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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 7.6 MILLION
(US\$10.0 MILLION EQUIVALENT)

TO THE REPUBLIC OF KIRIBATI

FOR AN

ADDITIONAL FINANCING FOR THE

KIRIBATI OUTER ISLANDS TRANSPORT INFRASTRUCTURE INVESTMENT PROJECT

UNDER THE PACIFIC CLIMATE RESILIENT TRANSPORT PROGRAM

July 8, 2024

Transport Global Practice
East Asia and Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective February 29, 2024)

Currency Unit = Australian Dollar (AU\$)

AU\$1.54 = US\$1

US\$1.33 = SDR 1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AF	Additional Financing
ARAP	Abbreviated Resettlement Action Plan
AtoNs	Aids to Navigation
AWPB	Annual Work Plan and Budget
CERC	Contingent Emergency Response Component
D&B	Design and Build
DA	Designated Account
DCC	Development Coordination Committee
DLP	Defect Liability Period
E&S	Environmental and Social
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FM	Financial Management
GAP	Gender Action Plan
GBV	Gender-Based Violence
GHG	Greenhouse Gas
GoK	Government of Kiribati
GRM	Grievance Redress Mechanism
IDA	International Development Association
IPF	Investment Project Financing
KFSU	Kiribati Fiduciary Services Unit
KOITIIP	Kiribati Outer Islands Transport Infrastructure Investment Project
MFED	Ministry of Finance and Economic Development
MICT	Ministry of Information, Communications, and Transport
MISE	Ministry of Infrastructure and Sustainable Energy
MTR	Midterm Review
OIIU	Outer Islands Implementation Unit
PAD	Project Appraisal Document
PDO	Project Development Objective
PIC	Pacific Island Country
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
RP	Resettlement Plan
RPF	Regional Partnership Framework
SCD	Systematic Country Diagnostic
SEAH	Sexual Exploitation, Abuse, and Harassment
SOP	Series of Projects
STEP	Systematic Tracking of Exchanges in Procurement

Kiribati

Additional Financing for Kiribati Outer Islands Transport Infrastructure Investment Project

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**BASIC INFORMATION – PARENT (Kiribati Outer Islands Transport Infrastructure Investment Project - P165838)**

Country Kiribati	Product Line IBRD/IDA	Team Leader(s) Anita Shrestha		
Project ID P165838	Financing Instrument Investment Project Financing	Resp CC IEAT1 (9381)	Req CC EACNF (6680)	Practice Area (Lead) Transport

Implementing Agency: Ministry of Infrastructure and Sustainable Energy, Ministry of Finance and Economic Development, Ministry of Information, Communications and Transport

Is this a regionally tagged project? No	
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Bank/IFC Collaboration No

Approval Date 12-Mar-2020	Closing Date 30-Jun-2026	Expected Guarantee Expiration Date	Original Environmental Assessment Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
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Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)



Development Objective(s)

The PDO is to improve the connectivity, safety and climate resilience of transport infrastructure on Selected Outer Islands, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.

Ratings (from Parent ISR)

	Implementation				
	12-Dec-2021	30-Jun-2022	10-May-2023	04-Aug-2023	07-Feb-2024
Progress towards achievement of PDO	MS	MS	MS	MS	MS
Overall Implementation Progress (IP)	MS	MS	MS	MS	MS
Overall Safeguards Rating	S	S	S	S	S
Overall Risk	S	S	M	M	M
Financial Management	MS	MS	MS	MS	MS
Project Management	S	S	S	S	S
Procurement	MS	MU	MS	MS	MS
Monitoring and Evaluation	S	S	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Additional Financing for the Kiribati Outer Islands Transport Infrastructure Investment Project - P181658)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P181658	Additional Financing for the Kiribati Outer Islands	Cost Overrun/Financing Gap	No



	Transport Infrastructure Investment Project		
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	08-Apr-2024	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
31-Dec-2027	No		
Is this a regionally tagged project?			
No			

Financing & Implementation Modalities

<input checked="" type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)
<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed	
IBRD					%
IDA	30.00	5.66	23.13		20 %
Grants					%

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Additional Financing for the Kiribati Outer Islands Transport Infrastructure Investment Project - P181658)

FINANCING DATA (US\$, Millions)



SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	42.00	10.00	52.00
Total Financing	42.00	10.00	52.00
of which IBRD/IDA	30.00	10.00	40.00
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Development Association (IDA)	10.00
IDA Grant	10.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Kiribati	0.00	10.00	0.00	0.00	10.00
National Performance-Based Allocations (PBA)	0.00	10.00	0.00	0.00	10.00
Total	0.00	10.00	0.00	0.00	10.00

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No

**INSTITUTIONAL DATA****Practice Area (Lead)**

Transport

Contributing Practice Areas**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

PROJECT TEAM**Bank Staff**

Name	Role	Specialization	Unit
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Fiona J Collin	Team Leader		IEAT1
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Victoria Ewura Ekuu Wood	Counsel		LEGAS
Vipasha Bansal	Counsel		LEGAS
Yoichiro Kono	Team Member	Engineer	IEAT1
Extended Team			
Name	Title	Organization	Location



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. **This Project Paper seeks approval for an additional IDA Grant in the amount of SDR 7.6 million (US\$10 million equivalent) to the Kiribati Outer Islands Transport Infrastructure Investment Project (KOITIIP, P165838, IDA Grant D559-KI).** The proposed additional financing (AF) will cover a financing gap emerging from cost overruns of Component 2, which finances infrastructure to improve the safety and resilience of inter-island navigation and intra-island access infrastructure for climate-vulnerable outer islands of Kiribati.

2. **This Project Paper also seeks approval for a Level 2 restructuring** to (a) revise the Component 2 costs; (b) extend the project closing date by 18 months and make associated adjustments to the results indicator target dates, disbursement schedule, and project implementation timeline; (c) amend the implementation arrangements for Subcomponent 2.2(b); (d) drop the intermediate indicator monitoring installation of tide gauges; and (e) revise the disbursement categories of the original financing. The Project Development Objective (PDO), outcome targets, and project scope will remain unchanged. This is the first AF and restructuring of KOITIIP. If approved, the cumulative project implementation period will be seven years and nine months.

B. Country and Sector Context

3. **The Republic of Kiribati is one of the most remote and geographically dispersed countries in the world, and among the most vulnerable to climate change.** The country comprises three island groups: the Gilbert Islands Group, Phoenix Islands Group, and Line Islands Group—dispersed over 3.5 million square miles spanning the western and central regions of the Pacific Ocean. Its population of 119,438 is spread over 22 inhabited islands¹ spanning 3,300 km from east to west. Twenty-one of these islands are small atolls rising on average less than 2 m above sea level. With a total land area of only 811 km² and limited domestic agricultural capacity, Kiribati is heavily dependent on imported goods and food. Due to its small size, Kiribati is included in the World Bank’s Harmonized List of Fragile and Conflict-Affected Situations.

4. **Kiribati’s remoteness has significant and multifaceted impacts on its economic development.** The economy of Kiribati is largely driven by fisheries, agriculture, and remittances from overseas workers. Remoteness, geographical dispersion, small size, and environmental fragility result in higher infrastructure and production costs, which diminish economic diversification and hinder Kiribati’s economic growth. Despite some economic growth, it significantly lags behind other Pacific Islands and low-income countries. This lag is evident in its stagnant real gross domestic product per capita, which remained almost unchanged from 30 years ago, even before the onset of the COVID-19 pandemic.²

5. **More than half of Kiribati’s population resides in the capital of South Tarawa, a small atoll islet facing population-related pressures associated with its limited land and water resources.** South Tarawa provides opportunities for employment, consumption, and access to higher education and specialized services not available elsewhere in Kiribati. Betio Port, the sole international gateway port for the Gilbert Islands Group where 90.5 percent of Kiribati’s population resides, is located on South Tarawa. Given its relative economic development and modernity, South Tarawa is a magnet for internal migration from the

¹ National Statistics Office, Ministry of Finance. 2021. 2020 Population and Housing General Report and Results. Bairiki, Tarawa.

² Nguyen, Anh Thi, and Nico Valckx. *World Economic Outlook*. Washington, DC: International Monetary Fund



outer islands and an important destination for accessing services not available on outer islands. Access to fresh water is particularly challenging, as saltwater intrusion and drought increasingly affect the capital's limited groundwater supplies.

6. **Maritime transport plays a vital role in the economy and the social welfare of the I-Kiribati people.** Owing to its specific geography as a low-lying and widely dispersed island country, Kiribati has extremely high maritime infrastructure needs relative to the size of its population and economy. About 45,000 people reside on the 17 outer islands of the Gilbert Islands Group; these inhabited outer islands span more than 600 km in the western Pacific.³ Despite heavy reliance on connectivity to South Tarawa for critical goods and services, maritime and access infrastructure of the outer islands—such as channels, aids to navigation (AtoNs), jetties, and ramps—are outdated and frequently obsolete. Navigational charts for some of Kiribati's outer islands date to the 1960s.

7. **Intra-island transport is commonly undertaken using small dinghies to cross central lagoons or via causeways linking islets comprising the individual atolls.** The majority of causeways on the outer islands have been built with cement-sand bag revetment walls filled with locally sourced coral aggregates. However, there is considerable variability in the materials used, quality of construction, and condition. Damage or absence of causeways and bridges on outer islands often require alternative crossings by boat, foot, or bicycle.

8. **Kiribati's geographical features, socioeconomic conditions, and environmental factors amplify its susceptibility to climate change.** Kiribati, including its outer islands, is highly exposed to sea level rise, storm surge, and coastal erosion, which threaten to undermine basic infrastructure needed for access to goods and services. Even a minor rise in sea levels can have catastrophic consequences for Kiribati, potentially leading to the submersion of its islands and the displacement of its population.

9. **Coastal erosion, soil degradation, and saltwater infiltration also threaten Kiribati's ability to maintain its territorial integrity and sustain its population.** Coastal erosion, already a visible problem, is intensified by the increased frequency and force of storm surges and other extreme weather events, which will become more common as the climate continues to change. The loss of land not only affects the homes and livelihoods of the I-Kiribati people but also leads to the destruction of critical ecosystems, such as coral reefs and mangroves, which serve as natural barriers against the sea. The islands depend on fragile freshwater lenses that are easily contaminated by saltwater intrusion, a problem that is exacerbated by sea level rise and overextraction. This poses a significant threat to drinking water supplies, sanitation, and agriculture, potentially leading to severe water shortages and undermining food security.

