



QUARTERLY PROGRESS REPORT – JULY- SEPTEMBER 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: 22 October 2020

**Republic of Vanuatu: Vanuatu Infrastructure Reconstruction and Improvement Project
Quarterly Progress Report – July to September 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

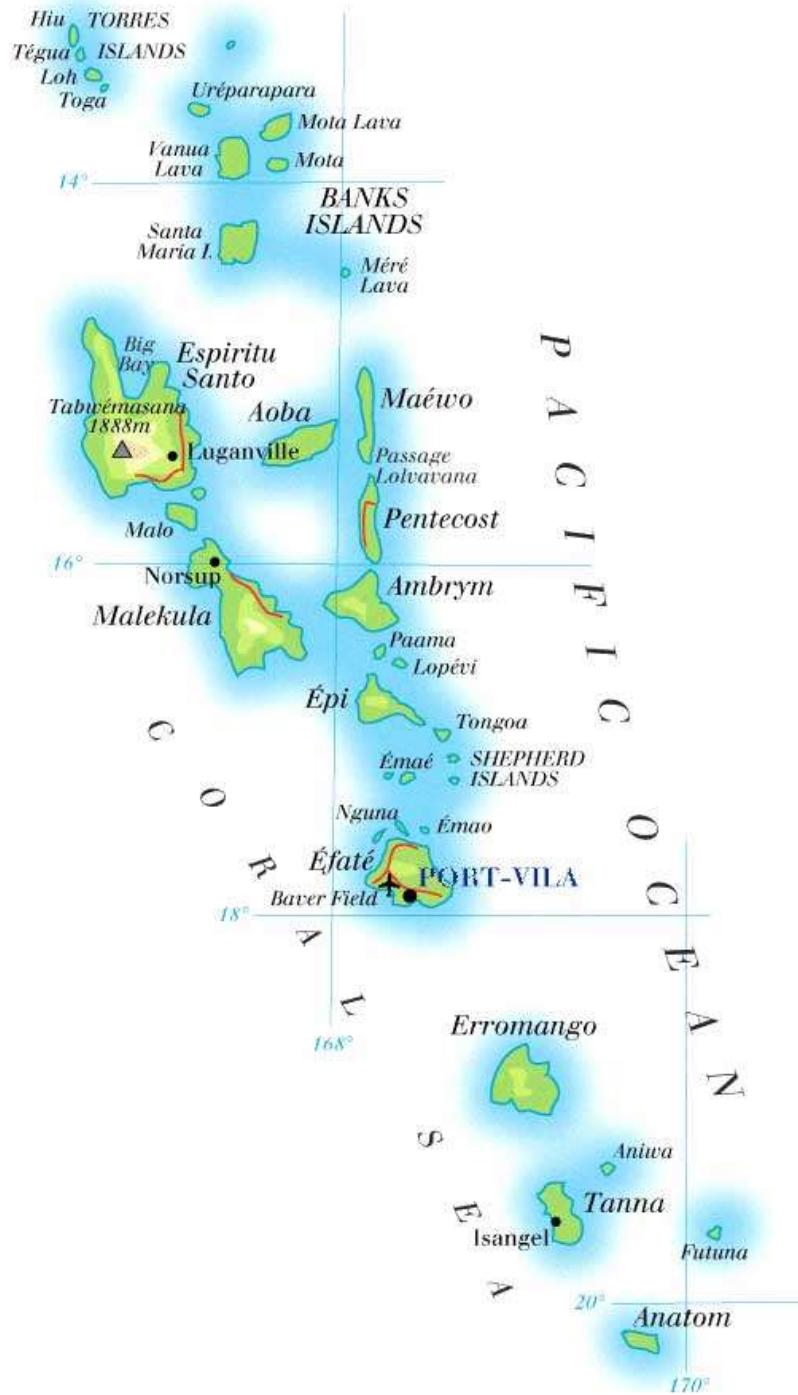
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Document History

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Abbreviations

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



PROJECT KEY PLAN

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Basic Data

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

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

Financing Agreements signed:	2 August 2016
Effective Date of Project	6 March 2017 ¹
Project Closing Date	30 April 2022
Dates of World Bank Mission(s)	Nil

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.

¹ 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 financed 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) for COVID-19 was declared on 24 March 2020, in accordance with the Disaster Risk Management Act and will cease on 31 December 2020.

TC Harold resulted in a further State of Emergency, which was declared on 8 April 2020 and ceased on 9 August 2020.

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 was completed and approved by Council of Ministers as per Decision 091/2020. A Post Disaster Needs Assessment (PDNA) is being developed for TC Harold and due for completion in October 2020.

Operating Context

The overall operating context remains unchanged from the dramatic events during the previous quarter with the ongoing effects of COVID-19 globally which have effectively shut down travel to and from Vanuatu. Compounding the situation remains the impact of TC Harold (6-7 April 2020), including draining already restricted resources.

It is anticipated that the COVID-19 outbreak will affect VIRIP's current and future program for at least until end of 2021 and appears to be closely linked with the development of a vaccine. However, the continuing effects of TC Harold has dominated the short term of the project and affected progress during the quarter.

The compounding effects of the disasters remains 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 remain difficult to source. TC Harold resulted in loss and damage considered equivalent to that of TC Pam. Also, TC Harold damaged a number of inter-island ships and barges, which has intensified demand for shopping associated with response and recovery efforts.

During the period, three senior Ministry of Infrastructure and Public Utilities (MIPU) staff were suspended, whilst an investigation was conducted. At the time of reporting, the outcome of investigation and suspensions is unknown. During the period, the Director DSPPAC assumed the role of Acting Chairman of the Project Implementation Committee (PIC), until the investigation and suspensions are resolved.

Whilst the operating environment is in a high state of flux, it is believed it is adequate to maintain the operations of VIRIP. However, this will require constant monitoring.

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 project indicators. At this stage, it is believed the project activities can be complete for VIRIP within the project closing date. However, the availability of increasingly constrained resources (notably time, budget, contractors and materials) will need to be monitored.

Project Implementation

Works Programme

The current physical and financial completion is shown below:

Practical Completion	Time Completion	Disbursements	Financial Commitment	Financial Expenditure
71%	71%	42%	70%	37%

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. It is noteworthy that for the first time, 'Practical Completion' has equalled the 'Time Completion'.

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. This problem was accentuated by the cancellation of the W1-22-20 Improvements to Key Crossings - Bridges and Culverts (estimated to be USD9.5 Million), resulting in replanning, field inspections, additional designs and documentation and procurement for replacement activities. Because 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 would 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.

If Additional Financing eventuates, there will be a need to review the entire project implementation arrangements.

Institutional Stream

As a result of the pandemic and TC Harold, the Departments of Strategic Policy and Planning and Aid Coordination (DSPPAC) seconded the NDRF team: the National Team Leader and National Disaster Recovery Specialist to assist directly with the Recovery Unit to develop the National Recovery Strategy (NRS) (seen as an interim step to the NDRF) and the Post Disaster Needs Assessment for TC Harold.

The NRS and the PDNA are now essentially complete and the two specialist will return to their original roles. This has affected the execution of their terms of reference from April to September and will be subject to a variation. Notwithstanding, the NRS and PDNA has involved some advancement in their respective task of the ToR, so there will be some gains.

Moreover, the pace has increased most recently and it is expected to review of impending priorities and next steps on the NDRF in mid-September. Also, recently the team prepared an NDRF policy and institutional options paper for government, reviewed the Disaster Management Act and proposed amendments to correctly reflect disaster recovery responsibilities, and worked on updating and forecasting the NDRF budget component of the VIRIP budget and Additional Financing (AF) proposal.

An amended program is currently being developed with a revised budget for the development of the NDRF. This is expected to be complete in October 2020.

