAL WORKS PLANNING

ANNEX 6: FINANCIAL MANAGEMENT – VIRIP BUDGET STRUCTURE

Project No. 17B978									
	Fund	Cost Centre	Activity	Account	Project Code	Project Name	Job Code	Job Code Name	
Part 1: Road Sector									
Physical Works roads	4	78PG	MUFA	8CMR	17B978A	Road Works	VRAA	Roads Construction and Improvement	
Design & Supervision roads		78PL					VRAA001	Kings Cross Congrete Pavement - Fibre Reiforced Concrete (Tanna)	
Road Sector							VRAA002	Seal road from Lenakel to Kings Cross (Tanna)	
							VRAA003	Batven Stream Crossing on Malekula	
		78PS					VRAA004	Unua NO.5 Stream Crossinig on Malekula	
							VRAA010	Suspense Account	
Part 2: School									
Physical Works schools	4	78PG	MUFA	8CMS	17B978B	Schools	VRAB	Schools Reconstruction and Improvement	
Design & Supervision schools		78PL					VRAB001		
							78PG	VRAB002	
							78PL	VRAB003	
		78PS					VRAB004		
							VRAB010	Suspense Account	
Part 3: Public Buildings									
Physical Works public buildings	4	78PG	MUFA	8CRB	17B978C	Public Buildings	VRAC	Public Buildings Reconstruction and Improvement	
Design & Supervision public buildings		78PL					VRAC001		
							78PG	VRAC002	
							78PL	VRAC003	
		78PS					VRAC004		
							VRAC010	Suspense Account	
Part 4: Project Implementation and Technical Support									
Project Management (PST)	4	78PG	MUFA	8CEC	17B978D	Project Implementation and Technical Support	VRAD	Project Implementation and Technical Support	
Vehicle							VRAD001	Project Support Team	
Project Operating Cost							VRAD002	Vehicle	
Annual Audit							VRAD003	Project Operating Cost	
Sustainable Maintainance							VRAD004	Sustainable Maintainance	
Training and Capacity Building							VRAD005	Training and Capacity Building	
							VRAD010	Suspense Account	
							78PL		
	78PS								
Part 5: Emergency Expenditures									
Physical Works	4	78PG	MUFA	8CRB	17B978E	Emergency Expenditure	VRAE	Emergency Expenditures	
		78PL					VRAE001	Volcanoe	
							VRAE002	Tropical Cyclone	

Cost Centre
78PG = Grant
78PL = Loan
78PS = Currency Suspense

Note: The currency expense account will be used for non USD transactions.
These will be transferred to the Grant or Loan cost centre using the exchange rate for the day of the transaction

Sub activities will have new job codes created as the work plan nd contracts are finalised.

These will use the alst 3 digits of the job code e.g.

School physical works

VRBA001 Sub activity 1

VRBA002 Sub activity 2

ANNEX 7: FINANCE – SAMPLE OF IFR FOR SEMESTER 1 2017

SOURCE AND USE OF FUNDS REPORT										
Country	Vanuatu									
Implementing Entities	Ministry of Infrastructure and Public Utilities									
Project Name	Vanuatu Infrastructure Reconstruction and Improvement Project									
IDA Number	IDA D1220 - VU									
Credit Number	5847- VU									
Exchange Rate (VUV/USD)	106									
For the Quarter Ended	1 Jan to 30 June 2017									
Currency	VUV									
	ACTUAL REVENUE IN VUV (GRANT & LOAN)									
	Semester 1	Year to Date	Project to Date	Outstanding Commitments (VUV)	Total Expenditure & Outstanding Commitments (VUV)	Total Project Budget (SDRs)	Total Project Budget (USDs)	Total Project Budget (VUV)	Variance (Budget - Total Exp and OS Commit) VUV	
Opening Cash Balance										
Designated Account - RBV										
Designated Account - MFEM										
Counterpart Account - GoV										
Total Opening Cash Balance										
Source of Funds										
WB Funds										
Grant	200,000,000	200,000,000	200,000,000							
Credit	200,000,000	200,000,000	200,000,000							
Counterpart Funds										
Interest										
Total Source of Funds	400,000,000	400,000,000	400,000,000							
Part 1: Roads Reconstruction and Improvement	0.00	0.00	0.00	0.00	0.00	18,309,859	26,000,000	2,444,000,000	2,444,000,000	
1.1) Road Sector Assets	-	-	-	-	-	16,901,408	24,000,000	2,256,000,000	2,256,000,000	
1.2) Design and Supervision	-	-	-	-	-	1,408,451	2,000,000	188,000,000	188,000,000	
Part 2: Schools Reconstruction and Improvement	0.00	0.00	0.00	-	-	9,154,930	13,000,000	1,222,000,000	1,222,000,000	
2.1) Schools /a	-	-	-	-	-	8,450,704	12,000,000	1,128,000,000	1,128,000,000	
2.1) Design & Supervision	-	-	-	-	-	704,225	1,000,000	94,000,000	94,000,000	
Part 3: Public Buildings Reconstruction and Improvement	0.00	0.00	0.00	0.00	0.00	35,211	6,500,000	611,000,000	611,000,000	
3.1) Public Buildings /b	-	-	-	-	-	4,225,352	6,000,000	564,000,000	564,000,000	
3.2) Design & Supervision	-	-	-	-	-	352,113	500,000	47,000,000	47,000,000	
Part 4: Project Implementation & Technical Support	13,407,278	13,407,278	13,407,278	170,843,624	183,962,784	9,154,930	4,050,000	380,700,000	196,737,216	
4.1 Project Implementation	13,407,278	13,407,278	13,407,278	170,843,624	183,962,784	2,816,901	4,000,000	376,000,000	192,037,216	
4.1.1) Project Staff / c	13,119,160	13,119,160	13,119,160	170,843,624	183,962,784.00	2,288,732	3,250,000	305,500,000	121,537,216	
4.1.2) Project Vehicles / d	-	-	-	-	-	140,845	200,000	18,800,000	18,800,000	
4.1.3) Project Operating Cost / e	288,118	288,118	288,118	-	-	352,113	500,000	47,000,000	47,000,000	
4.1.4) Annual Project Audits	-	-	-	-	-	35,211	50,000	4,700,000	4,700,000	
4.2) Technical Support	-	-	-	-	-	35,211	50,000	4,700,000	4,700,000	
4.2.1) Sustainable Maintenance	-	-	-	-	-	17,606	25,000	2,350,000	2,350,000	
4.2.2) Training & Capacity Building	-	-	-	-	-	17,606	25,000	2,350,000	2,350,000	
Category 5: Contingency Emergency Response	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	
Total Use of Funds	13,407,278	13,407,278	13,407,278							
Closing Cash Balance										
Designated Account - RBV										
Designated Account - MFEM	386,592,722	386,592,722	386,592,722							
Counterpart Account - GoV										
Total Closing Cash Balance	386,592,722	386,592,722	386,592,722							
Summary Balance Check										
Calculated Closing Balance	386,592,722	386,592,722	386,592,722							
Closing Balance as per Bank Statement	386,592,722	386,592,722	386,592,722							
	Budget - Tranche 1 (VUV)	Initial Budget (VUV)	Actual Expenditure (VUV)	Closing Balance (VUV)						
Credit	200,000,000	400,000,000	13,407,278	386,592,722						
Grant	200,000,000									
1. Roads		275,000,000	-							
2. Schools		34,240,000	-							
3. Public Buildings		0	-							
4. Project Implementation		90,760,000	13,407,278							