

RESTRICTED
PCR:RMI 27071

ASIAN DEVELOPMENT BANK

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PROJECT COMPLETION REPORT

OF THE

EMERGENCY TYPHOON REHABILITATION ASSISTANCE PROGRAM
Loan No. 1218-RMI(SF)

AND TECHNICAL ASSISTANCE COMPLETION REPORT ON

DISASTER MITIGATION AND MANAGEMENT
TA No. 1847-RMI

IN THE

REPUBLIC OF THE MARSHALL ISLANDS

November 1994

CURRENCY EQUIVALENTS

The United States Dollar is the unit of currency in the Republic of the Marshall Islands.

Report and Recommendation of the President (January 1993)

SDR = US\$1.37417
US\$ = SDR 0.72771

Project Completion Mission (July 1994)

SDR = US\$1.46604
US\$ = SDR 0.68211

ABBREVIATIONS

FEMA	-	Federal Emergency Management Agency (US)
MOHE	-	Ministry of Health and Environment
OCS	-	Office of the Chief Secretary
R&D	-	Ministry of Resources and Development
SOE	-	Statements of Expenditure

NOTES

- (i) The fiscal year of the Government ends on 30 September.
- (ii) In this report, "\$" refers to US dollars.

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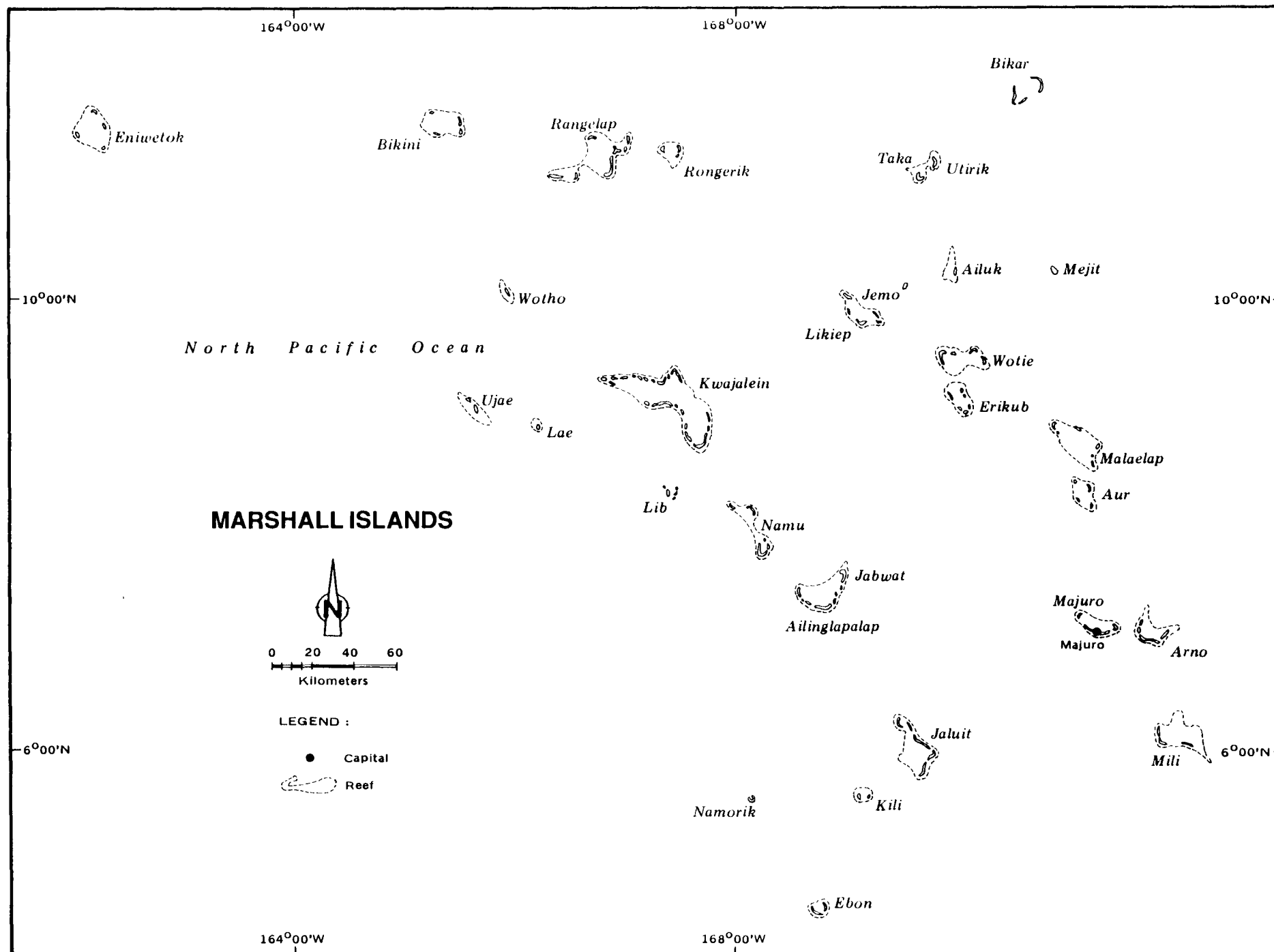
IN THE