C. Project Background.

10. **KOITIIP was approved by the World Bank Board of Executive Directors on March 12, 2020, with a financing amount of US\$30 million, and declared effective on October 2, 2020.** KOITIIP is co-financed by the Asian Development Bank (ADB) in the amount of US\$12 million, bringing the total financing to US\$42 million. The PDO is “to improve the connectivity, safety and climate resilience of transport infrastructure on Selected Outer Islands, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.” KOITIIP is part of the Pacific Climate Resilient

³ Secretariat of the Pacific Community (2022). Kiribati Census Atlas. Noumea, New Caledonia. Pacific Community.



Transport Program (PC RTP) Series of Projects (SOP), which focuses enhancing climate resilience in the transport sector across the Pacific region.⁴

11. **Co-financing of KOITIIP was adopted by the ADB and World Bank to promote efficient use of concessional resources and reduce the administrative burden on the Government of Kiribati (GoK).** The ADB conducted the feasibility study for KOITIIP. The partnership between the ADB and World Bank enabled the GoK to improve four prioritized outer islands in Kiribati under KOITIIP while reducing project implementation costs for both the GoK and the development partners. The ADB has applied its Alternative Procurement Arrangement Policy, with the World Bank taking on the role of lead co-financier for procurement. Consistent with the Procurement Framework Agreement between the ADB and World Bank, a Project Implementation Agreement has been signed by the World Bank and ADB, outlining the roles and responsibilities of each entity.

12. **KOITIIP is implemented by three ministries in the GoK and their subsidiary entities.** The Ministry of Finance and Economic Development (MFED) is responsible for overall coordination and implementation of KOITIIP. It carries out its technical and coordination roles through the Outer Islands Implementation Unit (OIIU) and its fiduciary functions through the Kiribati Fiduciary Services Unit (KSFU). MFED implements KOITIIP in partnership with the Ministry of Information, Communications, and Transport (MICT), which is responsible for oversight of the maritime sector, and the Ministry of Infrastructure and Sustainable Energy (MISE), which is responsible for basic infrastructure development and maintenance. MFED is also responsible for implementing the Contingent Emergency Response Component (CERC), if activated.

13. **KOITIIP aims to improve the safety and resilience of transport infrastructure on four outer islands of Abaiang, Nonouti, Beru, and Tabiteuea South,** which were prioritized by the GoK based on demography and infrastructure conditions. Key activities include (a) undertaking hydrographic surveys and updating navigational charts to improve navigation safety to the prioritized islands; (b) rehabilitating and improving maritime infrastructure to ensure safe navigation and climate resilience, rehabilitating causeways by MISE through Force Account; and recruiting a Mentoring Firm (engineering consultancy) to support MICT and MISE with implementation of the civil works; and (c) institutional strengthening for project implementation and management of outer island infrastructure, with a focus on climate resilience.

14. The original KOITIIP has the following four components and costs.

- (a) **Component 1: Safe Inter-Island Navigation (US\$7.5 million equivalent).** This component finances hydrographic surveys (by Airborne Laser Bathymetry and vessel-based Multi-Beam Echo Sounder surveys), preparation and publishing of maritime charts focusing on the four prioritized islands, and associated contract management services. The hydrographic surveys will provide data required for preparation of (i) the updated navigational charts to improve ship navigational safety and (ii) climate-resilient civil works designs for maritime and access infrastructure works financed by Component 2. Training and exposure of MICT staff during the delivery of this component will increase hydrographic capacity and long-term self-sufficiency. The enhanced hydrographic capacity for navigation is essential for ensuring operational safety of vessels. Data and capacity building will also lead to more climate-

⁴ The SOP is structured around the transport infrastructure needs of the nine Pacific Island Countries (PICs), which include (a) fully exploiting the available economic opportunities, (b) enhancing access to employment opportunities, (c) protecting incomes and livelihoods, and (d) strengthening the enablers of growth and opportunities.



resilient spatial planning by establishing detailed baselines from which the impacts of climate change on lagoon marine resources, reefs, and coastlines can be monitored.

(b) **Component 2: Resilient Outer Island Access Infrastructure (approximately US\$22.5 million equivalent).** This component finances soft and hard costs associated with improvements to the four outer islands’ infrastructure. Soft activities of this component include (i) engineering studies, including climate resilience measures, and preparation of bidding documents; (ii) preparation of environmental and social (E&S) safeguards instruments; (iii) execution of civil works; (iv) maintenance of project assets; (v) third-party audits for technical and E&S aspects; and (vi) on-the-job training to local unskilled labor for carrying out rehabilitation and routine maintenance of project assets. This component will promote the participation of women and will include project related gender-based violence (GBV) prevention and mitigation measures. It has three Subcomponents.

(i) **Subcomponent 2.1: Improvement of Ship Safety Navigation (approximately US\$2 million equivalent)** finances the design and replacement of existing defective AtoNs, associated supervision costs, and technical assistance to establish a system for their sustainable maintenance. Locations of the new AtoNs will be informed by outputs of Component 1.

(ii) **Subcomponent 2.2: Rehabilitation of Island Access Infrastructure (approximately US\$12.5 million equivalent).** This component will finance the design, construction, and supervision of the following prioritized climate-resilient infrastructure:

- 2.2(a) on Abaiang: construction of a jetty, passenger terminal, and concrete ramp and on Beru: small-scale dredging at Tebikerike, construction of a passenger terminal, and seawall upgrades
- 2.2(b) on Nonouti and Tabiteuea South: construction of small multipurpose maritime facilities, including concrete boat ramp, shelter, and AtoN workshop and small equipment
- 2.2(c) includes engineering studies, capacity development of MISE staff, and quality assurance audits, as well as preparation of E&S safeguards instruments. All infrastructure will be designed to accommodate the needs of women, children, the elderly and disabled.

Table 1. Maritime Facilities under Subcomponents 2.1 and 2.2

Island	Project Activities per Island
Abaiang	Design and construction of AtoNs, floating jetty, concrete boat ramp with winch, and passenger terminal/shelter
Beru	Design and construction of AtoNs and passenger terminal/shelter, rehabilitation to existing seawall and ramp, and small-scale dredging to channel and turning basin
Nonouti	Design and construction of AtoNs and passenger terminal/shelter, AtoN workshop, and boat ramp with winch
Tabiteuea South	Design and construction of AtoNs, passenger terminal/shelter, AtoN workshop, and boat ramp with winch



- (iii) **Subcomponent 2.3: Rehabilitation of Lagoon Crossings (approximately US\$8 million equivalent).** This component finances rehabilitation and upgrading works for existing causeways, including climate-resilient features such as durable wearing course designs, proper drainage, and erosion control and technical assistance and training for maintenance programs, including the participation of women in causeway maintenance. It also finances the accompanying consulting services to support detailed design and delivery, including technical assistance for site investigations; engineering studies; design, construction, and maintenance of the causeways; supervision of works; quality assurance audits; capacity development of MISE staff; and preparation of E&S safeguards instruments. The causeways to be rehabilitated are located on the three Outer Islands of Beru, Nonouti, and Tabiteuea South. Works will be undertaken through Force Account with support of the Mentoring Firm consultancy. A MISE Implementation Manual/Force Account manual will guide technical and administrative aspects of the works.
- (c) **Component 3: Strengthening the Enabling Environment (approximately US\$12 million equivalent)** finances technical assistance to strengthen MICT's and MISE's capacity to manage transport sector assets with a focus on ensuring that they are climate resilient.
 - **Subcomponent 3.1: Institutional Strengthening (approximately US\$2 million equivalent)** provides technical assistance to (i) the Marine Division of MICT for use of a marine spatial database to enable climate-informed maritime operation and (ii) capacity building and mentoring for MISE staff, program licenses, and software.
 - **Subcomponent 3.2: Operational Support for the Outer Islands Implementation Unit (OIU) (approximately US\$5 million equivalent)** finances project management and operational costs—consultants or goods—associated with the implementation of the proposed project and capacity building.
 - **Subcomponent 3.3: Operational Support for the Kiribati Fiduciary Services Unit (KFSU) (approximately US\$ 5 million equivalent)** will strengthen the capacity of the existing KFSU, to provide implementation support to KOITIIP and other IDA-financed or co-financed projects in Kiribati. This subcomponent finances the following activities: (i) operating costs of the KFSU, including salaries; (ii) relevant training; (iii) acquisition of small equipment; (iv) financial audits; and (v) monitoring and evaluation.
- (d) **Component 4: Contingent Emergency Response (US\$0 million equivalent)** provides an option to reallocate uncommitted project funds to support emergency response and reconstruction.

D. Project Implementation Status

15. **KOITIIP has been rated Satisfactory or Moderately Satisfactory for Implementation Progress and Progress Toward Achievement of the PDO since the World Bank Board's approval.** The key challenges facing implementation are the emerging financing gap for maritime works of Subcomponents 2.1 and 2.2 and implementation delays due to factors outside the GoK's control. Due to strong performance of the GoK, KOITIIP is on track to fully achieve the PDO despite these challenges.

16. **Subject to resolution of the financing gap and signing of the pending design and build (D&B) contract for Subcomponents 2.1 and 2.2, KOITIIP is on track to rapidly accelerate disbursements.** The



current commitments stand at US\$10.00 million, and as of February 22, 2024, US\$5.61 million (19.5 percent) of the IDA Grant had been disbursed. If the expected cost escalation for the D&B contract is included in the pending procurements, the combined value of total commitments and ongoing procurements is greater than US\$35 million.⁵

17. **Collection of hydrographic data needed for implementation of most project deliverables has been delayed by the pandemic.** KOITIIP effectiveness was delayed by seven months, until October 2020, pending preparation and execution of the ADB co-financing. Although KOITIIP signed contracts for the hydrographic surveys and related management services⁶ two months after effectiveness, in December 2020, border closures and other restrictions associated with the pandemic lasted about a year longer in Kiribati than in developed countries. As a result, survey data collection could not commence until 2022.

18. **The hydrographic surveys are nearly completed and processed data required for completing project civil works designs is expected to be available in April 2024.** Data collection for Abaiang and Beru is completed. The hydrographic data and the nautical charts are expected to be ready by the end of May 2024 and by December 2024, respectively. The firm is also providing training to MICT staff to become qualified hydrographic surveyors, which is expected to be completed by July 2024. The qualified trainers will provide training to outer islands councils, local communities, and boat users on how to read the navigational charts.

19. **GoK has selected a Mentoring Firm to support MICT and MISE with implementation of project civil works.** Expression of Interest for the Mentoring Firm were published on July 20, 2023, the World Bank provided 'no objection' to the combined evaluation report and draft negotiated contract on February 12, 2024, and the GoK and awarded firm signed the contract on March 1, 2024. The firm is expected to begin mobilizing to Kiribati in the second quarter of 2024. The Mentoring Firm will support MICT with supervision of the D&B contractor and support MISE with implementation of causeway works via Force Account, including preparing causeway designs and safeguards instruments and supporting causeway works implementation.

