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**Project Operations Manual**

**FSM Skills and Employability Enhancement Project**

Financed by the World Bank

Implemented by the National Department of Education, Federated States of Micronesia

|  |  |
| --- | --- |
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**Abbreviations**

|  |  |
| --- | --- |
| CERC | Contingent Emergency Response Component |
| CESMP | Contractors Environment and Social Management Plan |
| CIU | Central Implementation Unit |
| COM-FSM | College of Micronesia-Federated State of Micronesia |
| COVID-19 | Coronavirus Disease 2019 |
| DA | Designated Account |
| DIDA | Division of Inter Development and Assistance |
| DRD | Department of Resources and Development |
| DTCI | Department of Transportation, Communications and Infrastructure |
| ESCP | Environmental and Social Commitment Plan |
| ESF | Environmental and Social Framework |
| ESMP | Environmental and Social Management Plan |
| ESS | Environmental and Social Standards |
| E&S | Environmental and Social |
| FSA | FSM Skills Academy |
| FM | Financial Management |
| FNFED | Formal and Non-formal Education Department |
| GFSM | Government of the Federated States of Micronesia |
| GVB | Gender Based Violence |
| GDP | Gross Domestic Product |
| GRM | GrievanceRedress Mechanism |
| HT | Human Trafficking |
| IFR | Interim Financial Report |
| IPF | Investment Project Financing |
| IRP | Incident Response Procedure |
| LMP | Labor Management Procedures |
| M&E | Monitoring and Evaluation |
| MOU | Memorandum of Understanding |
| NDOE | National Department of Education |
| OHS | Occupational Health and Safety |
| PAD | Project Appraisal Document |
| PATS | Pohnpei Agricultural and Trade School |
| PDO | Project Development Objective |
| POM | Project Operations Manual |
| PRCC | Pohnpei Roman Catholic Church |
| PIU | Project Implementation Unit |
| POM | Project Operations Manual |
| PPA | Project Preparation Advance |
| PPSD | Project Procurement Strategy for Development |
| PSC | Project Steering Committee |
| RF | Results Framework |
| SEA/SH | Sexual exploitation and abuse/sexual harassment |
| SEEP | Skills and Employability Enhancement Project |
| SEP | Stakeholder Engagement Plan |
| SOE | Statement of Expenditure |
| SOP | Standard Operating Procedure |
| STEP | Systematic Tracking of Exchanges in Procurement |
| TOR | Terms of Reference |
| TOT | Training of trainers |
| TVET | Technical and Vocational Education and Training |
| VAC | Violence Against Children |
| WB | World Bank |

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# 1. Introduction

The International Development Association (the World Bank) and the Federated States of Micronesia have agreed to a US$ 17.70 million grant to finance the Skills and Employability Enhancement Project (SEEP). The World Bank will make the grant available to the FSM as per the conditions set forth in the Financing Agreement (FA). The FA was signed by FSM Minister of Finance on June 14, 2022, and by the World Bank Country Director on May 17, 2022. This Project Operations Manual (POM) is part of the covenants of the FA.

This POM contains the project description, guidelines, and protocols, for project implementation including:

1. A detailed description of all project activities, their sequencing, and the timetable.
2. Roles and responsibilities of participating institution and stakeholders.
3. Project administrative, financial, accounting, auditing, procurement, and disbursement procedures, including all relevant standard documents; and
4. Guidelines and operating procedures for the governance, monitoring, evaluation, and program management.
5. Systems of reporting requirements for effective implementation of the project.

The rules and procedures described in this document are aligned with the provisions of the FA. In case of any discrepancy between the terms of the POM and the terms of the FA, the terms set forth in the FA shall prevail, and the POM shall be adjusted accordingly.

The POM aims to:

1. Provide the necessary tools to guide all relevant stakeholders[[1]](#footnote-1) on their key roles and functions for the SEEP implementation, coordination, and oversight.
2. Ensure common understanding by all stakeholders of the interpretation and application of implementation guidelines to achieve process consistency, timeliness, and accuracy.
3. Support a communications strategy that informs stakeholders about the SEEP to promote their effective involvement and to facilitate transparency, equity, compliance, and accountability.

