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Report No: PAD2926

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 23.7 MILLION
(US\$33.12 MILLION EQUIVALENT)

TO THE

REPUBLIC OF THE MARSHALL ISLANDS

FOR THE

MARSHALL ISLANDS MARITIME INVESTMENT PROJECT

April 18, 2019

Transport Global Practice
East Asia And Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2019)

Currency Unit = United States Dollar
(US\$)

SDR 1 = US\$1.39798

FISCAL YEAR

October 1 – September 30

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AtoN	Aids to Navigation
CERC	Contingent Emergency Response Component
CIU	Centralized Implementation Unit
CoC	Code of Conduct
CPS	Country Partnership Strategy
CSG	Compact Sector Grant
CTF	Compact Trust Fund
DA	Designated Account
DIDA	Division of International Development Assistance
EA	Executing Agency
EIRR	Economic Internal Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environment and Social Management Plan
FM	Financial Management
FMIS	Financial Management Information System
FY	Financial Year
GBV	Gender-based Violence
GCLS	Grievance Complaint Logging System
GDP	Gross Domestic Product
GFDRR	Global Facility for Disaster Reduction and Recovery
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Development Agency)
GoRMI	Government of the Republic of the Marshall Islands
GP	Global Practice
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IA	Implementing Agency
ICR	Implementation Completion and Results Report
IDA	International Development Association
IFR	Interim Financial Reports
IMO	International Maritime Organization
IOM	International Organization for Migration
IPCC	International Panel on Climate Change
ISPS	International Ship and Port Facility Security
JICA	Japan International Cooperation Agency
J-PRISM	Promotion of Regional Initiative Solid Waste Management
LFPR	Labor Force Participation Rate
M&E	Monitoring and Evaluation
MoCIA	Ministry of Culture and Internal Affairs
MoF	Ministry of Finance
MoJ	Ministry of Justice
MoTC	Ministry of Transport and Communications
MTR	Mid Term Review

NDC	Nationally Determined Contribution
NDMO	National Disaster Management Office
NPV	Net Present Value
NSP	National Strategic Plan
NTHT	National Taskforce on Human Trafficking
OC	Operating Costs
OHS	Occupational Health and Safety
OM	Operations Manual
PDO	Program Development Objective
PIC	Pacific Island Country
PIU	Project Implementation Unit
POM	Project Operations Manual
PPA	Project Preparation Advance
PPE	Personal Protective Equipment
PPSD	Project Procurement Strategy for Development
PREP	Pacific Resilience Program
PRIF	Pacific Region Infrastructure Facility
PROP	Pacific Islands Regional Oceanscape Program
PSC	Project Steering Committee
RMI	The Republic of the Marshall Islands
RMIEPA	The Republic of the Marshall Islands Environmental Protection Agency
RMIPA	The Republic of the Marshall Islands Port Authority
RPF	Regional Partnership Framework
SAR	Search and Rescue
SCD	Systematic Country Diagnostic
SISRI	Small Islands States Resilience Initiative
SOP	Standard Operating Procedures
SPC	The Pacific Community
SPD	Standard Procurement Documents
SPREP	Secretariat of the Pacific Regional Environment Programme
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TCMI	The Trust Company of the Marshall Islands
TEUs	Twenty-foot Equivalent Units
U.S.	United States
USCG	United States Coast Guard
USD/US\$	United States Dollar
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
UNTOC	United Nations Convention against Transnational Organized Crime
WUTMI	Women United Together Marshall Islands



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Marshall Islands	Marshall Islands Maritime Investment Project	
Project ID	Financing Instrument	Environmental Assessment Category
P161382	Investment Project Financing	B-Partial Assessment

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<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)	

Expected Approval Date	Expected Closing Date
09-May-2019	01-Aug-2024

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To improve the safety, efficiency and climate resilience of maritime infrastructure and operations in the Recipient's territory, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.



Components

Component Name	Cost (US\$, millions)
Maritime Infrastructure	12,350,000.00
Maritime Safety and Security	7,650,000.00
Technical Assistance for Port Planning and Project Management	13,120,000.00
Contingent Emergency Response Component	0.00

Organizations

Borrower:	Republic of the Marshall Islands
Implementing Agency:	The Republic of the Marshall Islands Port Authority Ministry of Finance Ministry of Justice National Disaster Management Office

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	33.12
Total Financing	33.12
of which IBRD/IDA	33.12
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	33.12
IDA Grant	33.12

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
National PBA	0.00	15.75	0.00	15.75



Regional	0.00	17.37	0.00	17.37
Total	0.00	33.12	0.00	33.12

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023	2024	2025
Annual	0.40	1.85	2.94	5.30	9.09	12.04	1.49
Cumulative	0.40	2.25	5.19	10.49	19.59	31.63	33.12

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

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Low
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate



4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Low
9. Other	
10. Overall	● Substantial

COMPLIANCE

Policy

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

Yes No

Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04	✓	
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11		✓
Indigenous Peoples OP/BP 4.10	✓	
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓



Legal Covenants

Sections and Description

Section I.A.2 of Schedule 2 to the Financing Agreement

The Recipient shall establish, within 3 months of the effective date and thereafter maintain until the Closing Date, the Program Steering Committee, with an institutional framework, functions, and resources satisfactory to the Association as shall be required for the Project.

Sections and Description

Section I.A.3 of Schedule 2 to the Financing Agreement

The Recipient shall maintain, until the Closing Date, the following minimum key staff within the Ministry of Finance, each with terms of reference, qualifications and experience satisfactory to the Association: (a) a Procurement Specialist; (b) a Financial Management Specialist; and (c) a Safeguards Specialist.

Sections and Description

Section I.A.4 of Schedule 2 to the Financing Agreement

The Recipient shall, no later than three (3) months after the Effective Date, establish and thereafter maintain until the Closing Date, a Project Implementation Unit within the RMI Port Authority, with mandate, composition and resources satisfactory to the Association, which shall be responsible for day-to-day implementation of the Project. Without limitation to the generality of the foregoing, the Project Implementation Unit shall be headed by a Project Manager, with terms of reference, qualifications and experience satisfactory to the Association.

Sections and Description

Section I.B.1 of Schedule 2 to the Financing Agreement

The Recipient shall prepare and adopt, by no later than three (3) months after the Effective Date, a Project Operations Manual, in form and substance acceptable to the Association, and shall ensure that the Project is implemented in accordance with the provisions of the Project Operations Manual.

Sections and Description

Section I.D.1 of Schedule 2 to the Financing Agreement

The Recipient shall prepare and furnish to the Association not later than:
(a) four (4) months after the Effective Date (or such later date as the Association may agree); and
(b) August 31 of each year for every subsequent year during the implementation of the Project (or such later date as the Association may agree);
for the Association's review and no-objection, an Annual Work Plan and Budget, and the Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets.

Sections and Description

Section I.E of Schedule 2 to the Financing Agreement



The Recipient shall ensure that: (a) the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguards Instruments; and (b) any contracts for civil works under the Project include codes of conduct in form and substance acceptable to the Association detailing measures on environmental, health and safety and preventing gender-based violence.

Sections and Description

Section II.2 of Schedule 2 to the Financing Agreement

The Recipient shall carry out, jointly with the Association, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, a mid-term review of the Project (“Mid-Term Review”) to assess the status of Project implementation.

Conditions

Type	Description
Disbursement	Section III.B.1(a). No withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 330,000 may be made for payments made prior to this date but on or after March 01, 2019, for Eligible Expenditures under Category (1).
Disbursement	Section III.B.1(b). No withdrawal shall be made for Emergency Expenditures under Category (2), unless and until the Association is satisfied that all of the conditions listed in Section I.C.2 of Schedule 2 have been met in respect of said expenditures.



I. STRATEGIC CONTEXT

A. Country Context

- 1. Geography and Demography.** The Republic of the Marshall Islands (RMI) is located approximately midway between Hawaii and the Philippines and is one of the world's smallest, most isolated and vulnerable nations. The country consists of 29 atolls and five isolated islands (a total of 24 are inhabited) plus numerous small islets. The country covers an area of 1.9 million square kilometers but has just 181 square kilometers in land area. RMI is vulnerable to occasional typhoons, and its coastline of 370 km renders it susceptible to extreme waves and high tides.
- 2.** RMI's population totals about 53,125 (2017)¹, of which about 28,000 (53 percent) reside in Majuro (the country's capital) and about 11,000 (21 percent) in Ebeye. The migration from the outer islands to the urban centers of Majuro and Ebeye is primarily due to: (i) lack of employment opportunities in other locations; and, (ii) greater reliance on the cash economy as compared to a subsistence lifestyle. Concurrently, the combination of declining incomes and rising costs of living is causing Marshallese residents to leave the country for better jobs and educational opportunities abroad, mainly in Hawaii, United States mainland and Guam. Although between 1980 and 1988 RMI's population increased about five percent per annum, it has since leveled off, with increases of one-half of one percent or less per annum from 1989 to the present day.
- 3. Economy and Market Considerations.** Following independence in 1986, RMI entered into a Compact of Free Association (Compact) with the United States (U.S.), whereby the U.S. provides yearly financial transfers to RMI and permits open migration to the U.S., among other arrangements. In 2003, certain provisions of the Compact were amended, most notably the economic provisions.² The most recent agreement not only supports Compact Sector Grants (CSGs) designed to help sustain delivery of public services, but also establishes a Compact Trust Fund (CTF) intended to replace the Sector Grants when they terminate in 2023. With CSGs scheduled to expire in 2023, The Government of RMI (GoRMI) needs to adequately capitalize its trust fund to support spending at reasonable levels in the long term. However, current projections indicate that contributions to the CTF are falling short of what is needed to replace the CSGs in 2024. It will be a major challenge for RMI to carry out requisite fiscal adjustments while maintaining reasonable access to and quality of public services, especially those delivered to the poor.³
- 4.** RMI is remote from major markets, has a narrow production and export base, is relatively dependent on external financing, and is vulnerable to external shocks. The economy is dominated by the public sector, which accounts for over half of the Gross Domestic Product (GDP), while private sector activities focus on fisheries, retail services, copra and tourism. The fishing sector remains the main source of revenue, representing 18 percent of RMI's GDP of nearly US\$200 million in 2017. RMI, which has the second largest shipping registry in the world, has 4,455 registered vessels and has received gradually increasing GoRMI revenues through this in recent years, rising from US\$2 million in FY08 to US\$7.3 million in FY17.
- 5.** The remoteness of RMI and its narrow domestic manufacturing base and relatively limited natural resources makes

¹ World Development Indicators database last updated 9/21/2018.

² The FSM Congress approved the amendments on May 26, 2004 following earlier ratification by the four FSM states. On June 25, 2004, the FSM and U.S. Governments signed documents to officially implement the Compact, as amended. <http://www.uscompact.org/about/cofa.php>

³ World Bank Group Regional Partnership Framework for Nine Pacific Island Countries FY17-21, Report No. 120479, World Bank, 2016.



inhabitants heavily reliant on international trade and shipping operations. Most foodstuffs (excluding local foods, such as fish, coconuts and some fruits), building materials, clothing and manufactured products, are imported, while exports are limited to fish and copra products. In 2013, about 65 percent of outbound cargo consisted of empty containers. The country's main international port is in Majuro, which has a deep-water harbor and favorable location along the east-west and north-south Pacific shipping routes. RMI's strategic location has made it an important hub for fishing operations. RMI is an active member of the Parties to the Nauru Agreement, an agreement among Pacific countries on tuna fishery management.

6. International air services for passengers and freight connect RMI with the Federated States of Micronesia (FSM), the U.S. (Hawaii) and Nauru (via Kiribati) and the state-owned Air Marshall Islands provides limited domestic air services to some outer islands, but domestic shipping is the principal mode of transport to and from most locations within RMI. There is a small yachting community with a limited number of ocean yachts visiting each year, mostly from the U.S.
7. **Natural Hazards and Climate Change.** RMI is exposed to a variety of disaster risks, including recurrent droughts, coastal hazards (e.g. wave - induced erosion and flooding linked to king tides and storm surge), tropical storms, and, to a lesser extent, typhoons. The population of RMI is concentrated on small, low - lying atolls, and this makes RMI vulnerable to natural disasters and climate change. The Average Annual Loss related to typhoons and tsunami is 1.7 percent of GDP.⁴ Catastrophic risk modelling indicates that RMI is expected to incur, on average, US\$3 million per year in losses due to typhoons. In the next 50 years, RMI has a 50 percent chance of experiencing a loss exceeding US\$53 million, and a 10 percent chance of experiencing a loss exceeding US\$160 million.⁵
8. RMI is already beginning to feel the effects of climate change, and its 370-kilometer coastline (which is home to 99 percent of the population), renders it particularly susceptible to extreme waves and high tides. Climate change will lead to more damaging storm surges and coastal inundation, increased intensity of tropical storms, and more extreme events such as droughts and flooding for RMI. Climate change is also projected to result in progressive changes such as sea level rise, which will accelerate coastal erosion, increase coastal inundation, and increase salinization of freshwater resources. Coral reefs, which offer a natural protection of the shorelines, will be affected by ocean acidification and higher temperatures.⁶ Experience in RMI shows that coral reefs are already being damaged by human waste, garbage, and debris which is being washed onto the reefs during ebb tides. A State of Emergency was declared on February 3, 2016, and later elevated to a State of Disaster on April 6, 2016, due to a prolonged drought which affected the country. El Nino events currently contribute towards recurrent droughts in RMI, but at this stage, the future interrelationship between climate change and El Nino events is unclear.
9. The natural hazard risks are particularly high for the islands Majuro and Ebeye due to their large populations and extensive public infrastructure. Majuro has a population of about 27,000 and Ebeye some 11,000 people, constituting about 72 percent of the total population of RMI. The impacts of coastal erosion and inundations of coastal areas are evident along the shorelines of both islands. The shoreline erosion has left public infrastructure (e.g. sections of the roads on both the ocean and lagoon side of the two atolls, and the hospital in Majuro) highly exposed and vulnerable. Other vulnerable infrastructure includes the water reservoir close to the airport in Majuro, the airstrip, and private houses. Several schools are reportedly highly affected by erosion. The need for coastal protection around Ebeye is

⁴ RMI Country Risk Profile, Pacific Catastrophe Risk Assessment and Financing Initiative (2011).

⁵ Ibid.

⁶ Coastal Risk Assessment for Ebeye. GFDRR. 2017



particularly critical because of its small size, high population density,⁷ exposure of established infrastructure to wave action, and settlement of people immediately adjacent to the coastline without the option of retreating inland due to constrained land availability.

10. Shipping and port facilities are critical infrastructure for passenger and freight transport, as well as for the provision of emergency response, including to outer islands. Improvements in the efficiency and safety of shipping and ports facilities will therefore enhance the resilience of all of RMI.
11. **Gender.** Women in RMI face multiple barriers to equal opportunities, and a life free from violence and coercion. Priority areas in GoRMI national gender planning include addressing female unemployment and a gender-stratified labor market, teenage pregnancy, violence against women and girls, and women's limited access to justice and protection.
12. RMI's Female Labor Force Participation Rate (LFPR) is 52.3 percent, which is low compared to the RMI male LFPR (66.8 percent), the global female LFPR average (55 percent), and the female LFPR in Pacific countries including Papua New Guinea (60.5 percent), Solomon Islands (60.4 percent), Vanuatu (61.4 percent) and Palau (58.2 percent). Moreover, the ratio of RMI women in paid employment (26 percent) is extremely low, and just over half the rate of RMI men working in paid employment (48 percent).⁸ Low-level female LFPR is exacerbated in RMI due to both the low levels of women trained in vocational and trade-related skills and the high teenage pregnancy rate (20.6 percent of total number of live births) – which is higher than in most other Pacific Island countries.⁹
13. Participation of women at the national decision-making level remains limited, with women being under-represented in the legislative and executive branches of the Government. RMI has one of the lowest rates of representation at the legislative level internationally, with only three women elected into the thirty-three-seat Nitijela, the lower house of RMI's bicameral legislature, in the last five elections.¹⁰ There are a growing number of women in the public service, though men dominate the most senior positions.
14. **Gender-Based Violence (GBV) and Human Trafficking.** Half of all Marshallese women (51 percent) have experienced physical or sexual violence by a partner in their lifetime,¹¹ and violence is normalized and broadly accepted.¹² Approximately 13 percent of all women reported experiencing sexual violence by a non-partner since they were 15 years old, with a higher proportion reporting this in the urban areas (11 percent) than in the outer islands (8 percent).¹³ Overall, 69 percent of women in the RMI have experienced physical or sexual violence in their lives by someone, partner or non-partner.¹⁴
15. High incidence of GBV combines with and exacerbates conditions of gender inequality and means that women are severely constrained in their ability to negotiate a life free of coercion. Many women live under the threat of violence which restricts their ability to move freely in the community, to use public transport, to access health and education

⁷ Ebeye has a population density of more than 30,000 people/sq. km, and is in the top ten most densely populated islands in the world.

⁸ Republic of Marshall Islands. 2018.

⁹ GoRMI and UNICEF 2003

¹⁰ <https://www.pacwip.org/country-profiles/marshall-islands/>

¹¹ Ministry of Internal Affairs (2014), 'Republic of the Marshall Islands National Study on Family Health and Safety Study'.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.



services, and to travel to the market or workplace. The normalization of violence has specific implications for women's trafficking risk: with limited sexual agency and high dependency on families, young women are acutely vulnerable to sexual coercion and trafficking.

16. RMI is a significant source, transit and destination country for RMI women and children and a destination for women from East Asia subjected to sex trafficking. RMI recognizes human trafficking as an issue of concern and has ratified the United Nations Convention against Transnational Organized Crime (UNTOC), which encompasses human trafficking, and has recently passed comprehensive national laws in terms of definitions and criminalization of all aspects of human trafficking. In 2017, RMI passed the 'Prohibition of Trafficking in Persons Act' and in 2018 established a National Action Plan to Combat Trafficking and set a National Taskforce on Human Trafficking (NTHT).