Project Management

During the quarter, the project has refocussed 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

Following approval and endorsement from the PIC, a draft concept note on AF was prepared. In addition, work on a draft AF design document also commenced during the period. The document requires further enhancements and additions and this will continue into the next quarter. A series of meetings between GoV counterparts and WB staff were held also in the period to discuss ideas and approaches to AF. As directed by the NRC, DSPPAC has led the process of development of the AF proposal, supported by the VIRIP PST. Ultimately, the decision to progress with AF is dependent upon the approval of the Ministry of Finance and Economic Management (MFEM) in coordination with the World Bank. The PST is continuing to liaise with all relevant partners to support the process and this will also continue into the next quarter.

Financial Management and Performance

To date, total revenue stood at Vt.2,342.7 million. For Quarter 3, Grant received was Vt.55.5 million and Credit Vt.52.3 million which makes a total of Vt.107.8 million. Disbursement to the Designated Account reflects the level of fund outflow, that is payment of Commitments.

To date, total expenditure stood at Vt.2,067.0 million. The Closing Balance as at 30th September 2020 stood at Vt.275.6 million.

The budget was reviewed in consultation with the Governance Financial Specialist, World Bank Office and a final copy of the budget framework was emailed to the World Bank. The revision was in anticipation of the exchange rate risks associated to the Covid-19 and therefore the foreign exchange rate volatility index was calculated to ascertain of the financial turbulence in the global financial market. With this development, the rate in which the local currency will fluctuate against the US Dollar would be between Vt.15 million to Vt.30 million on a daily basis.

The actual expenditure stood at 35% of the Project Value of Vt. 5,613,132,743 and Outstanding Commitment stands at 35%.

Total Commitment and planned expenditure stands at 70%.

The contingencies (forex, physical and price) were also calculated at a range between 1% to 3% and takes into account much the risks to be absorbed by each Part of the Project.

Safeguards

Eight individual activity screening forms were finalised over this quarter. A total of six Environmental and Social Management Plans were completed for inclusion within tender documents. Four Contractor ESMPs (CESMPs) were reviewed, completed and approved by the SS over this quarter. The finalisation of these documents required several revisions to reflect subsequent scope and design changes.

The Senior Safeguards Officer (SSO) was appointed in August and will primarily focus on supporting early stages of the safeguards system (due diligence, contract start up meetings and community inductions) then focusing more on audits and compliance one the current set of procurements are completed. The SS reviewed 34 site reports from CSRs for safeguards compliance including 2 completion reports. No non-conformance notices for safeguards in this quarter.

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 initially focused on finalising updates to the results framework that were initiated during the last reporting period. The process involved reviewing all results framework indicators and providing clear definitions and updated assumptions on the scale, scope and likelihood of achievement. Strong focus was placed upon the definition of schools and it was agreed that the results framework could be adjusted to reflect the broader scope of work being provided to schools (i.e. not just building classrooms). This enabled VIRIP to have an opportunity to better reflect and present the full scope of work and the achievements to date. Further analysis of the achievement of results will be provided as part of the Annual Report in the next reporting period.

Other aspects of work during the quarter centred on the development of an Additional Financing (AF) concept note and initial design document. Significant time has been invested in working with GoV counterparts and the World Bank to discuss options and ideas regarding possible approaches, overall scope and proposed areas of focus (geography and integration). Work on AF will continue into the next quarter.

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 July - September 2020.

2. Operating Context (July - September 2020)

The overall operating context remains unchanged from the dramatic events of during the previous quarter with the ongoing effects of COVID-19 globally which have effectively shut down travel to and from Vanuatu. Compounding the situation remains the impact of TC Harold (6-7 April 2020), including draining already restricted resources.

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Whilst the operating environment is in a high state of flux, it is believed it is adequate to maintain the operations of VIRIP. However, this will require constant monitoring.

Implementing Agency

During the period, three senior Ministry of Infrastructure and Public Utilities (MIPU) staff were suspended, whilst an investigation was conducted. At the time of reporting, the outcome of investigation and suspensions is unknown. Therefore, during the period, the Director DSPPAC assumed the role of Acting Chairman of the Project Implementation Committee (PIC), until the investigation and suspensions are resolved.

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's strategic policies.

Project Implementation Committee

As mentioned previously, Director DSPPAC assumed the role of Acting Chairman of the Project Implementation Committee (PIC), until the investigation and suspensions are resolved. The PIC has met more regularly since the pandemic and TC Harold. The PIC met once during the period on 13 July 2020 and discussed matters including:

- Review of Mission Draft Aide Memoire
 - Changes to Monitoring and Evaluation Arrangements
- Review progress to date:
 - Part 1: Roads
 - Part 2: Schools
 - Part 3: Public Buildings
 - Part 4: NDRF
 - Matters raised by the World Bank
- Budget Update:
 - Allocations and reallocations
 - Basis of Financial Estimates
 - Basis of use of wash out funds

Notably the PIC Agreed:

1. To refer suggested changes of the June Mission Aide Memoire back to World Bank for finalization.
2. Project has incurred a 7-month delay because of COVID-19 and TC Harold.
3. Part 1: Roads is proceeding well, but removal of bridges has resulted in wash out funds of around VT600 million (including contingency).
4. Part 4: NDRF has stalled because of COVID-19 and TC Harold, but now slowly moving.
5. To reallocate funds from Part 3 to Part 4 for the funding of the NDRF component.
6. To reallocate funds from Part 1 to Part 2 for the funding of the Ambrym Schools (Package 13-15 Ambrym).
7. To refer items 5 and 6 to the World Bank.
8. CERC Workshop – proposed date 12-13 August 2020.

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 (WB) has maintained a good working relationship with the project.

Between 19-20 August 2020, WB conducted a virtual workshop for the implementation of the Contingent Emergency Response Component (CERC), which was considered to be very successful. There will be a follow-up meeting to discuss the following questions, which came out of the workshop for the Government to answer:

- What sort of activities would Government likely want to use CERC for?
- How can it be best used (time and application)?
- What systems need to be in place to use it (e.g. Rapid Needs Assessment, Procurement Arrangements, Positive and Negative Lists, M+E, Reporting)?
- Which agency manages CERC (NRC?)?
- As CERC sits between Relief and Recovery Phases, what is the possible issues/problems faced by the Government?
- Is there a possibility of harmonised approach across all WB funded projects? Is it possible to harmonise other CERC-type facilities with other Aid/Donor agencies?
- How can the private sector help?
- What does the Government need to do to better utilise Private Sector?

Recommendations

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




Key Recommendations from Annual Report	Summary of progress
Recommendation 1: 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.
Recommendation 2: 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.
Recommendation 3: 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.
Recommendation 4: 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.
Key recommendation from QPR 1 – Jan-March 2018	
Recommendation 1: Communications with relevant stakeholders require improvement. PST to develop and implement a communication strategy that meets the requirements for	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

<p>information from politicians, key government agencies, World Bank and general public.</p>	<p>required involving the World Bank TTL to confront these concerns and deal with misunderstandings more generally.</p> <p>Q2/2019: Communications has noticeably improved with regular meetings with Minister and NRC and productions of highly focussed briefs. Q4/2019: Communications are generally considered as good. Q2/2020: An amount of communications has occurred during the period with stakeholders and general public.</p>
<p>Recommendation 2: 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. Q2/2019: Procurement has noticeably improved with delivery of technical packs. 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. 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>Recommendation 3: 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. Q2/2019: Much greater awareness of resilience initiatives, including NDRF. NRC supports the development of the NDRF and Recovery Unit.</p>
<p>Recommendation 4: 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. Q2/2019: New R4D2 team arrived during period, introducing new transition arrangement.</p>
<p>Key recommendation from QPR 3 – Jul-Sep 2018</p>	
<p>Recommendation 1: 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>Recommendation 2: 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. Q2/2019: Pace of procurement has increased, however there has been some time restriction with</p>

	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). Q4/2019: Refer above.
Recommendation 3: 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.
Recommendation 4: 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.
Recommendation 5: PWD must clarify how the IBCs funded under VIRIP will be supervised and trained.	This has occurred. Refer above.
Recommendation 6: 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.
Key recommendation from QPR 1 2019 – Jan-Mar 2019	
Recommendation 1: 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.
Recommendation 2: 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.
Recommendation 3: Capitalisation on good progress in safeguards.	Q1/2019: Exploit opportunities in this area, requiring a strategy agreed leading up to the MTR.
Key recommendation from QPR 2 2019 –Apr-Jun 2019	
Recommendation 1: Relevancy. 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.
Recommendations 2: Governance. 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.
Recommendation 3: Institutional Stream. 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.

