



# QUARTERLY PROGRESS REPORT – APRIL-JUNE 2020

## Vanuatu Infrastructure Reconstruction and Improvement Project

### [Abstract](#)

This QPR describes the progress, issues challenges and recommendations for project implementation and management of the Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP).

Date: 24 August 2020

**Republic of Vanuatu: Vanuatu Infrastructure Reconstruction and Improvement Project  
Quarterly Progress Report – January-March 2020**

Financed by:

**The World Bank  
The Government of Vanuatu**

Prepared by : Project Support Team (PST), MIPU

For : Project Implementation Committee, World Bank and Central Tenders Board (CTB)

**Notice**

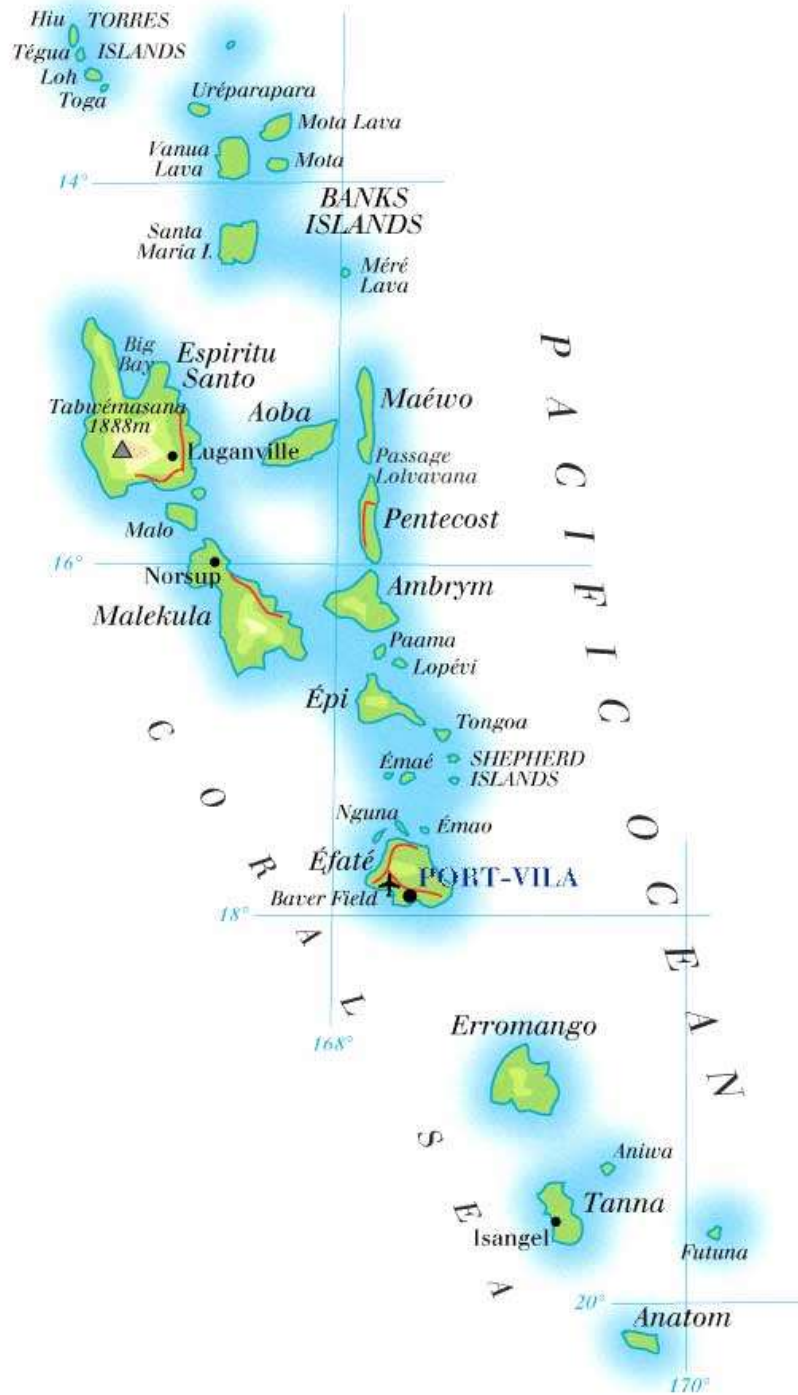
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## Abbreviations

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



**PROJECT KEY PLAN**

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## Basic Data

<b>Credit No:</b>	5847-VU
<b>Grant No</b>	D122-VU
<b>Project Title</b>	Vanuatu Infrastructure Reconstruction and Improvement Project
<b>Borrower</b>	Government of the Republic of Vanuatu
<b>Executing Agency</b>	Ministry of Finance and Economic Management
<b>Implementing Agency</b>	Ministry of Infrastructure and Public Utilities (through the Public Works Department)
<b>Other Key Agency</b>	Ministry of Education and Training

<b>Financing Plan:</b>	<b>Amount (million)</b>	<b>Share of Total (%)</b>
<b>World Bank Credit</b>	SDR17.65 (USD25 equivalent)	50%
<b>World Bank Grant</b>	SDR17.65 (USD25 equivalent)	50%
<b>Total Estimated Project Cost</b>	USD50	100%

<b>Financing Agreements signed:</b>	2 August 2016
<b>Effective Date of Project</b>	6 March 2017 <sup>1</sup>
<b>Project Closing Date</b>	30 April 2022
<b>Dates of World Bank Mission(s)</b>	3-19 June 2020

## Project Purpose

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 Tropical Cyclone Pam, and to provide immediate and effective response to an Eligible Crisis or Emergency. Achievement of the PDO will be measured 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).

The Project consists of the following parts:

### **Part 1. Road Reconstruction and Improvement. USD26 million**

- 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.
- Provision of technical support for the design and supervision of the civil works under this part of the Project.

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<sup>1</sup> The effective date started on 6 March 2017 with the arrival of the PMC.

**Part 2. School Reconstruction and Improvement. USD13 million**

- 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.
- Construction or reconstruction of at least one disaster resilient building, in selected schools, that complies with technical standards required for evacuation centres.
- Carrying out a program of activities designed to improve water supply and sanitation facilities and other amenities in schools affected by Tropical Cyclone Pam.
- Provision of technical support for the design and supervision of the civil works under this part of the Project.

**Part 3. Public Building Reconstruction and Improvement. USD6.5 million**

- 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.
- Provision of technical support for the design and supervision of the civil works under this part of the Project.

**Part 4. Project Implementation and Technical Support. USD4.5 million**

- Carrying out a program of activities designed to enhance the capacity of the Recipient for Project management, implementation, coordination, monitoring and evaluation of the Project, such program to include the establishment and maintenance of a Project support team.
- Provision of technical assistance to support the Recipient in reviewing and assessing the existing legislative and institutional framework for the creation of a sustainable source of funding for maintenance of road assets and/or schools and/or Selected Public Buildings and developing action plans and/or recommendations to strengthen such legislative and institutional framework so as to improve its implementation.
- Carrying out a program of activities designed to build the capacity of outer-island contractors and communities to participate in improvement works to road sector assets and/or schools and/or Selected Public Buildings under the Project and providing training to said communities on safe building construction methods.

**Part 5. Contingency Emergency Response. USD Nil.**

- Carrying out a program of activities designed to provide rapid response to an Eligible Crisis or Emergency, as needed.
- There have been no scope changes within this project to date and the implementation arrangements as described in the Financing Agreement, dated 2 August 2016 remain essentially unchanged.

# Executive Summary

The Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP) is a Government of Vanuatu (GoV) led and World Bank finance project aimed to support GoV’s reconstruction and recovery efforts following the impact of Tropical Cyclone (TC) Pam in March 2015. The project development objective (PDO) of the project 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.*

The overall operating context changed considerably during the period, as a result of the COVID-19 global pandemic and then TC Harold which between 6-7 April 2020 caused damage and loss equivalent to TC Pam.

The Government initiated a COVID-19 Preparedness and Response Plan Vanuatu, dated 12 March 2020. Accordingly, Public Works Department (PWD) initiated its own plan, called a PWD Response Plan to the COVID-19 to meet the above objective. A State of Emergency (SoE) was declared on 26 March 2020, in accordance with the Disaster Risk Management Act.

TC Harold resulted in a further State of Emergency, which was declared on 8 April 2020 and remains in place.

Recognising the en-globo effects of both disasters, the Government chose to develop a National Recovery Strategy (NRS) to guide the Government and the National Recovery Committee on how to respond to these overlapping disasters. The NRS is still under development at the end of the reporting period.

### **Operating Context**

The overall operating context changed dramatically during the quarter with the ongoing effects of COVID-19 globally which forced the shutdown of Vanuatu and the issuing of a SoE. Compounding the situation was the impact of TC Harold between 6-7 April 2020.

It is anticipated that the COVID-19 outbreak will affect VIRIP current and future program for at least 12 months. However, the immediate effects of TC Harold has dominated the short term of the project and significantly affected progress during the quarter.

The compounding effects of the disasters has been considerable. For example, COVID-19 quarantine has resulted in no inbound and outbound international passenger flights, therefore, is no ability to secure outside support. Similarly, imported materials have become immediately difficult to source. However, TC Harold resulted in loss and damage roughly equivalent to that of TC Pam, placing significant strain on local resources. Also, TC Harold damaged a number of inter-island ships and barges, which has intensified the problems of response and recovery efforts.

At this stage, it is unclear if VIRIP has sufficient resources to perform its current workload.

### **Status of Implementation and Key Results**

Despite the challenges of the operating context, the project is progressing well and generally on budget to meet the indicators. However, at this stage, it will be difficult to complete all works under VIRIP within the project closing date, given the increasingly constrained resources.

### **Project Implementation**

#### Works Programme

The current physical and financial completion is shown below:

Practical Completion	Time Completion	Disbursements	Financial Commitment	Financial Expenditure
66%	67%	39%	67%	29%



Practical completion is analysed by MS Project, across all project Parts and is the percentage of tasks and activities practically complete by the date of this report. Practical completion has been reconciled against contract implementation records, including variations and extensions of time.

Total disbursements and financial commitments are still lagging, mainly as a result of a considerable amount of procurement occurred during 2019 which continued into mid 2020. As a result of the pandemic and TC Harold it is expected that this lag will continue.

As a result of COVID-19 and TC Harold, it has been estimated that VIRIP has lost about 7 months along the critical path of the works program. Whilst it was previously anticipated that VIRIP will be finished early, the critical path of the program suggests the project will be complete very close to the Closing Date (30 April 2022).

At this stage, it is doubtful the CERC Components (Part 5) will be activated, however if it is, there will be considerable impact upon the works program and cash flow.

### ***Institutional Stream***

The Mid-Term Review (MTR) approved the Working Paper and Work Plan, with some revisions. The paper was finalised in August 2019 and submitted to Government and approved. The MTR likewise approved in principle the continuation of VIRIP budget support for the NDRF preparation and roll-out. Two national consultancy positions for the NDRF team: the National Team Leader and National Disaster Recovery Specialist have been secured during the previous period.