20. **Procurement of a D&B contract for all project maritime works is at an advanced stage but faces a significant cost overrun.** At the request of the GoK, and due to limited capacity in MISE, installation of facilities on Nonouti and Tabiteuea South (that is, Subcomponent 2.2[b]) was consolidated into the D&B contract, which now includes all maritime civil works, the AtoN workshop, and small equipment.⁷ The cost estimate for Nonouti and Tabiteuea South facilities remained unchanged, despite the likelihood of an international D&B contractor being involved, and the estimated cost of the D&B contract therefore increased from US\$11.5 million to US\$14.0 million. The Request for Proposals and draft technical specifications were finalized on August 9, 2023, the procurement notice was advertised on September 7, 2023, and the financial proposal of the sole qualified bidder was opened on December 8, 2023.

⁵ This includes the Mentoring Firm contract signed on March 1, 2024.

⁶ This includes a contract with a consulting firm for carrying out hydrographic surveys and mapping exercises and a contract for management services with the Primary Charting Authority for Kiribati, the United Kingdom Hydrologic Office (UKHO), to assist MICT with management of the hydrographic survey consultant.

⁷ At appraisal, Subcomponent 2.2(b) the maritime facilities of Nonouti and Tabiteuea South (with the estimated cost of US\$2.5 million) was designed to be implemented by MISE using Force Account. The rationale to include these facilities in the D&B contract was as follows: (a) MISE is overstretched with donor-funded operations in Kiribati after the pandemic and (b) to ensure the design of Nonouti and Tabiteuea South facilities is consistent with facilities of other two outer islands under the D&B. The financing arrangement for Subcomponent 2.2(b) remained the same as in the Financing Agreement.



21. **The technically qualified proposal for the D&B contract, priced at US\$33 million, is US\$19 million higher than the pre-pandemic cost estimate.** Cost escalation is related to limited competition, transport costs and logistical challenges of mobilization of resources to Kiribati and the outer islands, and post-pandemic inflation. Analysis of the proposal suggests that negotiation may bring the cost overrun into alignment with the GoK's request for additional financing (see paragraph 35). The GoK has therefore requested clarifications on the proposal and appointed a specialized engineer to support contract negotiations, which are expected to be concluded in March 2024. The contract is expected to be ready for signature in April 2024, after which the contractor could begin mobilizing to Kiribati before the end of June 2024.
22. **Recognizing the 25 months cumulative delays, the implementing agency, the OIIU, has prepared an accelerated implementation timeline to complete KOITIIP with an 18-month extension.** After accounting for mobilization to Kiribati and then to the outer islands and preparation of the remaining safeguards instruments, the maritime works are expected to be completed in December 2026, with the defect liability period (DLP) ending in December 2027. Causeway rehabilitation is expected to be completed by December 2027. The implementation plan for the remaining project activities is provided in annex 1.
23. **The most critical recruitments and activities under Component 3 are completed.** The GoK has recruited the most critical positions financed by Component 3, including (a) fully staffing the OIIU, (b) filling key staffing requirements of the KSFU, and (c) recruiting five new staff within MICT and MISE to support project implementation and sector management.
24. **Implementation arrangements are in place and functioning.** The Development Coordination Committee (DCC) and Technical Task Force are in effect, and the OIIU and KFSU are staffed. The OIIU Project Manager, as head of the Task Force, is providing technical oversight for implementation of the hydrographic survey and mapping exercise and coordinating procurement processes of the Mentoring Firm and the D&B contract, among recruitment of other technical and non-technical positions. MISE has prepared the draft MISE Implementation Manual (that is, Force Account Manual) outlining administrative, fiduciary, staffing, and technical requirements for carrying out project-financed civil works under Force Account. The MISE Implementation Manual will be finalized with inputs from the Mentoring Firm before commencement of works under Force Account.
25. **KOITIIP is substantially in compliance with legal covenants of the Financing Agreement and the GoK is taking steps to ensure full compliance as soon as possible.**⁸ The MISE Implementation Manual will be finalized with inputs from the Mentoring Firm. Compliance with the remaining covenant is expected upon completion of the joint midterm review (MTR) mission, scheduled for March 21–28, 2024.
26. **Procurement.** The performance of procurement is rated Moderately Satisfactory. Project procurements have been undertaken in accordance with the World Bank Procurement Regulations for IPF Borrowers, issued in July 2016 and revised in August 2018, and using the World Bank's Systematic Tracking of Exchanges in Procurement (STEP) tool. Procurement Plans are updated regularly, and procurement is undertaken considering the prevailing market conditions.
27. Procurement of qualified individuals and firms has been challenging, given Kiribati's limited labor market, remote location, and small market size for engineering and construction services. These market conditions have affected recruitment of a Project Manager, the Mentoring Firm, the D&B contract and

⁸ Annex 2 provides an overview of the status of the covenants.



recruitment of other key staff positions within the OIIU, KFSU, MISE, and MICT. In addition, KOITIIP has faced challenges due to staff turnover between the World Bank-financed projects and other donor-funded projects in Kiribati. Based on the current progress filling key positions under Component 3, the implementing entities for KOITIIP are now sufficiently staffed.

28. The current Procurement Plan includes 50 procurement activities, 35 of which are already awarded. There are currently 12 ongoing procurements, including the D&B contract, and recruitment for eight individual positions within MICT, MISE, OIIU, and KFSU. Table 2 summarizes the status of procurement activities as of February 22, 2024.

Table 2. Procurement Progress Summary (as of February 22, 2024)

Entity	Works		Goods		Individual Consultants		Firms		Total	
	Planned	Awarded	Planned	Awarded	Planned	Awarded	Planned	Awarded	Planned	Awarded
MICT	1	—	1	—	6	4	2	2	10	6
MISE	—	—	4	2	7	3	3	3	14	8
OIIU	—	—	2	—	10	9	—	—	12	9
KFSU	—	—	—	—	14	12	—	—	14	12
Total number of contracts	1	—	7	2	37	28	5	5	50	35

29. **Financial management (FM).** The FM performance rating is Moderately Satisfactory. There are no overdue financial reports, and the interim financial report for the period ending December 31, 2023, was submitted on time and was of acceptable quality. The MISE Implementation Manual contains arrangements and procedures for FM and audit of the Force Account works, which are continually updated as needed. Measures to further improve ongoing FM performance have been agreed and are under initial implementation. A reimbursement of the ADB funds to the World Bank Designated Account (DA), for an expenditure paid from it due to inadequate funds availability in the ADB DA, is expected to be completed by March 31, 2024. The KFSU and OIIU are establishing a monitoring procedure to minimize future delay retiring travel advances and procedures to ensure adequate supporting documents for payment processing. The World Bank provided a conditional clearance to the 2024 revised annual work plan and budget (AWPB) on March 11, 2024.

30. **Environmental safeguards.** Implementation performance of environmental safeguards is rated Satisfactory. KOITIIP is a Category B project and has triggered OP/BP 4.01 (Environmental Assessment) and OP/BP 4.04 (Natural Habitats). The GoK prepared an Environmental and Social Management Framework (ESMF) to provide guidance on due diligence requirements for subprojects and manage the environmental risks and impacts. The ESMF has been accepted by the World Bank and published by the GoK and World Bank. E&S screening of subprojects has commenced in accordance with the ESMF. Based on the results of the final E&S screening reports, additional E&S instruments will be developed before the start of civil works. Environmental instruments related to maritime infrastructure will be prepared by the D&B contractor during the design phase, while the Mentoring Firm will develop instruments for causeway works in coordination with MISE, OIIU, and KFSU.

31. **Social safeguards.** The implementation performance of social safeguards is rated Satisfactory. The project triggers OP/BP 4.12 (Involuntary Resettlement) and the GoK prepared a Resettlement Framework to guide due diligence requirements during project implementation and the preparation of other Abbreviated Resettlement Action Plans (ARAPs) should involuntary resettlement impacts be identified.



The GoK's Resettlement Framework has been accepted by the World Bank and published by the GoK and World Bank. No involuntary land acquisition is anticipated, and other involuntary resettlement impacts are expected to be minor. The project is in compliance with social safeguard policies. Consultations with host communities have been ongoing. The KFSU and OIIU are staffed with E&S staff to screen and guide preparation of relevant social safeguard instruments and action plans. The OIIU staff will prepare resettlement due diligence reports and ARAPs as the works design stage commences.

32. **An effective and accessible grievance redress mechanism (GRM) has been established and is operational in each of the project outer islands.** To date, there have been three grievances, all of which have been resolved.

33. **Gender.** KOITIIP will improve women's access to services and economic opportunities in the outer islands. The project is categorized as Effective Gender Mainstreaming (EGM) for the ADB. The ADB supports the GoK with implementation of a project Gender Action Plan (GAP), and the OIIU reports progress of the GAP quarterly. The GAP includes activities and targets for women's employment in project roles and works and enhancing their participation in consultations. To date, at least 39 percent of participants in community consultations have been women and six skilled positions financed by KOITIIP have been filled by recruiting women. The project will actively promote employment opportunities for local women in construction, especially for causeways and their subsequent ongoing maintenance. The GBV risk for the project is rated moderate in accordance with the World Bank's GBV Risk Assessment Tool, mostly in relation to the geographically dispersed nature of the project. The GBV Action Framework outlines mitigation and response measures for GBV and sexual exploitation, abuse, and harassment (SEAH). Training in the GBV Action Framework, inductions to the Code of Conduct, and refresher courses are being conducted for the implementing entities and consultants engaged in the project.

34. **Citizen engagement.** In 2021, outreach and consultations were held for both men and women to collect information about their concerns and needs in relation to the project maritime works. Nearly 61 percent of participants were women. Key concerns expressed by participants related to the safety of transferring freight offshore, damage to freight, lack of lighting and storage, inadequate maintenance of navigation aids, and high shipping costs. As the design and implementation of maritime and causeway works proceeds, further consultations will be undertaken on each outer island by MICT, the D&B contractor, the Mentoring Firm, and MISE.

35. **In a letter dated February 20, 2024, the GoK requested US\$10 million of additional financing for KOITIIP to cover the emerging financing gap for the D&B contract civil works.** The GoK's letter also requested (a) an 18-month extension of KOITIIP's closing date to allow sufficient time for completion of all project activities and the DLP for the D&B contract before project closing and (b) removal of the intermediate indicator monitoring installation of tide gauges. The GoK will enter caretaker mode in mid-May 2024, ahead of the Spring 2024 elections. As the caretaker government cannot execute borrowing, the GoK will need to confirm availability of financing for the D&B contract before the caretaker period begins.

