

# Project Administration Manual

Project Number: 42394-22

Grant Number:

August 2011

Kingdom of Tonga: Nuku'alofa Urban Development  
Sector Project

# Contents

<b>ABBREVIATIONS</b>	1
<b>I. PROJECT DESCRIPTION</b>	1
<b>II. IMPLEMENTATION PLANS</b>	3
A. Project Readiness Activities	3
B. Overall Project Implementation Plan	4
<b>III. PROJECT MANAGEMENT ARRANGEMENTS</b>	5
A. Project Implementation Organizations – Roles and Responsibilities	5
B. Key Persons Involved in Implementation	8
C. Project Organization Structure	9
<b>IV. COSTS AND FINANCING</b>	10
A. Project Financing Plan	10
B. Detailed Cost Estimates by Expenditure Category	11
C. Allocation and Withdrawal of Grant Proceeds	13
D. Detailed Cost Estimates by Financier	15
E. Detailed Cost Estimates by Outputs	16
F. Detailed Cost Estimates by Year	17
G. Contract and Disbursement S-curve	18
H. Fund Flow Diagram	20
<b>V. FINANCIAL MANAGEMENT</b>	21
A. Financial Management Assessment	21
B. Disbursement	21
C. Accounting	23
D. Auditing	23
<b>VI. PROCUREMENT AND CONSULTING SERVICES</b>	24
A. Advance Contracting	24
B. Procurement of Goods, Works, and Consulting Services	24
C. Procurement Plan	26
D. Outline Consultant's Terms of Reference	28
1. Scope of Works	29
<b>VII. CANDIDATE SUBPROJECT SELECTION CRITERIA</b>	35
<b>VIII. SAFEGUARDS</b>	37
<b>IX. GENDER AND SOCIAL DIMENSIONS</b>	38
A. Developing effective, efficient and sustainable municipal services	38
1. Project Awareness	38
2. Ensuring Women's Involvement in Project Implementation	38
3. Skills Development	38
B. Gender Awareness Promotion	39
C. Livelihood Enhancement	39
D. Enhancing Gender in Urban Planning	40
E. Enhancing Gender in Project Monitoring	40
<b>X. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION</b>	45
A. Monitoring	48

B.	Evaluation	49
C.	Reporting	50
D.	Stakeholder Communication Strategy	50
XI.	ANTICORRUPTION POLICY	51
XII.	ACCOUNTABILITY MECHANISM	52
XIII.	RECORD OF PAM CHANGES	53

APPENDIX 1. Tapuhia Solid Waste Management Facility Final Operation Field Manual

### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Planning and Urban Management Agency of the Ministry of Land, Surveys, and Natural Resources as the executing agency and Tonga Water Board, Waste Management Limited, Ministry of Transport and Ministry of Works as implementing agencies are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by Planning and Urban Management Agency of the Ministry of Land, Surveys, and Natural Resources as the executing agency and Tonga Water Board, Waste Management Limited, Ministry of Transport and Ministry of Works as implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Grant Negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the Grant Agreement. Such agreement shall be reflected in the minutes of the Grant Negotiations. In the event of any discrepancy or contradiction between the PAM and the Grant Agreement, the provisions of the Grant Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

## CURRENCY EQUIVALENTS

(as of 6 September 2011)

Currency Unit	=	pa'anga (T\$)
	=	Australian dollar (A\$)
T\$1.00	=	\$0.62
\$1.00	=	T\$1.61
A\$1.00	=	\$1.06
\$1.00	=	A\$0.95

## Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statement
DMF	=	design and monitoring framework
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
LIBOR	=	London interbank offered rate
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
NIIP	=	National Infrastructure Investment Plan
PAM	=	project administration manual
PIA	=	Project implementation assistance
PIU	=	project implementation unit
PMU	=	project management unit
PSC	=	project steering committee
PUMA	=	Planning and Urban Management Agency
QBS	=	Quality-based selection
QCBS	=	quality- and cost-based selection
RF	=	resettlement framework
RP	=	resettlement plan
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SGIA	=	second generation imprest accounts
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
TOR	=	terms of reference
TWB	=	Tonga Water Board
UFW	=	unaccounted-for-water
UIDP	=	Urban Infrastructure Development Plan
WAL	=	Waste Authority Limited

## I. PROJECT DESCRIPTION

1. The project will provide high priority urban infrastructure identified in the Nuku'alofa Urban Infrastructure Development Plan (NUIDP).<sup>1</sup> The project will expand upon infrastructure development currently being undertaken in Nuku'alofa through the Nuku'alofa Reconstruction Project (NRP) and the Integrated Urban Development Sector Project (IUDSP).<sup>2</sup>

2. **Impact and Outcome.** The impact of the project is improved living conditions for the population of Nuku'alofa. The outcome of the project will be effective, efficient, and sustainable urban services.

3. **Outputs:** Project outputs include:

- (i) **Output 1 – Strengthened policy environment for delivery of urban services.** The project will strengthen the policy environment for delivery of urban services in Tonga by (a) building capacity within Planning and Urban Management Agency (PUMA) to develop urban planning and management policies and to implement the Strategic Planning and Management Act for improved planning and coordination of urban services and urban infrastructure development; (b) reforming Tonga Water Board (TWB) and Waste Authority Limited (WAL) tariffs for recovery of water supply and solid waste services operations and maintenance costs; and (c) mandating the development and implementation of urban infrastructure asset management plans.
- (ii) **Output 2 - Effective, efficient, and sustainable water supply services in Nuku'alofa.** The core subproject will (a) increase the water production at the Mataki'eua Tongamai wellfield; (b) increase the raw water storage capacity; (c) improve the management of the water supply network through the creation of supply zones and improved bulk supply metering; (d) reduce unaccounted-for-water (UFW) from the current level, estimated at about 50% to less than 25%; (e) develop consumer water meter replacement policies and replace defective consumer meters; and (f) revenue collection, billing, and financial management capacity.
- (iii) **Output 3 - Sustainable solid waste services in Nuku'alofa.** This core subproject will assist WAL to improve its service delivery to the residents of Nuku'alofa by: improving waste disposal operations at the Tapuhia landfill, improving and expanding solid waste collection services, and strengthening financial management capacity in WAL.
- (iv) **Output 4 - Other municipal services within Nuku'alofa.** Other municipal services will be improved through the implementation of selected high-priority urban infrastructure components identified in the Urban Infrastructure Development Plan (UIDP) and the National Infrastructure Investment Plan (NIPP) (candidate subprojects) and could include upgrading of sanitation, construction of drains, upgrading of roads, and replacement of overhead power lines with underground electricity cables. Candidate subprojects will be selected in accordance with the criteria and due diligence requirements and approved by the project steering committee and Asian Development Bank (ADB).

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<sup>1</sup> UIDP was prepared under TA 7082-TON: *Urban Planning and Management System* (ADB, 2008 US\$700,000) and provides an urban infrastructure investment plan for Nuku'alofa for the period 2010/11 to 2030/31.

<sup>2</sup> NRP is funded through a RMB400 million loan from China and was approved on 2007. An Asian Development Fund grant of \$11 million for IUDSP (G0108-TON) was approved by ADB in March 2008.

- (v) **Output 5 - Raised community awareness of municipal services.** The project will raise community awareness of municipal services issues such as planning and development consent requirements, household responsibilities for managing solid waste (reduce, recycle, re-use), and public health benefits of safe waste handling and disposal. The project will improve customer complaints mechanisms in TWB and WAL, and conduct public consultation on service standards, water conservation and demand management. The community awareness programs will also highlight the responsibilities of the Nuku'alofa community as beneficiaries of urban services such as the need to pay for services. Women's groups and community associations will be consulted and encouraged to participate in urban planning and design issues.
- (vi) **Output 6 - Effective project management.** The project management unit (PMU), supported by project implementation assistance consultants will provide project design and supervision, monitoring, reporting, quality and cost control, screening and preparation of resettlement plans, and initial environmental evaluations for candidate subprojects, contract administration services and monitoring of the gender action plan.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative Activities	Months					Who responsible
	July 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	
Advance contracting actions	█				█	PUMA, ADB
Establish project implementation arrangements	█					PUMA, ADB
Grant negotiations	█		█			
ADB Board approval	█		█			ADB
Grant signing	█			█		GOT, ADB
Government legal opinion provided	█				█	GOT
Government budget inclusion	█			█		GOT
Grant effectiveness	█				█	ADB

ADB = Asian Development Bank, GOT = Government of Tonga, PUMA = Planning and Urban Management Agency.



**B. Overall Project Implementation Plan**

NUKU'ALOFA URBAN DEVELOPMENT SECTOR PROJECT																							
Project Implementation Plan																							
ID	Task Name	2012				2013				2014				2015				2016				2017	2018
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
1																							
2	<b>Output 1 - Strengthen policy environment for delivery of urban services</b>																						
3	Capacity development within PUMA for urban policy development and implementation																						
4	Review, amend and assist implementation of TWB and WAL tariff policies and structure.																						
5	Develop policies to mandate the preparation and implementation of asset management plans by all public urban services																						
6	Prepare asset management plans for TWB and WAL and assist in their implementation.																						
7																							
8	<b>Output 2 - Effective, efficient and sustainable water supply services</b>																						
9	Wellfield Rehabilitation and Expansion																						
26	Network operations and loss reduction program																						
47	Capacity building																						
50																							
51	<b>Output 3 - Sustainable solid waste services</b>																						
52	Component 1 - Tapuhia																						
73	Component 2 - Improved Collection Service																						
90	Component 3 - Financial management and capacity building																						
99																							
100	<b>Output 4 - Other municipal services (candidate subprojects)</b>																						
101	Select candidate subprojects																						
106	Implement candidate subprojects																						
113																							
114	<b>Gender Action Plan</b>																						
127																							
128	<b>Output 5 - Raised community awareness of municipal services</b>																						
129	Water supply																						
133	Solid waste																						
137																							
138	<b>Output 6 - Effective project management</b>																						
139	Project management unit formed and functioning																						
142	Project Implementation Assistance																						

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations – Roles and Responsibilities

4. **Project executing and implementing agencies.** The Ministry of Finance and National Planning will be the executing agency (EA) and the Planning and Urban Management Agency Planning and Urban Management Agency (PUMA) of the Ministry of Transport will be the implementing agency (IA).

5. **Project steering committee (PSC).** The government has appointed a PSC. The PSC shall meet quarterly and provide strategic direction, guidance, and oversight of the project. The PSC is chaired by the Minister of Finance and National Planning. Other members of the PSC include the Minister of Works; the Minister of Lands, Survey and Natural Resources; the Secretary of Lands, Survey and Natural Resources; the Solicitor General; the Secretary of Finance; the Director of Education; the Director of Health; and the District Officers of Kolomotu'a and Kolofo'ou. The composition of the PMU may, during the implementation of the project, be amended or expanded to include representatives from civil society organizations, women's associations, and other government agencies and public enterprises.

6. **Project management unit (PMU).** PUMA will provide the project manager and PMU. The PMU will (i) serve as the secretariat for the PSC; (ii) provide project management, administration, and interagency coordination at the executive level; (iii) maintain project accounts; (iv) oversee project procurement; (v) prepare reports as required during the implementation of the project including progress reports (at least quarterly) for the government and ADB; and (vi) prepare the project completion report to the government and ADB. The PMU will be responsible for the overall implementation of the project including the day-to-day project activities, compliance with the provisions of the Grant Agreements and government policies and guidelines, project administration, preparation of grant withdrawal applications, and maintenance of records. The Minister of Finance and National Planning has delegated the Director of PUMA as (i) the project manager and (ii) the secretary to the PSC.

7. **Project implementation assistance (PIA) consultants.** The PMU will be supported by PIA consultants. The PIA consultants will report to the PMU project manager. The PIA consultants will assist the PMU in delivering the project outputs. Specific roles of the PIA consultants include:

- (i) Assisting the PMU to strengthen the policy environment for delivery of urban services by (a) building capacity within PUMA to develop urban planning and management policies and to implement the National Strategic Planning and Management Act (NSPM); (b) reforming TWB and WAL tariffs for recovery of water supply and solid waste services operations and maintenance costs; and (c) and mandating the development and implementation of urban infrastructure asset management plans.
- (ii) Assisting TWB to provide effective, efficient, and sustainable water supply services in Nuku'alofa by (a) building technical capacity to reliably deliver water to all parts of the supply network through the creation of supply zones and improved bulk supply metering; (b) designing and assist in implementing a comprehensive program to reduce non-revenue water from the current level of about 50% to less than 25% by 2017; (c) developing consumer water meter replacement policies and replace defective consumer meters; (d) building

- financial management capacity particularly in the areas of revenue collection and billing; and (e) preparation of the TWB asset management plan.
- (iii) Assisting WAL to provide sustainable solid waste services in Nuku'alofa by (a) building financial management capacity particularly in the areas of revenue collection and billing, and (b) preparation of the WAL asset management plan.
  - (iv) Assisting the PMU to improve other municipal services within Nuku'alofa by (a) identifying potential candidate subprojects from the UIDP or from Tonga National Infrastructure Investment Plan (TNIIP); (b) screening of the proposed subprojects following the candidate subproject eligibility criteria including the preparation of candidate subproject appraisal reports for approval by the PSC and ADB; and (c) and preparation of resettlement plans, and initial environmental evaluations for candidate subprojects approved by the PSC and ADB.
  - (v) Raising community awareness of municipal services through (a) community awareness and education program covering municipal services issues including planning and development consents requirements, household responsibilities for managing solid waste (reduce, recycle, re-use), public health benefits of safe waste handling and disposal; and the responsibilities of the Nuku'alofa community as beneficiaries of urban services such as the need to pay for services; (b) assist TWB and WAL to improve their customer complaints mechanisms; (c) undertake public consultation on service standards, water conservation and demand management; and (d) consult and encourage the participation of women's groups and community associations in urban planning and design issues.
  - (vi) Assisting the PMU to effectively manage the project. The PIA consultants will provide (a) project design and supervision of the core water supply and solid waste subprojects; (b) monitoring and reporting of project progress; (c) facilitate the timely delivery of the project in compliance with standards acceptable to the government and ADB and within the project budget (quality and cost control); (d) design and supervision of candidate subprojects; (e) administer contracts awarded under the project; (f) facilitate and monitoring the implementation of the gender action plan; and (g) provide other services to the project manager and PMU as necessary to deliver the project.