Recommendation 4: Perception. 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'.
Recommendation 5: Expectations. 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.
Recommendation 6. Communications. 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.
Recommendation 7. Procurement. 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.
Recommendation 8. M+E. 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.
Recommendation 9. Coordination. 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.
Recommendation 10. IBCs. 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.
Key recommendation from AR 2019 –Jan-Dec 2019	
Recommendation 1. 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.
Key recommendation from Q1 2020 –Jan-Mar 2020	
Recommendation 1. If the CERC Component is activated, conduct a resource and time analysis.	A workshop is scheduled in the next reporting period (August 2020) Q3/2020: Workshop held between 19-20 Aug 2020 and deemed successful.
Recommendation 2. Consider retrieving activities dropped under CERC (if activated) and augment with other activities to support recovery/stimulus efforts.	To be discussed in August 2020. Q3/2020: CERC will probably not be activated at this stage for TC Harold.
Key recommendation from Q2 2020 –Apr-Jun 2020	
Recommendation 1: Monitor the fluid operating environment for VIRIP and consider in future QPRs how this may affect the project.	Q2/2020: Revised results framework provides a sound basis to outline and demonstrate results. Q3/2020: Ongoing

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 (July-September 2020)	CUMULATIVE TOTAL (from project commencement)
PDO: 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. ² 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 last quarter. Two new contracts were tendered covering Malekula (3,462) and Pentecost (718). Another update of the number of people	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 from the last report, 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

² 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%
Total	68832	41%	89966	54%	168098	31%

				accessing road improvements will be provided at the end of the year.	
	# users/beneficiaries with access to schools facilities that have been reconstructed to higher structural safety standards (new construction – classrooms and staff houses) ³	4,600 ⁴	850 (50% boys and girls) – (year 4 PAD target).	Nguna, Pele, Emau = 3 schools consisting of 2 x double classrooms & 1 x staff house. Nakuskasaru, Nuakwanapa, and Greenhill = 3 schools consisting of 3 x double classrooms; 1x staff house & 2 x water tank stands. Kawenu = 1 school consisting of 1 x double classroom + office; toilet block; water tank stand & retrofit of teacher block. A total of 983 students have benefitted in the reporting period.	Etas, Maumau, Eton, Ekiye, Nguna, Pele, Emau, Kawenu, Nakuskasaru, Nuakwanapa, and Greenhill are complete. The total number of students benefiting to date is – 1,689
Intermediate Outcome 1: 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.	No survey 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. A follow-up survey will be completed in mid-2021
Intermediate Outcome 2 - Key policies and strategies to guide future emergency responses developed	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 preparation.
Output 1: Infrastructure Provision 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)	No practical completion in the reporting period. No practical completion in the reporting period.	To date 43.042 km of road improvements have been procured of which 27.629 km have been completed. To date 179 physical enhancements have been procured with 78 completed.

³The 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.

⁴Based 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.

1.2 Schools reconstructed to a higher standard.	# schools with reconstructed classrooms and staff houses constructed each year	40	5 (Year 4 Target in PAD)	7 schools completed in the period. ⁵	As of the end of the reporting period, a total of 11 schools have been completed. At the end of the current reporting period a total of ten(10) contracts have been awarded. Five(5) number of these contracts have reached practical completion
	# new facilities (classrooms, WASH, staff houses) ⁵	117 structures	35 facilities to be completed this year	13 structures (Etas/Maumu which consisted of two schools where a total of three(3) double classrooms with an office were	20 structures have been completed to date.
	# structures that meet standards required for temporary evacuation shelters	37 structures	12 facilities to be completed this year	5 structures completed in the reporting period to standard	9 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)	No public building contracts were completed during the reporting period.	A total of 12 buildings had been completed and a further 8 buildings are under construction.
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	One (1) IBC was procured during the quarter. No IBC's reached practical completion during the quarter	A total of nineteen (19) IBC contracts have been awarded since commencement of project. A total of Eighteen (18) have reached Practical Completion and one (1) is ongoing.
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)	7,152 (6,716 men and 436 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 (24,993 men and 2,833women) In Q3 the cumulative total of 34,978 worker days were generated (31,709 days men, 3,269 women)

⁵Based 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.

⁶ 1.Nguna/Pele/Emau = 3 schools consisting of 2 x double classrooms & 1 x staff house 2. Nakuskaru, Nuakwanapa, and Greenhill = 3 schools consisting of 3 x double classrooms; 1x staff house & 2 x water tank stands 3.Kawenu = 1 school consisting of 1 x double classroom + office; toilet block; water tank stand & retrofit of teacher block

Output 2: Institutional 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	Minor edits to ESMP. The 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.

4. Project 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
% 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 assessed as 76% 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 88% complete. The 2019 AWP is currently 59%. The 2020 AWP sits at 0% mainly because of the COVID-19 pandemic and TC Harold.

Services

Task Name	Cost	% Complete	% Work Complete
Services	\$1,960,425	69%	
S1-01-17 Design and Documentation of Roads	\$320,878	69%	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	50%	60%
S1-07-19 Supervision of 2020-2022 Works	\$497,000	37%	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 has been 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
2017 Annual Works Plan	\$2,985,474	95%	
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
2018 Annual Works Plan	\$5,873,932	85%	
W1-05-18 Pentecost - Improvement to South Pentecost Road	\$2,425,510	49%	10%
W1-06-18 Epi - West Epi Road Improvements - FRC	\$746,210	100%	100%
W1-07-18 Tongoa - Road Improvements	\$622,269	95%	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
2019 Annual Works Plan	\$7,451,319	59%	
W1-16-19 Malekula - Road Improvements	\$3,091,314	41%	0%
W1-17-19 Pentecost - North and Central Pentecost Road Improvements	\$1,400,000	53%	0%
W1-18-19 Erromango Dillons Bay Road Improvements	\$748,000	52%	0%
W1-19-19 Epi - Epi Drainage Improvements	\$748,000	53%	0%
W1-20-19 Tanna - Iatakuhey 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 and expected to be varied as a result of damage associated with TC Harold. North and Central Pentecost Road Improvements was re-rendered, during the period and is under evaluation. Erromango Dillons Bay Road Improvements was contracted during the period Iatakuhey Hill Road Improvements is complete. Imake Hill Road Improvements is complete.

2020 Annual Works Plan

Task Name	Cost	% Work Complete
2020 Annual Works Plan	\$1,710,000	
W1-24-20 Ambrym - West Ambrym Road Improvements	\$252,000	0%
W1-25-20 Efate - Mele Road Improvement	\$1,000,000	0%
W1-26-20 Ambae Nataluhangele Road Improvements	\$458,000	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 are shown above and subject to approval of the Activity Proposal.

Goods

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

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

4.2 Part 2: School Reconstruction and Improvement

Progress Overall

Part 2 is 65% complete (compared to 51% in 2019 Annual Report). Provision of services were generally on track, 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. All activities are now planned, with an approved methodology for prioritization and implementation. However, delays are expected because of the difficulty of shipping and as a result of loss of inter-island ships and the scarcity of building materials as a result of the pandemic.