E. Rationale for the Proposed Additional Financing

36. **KOITIIP continues to be highly relevant to Kiribati's development needs.** The KOITIIP PDO aligns with the most recent Pacific Islands Regional Partnership Framework (RPF, Report No. 120479),⁹ the

⁹ Melgaard, Lasse, Paul Antony Barbour, Franz R. Drees-Gross, Michel Kerf, and Jane Distelhorst Sansbury. *Pacific Islands - Regional Partnership Framework: FY17-FY21 (English)*. Washington, DC: World Bank Group.



Pacific Islands Systematic Country Diagnostic (SCD) Update (Report No. 180998);¹⁰ and Kiribati's national development plan, Kiribati 20-Year Vision 2016–2036. The project focus on improving climate resilience of outer island transport infrastructure closely aligns with the SCD Update finding that the prior RPF continues to be relevant to the Pacific region, but a higher priority needs to be placed upon climate resilience. Safe, reliable, and climate-resilient connectivity to Kiribati's outer islands is critical for supporting the economic development, emergency response, and consumption of outer island residents. Moreover, improving the quality of life in outer islands is an important strategy to reduce migration pressures from outer islands to the capital city of South Tarawa, which is facing challenges supporting a growing population given limited land, water, and agricultural resources.

37. **The D&B contract provides critical maritime safety and resilience improvements benefitting the entire population of the four outer islands and is essential for achievement of the KOITIIP PDO.** Safe and resilient access infrastructure is essential for the outer island residents, who depend on maritime connectivity for access to supplies and services.

38. **Pacific Island Countries (PICs) are experiencing high cost escalations for civil works due to a combination of inflation and limited competition in the post-pandemic period.** After a retrenchment during the pandemic, firms based in larger markets have shown decreased interest in bidding on works in PICs. The rapid cost escalation for KOITIIP civil works is in line with recent experiences of other remote PICs. Kiribati also has high infrastructure costs relative to its size and limited access to non-concessional financing to support those requirements.

39. **Delays to securing the D&B contractor are likely to result in additional costs, and the co-financier, ADB, is unable to provide additional financing to KOITIIP.** If financing for the D&B contract cost overrun is not secured before the GoK enters caretaker mode, the GoK will likely need to rebid the contract. In the current climate of limited competition and high inflation, recent attempts to rebid civil works procurements under other development partner-financed projects in the PICs have generally not resulted in additional bids or lower bid prices, and at times have had the opposite outcomes. This D&B contract will also provide the GoK with an international contractor in the country and the GoK may request additional work to be done at a lower cost due to the contractor already being mobilized.

40. **Extension of the project closing date is appropriate because KOITIIP has performed well despite experiencing delays due to factors outside the GoK's control.** Strong performance of the OIU and KFSU has been a critical factor in KOITIIP's successful implementation to date. After 25 months of cumulative delays due to delayed execution of the co-financing, pandemic-related border closures, and quarantine restrictions, KOITIIP implementation is only 18 months behind schedule.

II. DESCRIPTION OF ADDITIONAL FINANCING

41. **The proposed AF resources are needed purely to cover the emerging financing gap for the D&B contract** for improvements of AtoNs and maritime facilities on Abaiang, Beru, Nonouti, and Tabiteuea South under Subcomponent 2.1 and Subcomponent 2.2 (a) and (b). Restructuring changes introduced in the AF include (a) revising the cost of Component 2 from US\$22.5 million to US\$32.5 million to reflect the cost escalation, as shown in table 3; (b) extending the project closing date by 18 months and making associated adjustments to the results indicator target dates, the disbursement schedule, and the project

¹⁰ World Bank. *Pacific Islands - Systematic Country Diagnostic Update: Growth and Resilience (English)*. Washington, DC: World Bank Group.



implementation timeline; (c) amending the implementation arrangements for Subcomponent 2.2(b), which will be implemented by MICT, and making associated adjustments to the original Financing Agreement; (d) dropping the intermediate indicator monitoring installation of tide gauges; and (e) revising the disbursement categories of the original financing to ensure financial controls for management of both the original and the proposed AF Grant.

42. **As shown in table 3, Component 2 costs would increase by US\$10 million**, resulting in an increase in the share of project financing provided by IDA.



Table 3. Proposed Sources and Uses of Financing (US\$, millions)

Project Component	Original Project Cost	Proposed World Bank AF ¹¹	Revised Cost	Funding Source			
				World Bank Original	ADB	World Bank Revised	World Bank Revised (%)
Component 1. Safe Inter-Island Navigation	7.50		7.50	4.00	3.50	4.00	53
Hydrographic surveying	7.50		7.50	4.00	3.50	4.00	53
Component 2. Resilient Outer Island Access Infrastructure	22.50	10.00	32.50	16.43	6.07	26.44	81
2.1 Improvement of Ship Safety Navigation	2.00	1.60	3.60	1.07	0.93	2.67	74
2.2 Rehabilitation of Island Access Infrastructure	12.50		20.90	7.83	4.67	16.24	78
a) Construction works Abaiang and Beru	9.50	2.50	12.00	5.07	4.43	7.57	63
b) Construction works Nonouti and Tabiteuea South	2.50	5.90	8.40	2.50		8.40	100
c) Mentoring and supervision for Nonouti and Tabiteuea South works	0.50		0.50	0.27	0.23	0.27	54
2.3 Rehabilitation of Lagoon Crossings	8.00		8.00	7.53	0.47	7.53	94
a) Rehabilitation works (Causeways under Force Account)	7.00		7.00	7.00		7.00	100
b) MISE staff mentoring	1.00		1.00	0.53	0.47	0.53	53
Component 3. Strengthening the Enabling Environment	12.00		12.00	9.57	2.43	9.57	80
3.1 Institutional Strengthening	2.00		2.00	1.07	0.93	1.07	54
3.2 Operational Support for the Outer Islands Implementation Unit (OIIU)	5.00		5.00	3.50	1.50	3.50	70
3.3 Operational Support for the Kiribati Fiduciary Services Unit (KFSU)	5.00		5.00	5.00		5.00	100
Component 4. Contingent Emergency Response	—						
Total	42.00	10.00	52.00	30.00	12.00	40.00	77

¹¹ Costs are estimated, pending outcome of the D&B contract negotiations.



43. **Extension of the closing date by 18 months is proposed to enable the GoK to complete the causeway works and the one-year DLP of the D&B contract before project closing.** The revised project implementation timeline is presented in annex 1. It anticipates that maritime civil works will commence in July 2025 and be completed in December 2026, and that causeway works will commence in January 2026 and be completed in December 2027 (see annex 1). Updates to the disbursement projections are included in section VII. Allocation of 18 months to condition assessment, design, preparation of safeguards instruments, and procurement and delivery of materials for causeways is realistic given the logistics challenges related to accessing and working in the outer islands and the lead time required for preparing adequate site-specific safeguards instruments. The extension will also support the co-financing arrangements by aligning the closing dates of the World Bank and ADB financing.

44. **Extension of the project closing date to encompass the entire DLP is required because the retention payment for civil works and final payment for supervision costs are financed by KOITIIP.** These payments can only be made after defects arising during the DLP are addressed by the contractor and their resolution has been validated by the Mentoring Firm and MISE, the DLP has closed, and the Mentoring Firm has completed its supervision activities. Closure of KOITIIP before the end of the DLP would mean that these payments would not be eligible for project financing.

45. **Changes to the Results Framework include (A) removing the intermediate indicator monitoring installation of tide gauges, (B) revising the results indicator delivery dates, and (C) adding the World Bank Group Scorecard indicator for Transport¹² and clarifying the intermediate indicator for causeway designs.¹³** Indicator target dates are proposed to be revised to align with the accelerated implementation timeline in annex 1. The maritime works will be monitored for completion by December 31, 2026, and causeway works will be monitored for completion by December 31, 2027. As tide gauges installed for hydrographic surveys are not permanent and may not be in place at project closing, the implementing agency has requested that this indicator be dropped.

46. **Changes will be introduced to the disbursement categories of the original Grant, IDA- D559-KI, to ensure adequate financial controls for use of the original and additional grants.** Categories 1 and 2 of the existing Grant will be frozen at their current levels of disbursement and activities of Categories 1 and 2 will be segregated into new Categories 7 through 10 according to whether they are financed solely by the original Grant (Categories 7¹⁴ and 8¹⁵) or by both the original and additional grants (Categories 9¹⁶ and 10¹⁷). The Financing Agreement for the additional Grant will require full drawdown of Categories 9 and 10 of the original financing before allowing withdrawal from the corresponding Categories 1 and 2 of the additional Grant.

47. **Project implementation arrangements will be revised to reflect the decision to carry out construction of small multipurpose maritime facilities under the D&B contract.** As the D&B contract will be implemented by MICT, the implementing entity for Subcomponent 2.2(b) will be changed from MISE

¹² In alignment with the World Bank Group Scorecard for Transport adopted in January 2024, the project will incorporate as an intermediate indicator, 'Millions of people that benefit from improved access to sustainable transport infrastructure and services'.

¹³ The original intermediate indicator will be clarified to monitor completion of designs for causeways instead of roads.

¹⁴ Parts 1, 2.2(c), 2.3(b), and 3.1 of the project

¹⁵ Parts 2.3(a) of the project

¹⁶ Parts 2.1, and 2.2(a) of the project

¹⁷ Part 2.2(b) of the project



to MICT. As Subcomponent 2.2(b) will not be implemented under Force Account, arrangements¹⁸ and disbursement conditions¹⁹ of the original Financing Agreement that pertain to the MISE Implementation Manual will be revised to apply to only Subcomponent 2.3(a), ‘causeway rehabilitation’, which will continue to be implemented by MISE. The Project Operations Manual (POM) will be updated to reflect changes to implementation and FM arrangements, as described in paragraphs 46–47. The World Bank Procurement Regulations for IPF Borrowers dated September 2023 will be adopted for the additional grant; no other changes to FM or procurement arrangements are proposed.

III. KEY RISKS

48. **The overall risk rating will continue to be Substantial if the proposed AF and restructuring are approved.** The key risk categories are technical design of the project, fiduciary, and environmental and social, all of which are rated Substantial. The institutional capacity for implementation and sustainability risk, rated High at appraisal, is currently rated Moderate because of several mitigating factors: successful recruitment of key professional staff within the OIIU, KFSU, MISE, and MICT; signing of the Mentoring Firm consultancy; and the performance of the OIIU.