B. Sectoral and Institutional Context

17. **Sectoral Context.** Given RMI's geographic characteristics and its vulnerability to severe weather events and climate change, the provision of safe, efficient, and climate resilient sea transport services is considered essential for the country's basic economic and social functions and for achieving RMI's national development plans. A fundamental requirement for providing intra-island shipping services is safe, well-functioning maritime transport infrastructure and assets, including wharfs, docks and jetties. Combined, maritime services and assets underpin inclusive economic growth and social development by providing RMI's communities with reliable access to economic opportunities, services and information.
18. Majuro is regularly served by international cargo services from the U.S., Asia and Australia. Annual cargo throughput in terms of the total number of twenty-foot equivalent units (TEUs) was 10,610 in 2013 but increased to 12,169 in 2015. About half of the TEUs came from the U.S., 40 percent from Asia, and the balance from Australia, New Zealand and Fiji. Majuro is the largest regional tuna transshipment port and transshipped 600,000 metric tons of tuna in 2016. Fishing vessels make-up as much as 75 percent of vessel traffic calling at Majuro. Typically, refrigerated "mother vessels" harvest tuna and, when full, transship fish to larger carrier ships that are anchored in the Majuro Lagoon. Most have an average stay in Majuro of ten days.
19. There are two principal docks (ports) at Majuro: (i) Delap Dock for international cargo; and, (ii) Uliga Dock for domestic passengers and cargo. Delap Dock is the hub of RMI's cash economy and serves as the gateway for imports and exports that support the livelihoods of RMI residents, private business, and GoRMI agencies. It is accessed through a deep-water channel and well-protected lagoon. The dock predominantly serves international cargo vessels that deliver a wide variety of imported food and household items, construction equipment and materials, and diesel fuel. International cargo vessels call at Delap Dock an average of once per week, while tankers deliver fuel about once per month. Intra-island cargo vessels periodically offload copra to the dock, where it is delivered to a coconut processing operation located on the northeast side of Delap Dock. A limited number of other international vessels use Delap Dock to load locally produced coconut oil. International fishing vessels also make occasional use of Delap Dock for purse seine¹⁵ net repairs, fuel resupplies, and vessel maintenance. The international wharf is not equipped with shore or mobile cranes, necessitating vessels calling at the dock to have their own equipment.
20. Delap Dock has been designated as being largely compliant with the International Ship and Port Facility Security (ISPS) Code, which is a set of measures to enhance the security of ships and port facilities. However, formal regulations

¹⁵ A purse seine is a wall of netting that is released around a school of fish. The seine has floats along the top line with a lead line threaded through rings along the bottom. Once a school of fish is identified, a small boat encircles the school with the net.



governing activities at the port are lacking, and the dock has been operating under informal regulations for a considerable period of time.

- 21. The United Nations Conference on Trade and Development (UNCTAD) conducted an extensive survey across 29 countries in 2017 to reveal the climate change impacts and adaptation needs for the port industry. The study highlights that climate change poses increasing threats to maritime infrastructure assets, and operations and services in Majuro. Due to their location in coastal areas and estuaries, and the planned longevity of infrastructural assets, ports and their connecting hinterland links are inherently exposed to marine and land hydro-meteorological hazards controlled by climate variability and change, such as rising mean and extreme sea levels, storm waves, extreme winds and heavy precipitation, coastal floods (and droughts) and heat waves.
- 22. Increasing climatic extremes challenge current thresholds for port infrastructure and equipment (Table 1) and require adaptive engineering measures to increase their resilience. For instance, paved assets such as container yards are put under higher physical stress with the increasing frequency and intensity of coastal flooding and extreme heatwaves. The capacity of drainage systems needs to be expanded and strengthened to prevent paved assets from frequent inundation and subsequent decay. Pavement material needs to be more resilient to extreme temperature to mitigate the risk of melting. Breakwaters need to be upgraded for sea defenses in the context of sea level rise and more frequent storm surges.

Table 1. Climatic Stressor Thresholds for Port Infrastructure and Equipment¹⁶

Climatic Stressors	Port Infrastructure and Equipment Thresholds
Mean sea level rise	Most commonly between 1-2 m
Wind speeds	Most commonly between 50-100 km/h
Extreme sea levels	Most commonly between 3-5m
High temperature	36 - 60 °C
Extreme precipitation	Up to 500 mm/day and 1000 mm/day, most commonly 100mm/day

- 23. The UNCTAD study (2017) also demonstrates that port operation and services are more sensitive to climate stressors than are physical assets (e.g. threshold for delaying/cancelling of port services are often lower than thresholds for damage to infrastructure). Extreme weather events and changes in key variables such as prevailing harbor winds, precipitation and fog, and approaching waves pose challenges for sailing navigation and potential safety hazards for ship, cargo, and crew. Potential modulation of tides may cause sedimentation and dredging in port/navigation channels and operational time table changes.
- 24. The impact of climate change variables to maritime infrastructure and operations needs to be systematically incorporated into the planning and development of future maritime activities, including protective structures, preparation of warning and emergency response systems, and the increased monitoring of infrastructure conditions compound with rigorous maintenance schemes. While the costs for maintenance of port infrastructure may increase, it is essential to plan and implement maintenance schemes systematically to prevent more costly rehabilitation and reconstruction in the future.
- 25. **Institutional Context.** At the national level, the Ministry of Transport and Communications (MoTC) is responsible for policymaking and some regulatory oversight, as well as the management and development of the maritime sector in

¹⁶ Port Industry Survey on Climate Change Impacts and Adaptation - UNCTAD Research Paper No. 18 (UNCTAD/SER.RP/2017/18).



RMI. However, there is no up-to-date maritime transport sector policy and MoTC does not have a harbor master with a mandate to oversee RMI's ports. MoTC also manages intra-island shipping services by contracting them out to private ship operators to make voyages into the designated shipping region.

26. The Republic of the Marshall Islands Ports Authority (RMIPA) is a state-owned entity, which is responsible for operating RMI's publicly-owned seaports at Majuro, Ebeye, Arno, Jaluit and Wotje, as well as all facilities and structures situated within public port and airport areas. In addition to operational responsibilities, RMIPA carries out regulatory and enforcement functions related to port use and vessel activities.
27. RMI is a member of the International Maritime Organization (IMO) and is party to most IMO conventions and other maritime-related international conventions. RMI's delegate to IMO is an officer from The Trust Company of the Marshall Islands (TCMI), which through a joint venture agreement with GoRMI, is authorized by legislation to administer the maritime and corporate programs for RMI. TCMI acts as registrar and registered agent for RMI's non-resident companies. MoTC and TCMI essentially share maritime responsibilities. TCMI generally acts as maritime administrator for international shipping related matters, whereas MoTC acts as maritime administrator for domestic shipping.

C. Relevance to Higher Level Objectives

28. The Marshall Islands Maritime Investment Project (MIMIP) is closely aligned with the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity given the evidence of the strong negative relationship between extreme poverty and accessibility as an auxiliary support to trade and competitiveness. MIMIP also supports the twin goals through its activities to help close gender employment gaps in the maritime sector by aiming to increase the number of women employed at RMI's ports.
29. **Regional Partnership Framework (RPF).** MIMIP is consistent with the World Bank Group RPF for FY17 to FY21, which was discussed in February 2017, and covers nine small Pacific Island Countries (PIC9), including RMI.¹⁷ The RPF identifies four areas of focus for PIC9 as: (i) fully exploiting the available economic opportunities; (ii) enhancing access to economic opportunities; (iii) protecting incomes and livelihoods; and, (iv) strengthening the enablers of growth and opportunities (macro-economic management, infrastructure and addressing knowledge gaps). MIMIP generally supports all four focus areas. Improved port and maritime services enhance opportunities to increase transshipment services, which in turn enhances access to economic opportunities. Without a well-functioning maritime sector, livelihoods could also be compromised, which is noteworthy given that RMI imports almost 100 percent of food, pharmaceuticals and fuel. As such, MIMIP would support focus areas (i), (ii) and (iii). MIMIP would also support focus area (iv) by creating more reliable access to maritime infrastructure and improving the safety, efficiency and resilience of services. The RPF also highlights the key role that maritime shipping and internal connectivity play in trade of basic goods in the nine PICs.
30. **National Strategic Plan (NSP).** As defined in RMI's NSP 2015-2017, the scope and objective of MIMIP are in line with key Government development objectives. NSP recognizes the critical importance of a strong maritime sector in terms of the quality, frequency, and cost-effectiveness of inter-island transport services, as well as the fostering of international charter and tourist vessels. Given the country's geographical characteristics, the provision of efficient

¹⁷ The nine include Kiribati, Nauru, RMI, FSM, Palau, the Independent State of Samoa, the Kingdom of Tonga, Tuvalu and Vanuatu; Regional Partnership Framework FY17-21, Report No. 120479, World Bank, 2016.



and reliable shipping services is considered essential for health care and education.

31. MIMIP seeks to enhance the resilience of RMI's maritime transport sector to the impacts of natural hazards and climate change by strengthening port facilities against the incursion of high tides, storm surges and sea level rise, such as through the provision of floating pontoons for passenger access to ferries. In addition, strengthening the safety of navigation and the efficiency of port services will also enhance connectivity and access to goods and services for these remote islands. This is aligned with RMI's National Climate Change Policy Framework, which identifies the protection of infrastructure from sea-level rise, sea surges, and typhoons as a priority area for urgent response. As stated in RMI's National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), RMI is already experiencing climate change in the form of increased intensity and frequency of extreme weather events. Improving the efficiency and safety of maritime transport will help address vulnerabilities associated with water, food and fuel security and strengthen the capacity for communication, transportation and emergency response to the outer islands where some of the most vulnerable communities live.
32. Improved efficiency of maritime transport also contributes to RMI's objective of reducing greenhouse gas (GHG) emissions. RMI is the founder of the High Ambition Coalition, a group of progressive countries advocating for and pursuing aggressive climate action. RMI is the first developing country to present an economy-wide absolute GHG emission reduction target. In its Nationally Determined Contribution (NDC), made in accordance with the UNFCCC 2015 Paris Agreement, RMI has identified land transport and shipping as priority sectors. The target for emission reductions in the transport sector is 16 percent by 2025 and 27 percent by 2030. In particular, RMI is committed to improving ship energy efficiency in recognition that the maritime sector has a major role to play in the reduction of fossil fuel consumption and the production of GHG emissions and has been working with the Pacific Community (SPC) for example on Ship Energy Efficiency Management Plans (see Section F. Rationale for Bank Involvement and Role of Partners).

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

33. To improve the safety, efficiency and climate resilience of maritime infrastructure and operations in the Recipient's territory, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.

PDO Level Indicators

34. To monitor progress toward the PDO, the following set of indicators has been identified:
 - (a) Reduction in cargo vessel turnaround times at Delap Dock (minutes).
 - (b) Increase in container yard productivity at Delap Dock (percentage).
 - (c) Project docks fully compliant with ISPS requirements (number).
 - (d) Project docks rehabilitated with at least one climate resilience measure (number).
 - (e) Project docks with sectoral and contingency planning tools that address natural disasters and climate change (number).

B. Project Components

35. The overall amount of funding for MIMIP is SDR 23.7 million (US\$33.12 million equivalent), which includes US\$15.75 million in National IDA and US\$17.37 million in Regional IDA. The Project will improve the safety and efficiency of maritime operations and enhance resilience of maritime transport and of local communities to the impacts of climate change through: (i) investments to improve port infrastructure and maritime services; (ii) activities to strengthen safety and security of navigation and ports operations; and, (iii) technical assistance to supervise works, support project implementation, and develop local capacity to manage a more safe, efficient and climate resilient maritime sector. A Contingent Emergency Response Component (CERC) is also included within MIMIP to enable funds to be quickly reallocated to respond to emergency events.
36. It is important to note that while the types of activities and investments to be carried out under MIMIP are known, the extent of the works that can be completed will depend on the results of the strategic planning exercise (Sub-component 3.4) and maritime infrastructure needs assessment (Sub-component 3.1), both of which will be carried out during the first two years of MIMIP's implementation. As such, the cost of proposed investments will not be known until MIMIP is under implementation, and the available funding may not be sufficient to finance all proposed investments. The following table presents estimated cost per component and funding source.

Table 2. Project Costs and Financing

Project Components	National IDA (US\$ million equivalent)	Regional IDA (US\$ million equivalent)	Overall Cost (US\$ million equivalent)
Component 1: Maritime Infrastructure	4.04	8.31	12.35
Component 2: Maritime Safety and Security	1.57	6.08	7.65
Component 3: Technical Assistance for Port Planning and Project Management	10.14	2.98	13.12
Component 4: Contingent Emergency Response	0.00	0.00	0.00
Total Costs	15.75	17.37	33.12 ¹⁸

37. **Regional Financing.** The Project is part of a Regional IDA Program which also includes a maritime investment project for FSM, and will enhance the safety, efficiency and climate resilience of key ports in RMI and maritime services beyond the borders of RMI. The primary justification for utilizing Regional IDA resources is that the investments in improved connective and international maritime infrastructure and oversight can bring regional benefits and can further enable potential intra-regional passenger and freight services. Specifically, the following components will

¹⁸ Total IDA financing is inclusive of the PPA.



contribute on a regional level:

- (a) **Component 1: Maritime Infrastructure.** The four project ports all receive international vessels that play a critical role in regional trade and travel. Investments to improve the safety, efficiency and climate resilience of the maritime infrastructure will ease access for the vessels, thereby strengthening regional trade (i.e. supporting affordability and access of imports and exports) and travel (i.e. RMI citizens travelling overseas and overseas citizens travelling to RMI).
- (b) **Component 2: Maritime Safety and Security.** International vessels are reliant upon safe and secure operations at the ports of call, particularly whether those locations are compliant with ISPS requirements. This component finances activities to support the ports' compliance with ISPS requirements and will ensure access for international vessels so that there are no deleterious effects on the regional trade or travel. In addition, as the U.S. Coast Guard (USCG) provides Search and Rescue (SAR) services to RMI, raising awareness of safe boating practices will have impacts beyond RMI. In addition, as RMI is a source, transit and, to a limited extent, destination country for human trafficking; the work that will be done through MIMIP to help address this challenge will have positive regional impacts.
- (c) **Component 3: Technical Assistance for Port Planning and Project Management.** Lastly, MIMIP includes technical assistance that will serve as inputs to Components 1 and 2 and future activities that will have a positive regional impact (e.g. the maritime infrastructure needs assessment, the maritime safety and security needs assessment, the design and supervision consultancy for the maritime infrastructure, and the strategic plans for the international ports).

38. The PDO indicator "Project docks fully compliant with ISPS requirements" has been identified to track the regional contributions of the Project.

39. The Project consists of the following components (for more detail on project components refer to Annex 2):

40. **Component 1: Maritime Infrastructure (est. US\$12.35 million).** Investments under Component 1 will improve the safety and efficiency of dock and port operations, as well as enhance the resilience of maritime structures to natural disasters and climate change impacts through the integration of planning, design, construction, rehabilitation and operation of facilities. Activities to be financed will be selected and prioritized by the Project Steering Committee (PSC) in accordance with the Project Operations Manual (POM), based on the recommendations from the strategic plans to be prepared under Sub-component 3.4 and the maritime infrastructure needs assessment to be completed under Sub-component 3.1. The following Sub-components are planned under Component 1:

1.1 Delap Dock. Repairing and upgrading the pavement at container and cargo yards, including hardening and installing adequate drainage.

1.2 Uliga Dock. Repairing and upgrading berth and facilities at Uliga Dock, including:

- (a) Construction of a new port control tower and installation of new communications equipment such as repeaters, VHF hand-held radios, and computers.
- (b) Installation of a hoist system to remove pilot boats from water for maintenance purposes.
- (c) Provision and installation of floating pontoons for passengers.

1.3 Outer Island Docks. Repairing and upgrading existing facilities on the main docks on Arno, Jaluit and Wotje islands, as informed by the maritime infrastructure needs assessment to be undertaken under Sub-component 3.1.



1.4 Acquire equipment. Acquire cargo handling equipment for Delap Dock and Uliga Dock (e.g., fork lifts, terminal-tractor units, reach stackers, side lifters).

41. Component 2: Maritime Safety and Security (est. US\$7.65 million). Component 2 will strengthen safety and security of maritime transport and support enhanced climate resilience of maritime facilities for local communities by improving the reliability of connections between Majuro and outer islands for access to food, water, fuel, and emergency response services. Activities to be financed will be selected and prioritized by the PSC in accordance with the POM, based on the recommendations from the strategic plans to be prepared under Sub-component 3.4 and the maritime safety and security needs assessment to be completed under Sub-component 3.1. The following Sub-components are planned under Component 2:

2.1 Quay Wall Structures and Furniture at Delap, Uliga and Ebeye Docks. Repairs and upgrades at existing berths and facilities at Delap Dock, Uliga Dock and Ebeye Matson Container Dock, as informed by the maritime safety and security needs assessment, including:

- (a) Repairs to quay wall structures.
- (b) Upgrading or providing new quay furniture, including bollards, fenders, curbs, ladders, as required.

2.2 Compliance with ISPS Requirements at Delap, Uliga and Ebeye Docks. Upgrade or provide fencing, gates, terminal lighting, backup generators, CCTV systems to comply with ISPS requirements at Delap Dock, Uliga Dock, and Ebeye Matson Container Dock.

2.3 Replace/Upgrade AtoNs. Replace or upgrade Aids to Navigation (AtoNs) at Majuro, and Outer Islands, but excluding Ebeye, as identified in the safety and security needs assessment.

2.4 Safety and Security Improvements.

- (a) Provide back-up generators for Delap Dock and Ebeye Matson Container Dock.
- (b) Conduct a needs assessment for a port/container scanner for Delap Dock for security purposes.
- (c) Provide spill kits for Delap Dock, Uliga Dock, and Ebeye Matson Container Dock, and 150-meter boom containment systems for Delap Dock and Ebeye Matson Container Dock.
- (d) Provide SAR equipment and safety devices to RMIPA.
- (e) Supporting and elevating awareness and prevention of human trafficking and GBV by: (i) conducting a needs assessment on trafficking and GBV to identify the availability of services; (ii) conducting training activities for workers hired through the Project; (iii) conducting community awareness raising activities; (iv) supporting survivors of trafficking and GBV through the provision of counselling, healthcare, and appropriately skilled police focal points;¹⁹ and, (v) establishing a referral pathway for survivors of trafficking and GBV.

42. Component 3: Technical Assistance for Port Planning and Project Management (est. US\$13.12 million). Component 3 will enhance the capacity of the Government to manage maritime assets in a more safe, efficient and climate resilient manner through technical assistance designed to strengthen the planning and management of climate resilient port facilities, improve coordination of emergency response systems, elevate awareness of ISPS and SAR

¹⁹ Training and coordination activities for Police Focal Points may be eligible for financing under the Project. No policing activities will be financed under the Project. The economic rationale for the financing of training for Police Focal Points is that through strengthening existing formal services, it provides efficiencies in coordination and more efficient response to any identified GBV and/or trafficking cases.



requirements, and implement project activities.

3.1 Maritime Safety and Security Needs Assessment and Maritime Infrastructure Needs Assessment. The Maritime Safety and Security Needs Assessment will include three key areas: (i) identifying gaps and actions needed for MIMIP ports to become compliant with ISPS requirements; (ii) conducting inventories of quay structures and furniture that relate to safety such as bollards, cleats, fenders and ladders and recommend actions to bring them in-line with international standards; and, (iii) conducting inventories of the present system of AtoNs at MIMIP project ports including buoys, markers, harbor lights and identify system elements that are missing, damaged, in states of decline, or in need of upgrade, and to recommend measures to repair, replace or upgrade the AtoNs so that they are aligned with international standards. The Maritime Infrastructure Needs Assessment will involve: (i) an assessment of maritime infrastructure under Component 1 to identify urgent needs; (ii) recommend upgrades to improve the safety, efficiency, and resilience of the infrastructure; and, (iii) provide a framework that prioritizes the recommended investments across the Project ports.