As a result of the pandemic and TC Harold, the Departments of Strategic Policy and Planning and Aid Coordination (DSPPAC) reviewed the role of these two Consultants and directed they assist directly with the Recovery Unit operations to respond to both disasters, including developing the National Recovery Strategy (seen as an interim step to the NDRF) and the Post Disaster Needs Assessment for TC Harold in particular and a similar document for COVID-19, which remains incomplete. It was intended that in August 2020, these two positions would return to their original roles to exclusively develop the NDRF. These events have affected the development of the NDRF and its timeline and costings, which is yet to be fully established.

### ***Project Management***

Up to the beginning of the quarter, the focus had been to ensure all systems are aligned and prepared for any specific request for resources (both financial and technical) to support the CERC. The CERC request has not been forthcoming to date, however the project is eminently well prepared if it does transpire.

During the quarter, the project has refocused on delivery the project, as programmed previously up to COVID-19. However, the operating context has changed considerably, as mentioned previously. The challenge is now to manage the project with these new constraints and implement as fast as possible.

### ***Additional Financing***

During the Mid Term Review the proposal for additional financing was discussed. It was agreed that the Government will further consider whether or not to request for additional financing under VIRIP. The Project Implementation Committee (PIC) reviewed such a request and referred the matter to the National Recovery Committee (NRC). The PIC and NRC endorsed the development of an Additional Financing request and tasked DSPPAC with the VIRIP PST to develop such a request. It was intended to seek guidance from the World Bank on the development of the request, so to ensure greater coordination and minimize the processing time.

### ***Financial Management and Performance***

To date, total revenue received from the World Bank stood at Vt.2,234.0 million and the expenditure to date reached Vt. 1,903.3 million. The total expenditure for the Semester stood at Vt.357.1 million of which 36% was expedited in Q2 compared to 64% in Q1, 2020.

### ***Safeguards***

Five activities screening forms were finalised over this quarter. In addition, a total of five Environmental and Social Management Plans were completed for inclusion within tender documents. As is usual, this work required several revisions of the ESMPs and screening forms due to scope and design changes. Four Contractor ESMPs (CESMPs) were reviewed, completed and approved by the SS over this quarter.

The SS reviewed 47 site reports from CSRs for safeguards compliance with no non-conformance notices for safeguards in this quarter. Additional included work on the safeguards aspects of the CERC documentation, proposed stimulatory activities under the CERC, the project perceptions survey inter alia. The SS also participated in the successful June Mission (all general sessions plus two on safeguards).

### ***Procurement***

VIRIP has revised its procurement strategy throughout the period on how procurement will be conducted for the remainder of the project. This has taken into account, to the extent possible, the limited contractor resources and constraints on sourcing materials and effects on timelines. The cancellation of the bridges from Part 1 has resulted in a number of new items of procurement, including further planning and design. This has lengthened the procurement process, which was originally expected to be completed by June 2020. However, it now appears procurement will now be fully completed, pending Additional Financing, in late 2020.

The Project Manager/Coordinator continues to assume the responsibilities of the Procurement Specialist. However, this role and function is increasingly backed-up by the excellent work of the Procurement Officer. The Procurement Officer has started on the new role, renamed as the Procurement and Contracts Officer, so-named to reflect the morphing of the role in the future.

### ***Monitoring and Evaluation***

M&E support during the quarter centred on providing strategic and technical advice with regards to the development of an Emergency Action Plan (EAP) for possible support if a CERC component was to be activated. Work centred on an initial concept paper to consider options relating to emergency responses, possible economic stimulus packages and supporting on-going work. EAP work also involved consultations and discussions with other key stakeholders such as VIRIP contractors and advisers within DSSPAC.

The M&E Specialist has also contributed efforts towards possible Additional Financing options and has drafted an initial concept paper along with facilitating discussions with key stakeholders. Work will continue in the next quarter with regards to the development of a complete project design based on emerging priorities and consultations led by DSSPAC and the NRC.

## 1. Introduction

Between March 12 and 14, 2015, Tropical Cyclone Pam (TC Pam) struck 22 islands of Vanuatu as an extremely destructive category 5 cyclone. The total economic damage and losses as a result of the cyclone were estimated to be approximately USD 450 million, which equates to approximately 64 percent of the country's GDP. Shefa and Tafea were the worst affected provinces, in particular on the larger islands of Tanna, Erromango and Efate and the smaller Shepard islands. Eleven fatalities were recorded in Tafea and Shefa province. As many as 65,000 people were displaced from their homes, around 17,000 buildings were damaged or destroyed, and the livelihoods of at least 80 percent of Vanuatu's rural population were compromised due to large scale destruction of crops.

In the wake of TC Pam, the Government of Vanuatu (GoV) officially declared a state of emergency for Shefa Province on March 15, 2015. Emergency response efforts were led by the government with the support of multiple humanitarian partners, international and national non-governmental organizations, foreign governments, and donors. GoV undertook a Post-Disaster Needs Assessment (PDNA) with the support of the World Bank and other development partners, which formed the basis of the National Recovery and Economic Strengthening Program (NRESP) to guide the recovery and reconstruction of all sectors affected by TC Pam. Recovery and reconstruction costs are estimated at USD 316 million.

The World Bank has provided USD 50 million to Vanuatu in response to TC Pam through the International Development Association (IDA) Crisis Response Window (CRW) to finance the Vanuatu Infrastructure Reconstruction and Improvement Project (VIRIP). VIRIP will provide financial support to GoV through numerous targeted investments in road assets, and to reconstruct schools and public buildings damaged by TC Pam.

The Ministry of Finance and Economic Management (MFEM) is the project Executing Agency (EA). The Public Works Department (PWD) under the Ministry of Infrastructure and Public Utilities (MIPU) is the key Implementing Agency (IA), supported by the Project Support Team (PST). The project is managed through a Project Implementation Committee consisting of representative Directors from PWD, Ministry of Education and Training (MoET), MFEM and Department of Policy Planning and Aid Coordination (DSPPAC). This quarterly report is prepared by the Project Support Team (PST) and covers the period April-June 2020.

## 2. Operating Context (April – June 2020)

The overall operating context changed dramatically during the quarter with the ongoing effects of COVID-19 globally which forced the shutdown of Vanuatu and the issuing of a SoE. Compounding the situation was the impact of TC Harold between 6-7 April 2020.

It is anticipated that the COVID-19 outbreak will affect VIRIP current and future program for at least 12 months. However, the immediate effects of TC Harold has dominated the short term of the project and significantly affected progress during the quarter.

The compounding effects of the disasters has been considerable. For example, COVID-19 quarantine has resulted in no inbound and outbound international passenger flights, therefore, there is no ability to secure outside support. Similarly, imported materials have become immediately difficult to source. However, TC Harold resulted in loss and damage roughly equivalent to that of TC Pam, placing significant strain on local resources. Also, TC Harold damaged a number of inter-island ships and barges, which has intensified the problems of response and recovery efforts. At this stage, it is unclear if VIRIP has sufficient resources to perform its current workload.

### **Implementing Agency**

MIPU and PWD have been actively involved with the project, however the period has been extremely busy for the Ministry and Department with the response to COVID-19 and then TC Harold. The ongoing projects (including VIRIP) and programmes have been an added impost on increasingly stretched

resources. This has resulted in restrictions on involvement directly in VIRIP activities. This will need to be monitored in the future to ensure it does adversely affect VIRIP.

### ***Client Agencies***

Ministry of Education and Training (MoET) have maintained a strong involvement with VIRIP, at the Project Implementation Committee level through to planning, design and implementation. MoET has been able to effectively manage and direct Part 2 of the project.

The Department of Strategic Policy, Planning and Aid Coordination (DSPPAC) has been an active representative in the PIC and has been the key stakeholder for the development of the National Disaster Recovery Framework (NDRF). They continue to actively represent other Government agencies in Part 3, ensuring compliance with the VIRIP selection criteria for Part 3 and ensuring activities are consistent with Government strategic policies.

### ***Project Implementation Committee***

The PIC has met more regularly since the pandemic and TC Harold. The PIC met once during the period on 6 May 2020 and discussed matters including;

- Preparation for activation of the CERC Component of VIRIP (COVID-19 and TC Harold):
  - Intensive Care Units (PVH and NPH).
  - Stimulus Activities: Market Place Improvements, Employment of Small-Scale Contractors and CBCs.
- Review of the VIRIP Emergency Action Plan (for CERC)

Notably the PIC Agreed:

Based on the discussions, the Draft Activity Proposal for the ICU will be left with Ministry of Health to answer important and critical question for review and response and for them to provide a clear approach that would be acceptable to the PIC and World Bank.

On those tasks undertaken to date in anticipation of CERC, as it is recognised that as the CERC has not been activated, the project will revert back to its original program in haste.

The Draft EAP will be withheld until there are further instructions on the CERC.

### ***National Recovery Committee***

The NRC has become more active with VIRIP during the period, particularly in guiding the development of the Additional Financing request and strategic policy direction in regard to recovery more generally. The NRC has indicated it wishes to be more involved with the direction in VIRIP, particularly if there is Additional Financing.

### ***World Bank***

World Bank has maintained a good working relationship with the project. WB conducted a virtual mission 3-19 June 2020, which was considered to be very successful. Details of the Mission are outlined in the Aide Memoire. More broadly, the World Bank through correspondence during the period and the Mission requested:

- STEP update. It has long been recognized that information in STEP was not up to date. This had been as a result of lack of resources to update the database. PWD provided a person at the beginning of June 2020 to undertake data entry for 3 months.
- Overtime of PST Staff. The World Bank expressed concern about the rate of weekend work undertaken by PST Staff. This matter was brought the attention of the PIC at its May meeting, whereby it was agreed to re-endorse the previous decision by the former Chairman in regard to overtime (ongoing approval). The PIC noted there is considerable uncertainty at the time and given the limited resources, there may be need for further weekend work in the future. The

World Bank's concerns were noted about the approval process and it was agreed that a process will be developed by the Chairman to manage overtime in the future.

- **QCL Performance.** World Bank expressed its concern about QCL performance and suggested the Government consider sanctioning. The PIC reviewed QCL's performance and considered it as acceptable at its May 2020 meeting. PIC acknowledged that the limited mistakes specifically in relation to South Pentecost Road and considered these matters in context with the time the design was undertaken, and the lessons learnt since the original designs. PIC noted that the Consultant would rectify the errors free of charge and at their own costs.

The World Bank has secured additional grant financing for Vanuatu to undertake a workshop to understand how to readily implement a CERC Component of a World Bank funded project. The workshop will be undertaken during the third quarter 2020.

### **Additional Finance**

The World Bank suggested during the MTR in August 2019 for the Government to consider Additional Financing and subsequently the PIC and NRC approved the development of the request for internal Government consideration, prior to potential forwarding to the World Bank. There was some correspondence during the period with the World Bank in relation to the development of the Government's Additional Financing request.