REPUBLIC OF THE MARSHALL ISLANDS

- NOTES: (i) This Report was prepared after a Bank Mission consisting of Mr. D. Sobel (Programs Officer) and Mr. K. Abe (Economist). The Report is based on information available in the Bank and obtained during the Project Completion Review Mission to RMI from 20-22 July 1994.
- (ii) RMI was previously known within the Bank as MAR.

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BASIC DATA

A. LOAN IDENTIFICATION

- | | | | |
|----|------------------|---|---|
| 1. | Country | - | Republic of the Marshall Islands |
| 2. | Loan Number | - | 1218-RMI(SF) |
| 3. | Project Title | - | Emergency Typhoon Rehabilitation Assistance Program |
| 4. | Borrower | - | Republic of the Marshall Islands |
| 5. | Executing Agency | - | Office of the Chief Secretary |
| 6. | Amount of Loan | - | SDR 364,000 ^{1/} |

B. LOAN DATA

- | | | | |
|----|--|---|---------------------------|
| 1. | Fact-Finding (no appraisal mission/report) | | |
| | - Date Started | - | 7 December 1992 |
| | - Date Completed | - | 16 December 1992 |
| 2. | Loan Negotiations | | |
| | - Date Started | - | 12 January 1993 (via fax) |
| | - Date Completed | - | 14 January 1993 (via fax) |
| 3. | Date of Board Approval | - | 28 January 1993 |
| 4. | Date of Loan Agreement | - | 29 January 1993 |
| 5. | Date of Loan Effectiveness | | |
| | - In Loan Agreement | - | 29 April 1993 |
| | - Actual | - | 29 January 1993 |
| | - Number of Extensions | - | None |
| 6. | Closing Date | | |
| | - In Loan Agreement | - | 31 January 1994 |
| | - Actual | - | 11 March 1994 |
| | - Number of Extensions | - | None |
| 7. | Terms of Loan | | |
| | - Service Charge | - | 1.00 per cent (ADF Loan) |
| | - Maturity | - | 40 years |
| | - Grace Period | - | 10 years |

^{1/} The amount at appraisal was US\$0.5 million equivalent. The amount at final disbursement was US\$508,245 equivalent due to exchange rate fluctuation.

(iii)

8. Disbursement

(a) Dates

Initial Disbursement	Final Disbursement	Time Interval
18 February 1993	11 March 1994	1 year, 1 month
Effective Date	Actual Closing Date	Time Interval
29 January 1993	11 March 1994	1 year, 1½ months

(b) Amounts (US\$)

Category	Original Allocation	List Revised Allocation	Amount Reallocated	Net Amount Disbursed	Undisbursed Balance
01	500,000	--	--	508,245	0
Total	500,000	0	0	508,245 ^{1/}	0

	<u>Appraisal</u>	<u>Actual</u>
9. Local Costs - Bank Financed ^{2/}	Nil	Nil

C. PROJECT DATA

1. Project Cost (\$ million)

	Appraisal Estimate	Actual Cost
Foreign Exchange Cost	3.0	3.008
Local Cost	0.2	0.270
Total Cost	3.2	3.278

^{1/} Due to SDR/US\$ exchange rate fluctuation.