**Structure of the Project Operational Manual**

The first chapter introduces the POM, key dates, and contacts of authorized representatives. The second chapter provides a description of the project development objective and key indicators, project beneficiaries, description of project components, cross cutting themes and guiding principles. The third chapter provides details of project implementation principles and institutional arrangements. Chapter 4 provides a detailed description, roadmap, and operationalization of all SEEP components. Chapters 5-11 present environmental and social (E&S) risk management, project grievance management monitoring and evaluation, financial management, procurement, and record management.

**Procedures for Effecting Changes to the POM**

This POM will be updated to reflect the observations and suggestions of users as well as the relevant results of M&E activities. The Project Implementation Unit (PIU) will review the POM from time to time and will seek input and advice from stakeholders to suggest changes, if necessary, including the adjustment or change of activities, results, and indicators (following the relevant procedures).

All substantial modifications will require the agreement of the World Bank.

## 1.1 Key Project Dates

*Table 1: Key Project Dates*

|  |  |
| --- | --- |
| **Project Milestones** | **Dates** |
| IDA Board Approval | May 2, 2022 |
| Financing Agreement[[2]](#footnote-2) Signed | May 17 and June 14, 2022 |
| Effectiveness | February 9, 2023 |
| Establish Steering Committee | To be confirmed |
| Mid-term Review | Before April 20, 2025 (FA: no later than 30 months after effectiveness) |
| Project Implementation End Date | June 30, 2027 |
| Closing Date | June 30, 2027 |
| Progress Reports | 45 days after the end of each calendar semester (6 months) |
| Interim Unaudited Financial Reports  Final External Audit Report | Within 45 days after the end of each calendar semester |
| Audit of the Project Financial Statements | Annual audited project financial statements no later than nine months after the end of each financial year (Dec 31) |
| Annual Work Plan and budget (AWPB) | January 19, 2023, for the first AWPB and on August 1 of each year thereafter |
| Disbursement Deadline | Four months after Closing Date |

## 1.2 Key Contacts of authorized representatives

*Table 2: Recipient and World Bank Contacts*

|  |  |  |
| --- | --- | --- |
| **Organization** | **Name** | **Email address** |
| **Government of FSM (Signatory)** | Acting Secretary Sohs John, Finance and Administration | nationalcob@gmail.com |
| **GFSM Executing Agency (NDOE)** | Acting Secretary Wayne Mendiola,  National Department of Education | wayne.mendiola@national.doe.fm |
| **PIU** | Hyunjeong Lee, Project Manager | hyunjeong.lee@national.doe.fm |
| **CIU** | Kwame Shiroya, Program Manager | kwame.shiroya@dofa.gov.fm |
| **World Bank** | Sandor Karacsony, Senior Economist  Mohammed Audah, Economist | skaracsony@worldbank.org  maudah@worldbank.org |

# 2. Project

## 2.1 Objectives and components

*For in-depth detail please refer to the PAD (PAD4718), Section II, pages 21 to 42. This POM contains only a summary to avoid unnecessary duplication****[[3]](#footnote-3).***

**Project Development Objective**

The Project Development Objective (PDO) is to improve the quality of and equitable access to vocational education and skills trainings, to improve access to employment, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it. The theory of change is illustrated through the results chain presented in page 42 of the PAD while PDO indicators are presented in Table 3 below.

*Table 3: PDO Indicators*

|  |  |
| --- | --- |
| **Objectives** | **Indicators** |
| **To improve quality of and equitable access to vocational education and skills trainings** | * Number of participants of TVET programs who completed at least one year of market relevant TVET programs * Number of TVET institutions successfully implementing performance grants for at least one year, awarded on the basis of equity criteria (socio‐economic and / or disability status of students) * Targeted proportion of participants of TVET programs who passed the skills assessment and received certification |
| **To improve access to employment** | * Number of beneficiaries of job search assistance * Percentage of beneficiaries who completed TVET courses and / or received employment services that found jobs or enrolled in tertiary education within six months of graduation |

**NOTE: All indicators are disaggregated along gender, disability, and other vulnerability.**

**Project Beneficiaries**

SEEP is targeting a cross section of beneficiaries across the national landscape of FSM.