### **Recommendations**

A number of recommendations have been made in the past which are being progressively addressed.

<b>Key Recommendations from Annual Report</b>	<b>Summary of progress</b>
<b>Recommendation 1:</b> PST to continue supporting and promoting a high-level ownership of the project, including infrastructure and institutional components.	This is an on-going process whereby the PST has sought high level engagement with individual Ministries and in working through the PIC. Mobilisation of the DRF Consultant has raised awareness of risk informed development planning, which will be a main feature of DRF. This is an on-going recommendation which will be carefully monitored.
<b>Recommendation 2:</b> PST to facilitate a focus on institutional arrangements and support existing government systems and processes, whilst recognising the unique suite of activities and processes that need to be met internally under the management of the World Bank.	This work has continued with the Disaster Recovery Framework Consultant. Q1/2020: Further developments are anticipated next quarter with the potentially newly formed Recovery Unit, DSPPAC. Q2/2020: DSPPAC has sought approval from Public Service Commission to establish a Recovery Unit.
<b>Recommendation 3:</b> To support the inclusion of safeguards elements into PWD works planning processes, there is a need for all VIRIP activity proposals to complete a screening checklist before being confirmed into the annual work plan	Safeguards frameworks have been approved and are currently in the middle stages of operation.
<b>Recommendation 4:</b> VIRIP to explore options to consider adequate and appropriate skills transfer to young ni-Vanuatu business graduates and young professionals.	This is an on-going recommendation and some young ni-Vanuatu have been put forward for voluntary roles within PST, but these have not been accepted to date. For safeguards two young professionals have received ongoing training, resulting in increased capacity to undertake environmental and social assessments and audits.
<b>Key recommendation from QPR 1 – Jan-March 2018</b>	
<b>Recommendation 1:</b> Communications with relevant stakeholders require improvement. PST to develop and implement a communication strategy that meets the requirements for information from politicians, key government agencies, World Bank and general public.	Q1/2019: Communications with key stakeholders worsened during the period, with the Minister and Chairmen NRC expressing their concern a lack of information. During the period a concerted effort was required involving the World Bank TTL to confront these concerns and deal with misunderstandings more generally.




	<p>Q2/2019: Communications has noticeably improved with regular meetings with Minister and NRC and productions of highly focussed briefs.</p> <p>Q4/2019: Communications are generally considered as good.</p> <p>Q2/2020: An amount of communications has occurred during the period with stakeholders and general public.</p>
<p><b>Recommendation 2:</b> During the upcoming period, VIRIP must increase the pace of procurement to meet the project requirements and improve perception of project performance.</p>	<p>Q1/2018: Pace significantly increased and made more efficient. SLO blanket clearance of bidding documents has reduced the length of the procurement process considerably. Currently, STEP shows only 1 delayed procurement.</p> <p>Q2/2019: Procurement has noticeably improved with delivery of technical packs.</p> <p>Q4/2019: Procurement Specialist's contract terminated for convenience. Pace of procurement noticeably increased, however lack of suitable contractors has slowed procurement to the absorptive capacity of the contractors.</p> <p>Q2/2020: COVID-19 and TC Harold has hampered progress. During period, actively restructured the Procurement Strategy to meet market capability and capacity.</p>
<p><b>Recommendation 3:</b> During the next 2 quarters, VIRIP must transition to improving the resilience of the long-term recovery, including development of the Disaster Recovery Framework and supporting the subsequent reform measures within the scope of the project.</p>	<p>Q1/2018: DRF Consultant sourced and mobilised. Significant progress already made on services to date. However, the direction from the Government for the DRF Consultant to assist with the development of a DRF for Ambae will affect the original program. At this stage it is expected that the generic national DRF will be completed by June 2019. However, more buy-in is required from DSPPAC and other stakeholders, including NRC.</p> <p>Q2/2019: Much greater awareness of resilience initiatives, including NDRF. NRC supports the development of the NDRF and Recovery Unit.</p>
<p><b>Recommendation 4:</b> The transitional arrangement with R4D and the second phase of that programme require clarification. Most notably, it is essential the roles, functions and inter-relationship between the VIRIP and R4D must be made clear.</p>	<p>Q1/2018: Clarification eventually sought. However, initially some aspects were unclear, most notably the oversight of IBC Contractors. During the September World Bank mission, the position of DFAT was expressed, whereby they indicated that R4D consultants would not be involved with VIRIP-funded IBC works. This remains a concern.</p> <p>Q2/2019: New R4D2 team arrived during period, introducing new transition arrangement.</p>
<p><b>Key recommendation from QPR 3 – Jul-Sep 2018</b></p>	
<p><b>Recommendation 1:</b> Communications with relevant stakeholders require improvement. PST to develop and implement a communication strategy that meets the requirements for information from politicians, key government agencies, World Bank and general public.</p>	<p>Q3/2018: Refer above</p>
<p><b>Recommendation 2:</b> During the upcoming period, VIRIP must maintain the pace of procurement to meet the project requirements and improve perception of project performance.</p>	<p>Q3/2018: Systemisation has played the largest role in increasing the pace of procurement. We are now conducting a market survey of up to 20 companies which will provide more information on which to further develop the Acquisition Strategies.</p> <p>Q2/2019: Pace of procurement has increased, however there has been some time restriction with the revision of standard school design as a result of the GPSS/Arup Report and lack of clarity on Part 3: Public Building packages (notably MoH buildings).</p> <p>Q4/2019: Refer above.</p>

<b>Recommendation 3:</b> Application of acquisition strategies will reduce the number of procurements that need to be conducted; reducing the transactional cost of procurement.	Q3/2018: VIRIP has begun to apply more advanced acquisition strategies to reduce the transactional cost of conducting procurements. As an example, 4 Activity Proposals with 4 associated procurements were assumed for remediation of 10 public buildings in Pt Vila. These potential 4 procurements will now be conducted as 1 procurement. We note there is still more work to be done in this space. Q3/2019: Procurement Strategy completed. Q2/2020: Procurement Strategy updated.
<b>Recommendation 4:</b> PWD should indicate how the Feeder Roads program will be resourced with Consultants and Contractors and effect current commitments.	Q3/2018: This has occurred. Feeder Road program to be undertaken principally with Force Account, thus causing no direct impact to VIRIP. However, the involvement of PWD staff in the delivery of the program and the impact on their availability for VIRIP remains a concern. Q2/2019: This matter is now clarified, and the impact of the feeder program appears to be less than expected.
<b>Recommendation 5:</b> PWD must clarify how the IBCs funded under VIRIP will be supervised and trained.	This has occurred. Refer above.
<b>Recommendation 6:</b> The transitional arrangement with R4D need to be carefully considered as it is likely the transition period will end early and the next phase will be tendered.	Q3/2018: Weekly liaison is occurring between the R4D-T team leader and the VIRIP project manager around regular updates and schedules.
<b>Key recommendation from QPR 1 2019 – Jan-Mar 2019</b>	
<b>Recommendation 1:</b> Communication with stakeholders must improve	Q1/2019: This has occurred during the period. However, a concerted effort is required, including social media and press releases. Q3/2019: Communications Strategy developed. Q4/2019: Refer above.
<b>Recommendation 2:</b> Require greater buy-in from stakeholder for the NDRF, including DSPPAC and NRC.	Q1/2019: This will require a strategy from the DRF Consultant with active assistance from the PST. Q3/2019: MTR agrees to capitalise on progress in Safeguards.
<b>Recommendation 3:</b> Capitalisation on good progress in safeguards.	Q1/2019: Exploit opportunities in this area, requiring a strategy agreed leading up to the MTR.
<b>Key recommendation from QPR 2 2019 –Apr-Jun 2019</b>	
<b>Recommendation 1: Relevancy.</b> The project needs to emphasise its ability to improve resilience, across all Parts of the project. In light of the development of the NDRF, VIRIP should assist the Government, where possible, be better prepared for immediate and effective responses to any crisis or emergency. The NDRF should be formally recognised as an output of VIRIP.	Q3/2019: It was recognised that the project needs to emphasise its ability to improve resilience, across all Parts of the project, and move away from the emphasis of reconstruction. Governance. It was recognised that the role and function of the NRC should be recognised, together with its relationship to the PIC.
<b>Recommendations 2: Governance.</b> The role and function of the NRC should be formalised, together with its relationship to the PIC.	Q3/2019: It was recognised that the role and function of the NRC should be formalised, together with its relationship to the PIC.
<b>Recommendation 3: Institutional Stream.</b> The institutional stream is growing in prominence and value. There are significant costs associated with the roll-out of the NDRF, which need to be agreed with the Bank. It is an emerging project output and outcome and will involve the establishment of key systems and process including procurement, finance, and overall technical assistance, to funding of recovery unit. VIRIP has an important role to play but the scope of involvement and level of investments needs to be discussed with the Bank.	Q3/2019: It was recognised that the institutional stream is growing in prominence and value. There are significant costs associated with the roll-out of the NDRF and the budget was broadly agreed. It was generally agreed with the Bank that the NDRF is an important project output and outcome and will involve the establishment of key systems and process including procurement, finance, and overall technical assistance, to funding of recovery unit. It was generally agreed VIRIP has an important role to play but the scope of involvement and level of investments needs to be discussed with the Bank.
<b>Recommendation 4: Perception.</b> The interpretation of VIRIP and its intended inputs, outputs and outcomes should be refined to ensure there is clarity with stakeholders.	Q3/2019: It was agreed to concentrate on VIRIP increasing 'resilience'.