8. The recruitment of the PIA consultants will be the first project procurement activity and is expected to be completed before or soon after the project becomes effective. The PIA consultants will be required to liaise and coordinate, and in some cases, will work in other government agencies ("assigned agencies") and public enterprises as indicated below.

**Table 1: PIA Staffing Schedule**

<b>Position</b>	<b>Input Basis</b>	<b>Months</b>	<b>Assigned Agencies</b>
<b>International Consultants</b>			
Team Leader – WS Project Engineer	Intermittent	24	PUMA, TWB,
Water Supply/Leak Detection Engineer	Intermittent	9	TWB
Solid Waste Specialist	Intermittent	9	WAL
Planner	Intermittent	6	PUMA
Environmental specialist	Intermittent	6	PUMA
<b>National Consultants</b>			
Deputy Team Leader / Project Engineer	Full-time	50	PUMA
Planning Specialist	Full-time	24	PUMA
Planner, gender	Full-time	24	PUMA
Accounting/Financial Management Specialist	Full-time	24	TWB, WAL

Position	Input Basis	Months	Assigned Agencies
Revenue Generation Specialist	Intermittent	9	TWB, WAL
Social/community/gender/safeguards Specialist	Intermittent	12	PUMA
National environmental specialist	Intermittent	9	PUMA
Office assistant/Accounting officer	Intermittent	50	PUMA

9. The management roles and responsibilities of the various stakeholders are tabled below.

Project implementation organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> <li>• <b>Executing agency</b> Ministry of Finance and National Planning</li> </ul>	<ul style="list-style-type: none"> <li>➤ Coordinate with the IA the preparation of withdrawal applications and submit to ADB.</li> <li>➤ Responsible for maintaining separate project accounts, have all project accounts audited annually and sent to ADB.</li> <li>➤ Coordinate with the IA the preparation of withdrawal applications and submit to ADB.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Project Steering Committee</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ Oversee and monitor all aspects of project implementation.</li> <li>➤ Advise government on any issues raised or concerns and propose remedial actions.</li> <li>➤ Endorse candidate subprojects for inclusion in the project.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Implementing agency</b> Planning and Urban Management Agency, Ministry of Transport</li> </ul>	<ul style="list-style-type: none"> <li>➤ Responsible for day to day implementation of the project.</li> <li>➤ Responsible for recruitment of project management and implementation consultants.</li> <li>➤ Preparing overall project implementation plan and consolidated annual work plan.</li> <li>➤ Preparing bid documents to comply with ADB requirements, evaluating bids, and awarding works, contract administration, and supervision.</li> <li>➤ Measuring works carried out by contractors and certifying payments.</li> <li>➤ Carrying out environmental assessments and project performance management system (PPMS).</li> <li>➤ Implementing and monitoring the Gender Action Plan (GAP).</li> <li>➤ Ensuring compliance with grant covenants.</li> <li>➤ Preparing monthly reports.</li> <li>➤ Responsible for nominating and appraising candidate subprojects and development of detailed design and specifications.</li> <li>➤ Carrying out socio-economic monitoring surveys to assess project impact.</li> <li>➤ Procurement of equipment and services for</li> </ul>

- sanitation infrastructure and community engagement and public awareness activities.
    - Ensure compliance with safeguards requirements
  - ADB
    - Monitor and review overall implementation in consultation with the EA and implementing agency (IA) including: project implementation schedule; actions required with reference to the summary poverty reduction & social strategy, gender action plan, environment management plan, and resettlement plan if applicable; timeliness of budgetary allocations and counterpart funding; project expenditures progress with procurement and disbursement, statement of expenditures when applicable; compliance with grant covenants; and likelihood of attaining project development objectives
    - Participate in annual workplan discussions.
    - Responsible for administration for the selection of project management and implementation consultants in coordination with the IA.
- 

## B. Key Persons Involved in Implementation

### Executing Agency

Officer's Name: Mr. Tiofilusi Tiueti  
 Position: Secretary of Finance  
 Telephone: (676) 23066  
 Email address: ttiueti@finance.gov.to  
 Office Address: Treasury Building, Vuna Road,  
 Nuku'alofa, Kingdom of Tonga

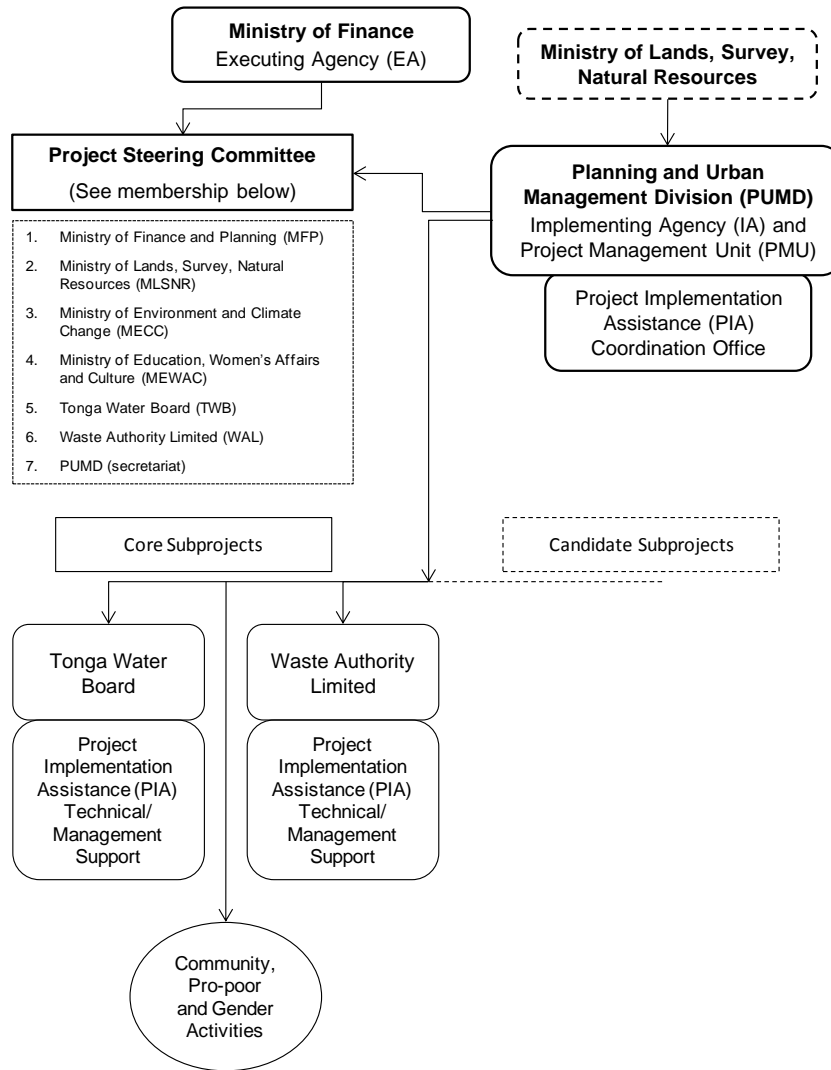
### ADB PAUS

Staff Name: Andrea Iffland  
 Position: Director  
 Telephone No.: (632) 632 6126  
 Email address: aiffland@adb.org

### Mission Leader

Staff Name: Stephen Blaik  
 Position: Senior Urban Development Specialist  
 Telephone No.: (632) 632 6127  
 Email address: sblaik@adb.org

**C. Project Organization Structure**



#### IV. COSTS AND FINANCING

10. The project is estimated to cost \$14.59 million (Table 1) including taxes and duties of \$2.09 million equivalent.

11. The government has requested a grant<sup>3</sup> not exceeding \$6.06 million from ADB's Special Funds resources to help finance the project. The Government of Australia will provide grant joint cofinancing of \$6.44 million equivalent.<sup>4</sup> The Government of Tonga will provide \$2.09 million equivalent in local currency to finance taxes and duties. The Government of Tonga may request ADB for additional financing for the project at the project's midterm review given the large urban infrastructure investment requirements for Nuku'alofa. Detailed cost and financing tables are presented herein.

##### A. Project Financing Plan

(\$ million)		
<b>Source</b>	<b>Total</b>	<b>%</b>
Asian Development Bank	6.06	41.54%
Government of Australia	6.44	44.15%
Government of Tonga	2.09	14.31%
<b>Total</b>	<b>14.59</b>	<b>100.0%</b>

Source: Asian Development Bank

<sup>3</sup> A country's eligibility for Asian Development Fund (ADF) grants under the revised grant framework is determined by its risk of debt distress. The latest debt sustainability analysis determined that Tonga had a high risk of debt distress and was therefore eligible to receive 100% of its ADF allocation as grants.

<sup>4</sup> The Government of Australia will provide joint grant cofinancing of A\$6.1 million. Land acquisition costs may be financed by ADB and the Government of Australia where all requirements under ADB's policies on Involuntary Resettlement are complied with, and the acquisition is undertaken and implemented in compliance with the ADB-approved resettlement plans and framework. ADB and the Government of Australia grant funds may finance transportation and insurance costs of equipment financed by the project.

**B. Detailed Cost Estimates by Expenditure Category**

Item	\$'000			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	
<b>A. Investment Costs<sup>a</sup></b>				
1. Civil Works	289	2,602	2,890	24.6%
2. Equipment and materials	2,729	1,170	3,899	33.1%
3. Land Acquisition	-	238	238	2.0%
4. Consultancy Services	1,563	1,083	2,646	22.5%
5. Taxes and Duties	1,158	930	2,088	17.8%
<b>Subtotal (A)</b>	<b>5,738</b>	<b>6,023</b>	<b>11,761</b>	<b>100.0%</b>
<b>B. Contingencies</b>				
1. Physical <sup>b</sup>	861	1,033	1,894	16.1%
2. Price <sup>c</sup>	127	806	933	7.9%
<b>Subtotal (B)</b>	<b>988</b>	<b>1,839</b>	<b>2,827</b>	<b>24.0%</b>
<b>Total Project Cost (A+B)</b>	<b>6,726</b>	<b>7,862</b>	<b>14,588</b>	<b>124.0%</b>

T\$ = Tonggan Pa'anga, MOW = Ministry of Works.

<sup>a</sup> In mid-2011 prices.

<sup>b</sup> Computed at 15% for all categories.

<sup>c</sup> Computed at an average of 8.0% for local currency costs and 1.2% for foreign costs over the project implementation period (using ADB price escalation factors).

Source: Asian Development Bank estimates.



Item	\$'000			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	
<b>A. Investment Costs<sup>a</sup></b>				
1. Civil Works	289	2,602	2,890	24.6%
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<b>Subtotal (A)</b>	<b>5,738</b>	<b>6,023</b>	<b>11,761</b>	<b>100.0%</b>
<b>B. Contingencies</b>				
1. Physical <sup>b</sup>	861	1,033	1,894	16.1%
2. Price <sup>c</sup>	127	806	933	7.9%
<b>Subtotal (B)</b>	<b>988</b>	<b>1,839</b>	<b>2,827</b>	<b>24.0%</b>
<b>Total Project Cost (A+B)</b>	<b>6,726</b>	<b>7,862</b>	<b>14,588</b>	<b>124.0%</b>

<sup>a</sup> In mid-2011 prices.

<sup>b</sup> Computed at 15% for all categories.

<sup>c</sup> Computed at an average of 8.0% for local currency costs and 1.2% for foreign costs over the project implementation period (using ADB price escalation factors).

Source: Asian Development Bank estimates.

### C. Allocation and Withdrawal of Grant Proceeds

#### ADB Grant

<b>CATEGORY</b>				<b>ADB FINANCING</b>
	<b>Item</b>	<b>Total Amount Allocated for ADB Financing</b>		Percentage and Basis for Withdrawal from the Grant Account
		<b>Category</b>	<b>Subcategory</b>	
			(\$)	
1	Civil Works <sup>1</sup>	1,401		
1A	Water Supply Subproject <sup>1,2</sup>		905	48.5% of total expenditure claimed*
1B	Solid Waste Subproject <sup>1,3</sup>		196	48.5% of total expenditure claimed*
1C	Other Municipal Subprojects		300	48.5% of total expenditure claimed*
2	Equipment and materials <sup>1</sup>	1,890		48.5% of total expenditure claimed*
3	Land Acquisition <sup>1</sup>	115		48.5% of total expenditure claimed*
4	Consulting Services	1,283		48.5% of total expenditure claimed*
5	Unallocated	1,371		
	<b>Total</b>	<b>6,060</b>		

\* Exclusive of taxes and duties imposed within the territory of the Recipient.

<sup>1</sup> Withdrawals from the Grant Account in respect of Categories 1, 2, and 3 are subject to the condition set forth in Schedule 2, paragraph 7 of the Grant Agreement (Special Operations).

<sup>2</sup> Withdrawals from the Grant Account in respect of Category 1A are subject to the condition set forth in Schedule 2, paragraph 8 of the Grant Agreement (Special Operations).

<sup>3</sup> Withdrawals from the Grant Account in respect of Category 1B are subject to the condition set forth in Schedule 2, paragraph 9 of the Grant Agreement (Special Operations)

\$ = US dollars.

ADB = Asian Development Bank.

## External (GOA) Grant

<b>CATEGORY</b>				<b>GOVERNMENT OF AUSTRALIA FINANCING</b>
Number	Item	Total Amount Allocated for GOA Financing		Percentage and Basis for Withdrawal from the Grant Account
		Category	Subcategory	
		(\$)		
1	Civil Works <sup>1</sup>	1,489		
1A	Water Supply Subproject <sup>1, 2</sup>		962	51.5% of total expenditure claimed*
1B	Solid Waste Subproject <sup>1, 3</sup>		208	51.5% of total expenditure claimed*
1C	Municipal Subprojects		319	51.5% of total expenditure claimed*
2	Equipment and materials <sup>1</sup>	2,009		51.5% of total expenditure claimed*
3	Land Acquisition <sup>1</sup>	122		51.5% of total expenditure claimed*
4	Consulting Services	1,363		51.5% of total expenditure claimed*
5	Unallocated	1,457		
	<b>Total</b>	<b>6,440</b>		

\* Exclusive of taxes and duties.