3.2 Design and Supervision. Including the preparation of climate resilient designs and supervision of maritime infrastructure works to be carried out under Components 1 and 2 of the Project.

3.3 Review of Institutional and Governance Structures for Port Management. Carry out a review of institutional arrangements, key policies, legislation, and roles and responsibilities of principle stakeholders involved in the maritime sector and develop recommendations to strengthen such arrangements.

3.4 Strategic Planning. Prepare strategic development plans, review port operations, including development of security, site safety, efficiency, waste management, and compliance requirements, and maintenance regimes for Delap Dock, Uliga Dock, and Ebeye Matson Container Dock, Ebeye Ferry Dock, and the Ebeye Fishing Dock, with particular attention around key areas of concern including safety, security, and climate resilience.

3.5 Capacity Building Initiatives. Build capacity to better operate and regulate the Project docks (SAR awareness, ISPS training, use of spill kits & booms, etc.).²⁰

3.6 Registries Assessment and Options Analysis. Technical assistance to review the management model of the ship and corporate registries²¹, with a view to improve reporting and governance structures and maximize the benefits accrued from the registries. This includes detailed analysis of the existing legislative, contractual, economic and financial conditions of the registries, cross-country comparisons, and an assessment of the potential registry management options. Depending upon the outcomes of this work, the activity may also involve a second phase of support to implement an adjusted management arrangement.

²⁰ The USCG provides SAR support and capacity development activities and is best positioned to provide SAR capacity development activities under the Project. Only operating costs (e.g. travel, per diems, etc.) would be eligible for financing under MIMIP for any support that may be provided under this Sub-component by USCG.

²¹ The corporate registry is related to the ship registry, with both managed via a joint venture agreement with a subsidiary of a U.S. private firm.



3.7 *Project Management.* Support to implement MIMIP, including support for the capacity development of the Central Implementation Unit (CIU) a unit within the Division of International Development Assistance (DIDA), and technical Support (e.g., Project Manager) under RMIPA. In addition, this includes operating costs (OCs) for MIMIP-related travel and communications costs.

3.8 *Employment Opportunities for Women.* To help close gender employment gaps, RMIPA will develop and carry out a set of enabling policy and practices, which together help women enter and progress through maritime careers. In addition to internal process improvements, a budget will be set-aside to support relevant technical training and unpaid internship opportunities²² for women in RMIPA and the maritime sector, thereby building a pipeline of appropriately qualified women to compete for employment.

3.9 *Emerging Priority Issues.* Providing technical assistance to strengthen GoRMI’s capacity to address emerging priority issues that could have an impact on its ability to manage a safe, efficient and climate resilient maritime sector.

43. **Component 4: Contingent Emergency Response Component (CERC) (US\$0.00 million).** The CERC is designed to provide a swift response in the event of an Eligible Crisis or Emergency²³ by enabling uncommitted funds to be quickly reallocated to address immediate post-crisis and emergency financing needs. The CERC may be used following natural disasters or other crises and emergencies, allowing funds to be reallocated from other components of the project.

C. Project Beneficiaries

44. As sea transport services are considered essential for the basic economic and social functions in RMI, improving the safety, efficiency and climate resilience of maritime infrastructure and operations will have benefits for the entire population. In strengthening the climate resilience of the maritime network, the project activities will also help to deliver indirect benefits that extend beyond the local communities. In addition, the World Bank Gender Strategy (FY16 – FY23) and the Transport Global Practice (GP) Note (FY17 – FY20)²⁴ seek to enhance women’s agency and reduce gender gaps. MIMIP supports women and will address two gender-focused issues in support of project beneficiaries including: (i) employment opportunities for women (Sub-component 3.8); and, (ii) GBV and human trafficking prevention and response (Sub-component 2.4(e)). In addition, the project will provide capacity building initiatives to support the maritime sector (Sub-component 3.5) and will support the development and operationalization of the CIU (Sub-component 3.7). Table 3 provides an estimate number of beneficiaries associated with MIMIP activities, which covers the total population of RMI.

Table 3. Project Beneficiaries

Project Activity	Location	Beneficiaries (est.)
Principal beneficiaries – Components 1 to 4	Majuro, Ebeye, Arno,	53,125

²² In terms of internships, MIMIP eligible costs would be limited to the cost of the trainer of on-the-job training as well operating costs for the interns to take part in the program (e.g. travel, per diems, etc.).

²³ Defined as “an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters”, Paragraph 12, Bank Policy: Investment Project Financing, *Projects in Situations of Urgent Need of Assistance or Capacity Constraints*.

²⁴ Transport GP’s Business Plan for FY17-20 to support the implementation of the WBG Gender Strategy.



	Jaluit and Wotje	(100% of RMI population)
Total Beneficiaries (est.):		53,125

D. Gender

45. Data collected during Project Preparation emphasized the opportunity MIMIP has to: (i) close gender gaps in access to economic opportunities for women; (ii) strengthen human trafficking prevention and response; and, (iii) mitigate GBV risk. To address these constraints, the following will be implemented (see details of analysis, action and M&E in Annex 3 – Gender Action Plan):

- (a) **Closing the gap in women’s employment** by strengthening approaches that help women enter and progress through maritime careers. In addition to internal process improvement, budget will be set-aside to support relevant technical training and unpaid internship opportunities for women in the maritime sector, thereby building a pipeline of appropriately qualified women to compete for employment. Benefits associated with increased gender diversity and inclusive corporate cultures, including improved productivity, profitability, employee commitment and retention. The result of these activities will be an increased ratio of women in maritime employment during the Project period.
- (b) **Strengthening anti-human-trafficking measures and increasing the number of victim referrals** by improving port security infrastructure (lighting and fencing); strengthening management process and procedures, including more consistent identification checks and staff training; development of maritime-specific Standard Operating Procedures (SOPs), considering victim support and referrals; and helping to resource and facilitate the work of the RMI Anti-Trafficking Program. MIMIP will also help protect trafficking victims by developing and conducting anti-trafficking education and awareness raising campaigns, and possibly provide support to the Ministry of Culture & Internal Affairs (MoCIA) initiatives in cooperation with NGOs. This work will be closely coordinated with GBV prevention and response work outlined below, given the large overlap between the two areas of work. The result of these activities will be increased referrals from maritime sector staff of trafficking survivors during project period.

46. As noted earlier, GBV is a barrier in women’s successful participation in employment, a key factor in women’s vulnerability to trafficking and a significant proportion of trafficking cases (in terms of commercial sexual exploitation); addressing GBV prevention and response can therefore contribute to the overall success of the Project. It is also important that MIMIP follows a ‘Do No Harm’ approach; as MIMIP does not create any increased risk of GBV for those directly impacted by the Project. To achieve these objectives, the following actions will be implemented:

- (a) **GBV Needs Assessment:**
 - (i) Consultation with national stakeholders and regional partners such as IOM, Pacific Women and SPC to ensure alignment with national and regional GBV and anti-trafficking strategies and action plans; and,
 - (ii) Once the quality and availability of services is improved through the actions below, a study can be undertaken using administrative data on GBV and trafficking (i.e. anonymized data collected from cases received by service providers). This will provide higher-quality and more ethical data as the availability of services will encourage more survivors to come forward and will help to reduce potential re-traumatization involved in discussing their experiences.



(b) Prevention:

- (i) Ensure that GBV Action Plan and Response Protocol is included in Project Environment and Social Management Plan and any other relevant project instruments;
- (ii) Require all contractors to have a Code of Conduct (CoC) which addresses GBV. During implementation, ensure that CoCs are signed and understood by all contractor and consultant staff. Conduct relevant training;
- (iii) Training on GBV and trafficking for regular workers at project port sites and the workers (including managers) that will be hired through the Project, and workers on vessels that monitor border control and clear vessels at MIMIP port sites; and,
- (iv) Regular and widespread community awareness-raising sessions to share information on GBV, trafficking, available services and referral pathways, CoC content and Grievance Redress Mechanism (GRM) reporting channels.

(c) Response:

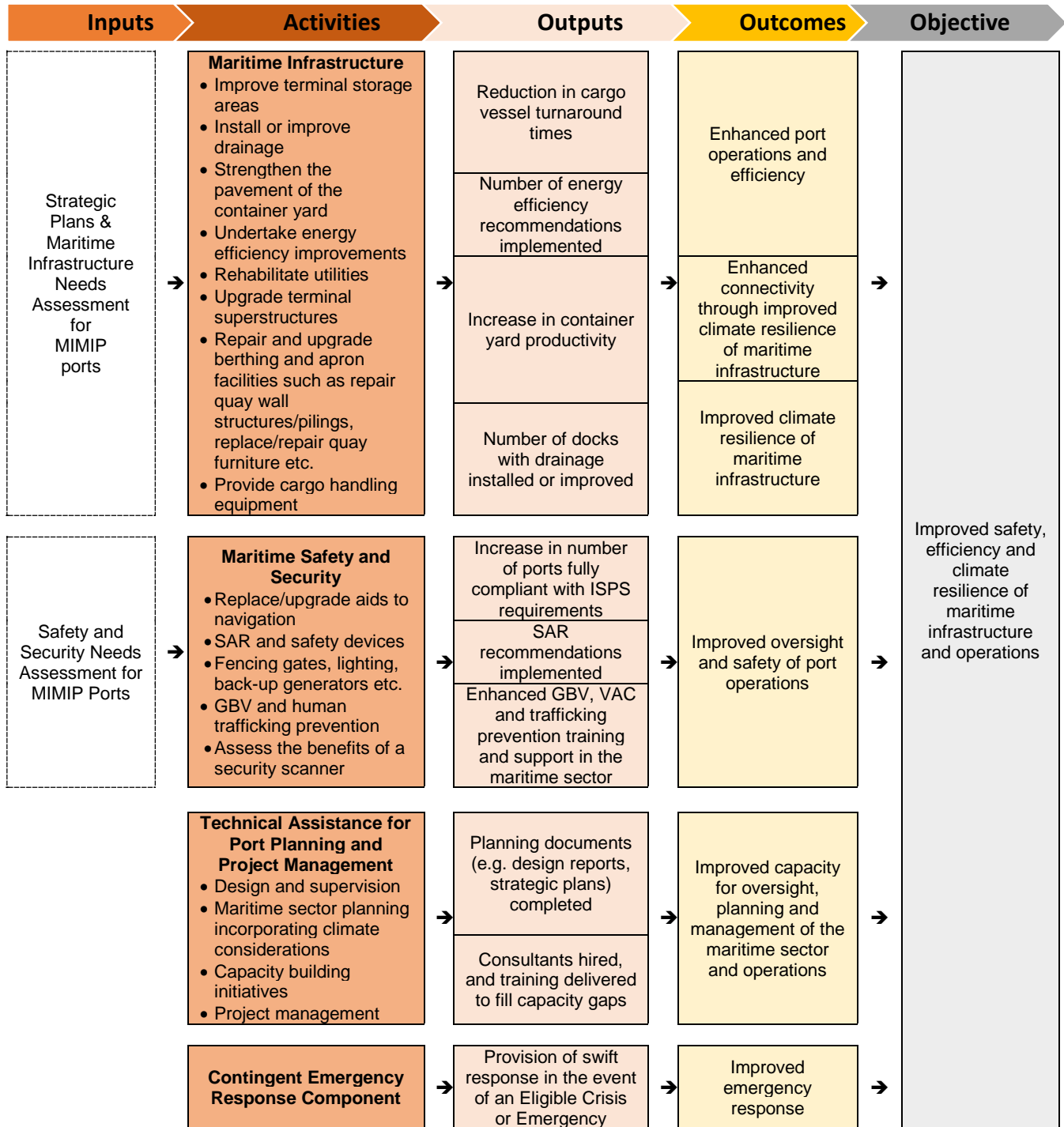
- (i) Ensure GRM includes safe and confidential pathway for GBV cases, including immediate referral to relevant service providers;
- (ii) Training for counsellors, healthcare professionals, and police focal points to ensure capacity to respond to any identified GBV and/or trafficking cases;
- (iii) Providing funding for either local service providers or the hiring of social workers in relevant government agencies; and,
- (iv) Working with other development partners to establish and document referral pathways for survivors of GBV and trafficking.



E. Results Chain

47. To develop the results chain, a Theory of Change approach was adopted and is illustrated in Figure 1 below.

Figure 1. MIMIP Results Chain





F. Rationale for Bank Involvement and Role of Partners

48. **Rationale for Bank involvement.** RMI relies heavily on its maritime sector and is highly vulnerable to climate change and natural disasters as the average elevation of most of its islands is only about two meters above sea level. Given RMI's geographic characteristics and its vulnerability to severe weather events and climate change, the provision of safe, efficient, and climate resilient sea transport services is considered essential for the country's basic economic and social functions and for achieving RMI's national development plans. MIMIP investments are designed to improve the safety, efficiency and resilience of maritime services, which in turn will help sustain the delivery of basic goods and access to critical services.
49. The rationale for public sector financing is primarily based on lack of private sector appetite to finance the activities under MIMIP. This is largely attributable to the remoteness of RMI that contributes to relatively high capital costs combined with limited volumes of trade at the port because of the small size of the population. The World Bank's involvement at this point is critical for development impact by addressing binding operational and enabling environment constraints, which may help unlock private solutions where appropriate in the long run.
50. The World Bank has gained considerable experience in both strengthening transport sector infrastructure and advising governments on institutional and regulatory strengthening within the transport sector in the Pacific region. The World Bank also brings experience in environmental and social issues, which is particularly important given the sensitivity of the physical and social environment in the Project areas.
51. The World Bank is supporting projects in the Pacific based on the premises of the Small Islands States Resilience Initiative (SISRI) that draws on the experience of the World Bank and other Global Facility for Disaster Reduction and Recovery (GFDRR) members in supporting climate and disaster resilience in small island states.²⁵ MIMIP is aligned with the overall objective of other projects in the Pacific, by adopting a common approach to improving the resilience of their transport sector and in the event of an Eligible Crisis or Emergency, providing an immediate response to the Eligible Crisis or Emergency. Specifically, MIMIP includes the following activities: (i) using planning tools to improve the climate resilience of the maritime sector; (ii) constructing climate resilient maritime investments; (iii) strengthening the enabling environment by improving the capacity of the Government to manage a more climate resilient maritime sector; and (iv) adopting a CERC.
52. **Role of Partners.** The GoRMI has received assistance from various donors for investments in the maritime sector, including the Asian Development Bank (ADB), U.S. Government, SPC, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the Japan International Cooperation Agency (JICA). Coordination among all donors will be critical to ensure that there is no duplication of effort. The most relevant partners are outlined below.
- (a) **ADB.** In 2009, ADB completed a technical assistance activity assessing the condition of and needs for transport infrastructure on key outer islands, including air and sea access. An assessment of access to each island was conducted and verified with captains of the four government-owned vessels that serve the outer islands. The study looked at AtoNs, jetties, landing beaches, warehousing and hazards, including reefs and shallow shelves. This work financed by ADB will inform MIMIP's outer islands improvements.

²⁵ www.gfdr.org/small-island-states-resilience-initiative.



- (b) **U.S. Government.** The USCG Fourteenth Division (D14), based in Honolulu, works with RMI sea patrol to provide SAR support. USCG has provided useful information, comments and suggestions, and thereby has helped to shape the design of the Enhancing SAR Awareness activity (Component 3.5).²⁶ The U.S. Government also supports RMI efforts to address human trafficking and meet minimum standards under the U.S. TVPA. Women United Together Marshall Islands (WUTMI) and the International Organization for Migration (IOM) are leading efforts in this regard.
- (c) **SPC.** SPC was selected by the International Maritime Organization (IMO) to host the regional Maritime Technology Cooperation Centre for the Pacific region (MTCC-Pacific) in collaboration with the Secretariat of the Pacific Regional Environment Programme (SPREP). The MTCC-Pacific is part of a global network on capacity building for climate mitigation in the maritime shipping industry. The global network project is implemented by IMO and funded by the European Union. The Pacific MTCC provides training and advice on Ship Energy Efficiency Management Plans (SEEMP). SPC also provides technical support in the development of safe ship operation plans and associated safety training for owners, operators and crew of domestic passenger vessels, under SPC's Pacific Islands Domestic Ship Safety Program (PIDSS). As part of this latter program, SPC has delivered basic ISPS auditor training to RMI ports and maritime administration staff.
- (d) **GIZ.** GIZ is supporting RMI with a 6-year program to identify measures to reduce GHG emissions from domestic sea transport. A Pacific Region Infrastructure Facility (PRIF) consultant is conducting a baseline assessment of emissions of the domestic fleet and options for low-carbon propulsion technologies. Where appropriate, MIMIP will seek to finance energy efficient, renewable energy activities to reduce GHG emissions. MIMIP may support some of the recommendations from the GIZ work, should it fit within the Project's scope.
- (e) **JICA.** Japan has provided two large passenger and cargo vessels, the *MV Kwajalein* and the *MV Majuro*, and, through the Nippon Foundation, two small patrol vessels *Rumor 02* and *Tarlan 04*, based in Majuro and Ebeye, respectively, as well as equipment to contain oil spills. JICA is also an important player in solid waste management through its Project for Promotion of Regional Initiative Solid Waste Management (J-PRISM).

G. Lessons Learned and Reflected in the Project Design

- 53. MIMIP is the first World Bank-supported transport project in RMI, but other recent World Bank-supported projects in small remote PICs can provide contextual information on design and implementation challenges in similar circumstances. For local concerns, the Pacific Resilience Program (PREP)²⁷ and the Pacific Islands Regional Oceanscape Program (PROP),²⁸ offer useful insights into local capacity and conditions.
- 54. **Simplicity in project design.** The World Bank has gained considerable experience in strengthening transport infrastructure and in responding to and building resilience against natural disasters in similar environments. Lessons from engagements elsewhere include the need for a simple phased approach, whereby the most basic infrastructure shortcomings are addressed up front while building the local capacity to plan and manage rehabilitation and

²⁶ Only operating costs (e.g. travel, per diems, etc.) would be eligible for financing under MIMIP for any operating costs incurred by the RMI Government for SAR training and capacity development activities provided by USCG under Component 3.5 in accordance with an Annual Work Plan and Budget that has been approved ex ante by the Association.

²⁷ P156334

²⁸ P152934



maintenance. The adequacy of laws, regulations and institutional capacity often needs to be assessed, with analytical work carried out early on to identify shortcomings and recommend options for their resolution and strengthening in the longer term. MIMIP has been designed to address both aspects – immediate support for port infrastructure, safety, security and resilience improvements; and a review of institutional and governance structures (including clarification of national and state entities), port management and financing, port strategic plans, connectivity to outer islands, etc. to be implemented in a follow-on engagement or next phase.