^{2/} Financed solely by the Government.

(iv)

2. Financing Plan (\$ million)

Implementation Costs	Appraisal Estimate			Actual Cost		
	Local	Foreign	Total	Local	Foreign	Total
Borrower-Financed	0.2		0.2	0.270		0.270
Bank-Financed		0.5	0.5		0.508	0.508
US (FEMA)		2.5	2.5		2.500	2.500
Total	0.2	3.0	3.2	0.270	3.008	3.278

3. Cost Breakdown by Project Components^{1/} (\$ million)

	Appraisal Estimate ^{2/}			Actual Cost		
	Local	Foreign	Total	Local	Foreign	Total
(a) <u>Bank Financing</u>						
(i) materials and equipment		0.5	0.5		0.508	0.508
Subtotal	0.0	0.5	0.5	0.000	0.508	0.508
(b) <u>Government Financing</u>						
(i) materials and equipment	0.2		0.2	0.270		0.270
Subtotal	0.2	0.0	0.2	0.270	0.000	0.270
(c) <u>US Financing</u>						
(i) materials and equipment		2.5	2.5		2.500	2.500
Subtotal	0.0	2.5	2.5	0.000	2.500	2.500
Grand Total (a+b+c)	0.2	3.0	3.2	0.270	3.008	3.278

^{1/} The Project only contains one category of expenditure, i.e., materials and equipment.

^{2/} Includes physical and price contingencies allocated in proportion to base cost.

(v)

4. Project Schedule

	Appraisal Estimate	Actual
(a) Loan effectivity	29 Apr 93	29 Jan 93
(b) Initial disbursement	none	18 Feb 93
(c) Submission of cost estimates by Government ministries of needed repairs	none	Mar 93
(d) Final disbursement and loan closing	31 Jan 94	11 Mar 94

D. DATA ON TECHNICAL ASSISTANCE

TA Title	:	Disaster Mitigation and Management
TA Number	:	1847
Implementing Division	:	PE3
Recipient Agency	:	Office of the Chief Secretary
Collaborating Donor Agency	:	US Federal Emergency Management Agency (FEMA)

Key Dates

President's Approval	:	28 January 1993
Signing of Consultants' Contract	:	16 September 1993
TA Completion	:	2 July 1994

Contracted Consultant Man-Months

Expertise	:	Management and Institutional Development
Contracted man-months	:	9.5

Training Programs Implemented

Title of Program	Dates	No. of Participants
Disaster Training for National and Local Government Officials	17-18 January 1994	50
Aur and Maloelap Mitigation Training	24 April 1994	25
Jaluit Atoll Mitigation Training	27 May 1994	45
Ujae Mitigation Training	13 May 1994	30
Mitigation Training at Wotje	24-25 May 1994	10

(vi)

Mission Data

Mission	Date
Fact-Finding	7-16 Dec 92
Review	29 Apr-3 May 93
Review	9 May 94
PCR	21 Jul 94

TA Cost Estimate

Item	Cost		
	Foreign	Local	Total
Remuneration, per diem, international travel, and other allowances	127,500.00		127,500.00
Local training and production of training materials		22,500.00	22,500.00
Total	127,500.00	22,500.00	150,000.00
Actual Cost Incurred	83,294.84	22,500.00	105,794.84

E. DATA ON BANK MISSIONS

Mission	Date	Persons	Mandays	Specializations of Members ^{1/}
Fact-Finding	7-16 Dec 92	1	10	a
Review	29 Apr-3 May 93	1	5	a
Review	9 May 94	1	1	a
PCR	21 Jul 94	2	1	a, b

^{1/} a - Programs Officer; b - Economist.

I. PROJECT DESCRIPTION

A. Objectives, Rationale, and Scope

1. The objective of the loan was to restore economic activity and key infrastructure as quickly as possible to the atolls affected by Typhoon Gay of November 1992. The loan was designed to enable the Government to procure materials and equipment and to undertake civil works for this purpose.
2. The Project included the reconstruction and restoration of several schools, health clinics, docks, buildings, equipment for fisheries and agriculture, spare equipment, and computer equipment for the executing agency.