<sup>1</sup> A Withdrawals from the Grant Account in respect of Categories 1, 2, and 3 are subject to the condition set forth in Schedule 1, paragraph 7 of the Grant Agreement (Externally Financed).

<sup>2</sup> Withdrawals from the Grant Account in respect of Category 1(a) are subject to the condition set forth in Schedule 1, paragraph 8 of the Grant Agreement (Externally Financed).

<sup>3</sup> Withdrawals from the Grant Account in respect of Category 1(b) are subject to the condition set forth in Schedule 1, paragraph 9 of the Grant Agreement (Externally Financed).

ADB = Asian Development Bank.

#### D. Detailed Cost Estimates by Financier

Item	Total Cost	ADB ADF Grant		GOA		GOT	
	\$'000	\$'000	% of Cost Category <sup>a</sup>	\$'000	% of Cost Category	\$'000	% of Cost Category
<b>A. Investment Costs</b>							
1. Civil Works <sup>b</sup>	2,890	1,401	48.5%	1,489	51.5%	-	0.0%
Comprising:							
1a. Water supply core subproject <sup>b</sup>	1,868	906	48.5%	962	51.5%	-	0.0%
1b. Solid waste core subproject <sup>b</sup>	404	196	48.5%	208	51.5%	-	0.0%
1c. Other municipal subprojects (candidate subprojects) <sup>b</sup>	618	300	48.5%	319	51.5%	-	0.0%
2. Equipment <sup>b</sup>	3,899	1,890	48.5%	2,009	51.5%	-	0.0%
3. Land Acquisition <sup>b</sup>	238	115	48.5%	123	51.5%	-	0.0%
4. Consultancy Services <sup>b</sup>	2,646	1,283	48.5%	1,363	51.5%	-	0.0%
5. Taxes and Duties	2,088	-	0.0%	-	0.0%	2,088	100.0%
<b>Subtotal (A): Total Base Cost</b>	<b>11,761</b>	<b>4,690</b>	<b>39.9%</b>	<b>4,984</b>	<b>42.4%</b>	<b>2,088</b>	<b>17.8%</b>
<b>B. Contingencies</b>	<b>2,827</b>	<b>1,371</b>	<b>48.5%</b>	<b>1,457</b>	<b>51.5%</b>	<b>-</b>	<b>0.0%</b>
<b>Total Project Cost (A+B)</b>	<b>14,588</b>	<b>6,060</b>		<b>6,440</b>		<b>2,088</b>	
<b>% of Total Project Costs</b>	<b>100.0%</b>		<b>41.5%</b>		<b>44.1%</b>		<b>14.3%</b>

ADB = Asian Development Bank, GOA = Government of Australia, GOT = Government of Tonga, T\$ = Tongan Pa'anga.

<sup>a</sup> The amounts disbursed by ADB for eligible expenditures under a cost category will be subject to the ceiling set by the allocation.

<sup>b</sup> Exclusive of taxes and duties.

Source: Asian Development Bank.

**E. Detailed Cost Estimates by Outputs**

Item	\$ million
<b>A. Base Cost<sup>b</sup></b>	
Output 1 - strengthened policy environment	0.76
Output 2 - water supply improvements	5.93
Output 3 - Solid waste improvements	1.93
Output 4 - other municipal services	1.78
Output 5 - Community awareness	0.16
Output 6 - project management	1.20
<b>Subtotal (A)</b>	<b>11.76</b>
<b>B. Contingencies<sup>c</sup></b>	<b>2.83</b>
<b>Total Project Cost (A+B)</b>	<b>14.59</b>

<sup>a</sup> Including taxes and duties of US\$2.09 million.

<sup>b</sup> In mid-2011 prices.

<sup>c</sup> Physical contingencies computed at 15%. Price contingencies computed at an average of 8.0% for local currency costs and 1.2% for foreign costs over the project implementation period (using ADB price escalation factors).

Source: Asian Development Bank.

**F. Detailed Cost Estimates by Year**

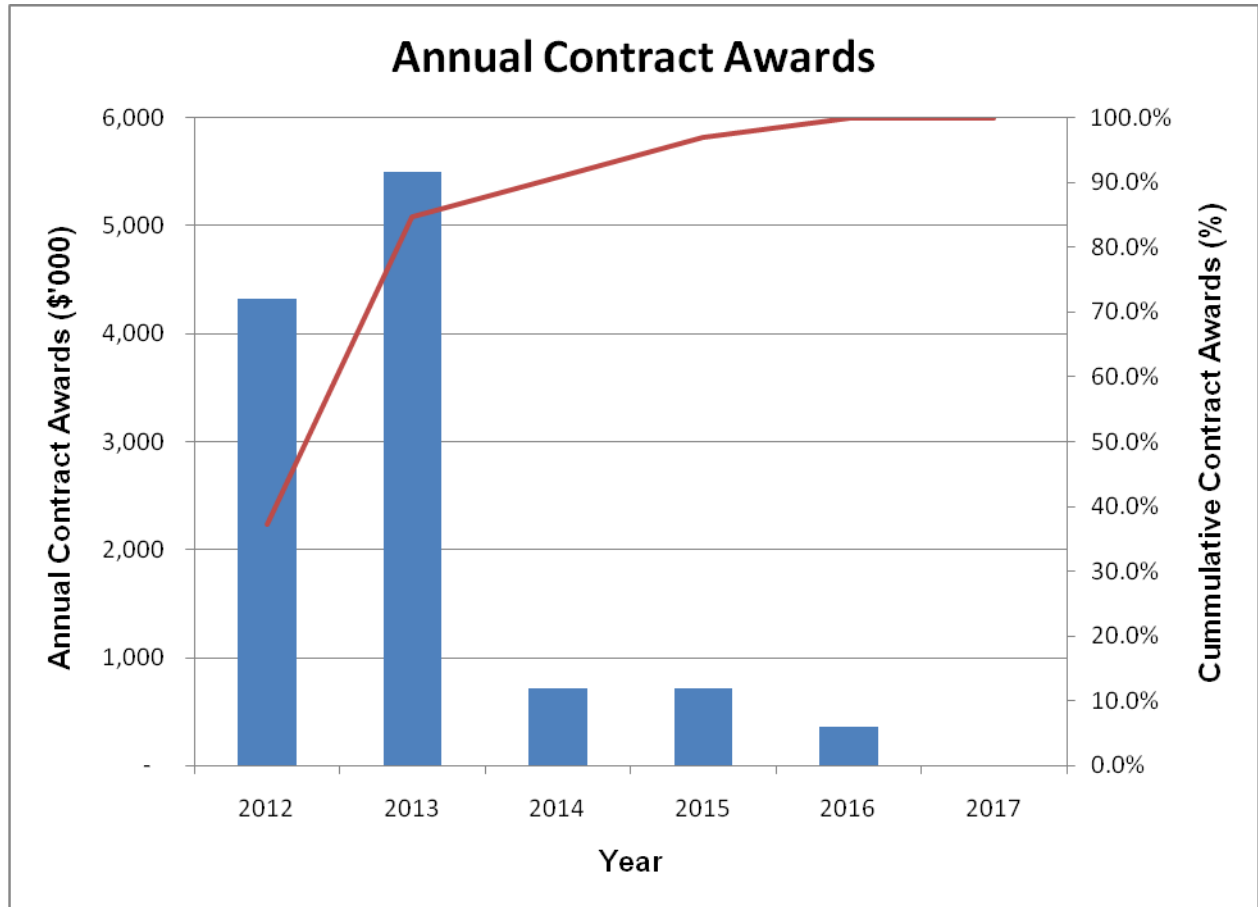
Item	Total Cost	2012	2013	2014	2015	2016	2017
<b>A. Investment Costs</b>							
1. Civil Works <sup>a</sup>	2,890	-	723	1,001	827	247	93
Comprising:							
1a. Output 2 - Water Supply <sup>a</sup>	1,868	0	561	747	561	0	0
1b. Output 3 - Solid waste <sup>a</sup>	404	0	162	161	81	0	0
Output 4 - other municipal services <sup>a</sup>	618	0	0	93	185	247	93
2. Equipment <sup>a</sup>	3,899	0	1,081	1,594	890	242	91
3. Land Acquisition <sup>a</sup>	238	150	0	13	27	35	13
4. Consultancy Services <sup>a</sup>	2,646	1,115	849	303	181	150	48
5. Taxes and Duties	2,088	167	584	710	438	137	50
<b>Subtotal (A): Total Base Cost</b>	<b>11,761</b>	<b>1,432</b>	<b>3,237</b>	<b>3,621</b>	<b>2,363</b>	<b>811</b>	<b>295</b>
<b>B. Contingencies</b>	<b>2,827</b>	<b>251</b>	<b>653</b>	<b>833</b>	<b>626</b>	<b>377</b>	<b>87</b>
<b>Total Project Cost (A+B)</b>	<b>14,588</b>	<b>1,683</b>	<b>3,890</b>	<b>4,454</b>	<b>2,989</b>	<b>1,188</b>	<b>382</b>

<sup>a</sup> Exclusive of taxes and duties.

Source: Asian Development Bank estimates.

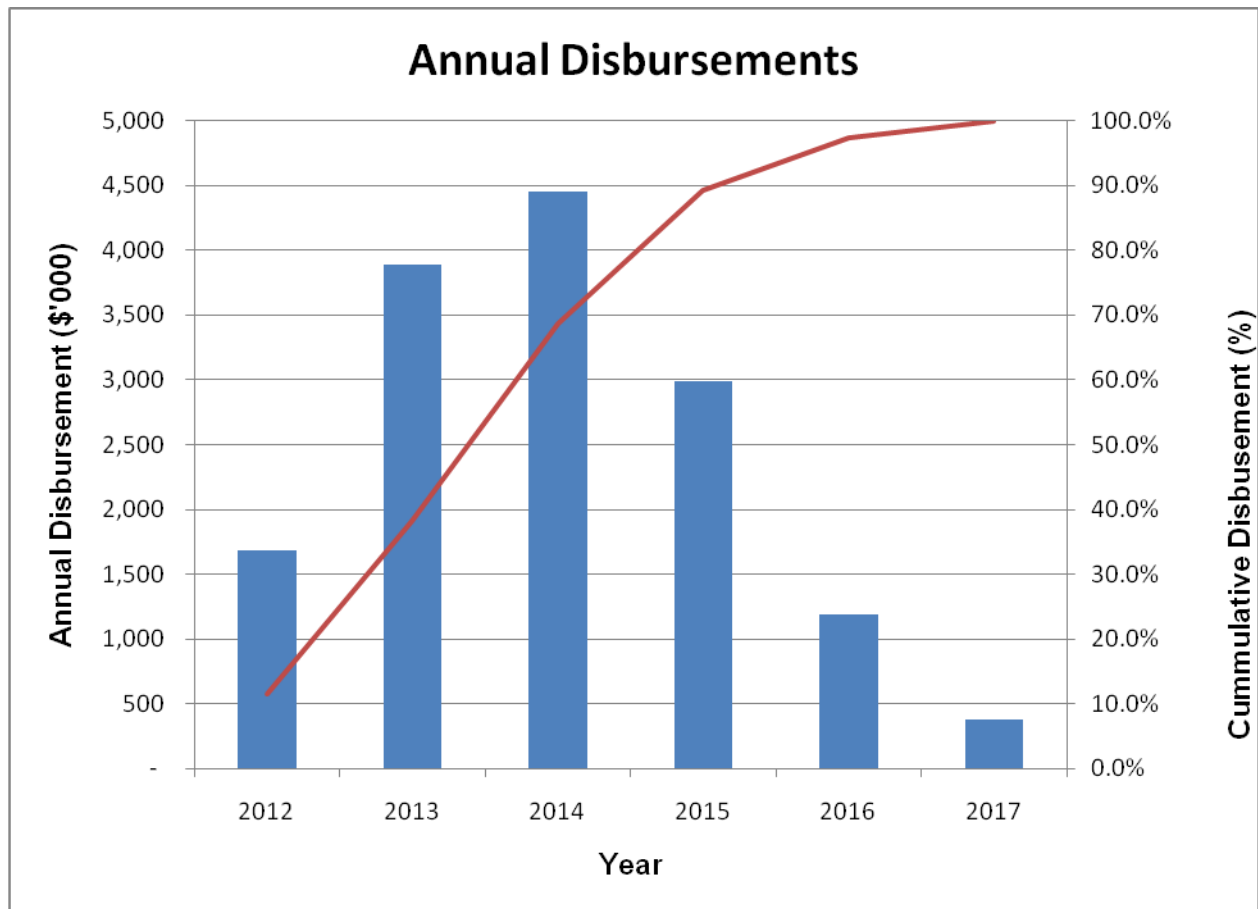
**G. Contract and Disbursement S-curve**

<b>Contract Awards</b>			
Year	Projected Contract awards (\$'000)	% of total Contract awards	$\Sigma$ % of total Contract awards
2012	4,317	37.3%	37.3%
2013	5,497	47.4%	84.7%
2014	710	6.1%	90.8%
2015	710	6.1%	96.9%
2016	355	3.1%	100.0%
2017	0	0.0%	100.0%