<b>Recommendation 5: Expectations.</b> There needs to a recognition that Bank-funded projects are, by their nature, slow to mobilise. However, there should be open commitment by both parties that through VIRIP, to the extent possible, that Bank-funded responses to future crises and emergencies can be mobilised much more quickly. In line with the NDRF, this would involve VIRIP assisting the Government in identifying means of hastening planning, design, procurement and implementation.	Q3/2019: This was generally agreed. Bank agreed to support NDRF.
<b>Recommendation 6. Communications.</b> Resources need to be allocated to effective communications. This will provide adequate exchange of information and direction, reduce misinformation, improve perceptions and meter expectations.	Q3/2019: It was agreed that resources need to be allocated to effective communications. This will provide adequate exchange of information and direction, reduce misinformation, improve perceptions and meter expectations.
<b>Recommendation 7. Procurement.</b> There needs to be a recognition of the lack of local contractor capacity. VIRIP needs to have an agreed capacity development programme for local contractors. Dedicated resources from VIRIP to assist procurement should continue. In line with the NDRF, VIRIP procurement systems must be more fully aligned and harmonised, to the extent possible.	Q3/2019: There was a recognition of the lack of local contractor capacity. VIRIP will have an agreed capacity development programme for local contractors. In line with the NDRF, VIRIP procurement systems must be more fully aligned and harmonised, to the extent possible.
<b>Recommendation 8. M+E.</b> The results framework was designed to build upon the results framework in the PAD. The PAD results framework does not cover the full scope of work currently being implemented by VIRIP. The results framework has been aligned to reflect the PAD for the purposes of the MTR but there may be scope to consider additional change.	Q3/2019: It was agreed that the results framework was designed to build upon the results framework in the PAD, but there will be changes to the results framework to better reflect the project outputs and outcomes.
<b>Recommendation 9. Coordination.</b> DSPPAC needs to be more integrated into VIRIP, to ensure there is less chance of duplication and inefficiency of recovery efforts.	Q3/2019: Internal issue. Generally agreed.
<b>Recommendation 10. IBCs.</b> Role and involvement of IBCs in the future must be discussed, in line with the PDO, results framework and NDRF.	Q3/2019: It was agreed to continue to use Island Based Contractors, as long as adequate justification is provided.
<b>Key recommendation from AR 2019 –Jan-Dec 2019</b>	
<b>Recommendation 1.</b> Review the Aide Memoire for the Mid Term Review and develop action plan.	Q1/2020: Nil because of late delivery of the draft Aide Memoire on 11 March 2020 for review. Q2/2020: Unless noted elsewhere in the QPR, many of the action items of the MTR A-M are out of date, as a result of the changed operating environment from COVID-19 and TC Harold.
<b>Key recommendation from Q1 2020 –Jan-Mar 2020</b>	
<b>Recommendation 1.</b> If the CERC Component is activated, conduct a resource and time analysis.	A workshop is scheduled in the next reporting period (August 2020)
<b>Recommendation 2.</b> Consider retrieving activities dropped under CERC (if activated) and augment with other activities to support recovery/stimulus efforts.	To be discussed in August 2020.
<b>Key recommendation from Q2 2020 –Apr-Jun 2020</b>	
<b>Recommendation 1:</b> Monitor the fluid operating environment for VIRIP and consider in future QPRs how this may affect the project.	Revised results framework provides a sound basis to outline and demonstrate results.



### 3. Status of Implementation and Key Results

On track 	Slightly behind schedule 	Issues requiring attention 
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#### VIRIP Quarterly Report Q1, 2019

OBJECTIVES (What you want to achieve)	INDICATORS (How to measure change)	Overall Program Target (2018-2021)	Year 4 Targets	QUARTERLY PROGRESS (April-June 2020)	CUMULATIVE ANNUAL PROGRESS (January-December 2020)
<b>PDO:</b> Reconstruct and improve the disaster and climate resilience of selected public sector assets in provinces affected by TC Pam, and to provide immediate and effective responses to eligible crises and emergencies.	Overall RAI improves across the entire road network (disaggregated by islands where VIRIP works)  # men and women in target communities with improved traffic and pedestrian access	RAI improve on a year-by-year basis (national and VIRIP islands)  14,000 people (50% men and 50% women)	0.2% increase in RAI for the entire network. 1% increase for islands where VIRIP works  2,500 people (50% men and women)	A baseline and mid-term assessment was completed through the R4D program. <sup>2</sup> The results indicate a steady improvement in RAI across the country. No additional assessment has been planned.  A total of 4,180 people have been reached in the quarter. Two new contracts have been tendered covering Mele (3,462) and Pentecost (718).	The RAI will be assessed again in 2021 through the R4D program. The target needs to be considered as PWD is likely to adopt a Level of Service Measure.  After including the new quarterly amount, a total of 27,587 people now have improved access since the commencement of the project. This is based on a 2km radius around road improvements. Additional assessment will occur in late-2020

<sup>2</sup> Rural Population Living Within Passable Roads

Province	2012		2017		Total	% Change
	Pop	RAI	Pop	RAI		
Torba	1982	24%	4094	49%	8416	107%
Sanma	14108	50%	16893	60%	28158	20%
Penama	4856	16%	14183	46%	30945	192%
Malampa	12487	32%	16916	44%	38694	35%
Shefa	17786	62%	20191	70%	28816	14%
Tafea	17613	53%	17689	53%	33069	0%
<b>Total</b>	<b>68832</b>	<b>41%</b>	<b>89966</b>	<b>54%</b>	<b>168098</b>	<b>31%</b>

	# users/beneficiaries with access to schools facilities that have been reconstructed to higher structural safety standards (new construction – classrooms and staff houses) <sup>3</sup>	4,600 <sup>4</sup>	850 (50% boys and girls) – (year 4 PAD target).	Contract VU-MIPU-76700-CW-RFQ Etas/Maumau completed in April 2020. This included 1 x double classroom with office at Etas & 2 x double classroom with office at Maumau. A total of 300 students have benefitted in the period.	Etas, Maumau, Eton, and Ekiye - total students benefiting to date is - 706 students
<b>Intermediate Outcome 1:</b> Communities demonstrating greater resilience to build and maintain safer and resilient communities	% increase in satisfaction with improved infrastructure.  % increase in perceptions of resilience	>95% of satisfaction  >95% improvement in perceptions of resilience.	Maintaining a >95% increase for both satisfaction and perception.	A community perception survey was completed in the reporting period.	18 communities have been surveyed with a total of 15 communities indicating a 100% satisfaction and 3 communities indicating 70% satisfaction rating.
<b>Intermediate Outcome 2 - Key policies and strategies to guide future emergency responses developed</b>	NDRF reconstruction policy and strategy developed and approved by COM.	NDRF accepted and resourced	NDRF Document prepared for submission	Progress was halted during the period, as NDRF Team Coordinator and the Recovery Specialist were reassigned to develop the PDNA for TC Harold and the National Recovery Strategy.	NDRF is still under preparations.
<b>Output 1: Infrastructure Provision</b> 1.1 Road Assets reconstructed and improved	#Km of roads improved  # physical infrastructure enhancements	23 km  250	12km (Year 4)  75 (Year 4 Target PAD)	Nil roads reached practical completion in the period April –June 2020	To date procured 43.027km of road improvements, of which 26.025km has been completed. To date 178 enhancements procured with 74 completed.
1.2 Schools reconstructed to a higher standard.	# schools with reconstructed classrooms and staff houses constructed each year  # new facilities (classrooms, WASH, staff houses) <sup>5</sup>	40  117 structures	5 (Year 4 Target in PAD)  35 facilities to be completed this year	One school was completed in the reporting period.  3 structures (Etas/Maumau which consisted of two schools where a total of three(3) double classrooms with an office were completed.) 2 structures to IL4 standard.	4 schools have been completed to date (Eton and Ekiye Etas Maumau). At the end of the current reporting period, a total of eight(8) contracts have been awarded to building contractors. Two(2) number of these contracts have reached practical completion(PC).  7 structures have been completed to date. <sup>6</sup>

<sup>3</sup>The focus on schools is primarily around new classrooms and staff houses. The assumption initially was that enrolments would rise with new schools. The baseline for the school is 2019. However, with improvements to classrooms enrolments will not automatically rise. Number of primary and secondary students, disaggregated by gender, with access to school facilities (classrooms, staff houses,) which have been upgraded or constructed to higher structural standards based on enrollment figures as of October 2019. Information has been sourced from MoET's Open VEMIS System and is based on 2019 enrollment data. Students are counted only when the school (and associated new classrooms and staff houses) are completed and hand over.

<sup>4</sup>Based on current calculations (28 schools being completed out of a target of 40) the likely total school population to benefit is 2,953. A revised target of 3,000 was discussed and proposed at a World Bank meeting in Sydney in October 2019. However, the formal PAD indicator remains in place at present for reporting purposes.

<sup>5</sup>Based on the definition and calculation of 28 schools. The associated infrastructure is: New Classrooms (63), Staff Houses (20), Toilets (24) Rural Showers (4), Dormitories (4), Rural Dining Halls (2). The numbers are new pieces of infrastructure and do not include retrofits or repairs.

<sup>6</sup> Eton/Ekiye (2 schools-4 x double classrooms with office) reached PC in Q1 2020, whilst Etas/Maumau (2 schools -3xdouble classrooms with office) reached PC in Q2 2020. A further four (4) contracts are expected to reach PC during Q3 2020

	# structures that meet standards required for temporary evacuation shelters	37 structures	12 facilities to be completed this year		4 structures to IL4 standard have been completed to date.
1.3 Public buildings reconstructed to a more resilient standard	# buildings constructed	20	5 (Year 4 Target in PAD)	One(1) public building contract was completed during the quarter of two(2) buildings. These buildings were the METEO and MIPU buildings.	At the end of the reporting period , a total of six(6) contracts have been awarded to building contractors. Three(3) number of these contracts have reached practical completion(PC). Two(2) contracts reached PC prior to the start of reporting period and one(1) contract reached PC during the period. The three(3) contracts reaching PC. A total of 13 buildings have been completed to date.
1.4 IBC's able to construct assets and buildings to a higher standard	# of IBC contracts signed % of IBC meeting time, cost and quality	20 contracts >90% of contracts meeting workplan deliverables and budgets	5 contracts (target of 20 in PAD) >90% of contracts meeting workplan deliverables and budgets	No IBC's reached Practical Completion(PC) during the reporting period.	A total of eighteen (18) IBC contracts have been awarded since project start-date. All eighteen(18) have reached Practical Completion. All 18 contracts have been completed on time to an acceptable quality (100%).
1.5 Employment opportunities created for women and men and communities as a whole (i.e. labour days)	# of men and women gaining appropriate employment	18,000 days	18,000 days (aggregation of 5-year's figures)	44 days (42 men 2 women)	There was an error in the 2019 Annual Report, as the numbers should have been: Total 19,417 (17,284 days men, 2,133 days women) In Q1 the cumulative total of 27,782 worker days were generated (24,951 days men, 2,831 days women). In Q2 the cumulative – 27,826 (24,933 men and 2,833women)
<b>Output 2: Institutional</b> 2.1 Key policies and strategies to guide future emergency responses	Reconstruction policy and strategy developed	1	Progression of policy and strategy	Please refer to progress detailed under intermediate outcome 2.	NDRF framework currently in progress and expected to be completed on target.
2.2 Safeguards Framework developed and applied	Safeguard framework approved	1 safeguard framework	Safeguards framework	Codification and standardisation of ESMP documents over the quarter. Framework documents to be updated with appropriate changes over Q3 & Q4.	Completed. Everything approved and sent to Bank for disclosure 13 March 2018. Framework document will be reviewed in 2020 in line with safeguard system improvements as agreed at Mid Term Review. This may change given C19 response. Q2 will likely have reference to CERC and CERIP

2.3 People engaged and supporting community decision making structures (fewer grievances)	% grievances responded to within agreed timeframes (2-weeks)	95% of grievances responded to within timeframes	95% of grievances responded to in a period of 2-weeks (Year 4 Target in PAD)	Zero grievances to during the period and to date. A total of 3 Non-Conformance notices were issued to Contractors via CSRs for safeguards. These were primarily for minor breaches of Health and Safety (use of PPE) and inadequate waste management. All were remedied.	Grievances have been avoided due to proactive community engagement. Contractor performance in safeguards is monitored on a monthly basis and formal audits of larger contracts.
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## 4. Program Implementation (Narrative)

The following sections provide further narrative and evidence of progress towards key outputs and the PDO. The information contained below complements the concise information contained in the results framework above.