49. **Technical design of project risk (rated High at appraisal) continues to be rated Substantial.** The key technical design risks at appraisal were related to uncertainty about (a) MISE’s capacity to implement causeway works via Force Account and (b) the ability to attract firms given the relative geographic isolation of Kiribati and its outer islands. Preparation of the draft MISE Implementation Manual and the advanced state of procurement of the Mentoring Firm and the D&B contractor significantly reduces these risks. Other risks are as follows: (a) certain environmental conditions such as wave sizes at Abaiang and potential environmental impacts—such as sediment transport risks—associated with maritime and causeway works designs will not be confirmed until design work is undertaken by the D&B contractor and MISE and validated by the Mentoring Firm; (b) hard soil layers could complicate installation of lagoon AtoNs and/or boat ramps, and/or dredging works in Beru; (c) remoteness of the outer islands and related logistics challenges—such as limited flight schedules and limited shipping services—could result in delays to designs and civil works; and (d) introduction or removal of culverts from the existing causeways would increase the complexity of preparation of safeguards instruments. The project further manages these risks by adopting the D&B contracting approach, recruiting international Mentoring Firm consultants, and providing additional time for preparation of safeguards instruments. Despite mitigating factors, these risks may result in replacement of the currently proposed floating structure with a fixed jetty founded on piles (in case operational design waves in Abaiang appear to exceed the floating jetty design thresholds) and/or changes to anticipated structure foundations, facility layouts, and dredging methods—with potential cost for cost escalation.

50. **Fiduciary risk continues to be rated Substantial.** The small pool of local expertise in procurement and FM and challenging market conditions for procurement of firms to execute engineering and civil works services Kiribati continue to pose a substantial fiduciary risk. The most significant fiduciary risks are the uncertainty about the outcome of the D&B contract negotiation and, should the negotiation not succeed, the risks associated with possible rebidding of the contract. World Bank projects implemented in Kiribati have been supported by the KFSU for procurement, FM, and overall coordination. The dedicated FM staffing is currently adequate but needs close monitoring, training, and support to implement the complex

¹⁸ The revised Section I.C. of Schedule 2 to the original Financing Agreement will apply only to Subcomponent 2.3(a).

¹⁹ The condition, in Section III.B.1(b) of Schedule 2 to the Financing Agreement, will apply only to Category 8 of the amended original Financing Agreement.



design effectively. These risks are further mitigated by (a) the proposed AF to close the existing financing gap for the D&B works; (b) support to procurement and FM staff at the KFSU from international specialists and the World Bank; and (c) rollout of a national remuneration framework for development partner-financed projects, beginning in 2023, which is expected to reduce the frequency of staff turnover and help preserve institutional memory.

51. **The combined environment and social risks are rated Substantial.** The environmental risk continues to be rated Substantial. Environmental risk and impacts will be associated with the sourcing of construction materials (aggregates and sand²⁰), potential changes to coastal processes, sedimentation from dredging and installation of culverts to causeways, and removal of old sand-cement bags from causeways (to be confirmed based on further studies) that may alter habitats relying upon for ecosystem services. All impacts will be assessed and managed through the measures defined in the ESMF, Environmental and Social Management Plans (ESMPs), and the POM. The development of safeguards instruments has been included in the D&B and Mentoring Firm contracts to help address safeguards capacity constraints within the implementing entities and ensure timely instrument preparation. The ESMF also includes parameters concerning dredging works to manage potential environmental impacts and ensure that no activities that would be considered as Category A are undertaken by the project. The AF will not include any additional activities and, as a result, will not introduce additional environmental risks and impacts.

52. **The social safeguard risk continues to be rated Moderate.** There is the potential for new land requirements for project works associated with Component 2, which would be arranged based on voluntary leases with the customary landowners. Preparation of screening reports, resettlement due diligence reports, and ARAPs is guided by a Resettlement Framework that follows the World Bank's safeguards policies. A Stakeholder Engagement Plan has been prepared to guide consultation activities. Consultations have been conducted on an ongoing basis with host communities. The GRM is in place and includes complaints receiving contact points in each of the project outer islands. The KFSU and OIIU are currently appropriately staffed with E&S staff and provide safeguards management to screen and guide preparation of relevant social safeguard instruments and action plans. Preparation of resettlement due diligence reports and ARAPs are pending design and not yet due. Performance to date of the parent project has been satisfactory. The AF does not involve additional activities or change of scope.

IV. APPRAISAL SUMMARY

A. Economic Analysis

53. The proposed AF is intended to cover a potential financing gap of the D&B contract (Subcomponents 2.1, 2.2[a] and 2.2[b]), with the total estimated cost for the D&B contract increasing from the (pre-pandemic) estimate of US\$14 million at appraisal to US\$24 million. A cost-effectiveness analysis conducted at appraisal in 2019 was updated for these Subcomponents. It compares alternative investment sites and scopes of work for each of the four islands in qualitative and quantitative (investment and operations and maintenance costs) terms. In summary, the appraisal analysis suggested that a new ramp, shelter, and on-ramp pontoon should be constructed at Taburao, Abaiang rather than at Tabontebike. In Beru, dredging of an approach channel and turning basin in Tebikeriki to allow inter-island vessels to access the shore was considered, as a preferred option as opposed to Taboiaki (south) and

²⁰ Sufficient supplies of aggregate, sand, and freshwater for execution of the project have been confirmed. Residual risks associated with impacts of extraction of resources will be addressed in site-specific safeguard instruments.



Weneete beach (northwest end) sites. Finally, a new shelter, AtoN workshop, and winch with cradle to allow better fabrication and maintenance of AtoNs and maintenance/storage of small boats were proposed for Matang rather than Tamanuku (Nonouti) and Buariki rather than Takuu or Rawa Ni Kabako (Tabiteuea South). The US\$10 million increase in the cost does not change the preferred options because the drivers of the increased cost (limited competition and post-pandemic inflation) would also apply to the alternative interventions. Annex 3 summarizes the updated cost-effectiveness analysis conducted for each island. There is no change in the greenhouse gas (GHG) analysis for maritime works and no change in the cost or GHG analysis for the other project components, as no changes to the project scope are proposed.

B. Technical

54. The proposed AF does not introduce changes to the technical design of the project. The technical design continues to be appropriate for the development needs of Kiribati and the outer islands, the prevailing circumstances, and the implementing capacity of the recipient. The project will improve the Outer Island communities' access to social and economic opportunities through improved resilience and safety of maritime transport and intra-island transport via causeways. The enhanced hydrographic capacity for navigation is essential for ensuring operational safety of vessels in the context of changing climate variables such as prevailing harbor winds, precipitation, and fog and approaching waves and will improve capacity for management of natural resources.

55. The project design and implementation approach are tailored to address the challenges that Kiribati faces as a small island developing state. Co-financing with the ADB enables more flexible use of scarce resources and reduces project implementation costs for the GoK and development partners. D&B contracting was adopted to reduce the risks of working in a remote location, given the likely need to revise the design and construction approach during implementation. The transfer of responsibilities for construction of Subcomponent 2.2(b), maritime facilities of Nonouti and Tabiteuea South, to the D&B contract managed by MICT will ensure overall consistency in the design of all projects maritime facilities. This change also reduces project implementation risks given the high demands placed on MISE and its limited capacity. Use of Force Account for causeway works continues to be appropriate, as communities and MISE have extensive experience with these types of works, which can often be undertaken with limited mechanization because mobilization of firms to the outer islands is costly and building and sustaining domestic civil works capabilities under MISE is an important strategic priority.

56. **Paris alignment.** The proposed AF does not introduce any new activities compared to the parent project, which was approved before the Paris Agreement Alignment, and is not inconsistent with the Paris Alignment principles. The project finances activities related to improvement of ship safety navigation and rehabilitation of island access infrastructure, in which technical studies and activities supporting coastal protection without significant energy-consuming infrastructure are universally aligned and rehabilitation of infrastructure presents low risk on Kiribati's low GHG emissions development pathways, given the country context and consideration of feasible energy efficiency measures, such as on-site solar photovoltaic energy. Risks from climate hazards are also low and considered acceptable, given that there are no changes to the climate change and disaster risk screening conducted for the parent project and risk reduction measures have been incorporated in the project design. Furthermore, a key objective of KOITIIP is to minimize risks from climate hazards through resilient designs.



C. Financial Management

57. Ongoing FM arrangements of the KFSU satisfy the FM requirements stipulated in the World Bank policies and directives on Investment Project Financing. The KFSU, located within MFED, provides the day-to-day FM support and is currently staffed with seven accountants. A dedicated KFSU FM staff conducts the project day-to-day FM activities. Implementation of causeway civil works via Force Account will be undertaken in compliance with the MISE Implementation Manual accepted by IDA. The manual will require adequate FM arrangements for Force Account. A project accountant at MISE will be recruited to support Force Account under Subcomponent 2.2 disbursement and documentation of the Force Account works (that is, the MISE works under Subcomponent 2.3). The clerk will be a consultant funded under the project and will be based in the outer islands during the Force Account implementation. The Force Account manual is to ensure that detailed FM arrangements and procedures are adequately implemented to support project implementation. Annual audits of the project financial statements continue to be carried out with acceptable quality and timeliness. The audited financial statements with the accompanying audit report and Management Letter have been provided to the World Bank within six months of the end of each fiscal year of implementation and made publicly available by the recipient in a manner acceptable to the World Bank according to the 'International Development Association General Conditions for IDA Financing, Investment Project Financing', dated December 14, 2018 (last revised on July 15, 2023).

D. Procurement

58. The original procurement design and implementation arrangements for KOITIIP continue to be appropriate. Use of a combination of traditional procurement and Force Account provides opportunities to leverage national resources appropriately in the project environment. This reflects the need to build the capacity of MISE for what should be core functions—the design of basic infrastructure works and supervision of those works. The lack of a domestic consulting engineering industry further supports this approach. The proposed Additional Financing adopts the World Bank Procurement Regulations for IPF Borrowers dated September 2023. The World Bank Procurement Regulations for IPF Borrowers, issued in July 2016 and revised in August 2018, will continue to apply to the original Grant. This arrangement provides adequate flexibility for the project's procurement requirements. A procurement capacity assessment found that the KFSU staffing continues to be adequate for processing all procurement activities, with technical involvement from the implementing agencies of MISE and MICT to develop specifications and evaluate responses. Key lessons from procurement implementation, which have been adopted and are being carried forward in implementation, are that close monitoring support by the World Bank and increased reliance on international consultant support are often necessary to ensure effective procurement implementation.

59. The OIIU has updated the Procurement plan for the remaining activities of the project and the updated Procurement Plan was accepted by IDA on March 3, 2024. The STEP application will continue to be used to prepare, clear, and update Procurement Plans and conduct all procurement transactions for the AF activities. Accordingly, all the information on the procurement activities for the AF will be entered, tracked, and monitored online through the system. The KFSU's procurement specialist will continue providing support to the OIIU, with additional support from the World Bank if needed.