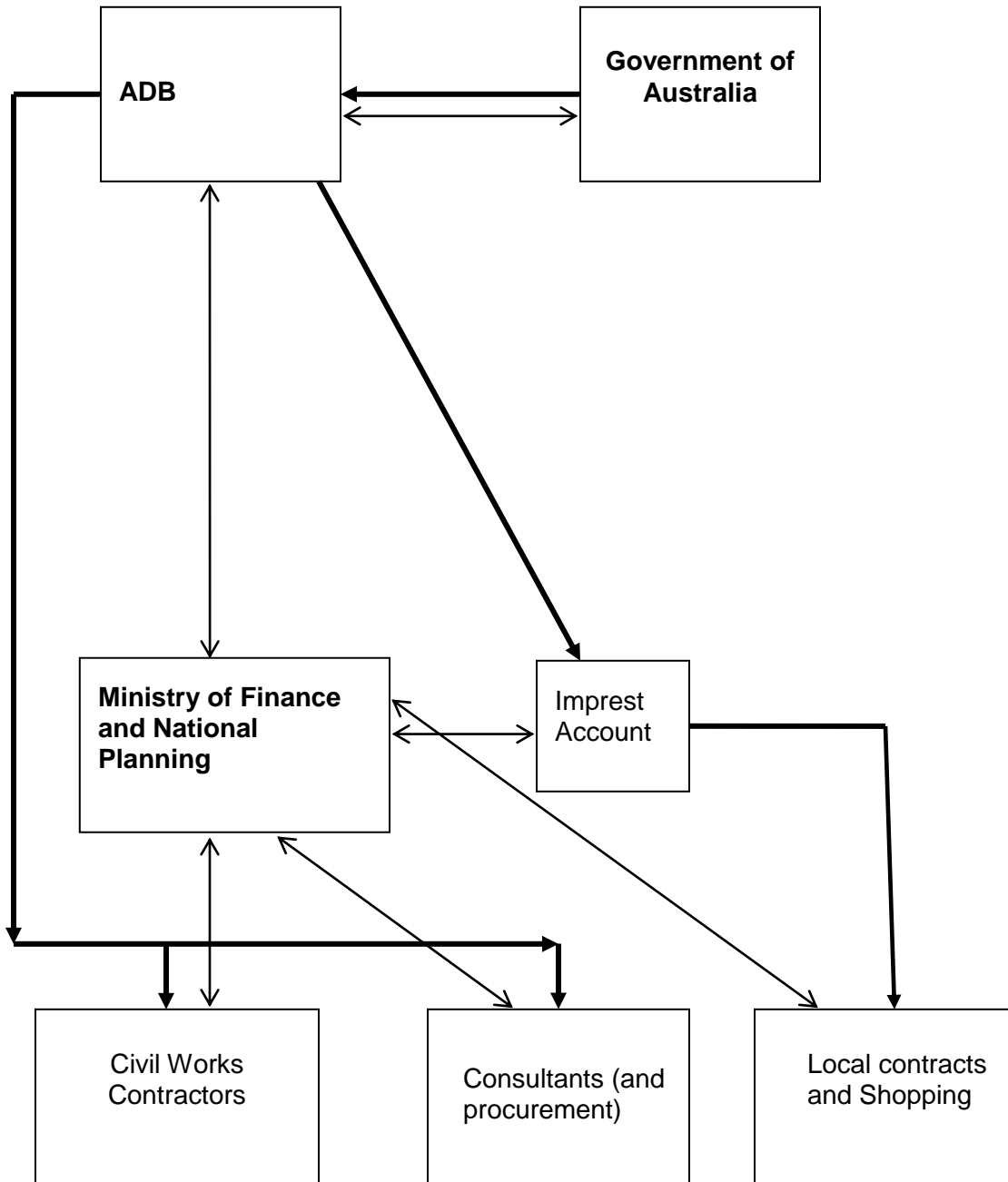
### Disbursements

Year	Projected Disbursements (\$'000)	% of total disbursements	∑% of total disbursements
2012	1,683	11.5%	11.5%
2013	3,890	26.7%	38.2%
2014	4,454	30.5%	68.7%
2015	2,989	20.5%	89.2%
2016	1,188	8.1%	97.4%
2017	382	2.6%	100.0%





H. Fund Flow Diagram



—————> Funds flow  
<————> Communication

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

12. Tonga has made solid progress in improving public financial management since achieving internal self-governance in 1984, particularly in government financial accounting and reporting. Public finance legislative frameworks are judged to be reasonably sound. However, the quality of budget preparation and analysis still requires improvement. Likewise, cash planning and performance management systems inhibit the ability to plan and manage expenditure.

13. To facilitate cash flow during project implementation, the executing agency, Ministry of Finance and National Planning, will open an imprest account for the ADB grant and an imprest account for the Government of Australia grant immediately after grant effectiveness to be used exclusively for the ADB and AusAID shares of eligible expenditures. MOFNP has the financial management capacity to administer the imprest account and is administering the imprest account for the IUDSP using statement of expenditure (SOE) procedures with an SOE ceiling of \$100,000. Annual independent audits of the IUDSP imprest account for FY2009 and FY2010 are satisfactory and show no anomalies in management of the imprest account. Statements of expenditure will be prepared by the project accountant and verified and endorsed by MOF.

### B. Disbursement

14. The grant proceeds including ADB-administered co-financier funds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2007, as amended from time to time),<sup>5</sup> and detailed arrangements agreed upon between the government and ADB.

15. Pursuant to ADB's Safeguard Policy Statement (SPS) 2009,<sup>6</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

16. Direct payment, reimbursement, and imprest account procedures will be used for civil works, consulting services, and equipment. The Planning and Urban Management Agency (PUMA) of the Ministry of Transport, the implementing agency (IA) will be responsible for (i) preparing disbursement projections; (ii) requesting budgetary allocations for counterpart funds; and (iii) collecting supporting documents. The Ministry of Finance and National Planning, the executing agency (EA) will be responsible for preparing and sending the withdrawal applications to ADB and administering the imprest account.

17. Reimbursement, liquidation and replenishment through imprest accounts and SOE procedures may be utilized for payments on procurement of goods, land acquisition costs, and recurrent costs (project management). Separate imprest accounts for the ADB and Government of Australia project grants will be established at the National Reserve Bank of Tonga and the initial and maximum amount to be deposited in each imprest account shall not exceed 10% of the respective grant amount or the equivalent of 6 months estimated expenditure to be financed from the imprest account, whichever is lower. The MOFNP will be responsible for monitoring of

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<sup>5</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

<sup>6</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

the imprest accounts, including monthly reconciliation of the accounts and preparation of the withdrawal applications for liquidation/replenishment of the imprest accounts.<sup>7</sup>

18. To expedite disbursement during implementation, SOE will be used to reimburse, liquidate, or replenish the imprest accounts for any individual payments not exceeding the equivalent of \$100,000. The request for initial advances to the imprest accounts should be accompanied by an estimate of expenditure sheet setting out the estimated expenditures for the first 6 months of project implementation, and submission of evidence satisfactory to ADB that the imprest accounts have been duly opened. For every liquidation and replenishment request of the imprest accounts, the borrower will furnish ADB (a) statement of account (bank statement) where the imprest accounts are maintained, and (b) the Imprest Account Reconciliation Statement reconciling the above mentioned bank statement against the EA's records. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.<sup>8</sup>

19. Before the submission of the first withdrawal application, the Ministry of Finance and National Planning should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. The Ministry of Finance and National Planning is to consolidate claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

20. No withdrawals shall be made from the Grant Accounts in respect of civil Works, equipment and materials, and land acquisition until the firm supplying the Project Implementation Consultants shall have been engaged.

21. No withdrawals shall be made from the Grant Accounts in respect of the Water Supply Subproject under Output 2 until TWB shall have commenced a program for replacement of faulty water meters with use of existing stocks of functioning meters, satisfactory to ADB.

22. No withdrawals shall be made from the Grant Account in respect of the Solid Waste Subproject under Output 3 until (i) a new chief executive officer shall have been selected and appointed to WAL pursuant to a transparent selection procedure, satisfactory to ADB; and (ii) WAL shall have recommenced the equipment maintenance schedule developed pursuant to the AusAID Program.

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<sup>7</sup> Land acquisition costs may be financed by ADB and the Government of Australia where all requirements under ADB's policies on Involuntary Resettlement are complied with, and the acquisition is undertaken and implemented in compliance with the ADB-approved resettlement plans and framework. ADB and the Government of Australia grant funds may finance transportation and insurance costs of equipment financed by the project.

<sup>8</sup> Checklist for SOE procedures and formats are available at:

[http://www.adb.org/documents/handbooks/loan\\_disbursement/chap-09.pdf](http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-100-Below.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-Over-100.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Operating-Costs.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Free-Format.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls)

**C. Accounting**

23. The Ministry of Finance and National Planning will maintain separate project accounts and records by funding source for all expenditures incurred on the project. Project accounts will follow international accounting principles and practices.

**D. Auditing**

24. The Ministry of Finance and National Planning will cause the detailed consolidated project accounts to be audited in accordance with International Standards on Auditing and in accordance with the government's audit regulations by an auditor acceptable to ADB. The audited accounts will be submitted in English language to ADB within 6 months of the end of the fiscal year by the executing agency. The annual audit report will include a separate audit opinion on the use of the imprest accounts and the SOE procedures. The government and Ministry of Finance and National Planning have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. For revenue generating projects only, ADB requires audited financial statements (AFS) for each executing and/or implementation agency associated with the project.

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting

25. All advance contracting will be undertaken in conformity with ADB's Procurement Guidelines (February 2010, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2010, as amended from time to time) (ADB's Guidelines on the Use of Consultants).<sup>9</sup> The issuance of invitations to bid under advance contracting will be subject to ADB approval. The Government, the Ministry of Finance and National Planning and the Planning and Urban Management Agency of the Ministry of Transport have been advised that approval of advance contracting does not commit ADB to finance the project. The government has requested that ADB assistance to recruit the PIA consultants; specifically with the process of advertisement, evaluation of expressions of interest and engagement of the project management and implementation consultants using quality- and cost-based selection (QCBS) under advance action to facilitate the timely commencement of the project. ADB may assist the government in negotiations with the first-ranked consulting firm. However, the government will be responsible for engaging the PIA consultants and for administration and monitoring of the PIA consultants contract.

### B. Procurement of Goods, Works, and Consulting Services

26. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines. ADB's standard bid documents will be used for all procurement involving international competitive bidding (ICB) for works, national competitive bidding (NCB) for works, international competitive bidding for goods, and shopping for works.

27. The ICB procedures will be used for civil works contracts estimated to cost \$1,000,000 or greater, and NCB for civil works contracts estimated to cost less than \$1,000,000. Shopping will be used for contracts for procurement of works and equipment worth less than \$100,000.

28. Before the start of any procurement, ADB and the government will review the public procurement laws to ensure consistency with ADB's Procurement Guidelines. ADB and the government shall update, within 6 months following the effective date, the procurement plan to reflect any necessary modifications and clarifications in relation to the Public Procurement Regulations 2010 and ADB's procurement guidelines.

29. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

30. An estimated 205 person-months (42 international, 156 national) of consulting services are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the IA, TWB, and WAL. Consulting firms will be engaged using the QCBS method with a standard quality cost ratio of 80:20 in accordance with ADB's Guidelines on the Use of Consultants (2010, updated from time to time). The PMU will follow national labor regulations and is expected to offer equal opportunities to women. Terms of reference for all consulting services are detailed in Section D.

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<sup>9</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

31. The Government shall not award, and shall not permit the Project Executing Agency to award, any contracts financed under the Project for Output 6 of the Project, unless and until the bill entitled "National Spatial Planning and Management Act" pending in the legislature as of September 2011 shall have been enacted by the legislature of the Government.

32. The Government shall not award and shall not permit the Project Executing Agency to award any Works contract under the Water Supply Subproject (Output 2), the Solid Waste Subproject (Output 3) or any Candidate Subproject (Output 4) which involves environmental impacts until:

- (a) the MOECC of the Government has granted the final approval of the IEE updated for the relevant Facility Site; and
- (b) the Government has incorporated the relevant provisions from the EMP into the Works contract.

33. The Government shall not award and shall not permit the Project Executing Agency to award any Works contract involving involuntary resettlement impacts under Water Supply Subproject (Output 2), until the Government has prepared and submitted to ADB the final RP based on the relevant detailed design and obtained ADB's clearance of such RP. The Government shall not award and shall not permit the Project Executing Agency to award any Works contract involving involuntary resettlement impacts under the remaining Outputs of the Project, if pursuant to the RF a Resettlement Plan is required to be prepared therefor, until the Government has prepared and submitted to ADB the final RP based on the relevant detailed design and obtained ADB's clearance of such RP.

14. The Government shall not award, and shall ensure that the Project Executing Agency shall not award, any Works contract which involves impacts on indigenous peoples; provided however that in the event that Works in respect of any Facility Site are later determined to potentially involve any impacts on indigenous peoples, as determined under the Safeguard Policy Statement, no Works contract shall be awarded until the Government has prepared and submitted to ADB a final IPP and obtained ADB's clearance of such IPP.

34. The Government shall ensure that, subsequent to award of any Works contract under the Project for the Solid Waste Subproject under Output 3, no construction activities shall be undertaken, and no land shall be handed over to the contractor, unless and until the proposed sites for community waste bins in the concerned periurban villages have been approved by ADB.