### Legend:

**Brown:** Under planning

**Black:** Under procurement (e.g. ready for or out for tender or under evaluation)

**Green:** Under implementation (i.e. contract signed)

**Blue:** Completed

**Purple:** Unallocated (not budgeted and may not be completed)

**% Complete:** Percentage calculated by MS Project and includes all pre-contract tasks and post-contract implementation.

**%Work Complete:** Percentage of works/services complete.

### 4.1 Part 1. Road Reconstruction and Improvement

#### Progress Overall

Part 1 has been reassessed as 70% complete (compared to 65% in 2019 Annual Report) which is approximately where this Part was anticipated, albeit the delays associated with COVID-19 and TC Harold. The 2017 Annual Works Plan (AWP) is 100% complete. 2018 AWP is 85% complete. The 2019 AWP is currently 50%. The 2020 AWP sits at just 6% mainly because of the COVID-19 pandemic and TC Harold.

#### Services

Task Name	Cost	% Complete	% Work Complete
<b>Services</b>	<b>\$1,915,872</b>	<b>64%</b>	
S1-01-17 Design and Documentation of Roads	\$276,325	62%	90%
S1-02-17 Develop QCM	\$95,232	100%	100%
S1-03-17 Pavement Specialist	\$2,340	100%	100%
S1-04-17 Supervisor for Tanna Works	\$54,398	100%	100%
S1-05-18 Supervision of 2018-2019 Works	\$499,911	100%	100%
S1-06-19 Design and Documentation of Bridges	\$490,666	42%	60%
S1-07-19 Supervision of 2020-2022 Works	\$497,000	27%	22%

The value of all Services currently represent 7.4% of the value of the entire Part, which compares well to the Project Appraisal Document (Page 37), which had assumed a design and supervision to be 8.3% of construction costs. However, some changes to the terms of reference of existing Consultant contracts is expected:

- Design and Documentation of Roads is expected to be varied for design and documentation of unplanned works, as a result of the cancellation of the bridges from Part 1.
- Design and Documentation of Bridges has been significantly disrupted because of COVID-19 and TC Harold. Services have therefore been suspended.
- Supervision of 2020-2022 Works is expected to be varied for supervision of additional works.

## 2017 Annual Works Plan

All works are complete.

Task Name	Cost	% Complete	% Work Complete
<b>2017 Annual Works Plan</b>	<b>\$2,985,474</b>	<b>95%</b>	
W1-01-17 Tanna - King Cross Road Improvement - FRC	\$900,645	100%	100%
W1-02-17 Tanna - King Cross Road Improvement - Bitumen	\$1,928,792	90%	100%
W1-03-17 Malekula - Improvement to Batven Stream (Neramb) Crossing (2 x IBC)	\$75,309	100%	100%
W1-04-17 Malekula - Improvement to Unua 5 Stream (Blacksand) Crossing (2 x IBC)	\$80,728	100%	100%

## 2018 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2018 Annual Works Plan</b>	<b>\$5,873,932</b>	<b>85%</b>	
W1-05-18 Pentecost - Improvement to South Pentecost Road	\$2,425,510	41%	10%
W1-06-18 Epi - West Epi Road Improvements - FRC	\$746,210	100%	100%
W1-07-18 Tongoa - Road Improvements	\$622,269	92%	90%
W1-08-18 Tanna - Lowiaru-Imafen Road Improvement - 1000m FRC	\$811,925	99%	100%
W1-10-18 Pentecost - Ranwadi Point Coastal Road - Retaining Wall (3 x IBC)	\$122,085	100%	100%
W1-11-18 Pentecost - Ranputor Road Improvements (2 x IBC)	\$81,813	100%	100%
W1-12-18 Pentecost - Vanwoki Hill - FRC (3 x IBC)	\$134,308	100%	100%
W1-13-18 Efate - Mangaliliu Road Improvements - FRC	\$550,520	100%	100%
W1-14-18 Ambrym Road Improvements (4 x IBC)	\$190,363	100%	100%
W1-15-18 Paama Road Improvements (4 x IBC)	\$188,929	100%	100%

Contractor has mobilised for Improvement to South Pentecost Road. However, the scope of works needed to be significantly varied, as a result of TC Harold and some design and documentation issues. West Epi Road Improvement is complete. Tongoa Road improvements is under contract with significant work undertaken during the period. Lowiaru-Imafen Road is complete. Ranwadi Point Coastal Road is complete. Mangaliliu Road Improvement is complete. Ambrym and Paama are complete.

## 2019 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2019 Annual Works Plan</b>	<b>\$7,451,319</b>	<b>50%</b>	
W1-16-19 Malekula - Road Improvements	\$3,091,314	31%	0%
W1-17-19 Pentecost - North and Central Pentecost Road Improvements	\$1,400,000	40%	0%
W1-18-19 Erromango Dillons Bay Road Improvements	\$748,000	40%	0%
W1-19-19 Epi - Epi Drainage Improvements	\$748,000	45%	0%
W1-20-19 Tanna - Iatakuey Hill Road Improvements	\$993,029	100%	100%
W1-21-19 Tanna - Imake Hill Road Improvements	\$470,976	100%	100%

Malekula - Road Improvements was contracted during the period. North and Central Pentecost Road Improvements was tendered, however the tender process failed as a result of TC Harold. It was agreed to rescope and retender during the period. Erromango Dillons Bay Road Improvements. It was decided to repackage the works for issuance to the market under Shopping, which occurred during the period. Iatakuey Hill Road Improvements is complete. Imake Hill Road Improvements is complete.

## 2020 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2020 Annual Works Plan</b>	<b>\$7,000,000</b>	<b>6%</b>	
W1-22-XX Unallocated Road Improvements	\$7,000,000	6%	0%

It was decided by PWD to cancel the bridge and culvert activity, when it became evident that it was impossible to complete the design services and construction (within the project closing date), as a result of COVID-19 and TC Harold. At this stage, the replacement activities is still unknown.

### Goods

Task Name	Cost	% Complete	% Work Complete
<b>Goods</b>	<b>\$200,817</b>	<b>100%</b>	
G1-01-18 Purchase of 4 Vehicles	\$111,996	100%	100%
G1-02-19 Purchase of Macrofibre	\$88,821	100%	100%

Procurement of the vehicles is complete. Macrofibre was purchased and stocks replenished at the respective divisional depots.

## 4.2 Part 2: School Reconstruction and Improvement

### Progress Overall

Part 2 is 62% complete (compared to 51% in 2019 Annual Report). Provision of services were generally on track leading up to the end of 2019, however the COVID-19 pandemic and TC Harold significantly delayed many items of procurement during the period.

The 2018 Annual Works Plan (AWP) is still slightly slower than expected, as a result of delays in procurement and provision of designs and documentation. The 2019 AWP is well underway with all activities either contracted or ready for tender. The remainder of the activities for Part 2: Schools will generally consist of the most difficult activities in isolated locations, high schools and those schools with unique design requirements. All activities are now planned, with an approved methodology for prioritization and implementation. As a result of the introduction of resources, systems and new tenderers, it was believed that this program can be achieved. However, delays are expected because of the difficulty of undertaking pre-tender site visits and compiling tender prices with the scarcity of building materials as a result of the pandemic.

### Services

Task Name	Cost	% Complete	% Work Complete
<b>Services</b>	<b>\$837,568</b>	<b>72%</b>	
S2-01-17 Survey and Documentation of School Buildings	\$315,335	56%	90%
S2-02-17 Asbestos Specialist	\$74,900	44%	60%
S2-03-17 Land Registration Officer	\$29,153	100%	100%
S2-04-17 Safeguards Officer	\$61,329	100%	100%
S2-05-18 Supervision of School Works	\$356,851	80%	80%

The value of all Services currently represent 6.4% of the value of the entire Part, which compares well to the Project Appraisal Document (Page 37), which had assumed a design and supervision to be 8.3% of construction costs. At this stage, it is expected that the services for design and supervision will be varied to response the impacts of the pandemic. The outputs and outcomes of the services during the period are:

- The survey and documentation of school buildings has been contracted and continuing to implement a Strategy for the completion of survey, documentation and limited design for the

existing and remaining packages. The services have been affected by the impacts of the COVID-19 pandemic and TC Harold.

- During the period, the Asbestos Specialist did not perform any further services, as a result of the pandemic. This may affect the removal of asbestos from remaining buildings under the program.
- Supervision of the School Works is well underway and varied to also supervise the Public Buildings. These services have required continued oversight, as the Consultant still continues to struggle with adoption of standard systems (notably the CAM and QCM).
- Land Registration Officer services are complete.

### 2018 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2018 Annual Works Plan</b>	<b>\$5,154,872</b>	<b>70%</b>	
W2-01-18 Package 1: Efate - Eton and Ekiye	\$634,632	100%	100%
W2-02-18 Package 2: Nguna, Pele and Emau	\$375,058	83%	100%
W2-03-18 Package 3: Efate - Etas, Maumau	\$394,349	100%	100%
W2-04-18 Package 4: Epi - Bonkovio, Lamenu, Akama, Mafilau	\$577,398	93%	100%
W2-05-18 Package 5: Efate - Nuakwanapu, Greenhill and Nakuskasaru	\$715,046	50%	100%
W2-06-18 Package 6: Shepherds - Senecol, Coconak, Worarana, Makira and Mataso	\$1,467,389	40%	0%
W2-07-18 Package 7: Paama - Liro, Lehili, Luvil and Vutekai	\$991,000	25%	0%

Procurement on the first five packages of works are complete. Package 1 was contracted, has served as the test case and is now complete. Package 2, 3, 4 and 5 were contracted and now complete. Package 6 was tendered during the period. Package 7 was to be tendered in early 2020, but this was interrupted by COVID-19 and TC Harold and concerns about budget. However, it was decided to issue the package for tender during the next quarter.

### 2019 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2019 Annual Works Plan</b>	<b>\$7,504,598</b>	<b>43%</b>	
W2-08-19 Package 8: Tongoa - Malawia, Ere, Nottage, Itakuma and Naworaone	\$603,165	81%	80%
W2-09-19 Package 9: Efate - Kawenu	\$434,601	74%	70%
W2-10-19 Package 10: Malekula - Lonvat Junior High School	\$3,512,906	15%	10%
W2-11-19 Package 11: Aneityum - Teruja High School	\$2,434,690	39%	10%
W2-19-19 Package 19: Futuna - Ishia	\$519,236	29%	0%

Package 8 and 9 are now well underway. Package 10 was contracted during the period. Package 11 now contracted; however, mobilisation was delayed because of the pandemic and TC Harold. Package 19 was issued for tender and currently under evaluation.