* **4,000 high school aged youth**, including those from outer islands (35% women, 320 students with disabilities) who will benefit from enhanced access to a high‐quality TVET curriculum to be provided by both FSA as well as state TVET schools.
* **800 Jobseekers (50% women) with a TVET degree**, particularly recent graduates transitioning to the labor market, will be offered enhanced job search assistance through existing channels of employment support (TVET institutions and national and state employment offices).
* In addition, TVET teachers in FSM will have access to improved high school facilities as well as training and certification opportunities.
* National and state‐level stakeholders will all benefit from new or improved labor market information and data provided from the labor market surveys.

**Project Components[[4]](#footnote-4)**

The project follows a three‐tier approach that is closely aligned with the key sectoral and institutional priorities in FSM. The project will finance three (+2) components incorporating activities that directly address key sectoral and institutional constraints and challenges related to (i) equitable access to TVET institutions, (ii) the quality and relevance of trainings provided in the TVET sector and (iii) unlocking opportunities to improve employability of jobseekers. The fourth component deals with Project implementation which will be led by a small Project Implementation Unit (PIU) housed by the NDOE and supported by the Central Implementation Unit (CIU). The PIU will have a strong focus on strengthening institutional capacity to ensure project sustainability. A Contingent Emergency Response Component (CERC, Component 5) responds to FSM’s vulnerability to natural disasters and shocks.

**Component 1: Improving equitable access to vocational education and training (approximately US$3.33 million).**

The objective of this component is to ensure TVET access to all eligible youth, especially the poor and vulnerable youth, women, persons with disabilities, and geographically disadvantaged groups such as students or trainees from outer islands.

**Subcomponent 1.1. Provision of financial support for students (US$0.38 million).**

1. Stipends (living allowances) of approximately US$100 per month to be paid to all students, conditional on a good grade point average and good attendance record.
2. Travel subsidies to finance the full relocation costs of all students entering or leaving a program in FSA to support the significant travel costs that may hinder student participation
3. Health insurance premia payments for students paid directly to the health insurance provider in FSM on behalf of students.

The subcomponent will also finance the following technical assistance activities:

1. Design and implementation framework for financial support instruments. The technical assistance will support the NDOE in developing an operational framework to be appended to the POM. This will include business processes related to outreach, intake/registration, enrolment, compliance monitoring and verification, payment, grievance redressal and exit procedures, and climate change.
2. Development and rollout of a management information system (MIS). An MIS with modules to support the business processes required for the provision of financial support to students.

**Subcomponent 1.2: Provision of grants to TVET institutions (US$2.85 million).**

This activity will finance the cost of performance grants provided to TVET institutions to enhance access, equity, and quality of trainings and to enhance resilience to climate change, and technical assistance for developing the implementation framework (Performance Grants Operational Manual and information system support) for these performance grants. Results‐based contracting will be used in the grants instruments with a view to ensure that the training suppliers focus on enhancing employment outcomes of graduates rather than on simply supplying training.

**Subcomponent 1.3: Targeted outreach and information campaigns to vulnerable groups on**

**TVET opportunities (US$0.10 million).**

This subcomponent will finance consultancies for the development of an outreach and communications strategy, as well as communication campaigns to attract vulnerable groups such as low‐income families, families residing in outer islands of FSM and in climate‐vulnerable communities, and families of students with Individual Education Plans (IEPs)—regarding the availability and benefits of attending TVET in targeted trades at FSA and state schools, the provision of financial support for FSA students, and the eligibility criteria and associated administrative procedures.

**Component 2: Improving the relevance and quality of TVET (approximately US$11.68 million).**

The objective of this component is to enhance the relevance and quality of training offered by TVET institutions by upgrading the training curricula and its standards; improving the quality of trainers; and making provisions for independent testing and certification of skills. The enhanced training will be delivered primarily through a new, high‐quality, flagship TVET institution to be named the FSM Skills Academy (FSA) that will be established in the premises of the now closed PATS.