E. Social (including Safeguards)

60. The project context continues to be characterized by conditions prevailing at appraisal. The existing approach and implementation arrangements for identification and management of social risks



and impacts continue to be appropriate for the project and proposed AF. As the AF and restructuring do not introduce changes to the project scope, additional risks and impacts are not expected. Social risks are moderate and are being mitigated through social action plans, including a Resettlement Framework, Stakeholder Engagement Plan, and an effective GRM.

F. Environment (including Safeguards)

61. There are no changes to the environmental safeguards approach and arrangements for the proposed AF. The original project design adopted a Framework Approach and, as noted in paragraph 30, the GoK's ESMF has been accepted by the World Bank and published by the GoK and World Bank. The AF will not include any additional activities and, accordingly, will not introduce additional environmental risks and impacts. As there are no significant changes to the E&S impacts, the ESMF and design of the E&S systems (including implementation arrangements) continues to be suitable to the project activities and context. Potential environmental impacts are detailed in section III and will be managed in accordance with the ESMF and any other E&S instruments (for example, environmental and social impact assessment/management plans) developed, consulted and disclosed as required by the E&S screening process. The AF relates to cost overrun only and will not result in additional environmental risks or impacts.

G. Gender

62. Women in the Outer Islands will benefit through improved access to social and economic opportunities and work opportunities during the construction phase. Risks for GBV and SEAH are assessed as moderate and are managed through the implementation of a GBV Action Framework developed in accordance with best international practices. Culturally appropriate measures to encourage women's participation as consultants will be adopted to ensure that civil works designs support safe access to services and economic opportunities for women and men in the outer islands.

H. Citizen Engagement

63. The outer island communities will be engaged and consulted through the assessment, design, and implementation stages of the project infrastructure works. Consultations with the outer island residents will be critical to mitigating risks and maintaining stakeholder support, given the relatively small population and land area of outer islands and natural resource constraints. Consultations with residents, who are project beneficiaries, will be vital for the design and implementation of works. Stakeholder engagement plans prepared by the D&B contractor and MISE will be reviewed by the World Bank and Mentoring Firm to ensure that engagement is timely and responsive sensitive to stakeholder needs.

V. WORLD BANK GRIEVANCE REDRESS

64. **Grievance redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the



attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.

VI. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Disbursements Arrangements	✓	
Legal Covenants	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Safeguard Policies Triggered		✓
EA category		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓

VII. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Component 1: Safe Inter-Island Navigation	7.50	No Change	Component 1: Safe Inter-Island Navigation	7.50
Component 2: Resilient Outer Island Access Infrastructure	22.50	Revised	Component 2: Resilient Outer Island Access Infrastructure	32.50
Component 3: Strengthening the Enabling Environment	12.00	No Change	Component 3: Strengthening the Enabling Environment	12.00



Component 4: Contingent Emergency Response	0.00	No Change	Component 4: Contingent Emergency Response	0.00
TOTAL	42.00			52.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D5590	Effective	30-Jun-2026	30-Jun-2026	31-Dec-2027	30-Apr-2028

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed

IDA-D5590-001 | Currency: XDR

iLap Category Sequence No: 1		Current Expenditure Category: GdsWrksNcsCsOcT&W 1,2.1,2.2a,c.2.3b			
8,680,000.00	1,424,452.68	1,424,452.68	53.40	53.40	
iLap Category Sequence No: 2		Current Expenditure Category: GdsWrksNcsCsOcT&W Pts 2.2b and 2.3a			
6,000,000.00	0.00	0.00	100.00	100.00	
iLap Category Sequence No: 3		Current Expenditure Category: Gds Ncs CS OC T&W Pt 3.2			
2,530,000.00	433,671.26	2,530,000.00	70.00	70.00	
iLap Category Sequence No: 4		Current Expenditure Category: Gds Ncs CS OC T&W Pt 3.3			
3,620,000.00	984,497.40	3,620,000.00	100.00	100.00	
iLap Category Sequence No: 5		Current Expenditure Category: Emergenc Exps Part 4			
0.00	0.00	0.00	100.00	100.00	
iLap Category Sequence No: 6		Current Expenditure Category: PPF REFINANCING			



870,000.00	163,332.71	870,000.00		
iLap Category Sequence No: 7		Current Expenditure Category: GdsWrksNcsCsOcT&W Pts1,2.2c,2.3b, 3.1		
0.00	0.00	2,825,547.32		53.40
iLap Category Sequence No: 8		Current Expenditure Category: GdsWrksNcsCsOcT&W Pts 2.3a		
0.00	0.00	4,420,000.00		100.00
iLap Category Sequence No: 9		Current Expenditure Category: GdsWrksNcsCsOcT&W Pts 2.1,2.2a		
0.00	0.00	4,430,000.00		53.40
iLap Category Sequence No: 10		Current Expenditure Category: GdsWrksNcsCsOcT&W Pt 2.2b		
0.00	0.00	1,580,000.00		100.00
Total	21,700,000.00	3,005,954.05	21,700,000.00	

DISBURSEMENT ARRANGEMENTS

Change in Disbursement Arrangements

Yes

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2020	0.00	0.00
2021	380,000.00	380,000.00
2022	470,000.00	850,000.00
2023	2,000,000.00	2,850,000.00
2024	2,870,000.00	5,720,000.00
2025	11,350,000.00	17,070,000.00
2026	14,200,000.00	31,270,000.00



2027	4,800,000.00	36,070,000.00
2028	3,930,000.00	40,000,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● Substantial	● Substantial
Environment and Social	● Substantial	● Substantial
Stakeholders	● Moderate	● Moderate
Other	● Moderate	● Moderate
Overall	● Moderate	● Substantial

LEGAL COVENANTS – Kiribati Outer Islands Transport Infrastructure Investment Project (P165838)

Loan/Credit/TF	Description	Status	Action
IDA-D5590	Section I of Schedule 2 to the Financing Agreement The Recipient shall carry out the Project in accordance with the Implementation Arrangements set out in Section I, Schedule 2 of the Financing Agreement.	Complied with	No Change
IDA-D5590	Section I.A.1 of Schedule 2 to the Financing Agreement The Recipient shall maintain until the Closing Date, the Development Coordination Committee, with a mandate, composition and resources satisfactory to the Association.	Partially complied with	No Change
IDA-D5590	Section I.A.2 of Schedule 2 to the	After delay	Revised



	<p>Financing Agreement</p> <p>The Recipient shall, by no later than 3 months after the Effective Date, establish and thereafter maintain until the Closing Date, a Project Technical Taskforce comprising technical staff representatives from the MISE, MICTTD, Ministry of Internal Affairs, Ministry of Environment, Lands and Agriculture Development, and key personnel from the OIIU, with a mandate, composition and resources satisfactory to the Association.</p>	<p>complied with</p>	
Proposed	<p>Section I.A.2 of Schedule 2 to the Financing Agreement The Recipient shall, by no later than 3 months after the Effective Date, establish and thereafter maintain until the Closing Date, a Project Technical Taskforce comprising technical staff representatives from the MISE, MICT, Ministry of Internal Affairs, Ministry of Environment, Lands and Agriculture Development, and key personnel from the OIIU, with a mandate, composition and resources satisfactory to the Association.</p>	<p>After delay complied with</p>	
IDA-D5590	<p>Section I.A.5 of Schedule 2 to the Financing Agreement</p> <p>The Recipient shall maintain until the Closing Date, the Kiribati Fiduciary Services Unit within the Ministry of Finance and Economic Development, with a mandate, composition and resources satisfactory to the Association.</p>	<p>Complied with</p>	<p>No Change</p>
IDA-D5590	<p>Section I.A.8 of Schedule 2 to the Financing Agreement</p> <p>The Recipient shall by no later than 3 months after the Effective Date, establish and thereafter maintain until the Closing Date, the MISE Implementation Unit, within MISE, with</p>	<p>Complied with</p>	<p>Revised</p>



	a mandate, composition and resources satisfactory to the Association, which shall be responsible for civil works under Parts 2.2(b) and 2.3(a) of the Project.		
Proposed	Section I.A.8 of Schedule 2 to the Financing Agreement. The Recipient shall maintain until the Closing Date, an MISE Implementation Unit within MISE, with a mandate, composition and resources satisfactory to the Association, which shall: (i) be responsible for, inter alia, carrying out day-to-day technical implementation of Part 2.3(a) of the Project.	Complied with	
IDA-D5590	Section I.A.4 of Schedule 2 to the Financing Agreement The Recipient shall by no later than 3 months after the Effective Date, establish and thereafter maintain until the Closing Date, the OIIU within the Ministry of Finance and Economic Development, with a mandate, composition and resources satisfactory to the Association.	Complied with	No Change
IDA-D5590	Section I.B.1 of Schedule 2 to the Financing Agreement By not later than two (2) months after the Effective Date, the Recipient shall prepare and adopt a Project Operations Manual in form and substance satisfactory to the Association.	Complied with	No Change
IDA-D5590	Section I.D.1 of Schedule 2 to the Financing Agreement The Recipient shall prepare and furnish to the Association, by not later than one (1) month after the Effective Date and June 30 of each subsequent year during the implementation of the Project, for the Association’s review and no-objection, an Annual Work Plan and Budget, and ensure that the Project is	After delay complied with	No Change



	implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the Recipient's respective fiscal year.		
IDA-D5590	Section II.2 of Schedule 2 to the Financing Agreement The Recipient shall carry out, jointly with the Association, not later than three years after the Effective Date, or such other period as may be agreed with the Association, a Mid-Term Review for the Project.	Expected soon	No Change
IDA-D5590	Section I.C.1 of Schedule 2 to the Financing Agreement By not later than twelve (12) months after the Effective Date, the Recipient shall prepare and adopt a MISE Implementation Manual in form and substance satisfactory to the Association.	Partially complied with	Revised
Proposed	Section I.C.1 of Schedule 2 to the Financing Agreement. By not later than (3) three months after the Effective Date of Grant No. E309-KI, providing additional financing to the project, the Recipient shall prepare and adopt a MISE Implementation Manual in form and substance satisfactory to the Association.	Not yet due	
IDA-D5590	Section I.A.6 of Schedule 2 to the Financing Agreement The Recipient shall vest the responsibilities on technical implementation of: (i) Parts 1, 2.1, 2.2(a), and 2.2(b) of the Project in MICT; and (ii) Part 3.1 jointly in MICT and MISE, all in accordance with the provisions of this Agreement and the Project Operations Manual.	Complied with	New
IDA-D5590	Section I.A.7 of Schedule 2 to the Financing Agreement	Complied with	New



The Recipient shall vest the responsibilities on technical implementation of: (i) Parts 2.2 (c) and 2.3 of the Project in MISE; and (ii) Part 3.1 of the Project jointly in MISE and MICT, all in accordance with the provisions of this Agreement, the Project Operations Manual and the MISE Implementation Manual.