Services

Task Name	Cost	% Complete	% Work Complete
Services	\$837,568	76%	
S2-01-17 Survey and Documentation of School Buildings	\$315,335	62%	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	94%	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 is nearly complete for the 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.
- Land Registration Officer services are complete.

2018 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
2018 Annual Works Plan	\$5,154,872	70%	
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	58%	0%
W2-07-18 Package 7: Paama - Liro, Lehili, Luvil and Vutekai	\$991,000	32%	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 and evaluated during the period. Tender deemed to have failed because of lack of substantive bidders. Agreed to retender with Package 13 as a slice and package. 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
2019 Annual Works Plan	\$9,828,305	47%	
W2-08-19 Package 8: Tongoa - Malawia, Ere, Nottage, Itakuma and Naworaone	\$603,165	96%	80%
W2-09-19 Package 9: Efate - Kawenu	\$434,601	74%	100%
W2-10-19 Package 10: Malekula - Lonvat Junior High School	\$3,512,906	25%	10%
W2-11-19 Package 11: Aneityum - Teruja High School	\$2,434,690	54%	10%
W2-13-19 Package 13: Ambrym Schools	\$2,323,707	1%	0%
W2-19-19 Package 19: Futuna - Ishia	\$519,236	47%	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 65% (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.

Services

Task Name	Cost	% Complete	% Work Complete
Services	\$815,047	77%	
S3-01-18 Survey and Documentation of Public Buildings	\$458,196	66%	90%
S3-02-18 Supervision of Public Building Works	\$356,851	96%	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
2018 Annual Works Plan	\$816,467	100%	
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
2019 Annual Works Plan	\$3,423,654	60%	
W3-03-18 Package 3: METEO and PWD Buildings	\$467,280	100%	100%
W3-04-19 Package 4: Erromango - Health Buildings	\$886,259	82%	20%
W3-05-19 Package 5: Pentecost - Health Buildings - Loltong and Aute	\$482,321	44%	10%
W3-06-19 Package 6: Pentecost - Health Buildings - Aligu and Bwatnapni	\$402,214	62%	10%
W3-07-19 Package 7 and 11: Pentecost - Health Buildings - Abwatuntora, Melsisi, Ledungsivi and Point Cross	\$1,000,000	16%	0%
W3-08-19 Package 8: Pentecost - Penama Headquarters	\$185,580	61%	10%

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

2020 Annual Works Plan

Task Name	Cost	% Complete	% Work Complete
2020 Annual Works Plan	\$450,000	22%	
W3-09-20 Package 9: Malekula - Norsup Hospital Maternity Ward	\$150,000	22%	0%
W3-10-20 Package 10: Efate - PWD Shefa Headquarters	\$300,000	22%	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
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Services	\$4,339,268	70%	
S4-01-16 Project Manager/Coordinator	\$1,122,200	77%	77%
S4-02-17 Safeguard Specialist	\$804,476	70%	70%
S4-03-17 Procurement Specialist	\$17,589	100%	100%
S4-04-17 Project Accountant	\$212,088	68%	68%
S4-05-17 Monitoring and Evaluation Specialist	\$197,900	68%	68%
S4-06-17 Procurement Specialist	\$420,491	100%	100%
S4-07-18 Contracts Manager	\$791,178	59%	59%
S4-08-18 Procurement Officer	\$47,241	100%	100%
S4-09-18 Junior Accountant	\$39,066	78%	78%
S4-10-18 DRF International Consultant	\$197,200	100%	100%
S4-11-18 Graphic Designer	\$54,890	90%	90%
S4-12-19 NDRF Team Coordinator	\$87,844	59%	59%
S4-13-19 NDRF Recovery Specialist	\$83,153	59%	59%
S4-14-19 DRF International Consultant	\$108,500	58%	58%
S4-15-20 Procurement and Contracts Officer	\$49,250	21%	21%
S4-16-20 Senior Project Officer	\$39,719	19%	19%
S4-17-20 Senior Safeguards Officer	\$66,483	21%	21%

Part 4 is 70% 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
71%	71%	42%	70%	37%

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. It is noteworthy that for the first time, 'Practical Completion' has equalled the 'Time Completion'.

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. This problem was

accentuated by the cancellation of the W1-22-20 Improvements to Key Crossings - Bridges and Culverts (estimated to be USD9.5 Million), resulting in replanning, field inspections, additional designs and documentation and procurement for replacement activities. Because 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 would 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.

If Additional Financing eventuates, there will be a need to review the entire project implementation arrangements.

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
Vanuatu Infrastructure Reconstruction and Improvement Project	\$45,873,805	71%
Part 1: Road Reconstruction and Improvement ALLOCATED	\$20,208,624	76%
Part 2: School Reconstruction and Improvement ALLOCATED	\$15,820,745	65%
Part 3: Public Building Reconstruction and Improvement ALLOCATED	\$5,505,168	65%
Part 4: Project Implementation and Technical Support	\$4,339,268	70%

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 USD48.5 million (compared to USD49.1 million last quarter), representing a gain of USD0.6million since last quarter, but an overall loss of USD1.5 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 has now been secured to fulfil this role.

As agreed during the Mid-Term Review additional resources have been secured to assist with the development of the NDRF and formation of a Recovery Unit, as outlined elsewhere in this report.

4.6 Institutional Stream

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 September 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.

The COVID-19 restrictions on the movement of people substantially shifted the focus and resulted in the National Disaster Recovery Framework team being unable to establish the working groups to generate material for the write up of the policy.

In April TC Harold struck Vanuatu and the Government requested the NDRF team to form the new Recovery Operation Centre (ROC) to lead the process to conduct the Post Disaster Needs Assessment (PDNA) for both COVID-19 and TC Harold.

Lessons learnt during the PDNA for Covid-19 and TC Harold

The shift in the focus and diversion from the NDRF work was not a total loss for NDRF. It was a learning curve for the team to learn from the PDNA process in gathering valuable information which can be fitted into the body of the NDRF. It was an opportunity to advance a number of internal consultation and information sharing on the following:

- Governance and institutional arrangements.
- Gain firsthand experience in facing difficulties, with government systems, gaps in legal instruments during the time of disaster, response and recovery.
- Allows the team members to consult widely with all sectors.

Other major items on lessons learnt

During the engagement with the NDRF team identified a number of issues which are very relevant to the NDRF. The NDRF team consider the lessons learnt during the formation of ROC and consultations with the Government and Private Sector as part of the consultation and experience that would contribute to the write up of the NDRF. The NDRF team documented these challenges for later discussion.

Some of these issues included.

- Disconnection in the legislation. It was discovered that there is no interconnectivity between different laws of the country, starting from the Constitutions to various acts and instruments in addressing the disaster in its entirety. Almost all the laws are not linked to each other for example Article 69 of the Constitution to Disaster Management Act and Public Finance and Economic Management Act have different in coordinating roles with other sectoral acts, such as Education, Health, Agriculture etc.

- There is difficulty in workflows between each Ministry as there is no flow on from Article 69 of the Constitution to the National Disaster Management Act, which should give effect to Article 69 of the Constitution, instead of being a separate act.
- Portfolio Coordination. The situation is being made worse with, the issue placing many departments under different Ministries. The NDMO and NSO, should be an integral part of the Prime Minister's Office, instead they are placed under other Ministries. The workflow therefore is very difficult to coordinate. There is a need for realignment of these institution to ensure smooth coordination and efficiency in the use of resources.
- Administrative Responsibility. There is a distinct lack of leadership at the national level, on who should lead the following phases, (a) Search and Rescue, (b) Rapid Response, (c) Rapid Assessment, and (d) PDNA processes.
- Because of a lack of connectivity, and non-prescriptions of responsibilities, in the legal institutions of the State cannot take the initiative to play the lead role in , coordination, and mobilizing of resources.
- Delay In response Time. The lack of leadership has resulted in delay and untimely responses, of delivery of goods and services to the most needed. It is also difficult to place responsibility, and accountability on institutions, and individuals, the effects of which leads to the lack of corporations between institutions and individuals.