II. EVALUATION OF IMPLEMENTATION

A. Project Components

3. The Project contained one component, i.e., materials and equipment for disaster rehabilitation. These materials and equipment were targeted at five Government agencies. The main events in the Project's history are outlined in Appendix 1.
4. In terms of activities for the Ministry of Health and Environment (MOHE), four dispensaries in Wotho, Mejit, Ailuk-Ailuk, and Tarawa/Maloelap were to have been replaced. During construction, MOHE realized the cultural need to have separate wards for men and women thus increasing costs by \$1,000 which was funded by the Government. While construction in Wotho, Mejit, and Tarawa/Maloelap has been completed, construction in Ailuk-Ailuk has been delayed due to the failure of the Ailuk Local Council to negotiate an acceptable land-lease agreement with the landlords in Ailuk-Ailuk. If this cannot be achieved, an alternative site in Ailuk Atoll will need to be identified. Construction in all atolls was affected by a recent law requiring land permit clearance through scientific diggings and examination of all construction sites by the Marshall Islands Historical Preservation Office. The Government incurred expenses of \$15,000 for this purpose.
5. In terms of activities for the Ministry of Education, two school buildings were to have been replaced in Mejit and Utrik. The Utrik construction was completed as scheduled, but the Mejit construction was delayed by two months due to the lack of transportation to deliver construction materials to the job site and to the need for additional funds requiring Nitijela (parliamentary) approval (as Bank funds only covered footing, foundation, and roofing costs).
6. In terms of activities for the Ministry of Resources and Development (R&D), rehabilitation and restoration of food crops and debris removal in Mejit, Ailuk, Wotho, Likiep, Utrik, Wotje, Maloelap, Aur, and Enewetak were to have occurred. In the process, seedlings needed to be procured from abroad due to lack of domestic supply. The activities were completed but were delayed by about three months due to lack of

transportation to ship necessary equipment to the affected atolls and time needed to procure seedlings from abroad. A large number of seedlings was damaged in transit due to transportation problems. A number of banana, taro, and coconut seedlings were imported and planted mostly in Majuro. Although a number of seedlings were distributed to the atolls, many did not survive as the islanders did not have adequate knowledge of proper cultivation. No fisheries-related activities were funded under the loan as originally envisaged as damage was minimal and was funded by the Government.

7. In terms of activities for the Ministry of Public Works, chain saws and other equipment were to have been procured for debris removal to assist R&D. Due to the Government's misunderstanding of the Bank's imprest account procedures, heavy equipment for debris removal was never procured. The Government had thought that equipment exceeding \$20,000 was ineligible for Bank financing. While the chain saws were procured and proved helpful in removing debris, the process was slow.

8. In terms of activities for the Office of the Chief Secretary (OCS), the Executing Agency, two computers were procured to assist in developing disaster plans.

B. Implementation Arrangements

9. The Project was generally implemented in accordance with the original objectives and the loan was fully disbursed. No changes to the implementation arrangements occurred during the loan.

C. Project Costs

10. Compared with the estimated total Project cost of \$3.2 million, the actual total project cost was \$3.224 million. The Bank loan was \$508,245^{1/} (in foreign exchange costs) and was fully disbursed.

D. Project Schedule

11. The Loan Agreement stated that the Project was expected to be completed by 31 January 1994 (approximately one year after loan effectivity). The loan was closed on 11 March 1994 with minimal delay.

E. Procurement

12. The only major issue surrounding procurement that arose during the Project related to the Government's request to procure around \$59,000 of used US military equipment for debris removal and health services (including cargo trucks, cranes, dump trucks, and an ambulance). The Bank approved the request on an exceptional basis

^{1/} The loan was in an amount of SDR 364,000, equivalent to \$500,000 in January 1993. Due to exchange rate fluctuations, the equivalent in US dollars slightly increased.

with the following justifications: (i) this was an emergency loan and time was of the essence; (ii) according to Operations Manual Sections 2 and 25, special consideration should be given to unique circumstances in Pacific Island Developing Member Countries;^{1/} and (iii) the amount of procurement involved was small.