**Subcomponent 2.1: Establishment of the FSM Skills Academy (US$10.02 million).**

The objective of this subcomponent is to build upon the foundational activities under this project and support the Government in establishing FSA, which will serve as the national flagship TVET institution that offers high quality TVET instruction to students who have completed grade 11 and are interested in obtaining a TVET high school diploma. The project will:

* 1. finance the rehabilitation of the physical infrastructure of the erstwhile PATS, and
  2. provide sub‐grants for:

1. strengthening teacher capacity to deliver high quality TVET
2. strengthening FSA’s capacity for planning and management
3. providing room and board for all students living on‐campus

**Subcomponent 2.2: Developing TVET training curricula (US$0.55 million).**

Under this subcomponent, the project will finance technical assistance, workshops, and consultations for developing occupational standards in targeted sectors, updating curriculum standards, and developing new curricula to improve the relevance and quality of TVET.

**Subcomponent 2.3: Designing and implementing high‐quality training of TVET master trainers**

**and trainers (US$0.45 million).**

Under this subcomponent, the project will finance (a) the development of training packages for the training of TVET master trainers (MToT) and the training of TVET teachers or trainers (ToT), (b) the cost of delivering the MToT, and (c) the cost of delivering the ToT. Both the MToT and ToT programs will be organized and managed jointly by the NDOE, the Formal and Non-formal Education Department (FNFED), and the PIU.

**Subcomponent 2.4: Making provisions for independent assessment and certification of skills (US$0.55 million).**

The project will support the establishment of a national skills certification unit under the FSM Department of Resources and Development (DRD) with the authority to assess and certify the skills of both formally trained students and workers as well as youth and adults who do not necessarily have formal training. The project will also assist the Government in obtaining authorization and/or licensing for the proposed certification unit from an internationally recognized certification body so that the agency’s certificates are also accepted in countries and regions where Micronesian citizens seek employment, including California, Guam, and Hawai’i.

**Component 3: Improving labor market information and employment services (US$0.52 million).**

This component aims to establish capacity within the Government to provide labor market information and employment support services with a view to improve labor market outcomes among potential workers and TVET graduates in FSM.

**Subcomponent 3.1: Implementation of a comprehensive labor market assessment (US$0.23**

**million).** The objective of this subcomponent is to improve the Government’s capacity to collect and analyze labor market data (including data related to migration) to identify critical occupations and skills most demanded by employers, to strengthen evidence‐based policy design and decisions, and to inform the menu of possible employment services and active labor market programs to be offered to support jobseekers.

**Subcomponent 3.2: Supporting job search assistance (US$0.29 million).**

The project will finance technical assistance to the NDOE and DRD to develop support tools for jobseekers as well as staff trainings to enable relevant Government units and career counselors working in TVET institutions to provide effective job search assistance for current or prospective jobseekers.

**Component 4: Project Management (US$2.29 million).**

The objective of this component is to support project management, including monitoring and evaluation (M&E) of project activities. It will finance the establishment costs and incremental operating expenses of the PIU. The dedicated full-time staff include:

* Project Manager
* Senior Project Officer
* Education specialist with experience in TVET
* Project Assistant

In addition, the PIU will engage time‐bound consultancies for safeguards‐related and M&E works (to be working in partnership with the CIU) based on well‐defined terms of reference (TOR).

The PIU will be closely supported by the CIU especially in the areas of fiduciary management and safeguards.

**Component 5: Contingent Emergency Response Component (US$0).**

This component is designed to provide swift response in an event of an Eligible Crisis or Emergency, by enabling the Government of the Federated States of Micronesia (GFSM) to request the World Bank to re‐allocate uncommitted project funds to support emergency response and reconstruction. The use of this contingency is governed by the Contingency Emergency Response Component Operations Manual.