## 4.3 Part 3 - Public Building Reconstruction and Improvement

### Progress Overall

Part 3 has progress was reassessed for the period to be 51% (compared to 44% in 2019 Annual Report), as the schedule have been extended for the effects of pandemic and TC Harold. DSPPAC has been actively involved during the period with Survey and Documentation of Public Buildings (Kramer Ausenco Ltd (Kramers)) and provided necessary direction on the remaining activities. This compiled list of activities is described in a strategic document for Part 3, including inspection schedule and program for delivery of technical packages, ready for tender.



## Services

Task Name	Cost	% Complete	% Work Complete
<b>Services</b>	<b>\$815,047</b>	<b>70%</b>	
S3-01-18 Survey and Documentation of Public Buildings	\$458,196	60%	90%
S3-02-18 Supervision of Public Building Works	\$356,851	87%	80%

The value of all Services currently represent 12.5% of the value of the entire Part, compared to the Project Appraisal Document (Page 37), which had assumed a design and supervision to be 8.3% of construction costs. The higher than expected cost of services is as a result of the high level of designs required for each activity and the reiteration of designs as a result of consultations. At this stage, it is anticipated that the services will not be varied any further.

### 2018 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2018 Annual Works Plan</b>	<b>\$816,467</b>	<b>100%</b>	
W3-01-18 Package 1: Catering Building	\$45,071	100%	100%
W3-02-18 Package 2: Remediation of Public Building in Port Vila	\$771,396	100%	100%

Package 1 Catering Building is complete. Package 2, which consisted of 12 public buildings in Port Vila, is also complete.

### 2019 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2019 Annual Works Plan</b>	<b>\$2,983,654</b>	<b>46%</b>	
W3-03-18 Package 3: METEO and PWD Buildings	\$467,280	100%	100%
W3-04-19 Package 4: Erromango - Health Buildings	\$886,259	66%	20%
W3-05-19 Package 5: Pentecost - Health Buildings - Loltong and Aute	\$482,321	26%	10%
W3-06-19 Package 6: Pentecost - Health Buildings - Aligu and Bwatnapni	\$402,214	42%	10%
W3-07-19 Package 7: Pentecost - Health Centre Buildings - Abwatuntora and Melsisi	\$560,000	6%	0%
W3-08-19 Package 8: Pentecost - Penama Headquarters	\$185,580	41%	10%

Package 3 is complete. Package 4 was contracted however mobilisation has been delayed because of the pandemic and TC Harold. Package 5 was tendered during the period. Package 6 was contracted during the period. Package 7 was to be tendered during the period; however, it became evident that Health Buildings in Pentecost are to be funded separately by the Australian Government. Package 8 is underway.

### 2020 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
<b>2020 Annual Works Plan</b>	<b>\$1,055,000</b>	<b>5%</b>	
W3-09-20 Package 9: Malekula - Norsup Hospital Maternity Ward	\$150,000	9%	0%
W3-10-20 Package 10: Efate - PWD Shefa Headquarters	\$300,000	9%	0%
W3-11-19 Package 11: Pentecost - 2 Dispensaries Ledungsivi and Point Cross	\$605,000	0%	0%

Package 9 was inspected and designed; however, tendering was delayed by a lack of response from the Ministry of Health in regard to the scope of works. Design Consultant continues to follow-up with the Ministry and may consider cancelling the activity. Package 10 it is still under design and has been delayed because of the impacts related to the pandemic and TC Harold.

## 4.4 Part 4 – Project Implementation and Technical Support

Task Name	Cost	% Complete	% Work Complete
<b>Services</b>	<b>\$4,128,926</b>	<b>68%</b>	
S4-01-16 Project Manager/Coordinator	\$1,122,200	73%	70%
S4-02-17 Safeguard Specialist	\$804,476	65%	65%
S4-03-17 Procurement Specialist	\$17,589	100%	100%
S4-04-17 Project Accountant	\$212,088	63%	65%
S4-05-17 Monitoring and Evaluation Specialist	\$197,900	63%	65%
S4-06-17 Procurement Specialist	\$420,491	100%	100%
S4-07-18 Contracts Manager	\$791,178	52%	50%
S4-08-18 Procurement Officer	\$47,241	94%	95%
S4-09-18 Junior Accountant	\$39,066	71%	70%
S4-10-18 DRF International Consultant	\$197,200	100%	100%
S4-11-19 NDRF Team Coordinator	\$87,844	46%	25%
S4-12-19 NDRF Recovery Specialist	\$83,153	46%	25%
S4-13-19 DRF International Consultant	\$108,500	44%	20%

Part 4 is 68% complete (compared to 58% in the 2019 Annual Report). Extensions of time were required for some PST staff, the introduction of the National Disaster Recovery Framework, the backfilling of implementing agency staff (two additional positions: Senior Safeguards Officer and Senior Project Officer) and increased incremental operating costs has placed strain on the available budget for Part 4.

As a result of the MTR, the services of NDRF Team Coordinator and NDRF Recovery Specialist have been added and DRF International Consultant included in the procurement plan to continue the role of these services.

According to Project Appraisal Document (Page 37), it had been assumed the PST staff consists of a Project Manager, Procurement Specialist, Project Accountant and Safeguards Specialist and estimated to cost 6.5% of the overall project amount. At present these positions cost 5%. However, more positions have been added to the PST staff over time including staff required to backfill gaps in the implementing agencies capabilities.

It is expected that as a result of the pandemic and TC Harold that there will be further variations and possible additions to this Part of the project.

## 4.5 Programme

A detailed Works Programme has been included in Appendix 1

### **Current completion**

The current physical and financial completion is shown below:

Practical Completion	Time Completion	Disbursements	Financial Commitment	Financial Expenditure
66%	67%	39%	67%	29%

Practical completion is analysed by MS Project, across all project Parts and is the percentage of tasks and activities practically complete by the date of this report. Practical completion has been reconciled against contract implementation records, including variations and extensions of time.

Total disbursements and financial commitments are still lagging, mainly as a result of a considerable amount of procurement occurred during 2019 which continued into mid 2020. As a result of the pandemic and TC Harold it is expected that this lag will continue.

As a result of COVID-19 and TC Harold, it has been estimated that VIRIP has lost about 7 months along the critical path of the works program. Whilst it was previously anticipated that VIRIP will be finished early, the critical path of the program suggests the project will be complete very close to the Closing Date (30 April 2022).

At this stage, it is doubtful the CERC Components (Part 5) will be activated, however if it is, there will be considerable impact upon the works program and cash flow. Refer to Appendix 1 for **Works Programme**.

Time completion is based on the date of the report and the following project dates: (i) Effective Date of Project 30 October 2016 and (ii) Project Closing Date: 30 April 2022. Based on current projections and expected absorptive capacities, it is expected that the project may be completed by the Project Closing Date albeit unknown delays in contractor mobilisation and material supply as a result of the pandemic and TC Harold. The breakdown of the practical completion for each Part is shown in the table below:

Task Name	Cost	% Complete
<b>Vanuatu Infrastructure Reconstruction and Improvement Project</b>	<b>\$48,723,546</b>	<b>66%</b>
<b>Part 1: Road Reconstruction and Improvement ALLOCATED</b>	<b>\$25,427,414</b>	<b>70%</b>
<b>Part 2: School Reconstruction and Improvement ALLOCATED</b>	<b>\$13,497,038</b>	<b>62%</b>
<b>Part 3: Public Building Reconstruction and Improvement ALLOCATED</b>	<b>\$5,670,168</b>	<b>51%</b>
<b>Part 4: Project Implementation and Technical Support</b>	<b>\$4,128,926</b>	<b>69%</b>

All Parts were generally proceeding well, with practical completions in line with the original time projections. However, as mentioned in previous sections, the COVID-19 pandemic and TC Harold will affect the progress of all Parts under the project.

As described in Section 4.9 below, the overall budget position of VIRIP has been reviewed. Based on the current SDR:USD foreign exchange rate, VIRIP has USD49.1 million (compared to USD47.95 million last quarter), representing a gain of USD1.15 million since last quarter, but an overall loss of USD1.9 million since the design of the project. At the same time, the Engineer Estimates have been updated and the physical contingencies (variations) more fully understood. As such, a number of activities have been removed as 'unallocated'. Some of these activities have been reintroduced and others added to unallocated list as tender prices and forex losses and gains are realised.

It is important to note that the World Bank released the Aide Memoire for the Mid Term Review indicated, amongst other things, that the project should be applying Value Added Tax (VAT) on any further contracts. The budget has been adjusted accordingly, which is reflected in the updated program.

### **Resources**

At this stage, it is believed there are adequate resources across all types to complete the project on budget. As noted elsewhere in the report, availability of contractors remains the most critical constraint. The Procurement Strategy has been updated to reflect the changing market conditions.

PWD was to allocate a young Engineer to perform the critical role of Compliance Engineer. This person was originally expected to start in October 2019. However, this person has most recently been reallocated to duties related to the pandemic and TC Harold. A Senior Project Officer will fulfil this role which was recently approved and it currently under evaluation.

During the Mid-Term Review additional resources were requested to assist with the development of the NDRF and formation of a Recovery Unit, as outlined elsewhere in this report.

## 4.6 Institutional Stream

The MTR approved the Working Paper and Work Plan, with some revisions. The paper was finalized in August 2019 and submitted to Government and approved. The MTR likewise approved in principle the continuation of VIRIP budget support for the NDRF preparation and roll-out. Two national consultancy positions for the NDRF team: the National Team Leader and National Disaster Recovery Specialist have been secured during the previous period.

As a result of the pandemic and TC Harold, the Departments of Strategic Policy and Planning and Aid Coordination (DSPPAC) reviewed the role of these two Consultants and directed they assist directly with the Recovery Unit operations to respond to both disasters, including developing the National Recovery Strategy (seen as an interim step to the NDRF) and the Post Disaster Needs Assessment for TC Harold in particular and a similar document for COVID-19, which remains incomplete. It was intended that in August 2020, these two positions would return to their original roles to exclusively develop the NDRF. These events have affected the development of the NDRF and its timeline and costings, which is yet to be fully established.

## 4.7 Project Management

Up to the beginning of the quarter, the focus had been to ensure all systems are aligned and prepared for any specific request for resources (both financial and technical) to support the CERC. The CERC request has not been forthcoming to date, however the project is eminently well prepared if it does transpire.

During the quarter, the project has refocused on delivery the project, as programmed previously up to COVID-19. However, the operating context has changed considerably, as mentioned previously. The challenge is now to manage the project with these new constraints and implement as fast as possible.

## 4.8 Additional Financing

During the Mid Term Review the proposal for additional financing was discussed. It was agreed that the Government will further consider whether or not to request for additional financing under VIRIP. The Project Implementation Committee (PIC) reviewed such a request and referred the matter to the National Recovery Committee (NRC). The PIC and NRC endorsed the development of an Additional Financing request and tasked DSPPAC with the VIRIP PST to develop such a request. It was intended to seek guidance from the World Bank on the development of the request, so to ensure greater coordination and minimize the processing time.