## C. Procurement Plan

### Basic Data

<b>Project Name:</b> Nuku'alofa Urban Development Sector Project	<b>Executing Agency:</b> Ministry of Finance and National Planning
<b>Country:</b> Kingdom of Tonga	<b>Grant Number:</b>
<b>Grant Amount:</b> \$9.50 million	<b>Date of this Procurement Plan:</b> 23 June 2011
<b>Date of First Procurement Plan</b> to be determined	

### 1. Process Thresholds, Review, and 18-Month Procurement Plan

#### a. Project Procurement Thresholds

35. Except as the ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
International competitive bidding (ICB) for works	Greater than or equal to \$1,000,000,
National competitive bidding (NCB) for works	Less than \$1,000,000,
International competitive bidding for goods	Greater than or equal to \$100,000
Shopping for works	Below \$100,000
Shopping for goods	Below \$100,000

#### b. ADB Prior or Post Review

36. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	Prior or Post	Comments
<b>Procurement of Goods and Works</b>		
ICB Works	Prior	
ICB Goods	Prior	
Shopping for Works	Post	
Shopping for Goods	Post	
Community participation	Post	
<b>Recruitment of Consulting Firms</b>		
Quality- and Cost-Based Selection (QCBS)	Prior	80:20
<b>Recruitment of Individual Consultants</b>		
Individual Consultants	Prior	(national and international)

#### c. Goods and Works Contracts Estimated to Cost More Than \$1 Million

37. The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date (quarter/year)	Comments
Wellfield Upgrading and Reservoir - Design and Construct	\$3.44 million	ICB	N	Q3 2012	1 package

**d. Consulting Services Contracts Estimated to Cost More Than \$100,000**

38. The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

<b>General Description</b>	<b>Contract Value</b>	<b>Recruitment Method<sup>1</sup></b>	<b>Advertisement Date (quarter/year)</b>	<b>International or National Assignment</b>	<b>Comments</b>
Project implementation assistance consultants	\$2.80 million	QCBS	Q4 2011	Both	Full technical proposal

**e. Goods and Works Contracts Estimated to Cost Less Than \$1 Million and Consulting Services Contracts Less Than \$100,000**

39. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

<b>General Description</b>	<b>Value of Contracts (cumulative)</b>	<b>Number of Contracts</b>	<b>Procurement / Recruitment Method<sup>1</sup></b>	<b>Comments</b>
Articulated, wheeled loader	\$0.20 million	1	ICB Goods	Q2 2012
Rear loading, 8m3, compactor truck – 3 No.	\$0.58 million	1	ICB Goods	Q2 2012
Construct Landfill Cell No. 2	\$0.41 million	1	NCB	
4x4 utility – 7 No vehicles (TWB and WAL)	\$0.17 million	1	ICB Goods	Q2 2012
Bulk and service water supply meters, isolation valves, pipe, fittings	\$0.31 million	1	ICB Goods	Q3 2012
Leak detection equipment, meter test/calibration unit; water testing laboratory equipment	\$0.10 million	1	Shopping	Q2 2012
Financial management software package and computer hardware(TWB)	\$0.08 million	1	Shopping	Q2 2012



#### D. Outline Consultant's Terms of Reference

40. A total of 5 international consultants and 8 national consultants will be engaged for a total of 54 person-months of international input and 202 person-months of national input. The international consultants will include (i) a team leader/ contracts - construction engineer (24 person-months intermittent inputs for detailed water supply design and contract management); (ii) a water supply/leak detection engineer (9 person-months intermittent inputs for subproject selection assistance and detailed design); (iii) a solid waste specialist (9 person-months intermittent inputs for subproject selection assistance and detailed design and contract management), (iv) a planner (6 person-months intermittent inputs to provide technical support to the PMU, build environmental assessment and management capacity within PUMA, and to assist the Ministry of Environment and Climate Change (MECC) in the practical implementation of environmental monitoring and controls; and (v) an environmental specialist (6 person-months intermittent inputs) to support the project's environmental monitoring, and building capacity within PUMA and MECC in environmental screening and preparation of IEEs.

41. The national consultants will include (i) a project engineer who will also act as deputy team leader (full-time for 50 person-months); (ii) a planning specialist (24 person-months full-time inputs to provide technical support to the PMU, build environment assessment and management capacity within PUMA); (iii) a planner - gender (24 person-months full-time inputs); (iv) an accounting/financial management specialist (24 person-months intermittent inputs); (v) a revenue generation specialist (to provide 9 person-months of intermittent input primarily in the 2 years of the TWB subproject); (vi) a social/community/gender/safeguards specialist (12 person-months intermittent input); an environmental specialist (9 person-months intermittent inputs, to support); and an office assistant (full-time for 50 person-months). A PIA consultant staffing schedule is set out in Table 2.

**Table 2: PIA Staffing Schedule**

<b>Position</b>	<b>Input Basis</b>	<b>Months</b>
<b>International Consultants</b>		
Team Leader/ Contract – WS Project Engineer	Intermittent	24
Water Supply/Leak Detection Engineer	Intermittent	9
Solid Waste Specialist	Intermittent	9
Planner	Intermittent	6
Environmental specialist	Intermittent	6
<b>TOTAL</b>		<b>54</b>
<b>National Consultants</b>		
Deputy Team Leader / Project Engineer	Full-time	50
Planning Specialist	Full-time	24
Planner (gender)	Full-time	24
Accounting/Financial Management Specialist	Full-time	24
Revenue Generation Specialist	Intermittent	9
Social/community/gender/safeguards Specialist	Intermittent	12
Environmental specialist	Intermittent	9
Office assistant/Accounting officer	Intermittent	50
<b>TOTAL</b>		<b>202</b>

42. All consultants under the project will be recruited using quality- and cost-based selection procedures in accordance with ADB's Guidelines on the Use of Consultants by the Asian

Development Bank and its Borrowers (April 2010, as modified from time to time). An international consulting firm (60 person-months of international consulting services and 130 person-months of national) will be engaged as PIA to assist the PMU in overall project management and implementation. The Government has requested ADB assistance to recruit the PIA consultants.

## 1. Scope of Works

43. The PIA consultants will report to the PMU project manager. The PIA consultants will assist the PMU in delivering the project outputs. The PIA consultants will:

- (i) Assist the PMU to strengthen the policy environment for delivery of urban services by (a) building capacity within PUMA to develop urban planning and management policies and to implement the NSPM; (b) reforming TWB and WAL tariffs for recovery of water supply and solid waste services operations and maintenance costs; and (c) mandating the development and implementation of urban infrastructure asset management plans.
- (ii) Assist TWB to provide effective, efficient, and sustainable water supply services in Nuku'alofa by (a) building technical capacity to reliably deliver water to all parts of the supply network through the creation of supply zones and improved bulk supply metering; (b) designing and assist in implementing a comprehensive program to reduce non-revenue water from the current level of about 50%, to less than 25% by 2017; (c) developing consumer water meter replacement policies and replace defective consumer meters; (d) building financial management capacity particularly in the areas of revenue collection and billing; and (e) preparation of the TWB asset management plan.
- (iii) Assist WAL to provide sustainable solid waste services in Nuku'alofa by (a) building financial management capacity particularly in the areas of revenue collection and billing, and (b) and preparation of the WAL asset management plan.
- (iv) Assist the PMU to improve other municipal services within Nuku'alofa by (a) identifying potential candidate subprojects from the Urban Infrastructure Development Plan or from the TNIIP; (b) screening of the proposed subprojects following the candidate subproject eligibility criteria including the preparation of candidate subproject appraisal reports for approval by the PSC and ADB; and (c) preparation of resettlement plans, and initial environmental evaluations for candidate subprojects approved by the PSC and ADB.
- (v) Raise community awareness of municipal services through (a) a community awareness and education program covering municipal services issues including planning and development consents requirements, household responsibilities for managing solid waste (reduce, recycle, re-use), public health benefits of safe waste handling and disposal, and the responsibilities of the Nuku'alofa community as beneficiaries of urban services such as the need to pay for services; (b) assist TWB and WAL to improve their customer complaints mechanisms; (c) undertake public consultation on service standards, water conservation, and demand management; and (d) consult and encourage the participation of women's groups and community associations in urban planning and design issues.
- (vi) Assist the PMU to effectively manage the project. The PIA consultants will provide (a) project design and supervision of the core water supply and solid waste subprojects, (b) monitoring and reporting of project progress; (c) facilitate the timely delivery of the project in compliance with standards acceptable to the

government and ADB and within the project budget (quality and cost control); (d) screening and preparation of resettlement plans, and initial environmental evaluations for candidate subprojects; (e) design and supervision of candidate subprojects; (f) administer contracts awarded under the project; (g) facilitate and monitoring the implementation of the gender action plan; and (h) provide other services to the project manager and PMU as necessary to deliver the project.

44. The recruitment of the PIA consultants will be the first project procurement activity and is expected to be completed before or soon after the project becomes effective. The PIA consultants will be required to liaise and coordinate, and in some cases, will work in other government agencies (“assigned agencies”) and public enterprises as indicated below.

<b>Position</b>	<b>Assigned Agencies</b>
<b>International Consultants</b>	
Team Leader – WS Project Engineer	PUMA, TWB,
Water Supply/Leak Detection Engineer	TWB
Solid Waste Specialist	WAL
Planner	PUMA
Environmental specialist	PUMA
<b>National Consultants</b>	
Deputy Team Leader / Project Engineer	PUMA
Planning Specialist	PUMA
Planner, gender	PUMA
Accounting/Financial Management Specialist	TWB, WAL
Revenue Generation Specialist	TWB, WAL
Social/community/gender/safeguards Specialist	PUMA
National environmental specialist	PUMA
Office assistant/Accounting officer	PUMA

45. Specific tasks of the PIA consultants will include, but not be limited to:

**a. Strengthen the policy environment for delivery of urban services**

- (i) Identify the capacity gaps within PUMA to develop urban planning and management policies gaps in urban planning and management.
- (ii) Develop and implement a capacity building program within PUMA to develop urban planning and management policies and to implement the Spatial Planning and Management Act 2011.
- (iii) Develop policies and guidelines to ensure the views of community, particularly women and the urban poor, are sought and, where possible, incorporated into development plans. Assist PUMA to implement these policies and guidelines.
- (iv) Review the current TWB and WAL tariff structures and charges. Identify, assess, and recommend options to achieve and maintain full recovery of operations and maintenance costs while ensuring that water supply and solid waste services are affordable and accessible to poorest members of Nuku’alofa community. Assist TWB and WAL management to obtain the approval of their respective Boards to implement the amended tariff structures and charges. Assist TWB and WAL to implement the revised tariff structures.

- (v) Develop policies mandating the preparation and implementation of asset management plans for all government agencies and public enterprises.

**b. Effective, efficient, and sustainable water supply services in Nuku'alofa**

- (i) Develop a numeric model of the Nuku'alofa water supply system capable of estimating residual pressures at key locations within the water supply network under a range of water supply demand scenarios. The model will be developed using a public domain software platform such as EPANET. Account for diurnal and season patterns in pattern. Calibrate the model using measured system flows and pressures. Develop capacity within TWB to build, calibrate, and refine numeric water supply models.
- (ii) Assist TWB to identify supply zones within the Nuku'alofa water supply to deliver reliable and continuous water supplies, while maintaining a minimum residual pressure as agreed by TWB, to all areas serviced by the Nuku'alofa water supply.
- (iii) Build technical capacity within TWB to operate and maintain the Nuku'alofa water supply.
- (iv) Assist TWB to identify the locations of boundary valves and bulk supply meters required to establish the proposed water supply zones. Prepare bid documents for the procurement of the boundary valves and bulk supply meters. Prepare specifications and oversee the installation of the boundary valves and bulk supply meters by TWB.
- (v) Design and assist TWB to implement a comprehensive program to reduce non-revenue water from the current level of about 50%, to less than 25% by 2017.
- (vi) Review TWB's consumer water meter policies and, if necessary, recommend amendment of the policies to improve the accuracy of the customer database and to ensure that consumer water meters are accurate and meter reading data is captured regularly.
- (vii) Assist TWB to refine its consumer water meter replacement policies and develop a program to expedite the replacement of defective consumer meters.
- (viii) Assess the financial management capacity of TWB particularly in relation to revenue collection and billing.
- (ix) Design and implement a program to improve the financial management capacity of WAL. Obtain the approval of the TWB Board prior to implementing the program.
- (x) Preparation an asset management plan for WAL following the asset management framework provided in Appendix 1.

**c. Sustainable solid waste services in Nuku'alofa**

- (i) Assess the financial management capacity of WAL particularly in relation to revenue collection and billing.
- (ii) Design and implement a program to improve the financial management capacity of WAL. Obtain the approval of the WAL Board prior to implementing the program.
- (iii) Preparation an asset management plan for WAL following the asset management framework provided in Appendix 1.

- d. Other municipal services within Nuku'alofa**
- (i) In consultation with the PMU and other project stakeholders, identifying potential candidate subprojects from the Urban Infrastructure Development Plan or from the TNIIP.
  - (ii) Ensure that the proposed subprojects meet the candidate subproject eligibility criteria. Prepare appraisal reports of the proposed candidate subprojects for approval by the PSC and ADB.
  - (iii) Prepare resettlement plans, and initial environmental evaluations for the candidate subprojects approved by the PSC and ADB.
- e. Raise community awareness of municipal services**
- (i) Prepare the project consultation and participation plan.
  - (ii) Design and implement a community awareness and education program covering municipal services issues including (a) planning and development consents requirements; (b) household responsibilities for managing solid waste (reduce, recycle, re-use); (c) public health benefits of safe waste handling and disposal; and (d) the responsibilities of the Nuku'alofa community as beneficiaries of urban services such as the need to pay for services.
  - (iii) Assist TWB and WAL to improve their customer complaints mechanisms in terms of accessibility by the public, accountability, transparency, and average response times to address and resolve complaints.
  - (iv) Design and implement a public consultation program seeking the views of the Nuku'alofa community on water supply and solid waste service standards, water conservation and demand management.
  - (v) Design and implement a program to seek the views of women and community associations and to encourage their participation in urban planning and design issues.
- f. Assist the PMU to effectively manage the project**
- (i) Assist the PMU in formulating quality criteria for design and construct water supply works, equipment, materials and services and the selection of appropriate design standards.
  - (ii) Identify information required and organize for surveys and capture of all data necessary for the preparation of subproject procurement bidding documents.
  - (iii) Prepare and complete technical designs, including bills of quantities, provision of detailed cost estimates and scopes of work for subprojects.
  - (iv) Assist the PMU prepare specifications for the purchase of equipment and materials.
  - (v) Prepare bidding documents for subprojects following ADB's procurement procedures and using standard bidding documents and guidelines.
  - (vi) Evaluate bids and prepare bid evaluation reports including recommendations for contract awards.
  - (vii) Prepare the necessary documentation for contract signing, mobilization, and withdrawal applications.
  - (viii) Prepare construction schedules, and provide overall supervision of construction and quality control on works.
  - (ix) Assist in observation and testing of materials and equipment.
  - (x) Assist in staff training and environmental compliance during project implementation.