LEGAL COVENANTS – Additional Financing for the Kiribati Outer Islands Transport Infrastructure Investment Project (P181658)

Sections and Description

Sections I.B.1. of Schedule 2 of the Financing Agreement. By not later than one (1) month after the Effective Date, (or such later date which the Association has confirmed in writing is acceptable to the Association in its sole discretion), the Recipient shall prepare and adopt an updated Project Operations Manual in form and substance satisfactory to the Association. The Recipient shall thereafter ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	Paragraph 4.01 of Article IV of the Financing Agreement. The Additional Condition of Effectiveness consists of the following, namely that the Amendment Letter has been executed and delivered on behalf of the Recipient.

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Kiribati

Additional Financing for the Kiribati Outer Islands Transport Infrastructure Investment Project

Project Development Objective(s)

The PDO is to improve the connectivity, safety and climate resilience of transport infrastructure on Selected Outer Islands, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Improve connectivity of transport infrastructure on Selected Outer Islands (Action: This Objective has been Revised)										
Population served with improved access to social and economic services (Number)		0.00	0.00	0.00	0.00	0.00	0.00	2,500.00	5,000.00	11,600.00
Action: This indicator has been Revised	Rationale: <i>The updated project implementation timeline anticipates completion of maritime infrastructure by December 31, 2026.</i>									
Improve safety of transport infrastructure on Selected Outer Islands										
Boat crews that have up-to-date maps and understand aids to navigations (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00	50.00	100.00	100.00

Indicator Name	PBC	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Action: This indicator has been Revised	Rationale: The revised delivery dates reflect the updated project implementation timeline. Charts will be finalized by December 2024 and dissemination will occur in 2025-26.									
Improve resilience of transport infrastructure on Selected Outer Islands										
Villages served by causeways rehabilitated with climate resilience measures (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	24.00
Action: This indicator has been Revised	Rationale: The updated project implementation timeline anticipates completion of causeway works by December 31, 2027.									

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Component 1: Safe Inter-Island Navigation										
Nautical charts on maritime access routes to the project islands prepared and available to public (Number)		0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00
Action: This indicator has been Revised	Rationale: The updated project implementation timeline anticipates navigational charts will become available in January of 2025 and distributed thereafter.									

Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Tide gauges installed (Number)		0.00	0.00	0.00	1.00	2.00	3.00		4.00
Action: This indicator has been Marked for Deletion	Rationale: <i>This indicator is deleted because permanent tide gauges are not required for the project works designs, and temporary tide gauges installed during implementation will not remain in place until project closing.</i>								
Component 2: Resilient Outer Island Access Infrastructure									
New navigation aids (AtoN) installed and operational, and existing ones replaced (Number)		0.00	0.00	0.00	0.00	0.00	0.00	20.00	30.00
Action: This indicator has been Revised	Rationale: <i>The updated implementation timeline indicates that AtoN installation will take place from June 2025 to December 2026.</i>								
Jetties constructed and operational (Number)		0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Action: This indicator has been Revised	Rationale: <i>The updated implementation timeline anticipate jetty construction will take place from June 2025 to December 2026.</i>								
Multipurpose maritime facilities constructed or rehabilitated, and in use, with climate resilience measures (Number)		0.00	0.00	0.00	0.00	0.00	0.00	2.00	3.00
Action: This indicator has been Revised	Rationale: <i>The updated implementation timeline anticipate these facilities will be constructed between June 2025 to December 2026.</i>								



Indicator Name	PBC	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Causeways rehabilitated with climate resilience measures (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	8.00
Action: This indicator has been Revised	Rationale: <i>The updated implementation timeline anticipate causeway works will take place from January 2026 to December 2027.</i>									
People that benefit from improved access to sustainable transport infrastructure and services (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00	11,600.00
Action: This indicator is New	Rationale: <i>The indicator monitors Transport sector impact for the World Bank Group Scorecard adopted in January of 2024.</i>									
Number of beneficiaries who are female (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00	5,956.00
Action: This indicator is New	Rationale: <i>This breakdown indicator provides breakdown by gender for the corporate scorecard.</i>									
Number of Beneficiaries who are youth (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00	5,892.00
Action: This indicator is New	Rationale: <i>This breakdown indicator monitors the number of beneficiaries who are youth for the corporate scorecard.</i>									
Number of beneficiaries who are disabled (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	308.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
<i>Action: This indicator is New</i>	<i>Rationale: This breakdown indicator monitors the number of beneficiaries who are disabled for the corporate scorecard.</i>								
Component 3: Strengthening the Enabling Environment									
MISE staff who received training from mentoring firm (Number)	0.00	0.00	0.00	0.00	0.00	5.00	5.00	5.00	5.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: The intermediate target dates are revised to reflect the updated schedule for mobilizing the Mentoring Firm.</i>								
Road works designs done by MISE with climate resilient features (Yes/No)	No	No	No	No	No	No	Yes	Yes	Yes
<i>Action: This indicator has been Revised</i>	<i>Rationale: The updated project implementation plan anticipates that causeway designs will be prepared from January to December of 2025.</i>								
Relevant training delivered to implementing agencies project staff including all eligible women (Number)	0.00	0.00	0.00	3.00	4.00	9.00	9.00	9.00	10.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: The intermediate targets are revised to reflect the updated project implementation timeframe.</i>								
Pilot one all-female routine maintenance team for causeway/maritime	No	No	No	No	No	No	No	Yes	Yes

Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
facilities (Yes/No)									
Action: This indicator has been Revised	Rationale: <i>The indicator is updated to reflected the adjusted timeframe for causeway works.</i>								
Transactions completed by KFSU specialists within service standards outlined in KFSU Operations Manual (Percentage)	0.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Action: This indicator has been Revised	Rationale: <i>An intermediate target date is added and the end target date is revised to reflect the extended project implementation period.</i>								
Grievances resolved within the stipulated service standards (Percentage)	0.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Action: This indicator has been Revised	Rationale: <i>An intermediate target date is added and the end target date is revised to reflect the extended project implementation period.</i>								
Number of line ministry staff and consultants who have achieved improvement in skills/knowledge as a result of capacity building delivered by the KFSU compared to a pre-training baseline (Number)	0.00	10.00	20.00	40.00	50.00	70.00	70.00	70.00	80.00



Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Action: This indicator has been Revised	Rationale: An intermediate target date is added and the end target date is revised to reflect the extended project implementation period.								
Improved perception of quality of service: Percentage of line ministry project managers/coordinators who rate quality of service/advice received from KFSU as 'satisfactory' or above (Percentage)	0.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Action: This indicator has been Revised	Rationale: An intermediate target date is added and the end target date is revised to reflect the extended project implementation period.								
Component 4: Contingent Emergency Response									
Adoption of CERC Manual (Yes/No)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Action: This indicator has been Revised	Rationale: An intermediate target date is added and the end target date is revised to reflect the extended project implementation period.								
Citizen Engagement									
Grievance registered related to delivery of project benefits that are addressed (Percentage)	0.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Action: This indicator has been Revised	Rationale: An intermediate target date is added and the end target date is revised to reflect the extended project implementation period.								

Indicator Name	PBC	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Population served with improved access to social and economic services	Population on Selected Outer Islands served with improved access to social and economic services.	Annual.	Annual reports.	Population census of persons on Selected Outer Islands.	OIIU
Boat crews that have up-to-date maps and understand aids to navigations	Percentage of boat crews on the project targeted outer islands that have up-to-date maps and understand aids to navigations.	Annual	Annual reports based on surveys.	Surveys will be carried out to determine the percentage of boat crews on the project targeted outer islands that have up-to-date maps and understand aids to navigations.	OIIU and MICT
Villages served by causeways rehabilitated with climate resilience measures	Percentage of boat crews on the project targeted outer islands that have up-to-date maps and understand aids to navigations.	Annual	Annual reports	The villages will be checked for presence of causeways with climate resilience measures	MISE and OIIU



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Nautical charts on maritime access routes to the project islands prepared and available to public	Number of nautical charts on maritime access routes to the project islands prepared and available to public.	Annual	Annual reports	The OIIU will report based on contractor/consultant reporting documents, MICT reports and site visits.	MICT/OIIU
Tide gauges installed		Annual	Annual reports	The OIIU will report based on contractor/consultant reporting documents, MICTTD reports and site visits.	MICTTD/OIIU
New navigation aids (AtoN) installed and operational, and existing ones replaced	Number of new AtoNs installed and operational, plus number of existing ones replaced.	Annual	Annual reports	Report based on contractor/consultant reporting documents, MICT reports and site visits.	MICT/OIIU
Jetties constructed and operational	Number of jetties constructed and operational.	Annual	Annual reports	The OIIU will report based on contractor reporting documents, MICT reports and site visits.	MICT/OIIU

Multipurpose maritime facilities constructed or rehabilitated, and in use, with climate resilience measures	Number of multipurpose maritime and maintenance facilities constructed and in use.	Annual	Annual reports	The OIIU will report based on contractor reporting documents, MISE/MICT reports and site visits.	OIIU/MISE/MICT
Causeways rehabilitated with climate resilience measures	Meters of rehabilitation of causeways with climate resilience measures.	Annual	Annual reports	The number of causeways rehabilitated with climate resilience measures (i.e., proper drainage and erosion protection) will be measured	MISE
People that benefit from improved access to sustainable transport infrastructure and services	It monitors the number of people that experience improved access to sustainable transport infrastructure or services that have been built or rehabilitated through financed or guaranteed interventions.	Annual	Baseline data is from the 2020 Kiribati census. Updated data will be drawn from public sources as population data updates are available.	The Outer Islands Implementation Unit will source periodic updates to population data.	Outer Islands Implementation Unit
Number of beneficiaries who are female	The number of beneficiaries of project transport infrastructure and services who are female.	Annual	Kiribati census and household surveys	Kiribati census and household surveys	OIIU