## 4.9 Financial Management and Performance

The financial outcome of the second quarter was hampered by the Covid-19, a pandemic which contributed to halt of project implementation following the Government decision for social distancing. Similarly, new activity proposals approved in 2020 reflect the “covenant” of the financing agreement, for example inclusion of VAT.

### **Expenditure to Date**

To date, total revenue received from the World Bank stood at Vt.2,234.9 million and the expenditure to date reached Vt. 1,903.3 million. The total expenditure for the Semester stood at Vt.357.1 million of which 36% was expedited in Q2 compared to 64% in Q1, 2020.

To date, the revenue Grant and Credit receipted from the World Bank was Vt.2,234.9 million of which Vt. 467.7 million was receipted in Q1 and Q2, 2020.

The outstanding commitments stand at Vt.1,998.6 million. This comprised signed contracts for all project parts, excluding incremental operating costs.

## Budget and Contingencies

The value of the project varies, and this is attributed to the fluctuation of the dollar against the SDR. The current project Value stood at USD 48,540,087. As of the end of March 2020, VIRIP's project value stood at USD 47,945,166 while at the beginning of the year was USD 48,735,533. This showed that the USD has appreciated since the final quarter 2019. The Project Value has been raised however it remains to be seen what the outcome would be in the next few months.

In June 2020, the contracts budget was revised included an unallocated portion forecasted to be Vt.1,439.8 million. This includes Vt.1,018.8 million for roads, Vt.164.9 million for schools, Vt.256.1 million for Public Buildings.

It is important to note that for Part 4, the budget has been exploded and this is attributed to additional resources required for the Project Implementation Support especially the National Disaster Recovery Framework. This has been discussed with the World Bank and therefore advised for restructuring of the project category and the associated parts.

After TC Harold project implementation continued as planned subject to the any major changes with regards to the Covid-19 pandemic when the country open its borders in December.

The contingency budget was based on physical contingencies (5%), price contingencies (4%) and forex contingencies (1%). The contingencies will reduce over time.

## Disbursement

During Q2 there were four withdrawals (two under grant and two under credit). To date, total value of disbursement by the World Bank stood at Vt. 2,234.9 million which is 39% of the total project value in 15<sup>th</sup> June 2020.

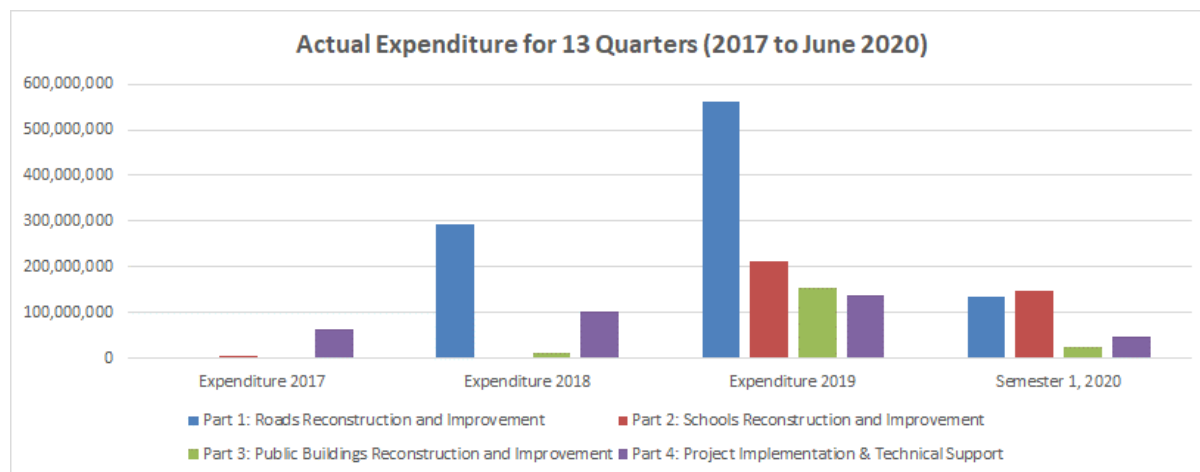
The current cash flow is positive and the balance ranges between Vt.60 million and Vt.90 million.

## Expenditures (Quarterly)

For Q2, total expenditure reached Vt. 127.3 million which is a poor performance compared to Q1. It is anticipated that expenditure for Quarter 3, 2020 will pick up as activities are implemented after the disturbance made by the Covid-19 in Q2. The incremental operating cost (IOCs) in the quarter stood at Vt.4.9 million.

## Expenditure to Date

To date the total expenditure reached Vt. 1,903.3 million. The 2019 financial audit was completed and sent to the World Bank by the office of the Auditor General. Diagram 1 below provides a summary of the data.



**Commitments**

The outstanding commitments to date stands at Vt.1,998.6 million. This includes contract variations but excluding incremental operating costs. The commitments will be reduced conditional to how fast the contractors mobilized and executing contract obligations according to the agreed timeframe.

**Vehicles**

During the reporting period, VIRIP is only using one hire car from World Car Rentals.

**Expenditure against budget to date (by component)**

The total value of the contracts signed to date stands at Vt.3,399.9 million including works and service contracts. The Outstanding Commitments to date stands at Vt.1,998.6 million. This includes TA and Works Contract outlined in Diagram 2 below.



**Table 1: Total Budget Distribution for the different components of the Project**

	Total Financing for VIRIP	Actual Expenditure, 2017	Actual Expenditure, 2018	Actual Expenditure, 2019	Actual Expenditure, 2020	Forecast 2020	Forecast 2021	Forecast 2022
<b>Total Financing, and Expenditure by Years</b>	<b>5,562,525,511</b>	<b>70,516,849</b>	<b>413,185,211</b>	<b>1,049,160,435</b>	<b>330,418,451</b>	<b>1,506,540,717</b>	<b>2,141,046,971</b>	<b>51,848,306</b>
<b>Category 1 (Roads Improvement, Schools Improvement and Project Implementation and Technical)</b>	<b>4,832,090,040</b>	<b>70,516,849</b>	<b>400,027,461</b>	<b>906,955,747</b>	<b>305,786,800</b>	<b>1,283,907,499</b>	<b>1,821,951,987</b>	<b>43,423,886</b>
Part 1 (Roads Reconstruction and Improvement)								
(i) Works	1,532,615,186	874,957	269,017,075	475,823,196	114,618,150	265,603,817	402,939,657	3,738,334
(ii) Design and Supervision	215,668,726	262,515	23,731,242	82,411,821	21,427,617	46,597,028	39,272,985	1,965,518
(iii) Unplanned Activities	1,018,820,222					512,318,284	506,641,620	-
(iv) Contingencies	149,148,368					49,148,368	100,000,000	-
Part 2 (Schools Reconstruction and Improvement)								
(i) Works	1,102,804,610	645,142	343,760	179,193,901	100,004,555	258,238,223	554,639,324	9,739,705
(ii) Design and Supervision	93,891,917	3,837,371	3,197,566	31,723,579	22,545,982	15,400,285	15,419,845	1,767,289
(iii) Unplanned Activities	164,877,682					80,000,000	85,554,047	-
(iv) Contingencies	48,703,021					-	48,367,163	-
Part 4 (1) (Project Implementation and Technical Support)								
(i) Project Support Team	415,889,478	59,393,753	80,636,484	118,548,295	41,229,958	40,501,494	55,516,173	20,063,321
(ii) Incremental Operating Cost	22,459,333	4,755,109	7,094,955	5,046,535	2,345,398	2,000,000	654,602	562,734
(iii) Vehicle	10,095,525	748,002	3,011,540	3,116,877	1,490,140	1,200,000	146,571	382,395
(vi) Audit	3,132,500		550,000	662,500		900,000	800,000	220,000
Part 4 (2) Technical Support and Capacity Building	53,983,472		12,444,839	10,429,043	2,125,000	12,000,000	12,000,000	4,984,590
Part 4 (3) Contingencies	-					-	-	-
<b>Category 2</b>	<b>730,435,471</b>	<b>-</b>	<b>13,157,750</b>	<b>142,204,688</b>	<b>24,631,651</b>	<b>222,633,218</b>	<b>319,094,984</b>	<b>8,424,420</b>
Part 3 (Public Building Reconstruction and Improvement)								
(i) Works	356,594,599			118,293,705	13,618,956	103,633,218	113,057,970	7,990,750
(ii) Design and Supervision	88,270,626		13,157,750	23,910,983	11,012,695	19,000,000	20,755,528	433,670
(iii) Unplanned Activities	256,143,731					100,000,000	156,143,731	0
(iv) Contingencies	29,426,515					-	29,137,755	0

These budget estimates are subject to review yearly to arrive at the right costings of each project activity for roads, schools and public buildings. Amounts in the Table above are in Local Currency Vatu (1 USD = 115.55 VUV) and is subject to change. The above budget is inclusive of 4% contingencies and taxes.



#### 4.10 Safeguards

Five activities screening forms were finalised over this quarter including addressing responses to World Bank queries. An additional activity proposal was for the Senior Safeguards Officer (including Terms of Reference) to cover safeguards given the lack of a national counterpart under Part 1 and the pending completion of the Safeguards Officer (Schools) contract in June. In total five Environmental and Social Management Plans were completed for inclusion within tender documents, one of which was approved for use in a trial for the draft national Codes of Environmental Practice for road works. The ESMPs were revised as appropriate to ensure that they adequately covered any and all scope or design changes.

Four Contractor ESMPs (CESMPs) were reviewed, with three approved by the SS over this quarter. Some Contractors are becoming used to preparing these documents and it was pleasing to share a company code of conduct for safeguards with the Bank safeguards lead during the mission.

The Vanuatu response to COVID 19 was to declare a State of Emergency (SoE) on 26 March 2020 which continued throughout this quarter. The SS worked on the proposed CERC management plan in particular those elements related to safeguards and also potential safeguards requirements for activities designed as stimulatory measures (for example markets, community road maintenance, small-scale road improvements) through different modalities.

No non-conformance notices for safeguards breaches were raised in this quarter however the use of these and the role of non-conformance notices was discussed at length with Bank Safeguards leads with respect to the need for robust management of safeguards breaches including the GRM. As part of safeguards monitoring the SS reviewed the formal minutes of 47 site reports from CSRs over the quarter in order to help ensure that safeguards continued to be monitored at every site visit. This is consistent with the increased number of activities moving from planning, design and preparation through to implementation. The development of an activity proposal and TOR for a Senior Safeguards Officer (SSO) partly implements the requirement for the MTR to ensure safeguards are adequately resourced on the ground. This AP was approved by the Bank in June with appointment planned for July or August. The SSO will help verify and guide CSRs in their safeguards monitoring functions as well as help support capacity development for all contractors, a role that has been primarily undertaken by the SS to date.