F. Performance of Suppliers

13. No problem surrounding the performance of the suppliers was reported. The suppliers were constrained, however, at certain times due to the lack of transportation to deliver the necessary materials to the affected atolls. This contributed to some of the delays under the Project.

G. Conditions and Covenants

14. As shown in Appendix 2, the conditions and covenants of the Loan Agreement were complied with except for submission of quarterly reports (only the last one was received). The project completion report was received late. A disagreement within Government between OCS and the Ministry of Finance over who was responsible for reporting was never satisfactorily resolved.

H. Disbursements

15. Full disbursement of the loan occurred. No expenditure for fisheries-related rehabilitation was incurred due the minimal amount of damage in this area and the Government's ability to shoulder such costs itself.

I. Environmental Impact

16. The Project had no perceivable adverse impacts on the environment as it involved rehabilitation of existing facilities.

J. Project Benefits

17. The Project succeeded in its social objectives of restoring key health and education-related infrastructure and food crops in the affected atolls in a timely manner thus assisting people in remote areas of RMI. It does not seem possible to determine, however, if the Project's objective of restoring economic activity in the affected areas has been achieved. The objective was stated broadly in non-measurable terms at the time of appraisal. The National Government has benefited from the receipt of equipment to assist in disaster management.

^{1/} In the case of RMI, the unique circumstance is the presence of a major US military facility willing to sell used equipment.

K. Performance of Borrower and Executing Agency

18. The performance of the Borrower (the Government) and the Executing Agency (OCS) in physical implementation work was generally satisfactory. In terms of record-keeping, however, a Bank loan disbursement mission, fielded just prior to loan closing, found that the Ministry of Finance had a poor filing system, supporting documents for statements of expenditure (SOE) were difficult to locate, and staff members were not clear on the Bank's requirements for proper filing and recording of SOE records. Despite several requests by the Bank, the Government was unable to provide the required reports in a timely manner due to interagency disagreements.

L. Performance of the Bank

19. The performance of the Bank was mixed. On the positive side, the Bank acted swiftly and flexibly in responding to the Government's initial request for emergency assistance and the later request to procure used US military equipment for debris removal. However, limited monitoring of the Project on the part of the Bank resulted in the Government being unaware of its reporting requirements and in essential equipment not being procured. Had the Bank recognized the human resource constraints within the Ministry of Finance more fully and provided more timely consultant services simultaneous to the loan and fielded a more detailed inception mission and more frequent review missions, misunderstandings about the use of the imprest account, allowable expenditures, and report submissions could have been easily avoided. Also, the inexperience of Programs Department (East) in loan administration contributed to the problems. Finally, the Bank did not anticipate the transportation problems that resulted in delays in getting necessary equipment to the affected atolls.

III. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

20. The Project was implemented as originally conceived with the exception that fisheries equipment, originally planned for Bank financing, was financed solely by the Government. All other civil works and agricultural activities planned were accomplished. It does not seem possible to determine if the Project's objective of restoring economic activity has been achieved,^{1/} and it seems unlikely, given the lack of adequate record-keeping, that this can be determined. The stated objective of the Project was unrealistic. In retrospect, the objective should have been simply to restore key physical and social infrastructure as quickly as possible to reestablish the status quo ante.^{2/}

^{1/} This is too difficult to assess. There are few accurate records of where the seedlings were planted and who benefited from them. There are also no records on the numbers of seedlings that survived. As no technical advice was provided to the farmers on the care and cultivation of the planting material provided, a high casualty rate resulted.

^{2/} As called for by OM Section 25, para. 2.

21. The Bank did not monitor the Project adequately. This resulted in the Government being unaware of its reporting requirements and in essential debris removal equipment not being procured. Had the Bank fielded more frequent review missions, misunderstandings about the use of the imprest account, allowable expenditures, and report submissions could have been easily avoided. Also, the inexperience of Programs Department (East) in loan administration contributed to the problems.

B. Recommendations

22. Follow-up Action: Future Bank missions should examine to the extent possible the long-term economic benefits of the Project (especially in terms of agricultural activities) and determine if the Project met this objective and contributed to restoring economic activity.