55. **The impact of PICs’ geographic characteristics on costs.** The remoteness of many PICs has a significant, and sometimes unpredictable, impact on costs.²⁹ Lessons learned from other World Bank-supported projects in small island states in the Pacific, such as Kiribati, have shown that higher cost contingencies should be factored into project design, where feasible. For MIMIP, the estimated costs in the PAD are based on preliminary assessments of the scope of works and services to be undertaken in each sub-component and are subject to further refinement in the scope and design, including following the outcome of the needs assessments that inform Components 1 and 2 and that precede the detailed design. The estimates are therefore not sufficient enough at this stage to include or exclude physical contingencies and the exact nature of procurements are not yet known. However, the needs assessments will prioritize activities taking into consideration MIMIP budget and economic evaluation in addition to other factors.
56. **Capacity limitations.** Experience from other World Bank-supported projects in small island states in the Pacific have highlighted key considerations around capacity limitations, including the need for realistic timelines, limited capacity of local project implementation teams, and the need for intensive implementation support.³⁰ Firstly, given MIMIP is the first World Bank-supported transport project in RMI, unforeseen complexities are expected. For example, there are often delays in importing materials and civil works contracts should anticipate a “time” contingency in the implementation schedule. Secondly, the success of a project is dependent on the Project implementation team and the Project Manager. Where there is thin national capacity with a few people available to perform these roles, projects should continue efforts to build capacity of national specialists. To this end, the CIU will provide implementation support as well as help to facilitate the transfer of skills to the Project implementation team. Lastly, an increased level of support during the first years of implementation is also anticipated, given the establishment of the CIU as well as because this will be the first project in this sector.
57. **Reducing the administrative burden.** Experience from other RMI projects has shown that the success of a project often depends on one or two individuals in the implementing agency. Avoiding overburdening existing implementation capacity has become an ongoing priority of World Bank projects in RMI and the region. To address this problem, RMI is in the process of establishing a full staffing complement in its newly established CIU within the DIDA. These staff will advise and guide MIMIP’s implementing agencies (IAs) to carry out essential project implementation functions, particularly for their first World Bank engagement. In addition, as RMI and FSM are preparing similar projects along the same timeline, they have stated their intention to work in close coordination or even jointly on some aspects, such as preparation of terms of reference and contracting of consultant support, which should also reduce the administrative burden.
58. **Financial and technical support for implementation readiness.** Implementation is often slow to begin in PICs due to lack of funding and difficulties in recruiting key personnel; lack of familiarity with preparing procurement, safeguards

²⁹ Implementation Completion and Results Report for the Kiribati Road Rehabilitation Project. March 7, 2019. World Bank. Report No. ICR00004673.

³⁰ Implementation Completion and Results Report for the Kiribati Road Rehabilitation Project. March 7, 2019. World Bank. Report No. ICR00004673.



and operational documents; difficulties in carrying out needs assessment and estimating costs, etc. In RMI projects, delays in developing core safeguards instruments, delays in procurement, and poor contract management are recurring problems. A Project Preparation Advance (PPA) for RMI provided the financial means to jump-start preparation of MIMIP, and the newly established CIU was tapped to provide safeguards and procurement support leading to project readiness. The Project also allows for procurement of both a Safeguards Specialist and a Procurement Specialist within the CIU dedicated to providing support to MIMIP during the implementation phase.

59. **Natural disasters.** RMI is vulnerable to disaster events that prove a challenge to ensuring long-term resilience. Several projects in the Pacific have been affected by natural disasters in recent years, including Tonga, Vanuatu and Fiji, which underscores the importance of incorporating provisions enabling a quick response in the Project design. MIMIP thus not only focuses on building resilience into port infrastructure and AtoNs, but also includes a CERC to address urgent response and recovery needs.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

60. MIMIP will be implemented over a five-year period following Board approval. The Ministry of Finance (MoF) will be the Executing Agency. MoF will also be the IA for Sub-components 3.6 on the Registries Assessment and Options Analysis and Sub-Component 3.7 to support MoF's CIU to provide project management support to MIMIP. The National Disaster Management Office (NDMO) will serve as the IA for Component 4 on the CERC. The Ministry of Justice (MoJ) will act as IA for Sub-component on trafficking (2.4 (e)). RMIPA, which is under MoTC, will act as the IA for all other Sub-components, including the technical support activity under Sub-component 3.7 (see Figure 2 below).
61. To oversee project implementation, a Project Manager will be appointed who will sit within the Project Implementation Unit (PIU) that is being established in RMIPA for the Project. RMIPA will sign and manage all contracts with consultants, suppliers and contractors during project implementation. In addition, a focal point will be identified in MoJ to implement MIMIP's anti-trafficking component.
62. The IAs will be supported by the CIU, within DIDA. The World Bank portfolio in RMI has grown quickly and is anticipated to expand even further over the next few years putting pressure on the thin capacity within GoRMI to implement effectively. GoRMI identified early the need for strong implementation of the World Bank portfolio and to look for ways to maximize efficiencies. GoRMI have therefore decided to undertake a centralized approach to project implementation functions. The CIU will provide support on core implementation functions needed for all projects such as but not limited to procurement, financial management, social and environmental safeguards, monitoring and evaluation and outreach and communications. The individuals responsible for these functions will report to the CIU Program Manager and provide services and hands on support to all IAs for preparation, implementation and capacity building activities. The Sub-component will also support some goods, procurement, training, and OCs related to the functioning of the CIU. Project implementation responsibilities will however remain with the respective IAs.
63. A Program Manager financed through MIMIP will oversee and manage the CIU. The Program Manager will report to the Assistant Secretary for DIDA and be responsible for coordinating the team of specialists housed in the CIU and will work collaboratively with the IAs and RMIPA Project Manager to ensure sufficient project implementation resources are available for effective implementation, preparation, closing and reporting of the World Bank-supported

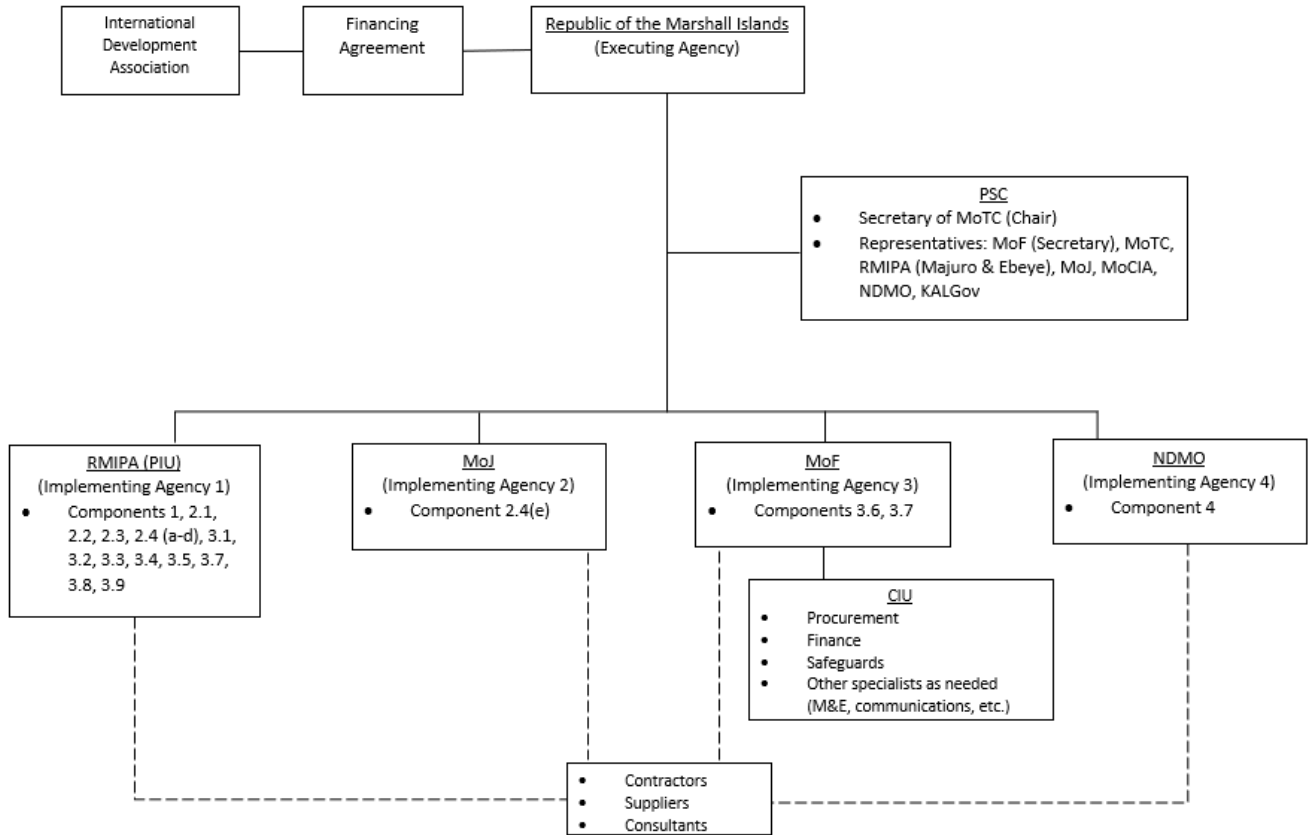


projects in accordance with the legal agreements and all GoRMI and World Bank policies and procedures. In addition, the Program Manager will look for opportunities to enhance quality and timeliness of implementation, build systems and operating procedures, aligned where possible with GoRMI processes and procedures, develop and operationalize performance management standards for all project staff across the portfolio and strengthen the capacity of national staff.

64. The CIU will consist of specialist and officer positions to be undertaken by both international and national consultants. The national consultants will receive training and capacity building and work closely with these international specialists. The objective will be to develop national expertise in all project implementation functions; and, capacity building and training will be a core focus of the international specialists.
65. A PSC will be formed to provide general oversight and policy direction to MIMIP stakeholders during project implementation, convene key stakeholders in the event of disagreement, and periodically review project progress. The PSC will be chaired by the Executive Director of RMIPA, and members will include representatives from MoF (Secretary), MoTC (Secretary), MoJ, MoCIA (Secretary), and NDMO. The PSC would meet at least twice a year, and more often as needed.



Figure 2. MIMIP Implementation Arrangements³¹



B. Results Monitoring and Evaluation Arrangements

66. Project monitoring and evaluation (M&E) will be conducted via periodic monitoring through semi-annual reports that track progress in terms of distribution of inputs, disbursement of funds, and achievement of targeted indicators as outlined in the Results Framework (Section VI). The IAs will be responsible for M&E of the Project outcomes of their respective activities against agreed indicators as presented in the Results Framework, including the provision of timely monitoring reports with operational data, with support from the CIU where required.

C. Sustainability

67. The high level of dependence of RMI and its citizens on marine transport renders safe, efficient and climate resilient port facilities a high priority of GoRMI. MIMIP has been designed to address the sector’s most urgent and basic needs to ensure – as quickly as possible – that port infrastructure is safe, resilient, efficient and well-managed. As capacity is limited, MIMIP also includes technical assistance to address improvements needed for proper oversight and management of port facilities, better coordination of emergency response/search and rescue systems, full

³¹ The IAs will be responsible for all fiduciary aspects of MIMIP and will be supported by the specialists in the CIU to ensure these functions are carried out. The IAs will be responsible for implementing the technical aspects of the specific sub-components with assistance from the PIU.



compliance with ISPS requirements and with minimum standards under the TVPA, and other priority issues arising. However, although implementation of institutional, legislative and legal reforms, and building capacity take time, in RMI the urgency of rationalizing the sector increases as the Compact transition period approaches. The intention therefore is for the analytical work to set the stage for a follow-on engagement, which would be timely by assisting RMI during this period of transition.

IV. PROJECT APPRAISAL SUMMARY

A. Technical and Economic Analysis

68. **Technical analysis.** Achieving improved climate resilience of existing assets will form a fundamental part of the technical design of this project. In terms of cost and scope, the major works to be implemented under MIMIP will primarily involve land- and marine- based civil infrastructure works, comprising the surfacing and drainage of Delap Dock, new control tower at Uliga Dock, and repairs to quay walls and furniture at Majuro, Ebeye and possibly the outer islands. Electrical and mechanical works – AtoN replacement, lighting, Uliga hoists, Delap standby generator etc. – will make up most of the remaining cost and scope. For each sub-project the preliminary and detailed designs will be required to include a specific analysis of the current and future climate-related hazards, and consideration of options to address such risks over the life of new and repaired assets. Agreed measures to respond to the identified risks will be included in all design specifications and bid documents for construction and installation works.
69. The works by their nature will be relatively simple and will utilize conventional, well tried and tested technical design, construction and installation methods, to best suit the remote locations and local resource constraints. All materials used in construction and installations will need to be of the highest quality to withstand the aggressive natural and physical environment, and general low levels of maintenance. To ensure this quality and sustainability, all works will be designed and supervised by an international firm of consulting engineers who will be selected on the strength of their technical merit and proven experience in this field.
70. RMI is at high risk of climate change induced disasters, in particularly extreme waves and high tides, storm surges and coastal inundation. Critical port infrastructure and equipment are located in low-lying coastal areas, which exposes them to these risks, especially in the context of progressive sea level rise. MIMIP aims to systematically improve the climate resilience of the maritime sector in RMI through a combination of sectoral planning, engineering solutions, and institutional strengthening.
- (a) *Climate adaptation.* Tools to be utilized under MIMIP include: (i) sectoral planning tools informed by climate change and natural disasters; (ii) more climate resilient port infrastructure; (iii) measures to strengthen the enabling environment to enable the Government to manage a more safe, efficient and climate resilient maritime sector; and, (iv) contingent emergency response.

The actual scope and engineering design of infrastructure investment under Components 1 and 2 will be guided by the outcome of the needs assessments to be completed under Sub-component 3.1 and the strategic planning activity to be completed under Sub-component 3.4, to be carried out in the first two years of project implementation. The strategic planning activity will fully consider climate and disaster vulnerability of the targeted ports and assets and ensure efficient adaptation measures to be incorporated in the design of infrastructure investment. The initial scope for material investments under Components 1 and 2 are already targeting most evident adaptation needs, including:



- Pavement and drainage works at currently unpaved and undrained container yard area at Delap Dock to prevent the deterioration of the yard from constant inundation associated with increasing precipitation;
- Quay walls furniture at Delap, Uliga and Ebeye Docks will be repaired and upgraded to enhance the resilience to sea level rise, more intense wave action, and extreme winds;
- Repairs to outer island dock facility structures will enhance structural resilience of these facilities to extreme climatic events, and increased coastal erosion associated with sea level rise; and,
- Upgrades to AtoNs, communication facilities, and SAR equipment to improve the navigation and emergency response to assist vessels and boats, particularly in extreme weather and hydro-meteorological hazards such as heavy precipitation and fog, and strong tides and approaching waves at the harbor.

In addition, institutional capacity building and port management support activities will help RMIPA to incorporate climatic stressors as a key parameter to plan and manage port operations and services and put into place necessary institutional arrangements for effective climate informed port management.

(b) *Climate mitigation.* MIMIP will involve construction of a port control tower, as well as other buildings and facilities at Uliga Dock. The detailed design of these constructions will be developed in the later stage of MIMIP’s implementation based on the maritime infrastructure needs assessment; however, where appropriate, the Project will explicitly seek to introduce energy efficient, renewable energy solutions as part of the preferred design options for these constructions, such as installing photo-voltaic systems (PV Panels).

71. **Economic analysis.** The results of the economic analysis are summarized in Table 4, indicating that the difference between the “with-project” and “without-project” cases yield an Economic Internal Rate of Return (EIRR) of 21.04 percent and a Net Present Value (NPV) of US\$18.31 million for the overall investments under MIMIP. The discount rate is 5.4 percent and is aligned with the World Bank’s guidance note on discount rates. The analysis includes a Standard Conversion Factor of 0.90.

Table 4. Results of Economic Analysis

	Base Case	Benefits -20%	Costs +20%	Benefits -20% and Costs +20%
EIRR (%)	21.04%	15.02%	16.02%	11.01%
NPV (US\$ million)	18.31	11.25	14.91	7.85

72. The cost-benefit analysis was conducted over the 30-year evaluation period (2019-2048) for the maritime infrastructure, whereas other investments on maritime safety and security components (such as fencing, gates, safety devices, boats, etc.) assumed a replacement requirement after 15 years. It is expected that the investment in security and safety equipment is done during the first two years of implementation, and maritime infrastructure investment comes in during the next three years of MIMIP’s implementation. The Project’s benefits for safety and security component will start in year 3, whereas the benefits that come from infrastructure investment will commence in year 6.

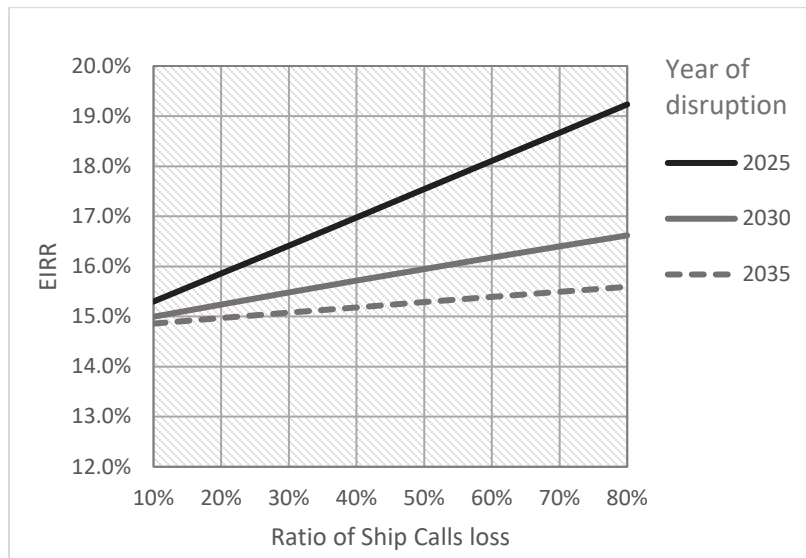
73. Key benefits of MIMIP come from: (i) accident reduction and avoided rehabilitation due to improved, climate-resilient



infrastructure; and, (ii) ensuring safety and security standard. With a reduction in accidents, MIMIP will also help avoid cargo loss and damage, reduce lengthy and costly SAR missions, and reduce numbers of passenger fatalities and injuries.

- 74. Other benefits include improved efficiency of port operations, a reduction of vessel turnaround times, and passenger time savings. However, their impacts are very small (about 1-2 percent of total benefits) and do not have significant impact on the economic analysis results.
- 75. A sensitivity analysis shows that the EIRR would be 11.01 percent and the NPV would be US\$7.85 million in the low case when the project benefits decrease by 20 percent and the project costs simultaneously increase by 20 percent. Because of the uncertainty on the timing and impact of non-compliance, another sensitivity analysis was conducted around the different timing of reduction in port calls by vessels. It is assumed that non-compliance could lead to a reduction as soon 2022, where the port loses 60 percent of the vessel calls, and it would take two years to achieve compliance and resume normal operations. Figure 3 shows the sensitivity of the results around compliance benefits.