- (xi) Ensure that subproject-specific environmental and social mitigation measures are incorporated into contract documents.
- (xii) Provide orientation for PUMA and MECC personnel on safeguard measures, including implementation of the Environmental Management Plans (EMP) and Resettlement Plans (RPs).
- (xiii) Provide training for PUMA and MECC staff responsible for designing and implementing safeguard measures.
- (xiv) Undertake initial environmental and social screening of candidate subprojects.
- (xv) Prepare initial environmental examinations (IEEs) and RPs for candidate subprojects in accordance with the provisions of the project's environmental assessment and review framework (EARF) and the resettlement framework (RF).
- (xvi) Supervise and evaluate the implementation of environmental mitigation and monitoring measures as specified in the EMP. This includes undertaking the environmental monitoring audits as prescribed.
- (xvii) Update the EMP as necessary, including carrying out supplemental environmental assessments for additional subprojects appraised after grant approval.
- (xviii) Monitor and supervise resettlement and other social impact mitigation activities, as defined in the RPs and RF.
- (xix) Update RPs in accordance with the provisions of the project RF.
- (xx) Assist with subproject staff training to ensure that environmental and social measures are well understood and implemented effectively.
- (xxi) Administer subproject contracts including processing of progress certificates, review of extension of time claims, preparation of change orders and non-conformance notices, subproject implementation progress monitoring, and subproject cost monitoring.
- (xxii) Provide effective and regular supervision of the works. Supervise quality control tests to ensure that the works are executed in accordance with established standards, criteria, specifications, procedures, and approved design and environmental aspects in compliance with the environmental management and monitoring plan and the construction schedule.
- (xxiii) Review the design and construct contractor's drawings and calculations to check arrangements for optimized operation and maintenance and verify compliance with contract specifications.
- (xxiv) Review the equipment manufacturers' drawings and calculations to check arrangements for optimized operation and maintenance and verify compliance with contract specifications.
- (xxv) Review the procurement and delivery program for each supply contract financed under the project to ensure compatibility and timely coordination with other contracts and civil works.
- (xxvi) Develop and implement applicable procedures required to ensure adequate control of manufacturing, factory tests, delivery, and acceptance of materials and equipment. Assist with the unpacking and checking of the materials and equipment, follow up on the delivery of delayed components, and make claims.
- (xxvii) Help review proposals for equipment commissioning tests and trial operation plans.

- (xxviii) Respond to contractor requests for information in all matters related to interpreting contract documents, ground survey controls, quality control testing, and other matters relating to the contract under the project.
- (xxix) Maintain a permanent record of all quantities for payment and test results.
- (xxx) Identify potential risks to the Government of Tonga in the implementation of contracts, including cost over-runs, delays, and non-conformance with project specifications.
- (xxxi) Where necessary, coordinate design changes to achieve to-time and to-budget subproject delivery. Prepare change orders, and assist the project manager to negotiate with the contractor to implement the changes.
- (xxxii) Assist the project manager in the preparation of subproject completion reports in a manner satisfactory to Government of Tonga and ADB, and ensure as-built data, such as as-built drawings, equipment operations and maintenance manual, and guarantees, are collected and collated at the completion of each subproject.
- (xxxiii) Identify the training needs in relation to contract administration and construction supervision and incorporate on-the-job training for PUMA staff to address the training needs.
- (xxxiv) Facilitate and monitoring the implementation of the gender action plan.
- (xxxv) Provide other services to the project manager and PMU as necessary to deliver the project.

## VII. CANDIDATE SUBPROJECT SELECTION CRITERIA

46. Tonga will ensure that each candidate subproject will have undergone a feasibility study, which will address technical analysis and description, subproject rationale, scope and components, cost estimates and financing plan, implementation arrangements, financial and economic analysis, environment impact assessment, and social and poverty impact assessment. Each feasibility study will be submitted initially for review and approval by ADB. After ADB has endorsed the feasibility study, the PMU will submit the feasibility study to the PSC for final review and approval.

47. Based on the feasibility study conducted, Tonga will only finance candidate subprojects which meet the following criteria:

- (i) The candidate subproject will be identified in the urban sector development plan.
- (ii) The candidate subproject will be considered as a high priority urban development project within the urban or peri-urban area of Nuku'alofa and of high benefit to the people.
- (iii) The candidate subproject will be technically feasible and meets Tonga's technical standards and requirements.
- (iv) The candidate subproject will be justified as the most feasible subproject to achieve the stated objectives and is shown to be designed to minimize costs.
- (v) The candidate subproject's social and poverty impact assessment assesses that the proposed subproject (a) will have a net positive impact on stakeholders' social welfare, (b) will reduce poverty, and (c) can have its impacts monitored.
- (vi) The candidate subproject will be designed to minimize social impacts and ensure that (a) people adversely affected by civil works under the subproject are compensated in compliance with the laws of Tonga and ADB's Safeguard Policy Statement, 2009; (b) due consultation and process is carried out in line with resettlement plans prepared in accordance with the project resettlement framework and agreed upon with ADB and disclosed to affected persons; and (c) the EA has submitted written confirmation to ADB that all affected persons of the subproject have consented to the terms and conditions under the resettlement plan. The candidate subprojects will not be selected if there is opposition from affected persons and the community to the candidate subprojects.
- (vii) All candidate subprojects will be subject to a first level of screening in accordance with the environmental laws and policy and the provisions of the project's environmental assessment and review framework and are not assessed to have (a) significantly impact on ecologically sensitive areas of the Faga'uta lagoon national marine reserve arising from its design, location, construction or operation; (b) significant impacts on coral reefs and natural vegetation as specified in the schedule of the Environmental Impact Assessment Act, 2003; (c) permanent negative effect on known rare or endangered species; and (d) permanent damage to irreplaceable cultural relics and archaeological sites. No subprojects that are classified as Category A will be eligible for grant financing. That is projects that are likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented.
- (viii) The candidate subproject's implementation timeframe will be reasonable, and surveys and design can be prepared, reviewed, and safeguard processes and procedures followed, and implemented within the project implementation period.



- (ix) Tonga can afford the candidate subproject cost and provides commitment to the investment through provision of budgetary resources to meet counterpart funding requirements for capital expenditures during the construction phase, resettlement costs, environment management costs, and routine operations and maintenance.
- (x) The economic internal rate of return (EIRR) will be 12% or greater in accordance with the ADB Guidelines for Economic Analysis. Subprojects which have an EIRR of less than 12% may only be selected where a strong justification on the basis of social inclusiveness and equity is provided.

## VIII. SAFEGUARDS

48. The project has been classified as Category B for environment and involuntary resettlement and Category C for indigenous persons. Framework documents have been prepared to describe the safeguard requirements for the project, including environmental assessment and review framework (EARF) and resettlement framework (RF). Initial environmental evaluations (IEE) and resettlement plans (RPs) have been prepared for the water supply and solid waste core subprojects.

49. PUMA, as the implementing agency, will have overall responsibility on the project's compliance with safeguard requirements. PUMA will also coordinate with relevant government agencies, including the MECC, as needed. The PMU will be responsible to follow the government's safeguards assessment procedure and ADB's *Safeguards Policy Statement, 2009*, and obtain safeguard clearance prior to start of civil works from ADB and the government.

50. The project manager, supported by the project implementation consultants, will manage the day-to-day activities, including safeguard activities. An international environmental specialist and a national safeguards (environment and resettlement) officer will be responsible for facilitating and supervising the implementation of the environmental management plans (EMPs) which will include (i) revising the construction section of the EMPs and ensuring its inclusion the Bid and Contract documents; (ii) reviewing and approving the contractor's EMPs; (iii) training of contractors in implementing the EMPs and monitoring requirements; (iv) undertaking compliance monitoring of the EMPs; and (v) preparing the necessary environmental assessment of future candidate subprojects.

51. The environmental specialists and social/community/gender/safeguards specialist will also be responsible for carrying out an Environmental Impact Assessment in accordance with national laws and the requirements of MECC. Monthly compliance reports will be prepared and submitted to the MECC and will be incorporated into the quarterly progress reports.

52. The social/community/gender/safeguards specialist will be responsible for social safeguards, including (i) preparation and implementation of the RPs to negotiate settlements, and (ii) facilitation of consultations as required at various stages of the project and individual subprojects. Specifically during the land acquisition and resettlement process, if required, they will ensure that entitlements and mitigation measures established in the RPs are consistent with the RF; and suitable budgetary provisions are made for timely RP implementation. They will also ensure that funds for compensation and entitlements under the RP are fully provided to development plans prior to the commencement of works/activities. For candidate subprojects, the social/community/gender/safeguards specialist will prepare either (i) a satisfactory RP as per the agreed RF for subproject's involving land acquisition and resettlement; or (ii) a due diligence report documenting the screening and consultation process when a formal RP is not required.

53. The environmental and social/community/gender/safeguards specialists will be responsible for strengthening MECC and national consultants' capacity in environmental management and resettlement including undertaking on-the-job training and supporting the national officers so that, during the project, they are able to carry the safeguard programs.

## **IX. GENDER AND SOCIAL DIMENSIONS**

54. A range of measures will be undertaken to ensure mainstreaming of benefits to women, children and marginal groups.

### **A. Developing effective, efficient and sustainable municipal services**

55. The traditional gender division of labor in Tonga can be challenged by proactively ensuring women's involvement in a culturally sensitive manner, in key project activities, construction, and operations. In order to enhance benefits from the project's physical infrastructure components, the project will also undertake the following activities:

#### **1. Project Awareness**

- (i) Development of a community consultation and participation plan at the beginning of the project.
- (ii) Present/ disseminate the consultation and participation (C&P) prepared by the project management unit (PMU) in a separate meeting for women. Incorporate women's feedback in the proposal as necessary.
- (iii) Ensure balanced representation of both genders in all consultation forums.
- (iv) Organize separate consultations with women prior to and during project implementation to ensure that they receive sufficient information about the project and create opportunities for them to voice their views, needs and preferences with regard to the project.

#### **2. Ensuring Women's Involvement in Project Implementation**

- (i) Ensure appropriate social inclusion in decision-making and operations of small-scale infrastructure.
- (ii) Provide training on gender equality to government staff (especially those who are in charge of the project) to improve their understanding about gender concerns in urban services (including water supply and waste management) and increase their capacity to implement the project's gender action plan.

#### **3. Skills Development**

- (i) Opportunities will be provided for all displaced people (DP) and women to apply to be trained to undertake Tonga Water Board (TWB) and Waste Authority Limited (WAL) field and office positions supported during the project (truck drivers, garbage collection, water meter maintenance and readers, accounting staff, etc.). Providing targeted programs for labor skills transfer will enable women to have effective access to these employment opportunities.
- (ii) Equal pay will be provided to men and women for work of equal type in accordance with national laws and international treaty obligations, and safe working conditions for both men and women workers will be provided.
- (iii) Specific provisions for the above will be included in the bidding documents and project covenants.
- (iv) The PMU will be responsible for monitoring the employment targets for women by reviewing periodically the payroll statements of the construction and the beneficiary organizations.

## **B. Gender Awareness Promotion**

56. A range of consultation and awareness activities will be undertaken to promote gender awareness among project stakeholders. It will include:

- (i) A series of gender awareness training workshops will be developed for local district and village leaders, project steering committee members, management and staff of relevant departments and agencies (including TWB, WAL) and project area residents at the start of the project.
- (ii) The workshops will raise awareness of the benefits of including men and women in urban infrastructure planning, decision making and the workplace.
- (iii) The workshops will also ensure that project staff are able to detect, intercept, respond to, and prevent (or refer cases) of sexual harassment, gender based violence, and other problems that may emerge during project implementation
- (iv) Information campaigns (written materials, local television, and newspapers) about the project will be developed that incorporate messages outlining the benefits for both men and women.
- (v) Media and support materials will be developed in conjunction with women and men.

## **C. Livelihood Enhancement**

57. A key outcome from the project is the enhancement of livelihoods in urban Nuku'alofa. The following activities will be undertaken to promote this, particularly among women.

58. Promotion of Healthy Communities – Development of a range of social marketing and health promotion messages addressing project outputs (water; waste management) and key urban issues such as sex education, nutrition, and non-communicable diseases. Activities will include:

- (i) A program of community water safety, conservation and hygiene education, and awareness raising using appropriate media and delivered through existing Ministry of Health campaigns and other relevant modalities.
- (ii) A series of campaigns related to personal, domestic and environmental hygiene, health (including sex and non-communicable diseases), and women's safety delivered through community groups particularly, village women's committees.
- (iii) Developing and presenting a series of workshops, shopping field days and support materials (cook books) to promote healthy lifestyles (exercise), and nutrition (cost & nutrition effective shopping and cooking) through government, NGO's & women's committees in Nuku'alofa – targeted particularly to combat poor eating habits of poorer urban communities.

59. The promotions will consider the types of media to be used, depending on the target group (e.g., teacher training, school curriculum, posters, billboards, radio). They will consult men and women separately (as necessary) in the design stage in order to accommodate women's preferences/choices, especially those that are relevant to local needs. Training and public awareness campaign materials will be accessible and comprehensible to various groups in the community (i.e., some materials need to be visually/ pictorially oriented to assist those with limited literacy skills).

#### **D. Enhancing Gender in Urban Planning**

60. Women are under-represented at all levels of discussion and decision making regarding urban planning. The project will ensure gender roles and issues with regard to urban planning and decision making are given wider support and consideration to ensure an improved and sustainable urban environment. The following activities will ensure that women are involved in that process.

- (i) Promotion of women's involvement in urban planning and governance at community level – as part of the project, the PMU will develop leadership and urban governance awareness material for dissemination and delivery through women's committees, to enable women and men to be more aware of and active in urban growth discussions.
- (ii) Strengthening women's involvement in urban planning and decision making. Provision of funds to support the hiring of a mid-level female planner into PUMA for the four (2) years of the project. The position will be subject to the government establishing the mid-level position as full time. The planner may come from any relevant background including planning. TOR will include gender issues in addition to a core planning role (e.g., environment, economy, physical).
- (iii) Establishment of gender focal points in PUMA involving the networking and support activities (seminars, information sharing) of a wide range of women and men across government ministries about gender mainstreaming. The initial coordinator will be the female planner hired using project funds who's TOR will include the responsibilities for gender focus and coordination with the Office of Women's Affairs, Longafonua, Civil Society Forum of Tonga, and other relevant organizations.
- (iv) Providing gender and social safeguards support to the PMU and PUMA – the project implementation consultants will include a full-time social safeguards and community planner (for 2 years) recruited locally and assisted by the intermittent inputs of an international gender and social safeguards planner (3 person-months). Their combined roles will be to plan for, support and develop relevant skills, including gender planning and resettlement activities in PUMA, particularly with the safeguards team and other PMU members. It is expected that they will prepare the PMU staff for continuing their roles post-TA.

#### **E. Enhancing Gender in Project Monitoring**

61. In order to assess the progress of the project and in particular the application of gender mainstreaming to project outcomes, results and outputs the following activities will be undertaken as part of the PMU activities:

- (i) Develop the project performance and management system (PPMS) to include sex disaggregated data and information, utilizing the baseline information collected during the PPTA, and earlier studies for longitudinal analysis.
- (ii) Develop a feedback mechanism in which both male and female beneficiaries have a voice and are informed of results (district and women's committees).