23. Future Loan Assistance: For future projects, the following issues should be considered: (i) future emergency loans should be as simple as possible with realistic objectives, avoiding complicated procedures and aligned more closely with the Bank policy on rehabilitation assistance to small DMCs. For example, disbursements could be simplified through use of a negative list of imports as foreseen by the policy; (ii) Bank missions should be fielded early in the project implementation stage to ensure that executing and implementing agencies fully understand Bank procedures, especially those procedures related to the operation of the imprest account; (iii) more frequent Bank missions should be fielded to ensure that Government is fully aware of all its obligations as defined in the loan agreement. Mere possession of the signed loan agreement by Government does not necessarily mean that such obligations are understood; (iv) to the extent possible, future emergency loans should be designed and implemented by the relevant project division, rather than by Programs, to ensure that the Government benefits from the experience of project divisions in loan administration; (v) in the absence of (i) a procurement specialist should join loan fact-finding so that a detailed procurement list may be drawn up early on and advance action for procurement taken in an effort to speed up implementation; (vi) future emergency loans must address transportation issues adequately. Inter-island transport in RMI is mainly performed by a Government-owned shipping operation; insufficient priority or planning was applied by the Government to the distribution of materials procured under the Project. Also, perhaps the US military would be willing to provide air or sea transport for equipment provided by the Bank under emergency circumstances; and (vii) DPO should consider whether the current Bank policy on emergency rehabilitation program loans for small DMCs, which caps assistance at \$500,000, should be modified to allow for larger-sized loans, taking into account the depreciation of the US dollar against major currencies (¥, DM) since the policy was first introduced in 1987 as well as significant price increases.

IV. PIGGY-BACKED TECHNICAL ASSISTANCE ON DISASTER MITIGATION AND MANAGEMENT

A. Background and Objectives

24. The original objectives of the piggy-backed technical assistance were to train the national disaster coordinator in disaster mitigation management, to improve the effectiveness of the National Disaster Committee in its coordination role, to train community leaders in disaster management and mitigation procedures, and to identify specific hazards in infrastructure, housing, fisheries, and food crops in light of the problems encountered following Typhoon Gay in November 1992. A further component added during TA implementation was to conduct a pilot project for outer island training in disaster mitigation, preparedness, and recovery.

B. Implementation and Inputs

25. *Concept and Approach.* The TA was piggybacked to the loan in order to address the lack of expertise within Government to coordinate disasters effectively. The TA might have included more specific measures to enhance coordination between the National Disaster Committee and local officials of the atolls. For cultural reasons, high government officials of the National Disaster Committee did not think it appropriate to attend joint training sessions with mayors of atolls thus lessening the effect of the TA.

26. *Terms of Reference.* The terms of reference were clear and directly related to TA objectives. The team leader suggested the need to expand the terms of reference to include training activities for the outer islands in preparing for future disasters. The TA was extended by 2.5 months to allow for this training.

27. *Physical Inputs and Engagement of Consultants.* Under the TA, two consultants were provided for disaster planning and training. No difficulties were encountered in recruitment.

28. *Implementation Schedule and Financing Arrangements.* The TA commenced in September 1993. The extra component was added in January 1994 to allow for training in the outer islands, and the TA was completed in July 1994. A total of \$105,794.84 out of a TA budget of \$150,000 was spent.

29. *Supervision.* As this TA was piggybacked to the loan, the Bank acted very quickly in regard to its provision. Due to internal staff movements within the Bank, however, recruitment of the consultants was unnecessarily delayed so that loan and TA implementation were not fully simultaneous as envisaged. The executing agency provided the necessary counterpart staff and facilities for the TA but failed to budget adequate travel funds for the counterpart staff so that the Bank had to make a special provision to pay for counterpart staff travel and per diem costs. The counterpart staff

performed well, especially in the outer island training sessions where they handled the bulk of the presentations.