To reflect the interruptions and the lessons learnt, an amended program is being developed with a revised budget for the development of the NDRF. This is expected to be complete in October 2020.

4.7 Project Management

During the quarter, the project has refocussed 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

Additional Financing has taken a prominent role in the reporting period as the GoV looks at options to build upon the achievements of VIRIP and also to address the impacts of TC Harold (and indirectly, the impacts of OVID-19). Following approval and endorsement from the PIC, a draft concept note on AF was prepared. In addition, work on a draft AF design document also commenced during the period.

The design document requires further enhancements and additions and this will continue into the next quarter. A series of meetings between GoV counterparts and WB staff were held also in the period to discuss ideas and approaches to AF. As directed by the NRC, DSPPAC has led the process of development of the AF proposal, supported by the VIRIP PST. Ultimately the decision to progress with AF is dependent upon the approval of the Ministry of Finance and Economic Management (MFEM) in coordination with the World Bank. The PST is continuing to liaise with all relevant partners to support the process and this will also continue into the next quarter.

It is important to note that the AF approach is fully led by the GoV who are driving the strategic intent, geographical focus and the integration of agreed components.

4.9 Financial Management and Performance

The revised Project Value as at 7 October 2020 stands at VT. 5,613,132,743. See Table 1 below.

The budget was reviewed in consultation with the Governance Financial Specialist, World Bank Office and a final copy of the budget framework was emailed to the World Bank.

The foreign exchange rate volatility index was calculated in view of the current financial turbulence in the global financial market. It was uncovered that following this turbulence, the rate in which the

local currency will fluctuate against the US Dollar would be between Vt.15 million to Vt.30 million on a daily basis.

The contingencies (forex, physical and price) were also calculated at a range between 1% to 3%. This gives how much risks can be absorbed by each Part of the Project. See Table 2 below.

The actual expenditure stood at 35% of the Project Value of Vt. 5,613,132,743 and Outstanding Commitment stands at 35%.

Total Commitment and planned expenditure stands at 70%.

Revenue

Total Revenue to date stood at Vt.2,342.7 million. See Graph 2 shows the withdrawal application lodge in the Client Connection to replenished the Designated Account. Disbursement to the Designated Account is associated to the level of fund outflow, that is payment of Commitments.

For Quarter 3, 2020 the Grant received was Vt.55.5 million and Credit Vt.52.3 million that makes a total of Vt.107.8 million.

Expenditure

Total Expenditure to date stood at Vt.2,067.0 million. Source IFR, Q3, Sept 2020. See Table 2 and 3 below. The Closing Balance as at 30th September 2020 stood at Vt.275.6 million.

Table 1: Total Expenditure to Date against Commitment. Source: Contracts Database

	Revised Contracts Budget	Outstanding Balance	Actual Expenditure (2016 to June 2020)	Actual Expenditure, 2017	Actual Expenditure, 2018	Actual Expenditure, 2019	Actual Expenditure (Jan to Sept) 2020
Total Expenditure to Date	3,931,846,693	1,977,696,226	1,987,249,241	262,515	417,218,695	1,041,922,233	527,845,798
Category 1 (Roads Improvement, Schools Improvement and Project Implementation and Technical)		1,726,706,844	1,795,004,300	262,515	404,060,945	898,499,069	492,181,771
Part 1 (Roads Improvement)	1,719,165,294	720,035,595	1,032,228,473	262,515	292,065,415	546,775,058	193,125,485
Part 2 (Schools Improvement)	1,244,862,444	784,921,302	459,941,142	-	3,197,566	222,746,673	233,996,903
Part 4 (Project Implementation and Technical Support)	524,584,632	221,749,948	302,834,685	-	108,797,964	128,977,338	65,059,383
Category 2		250,989,382	192,244,941	-	13,157,750	143,423,164	35,664,027
Part 3 (Public Building Improvement)	443,234,323	250,989,382	192,244,941	-	13,157,750	143,423,164	35,664,027