### GENDER ACTION PLAN

Outputs	Activity / Strategy	Performance/Target Indicators	Time Frame
<b>Preparatory Stage:</b> <i>To ensure due consideration of gender issues and analysis in program planning, design and implementation procedures.</i>			
<b>Strengthening women's involvement in urban planning and decision making</b>	<ul style="list-style-type: none"> <li>Provision of funds to support the hiring of a mid-level female planner into PUMA for 2 years. Apart from general planning duties, responsible for gender mainstreaming and supervision and reporting against the Gender Action Plan (GAP) throughout the project period.</li> </ul>	<ul style="list-style-type: none"> <li>The position is created, and filled. Planner appointed in PUMA and reporting periodically on progress with GAP implementation. Planner established gender focal points and coordination with the Office of Women's Affairs, Longafonua, Civil Society Forum of Tonga, and other relevant organizations.</li> </ul>	2012
<b>Providing gender and social safeguards support to the PMU and PUMA</b>	<ul style="list-style-type: none"> <li>Establishment of gender focal points (GFP) in PUMA involving the networking and support activities (seminars, information sharing) of a wide range of women and men across government ministries about gender mainstreaming. At least 40% of participants are men.</li> </ul>	<ul style="list-style-type: none"> <li>GFP is established in PUMA</li> <li>GFP has representation from at least 8 departments</li> <li>GFP consists of at least 40% men</li> <li>GFP has conducts at least 5 seminars a year with at least 40% attendance by men.</li> <li>Women comprise at least 30% of the project steering committee in 2014.</li> </ul>	2012-2016
	<ul style="list-style-type: none"> <li>Gather baseline sex-disaggregated data and gender analytical information for preparatory surveys, feasibility studies and assessments.</li> </ul>	<ul style="list-style-type: none"> <li>Studies and reports include reference to gender-disaggregated data and gender analytical information.</li> </ul>	2012
	<ul style="list-style-type: none"> <li>Equal participation and consultation of women affected by and involved in the project during preparatory surveys, studies, assessments and other consultative mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>Number of women's groups and representatives consulted during preparatory surveys, studies, assessments, and other consultative mechanisms.</li> </ul>	2012
Outputs	Activity/Strategy	Performance/Target Indicators	Responsibility/Timelines
1. Strengthened policy environment for delivery of urban services	<ul style="list-style-type: none"> <li>Establish National Spatial Planning Authority advisory committee and promote the women's representation in it to provide feedback and advice on all outputs in GAP.</li> <li>Facilitate the equal participation women and men in consultation meetings.</li> <li>Provide training on gender equality to government staff (especially those who are in charge of the project) to improve their understanding about gender concerns in urban services (including water supply and waste</li> </ul>	<ul style="list-style-type: none"> <li>At least 40% of the advisory committee are women.</li> <li>PUMA reports showing % of women involved in the urban task force</li> <li>Gender sensitive strategy prepared</li> <li>At least 30% of facilitators of community groups and/or Ministry of Health (MOH) delivering campaign seminars are men.</li> <li>By 2015, women represent 50% of participants at general meetings. (baseline 2011: limited consultation and/or participation) providing feedback and suggestions for</li> </ul>	2012-2017 / PMU, PIA consultants

Outputs	Activity / Strategy	Performance/Target Indicators	Time Frame
	<p>management) and increase their capacity to implement the project's gender action plan.</p> <ul style="list-style-type: none"> <li>• Provide training on gender equality to government staff (especially those who are in charge of the project) to improve their understanding about gender concerns in urban services (including water supply and waste management) and increase their capacity to implement the project's gender action plan.</li> <li>• National Spatial Planning Authority advisory committee provides feedback and advice.</li> </ul>	<p>improvement.</p> <ul style="list-style-type: none"> <li>• At least 40% of participants in community seminars are men.</li> <li>• At least 50% of government trainees are men.</li> </ul>	
<p>2.Effective, efficient, and sustainable water supply services in Nuku'alofa (core subproject) provided by TWB</p>	<ul style="list-style-type: none"> <li>• Strategy to pro-actively identify and address ongoing gender concerns and targeting women as customers prepared by TWB and WAL (with assistance of PUMA).</li> <li>• TWB and WAL target women as individual customers and involve them in planning, managing and promoting utility/service use and conservation.</li> <li>• Design and deliver a program of community water safety, conservation and hygiene education and awareness raising campaign using appropriate media and delivered through existing MOH campaigns and facilitators.</li> <li>• Establish targets for female employment generation and regulate adherence to core labor codes.</li> <li>• .Facilitate the equal participation women and men in consultation meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• At least 30% of customers (identified on bill) of TWB and WAL are women.</li> <li>• Gender sensitive media and support materials are developed in conjunction with women and men (50:50 mix).</li> <li>• All women's groups in Nuku'alofa are covered by the campaign.</li> <li>• At least 30% of facilitators of community groups and/or MOH delivering campaign seminars are men.</li> <li>• By 2015, women represent 50% of participants at general meetings. (baseline 2011: limited consultation and/or participation) providing feedback and suggestions for improvement.</li> <li>• Employment and pay targets for women reviewed through the payroll statements of the construction and the beneficiary organizations.</li> <li>• At least 40% of participants in community seminars are men.</li> <li>• At least 50% of government trainees are men.</li> </ul>	<p>2012-2014 / PMU, PIA consultants</p>
<p>3.Sustainable solid waste services in Nuku'alofa (core subproject provided by WAL)</p>	<ul style="list-style-type: none"> <li>• Strategy to pro-actively identify and address ongoing gender concerns and targeting women as customers prepared by TWB and WAL (with assistance of PUMA).</li> <li>• TWB and WAL target women as individual customers and involve them in planning, managing and promoting utility/service use, and</li> </ul>	<ul style="list-style-type: none"> <li>• At least 30% of customers (identified on bill) of TWB and WAL are women.</li> <li>• Gender sensitive media and support materials are developed in conjunction with women and men (50:50 mix).</li> <li>• All women's groups in Nuku'alofa are covered by the campaign.</li> </ul>	<p>2012-2014 / PMU, PIA consultants</p>

Outputs	Activity / Strategy	Performance/Target Indicators	Time Frame
	<p>conservation.</p> <ul style="list-style-type: none"> <li>• Design and deliver a series of campaigns related to personal, domestic and environmental hygiene, health (including sex and non-communicable diseases) and women's safety delivered through community groups, particularly existing women's committees.</li> <li>• Establish targets for female employment generation and regulate adherence to core labor codes.</li> <li>• Facilitate the equal participation of women and men in consultation meetings.</li> <li>• National Spatial Planning Authority advisory committee provides feedback and advice.</li> </ul>	<ul style="list-style-type: none"> <li>• By 2015, women represent 50% of participants at general meetings. (baseline 2011: limited consultation and/or participation) providing feedback and suggestions for improvement.</li> <li>• At least 40% of participants in community seminars are men.</li> <li>• Employment and pay targets for women reviewed through the payroll statements of the construction and the beneficiary organizations.</li> <li>• At least 30% of facilitators of community groups and/or MOH delivering seminars men.</li> </ul>	
<p>4. Other municipal infrastructure is upgraded and well maintained.</p>	<ul style="list-style-type: none"> <li>• Provide opportunities for all DP's and women to apply to be trained to undertake TWB and WAL field and office positions supported during the project (truck drivers, garbage collection, water meter maintenance and readers, accounting staff etc.) and recruitment of women and men participating.</li> <li>• Establish targets for female employment generation and regulate adherence to core labor codes.</li> </ul>	<ul style="list-style-type: none"> <li>• At least 20% of labor on contracts are women with specific provisions for equal pay included in the bidding documents and project covenants.</li> <li>• Employment and pay targets for women reviewed through the payroll statements of the construction and the beneficiary organizations.</li> </ul>	<p>2012-2014 / PUMA, PMU, PIA consultants</p>
<p>5. Community is aware of efficient use of municipal services</p>	<ul style="list-style-type: none"> <li>• Design and deliver a series of gender awareness training workshops for local district and town leaders, PSC members, management and staff of relevant departments and agencies (including TWB, WAL), and project area residents at the start of the project by project staff.</li> <li>• Information campaigns (written materials, local TV and newspapers) about the project are developed that incorporate messages outlining the benefits and methods for participation for both men and women.</li> <li>• Facilitate the equal participation and consultation of women and men participating in</li> </ul>	<ul style="list-style-type: none"> <li>• Gender inclusive media and support materials are developed in conjunction with women and men (50:50 mix).</li> <li>• All women's groups in Nuku'alofa are covered by the campaign.</li> <li>• Perception surveys of project stakeholders show awareness by both men and women of the benefits of including men and women in urban infrastructure planning, decision making; sexual harassment, gender based violence and other problems that may emerge during project implementation and how to detect, intercept, respond to and prevent it.</li> <li>• At least 50% of women's groups and community associations are consulted and encouraged to participate</li> </ul>	<p>2012-2014 / PUMA, PMU, PIA consultants</p>



Outputs	Activity / Strategy	Performance/Target Indicators	Time Frame
	the program.	in urban planning and design issues. (Baseline 2011: Limited) <ul style="list-style-type: none"> <li>• By 2015, women represent 50% of participants at general meetings. (baseline 2011: limited consultation and/or participation).</li> <li>• At least 40% of participants in workshops are men.</li> </ul>	
6.Effective project management services	<ul style="list-style-type: none"> <li>• Recruit a project gender specialist or social development specialist consultant with gender expertise who can provide guidance for implementation of the GAP.</li> <li>• Develop the project performance and management system (PPMS) to include sex disaggregated data and information, utilizing the baseline information collected during the PPTA and earlier studies for longitudinal analysis.</li> <li>• Gather baseline sex-disaggregated data and gender analytical information as part of any preparatory surveys, feasibility studies or assessments.</li> <li>• Develop a feedback mechanism in which both male and female beneficiaries have a voice and are informed of results (through existing district and women's committees).</li> <li>• Proactively encourage and promote women's employment in the urban infrastructure sector.</li> <li>• Include responsibility for gender issues and gender analysis in Terms of Reference for all consultants, wherever relevant.</li> <li>• Recruit a female mid-level planner into PUMA for 2 years of the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Gender specialist secures proper attention to all gender elements of project and all project reports cover implementation of the GAP.</li> <li>• Sex-disaggregated data is collected on a regular basis as part of all surveys and reported on in all reports.</li> <li>• Number of instances where sex-disaggregated data is discussed at project meeting is at least 30%.</li> <li>• GAP implemented; gender inclusive training materials developed; and awareness training delivered with sex-disaggregated attendance records.</li> <li>• At least 30 % of newly appointed/hired professional staff are female.</li> <li>• By 2012 a minimum of 20% of mid-level staff and above from relevant agencies (TWB, WAL, PUMD, Finance) are women.</li> <li>• By 2015, at least 30% of senior urban planning and management positions are held by women. (Baseline 2011: 0%)</li> <li>• Gender-related substantive content reflected in all PUMD training materials where appropriate.</li> <li>• All female PUMD staff members participate in relevant capacity development activities.</li> <li>• Terms of Reference for all consultants include responsibility for gender issues and gender analysis wherever relevant.</li> </ul>	2012-2014 / PMU, PIA consultants

GAP=gender action plan; MOH= Ministry of Health; NGO=non-government organization; PSC= Public Service Commission; PMU= project management unit; PPMS= project performance and management system; PUMA = Planning and Urban Management Agency; TWB = Tonga Water Board; WAL = Waste Authority Limited.

## X. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> The living conditions for the Nuku'alofa urban population have improved.</p>	<p>National human development index is maintained at or increases from 0.677 (2009 baseline) by 2015.</p>	<p>United Nations Development Programme human development index reports</p>	<p><b>Assumption</b> Continued commitment by the government to maintain and improve urban management and development</p> <p><b>Risk</b> Political interference in urban sector planning, development, and management</p>
<p><b>Outcome</b> Nuku'alofa residents have access to improved municipal services.</p>	<p>The reliability of Nuku'alofa water supply (availability) at all locations increases to 99.9% at the network extremities by 2015 (2011 baseline: less than 50%).</p> <p>Consumer access to solid waste management services in Nuku'alofa increases to 80% by 2015. (2011 baseline: 40%)</p> <p>TWB and WAL finance 100% of O&amp;M, depreciation, and financing costs in the medium to long term. (2011 baseline: full cost recovery is not achieved)</p>	<p>TWB annual reports</p> <p>WAL annual reports</p> <p>TWB and WAL annual reports</p>	<p><b>Assumptions</b> Funds are available for infrastructure maintenance.</p> <p>The government maintains commitment to managing urbanization in Tonga and growth of Nuku'alofa.</p> <p>The government maintains commitment to full cost recovery for municipal services.</p>
<p><b>Outputs</b> 1. Strengthened policy environment for delivery of urban services</p> <p>2. Effective, efficient, and sustainable water supply services in</p>	<p>National Spatial Planning Authority advisory committee established and comprising at least 40% women by June 2012 (2011 baseline: 0%)</p> <p>TWB (by 2014) and WAL (by 2017) finance 100% of their operation and maintenance costs from water sales (2011 baseline: TWB - 95%, WAL - 17%).</p> <p>Losses from the Nuku'alofa water supply network are less than 25% by 2017 (2011 baseline: 50%).</p>	<p>PUMA annual reports and cabinet reports</p> <p>TWB and WAL annual reports</p> <p>TWB annual reports</p>	<p><b>Assumptions</b> The government maintains commitment to managing urbanization in Tonga and growth of Nuku'alofa, and coordination among government ministries and agencies improves.</p> <p>PUMA and a Nuku'alofa municipal institution have sufficient urban planning and management staff resources.</p> <p><b>Risks</b> Land acquisition is delayed.</p> <p>Implementation delays and cost overruns occur as a result of limited capacity of local contractors</p>