C. Evaluation of Outputs

30. *Quality of Reports and Services Provided.* Prior to the TA only one atoll government had a disaster plan. A generic draft plan has been made available to all of the local governments as a result of the TA and has been well received by the authorities. Training for national and local government officials was held in January 1994 and was attended by all but one of the atoll mayors. A revised national disaster plan was developed and approved under the TA and used during the flooding disaster of June 1994. Training of communities in the outer islands of Jaluit, Ujae, and Wotje in disaster mitigation, preparedness, and recovery occurred in May 1994. Under the TA, the following documents were produced: (i) national disaster plan and manual; (ii) draft disaster plan for local governments; (iii) disaster training materials for national, local, and outer island officials and communities; (iv) inspection and data acquisition forms for emergency inspection teams; (v) Emergency Operating Center standard operating procedures; (vi) a simplified typhoon tracking chart; and (vii) draft letters requesting emergency authority for procurement, communications, etc. In addition, video equipment and a portable generator were procured under the TA for use in training exercises in disaster management for the outer islands coordinated by OCS. All documents were prepared well and in an organized manner.

31. *Training.* Five major training programs were organized under the TA: (i) disaster training for national and local government officials; (ii) Aur and Maloelap mitigation training; (iii) Jaluit Atoll mitigation training; (iv) Ujae mitigation training; and (v) mitigation training at Wotje. Most of the atoll training was conducted by the counterpart staff. The team leader considered the training at Wotje to be a failure as communication problems prevented the target audience from receiving the training. The other training went well except for the fact that the most senior Government officials connected with disaster planning did not attend the disaster training for national and local government officials as it was considered culturally inappropriate to mix with junior officials for training.

32. *Institution Building.* During a subsequent flooding disaster, the executing agency was able to put into effect the procedures developed under the TA to react effectively and in a coordinated fashion to the disaster. The counterpart staff proved capable of providing necessary training in disaster mitigation in the outer islands.

33. *Performance of the Consultant.* Both consultants performed in a competent and professional manner. They were highly regarded within the Government. They made explicit efforts to allow counterpart staff to perform as much of the training activities as possible. They might have taken cultural considerations more into account, however, by conducting separate training sessions for the most senior officials.

D. Conclusion

1. Overall Assessment

34. Overall, the implementation of the TA objectives was successful. Especially useful was the hands-on training in the outer islands (where the effects of disasters are often widespread) on preparing for disasters (such as bracing of houses, tying down roofs, placing windbreaks, construction of well caps, post-disaster debris removal, and post-disaster crop replanting). The Bank reacted flexibly to the suggestion of the team leader to expand the terms of reference to include this training.

35. Lack of capacity on the part of Government officials and lack of adequate planning of the project at the national level constrained the progress of the TA. None of the members of the National Disaster Committee were available to attend a major training exercise in January 1994. The skills of the staff members of OCS, responsible for disaster management, are especially weak as both the US Government and the Bank have had difficulties in inducing them to follow through on various actions. Further efforts may be needed to strengthen the skills of these staff members. Generally, there was full cooperation from local and outer island officials. At times, efforts under the TA were constrained, however, by poor transportation and communication links to the more remote areas.

36. Although the TA was generally successful, the fielding of the consultants was slow, occurring seven months after the loan project had commenced. Better planning on the part of the Bank could have resulted in enhanced coordination of the loan and TA projects.

2. Lessons Learned, Follow-Up Actions, and Recommendations

37. In the future, TAs should be designed to take into account the human resource constraints prevalent in RMI and should incorporate more extensive training activities. In addition, it is important to require the Government to be more accountable for the technical aspects of the TA. Because of a lack of planning, government officials did not participate as fully as they might have in TA activities. Future technical assistance could be explored with the Government to provide for longer-term assistance to the National Disaster Committee, given that geographically RMI is prone to natural disasters. Work could continue on outer island training and training for the committee members.