Graph 1: Expenditure, Disbursement and Commitment

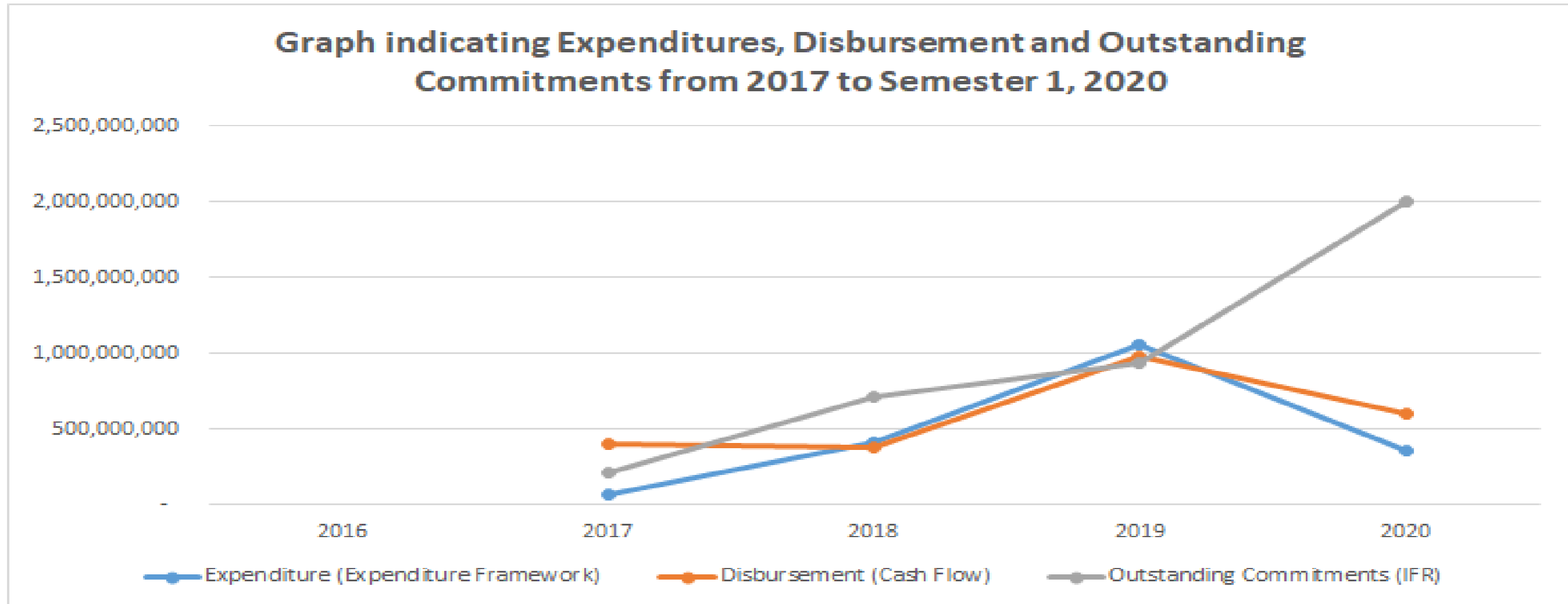


Table 2: Budget and Contingencies

	Project Value (Client Connection), VUV	Total Actual Expenditure Plus Planned Activities (2016 to 2022)	Expenditure to Date	Actual Expenditure, 2017	Actual Expenditure, 2018	Actual Expenditure, 2019	Actual Expenditure, 2020	Total Forecast	Forecast 2020	Forecast 2021	Forecast 2022
New Financing Ceiling as at 6 October 2020	5,608,043,682	5,570,838,672	1,902,349,750	70,516,849	413,185,211	1,061,579,374	357,068,316	3,668,770,305	1,162,748,199	2,386,625,237	119,396,869
Calculated Budget by Category 1 and Category 2	5,608,043,682										
Category 1 (Roads Improvement, Schools Improve	4,878,998,003	4,841,792,993	1,722,602,868	70,516,849	400,027,461	919,621,893	332,436,665	3,119,471,508	954,363,463	2,053,953,906	111,154,139
Part 1 (Roads Reconstruction and Improve	2,916,182,715	2,916,182,715	990,960,200	1,137,472	292,748,317	561,028,644	136,045,767	1,925,718,044	718,040,743	1,200,004,463	7,672,838
(i) Works		2,275,375,993	860,333,378	874,957	269,017,075	475,823,196	114,618,150	1,415,042,615	548,603,817	860,731,478	5,707,320
(ii) Design and Supervision		218,462,353	130,626,822	262,515	23,731,242	85,205,448	21,427,617	87,835,531	46,597,028	39,272,985	1,965,518
(iii) Unplanned Activities		296,263,658	-					296,263,658	96,263,658	200,000,000	-
(iv) Contingencies		126,080,711	-					126,576,240	26,576,240	100,000,000	-
Part 2 (Schools Reconstruction and Improv	1,458,091,357	1,457,721,078	378,014,240	4,482,513	3,541,326	220,789,999	149,200,402	1,079,492,691	228,529,214	777,256,096	73,707,381
(i) Works		1,665,224,659	306,837,223	645,142	343,760	179,193,901	126,654,420	1,358,387,436	441,478,178	844,969,166	71,940,092
(ii) Design and Supervision		93,891,917	71,177,017	3,837,371	3,197,566	41,596,098	22,545,982	22,714,900	15,436,236	5,511,375	1,767,289
(iii) Unplanned Activities		- 333,335,345	-					- 333,335,345	- 228,385,200	- 104,950,145	-
(iv) Contingencies		31,939,847	-					31,725,700	-	31,725,700	-
Part 4 (1) (Project Implementation and Tec	504,723,931	467,889,201	353,628,428	64,896,864	103,737,818	137,803,250	47,190,496	114,260,773	7,793,506	76,693,347	29,773,920
(i) Project Support Team		433,384,035	299,808,490	59,393,753	80,636,484	118,548,295	41,229,958	133,575,545	46,859,170	63,092,174	23,624,201
(ii) Incremental Operating Cost		22,459,333	19,241,997	4,755,109	7,094,955	5,046,535	2,345,398	3,217,336	2,000,000	654,602	562,734
(iii) Vehicle		10,095,525	8,366,559	748,002	3,011,540	3,116,877	1,490,140	1,728,966	1,200,000	146,571	382,395
(vi) Audit		3,132,500	1,212,500		550,000	662,500		1,920,000	900,000	800,000	220,000
Part 4 (2) Technical Support and Capacity Building		53,983,472	24,998,882		12,444,839	10,429,043	2,125,000	28,984,590	12,000,000	12,000,000	4,984,590
Part 4 (3) Unplanned Activity		- 55,165,664	-					- 55,165,664	- 55,165,664	-	-
Category 2: Public Building Reconstruction and Im	729,045,679	729,045,679	179,746,882	-	13,157,750	141,957,481	24,631,651	549,298,797	208,384,736	332,671,331	8,242,730
Part 3 (Public Building Reconstruction and Improvement)											
(i) Works		543,410,407	131,912,661			118,293,705	13,618,956	411,497,746	103,633,216	300,055,470	7,809,060
(ii) Design and Supervision		88,270,626	47,834,221		13,157,750	23,663,776	11,012,695	40,436,405	21,000,000	19,002,735	433,670
(iii) Unplanned Activities		73,613,126	-					73,613,126	60,000,000	13,613,126	-
(iv) Contingencies		23,751,520	-					23,751,520	23,751,520	-	-

Note: This is the Budget Framework that was shared with the World Bank. In this Table, the Budget and the Contingencies are shown for each Part of the Project. However, the expenditure column for 2020 does not include the expenditure for Q3, 2020 but shown in the IFR, Quarter 3, 2020.