Figure 3. Sensitivity Analysis around Compliance Benefits



B. Fiduciary

- 76. **Financial Management (FM).** An FM assessment of the CIU, which will provide support for fiduciary aspects, was carried out in accordance with the “Principles Based Financial Management Practice Manual” effective March 1, 2010. Under the Bank’s Directive: Investment Project Financing (IPF) (Directive), the borrower and implementing agency are required to maintain financial management systems, including accounting, financial reporting, and auditing systems, adequate to ensure accurate and timely information regarding the project resources and expenditures. Overall, the assessment found that the FM arrangements satisfy the requirements as stipulated in Directive subject to implementation of agreed actions and mitigating measures. MoF is responsible for the FM arrangements for the whole project but will receive support from the CIU. The CIU is a newly-formed unit and currently has limited capacity. A Finance Manager employed in 2017 is solely responsible for the FM requirements



for the current DIDA portfolio. With the current staff levels, there is a risk of over-extending DIDA's current resources which could be a constraint for the implementation of this project without adequate provision of additional project support. It is recommended that a Project Support staff within the PIU handle project-related tasks, including some FM tasks, to augment the FM support to be provided by the CIU. The POM prepared for MIMIP will include a section on budgeting, disbursement, and financial management arrangements. The sharing of services with other World Bank projects will require processes to ensure that expenditures are properly recorded and documented, and associated funds flows closely monitored. Training on the FM requirements of MIMIP will be conducted and monitoring of compliance to FM processes will be a regular part of the review missions (see Annex 1 for details on FM).

77. Procurement. Procurement under this Project will follow the World Bank Procurement Regulations for IPF Borrowers dated July 2016, revised November 2017 and August 2018. Key risks relating to procurement will largely be mitigated with the Procurement Specialist, Procurement Officer, and a pool of specialists in the CIU providing support to the Project. The Bank will provide relevant procurement training and implementation support, and the Systematic Tracking of Exchanges in Procurement (STEP) application will be used to prepare, clear, and update Procurement Plans and conduct all procurement transactions for the Project. Accordingly, all the procurement activities under the proposed Project will be entered into, tracked and monitored online through the system. On the ground support will be provided by CIU's Procurement Specialist and Procurement Officer with the assistance of a pool of short-term procurement consultants as necessary while the World Bank is also available to provide further support. The POM will include a procurement module to guide procurement implementation (see Annex 1 for details on procurement arrangements).

C. Safeguards

78. Environmental Safeguards

- (a) **Environmental Assessment (OP/BP 4.01).** OP/BP 4.01 was triggered at Concept Stage and an Environmental and Social Management Plan (ESMP) and an Environmental and Social Management Framework (ESMF) were prepared for the Project.³² Consultations were held during the environmental assessment and on the draft instruments. The Project has been screened as Category B as the impacts are considered moderate and readily prevented and mitigated. The ESMP was prepared for the activities identified during project preparation and mostly relate to the physical works to upgrade the various ports. The ESMF was prepared to provide a screening and risk management process for sub-projects that are identified following the strategic management planning processes and to inform the safeguards approaches to technical advisory activities. The key environmental impacts identified in the environmental assessment are: (i) the existing and ongoing risks from oil spills, contaminated storm water and other pollution discharges to the marine environment further modifying the coral and sand environments nearby; (ii) the significant volumes of scrap metal and other solid waste at the ports; and, (iii) the potential for contaminated fill to be discovered during earthworks. Minor impacts that will require management during construction include noise, dust, traffic-related safety, construction waste and interferences with other port operations. Environmental benefits, such as a reduction in the risk of oil spill and incidental releases of pollutants and waste into the marine environment, will be achieved through the removal of waste, provision of spill kits and booms, staff training and improved port operational procedures. The strategic management planning process may identify larger scale infrastructure investments that, in future, could produce

³² The ESMF and ESMP were disclosed in RMI on March 19, 2019 on the MoF website. The ESMF and ESMP were disclosed on April 4, 2019 through the Bank's external website.



more significant environmental impacts and the terms of reference will require an environmental and social assessment as part of the planning process.

- (b) **Natural Habitats (OP/BP 4.04).** OP/BP 4.04 was triggered at Concept Stage and an assessment of the impact of physical works and technical advisory on the marine ecosystem was undertaken. The assessment concludes that the maritime habitat near the Delap, Uliga, Ebeye and Jaluit ports is highly modified and degraded due to pollution, waste and sedimentation. Further impacts on these immediate environments will be negligible. Jaluit atoll is a RAMSAR site³³ with significant mangrove communities and habitats for critically endangered and vulnerable marine species and is therefore a critical habitat. Jaluit's mangroves are not within the Project's area of influence but remnant coral habitats in all lagoons, beyond the immediate port areas, may be affected in the short term from contaminated storm water from earthworks and construction activities and in the long term from contaminated storm water drainage from the ports or spill events if not appropriately managed. Mitigation measures in the ESMP address the design and operation of drainage and storm water treatment devices, erosion and sediment control measures, removal of waste, improved oil and fuel management procedures, and improved spill response skills and equipment, and are considered satisfactory for reducing short and long-term risk to these habitats.
- (c) **Physical Cultural Resources (OP/BP 4.11).** The baseline surveys carried out as part of the Environmental and Social Impact Assessment (ESIA) process did not identify the presence of any physical cultural resources within the Project's area of influence. All physical works will be within the dock boundaries, which are heavily modified environments, hence, the policy is not triggered.

79. Social Safeguards

- (a) **Indigenous Peoples (OP/BP 4.10).** Almost the entire population of Majuro is indigenous Marshallese. To ensure that the principles of the policy are addressed, the Stakeholder Engagement and Consultation Plan contained within the Project ESMF and ESMP³⁴ has been prepared in compliance with the policy and consistent with an Indigenous Peoples Policy Plan, reflecting a Free, Prior and Informed consultation approach that addresses the needs of vulnerable people and women.
- (b) **Involuntary Resettlement (OP/BP 4.12).** The Project will not involve any new footprints for infrastructure. Accordingly, no land access issues are anticipated with the Project and involuntary land acquisition or resettlement will not be required.
- (c) **Occupational Health and Safety (OHS).** All new works procurements will include clear provisions for OHS. Issues related to OHS on construction sites will need to be carefully managed and monitored. These include but are not to be limited to access to workers compensation, first aid services, sanitation and hygiene at the work place, use of personal protective equipment (PPE), site safety and accidents as well as implementation of a traffic management plan during construction. All contractors will be required to prepare an OHS mitigation plan and provide monthly progress reports on OHS risks. The OHS requirements for MIMIP are consistent with the World Bank's Environmental, Health and Safety (EHS) Guidelines.

³³ The Convention on Wetlands, called the RAMSAR Convention, is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.

³⁴ The ESMF and ESMP were disclosed in RMI on March 19, 2019 on the MoF website. The ESMF and ESMP were disclosed on April 4, 2019 through the Bank's external website.



- (d) **GBV and Human Trafficking.** The Project will implement all relevant recommendations of the GBV Good Practice Note, undertaking specific activities to prevent and respond to GBV and human trafficking, with the aim to reduce the induced impact from the Project as well as enhancing the available response services in project-affected communities. Further information can be found in Section II.D and in Annex 3.
- (e) **Grievance Redress Mechanism (GRM).** A GRM will be established for the Project to register and manage all grievances, including those received by consultants and contractors, relaying them to the appropriate party for resolution, and advising the complainant of the outcome. A specific GRM pathway will be established for GBV complaints, including the involvement of local GBV service providers. Statistics on grievance and complaint resolution will be collected and provided through the Project progress reports. Specifically, the Project will monitor the grievance redress citizen engagement approach through the indicator noted in the 2014 Guidance Note on Results Framework and Monitoring & Evaluation (M&E): grievances registered related to delivery of project benefits that are addressed (%). In addition, consultations were held during project preparation to help inform the Project, with the records contained in the Project ESMF and ESMP. Further information on the GRM and the Stakeholder Engagement Plan is supplied in the Project ESMF and ESMP.

80. World Bank Grievance Redress Service. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the World 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 World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

V. KEY RISKS

- 81. Overall risk rating - Substantial.** The risk ratings for the Project have been identified using the Systematic Operations Risk-Rating Tool (SORT). The main concerns involve: (i) limited institutional capacity; (ii) fiduciary risk; and (iii) environmental and social risk, discussed in detail below.
- 82. Institutional capacity risk - Substantial.** Weak capacity in the public sector presents a risk that could impede the implementation of the reform measures supported by MIMIP. Capacity constraints are typical in small island states, especially in the Pacific, and RMI faces significant institutional limitations. These pose the risk that the actions supported by MIMIP might not be implemented as successfully as expected, or in the agreed timeframe due to staff changes or unavailability. This risk will be partially mitigated through the support of consultants during project implementation; however, RMI faces significant institutional limitations and the risk of institutional capacity is rated Substantial.
- 83. Fiduciary risk - Substantial.** FM and procurement for MIMIP will be supported by CIU, which has some experience working on World Bank-supported projects; however, the scale-up of World Bank-financed projects in the RMI



increases the number of projects implemented by MoF, overextending their limited project management resources. The FM risk of the Project is assessed as Substantial primarily because of this risk, which could prove a constraint for the implementation of this Project absent additional Project support. The Procurement risk of the Project is assessed as Substantial based on thin procurement capacity; however, additional procurement support will be provided through the Project, including: the hiring of a Procurement Specialist within the CIU, a pool of short-term procurement specialists within the CIU supporting the Procurement Specialist with transactions, and intensive implementation support from the World Bank task team.

84. **The environmental and social safeguards risk - Substantial.** The overall environmental risk is assessed as Moderate while the overall social risk, including the GBV risk, is assessed as Substantial. The proposed physical investments have been assessed for impacts on the marine environment, port users, visitors and neighbors. The immediate marine environments are degraded, but there are mangroves and/or remnant reef communities nearby some docks that could be affected by sedimentation or discharges to the water during construction activities or future operations. There is potential to reduce the degradation of harbor water quality through improved environmental management at ports and regulations. The strategic management planning process may identify larger scale infrastructure investments that, in future, could produce more significant environmental impacts and the terms of reference will require an environmental and social assessment as part of the planning process. Safety improvements will benefit workers and visitors. During construction there are safety risks for port users and bystanders, as well as noise and dust nuisances to manage.
85. Due to the large amount of concurrent infrastructure and construction projects in Majuro and Ebeye, there may be cumulative impacts from this project and the numbers of imported workers. In addition to the maritime sector investments, there is substantial investment occurring at another port facility close to Delap Dock, which may have interactions with Delap in terms of activities including fisheries, fuel bunkering and crew rest, etc. The social issues relating to accommodating workers and the interactions with locals will be assessed and managed under the Contractors ESMP, including the cumulative impacts with other workforces. As identified in the gender section, there is an opportunity to support the maritime sector to reduce the social harm from GBV and other issues, and strengthen the work carried out by NGOs. The Project was screened using the Bank's GBV Risk Assessment Tool and was classified within the "Substantial Risk" category. High levels of GBV and human trafficking, often for commercial sexual exploitation of women and children, are noted.
86. While the Republic of the Marshall Islands Environmental Protection Agency (RMIEPA) has some experience with World Bank safeguards documentation from other IDA projects, environmental and social safeguards advisory support financed through the Project will be required to support project implementation. DIDA has hired a Safeguards Specialist to be housed in the CIU who will support the IAs, and additional safeguards support during implementation may be required and this will be coordinated by the CIU and RMIPA.
87. **Climate screening.** MIMIP was assessed using the World Bank's *Climate and Disaster Risk Screening Tool*, which confirmed that the maritime sector in RMI is highly vulnerable to extreme weather and climate events. The assessment revealed that RMI's current capacity and systems are not sufficient to adequately respond to disruptions from climate and geophysical hazards, especially for SAR operations. During preparation, consideration will be given to identifying opportunities to enhance the governance, coordination, and response of key agencies involved in SAR operations. In addition, options to elevate awareness and preparedness among seafarers will be considered.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Marshall Islands

Marshall Islands Maritime Investment Project

Project Development Objectives(s)

To improve the safety, efficiency and climate resilience of maritime infrastructure and operations in the Recipient's territory, 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

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Efficiency							
Reduction in cargo vessel turnaround times at Delap Dock (Minutes)		1,660.00	1,660.00	1,660.00	1,650.00	1,640.00	1,630.00
Increase in container yard productivity at Delap Dock (Percentage)		0.00	0.00	0.00	0.00	5.00	10.00
Safety and security							
Project docks fully compliant with ISPS requirements (Number)		0.00	0.00	0.00	0.00	3.00	3.00
Climate resilience							
Docks rehabilitated with at least one climate resilience		0.00	0.00	0.00	0.00	2.00	3.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
measure (Number)							
Docks with sectoral and contingency planning tools that address natural disasters and climate change (Number)		0.00	0.00	3.00	3.00	3.00	3.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Maritime Infrastructure							
Area of cargo yard paved at Delap Dock (Square Meter(m2))		0.00	0.00	0.00	0.00	15,000.00	30,000.00
Measures implemented to improve drainage at Delap dock (Yes/No)		No	No	No	No	Yes	Yes
Repairs to the existing berth and facilities at Project docks (Number)		0.00	0.00	0.00	0.00	2.00	4.00
Energy efficiency recommendations implemented (Number)		0.00	0.00	0.00	0.00	2.00	3.00
Maritime Safety and Security							
Project docks with safety solutions implemented (Number)		0.00	0.00	0.00	0.00	2.00	4.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
ISPS recommendations implemented against identified shortcomings (Percentage)		0.00	0.00	10.00	25.00	50.00	100.00
Women employed by RMIPA at maritime facilities (Percentage)		0.00	0.00	5.00	10.00	15.00	15.00
RMIPA implementation of SOP on trafficking referral service (Yes/No)		No	No	Yes	Yes	Yes	Yes
Percentage of contractor staff trained on GBV & Codes of Conduct (Percentage)		0.00	100.00	100.00	100.00	100.00	100.00
Citizen Engagement							
Grievances registered related to delivery of project benefits that are addressed (Percentage)		0.00	100.00	100.00	100.00	100.00	100.00
Contingent Emergency Response							
Adoption of a CERC manual given the risk of natural disaster (Yes/No)		No	Yes	Yes	Yes	Yes	Yes

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Reduction in cargo vessel turnaround times at Delap Dock	Reduction in cargo vessel turnaround times at Delap	Every 6 months	Project progress	Measurement at Project site	MoTC; RMIPA



	Dock, with a target reduction of 30 minutes. Starts from the time of pilot boarding to vessel departure from Delap Dock.		reports		
Increase in container yard productivity at Delap Dock	Increase in container yard productivity is the number of containers moved per hour.	Every 6 months	Project progress reports	Measurement at Project site	MoTC; RMIPA
Project docks fully compliant with ISPS requirements	Cumulative and includes Delap, Uliga, and Ebeye Docks.	Every 6 months	Project progress reports	Independent assessment	MoTC; RMIPA
Docks rehabilitated with at least one climate resilience measure	A cumulative measure of repairs to existing berths or apron facilities, container yard hardening and the installation of drainage systems.	Every 6 months	Project progress reports	Review of detailed design	MoTC; RMIPA
Docks with sectoral and contingency planning tools that address natural disasters and climate change	Refers to the availability of strategic port plans and CERC manual.	Every 6 months	Project progress reports	Stocktake of the planning tools accepted by the client	MoTC; RMIPA

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Area of cargo yard paved at Delap Dock	Square meters of cargo yard hardened with concrete, concrete blocks or	Every 6 months	Project progress reports	Site inspection	MoTC; RMIPA



	pavement.				
Measures implemented to improve drainage at Delap dock	Drainage systems installed or improved at Delap Dock.	Every 6 months	Project progress reports	Verification of completed drainage works in line with approved detailed design	MoTC; RMIPA
Repairs to the existing berth and facilities at Project docks	A cumulative measure of the number of project docks that had repairs to berths or facilities.	Every 6 months	Project progress reports	Site inspection	MoTC; RMIPA
Energy efficiency recommendations implemented	Number of energy efficiency recommendations implemented, such as PV systems, switch to LED lighting systems (cumulative).	Every 6 months	Project progress reports	Stocktake of measures adopted	MoTC; RMIPA
Project docks with safety solutions implemented	Cumulative number of AtoNs, fenders, bollards, ladders and cleats installed.	Every 6 months	Project progress reports	Stocktake of safety assets	MoTC; RMIPA
ISPS recommendations implemented against identified shortcomings	Measures implemented at Project docks to comply with ISPS requirements, such as fencing, lighting, CCTV, back-up generator, hardware/software.	Every 6 months	Project progress reports	Independent assessment	MoTC; RMIPA
Women employed by RMIPA at maritime facilities	Increase in percentage of women employed in skilled positions, such as technical operations, security,	Every 6 months	Project progress reports	Stocktake of women hired	RMIPA



	administration and management as a result of project activities e.g., technical training.				
RMIPA implementation of SOP on trafficking referral service	RMIPA implementation of SOP on trafficking referral service	Every 6 months	Project progress reports	Verification assessment	MoTC; RMIPA
Percentage of contractor staff trained on GBV & Codes of Conduct	Percentage of contractor staff trained on GBV & Codes of Conduct	Every 6 months	Project progress reports	Stocktake assessment	MoTC; RMIPA
Grievances registered related to delivery of project benefits that are addressed	A measure of citizen engagement	Continuous (Project web site); Every 6 months (Project progress reports)	Project web site and project progress reports	Utilization of online or offline grievance tracking tool	MoTC; RMIPA
Adoption of a CERC manual given the risk of natural disaster	Adoption of a CERC manual	Every 6 months	Progress reports	Verification of CERC manual acceptance	NDMO



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Marshall Islands Marshall Islands Maritime Investment Project

Project Institutional and Implementation Arrangements

1. MIMIP will be implemented over a five-year period following Board approval. The Ministry of Finance (MoF) will be the Executing Agency. MoF will also be the IA for Sub-components 3.6 on the Registries Assessment and Options Analysis and 3.7 on project management support. NDMO will serve as the IA for Component 4 on the CERC. The MoJ will act as IA for Sub-component on trafficking. RMIPA, which is under MoTC, will act as the IA for all other Sub-components, including on Sub-component 3.7, specifically the technical support.
2. To help it oversee the implementation of its activities, RMIPA will appoint a Project Manager as part of the PIU that is being established for the Project. RMIPA will sign and manage all contracts with consultants, suppliers and contractors during project implementation. In addition, a focal point will be identified in MoJ to support the implementation of MIMIP's anti-trafficking component.
3. The IAs will be supported by the CIU, which will provide fiduciary (procurement and financial management) services, as well as input and guidance on social and environmental safeguards. The CIU includes a number of positions, including but not limited to, a Financial Management Specialist, a Procurement Specialist, and a Safeguards Specialist. MIMIP funding will be used to finance these positions throughout MIMIP's five-year implementation period.
4. A PSC will be formed to provide general oversight and policy direction to MIMIP stakeholders during project implementation, convene key stakeholders in the event of disagreement, and periodically review project progress. The PSC will be chaired by the Executive Director of RMIPA, and members will include representatives from MoF (Secretary), MoTC (Secretary), MoJ, MoCIA (Secretary), and NDMO. The PSC would meet at least twice a year, and more often as needed.