**Cross Cutting Themes**

***Gender***

School completion rates in FSM are considerably skewed toward girls. As of 2020, net enrolment in ECE was 50 percent (51 percent for females and 50 percent for males). Despite better school completion rates among girls, employment rate of women is significantly lower than that of men, which was likely exacerbated by the COVID‐19 crisis. Moreover, women are often employed in the informal sector or have short‐term, part‐time, or informal employment that offers limited social insurance, pension, and insurance schemes. As a result, women are at a higher risk of being unprotected against shocks or life cycle risks and disproportionately affected by the economic impact of these shocks. Given its proposed interventions responding to the challenges of high dropout rates among males and low rates of formal sector employment among women, the project will directly contribute to gender inclusion in FSM. Component 3 of SEEP will place special focus on supporting job search and school‐to‐work transition by female TVET graduates and jobseekers. In particular, the student career counseling center staff within FSA will receive special training to strengthen their awareness of specific (often overlapping) barriers female jobseekers face; training modules promoting employability delivered in FSA and state schools as well as regularly organized job fairs will highlight job opportunities matching female job seekers’ qualifications and familiarize them with potential opportunities in nontraditional trades.

***Gender Based Violence***

Despite the prevalence of GBV within FSM, support services for GBV survivors are extremely limited. There are no women’s organizations (for example, national crisis centers such as the ones in Fiji, Tonga, and Vanuatu) dedicated to providing support to survivors at the national level.

Gender-based violence (GBV) risks in the project will be addressed in a multi‐pronged approach, combining risk prevention measures with mitigation measures. FSA will be a coed residential facility, which presents elevated risks of sexual exploitation and abuse and sexual harassment (SEA/SH). To effectively address these issues, the project will carry out a set of activities, as follows:

1. Risk mitigation measures will involve the preparation, adoption, and implementation of a stand‐alone SEA/SH and GBV Action Plan to assess and manage the risks of GBV and SEA/SH during project implementation.
2. Risk prevention measures will involve teacher training on how to identify, handle, and refer cases of GBV building on international good practices. They will also involve building awareness among students on what constitutes sexual misconduct, as well as established policy and available support.

***Climate Change***

The project intends to reduce climate vulnerability and build resilience of vulnerable households with TVET program participants to prepare for and cope with climate change‐induced shocks (that is, ensuring students’ continuous learning during and after disasters), improve the capacity of the authorities and TVET institutions to deliver adaptive training and employment support services, and make the TVET and skills sector more responsive and adaptive to climate disasters. This will be achieved by integrating both mitigation and adaptation measures into the project design and implementation.

The project will support climate mitigation and adaptation co‐benefits activities by (a) building resilience of the targeted beneficiaries through provision of financial support; (b) integrating efficient architectural designs and energy‐efficient appliances/equipment in the infrastructure; (c) raising awareness and integrating content on climate change mitigation and adaptation in the curriculum, instruction, and assessments; and (d) promoting placement of training beneficiaries in low‐carbon jobs.

## 2.2 Guiding principles

The GFSM is committed to the following principles:

1. **Participation and partnership.** Beneficiaries and stakeholders will have clear roles and responsibilities and will be consulted actively throughout the project. All levels will have the opportunity to give input and feedback throughout the project.
2. **Transparency.** All processes will be made clear to stakeholders and beneficiaries. Decisions of the Project Steering Committee (PSC) will be made available publicly.
3. **Accountability.** Public annual reports of the SEEP will include achievements of results, use of funds, and cost effectiveness analysis. There will be a grievance redress mechanism to ensure decisions are not only fair but are seen to be fair.
4. **Monitoring and Evaluation.** To ensure the program is implemented in line with the guidelines and meeting its objectives the PIU will undertake regular data collection, analysis, and reporting. The effect of the SEEP and achievement of Project Development Indicator will be evaluated.