Graph 2: Disbursement

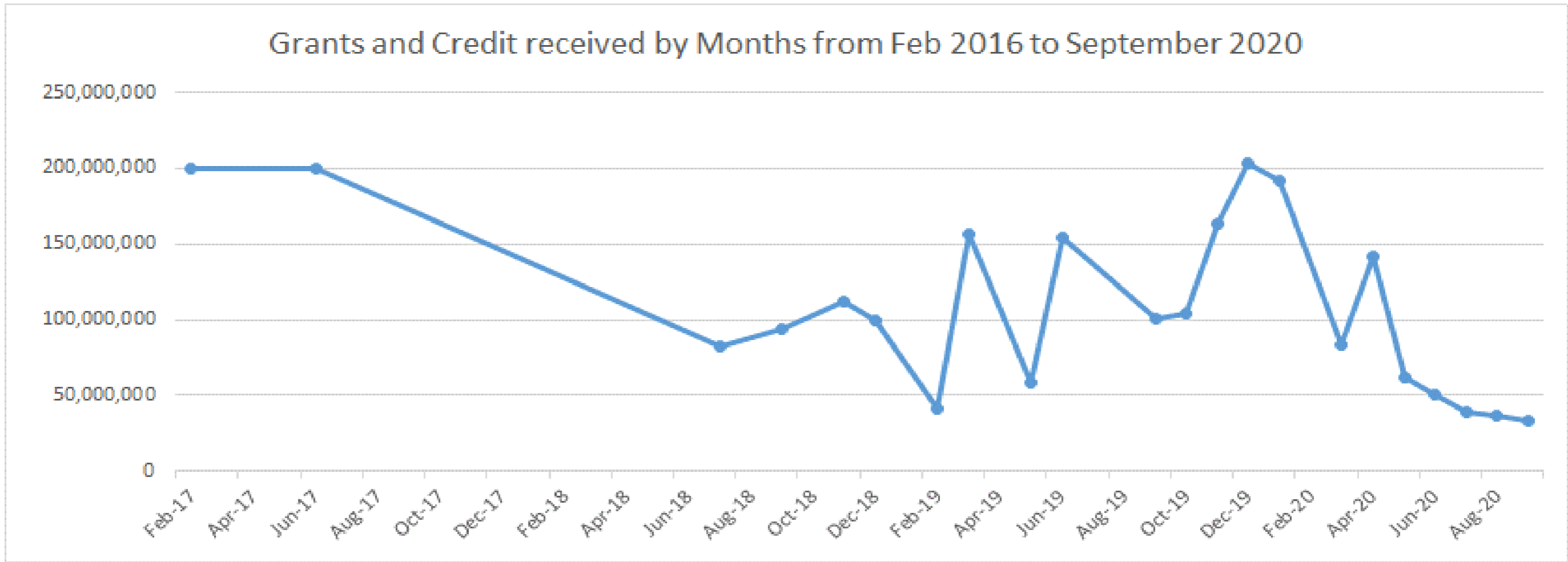


Table 3: IFR, Quarter 3, 2020

Country		Vanuatu											
Implementing Entities		Ministry of Infrastructure and Public Utilities											
Project Name		Vanuatu Infrastructure Reconstruction and Improvement Project											
IDA Number		IDA D1320 - VU											
Credit Number		5847- VU											
Exchange Rate (1 XDR = 160.224677 VUV) as at 29 Sept 2020		160.22											
For Quarter 3 Ended		1 July to September 2020											
Currency		VUV											
		EXPENDITURES					FINANCING						
		ACTUAL REVENUE IN VUV (GRANT & LOAN)											
		Quarter 3	Year to Date	Project to Date	Outstanding Commitments (VUV)	Total Expenditure & Outstanding Commitments (VUV)	Total Project Budget (SDRs)	Total Project Budget - Grant/Credit (USDs)	Total Project Budget - Grant/Credit (VUV)	Variance (Budget - Total Exp and OS Commit)			
Opening Cash Balance													
Designated Account - Reserve Bank of Vanuatu		220,945,178	220,945,178										
Designated Account - Department of Finance and Economic Management													
Counterpart Account - GoV													
Total Opening Balance		220,945,178	220,945,178	0									
WB Funds													
Grant		55,537,730	224,913,423	1,142,005,665									
Credit		52,302,558	350,584,502	1,200,696,788									
Total Source of Funds		107,840,288	575,497,925	2,342,702,453									
Part 1: Roads Reconstruction and Improvement		48,412,685	184,458,952	1,040,088,786	314,374,229	1,354,463,015	24,000,000	25,544,393	4,092,842,118	2,738,379,103			
1.1) Road Sector Assets		13,490,133	127,039,421	869,014,271	243,861,682	1,112,975,953		23,544,393	3,772,392,764	2,659,516,811			
1.2 and 1.3) Design and Supervision		34,922,552	57,419,531	171,074,515	70,512,547	241,487,062		2,000,000	320,449,354	78,862,292			
1.2) Design and Supervision		34,715,704	56,143,321	165,080,011									
1.3) Incremental Operating Cost		206,848	1,276,210	5,994,504									
Part 2: Schools Reconstruction and Improvement		88,696,947	237,897,349	456,838,668	245,961,534	702,800,202	4,000,000	12,772,197	2,046,421,139	1,348,620,937			
2.1) Schools /a		77,691,740	204,261,747	383,059,025	143,286,636	526,345,661		10,772,197	1,725,971,785	1,199,626,124			
2.2 and 2.3) Design and Supervision		11,005,207	33,635,602	73,779,643	102,674,898	176,454,541		2,000,000	320,449,354	143,994,813			
2.2) Design & Supervision		10,719,278	33,265,260	72,023,776									
2.3) Incremental Operating Cost		285,929	370,342	1,755,867									
Part 3: Public Buildings Reconstruction and Improvement		6,626,901	31,258,552	198,246,302	38,408,205	234,654,507	4,260,000	6,386,098	1,023,210,489	788,555,982			
3.1) Public Buildings /b		-	13,618,956	131,423,501	7,209,125	136,632,626		5,386,098	862,985,812	724,353,186			
3.2 and 3.3) Design and Supervision		6,626,901	17,639,596	64,822,801	31,199,080	96,021,881		1,000,000	160,224,677	64,202,796			
3.2) Design & Supervision		6,586,938	17,599,633	64,293,678									
3.3) Incremental Operating Cost		39,963	39,963	529,123									
Part 4: Project Implementation & Technical Support		19,974,012	67,164,508	373,864,955	123,163,590	497,028,545	3,040,000	4,421,145	708,376,530	211,347,985			
4.1) Project Implementation		20,464,589	65,530,085	349,356,650	101,385,378	450,742,028		3,816,755	611,538,337	160,796,310			
4.1.1) Project Staff / c		17,908,699	59,138,657	317,979,704	101,385,378	419,365,082		3,366,755	539,437,232	120,072,151			
4.1.2) Project Vehicles / d		323,651	1,812,791	8,689,210	-	8,689,210		200,000	32,044,935	23,355,725			
4.1.3) Project Operating Cost / e		1,350,614	3,696,012	20,592,611	-	20,592,611		200,000	32,044,935	11,452,324			
4.1.4) Annual Project Audits		882,625	882,625	2,095,125	-	2,095,125		50,000	8,011,234	5,916,109			
4.2) Technical Support		-	490,577	1,634,423	21,778,212	46,286,517		604,390	96,838,193	50,551,676			
4.2.1) Sustainable Maintenance		-	490,577	1,979,423	-	1,979,423		104,390	16,725,854	14,746,431			
4.2.2) Training & Capacity Building		-	-	22,528,882	21,778,212	44,307,094		500,000	80,112,339	35,805,245			
Category 5: Contingency Emergency Response		-	-	-	-	-	0	0	0	0			
Total Use of Funds		163,710,545	520,779,361	2,067,038,711	721,907,558	2,788,946,269	35,300,000	49,123,833	7,870,850,275	5,081,904,007			
Closing Cash Balance													
Designated Account - RBV		165,074,921	275,663,742	275,663,742									
Designated Account - MFEM													
Counterpart Account - GoV													
Closing Cash Balance		165,074,921	275,663,742	275,663,742	721,907,558	2,788,946,269	35,300,000	49,123,833	7,870,850,275	5,081,904,007			
Summary Balance Check and Information													
Calculated Closing Balance		165,074,921	275,663,742	275,663,742									
Closing Balance as per Bank Statement		165,074,921	275,663,742	275,663,742									
Difference		-	-	-									

4.10 Safeguards

Eight activities screening forms were finalised over this quarter including a number of design and scope changes and addressing responses to World Bank queries (in particular for land use arrangements). This larger number reflects the increased number of activity designs coming to completion and moving through the project cycle towards procurement and physical works. The number of ESMPs similarly increased this quarter as did CESMPs for approval. The next quarter should see the remaining ESMPs completed and further CESMPs reviewed for approval as contractors are appointed and begin physical works.

Notable in this quarter was the finalisation of the revised VIRIP ESMP template, reviewed and approved by the Bank's safeguards team. The first ESMP to use the revised template was for Mele Road FRC. Another item of note was the review and approval of the CESMP for Teruja School on Aneityum. This CESMP incorporated a comprehensive erosion control plan for the delicate ground conditions at the school site.

The Senior Safeguards Officer (SSO) was appointed in this quarter (August). Apart from initial orientation, the SSO has also focused on the assessment of safeguards inputs to early stages of the project cycle such as pre-tender meetings. In line with works implementation, the SSO inputs will move increasingly towards activities such as presentations at joint induction meetings, quarterly site audits and community perceptions surveys. The SS is developing a range of tools for the SSO (and CSRs) to use for quality control given limitations from the current SOE.

The Vanuatu response to COVID 19 was to declare a State of Emergency (SoE) on 26 March 2020 which has been extended through 2020. All ESMPs now include COVID 19 provisions and these will be included from Q4 into community induction meetings.

As part of safeguards monitoring the SS reviewed the formal minutes of 34 site reports from CSRs over the quarter in order to help ensure that safeguards continued to be monitored at every site visit. The minutes are a useful way to monitor safeguards performance and if required the SSO will help support and if required correct any Contractors that may be having difficulties with safeguards compliance.

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 mid 2020. However, the current list of upcoming activities for procurement have been impacted by COVID-19:

- W1-16-19 Malekula - Road Improvements. This item was contracted during the period.
- W1-17-19 Pentecost - North and Central Pentecost Road Improvements. This item of procurement was actioned during the period; however, the tender failed as a result of COVID-19/TC Harold and retendered.
- W1-18-19 Erromango Dillons Bay Road Improvements. This item was contracted during the period.