Financial Management

5. A financial management (FM) assessment of the CIU, which will provide support to the IAs for fiduciary aspects, was carried out in accordance with the "Principles Based Financial Management Practice Manual" effective March 1, 2010. Under the Bank's Directive: Investment Project Financing (Directive), the Borrower and implementing agencies are required to maintain financial management systems, including accounting, financial reporting, and auditing systems, adequate to ensure accurate and timely information regarding the Project's resources and expenditures. Overall, the assessment found that the FM arrangements satisfy the requirements as stipulated in Directive subject to implementation of agreed actions and mitigating measures. The MoF is responsible for the FM arrangements for the whole project and will receive support from the CIU. The CIU is a newly-formed unit and currently has limited capacity. A Finance Manager employed in 2017 is solely responsible for the FM requirements for the current DIDA portfolio. With the current staff levels, there is a risk of over-extending DIDA's current resources, which could be a constraint for the implementation of MIMIP without adequate provision of additional project support. Additional FM staff (e.g. FM Officer(s)) are to be employed as part of the CIU through the Project. In addition, project support staff within the PIU can help handle project-related FM tasks to augment the FM



support to be provided by the CIU. The POM will include a section on budgeting, disbursement, and financial management arrangements. The sharing of services with other World Bank projects will require processes to ensure that expenditures are properly recorded and documented, and associated funds flows closely monitored. Training on the FM requirements of the Project will be conducted and monitoring of compliance to FM processes will be a regular part of the review missions.

6. **FM Implementation Arrangements.** MoF maintains the financial accounts and provides FM support to World Bank projects and hence will be responsible for the fiduciary aspects of this project. The CIU will provide support to MoF in this area. The CIU currently has a Finance Manager and FM Officers are expected to be employed through the Project. It is proposed that project support staff within the PIU, under RMIPA, can help handle project-related FM tasks to augment the FM support to be provided by the CIU to ensure that the FM arrangements satisfy the requirements as stipulated in Bank Directive: Investment Project Financing. The Project Support Staff will also coordinate the financial management requirements of the Project for the PIU. The FM risk of the Project is assessed as Substantial primarily because of the risk of over-extending DIDA's current resources which could be a constraint for the implementation of this project without adequate provision of additional project support.
7. **Budgeting.** RMI has a Budget Coordinating Committee which develops, formulates, and coordinates the government budget process. This committee is made up primarily of MoF staff who have strong skills in budget preparation and monitoring. Project funds will be included in the estimates and in-year reporting subject to the timely notification to the Government. The budget section of MoF is responsible for monitoring the budget throughout the year and will be requested to work closely with DIDA fiduciary staff to assist in budget preparation and monitoring of this project. GoRMI's accounting system has the capacity to compare actual costs to budget, which will assist in the monitoring of the budget. Budgeting will be on an activity basis summarized by component and should be reviewed at least every six months by both the budget section of the MoF and the Project team.
8. The IAs (with support from the Project Manager of the PIU and the DoJ Focal Point) in close collaboration with the CIU will prepare annual work plans and budgets with appropriate levels of detail (for example, Component or Category, whichever is deemed most relevant and useful). The CIU will review this document and report on the analysis of budget versus actual expenditure and incorporate this into the Project reports for each calendar semester for MIMIP. DIDA/MoF will submit the Project reports for each calendar semester no later than one month after the end of each calendar semester, along with the annual work plans and budgets to the World Bank.
9. **Accounting and maintenance of accounting records.** The 4Gov system has a chart of accounts, and transactions or line items can be further classified by cost center, organization (department/division), and geography if required. This system can maintain accounting records that meet the World Bank's reporting requirements for this project. A new chart of accounts will be developed for the new Financial Management Information System (FMIS) and the Project accounts will be incorporated in the new system. A separate cost center will be opened to account for transactions under the components to be implemented by RMIPA, with all related payments centralized in MoF. The new FMIS will include capability to account for World Bank -financed projects and it is anticipated that there will be a transition period during which both the existing 4Gov system and the new FMIS will be running in parallel after which the 4Gov system will be decommissioned.
10. **Internal Controls.** GoRMI uses a Standard Operations Procedure Manual, which outlines the internal controls and procedures. However, compliance within agencies has often been poor. This risk should be mitigated by ensuring that the Project's support staff is aware of the Standard Operations Procedure Manual requirements, and that



compliance to the manual is included in the terms of reference of the position. To enhance the controls, all project Purchase Orders will be approved by the Secretary of Finance prior to release. The Internal Audit unit within MoF may be able to provide additional oversight. The POM will include a section on budgeting, disbursement, and financial management arrangements that will reference relevant government legislation, procedures and the Standard Operations Procedure Manual and will outline in more detail FM arrangements specific to MIMIP.

11. **Funds flow.** Funds will flow from the World Bank directly into a designated account (DA). Initially this will be from the Project Preparation Advance which on refinancing will become the Project DA. PPA expenditures will be tracked through GoRMI's accounting system and paid from the treasury account. Prior to completing a replenishment Withdrawal Application, the equivalent funds expended from the treasury account will be transferred from the DA into the treasury account, hence the DA will be replenished by that amount. Adequate documentation will be required to be maintained to ensure easy reconciliation of payments made from the treasury account to payments authorized by the Project. For larger project payments, the direct payment disbursement method can be chosen by MoF and the Withdrawal Application enables funds to flow directly from the World Bank to the supplier. Where direct payments are used as the disbursement method, the transactions must be incorporated into the Project accounts. To facilitate the tracking of multiple projects, and the associated funds management aspects, it is proposed that the 'statement of expenditure' method be used when documenting project expenditures and replenishing the designated accounts.
12. **Periodic financial reporting.** Financial reporting will be fully integrated into the government accounting system. The Project will be allocated a cost center, and sub accounts will be created to reflect the specific activities. Reports will initially be generated from the 4Gov accounting system and will ultimately be generated by the new FMIS. The financial reports will include an analysis of actual expenditure for the current period, year to date, and for the cumulative to date, plus outstanding commitments, compared against total project budget. The Project will be required to prepare half-yearly (semester) Interim Financial Reports (IFRs) in a format agreed with the Bank. The IFRs will be prepared by the CIU's Finance Manager in consultation with MoF and will be required to be submitted not later than 45 days after the end of the reporting period. There remains a risk of limited financial information provided in the IFRs due to difficulties of staff extracting information from 4Gov. This will be overcome during the life of the Project, which will address reporting issues in the specifications for the new FMIS and provides training to MoF staff.
13. **External audit.** The audit of project funds will be incorporated in the National Accounts and hence will be disclosed as a note to the accounts of the National Accounts, with submission due nine months after the end of the fiscal year. There is a risk that through an oversight the Project information is not included in a note to the accounts. To reduce the risk, each year the Bank will formally write to MoF advising them of the projects that need to be included in the disclosed World Bank project note. Currently, the audit of the National Accounts is sub-contracted by the Public Auditor to a private contractor. MoF, the Public Auditor, and the Bank will agree on the information required to be disclosed. The National Accounts will be published on the Office of the Auditor General's web site.

Disbursements

14. **Disbursement Methods and Supporting Documentation Arrangements.** Disbursements under MIMIP may be under any of the following methods: (a) advances into and replenishment of the DA; (b) direct payment; (c) reimbursement; and, (d) Special Commitment. Direct payments will be used solely for large contracts.



- 15. **Designated Account.** Project funds will be disbursed directly into a DA in a commercial bank, acceptable to the World Bank. The DA will be operated on an advance basis and the initial advance will be made through the completion and submission of a withdrawal application. The DA will be held in U.S. dollars. Subsequent replenishments will be made through the submission of withdrawal applications, along with details on the use of funds previously advanced, based on Statements of Expenditures and bank reconciliation of the DA.
- 16. The disbursement table showing categories of expenditure and amounts eligible for financing are shown below and are also to be found in the legal agreement. Please note in the case of discrepancy, the version referred to in the legal agreement takes precedence over the table shown below.

Table 1.1 Eligible Expenditures

Category	Amount of the Grant Allocated (Expressed in SDR)	Amount of the Grant Allocated (Expressed in USD equivalent)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, operational costs, and training and workshops, for Parts 1, 2 and 3 of the Project	22,620,000	31,620,000	100%
(2) Emergency Expenditures under Parts 4 of the Project	0	0	100%
(3) Refund of Preparation Advance	1,080,000	1,500,000	Amount payable pursuant to Section 2.07(a) of the General Conditions
Total Amount	23,700,000	33,120,000	

Table 1.2 Funding Sources

Source	Amount (expressed in SDR)	Amount (expressed in USD equivalent)	Share of Total (%)
World Bank – national IDA grant	11,300,000	15,750,000	48
World Bank – regional IDA grant	12,400,000	17,370,000	52
Total	23,700,000	33,120,000	100

- 17. **Project Preparation Advance.** A Project Preparation Advance is in place for RMI and has been utilized to support the preparation of MIMIP by: (i) financing stakeholder engagement and consultations and the preparation of



safeguard documents; (ii) undertake work on the registries activity; and, (iii) finance procurement specialists for the preparation and implementation readiness of the Project.

18. **Disbursement conditions.** The funds for the CERC are in disbursement Category 2, which is subject to the disbursement condition detailed in Section I.C.2 of Schedule 2 of the Financing Agreement. No withdrawal shall be made for payments from Category 2 unless: (i) the Recipient has declared that an eligible emergency has occurred, and the Association has agreed with such determination; and, (ii) complied with all requirements set forth in the section of the Legal Agreement on the Emergency Response implementation.
19. **Retroactive Financing.** No withdrawal shall be made, for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 330,000 (US\$450,000 equivalent) may be made for payments made prior to this date but on or after March 1, 2019, for Eligible Expenditures under Category 1.

Procurement

20. **Institutional arrangement for procurement.** The IAs will be responsible for procurement of their respective activities with support from the CIU Procurement team (international and national consultants).
21. **Applicable procurement regulation.** Procurement for MIMIP will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers (Procurement Regulations), dated July 2016 (revised November 2017 and August 2018), and the provisions stipulated in the Financing Agreement. Procurement activities will use the Bank's Standard Procurement Documents (SPD) where required or templates developed for the Project. A Project Implementation Guidance (ProcGuide) prepared for fragile and small states in the Pacific will also provide useful references and documents for use in the procurement implementation.
22. **Procurement risk assessment.** A procurement risk assessment of the IA has been carried out (refer to Section V. Key Risks), and the key procurement risk areas identified include:
 - (a) Limited procurement capacity;
 - (b) Concerns on quality of procurement documents;
 - (c) Limited market;
 - (d) Procurement delays; and,
 - (e) Limited capacity of contract management.
23. To help mitigate these risks, the following mitigation measures have been agreed:
 - (a) A full-time Project Manager with a good understanding of the Bank's Procurement Regulations will be hired within the PIU. In addition, the CIU Procurement Specialist together with the pool of procurement specialists will provide needed oversight and facilitation support.
 - (b) A POM with a procurement module providing the procurement arrangement and the various Standard Procurement Documents and templates/forms to be used for the Project is under finalization and will ideally be made available before the Effectiveness Date, but no later than three months after the Effective Date.
 - (c) Bidding opportunities will be widely advertised through UN Development Business online, local newspapers, and relevant websites, together with direct invitation to known vendors. Contractors, suppliers, and consultants will be encouraged to form associations to boost their capacities while minimizing the risks.
 - (d) The POM will include the roles of the various units including timelines and service standard for procurement



action which the Project Manager will oversee. STEP will be used to track procurement activities, transform data into knowledge, speed up the procurement process, and improve accountability from within the IAs and the Bank.

- (e) A contract management plan for all high value/high risk contracts will be mandatory. The CIU will help the IAs focus on supervising these contracts.

24. **Procurement types.** The various types of procurements to be financed by the proposed IDA grant and indicative cost estimate is detailed in the following table and in more detail below.

Table 1.3 Procurement Types

Type of Procurement	Selection Methods
1. Works (US\$15.6 million equivalent)	RFP, RFB, RFQ
2. Goods & Non- consulting Services (US\$4.6 million equivalent)	RFB, RFQ, DIR
3. Consulting Services - Firms (US\$2.46 million equivalent)	QCBS, QBS, FBS, CQS & CDS
4. Consulting Services - Individuals (US\$7.02 million equivalent)	INDV (Open, Limited and Direct)

- 25. **Procurement of works.** May include various repair works to the existing berth and facilities at Delap, Uliga, Jaluit, Wotje and Arno, and repair quay walls and upgrade/provide fencing, gates and terminal lighting at Delap, Uliga and Ebeye Docks.
- 26. **Procurement of goods.** May include cargo handling, navigational aids, and miscellaneous safety and security equipment.
- 27. **Procurement of consulting services (firms and individuals).** May include design and supervision of civil works, review of institutional and governance arrangements, review of port operations at Delap and Uliga Docks, capacity building initiatives, registries assessment and option analysis, and project management, and a number of individual consultants for the CIU.
- 28. **Frequency of procurement supervision.** In addition to the prior review to be carried out by the World Bank, implementation support missions will be undertaken at least once per year. One in five procurement packages not subject to World Bank prior review will be examined ex post on an annual basis.
- 29. **Procurement Plan.** A draft Procurement Plan for the first 18 months has been prepared for the Project. Once the Project is effective the Procurement Plan will be updated to cover the next 12 months and will be regularly updated at least once every 12 months. This is consistent with the arrangement detailed in the Project Procurement Strategy for Development (PPSD).

Environmental and Social (including safeguards)



30. **Environmental and social safeguards** will be the responsibility of the IAs, and they will be fully supported by the CIU Safeguards Specialist. The CIU Safeguards Specialist will work in a team with the PM to ensure that sub-projects are screened and scoped, environmental and social assessments are carried out prior to the completion of detailed designs, environmental and social clauses and the relevant safeguards instrument are included in bid documents and consultant's Terms of Reference, environmental and social protection and mitigation measures are implemented by Contractors, and that monitoring, grievance management, incident management and other activities are carried out in accordance with the safeguards instruments.
31. Short-term safeguard consultants may be required on an ad hoc basis by the CIU to prepare environmental and social assessments, safeguards instruments and / or to conduct specialist supervision or monitoring services.

Monitoring and Evaluation

32. Project M&E will be conducted via periodic monitoring through semi-annual reports that track progress in terms of distribution of inputs, disbursement of funds, and achievement of targeted indicators as outlined in the Results Framework (Section VI).
33. The Bank will provide implementation support for the Project on an on-going basis and visit RMI every 3 – 6 months to monitor and evaluate progress.

Strategy and Approach for Implementation Support

34. The support plan for MIMIP is based on previous experience from other projects in RMI as well as the MIMIP's risk profile. The Government has had experience with World Bank projects, including the Sustainable Energy Development Project³⁵, PREP³⁶, and PROP³⁷, and is familiar with the procedures and requirements. Additional support will be provided through the CIU.
35. MoF, in consultation with RMIPA will determine the appropriate timing of semi-annual reviews, taking into consideration the availability of participants. The World Bank implementation review will cover non-technical aspects of the support including: (a) FM; (b) procurement; (c) implementation arrangements; and, (d) safeguards. In addition, field visits will also be undertaken to project sites. To the greatest extent possible, the World Bank team will accommodate any written request for 'as-needed' support for the Project, including fiduciary aspects.
36. Each implementation review mission will result in the production of a joint aide-memoire that will be discussed at a wrap-up meeting to be chaired by MoTC/RMIPA. It is envisaged that the aide-memoire will provide an overall view of the current situation relating to project implementation, including findings and observations from the World Bank. Representatives from the relevant government departments will be invited to attend the wrap-up meetings. Furthermore, any adjustment requiring more frequent reviews will be discussed, agreed upon, and documented in the Aide-Memoire.
37. A mid-term review mission will be held not later than three years after the effective date, or such other period as may be agreed, and provides an opportunity to review the Project and take stock of implementation progress. The

³⁵ P160910

³⁶ P156334

³⁷ P151760



Recipient shall prepare and furnish to the Association, at least one month before the date of the mid-term review, a report, integrating the results of the monitoring and evaluation activities performed and the progress achieved in carrying out the Project during the period preceding the date of such report and setting out the measures recommended to ensure the achievement of the PDO.

- 38. Following the mid-term review, adjustments to project support may be required, including a project restructuring and/or possible additional financing from any other sources based on the implementation experience. The World Bank Task Team will work with the GoRMI to clarify the requirements necessary to effect any changes. Any changes to MIMIP that require amendments to the Financing Agreement will require a formal request from the Government’s signatory to the legal agreement.
- 39. Six months prior to the closing date of the Project, the Government will commence the preparation of its Implementation Completion and Results Report (ICR). The World Bank ICR author will participate in the final implementation review and will gather the necessary information to help prepare the ICR.

Implementation Support Plan and Resource Requirements

- 40. Missions to support implementation for MIMIP will be carried out at least every six months. At least once per year the missions will include technical, fiduciary and safeguards team members, who will provide input into infrastructure design and construction, carry out post reviews on contract management, review safeguards compliance, and provide formal training where required. The implementation support plan will be reviewed annually to ensure that it meets the needs of the Project. The estimated level of annual support needed to implement MIMIP is identified in the table below.