## 2.3 Expected Results and indicators

**Project Development Objective**

To improve the quality of and equitable access to vocational education and skills trainings, to improve access to employment, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

*Table 4: Expected Results and Indicators*

|  |
| --- |
| **PDO Indicators** |
| **To improve quality of and equitable access to vocational education and skills trainings** |
| Number of participants of TVET programs who completed at least one year of market relevant TVET programs (disaggregated by gender and disability status) (Number) |
| * Share of female participants (Percentage) |
| * Number of participants with disabilities (Number) |
| Number of TVET institutions successfully implementing performance grants for at least one year, awarded on the basis of equity criteria (socio‐economic and / or disability status of students) (Number) |
| Targeted proportion of participants of TVET programs who passed the skills assessment and received certification (Yes/No) |
| * female (Yes/No) |
| * male (Yes/No) |
| **To improve access to employment** |
| Number of beneficiaries of job search assistance (disaggregated by gender) (Number) |
| * share of female (Percentage) |
| Percentage of beneficiaries who completed TVET courses and / or received employment services that found jobs or enrolled in tertiary education within six months of graduation (disaggregated by gender) (Percentage) |
| * female (Percentage) |
| * male (Percentage) |
| **Intermediate Results Indicators by Components** |
| **Component 1: Improving equitable access to vocational education and training** |
| Percentage of project beneficiaries of TVET programs under the project in/from communities vulnerable to climate change (i.e. sea‐level rise and flooding) (Percentage) |
| Percentage of TVET institutions eligible for performance‐based grant which received the maximum annual grant amount allocated to them (Percentage) |
| Number of outreach and information campaigns carried out targeting vulnerable groups (Number) |
| **Component 2: Improving the relevance and quality of TVET** |
| FSA Skills Academy established (Text) |
| Number of market relevant curricula developed or upgraded for target occupations in high priority sectors (Number) |
| Number of TVET teachers across the country completed ToTs (Number) |
| **Component 3: Improving labor market information and employment services** |
| Update of LM assessment completed (Yes/No) |
| Number of relevant government officers and TVET institution staff trained to provide job search assistance (Number) |
| **Component 4: Project Management** |
| Results of the beneficiary engagement survey and plans for course‐corrections and improvements of services under the project shared publicly (Yes/No) |

For a complete Results Framework and Monitoring and Evaluation Plan please see Section 8 of this POM and refer to the PAD linked in footnote 2.

# 3. Project implementation

There are a host of documents used in project implementation and project management, for example: the legal agreement or social and environmental framework. There are several other key documents that have a high dependency for project management and if not managed properly could lead to duplication, confusion, and contradictions, these are described in the tables below.

Table 5 contains documents that provide information about the project and outlines the legal obligations and guidelines that must be followed during project implementation. It is important that these documents are available to people responsible for project implementation and are referred to during the life of the project. Table 5 includes operational documents and instruments used in the implementation of the project.