This quarter also increased codification and standardising of safeguards requirements in ESMPs, and corresponding reduction of CESMPs to those variable elements dependent on-site conditions, community agreements and other site-specific elements, including the Contractor's approach. This was a significant topic of discussion during the June mission.

The development and implementation of a Perceptions Survey of completed and implemented works also support the success of safeguards in ensuring that communities are kept well informed and consulted throughout the activity cycle with the ability to raise matters of concern through regular meetings (recorded by CSRs).

#### 4.11 Procurement

##### **Procurement Strategy**

VIRIP has completed its procurement strategy throughout the period on how procurement will be conducted for the life of VIRIP. This has occurred through understanding the level of demand and likely cost and the construction industry capability.

## **Current Procurement**

The Project Manager/Coordinator has assumed the responsibilities of the Procurement Specialist. During the period procurement was expected to intensify and be completed by around early May 2020. However, the current list of upcoming activities for procurement have been impacted by COVID-19:

- W1-16-19 Malekula - Road Improvements. This item of procurement was actioned during the period, however signing the contract was interrupted by COVID-19 impacts.
- W1-17-19 Pentecost - North and Central Pentecost Road Improvements. This item of procurement was actioned during the period; however, evaluation was interrupted by COVID-19 impacts.
- W1-18-19 Erromango Dillons Bay Road Improvements. After considerable discussion with the World Bank, it became evident that original package of 10 IBC contracts will not be approved. It was then decided to offer this items of procurement to the market under shopping. Completion of the Activity Proposal and design has been interrupted by COVID-19 impacts.
- W1-19-19 Epi - Epi Drainage Improvements. This activity was brought back into the program, after it was established that there was sufficient funds in the project with the removal of the bridges.
- W1-22-20 Improvements to Key Crossings - Bridges and Culverts. This activity was reduced in scope as a result of problems with design of the bridges. At this stage, the scope of work will only include the culverts. Completion of the design has been interrupted by COVID-19 impacts.
- W2-06-18 Package 6: Shepherds - Senecol, Coconak, Worarana, Makira and Mataso. Activity Proposal has been approved during the period; however, the completion of design and tendering has been interrupted by COVID-19 impacts.
- W2-12-19 Package 12: Tongoa - Nabangasale High School. The scoping of this Activity has been interrupted by COVID-19 impacts.
- W2-14-19 Package 14: Ambrym - North Tobol, Linbul, Ranon and Fania. The completion of the Technical Pack and Activity Proposal was interrupted by COVID-19 impacts.
- W2-15-19 Package 15: Ambrym North - Magham, Olal, Megamone and Fonteng. Same as above.
- W3-09-20 Package 9: Malekula - Norsup Hospital Maternity Ward. VIRIP is still awaiting the confirmation of the scope of works by the Ministry of Health.
- W3-10-20 Package 10: Efate - PWD Shefa Headquarters. Completion of the design and Activity Proposal was interrupted by COVID-19 impacts.

Fortunately, most of the documents and technical packs are now standardised with the completion of most designs, so the process of procurement will be somewhat routine.

Active marketing has secured the interest of further suitable contractors. This should take the pressure off the market to respond to these opportunities. As a result of travel restrictions, international contractors are not expected to mobilise in the short to medium terms.

Material supply has been interrupted by COVID-19, which is expected to continue for some time. Longer construction periods are anticipated.

## **5. Risk Management and Key Lessons Learned**

Risk and lessons learned will be updated and assessed at the end of the calendar year as the project transitions into its final year. The focus will primarily centre on the impacts of COVID-19 and TC Harold which have impacted work towards the end of the current quarter.

## 6. Monitoring and Evaluation

M&E support during the quarter centred on providing strategic and technical advice with regards to the development of an Emergency Action Plan (EAP) for possible support if a CERC component was to be activated. Work centred on an initial concept paper to consider options relating to emergency responses, possible economic stimulus packages and supporting on-going work. EAP work also involved consultations and discussions with other key stakeholders such as VIRIP contractors and advisers within DSSPAC.

The M&E adviser worked with the World Bank to review and update the VIRIP results framework. The intention of the review was to better reflect the scope of works occurring under each component. For example, VIRIP work in schools is more than just “schools” and does not reflect the scope and level of infrastructure being provided. There was also an opportunity to review the worker days given some varying numbers. The M&E adviser held a briefing with the supervision consultants to brief them on the data collection tool and the appropriate standards to apply when counting “worker days”.

The M&E adviser also provided initial support around the development of an Additional Financing proposal. Initial consultations were held and the drafting of initial concept papers provided to facilitate discussion and decision making. The work will continue into the next reporting period.

The M&E adviser was also working remotely for the reporting period.

## 7. Conclusions

The onset of the COVID-19 pandemic and the GoV’s decision to close borders and initiate a SoE has meant that the PST team have had to adjust to a new way of working and supporting implementation. Compounding the situation was the impact of TC Harold which devastated much of the northern islands of Vanuatu. The impact of both events greatly influenced the scale of implementation and management across the reporting period. The PST continued to review approaches to work and ensure close consultation with all contractors and associated staff.

On-going VRIP works are still being prioritised and the PST’s Safeguards and M&E Specialists continue to provide remote support across a range of deliverables and management functions.

COVID-19 and TC Harold has also continued to occupy the time and focus of key stakeholders. Directors across all ministries and members of the PIC have been heavily involved with responses to both issues. This has slowed to work of the PST in terms of approvals and strategic direction however there is opportunity to continue with the program’s broad portfolio of work.

Despite the challenges, the on-going works program across the sectors is progressing well and the narrative above has highlighted the key progress and associated issues that have been experienced during the quarter. There have been some delays with regards to roads which has affected performance, but these are expected to improve in the coming quarter. A total of 70% (65% in 2019 Annual Report) of the roads program is complete. It is important to note that only 5% of the 2020 works program is complete due to COVID-19. Schools are 41% complete (51% in 2019 Annual Report). In addition, 51% (44% in 2019 Annual Report) of targeted public buildings have been completed.

The on-going development and prioritisation of the NDRF is notable and requires a potential rethink around the structure and strategic intent of the program. This is most evident as a result of the COVID-19 and TC Harold situation. The institutional component of VIRIP continues to gain momentum and is likely to be a central focus in the remaining years as the works program continues to wind down after several years of successful progress.

Discussions are also continuing with regards to the activation of the CERC and a large body of work and support has been provided to the GoV as part of considerations around Additional Financing. Consideration of additional financing is an important step for the GoV and demonstrates the progression of VIRIP away from just a sole focus on reconstruction and rehabilitation towards a greater focus on resilience and longer-term development. Work on the additional financing request will continue in the next reporting period. The foundations for VIRIP have been set and there is considerable scope for further exploration of the steps going forward. The additional financing will assist in pivoting the project to build upon the achievements and successes to date. That said, a large portfolio of work remains under the current project and will need to be progressed in light of on-going COVID-19 restrictions.

# Appendix 1: Works Program

200804 Works Programme - Implementation and Procurement + Baseline																				
ID	Task Name	Duration	Start	Finish	Cost	% Complete	Notes	H2	2017 H1	H2	2018 H1	H2	2019 H1	H2	2020 H1	H2	2021 H1	H2	2022 H1	
1	<b>Vanuatu Infrastructure Reconstruction and Improvement Project</b>	1765.42 days	Fri 1/07/16	Fri 20/01/23	\$48,723,546	66%														
2	<b>Part 1: Road Reconstruction and Improvement ALLOCATED</b>	1563.1 days	Mon 3/04/17	Fri 20/01/23	\$25,427,414	70%														
3	<b>Services</b>	1347.03 days	Mon 1/05/17	Fri 29/04/22	\$1,915,872	64%														
4	S1-01-17 Design and Documentation of Roads	1145 days	Mon 2/10/17	Fri 31/12/21	\$276,325	62%	Will require small variation for additional de													
14	S1-02-17 Develop QCM	370.71 days	Fri 1/09/17	Thu 17/01/19	\$95,232	100%	Finished													
23	S1-03-17 Pavement Specialist	77 days	Mon 1/05/17	Fri 11/08/17	\$2,340	100%	Finished													
30	S1-04-17 Supervisor for Tanna Works	378.65 days	Thu 1/06/17	Fri 26/10/18	\$54,398	100%	Finished													
39	S1-05-18 Supervision of 2018-2019 Works	703.19 days	Wed 10/01/18	Thu 20/08/20	\$499,911	100%	Finished													
49	S1-06-19 Design and Documentation of Bridges	852 days	Fri 1/03/19	Fri 29/04/22	\$490,666	42%	Contract now suspended, as a result of COV													
59	S1-07-19 Supervision of 2020-2022 Works	674 days	Wed 30/10/19	Fri 29/04/22	\$497,000	27%														
69	<b>2017 Annual Works Plan</b>	963.29 days	Mon 3/04/17	Thu 29/10/20	\$2,985,474	95%														
70	W1-01-17 Tanna - King Cross Road Improvement - FRC	619.16 days	Mon 15/05/17	Fri 30/08/19	\$900,645	100%	Finished													
85	W1-02-17 Tanna - King Cross Road Improvement - Bitumen	963.29 days	Mon 3/04/17	Thu 29/10/20	\$1,928,792	90%	Finished													
103	W1-03-17 Malekula - Improvement to Batven Stream (Neramb) Crossing (2 x IBC)	493.1 days	Mon 30/10/17	Wed 28/08/19	\$75,309	100%	Finished													
116	W1-04-17 Malekula - Improvement to Unua 5 Stream (Blacksand) Crossing (2 x IBC)	513.42 days	Mon 30/10/17	Wed 25/09/19	\$80,728	100%	Finished													
129	<b>2018 Annual Works Plan</b>	1193.35 days	Mon 30/10/17	Tue 5/04/22	\$5,873,932	85%														
130	W1-05-18 Pentecost - Improvement to South Pentecost Road	1054 days	Mon 7/05/18	Tue 5/04/22	\$2,425,510	41%	Delayed mobilisation because of COVID-19 and TC Harold													
148	W1-06-18 Epi - West Epi Road Improvements - FRC	507 days	Mon 22/01/18	Tue 10/12/19	\$746,210	100%	Finished													
162	W1-07-18 Tongoa - Road Improvements	689.52 days	Mon 5/02/18	Wed 26/08/20	\$622,269	92%														

Critical	█	Split	█	Finish-only	█	Baseline Milestone	◇	Manual Summary	█	Inactive Task	█
Critical Split	█	Task Progress	█	Duration-only	█	Milestone	◇	Project Summary	█	Inactive Milestone	◇
Critical Progress	█	Manual Task	█	Baseline	█	Summary Progress	█	External Tasks	█	Inactive Summary	█
Task	█	Start-only	█	Baseline Split	█	Summary	█	External Milestone	◇	Deadline	↓

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Report End