Number of Beneficiaries who are youth	This indicator provides the number of youth (age 0-15 years, as defined by the Kiribati Census) for the corporate scorecard.	Annual	Kiribati census and household surveys	Kiribati census and household surveys	OIIU
Number of beneficiaries who are disabled	This indicator provides the breakdown by disability status for the corporate scorecard.	Annual	Kiribati census and household surveys	Kiribati census and household surveys	OIIU
MISE staff who received training from mentoring firm	This indicator monitors the number of staff in MISE receiving direct mentoring and Training from the Mentoring Firm staff.	Annual	Annual reports	Counting staff numbers being trained by mentoring firm	OIIU/MISE
Road works designs done by MISE with climate resilient features	Measures whether or not road works designs are being done by MISE with climate resilient features. MISE to be supported by mentoring firm.	Annual	Annual reports	MISE self-assessment and mentoring firm peer assessment.	MISE/OIIU
Relevant training delivered to implementing agencies project staff including all eligible women	Relevant training for project staff including all eligible women staff delivered.	Annual	Annual reports	OIIU review of project trainings delivered to implementing agencies and stakeholder ministries	OIIU
Pilot one all-female routine maintenance team for causeway/maritime facilities	Pilot one all-female routine maintenance team for causeway/maritime facilities.	Annual	Annual reports	Consult island clerks, MICT and MISE force account administration	OIIU/MISE/MICT

Transactions completed by KFSU specialists within service standards outlined in KFSU Operations Manual	Transactions completed by KFSU specialists within service standards outlined in KOITIIP Project Operations Manual.	Quarterly	Quarterly reports	Review planned procurement periods vs. actual in STEP	KFSU, with oversight by OIIU
Grievances resolved within the stipulated service standards	The project's grievance redress mechanism (GRM) defines service standards for responding to and ideally resolving complaints. The indicator checks if the grievance redress mechanism (GRM) fulfills, annual on average, the defined service standards for responding to and resolving grievances.	Annual.	GRM register.	OIIU tracking of GRM grievances registered and addressed.	OIIU
Number of line ministry staff and consultants who have achieved improvement in skills/knowledge as a result of capacity building delivered by the KFSU compared to a pre-training baseline	Number of line ministry staff and consultants who have achieved improvement in skills/knowledge as a result of capacity building delivered by the KFSU compared to a pre-training baseline.	Annual	Annual reports	Annual reports	OIIU
Improved perception of quality of service: Percentage of line ministry project managers/coordinators who rate quality of service/advice received from KFSU as 'satisfactory' or above	Line ministry project managers/coordinators who rate quality of service/advice received from KFSU as 'satisfactory'	Quarterly	Quarterly reports	Quarterly perception surveys	KFSU

	or above.				
Adoption of CERC Manual	A manual is prepared and formally adopted on how to trigger and implement the CERC of the project.	Annual.	CERC Manual	The indicator checks if the CERC manual was adopted	OIIU
Grievance registered related to delivery of project benefits that are addressed	Grievances registered related to delivery of project benefits that are actually addressed.	Continuous (GCLS); quarterly project progress reports	GCLS online tool and project progress reports	GCLS online tool and project progress reports	OIIU



Annex 1. Updated Project Implementation Plan

KOITIP COMPONENTS	2021				2022				2023				2024				2025				2026				2027				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Component 1: Safe Inter-Island Navigation	Component 1																												
Hydrographic Survey	UKHO Contract - Support GoK to manage the hydrographic survey and produce Navigational Charts																												
					Procurement of the Surveying Firm					Data Collection					Data cleaning & processing	Production of Charts													
Component 2: Resilient Outer Island Access Infrastructure	Component 2																												
Sub-Component 2.1: Improvement of ships safety Navigation (AtoNs)									Procurement of D&B					Detailed design & Site-Specific Safeguards documents	shipped materials					Construction					DLP				
Sub-Component 2.2: Rehabilitation of Island Access Infrastructure																													
a) Construction works Abaiang and Beru																													
b) Construction works Nonouti and Tab South																													
c) MISE staff Mentoring & supervision of construction work (Nonouti)																													
Sub-Component 2.3: Rehabilitation of Lagoon Crossings (Causeways)									Procurement of Mentoring Firm					conditional assessment to causeways	Prioritization of causeways followed by Detailed design & preparation of site-specific safeguards documents	Procurement and shipment of materials to the isolated Outer Islands					rehabilitation								
a) Rehabilitation works (Force Account)																													
b) MISE Staff Mentoring for Managing Outer Island Civil Works																													
Component 3: Institutional Strengthening & Operational Support	Component 3																												
Institutional Strengthening for MICT & MISE	Institutional Strengthening for MICT & MISE																												
Operational support for OIIU	Contract Management, M&E, Safeguards Compliance, etc																												
Operational support for KFSU	Procurement, Safeguards, and Financial Management supports to KOITIP and other ongoing WB projects																												

Source: OIIU.



Annex 2. Status of KOITIP’s Compliance with Legal Covenants as of February 15, 2024

Loan/Credit	Description	Status
IDA-D5590	Section I of Schedule 2 to the Financing Agreement The Recipient shall carry out the Project in accordance with the Implementation Arrangements set out in Section I, Schedule 2 of the Financing Agreement.	Complied with
IDA-D5590	Section I.A.1 of Schedule 2 to the Financing Agreement The Recipient shall maintain until the Closing Date, the Development Coordination Committee, with a mandate, composition and resources satisfactory to the Association.	Complied with after delay The DCC, which is mandated by the Cabinet, has been operating effectively since project effectiveness, and the OIIU shared the DCC terms of reference with the World Bank on January 28, 2024.
IDA-D5590	Section I.A.2 of Schedule 2 to the Financing Agreement The Recipient shall, by no later than 3 months after the Effective Date, establish and thereafter maintain until the Closing Date, a Project Technical Taskforce comprising technical staff representatives from the MISE, MICTTD, Ministry of Internal Affairs, Ministry of Environment, Lands, and Agriculture Development, and key personnel from the OIIU, with a mandate, composition and resources satisfactory to the Association.	Complied with after delay The Technical Task Force is functioning well.
IDA-D5590	Section I.A.5 of Schedule 2 to the Financing Agreement The Recipient shall maintain until the Closing Date, the Kiribati Fiduciary Services Unit within the Ministry of Finance and Economic Development, with a mandate, composition and resources satisfactory to the Association.	Complied with
IDA-D5590	Section I.A.8 of Schedule 2 to the Financing Agreement The Recipient shall by no later than 3 months after the Effective Date, establish and thereafter maintain until the Closing Date, the MISE Implementation Unit, within MISE, with a mandate, composition and resources satisfactory to the Association, which shall be responsible for civil works under Parts 2.2(b) and 2.3(a) of the Project.	Complied with
IDA-D5590	Section I.A.4 of Schedule 2 to the Financing Agreement The Recipient shall by no later than 3 months after the Effective Date, establish and thereafter maintain until the Closing Date, the OIIU within the Ministry of Finance and Economic Development, with a mandate, composition and resources satisfactory to the Association.	Complied with
IDA-D5590	Section I.B.1 of Schedule 2 to the Financing Agreement By not later than two (2) months after the Effective Date, the Recipient shall prepare and adopt a Project Operations Manual in form and substance satisfactory to the Association.	Complied with
IDA-D5590	Section I.D.1 of Schedule 2 to the Financing Agreement The Recipient shall prepare and furnish to the Association, by not later than one (1) month after the Effective Date and June	Complied with after delay IDA accepted the 2024 AWPB on



Loan/Credit	Description	Status
	30 of each subsequent year during the implementation of the Project, for the Association’s review and no-objection, an Annual Work Plan and Budget, and ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the Recipient's respective fiscal year.	March 11, 2024.
IDA-D5590	Section II.2 of Schedule 2 to the Financing Agreement The Recipient shall carry out, jointly with the Association, not later than three years after the Effective Date, or such other period as may be agreed with the Association, a Mid-Term Review for the Project.	Expected soon The MTR for mission is scheduled from March 21 to 28, 2024.
IDA-D5590	Section I.C.1 of Schedule 2 to the Financing Agreement By not later than twelve (12) months after the Effective Date, the Recipient shall prepare and adopt a MISE Implementation Manual in form and substance satisfactory to the Association.	Substantially complied with The implementing agencies have prepared the MISE Implementation Manual/Force Account Manual, which will be finalized with inputs from the Mentoring Firm.



Annex 3. Updated Cost-Effectiveness Comparison for Maritime Infrastructure

Island	Cost-Effectiveness Comparison of Alternative (US\$, millions)					Explanatory Notes and Justification for Selected Alternative
	Bolded Options are Selected for Implementation					
Abaiang	Alternatives	Tabontebike Jetty and Ramp	Taburao Jetty and Ramp			Explanation: Taburao was selected for cost and location
	Investment	8.2	6.2	—	—	Taburao has lower investment costs. Taburao is located in the center of village. Feasibility of Tabontebike jetty is questionable.
	Operation and maintenance	0.1	0.1			
	Total cost	8.3	6.3			
Beru	Alternatives	Tebikeriki (north) Channel Dredging and Shoreline improvements	Taboiaki (South) Channel Dredging	Weneete (northwest end)		Explanation: Tebikeriki was selected for safety, siltation, costs, and feasibility.
	Investment	5.7	3.4	10.4	—	Tebikeriki has the second lowest investment cost and lowest maintenance costs. Taboiaki channel is known to be unsafe and has siltation issues (dredged already in 2018). Weneete is cost prohibitive and feasibility is questionable.
	Operation and maintenance	0.1	1.8	0.1		
	Total Cost	5.8	5.2	10.5		
Nonouti	Alternatives	Matang Multipurpose Maritime Facility	Tamanuku Jetty and Ramp	—	—	Explanation: Matang is chosen for cost, location, and viability.
	Investment	5.9	6.5			Matang has the lowest investment cost and lowest maintenance cost. Matang is located in the main village. Tamanuku has potential conflict around land ownership.
	Operation and maintenance	0.1	0.1			
Total Cost	6.0	6.6				
Tabiteuea South	Alternatives	Buariki Multipurpose Maritime Facility	Buariki Channel Dredging	Takuu Channel (southwest end)	Rawa Ni Kabako Jetty (ocean side)	Explanation: Buariki is selected due to favorable quality of service provided and lower maintenance costs.
	Investment	5.9	5.8	3.0	5.0	Bueariki requires most expansive investment and lowest maintenance costs.
	Operation and maintenance	0.1	2.7	2.7	0.1	



Island	Cost-Effectiveness Comparison of Alternative (US\$, millions)					Explanatory Notes and Justification for Selected Alternative
	Bolded Options are Selected for Implementation					
	Total cost	6.0	8.5	5.7	5.1	Buariki is currently used for cargo transport through the main channel. The scope of work at Takuu is only related to a secondary channel. Rawa Ni site is located on a small island away from the population center, making this option less attractive for the community.

Note: ADB estimates the total investment of US\$24.1 million; maximum investment: US\$33.9 million; minimum investment: US\$22.6 million.



MAP