Table 1.4 Implementation Support Plan

Time	Focus	Skills Needed	Resource Estimate
First twelve months	Project launch and start-up	TTL Operations Officer Maritime Engineer Port Institutional Specialist Procurement Specialist Financial Management Specialist Environment Safeguards Specialist Social Safeguards Specialist Gender & Anti-Trafficking Specialist Administrative Support	
12-60 months	Project implementation	TTL Operations Officer Maritime Engineer Port Institutional Specialist Procurement Specialist Financial Management Specialist	



Environment Safeguards Specialist
Social Safeguards Specialist
Gender & Anti-Trafficking Specialist
Administrative Support

Other

Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task Team Leader	8 per year	3 per year	
Operations Officer	8 per year	3 per year	
Maritime Engineer	4 per year	2 per year	
Procurement Specialist	4 per year	2 per year	
Port Institutional Specialist	3 per year	2 per year	
Financial Management Specialist	3 per year	2 per year	
Environment Safeguards Specialist	3 per year	2 per year	
Social Safeguards Specialist	3 per year	2 per year	
Gender & Anti-Trafficking Specialist	3 per year	2 per year	
Administrative Support	3 per year	0.5 per year	



ANNEX 2: Detailed Project Description

COUNTRY: Marshall Islands Marshall Islands Maritime Investment Project

Condition of Project Docks

1. Delap Dock, Majuro. The structure of Delap Dock is constructed in reinforced concrete and is reportedly more than 40 years old. The quay wall appears to be generally sound (although the Port Master Plan notes that one area must have suffered a major collision at some stage), but the top outer wall edge and concrete curbs reveal non-structural damage or deterioration in many places. Repairs could include removal of damaged concrete, rust removal from exposed reinforcement, and making good to original lines and levels with specialized maritime concrete repair products.
2. All steel bollards and cleats are heavily rusted, but approximately half are in worse condition and will need to be repaired and/or replaced with new matching furniture. Many fenders are also damaged or missing.
3. The 15-meter-wide concrete paved apron is generally in fair condition and provides a sound surface for vehicles, loading and unloading, but there are isolated areas that need to be replaced. Repair works will need to be carefully programmed and phased to avoid affecting normal port operations.
4. The container yard is unpaved and undrained, which makes container loading, offloading and storage operations less efficient, slower and more vulnerable to flooding, breakdowns, including damage to vehicles, containers and their contents. The Port Master Plan states that the overall container yard is about 3.2 hectares, including buildings, and it is proposed to provide the operational areas, about 3.0 hectares (30,000 square meters) with a paved surface to improve operations.
5. The timing, details and scope of the container yard improvements will depend on the outcome of the Maritime Infrastructure Needs Assessment. The improvements will also depend on the Strategic Planning activity to be undertaken early in project implementation to consider the impact on operations of the rapidly increasing container transshipment activities at the port. The Port Master Plan suggests that three surfacing options should be considered: (i) bitumen/asphalt; (ii) reinforced concrete; or, (iii) segmental concrete blocks. It goes on to suggest a preference for the concrete blocks, since it carries several technical and cost advantages.
6. Drainage of the paved yard will need to be carefully designed, since the surface will be impervious and run-off volumes will increase significantly. The yard currently slopes northwards to the dock and southwards to the road entrance from a ridge across the middle, and it is expected that this profile would be maintained, so run-off will need to be collected by drains running along the south and north sides of the yard, with outfalls under the road and dock apron respectively. The drains will need to include sediment and pollution traps that will require regular maintenance. The reefer container area is already concrete paved.
7. RMIPA would like to demolish four or possibly five small buildings (restroom/shower building, generator / storage building, stevedore recreational building, boat house, CCTV building) prior to surfacing the yard.



8. There is a significant volume of scrap lying in the yard, in the form of old containers, tires, vehicles, boats and equipment, all of which will need to be moved, or preferably removed, prior to the commencement of surfacing works. Cutting up, safe removal and export of the scrap as a separate contract should be considered.
9. The surfacing is expected to include earthworks to excavate, remove from site and dispose of approximately 5,000 cubic meters of spoil material, which will require careful planning. Since the container yard is operated by a private stevedoring operation, the surfacing and drainage works will need to be carried out in phases to ensure that container operations can continue unobstructed throughout the works, and construction activities closely coordinated with the firm to avoid conflicts between the operations and the works.
10. The installation of a circular sectional steel tank at the eastern end of the dock to supply drinking water to ships is under consideration. The expectation is for a 1,000 cubic meter tank, approximately 10 meters in diameter and 10 meters high. The intention is to provide a dual tank filling system through rainwater harvesting and municipal supply, but the technical and broader liability issues relating to such an installation would need to be considered.
11. Uluga Dock, Majuro. Uluga Dock's reinforced concrete quay walls and apron are generally in good condition and require little repairs, but one area at the northern end of the east stepped quay wall has spalling with exposed reinforcement and will be repaired by cleaning and patching with specialized marine concrete repair products. The steel bollards and cleats appeared to be in fair condition, but broken or damaged fenders will be replaced with matching or higher quality equipment.
12. A port control tower facility will be added as a second story to the existing single-story passenger terminal building. With careful planning, design and construction, the tower could be located immediately adjacent to the eastern end of the existing terminal building, where there is a lean-to structure, with a floor area of about 25 square meters. Locating the tower here would avoid the need to modify the existing terminal building structure. The building is planned to be a simple steel frame, steel clad structure to match the existing terminal structure, but with two stories, and a covered stairway providing access to the second floor would be located on the east side of the building.
13. Ebeye Dock. There are three principal docks at Ebeye, including the: (i) Matson Container Dock; (ii) Fishing Dock; and, (iii) Ferry Dock. All facilities have deteriorated due to a lack of maintenance, the highly corrosive environment, and age of the docks. Improvements under the Project will include activities for the Matson Container Dock, an anchoring system for the Ferry Dock, and the strategic planning assessment for the fishing Dock (see details below). The Fishing Dock is under the responsibility of the Marshall Islands Marine Resources Authority (MIMRA).
14. Possible works at the container dock will include improvements to the quay wall structure, including repairs to damaged sheet pilings, replacing anchoring systems and quay wall furniture (curbs), and providing security fencing and access control. The fendering system is expected to be replaced using another source of funds.

MIMIP Investments and Activities

15. The overall amount of funding for MIMIP is SDR 23.7 million (US\$33.12 million equivalent), which includes US\$15.75 million in National IDA and US\$17.37 million in Regional IDA. MIMIP will improve the safety and efficiency of maritime operations and enhance resilience of maritime transport and of local communities to the impacts of climate change through: (i) investments to improve port infrastructure and maritime services; (ii) activities to strengthen safety and security of navigation and ports operations; and, (iii) technical assistance to supervise works, support project



implementation, and develop national capacity. A CERC is also included to enable MIMIP funds to be quickly reallocated to respond to emergency events.

16. It is important to note that while the types of activities and investments to be carried out under MIMIP are known, the extent of the works that can be completed will depend on the results of the strategic planning exercise and the needs assessments, which will be carried out during the first two years of implementation. As such, the cost of proposed investments will not be known until MIMIP is under implementation, and the available funding may not be sufficient to finance all proposed investments. Table 2.1 presents estimated cost per component and funding source.
17. **Component 1: Maritime Infrastructure (US\$12.35 million).** Component 1 will improve the safety and efficiency of dock and port operations, as well as enhance the resilience of maritime structures to natural disasters and climate change impacts through the integration of planning, design, construction, rehabilitation and operation of facilities. Activities to be financed will be selected and prioritized by the PSC in accordance with the POM, based on the recommendations from the strategic plans to be prepared under Sub-component 3.4 and the maritime infrastructure needs assessment to be completed under Sub-component 3.1. The following sub-components are planned:

1.1 Delap Dock.

- (a) Carry out leveling, subbase and pavement works at the container storage area of about 30,000 square meters; and,
- (b) Reconfigure/reconstruct key buildings and facilities in the primary cargo handling area, such as the Customs Office and inspection facilities, fuel station, and rehabilitate utilities related to water and power supply, as required.³⁸

1.2 Uliga Dock. Repairing and upgrading the berth and facilities at Uliga Dock, including:

- (a) Construction of a new port control tower and installation of new communications equipment such as repeaters, VHF hand-held radios, and computers.
- (b) Installation of a hoist system to remove pilot boats from water for maintenance purposes.
- (c) Provision and installation of floating pontoons for passengers.

1.3 Outer Island Docks. Repairs and upgrades to existing facilities on the main docks on Arno, Jaluit and Wotje islands, as informed by the maritime infrastructure needs assessment to be undertaken under Sub-component 3.1.

1.4 Acquire Equipment. Provide cargo handling equipment, such as terminal tractor units, reach stackers and lift trucks. However, prior to project funds being utilized for this purpose, it must be demonstrated that the facility in which the equipment will be used will be operated as a "tool port" with all equipment leased to private operators.

18. **Component 2: Maritime Safety and Security (US\$7.65 million).** Component 2 will also strengthen security and safety of maritime transport and support better climate resilience of maritime facilities and for local communities by improving the reliability of connections between Majuro and outer islands for access to food, water, fuel, and emergency response services. Activities to be financed will be selected and prioritized by the PSC in accordance with the POM, based on the recommendations from the strategic plans to be prepared under Component 3.4 and the

³⁸ Terminal superstructure such as buildings, reefer connection points, office, storage areas are responsibility of the private stevedoring company.



security and safety needs assessment to be completed under Sub-component 3.1.

2.1 Quay Wall Structures and Furniture at Delap Dock, Uliga Dock and Ebeye Matson Container Dock.

Repairing and upgrading the existing berths and facilities at Delap Dock, Uliga Dock and Ebeye Matson Container Dock including:

- (a) Repairing quay wall structures.
- (b) Upgrading or providing new quay furniture including bollards, fenders, ladders, as required.

2.2 Compliance with ISPS Requirements. Upgrade/provide fencing, gates, terminal lighting, backup generators, CCTV systems to comply with ISPS requirements at Delap Dock, Uliga Dock and Ebeye Matson Container Dock.

2.3 Replace/upgrade AtoNs. At Majuro, and outer islands, but excluding Ebeye, as identified in the safety and security needs assessment to be undertaken under Sub-component 3.1. Based on condition surveys of existing assets, AtoNs will be repaired, installed and/or upgraded for Majuro and key outer islands. These could include fixed, floating or virtual/electronic AtoNs, and leading lights.

2.4 Safety and Security Improvements.

- (a) Provide backup generators for Delap Dock and Ebeye Matson Container Dock.
- (b) Conduct a needs assessment for a port container scanner for Delap Dock for security purposes. This assessment would examine the benefits and drawbacks of acquiring a security scanner for Delap Dock, identify risks, determine whether a fixed or mobile system would be preferable, and determine ancillary requirements and associated costing.
- (c) Provide spill kits for Delap Dock, Uliga Dock, and Ebeye Matson Container Dock, and 150-meter containment boom systems for Delap Dock and Ebeye Matson Container Dock.
- (d) Provide SAR equipment and safety devices to RMIPA. This is expected to include: (i) financing of equipment and safety devices to enhance communications networks, both onshore and onboard, erecting durable pictorial signs with key water safety messages in the local language on key outer islands and waterways; (ii) consideration of data storage systems; (iii) consideration of radar reflectors and safety gear (personal flotation devices, etc.) for small domestic fishing craft; and, (iv), initiatives to elevate public awareness about safe boating practices.
- (e) Supporting and elevating awareness and prevention of human trafficking and GBV by: (i) conducting a needs assessment on trafficking and GBV to identify the availability of services; (ii) conducting training activities for Project workers; (iii) conducting community awareness raising activities; (iv) supporting trafficking and GBV survivors through the provision of counselling, healthcare, and police focal points; and, (v) establishing a referral pathway for trafficking and GBV survivors.

19. Component 3: Technical Assistance for Port Planning and Project Management (US\$13.12 million). Component 3 will enhance the capacity of the Government to manage maritime assets in a more safe, efficient and climate resilient manner through technical assistance designed to strengthen the planning and management of port facilities, improve coordination of emergency response systems, elevate awareness of ISPS and SAR requirements, and implement project activities.



3.1 Maritime Safety and Security Needs Assessment and Maritime Infrastructure Needs Assessment. The Safety and Security Needs Assessment will include three key areas: (i) identifying gaps and actions needed for MIMIP ports to become compliant with ISPS requirements; (ii) conducting inventories of quay structures and furniture that relate to safety such as bollards, cleats, fenders and ladders and recommend actions to bring them in-line with international standards; and, (iii) conducting inventories of the present system of AtoNs at RMI project ports including buoys, markers, harbor lights and identify system elements that are missing, damaged, in states of decline, or in need of upgrade, and to recommend measures to repair, replace or upgrade the AtoNs so that they are aligned with international standards. The Maritime Infrastructure Needs Assessment will involve: (i) an assessment of maritime infrastructure under Component 1 to identify urgent needs; (ii) recommend upgrades to improve the safety, efficiency, and resilience of the infrastructure; and, (iii) provide a framework that prioritizes the recommended investments across the Project ports.

3.2 Design and Supervision. Prepare designs and supervise works for safe, efficient and climate resilient maritime infrastructure.

3.3 Review of Institutional and Governance Structures for Port Management. Carry out a review of institutional arrangements, key policies, legislation, and roles and responsibilities of principle stakeholders involved in the maritime sector. The assessment would also include a review of safety responsibilities; identification of a national and local government emergency response policy, pollution incident response, protocols and arrangements to address coastal flooding and extreme weather events in the Project area; and a review of the Maritime Administration Act to ensure it is aligned with GoRMI priorities, including state flag responsibilities. Some of the recommendations from this review would be funded and implemented under MIMIP.

3.4 Strategic Planning. Prepare strategic development plans, review port operations, including development of security, site safety, efficiency, waste management, and compliance requirements, and maintenance regimes for Delap Dock, Uliga Dock, and Ebeye Matson Container Dock, Ebeye Ferry Dock, and the Ebeye Fishing Dock, with attention around key areas of concern including safety, security, and climate resilience. This would include:

- (a) Update port operational plans and masterplans based on analyses of: (i) current cargo and container handling facilities and equipment related to international and domestic vessels at Delap Dock, Uliga Dock and Ebeye Docks; (ii) customs and immigration policies and practices; (iii) financial and environmental sustainability of operations considering the impacts of climate change; and, (iv) current practices related to security including ISPS requirements.
- (b) Propose an optimal layout and configuration of port/cargo yard activities and key GoRMI services to improve operational efficiency at Delap Dock.
- (c) Forecast future cargo and containers volumes and passenger numbers.
- (d) Review current cargo handling and passenger embarking and disembarking practices and facilities at some selected outer islands related to the calls of the domestic cargo/passenger vessels of MISC and of private party vessels. Embarking and disembarking practices could be improved in terms of safety and efficiency especially with expected increment of storm surges and rough weather conditions due to climate change impacts.

3.5 Capacity Building Initiatives. Capacity building initiatives to better operate and regulate the Project docks, including SAR awareness, ISPS training, and the response, containment and clean-up of spills (such as the use of spill kits and boom containment systems).



3.6 Registries Assessment and Options Analysis. Technical assistance to review the management model of the ship and corporate registries,³⁹ with a view to improve reporting and governance structures and maximize the benefits accrued from the registries. This includes detailed analysis of the existing legislative, contractual, economic and financial conditions of the registries, cross-country comparisons, and an assessment of the potential registry management options. Depending upon the outcomes of this work, the activity may also involve a second phase of support to implement an adjusted management arrangement.

3.7 Project Management. Support to implement MIMIP, including support for the development and operationalization of the CIU as well as technical support for RMIPA (i.e. the PIU). Funding would be provided to implement the Project, including to hire qualified staff to oversee technical aspects of the Project, as well as support procurement, financial management, and safeguards. This would include short and/or long-term technical and advisory support. In addition, funding would be provided to the CIU to cover the costs of specialists and officers (both international and national consultants) charged with providing support to World Bank-funded operations in RMI. This support would be over MIMIP’s five-year implementation period. In addition, this includes OCs for MIMIP-related travel and communications costs.

3.8 Employment Opportunities for Women. To help close gender employment gaps, RMIPA will develop and implement a set of enabling policies and practices, which together help women enter and progress through maritime careers. As part of this work, RMIPA will be supported to develop an equal opportunities strategy, which could then be integrated into its human resources policy and processes. In addition to internal process improvements, a budget will be set-aside to support relevant technical training and unpaid internship opportunities⁴⁰ for women in RMIPA and the maritime sector, thereby building a pipeline of appropriately qualified women to compete for employment.

3.9 Emerging Priority Issues. Funds would be set aside to respond to emerging technical assistance priorities that strengthen the Government’s ability to manage a safe, efficient and climate resilient maritime sector.

20. **Component 4: Contingent Emergency Response (US\$0.00 million).** This Component is designed to provide swift response in the event of an Eligible Crisis or Emergency⁴¹ by enabling uncommitted funds to be quickly reallocated to address immediate post-crisis and emergency financing needs. The CERC may be used following natural disasters or other crises and emergencies, allowing funds to be reallocated from other components of the Project.

21. The estimated costs of each Component and Sub-component are summarized in the following table.

Table 2.1 Project Cost Breakdown by Component and Sub-component

<i>Proposed Activities and Cost Estimates (US\$ million)⁴²</i>				
	Base Cost	National IDA	Regional IDA	Implementation Period

³⁹ The corporate registry is related to the ship registry, with both managed via a joint venture agreement with a subsidiary of a U.S. private firm.

⁴⁰ In terms of internships, MIMIP eligible costs would be limited to the cost of the trainer of on-the-job training as well as operating costs for the interns to take part in the program (e.g., travel, per diems, etc.).

⁴¹ Defined as “an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters”, Paragraph 12, Bank Policy: Investment Project Financing, *Projects in Situations of Urgent Need of Assistance or Capacity Constraints*.

⁴² As of February 2019.



Component 1: Maritime Infrastructure	12.35	4.04	8.31	
1.1 Delap Dock				Years 3 to 5
1.2 Uliga Dock				Years 3 to 5
1.3 Outer Island Docks				Years 3 to 5
1.4 Acquire Equipment				Years 3 to 5
Component 2: Maritime Safety and Security	7.65	1.57	6.08	
2.1 Quay wall structures and furniture at Delap, Uliga and Ebeye Docks				Years 1 & 2
2.2 Compliance with ISPS Requirements at Delap, Uliga and Ebeye Docks				Years 1 & 2
2.3 Replace/Upgrade AtoNs				Years 1 & 2
2.4 Safety and Security Improvements				Years 1 to 5
Component 3: Technical Assistance for Port Planning and Project Management	13.12	10.14	2.98	
3.1 Needs Assessments				
3.2 Design and Supervision				Years 1 to 5
3.3 Review of Institutional and Governance Structures for Port Management				Years 1 & 2
3.4 Strategic Planning				Years 1 & 2
3.5 Capacity Building Initiatives				Years 1 to 5
3.6 Registries Assessment and Options Analysis				Years 1 & 2
3.7 Project Management ⁴³				Years 1 to 5
3.8 Employment Opportunities for Women				Years 1 to 5
3.9 Emerging Priority Issues				Years 1 to 5
Component 4: CERC	0.00	0.00	0.00	Years 1 to 5
Overall Totals⁴⁴	33.12	15.75	17.37	

⁴³ Including OCs.

⁴⁴ Component costs (Components 1, 2 and 3) are inclusive of the amounts for refinancing the Project Preparation Advance.