- 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. This item was issued for tender during the period.
- W2-06-18 Package 6: Shepherds - Senecol, Coconak, Worarana, Makira and Mataso. Tender process failed as a result of high tender price. It was agreed to combine this package with Package 14 to attract larger contractors.
- W2-13-15-19 Package 13-15: Ambrym Schools. This package was issued as a slice and package with Package 6 during the period.
- W2-07-18 Package 7: Paama – Vutekai, Liro, Lehili and Luvil. This item of procurement was actioned during the period; however, the AP was delayed due to COVID-19 impacts, then later brought back into the program after some discussions between MoET and VIRIP.
- 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.
- W3-07-19 Package 7: Pentecost Health Facilities. This item of procurement was actioned during the period; however, there were changes to some health centres by MoH and the updated AP was delayed due to 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. However, the financial requirements to the tender documents are quite high for our active contractors and some of the contractors are struggling to be able to meet the threshold for the minimum average annual construction turnover.

It is our observation that this requirement is too high for them at this point of time, as contractors have lost around 5-6 months of work because of Covid-19 and TC Harold. 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. A lessons learned session is proposed for the next quarter and key results and findings will be included in the Annual Report.

6. Monitoring and Evaluation

In the second quarter, 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”.

Following the initial review, the M&E adviser has also initiated a review of other indicators and results. This also involved the development of an infographics dashboard which enables quick presentation and representation of results for key stakeholders. These results will be shared and discussed as part of the VIRIP Annual Report. The pleasing aspect is that VIRIP is on track to exceed its targets across a range of indicators, both at the output and outcome level. This is a pleasing result as it demonstrates and validates the approach of VIRIP and also reaffirms that the initial targets, while ambitious, were appropriate for the scale and scope of the project and the timeframe.

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 facility discussion and decision making. An initial AF draft has also been prepared.

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

7. Conclusions

The impacts of COVID-19, the SoE and impacts of TC Harold continue to influence Vanuatu as a while. VIRIP has continued to work proactively and efficiently in this new environment to continue the delivery of improved and enhanced infrastructure. The progress of work continues to meet targets and schedules.

On-going VIRIP 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 from their remote bases.

The influence and impact of 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. The PIC meeting was delayed during the quarter and will occur in late October 2020.

Additional Financing has taken a prominent role in the quarter and this has involved a series of consultations and meetings with GoV stakeholders and the World Bank. A pleasing result is that the AF process is completely owned and led by the GoV and the PST has been able to support arrangements and facilitate the process. It is hoped that the AF process will be formally initiated and approved during 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.

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 6% of the 2020 works program is complete due to COVID-19. Schools are 62% complete (51% in 2019 Annual Report). In addition, 51% (44% in 2019 Annual Report) of targeted public buildings have been completed. The PST continues to provide support to implementation. Some additional positions have been added. 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.

As VIRIP heads towards the final quarter of the year, the project is confident of continuing to build on results and further consolidate positive and robust relationships as it seeks to support

on-going work and also respond to GoV requests for support to COVID-19 and TC Harold interventions.

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Appendix 1: Works Program

2016 Works Programme - Implementation and Procurement + Baseline								2017	2018	2019	2020	2021	2022		
ID	Task Name	Duration	Start	Finish	Cost	% Complete	Notes	H2	H1	H2	H1	H2	H1	H2	H1
1	Vanuatu Infrastructure Reconstruction and Improvement Project	1643.03 days	Fri 1/07/16	Mon 8/08/22	\$45,873,805	71%									
2	Part 1: Road Reconstruction and Improvement ALLOCATED	1367.68 days	Mon 3/04/17	Fri 29/04/22	\$20,208,624	76%									
3	Services	1347.03 days	Mon 1/05/17	Fri 29/04/22	\$1,960,425	69%									
4	S1-01-17 Design and Documentation of Roads	1145 days	Mon 2/10/17	Fri 31/12/21	\$328,878	69%	Variation approved for additional design wo								
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	50%	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	37%									
69	2017 Annual Works Plan	963.29 days	Mon 3/04/17	Thu 29/10/20	\$3,012,131	98%									
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	95%	Finished								
103	W1-03-17 Malekula - Improvement to Batven Stream (Nerambi) Crossing (3 x IBC)	493.1 days	Mon 30/10/17	Wed 28/08/19	\$101,966	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	2018 Annual Works Plan	1193.35 days	Mon 30/10/17	Tue 5/04/22	\$5,873,932	88%									
130	W1-05-18 Pentecost - Improvement to South Pentecost Road	1054 days	Mon 7/05/18	Tue 5/04/22	\$2,425,510	49%	Mobilised in August 20. Subject to large variations because of 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	100%	Well underway								
174	W1-08-18 Tanna - Lowiaru-Imafen Road Improvement - 1000m FRC	552.19 days	Mon 15/01/18	Fri 31/01/20	\$811,925	99%	Finished								
186	W1-10-18 Pentecost - Ranwadi Point Coastal Road - Retaining Wall (3 x IBC)	257.97 days	Mon 30/10/17	Fri 12/10/18	\$122,085	100%	Finished								
196	W1-11-18 Pentecost - Ranputor Road Improvements (2 x IBC)	131 days	Wed 30/01/19	Thu 25/07/19	\$81,813	100%	Finished								
206	W1-12-18 Pentecost - Vanwoki Hill - FRC (3 x IBC)	258 days	Mon 30/10/17	Fri 12/10/18	\$134,308	100%	Finished								
216	W1-13-18 Efate - Mangaliliu Road Improvements - FRC	356.71 days	Mon 2/04/18	Mon 29/07/19	\$550,520	100%	Finished								
228	W1-14-18 Ambrym Road Improvements (4 x IBC)	535.71 days	Mon 22/01/18	Thu 16/01/20	\$190,363	100%	Finished								
242	W1-15-18 Paama Road Improvements (4 x IBC)	535.71 days	Mon 22/01/18	Thu 16/01/20	\$188,929	100%	Finished								
256	2019 Annual Works Plan	829 days	Fri 1/02/19	Wed 2/03/22	\$7,451,319	59%									
257	W1-16-19 Malekula - Road Improvements	829 days	Fri 1/02/19	Wed 2/03/22	\$3,091,314	41%	Mobilised. Mobilised in August 20. Subject to large variations because of TC Harold.								
275	W1-17-19 Pentecost - North and Central Pentecost Road Improvements	635 days	Fri 1/02/19	Fri 11/06/21	\$1,400,000	53%	Draft Contract - Ready for signing								
287	W1-18-19 Erromango Dillons Bay Road Improvements	453 days	Tue 6/08/19	Fri 9/04/21	\$748,000	52%	Mobilised.								
299	W1-19-19 Epi - Epi Drainage Improvements	671.9 days	Mon 4/02/19	Mon 2/08/21	\$748,000	53%	Bids close 16 Oct 20								
311	W1-20-19 Tanna - Iatakuvey Hill Road Improvements	260 days	Fri 1/02/19	Mon 20/01/20	\$993,029	100%	Finished								
323	W1-21-19 Tanna - Imake Hill Road Improvements	290 days	Fri 1/02/19	Fri 28/02/20	\$470,976	100%	Finished								
335	2020 Annual Works Plan	271 days	Thu 1/10/20	Mon 4/10/21	\$1,710,000	0%									
336	W1-24-20 Ambrym - West Ambrym Road Improvements	271 days	Thu 1/10/20	Mon 4/10/21	\$252,000	0%	Under design								
347	W1-25-20 Efate - Mele Road Improvement	271 days	Thu 1/10/20	Mon 4/10/21	\$1,000,000	0%	Under design								
358	W1-26-20 Ambae Nataluhangele Road Improvements	271 days	Thu 1/10/20	Mon 4/10/21	\$458,000	0%	Conduct design, documentation and procur								
369	Goods	574.87 days	Fri 1/12/17	Mon 20/01/20	\$200,817	100%									
370	G1-01-18 Purchase of 4 Vehicles	359.52 days	Fri 1/12/17	Wed 30/4/19	\$111,596	100%	Finished								
378	G1-02-19 Purchase of Macroad Fibre	171.26 days	Mon 3/06/19	Mon 20/01/20	\$88,821	100%	Finished								

Report End