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Nuku'alofa (core subproject) provided by TWB</p> <p>3. Sustainable solid waste services in Nuku'alofa (core subproject provided by WAL)</p> <p>4. Other municipal services within Nuku'alofa improved</p> <p>5. Raised community awareness of municipal services</p> <p>6. Effective project management services</p>	<p>The Tapuhia landfill is operated in accordance with the operating procedures developed for the site (AusAID 2007) by 2015 (2011 baseline: not operated in accordance with Tapuhia landfill operating procedures)</p> <p>At least one high priority component of the UIDP is implemented by 2018 (2011 baseline: 0%).</p> <p>Average domestic water consumption decreases from 100 liters per capita per day to 90 liters per capita per day by 2017 (2011 baseline).</p> <p>By 2015, women represent 50% of participants at general meetings (2011 baseline: limited consultation and/or participation)</p> <p>The project is fully implemented by 31 June 2017 and within budget.</p> <p>By 2015, 30% of senior urban planning and management positions, including the project steering committee, are held by women (2011 baseline: 0%).</p>	<p>WAL annual reports</p> <p>PUMA annual reports</p> <p>TWB annual reports</p> <p>TWB annual reports</p> <p>PUMA annual reports</p> <p>PUMA annual reports</p>	<p>Poor quality maintenance and repairs caused by limited capacity of local staff and contractors</p> <p>Parliament delays or fails to pass Spatial Planning Bill in 2011.</p>

Activities with Milestones	Inputs														
<b>1. Output 1: Strengthened policy environment for delivery of urban services</b>	<b>ADB ADF Grant \$6.06 million</b>														
1.1 Capacity within PUMA for urban policy development and implementation of the NSPM developed by July 2014															
1.2 TWB and WAL tariffs reviewed, amended, and implemented by February 2013	<table border="1"> <thead> <tr> <th data-bbox="990 394 1364 457">Component</th> <th data-bbox="1364 394 1505 457">Amount (\$ million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="990 457 1364 489">Strengthened policy</td> <td data-bbox="1364 457 1505 489">0.41</td> </tr> <tr> <td data-bbox="990 489 1364 520">Water supply improvements</td> <td data-bbox="1364 489 1505 520">3.02</td> </tr> <tr> <td data-bbox="990 520 1364 552">Solid waste improvements</td> <td data-bbox="1364 520 1505 552">0.97</td> </tr> <tr> <td data-bbox="990 552 1364 583">Other municipal services</td> <td data-bbox="1364 552 1505 583">0.92</td> </tr> <tr> <td data-bbox="990 583 1364 615">Community awareness</td> <td data-bbox="1364 583 1505 615">0.09</td> </tr> <tr> <td data-bbox="990 615 1364 646">Project management</td> <td data-bbox="1364 615 1505 646">0.65</td> </tr> </tbody> </table>	Component	Amount (\$ million)	Strengthened policy	0.41	Water supply improvements	3.02	Solid waste improvements	0.97	Other municipal services	0.92	Community awareness	0.09	Project management	0.65
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Water supply improvements	3.02														
Solid waste improvements	0.97														
Other municipal services	0.92														
Community awareness	0.09														
Project management	0.65														
1.3 Preparation of asset management plans mandated by all public urban services providers by March 2013															
1.4 TWB and WAL asset management plans prepared and implemented by July 2013															
<b>2. Output 2: Effective, efficient, and sustainable water supply services in Nuku'alofa (core subproject) provided by TWB</b>	<b>Government of Australia Grant \$6.44 million equivalent (A\$6.1 million)</b>														
2.1 17 existing water supply wells at the Mataki'eua Tongamai well field rehabilitated, including installation of electric pumps, by July 2013; 12 new water supply wells constructed and commissioned at the Mataki'eua Tongamai well field by October 2013															
2.2 Additional 4,000 m <sup>3</sup> raw water reservoir constructed and commissioned at the Mataki'eua Tongamai well field by October 2013															
2.3 A 120-kilowatt diesel generator procured, installed, and commissioned at the Mataki'eua Tongamai well field by July 2013	<table border="1"> <thead> <tr> <th data-bbox="990 772 1364 835">Component</th> <th data-bbox="1364 772 1505 835">Amount (\$ million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="990 835 1364 867">Strengthened policy</td> <td data-bbox="1364 835 1505 867">0.44</td> </tr> <tr> <td data-bbox="990 867 1364 898">Water supply improvements</td> <td data-bbox="1364 867 1505 898">3.21</td> </tr> <tr> <td data-bbox="990 898 1364 930">Solid waste improvements</td> <td data-bbox="1364 898 1505 930">1.02</td> </tr> <tr> <td data-bbox="990 930 1364 961">Other municipal services</td> <td data-bbox="1364 930 1505 961">0.98</td> </tr> <tr> <td data-bbox="990 961 1364 993">Community awareness</td> <td data-bbox="1364 961 1505 993">0.09</td> </tr> <tr> <td data-bbox="990 993 1364 1024">Project management</td> <td data-bbox="1364 993 1505 1024">0.70</td> </tr> </tbody> </table>	Component	Amount (\$ million)	Strengthened policy	0.44	Water supply improvements	3.21	Solid waste improvements	1.02	Other municipal services	0.98	Community awareness	0.09	Project management	0.70
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Other municipal services	0.98														
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Project management	0.70														
2.4 Nuku'alofa water supply zoning plan is implemented by August 2013.															
2.5 Consumer meter replacement program and meter replacement policy fully implemented by July 2012, and up to 2,000 consumer water meters in Nuku'alofa replaced by July 2014															
<b>3. Output 3: Sustainable solid waste services in Nuku'alofa (core subproject provided by WAL)</b>	<b>Government of Tonga \$2.09 million</b>														
3.1 Installation of an impervious liner to cell no. 2 of the Tapuhia landfill completed by January 2013															
3.2 New landfill loader procured, delivered, and entered into service at Tapuhia landfill by February 2013															
3.3 Groundwater water quality monitoring program at Tapuhia landfill reactivated by June 2013															
3.4 WAL updates and implements its asset management plan for Tapuhia landfill facility plant and solid waste handling and processing equipment by June 2013															
3.5 Community-led, village-level waste collection service piloted in five peri-urban villages by January 2013															
3.6 Financial management and billing software and associated hardware platforms procured and commissioned by September 2013, and financial management and asset management capacity of WAL developed by February 2014															
<b>4. Output 4: Other municipal services within Nuku'alofa improved (candidate subprojects)</b>															
4.1 Candidate subprojects identified, screened, selected, designed, and implemented by April 2017															
<b>5. Output 5: Raised community awareness of municipal services</b>															
5.1 Community awareness and education implemented throughout															

Activities with Milestones	Inputs
<p>the project implementation period</p> <p>5.2 Customer complaints mechanisms in TWB and WAL are improved and the public is consulted on service standards, water conservation, and demand management by January 2014.</p> <p>5.3 Women's groups and community associations are consulted and encouraged to participate in urban planning and design issues by January 2013.</p> <p><b>6. Output 6: Effective project management services</b></p> <p>6.1 Project implementation assistance and capacity development consultants fielded (March 2012–April 2016)</p> <p>6.2 Strategic development plan for Nuku'alofa and other municipal areas on Tongatapu prepared by August 2013.</p>	

ADB = Asian Development Bank, ADF = Asian Development Fund, AusAID = Australian Agency for International Development, m<sup>3</sup> = cubic meter, PUMA = Planning and Urban Management Agency, NSPM = National Spatial Planning and Management Act, TWB = Tonga Water Board, UIDP = Urban Infrastructure Development Plan, WAL = Waste Authority Limited.

Source: ADB.

## A. Monitoring

62. **Project performance monitoring.** Within 6 months of the grant effectiveness, the PMU will establish a project performance and monitoring system. ADB and the government will agree on a set of indicators for monitoring and evaluating to what extent the project achieving its goals and purposes. These indicators will be refined and monitored during project implementation. The indicators will include data for monitoring economic development, quality of urban services, socioeconomic development, environmental impact, and institutional development. Monitoring and evaluation will be based on gender-disaggregated data for social and poverty impact indicators. The project implementation assistance consultants will provide hands-on training to PUMA staff and national consultants in data collection, monitoring, and evaluation. The PMU shall monitor and evaluate the indicators according to the agreed framework on a quarterly basis to determine the efficiency and effectiveness of the project. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the Ministry of Finance and National Planning quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system.<sup>10</sup> Beneficiaries will be involved in project monitoring and evaluation. In addition, the project steering committee will oversee and monitor the overall implementation of the project.

63. **Compliance monitoring.** Compliance monitoring will be provided through regular quarterly progress reports and during regular ADB review missions.

<sup>10</sup> ADB's project performance reporting system is available at:  
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>.

64. **Safeguards monitoring.** The PMU will be responsible for monitoring safeguard activities through the project implementation assistance consultants. The Ministry of Finance and National Planning will submit semi-annual safeguard monitoring reports to ADB, and the findings will be incorporated into the progress reporting of the PMU. Safeguard monitoring is included as a requirement of the EARF. Before commencing work, the contractor will prepare a contractor's EMP which will establish how the contractor will comply with the EMP safeguard requirements. Monitoring of the contractor's work will be undertaken by the resident engineer with assistance of the safeguards officer. Monitoring will also be carried out independently by the Ministry of Environment and Climate Change. The PMU through the Ministry of Finance and National Planning will submit a subproject land acquisition completion report to ADB before award of civil works contracts for subprojects involving land acquisition and resettlement. ADB review missions will also check the progress on implementation of safeguard requirements. If any subproject involved significant safeguard issues.

65. **Gender and social dimensions monitoring.** A social/community/gender/safeguards specialist to provide guidance to the PMU in developing and establishing an effective monitoring and reporting systems and processes. Baseline surveys will be undertaken at the start of project implementation and all indicators in the GAP will be continuously monitored and reported. These will be included in the PMU quarterly reports and project monitoring reports. A mid-term review will be carried out and a project completion report will be undertaken at project end.

## **B. Evaluation**

66. Soon after the PMU and project implementation assistance consultants are mobilized, ADB will field an inception mission to agree with the Ministry of Finance and National Planning on implementation requirements of the project as well discuss in detail on the procedures relating to procurement of works and goods, recruitment of consultants and disbursements. ADB and the government will undertake semiannual reviews of the project to consider the (i) scope of the project, (ii) implementation arrangements, (iii) compliance with grant covenants, (iv) physical achievements against targets and milestones, and (v) project implementation issues requiring resolution or action. The midterm review will be made after 3 years of the grant effectiveness date. Prior to the midterm review, Ministry of Finance and National Planning with the assistance of PMU will prepare a position paper outlining any proposals for any changes required under the project which will not adversely affect the project's outcomes. The midterm review will examine in detail the implementation progress and project design (institutional, administrative, organizational, technical, environmental, social, poverty reduction, resettlement, economic, and financial aspects), and identify courses of action that would improve project performance, viability, and the achievement of targets and project objectives. All the assumptions and risks noted in the design and monitoring framework will be reviewed. Within 6 months of physical completion of the project, the Ministry of Finance and National Planning will submit a project completion report to ADB.<sup>11</sup>

67. ADB will undertake a project completion review (PCR) of the project after 12 and 24 months from physical completion date. The PCR will evaluate the processing and design of a project, both by ADB and the borrower among others assess and evaluated (i) performance of the borrower, EA and IA in managing and implementing the project, and in complying with ADB's guidelines, policies, practices, procedures, and grant covenants, and evaluate project

<sup>11</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

costs, disbursements, and institutional improvements; (ii) assess the performance of consultants; (iii) review problems encountered during implementation and the effectiveness of measures to resolve them, by the borrower, EA, IA, and ADB; (iv) assess whether the borrower, EA, IA, and ADB monitored progress effectively in comparison with quantifiable and monitoring targets; (v) reevaluate the financial and economic performance of the project at its initial stage of operation and compare with the qualified indicators in the design and monitoring framework and project performance report; (vi) assess the project's transition to operations, and identify any remedial measures needed; (vii) assess future operation and maintenance schedules to ensure sustainability of the project; (viii) recommend any other steps that the borrower and EA need to take to ensure the project's sustainable operation; (ix) assess the performance of the monitoring and evaluation system established for the project and reexamine the indicators selected for monitoring operations and assessing development impact; (x) assess significant environmental and poverty reduction impacts (include sociocultural impacts when applicable) of the project, and evaluate the implementation and effectiveness of any environmental control measures, resettlement plans, and poverty reduction measures; and (xi) assess whether the immediate development objective has been met and the likelihood of attaining long-term development goal.

### **C. Reporting**

68. The Ministry of Finance and National Planning will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs together with the associated auditor's report, should be adequately reviewed.

### **D. Stakeholder Communication Strategy**

69. During the early implementation phase of the project, a communication strategy and communication plan will be prepared by PMU that will indicate the types of information, means of communication, who will provide and to whom including at what intervals to the stakeholders about the project as well as its implementation.

## XI. ANTICORRUPTION POLICY

70. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project. All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.

71. To support these efforts, relevant provisions are included in the grant agreement and the bidding documents for the project.

72. The Government, the Project Executing Agency, and the Implementing Agencies shall (i) ensure that the Project is carried out in compliance with all applicable anticorruption regulations of the Government and ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation; and (iii) ensure that all relevant staff actively participate in the training in Government's anticorruption regulations and ADB's Anticorruption Policy.

73. The Project Executing Agency and the Implementing Agencies shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the Project Executing and Implementing Agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

74. No later than 2 months after the Effective Date, the Government through the Project Executing Agency shall (i) create a website dedicated to the Project and accessible to the public, to disclose key Project-related information, including (i) costs, (ii) safeguards, (iii) procurement such as the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods/services procured, (iv) implementation information, and (v) expected service levels. The Government shall make public information about selection of consultants and award of civil Works through publication in national newspapers.



## **XII. ACCOUNTABILITY MECHANISM**

75. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.

### **XIII. RECORD OF PAM CHANGES**

76. All revisions/updates during the course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

- (i) June 2011: Draft version completed.

**APPENDIX 1: Tapuhia Solid Waste Management Facility Final Operation Field Manual**

The following Final Operation Field Manual for the Tapuhia Solid Waste Management Facility was prepared under the AusAID-funded *Solid Waste Management Project in Tonga*. The manual and appendixes provide maintenance schedules for the Waste Authority Limited to which reference are made in the project's Grant Financing Agreements.