ANNEX 3: Gender Action Plan

COUNTRY: Marshall Islands

Marshall Islands Maritime Investment Project

1. The purpose of this annex is to elaborate gender considerations mentioned in the PAD (refer Section D: Gender) by: (i) clarifying gender gaps between the experiences and status of women and men relevant to the above Project; (ii) identifying project-specific activities to address these gaps; and, (iii) establishing a baseline and suitable indicators, targets, and a measurement methodology to track progress. The assessment is based on information from: (i) document review including RMI specific material and information related to international good practice in relation to gender and ports, RMI national gender planning notes, the World Bank Gender Strategy (FY16 – FY23), the World Bank Regional Gender Action Plan and World Bank the Transport GP Note (FY17 – FY20); and, (ii) discussions with GoRMI, non-government, and donor-program representatives working in relevant areas.
2. **Context.** Women in the RMI face multiple barriers to equal opportunities and a life free from violence and coercion. Priority areas in GoRMI national gender planning include addressing female unemployment and a gender-stratified labor market, teenage pregnancy, violence against women and girls, and women’s limited access to justice and protection. Teenage pregnancy is very high: in 2005, teenagers accounted for nearly one fifth of all pregnancies.⁴⁵ The teenage pregnancy rate (20.6 percent of total number of live births) is higher than in most other Pacific Island countries.⁴⁶ Teenage pregnancies not only inhibit most young women from pursuing further education, it is also an added burden for the extended families who, in many cases, do not have the financial resources to properly care for mothers and babies in these situations. With limited sexual agency and high dependency on families, young women are acutely vulnerable to GBV and coercion/ trafficking.

Table 3.1 Snapshot of Gender Inequality in RMI⁴⁷

Gender Inequality Index, Value = 0.665 (No Rank, 2002)			
Education		Females	Males
	Ratio of girls to boys in primary education	1	0.97
	Ratio of girls to boys in secondary education	1	1.02

⁴⁵ Tauki 2007: 14.

⁴⁶ GoRMI and UNICEF 2003.

⁴⁷ Stock-take of the gender mainstreaming capacity of Pacific island governments: Republic of the Marshall Islands. SPC. 2012.



Employment	Two out of three men (66 percent) were economically active, compared to just one in three women (35 percent). Female unemployment rates were much higher than male unemployment rates, with national averages of 37 percent and 28 percent respectively.
Representation	Marshall Islands has one of the lowest rates of representation at the legislative level internationally, with only three women elected into the thirty-three-seat Nitijela, the lower house of Marshall Islands’ bicameral legislature, in the last five elections. ⁴⁸

3. **Priority gender gaps identified.** The following priority gaps have been identified for the Project to address during implementation:

(a) Low representation of women at all levels of the workforce, including all maritime-related areas.

- (i) **Analysis:** RMIPA’s 77 staff currently include 10 women (11 percent), none of whom work in management or directly with maritime operations. This compares to the Marshall Island Marine Resource Authority (MIMRA), which has 85 staff members, 22 percent (19) of which are women and 40 percent of the MIMRA executive team of five members. Acknowledging constraints of qualified women applicants, there was general agreement that support for increasing women’s opportunities for employment in MIMIP would be acceptable.
- (ii) **Action:** To close the gender employment gaps MIMIP will develop and implement a set of enabling policy and practices, which together will help women enter and progress through maritime careers. As part of this work MIMIP will be supported to develop an Equal Opportunities strategy, to integrate with HR Policy and Processes. Priorities are to assess human resources policies and practices at different points in the employment relationship, at the stages of attraction, recruitment, retention, development and retrenchment, in order to identify appropriate actions to strengthen the systems and processes that govern behaviours, monitoring and management in terms of equal opportunities. In addition to internal process improvement budget will be set-aside to support relevant technical training and internship opportunities for women in the transport sector and maritime transportation in particular, thereby building a pipeline of appropriately qualified women to compete for employment. Benefits associated with increased gender diversity and inclusive corporate cultures, including improved productivity, profitability, employee commitment and retention, would directly help RMIPA achieve its Business Plan (2019-2021) Priority Objectives.
- (iii) **M&E:**
 - Indicator: Women employed by RMIPA at maritime facilities (percentage).
- (iv) **IA:** RMIPA.

⁴⁸ <https://www.pacwip.org/country-profiles/marshall-islands/>



(b) Women's safety from Human Trafficking.

- (i) **Analysis:** RMI is a source and destination country for sex trafficking centred around the fishing industry and night clubs. Young women from East Asia are suspected to be engaged in prostitution occurring in hotels or brothels with crew members of foreign fishing and transshipping vessels that dock in Majuro.⁴⁹ The foreign women, some of whom are long-term residents of Majuro, are suspected to be subjected to forced prostitution in establishments frequented by crew members of foreign fishing vessels. Some women are recruited with promises of legitimate work and, after paying large recruitment fees, are forced into prostitution. In addition to prostitution of foreign women, young Marshallese women frequent nightclubs attended by fishermen and young children appear outside these clubs for paid sex work.⁵⁰ Maritime facilities are key transit points for East Asian and Marshallese girls and women subjected to sex trafficking and, less common, for foreign fishermen subjected to labor trafficking (who are more likely to be forced to remain on boats). RMI's attention and response to human trafficking is increasing, with a focus on victims who are women and girls. Legal and policy developments in RMI in 2017 included draft legislation to outlaw human trafficking activities, provide heavy penalties for perpetrators, and provisions to protect and support victims of trafficking. To ensure Project efforts to strengthen anti-trafficking measures are integrated into and leverage existing structures and coordination capacity, the Project's anti-trafficking component will be implemented by MoJ. MoJ is the coordinating member of the National Task Force on Human Trafficking and functions as a standard enforcing agent on trafficking prevention and protection with partners including MoIC, IOM, Salvation Army, Humanity First, and Women United Together in Marshall Islands (WUTMI) and others.
- (ii) **Action:** MIMIP's emphasis on port security, including improved SOPs and ISPS Security Plan, will include focused attention to preventing human-trafficking, in coordination with existing Government and IOM programs. This will be through implementing the following actions: (i) improved lighting and fencing; (ii) strengthening processes and procedures, including more consistent identification checks and staff training; (iii) development of maritime-specific SOPs, considering victim support and referrals; and, (iv) helping to resource and facilitate the work of the National Task Force on Human Trafficking. The main goal of these objectives is to define and implement the procedures at Ports for the identification, referral, reception and assistance of potential victims of human trafficking. RMI currently has a NTHT based in Majuro, while a Working Group has been established in the Ebeye, Kwajalein Atoll know as the Kwajalein Atoll Counter Human Trafficking (KACHT) working group. In undertaking the above activities, MIMIP will support the implementation of the National Action Plan to Combat Trafficking in Persons and strengthen nascent communication frameworks between national and ad hoc working groups, non-government organizations, civil society and other service providers in order to ensure the effective collaboration and coordination of identifying, assisting and protecting victims of human trafficking. MIMIP will also help protect trafficking victims by developing and

⁴⁹ U.S. State Department 2016

⁵⁰ Ibid.



conducting anti-trafficking education and awareness raising campaigns, and possibly through funding for protective services for survivors in cooperation with NGOs.

(iii) **M&E:**

- Indicator: RMIPA implementation of SOP on trafficking referral service (yes/no).

(iv) **IA:** MoJ.

(c) Women's safety and security in and outside of the workplace (including GBV considerations).

(i) **Analysis:** Half of all Marshallese women (51 percent) have experienced physical or sexual violence by a partner in their lifetime, and violence is normalized and broadly accepted. Approximately 13 percent of all women reported experiencing sexual violence by a non-partner since they were 15 years old, with a higher proportion reporting this in the urban areas (11 percent) than in the outer islands (8 percent). Overall, 69 percent of women in the RMI have experienced physical or sexual violence in their lives by someone, partner or non-partner. As noted earlier, GBV is an important barrier in women's successful participation in employment, a key factor in women's vulnerability to trafficking and a significant proportion of trafficking cases (in terms of commercial sexual exploitation); addressing GBV prevention and response can therefore contribute to the overall success of the Project. It is also important that the Project follows a 'Do No Harm' approach; that is, that the Project does not create any increased risk of GBV for participants.

(ii) **Action:**

- **GBV Needs Assessment:** (i) consultation with national stakeholders and regional partners such as IOM, Pacific Women and SPC to ensure alignment with national and regional GBV and anti-trafficking strategies and action plans; and, (ii) once the quality and availability of services is improved through the actions below, a study can be undertaken using administrative data on GBV and trafficking (i.e. data collected from cases received by service providers). This will provide higher-quality and more ethical data as the availability of services will encourage more survivors to come forward and will help to reduce potential re-traumatization involved in discussing their experiences.
- **Prevention:** (i) ensure that GBV Action Plan and Response Protocol is included in Project Environment and Social Management Plan and any other relevant project instruments; (ii) require all contractors to have a CoC which addresses GBV. During implementation, ensure that CoCs are signed and understood by all contractor and consultant staff. Conduct relevant training; (iii) training on GBV and trafficking for regular workers at project port sites, the workers (including managers) that will be hired for the Project, and the workers on vessels that monitor border control and clear vessels at project port sites; and, (iv) regular and widespread community awareness-raising sessions to share information on GBV, trafficking, available services and referral pathways, CoC content and GRM reporting channels.
- **Response:** (i) ensure GRM includes a safe and confidential pathway for GBV cases, including immediate referral to relevant service providers; (ii) training for counsellors, healthcare professionals, and police focal points to ensure capacity to respond to any identified



GBV and/or trafficking cases; (iii) providing funding for either local service providers or the hiring of social workers in relevant government agencies; and, (iv) working with other development partners to establish and document referral pathways for survivors of GBV and trafficking.

(iii) M&E:

- Indicator: Percentage of contractor staff trained on GBV & Codes of Conduct (percentage).

(iv) IA: MoJ.

4. **GBV GPN Recommended Activities.** The Project was prepared using the Bank’s ‘GBV Risk Assessment Tool’ and was classified within the *Substantial* risk category. As highlighted in Table 3.2, the Project will undertake specific activities to address GBV, to address the potential induced impact from the Project.

Table 3.2 Actions Included to Implement the GBV GPN Recommended Activities

Action to Address GBV Risks	Timing for Action	Who is Responsible for Action	Ongoing Risk Management	Actions Taken During Preparation/Appraisal
Sensitize the IA as to the importance of addressing GBV on the Project, and the mechanisms that will be implemented.	<ul style="list-style-type: none"> • Preparation. • Implementation. 	<ul style="list-style-type: none"> • Task Team. 	<ul style="list-style-type: none"> • Task team to monitor and provide additional guidance as necessary. 	<ul style="list-style-type: none"> • Discussions held with government, NGOs, etc. • GBV specialist undertook in country discussions regarding GBV, VAC and trafficking prevention. • Project documents contain clear strategy for addressing GBV, VAC and trafficking prevention.
The Project’s social assessment to include assessment of the underlying GBV risks and social situation, using the GBV risk assessment tool to provide guidance and keeping to safety and ethical considerations related to GBV data collection. No prevalence data or baseline data should be collected as part of risk assessments.	<ul style="list-style-type: none"> • Preparation. • Implementation (before civil works commence). • Decision Review (GBV Risk Assessment Tool). 	<ul style="list-style-type: none"> • IA for social assessment and ESMP. • Contractor for C-ESMP. • Task Team for GBV Risk Assessment Tool. 	<ul style="list-style-type: none"> • Ongoing review during implementation support missions. • Update project ESMP and Contractor’s ESMP (C-ESMP) if risk situation changes. 	<ul style="list-style-type: none"> • During preparation discussions held with GoRMI. • Project ESMP includes guidance on how the Project will address GBV, VAC and trafficking. • Issues discussed during ESMP consultations. • Project rated using GBV Risk Assessment Tool
Map out GBV prevention and response actors in project area of influence. This should incorporate an assessment of the capabilities of the service providers to provide	<ul style="list-style-type: none"> • Preparation. • Implementation. 	<ul style="list-style-type: none"> • IA. 	<ul style="list-style-type: none"> • Update mapping as appropriate. 	<ul style="list-style-type: none"> • GBV prevention and response network will need to be mapped as part of ESIA.



<p>quality survivor centered services including GBV case management, acting as a victim advocate, providing referral services to link to other services not provided by the organization itself.</p>				
<p>Have GBV risks adequately reflected in all safeguard instruments (i.e., Project ESMP, C-ESMP)—particularly as part of the assessment in the ESIA. Include the GBV mapping in these instruments.</p>	<ul style="list-style-type: none"> • Preparation. • Implementation (before civil works commence). 	<ul style="list-style-type: none"> • IA for social assessment and ESMP. • Contractor for C-ESMP. 	<ul style="list-style-type: none"> • Ongoing review during implementation support missions. • Update MIMIP’s ESMP and Contractor’s ESMP (C-ESMP) if risk situation changes. 	<ul style="list-style-type: none"> • Project ESMP includes these considerations. The requirements will be clearly defined in the bid documents, and the Contractor’s ESMPs will be reviewed to ensure that they are properly addressed before being accepted for implementation.
<p>Develop a GBV Action plan including the Accountability and Response Framework as part of the ESMP. The contractor/consultant’s response to these requirements will be required to be reflected in their C-ESMP.</p>	<ul style="list-style-type: none"> • Preparation. • Implementation (before civil works commence). 	<ul style="list-style-type: none"> • IA. 	<ul style="list-style-type: none"> • Ongoing review during implementation. 	<ul style="list-style-type: none"> • Included as part of the ESMP.
<p>Review the IA’s capacity to prevent and respond to GBV as part of Safeguard Preparation.</p>	<ul style="list-style-type: none"> • Preparation. • Implementation. 	<ul style="list-style-type: none"> • Task Team. 	<ul style="list-style-type: none"> • Ongoing review during implementation support missions. • Update project ESMP if risk situation changes. 	<ul style="list-style-type: none"> • Included as part of ESMF and ESMP.
<p>As part of the Project’s stakeholder consultations, those affected by the Project should be properly informed of GBV risks and project activities to get their feedback on project design and safeguard issues. Consultations need to engage with a variety of stakeholders (political, cultural or religious leaders, health teams, local councils, social workers, women’s organizations and groups working with children) and should occur at the start and continuously throughout the implementation of the Project.</p>	<ul style="list-style-type: none"> • Consultations need to be continuous throughout the project cycle, not just during preparation. 	<ul style="list-style-type: none"> • IA. 	<ul style="list-style-type: none"> • Monitoring of implementation of Stakeholder Engagement and Consultation Plan. • Ongoing consultations, particularly when C-ESMP is updated. 	<ul style="list-style-type: none"> • Included under the Stakeholder Engagement and Consultation Plan.
<p>The Stakeholder Engagement and Consultation Plan of the Project, which will be implemented over the life of the Project to keep the local communities and other stakeholders informed about the Project’s activities, to specifically address GBV related issues.</p>	<ul style="list-style-type: none"> • Consultations need to be continuous throughout the project cycle, not just during preparation. 	<ul style="list-style-type: none"> • IA. 	<ul style="list-style-type: none"> • Monitoring of implementation of Stakeholder Engagement and Consultation Plan. • Ongoing consultations, particularly when C-ESMP is updated. 	<ul style="list-style-type: none"> • Included as part of the ESIA.



<p>Make certain the availability of an effective GRM with multiple channels to initiate a complaint. It should have specific procedures for GBV including confidential reporting with safe and ethical documenting of GBV cases.</p>	<ul style="list-style-type: none">• Continuous throughout the Project.	<ul style="list-style-type: none">• IA, but discussed and agreed upon with the Task Team.	<ul style="list-style-type: none">• Ongoing monitoring and reporting on GRM to verify it is working as intended.	<ul style="list-style-type: none">• The Project will implement the same GRM approach successfully implemented for other projects in the Pacific, which includes specific processes for GBV, including the involvement of GBV service providers. There will not be a separate/parallel GRM for GBV.
<p>For supervision have a Safeguards Specialist in the supervision consultant’s team with GBV specific skills to supervise issues related to GBV (e.g., supervise signing of Codes of Conduct, verify working GRM for GBV is in place, refer cases where needed) and work with GBV Services Providers as entry points into service provision to raise awareness of the GRM.</p>	<ul style="list-style-type: none">• During ToR preparation and procurement evaluation process.	<ul style="list-style-type: none">• IA.	<ul style="list-style-type: none">• Ongoing reporting.	<ul style="list-style-type: none">• The TOR for the Supervision Consultant will require the team to have someone with experience in addressing GBV.



ANNEX 4: Contingent Emergency Response Component

COUNTRY: Marshall Islands

Marshall Islands Maritime Investment Project

1. The CERC is a contingent financing mechanism available to gain rapid access to financing to respond to a crisis or emergency and provides for immediate rehabilitation or reconstruction needs without needing to first restructure the original project thus facilitating rapid implementation. The CERC minimizes time and effort needed to make available uncommitted funds from an IPF to finance urgent needs. Following an eligible crisis or emergency, the Borrower may request the Bank to re-allocate project funds to support emergency response and reconstruction. This component would draw from the uncommitted grant resources under the Project from other project components to cover emergency response. Consistent with *Paragraph 12, Bank Policy: Investment Project Financing*, the CERC does not finance humanitarian assistance or relief.
2. Key principles relevant to CERCs include: (i) focus on activities that can readily be implemented on the ground given the circumstances; (ii) favor smaller-scale, local activities generate buy-in and goodwill; (iii) keep the scope simple and realistic, especially where local conditions do not allow much situational analysis; and, (iv) take advantage of working with and completing the activities of development partners to maximize impacts.
3. **Activation criteria.** The project-specific CERC will be funded under the Project budget. Following an eligible crisis or emergency, the Government would confirm the need to trigger the CERC, which would then be implemented in accordance with the rapid response procedures governed by the World Bank under *Paragraph 12, Bank Policy: Investment Project Financing*. In addition, the provisions of *Paragraph 12, Bank Policy: Investment Project Financing*, regarding “Projects in Situations of Urgent Need of Assistance or Capacity Constraints” apply to CERCs when they are triggered. The funding provision for the CERC is SDR 0.00 million, however it can be increased by drawing down against uncommitted IDA funds under other components if necessary. Disbursement conditions would define the circumstances under which the CERC funds would become available.
4. The request to trigger the CERC and seek approval of activities to be eligible expenditures for financing under Disbursement Category 2 (refer Table 1.1) will be communicated to the World Bank’s Pacific Country Director by the Minister of Finance, or her/his delegate, in a letter. The letter should include information pertaining to: (i) the nature of the emergency, its impacts and confirmation of causal relationship (as supported by the “Declaration of Disaster”) between the event and the need to access the financing allocated to Disbursement Category 2; (ii) the nature of emergency activities (brief description); (iii) the safeguards arrangements; and, (iv) the CERC action plan of activities.
5. The Financing Agreement stipulates the establishment of adequate implementation arrangements, satisfactory to the International Development Association (“the Association”), including staff and resources for implementation of activities under Component 4: Contingent Emergency Response, to the Bank for its review and approval. A CERC Project Operations Manual (CERC POM) for MIMIP will detail: (i) the proposed emergency activities to be financed by the proceeds of the CERC; and, (ii) the coordination and implementation arrangements related to the execution of the activities.



ANNEX 5: Map of RMI with Project Sites and Satellite View of Project Sites

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