Chronology of Main Events in Project Preparation and Implementation

<u>Dates</u>	<u>Events</u>
28 Nov 92	Government requests Emergency Rehabilitation Loan following Typhoon Gay
7-16 Dec 92	Bank fields fact-finding mission
7 Jan 93	Concept clearance from Bank Management obtained
12-14 Jan 93	Loan Negotiations held via fax
28 Jan 93	Board approves loan and President approves TA
29 Jan 93	Loan declared effective
Mar 93	Government Ministries submit cost estimates of needed repairs to Office of Chief Secretary
29 Apr- 3 May 93	Bank fields review mission. Mission concludes that close supervision of loan is in order given the lack of experience of Government in loan administration with the Bank
24 May 93	PE3 requests CPCS to engage a married couple as two individual consultants for the TA
1 Jun 93	BPMSD advises against hiring a married couple. One of the two proposed candidates should be replaced.
3 Aug 93	Government requests permission to procure used US military equipment under the loan for debris removal
13 Aug 93	CPSO approves procurement of used equipment on an exceptional basis
16 Sep 93	Controller's Dept. advises no liquidations of advance to Imprest Account have been received to date
27 Sep 93	TA commences
22 Nov 93	Team Leader identifies need to expand TA to include outer island training
20 Dec 93	TA Team Leader requests funding transportation costs of mayors to attend training in Majuro
5 Jan 94	Contract of TA Team Leader extended until 2 July 1994
28 Feb- 2 Mar 94	Loan Disbursement Mission visits RMI and finds that Ministry of Finance staff had poor filing system, supporting documents for statements of expenditure (SOE) were difficult to locate, and staff were not clear on Bank's requirements for proper filing and recording of SOE records
11 Mar 94	Final disbursement effected and loan closed
9 May 94	Loan and TA Review Mission mentions to Government the importance of submitting quarterly reports and a project completion report
18 May 94	Bank reminds Government by fax on reporting requirements
3 Jun 94	Bank again reminds Government by fax on reporting requirements
7 Jun 94	Government submits last quarterly report
15 Jun 94	Bank extends deadline for project completion report until 11 July 1994
2 Jul 94	TA ends
18-20 Jul 94	Project Completion Mission reminds Executing agency that only remaining requirement under the loan agreement is receipt of the project completion report. Mission offers to assist staff in its preparation, but staff had misplaced appropriate materials to do so.

Compliance with Major Loan Covenants

Loan Covenant	Reference in Loan Agreement	
The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and public utility practices.	Section 4.01	Complied
The Borrower shall make available, or cause to be made available, promptly as needed, the funds, facilities, services, land and other resources that are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project Facilities.	Section 4.02	Complied
The Borrower shall ensure that the activities of its departments, agencies, corporations and entities with respect to the carrying out of the Project and operation of the Project Facilities are conducted and coordinated in accordance with sound administrative policies and procedures.	Section 4.03	Complied
The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the Eligible Items financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial conditions of any agencies and other entities responsible for the carrying out of the Project and operation of the Project Facilities, or any part thereof.	Section 4.04 (a)	Complied
The Borrower shall enable the Bank's representatives to inspect the Project Facilities and any relevant records and documents referred to in paragraph (a) of this Section.	Section 4.04 (b)	Complied
The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the Bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods and services financed out of the proceeds of the Loan; (iii) the implementation of the Project; (iv) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (v) any other matters relating to the purposes of the Loan.	Section 4.05 (a)	Complied

Loan Covenant	Reference in Loan Agreement	
Without limiting the generality of the foregoing, the Borrower shall furnish, or cause to be furnished, to the Bank every three (3) months reports on the carrying out of the Project. Such reports shall be submitted in such form and in such detail and within such a period as the Bank shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the three-month period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.	Section 4.05 (b)	Partially Complied. Last quarterly report received.
Promptly after the closing date for withdrawals from the Loan Account, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, in such form and in such detail as the Bank shall reasonably request, on the carrying out of the Project including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.	Section 4.05 (c)	Complied, albeit late.
It is mutual intention of the Borrower and the Bank that no other external debt owed to a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and service charge and any other charge on, the Loan; and (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect.	Section 4.06 (a)	Limited Waiver of Negative Pledge Clause sought by Government. Approved by the Board on 24 August 1994. New waiver subsequently sought pending Board decision.
The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.	Section 4.06 (b)	Complied
The term "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any political subdivision or any agency of the Borrower and assets of any agency of any such political subdivision, including any central bank which may be established by the Borrower and such term includes assets held on behalf of the Borrower with any foreign or local commercial bank or institution for the time being performing the functions of a central bank for the Borrower.	Section 4.06 (c)	Complied