*Table 5: Project Official Documents*

| **Document** | **Purpose** |
| --- | --- |
| **General Project Information** | |
| SEEP Project Appraisal Document (PAD)  (April 11, 2022) | This document was developed by the World Bank in close consultation with the implementing agencies and countries and outlines all details of the Project. However, the PAD is not a legal document and not legally binding. It includes detailed background information, development objectives, the project components, implementation arrangements, results framework, risks, and mitigation measures.  [*https://documents1.worldbank.org/curated/en/159891651843033906/pdf/Micronesia-FSM-Skills-and-Employability-Enhancement-Project.pdf*](https://documents1.worldbank.org/curated/en/159891651843033906/pdf/Micronesia-FSM-Skills-and-Employability-Enhancement-Project.pdf) |
| **Legal– World Bank** | |
| Financing Agreement May 9, 2022 (IDA), June 14, 2022 (Secretary of Finance) | The Financing Agreement is a legal agreement between the International Development Association (IDA) and the Government of FSM and defines the financial arrangements between IDA and the Recipient, including the Environmental and Social Commitment Plan (ESCP).  [*https://documents1.worldbank.org/curated/en/099250106152213391/pdf/P1769650c1cd100160899d0db1d110a52e0.pdf*](https://documents1.worldbank.org/curated/en/099250106152213391/pdf/P1769650c1cd100160899d0db1d110a52e0.pdf) |
| Disbursement and Financial Information Letter (DFIL) (May 17, 2022) | This letter is classified as an ‘additional instruction’ under the Financing Agreement and defines how the Government of FSM can withdraw project financing from the World Bank and defines the type of bank account that FSM needs to set up into which the World Bank will transfer project financing. The DFIL is particularly important for the project finance officer to read closely and refer to regularly.  [*https://documents1.worldbank.org/curated/en/099250006152213759/pdf/P17696507a86e20c309e080d5edcf8fa876.pdf*](https://documents1.worldbank.org/curated/en/099250006152213759/pdf/P17696507a86e20c309e080d5edcf8fa876.pdf) |
| IDA General Conditions for Credits and Grants (dated July 31, 2010) | The General Conditions are part of the Financing Agreement and set out equally important legal obligations of both the implementing agency (MWIU) and the World Bank.  *The General Conditions for Credits and Grants can be found in the Policies and Procedures Framework, but the link is currently not active.* |
| Authorized Signatories Letter (ASL)  (November 04, 2022) | The ASL gives the names and specimen signatures of the delegates that are authorized to sign withdrawal applications on behalf of the Government of FSM. These delegates are also nominated as those authorized to be given secure access to electronically approve withdrawal applications through the World Bank’s online Client Connection system. |
| Environmental and Social Commitment Plan (ESCP) (March 21, 2022) | The ESCP sets out material measures and actions to manage environmental and social risks, prepare and implement specific documents and plans, as well as the timing and responsible agency for each of these, in accordance with the World Bank Environmental and Social Framework.  <https://thedocs.worldbank.org/en/doc/6dfd7b9d7b2386192e482dcf88f13b66-0290032022/original/General-ESCP-ENVIRONMENTAL-AND-SOCIAL-commitment-planTemplate.docx> |
| **Legal – FSM** | |
| FSM Legislation | Must be complied with when implementing this project. Relevant Legislation includes (but is not limited to) the Disaster Assistance Act, 1987; the Emergencies Act, 1979; the National Environment Protection Act, 1984; Land Acquisition Act, 1986; the Coast Conservation Act, 1988; the Ministry of Environment Act 2018; the Economic Policy Planning and Statistics Office Act 2003; relevant sector legislations and relevant Regulations subordinate to these Acts and FSM Procurement Code. |
| **Fiduciary (Procurement and Financial Management)** | |
| World Bank Disbursement Guidelines for Investment Project Financing (Feb 2017) | These form an integral part of the Disbursement Letter and provide detail about the rules and procedures for the disbursement of grant funds. The Disbursement Guidelines are also useful to check the meaning of certain words used by the World Bank.  *The link is currently unavailable.* |
| World Bank Proc. Regulations for Investment Project Financing Borrowers – Goods, Works, Non-Consulting and Consulting Services (dated November 2020) | The Financing Agreement places a legal obligation on the Government of FSM and the project implementation team to conduct all procurement of goods, works and non-consulting services in accordance with these Procurement Regulations.  [*https://thedocs.worldbank.org/en/doc/178331533065871195-0290022020/original/ProcurementRegulations.pdf*](https://thedocs.worldbank.org/en/doc/178331533065871195-0290022020/original/ProcurementRegulations.pdf) |
| Procurement Implementation Guidance for Fragile and Small States in the Pacific (April 2018) | This Guidance is intended to provide easy reference to help make use of the Bank’s 2016 Procurement Framework. The Bank’s 2016 Procurement Framework provides more flexibility for procurement processing and contracting, as warranted by specific circumstances such as those prevailing in fragile and small island states. The guidance provides templates for various procurement methods.  *The link is currently unavailable, but a soft copy of the document is available instead.* |
| Project Procurement Strategy for Development (PPSD) | The PPSD is a methodology that is used to determine the optimum Procurement Approach to deliver the right procurement result for the project. The PPSD requires Borrowers to consider, among other things, the market situation, the operational context, previous experience, and the risks present – then from this, determine the right Procurement Approach that will yield the right type of response from the market.  [*https://wbnpf.procurementinet.org/sites/all/themes/npf/misc/documents/PPSD-Short-Form-Final-June-30.pdf*](https://wbnpf.procurementinet.org/sites/all/themes/npf/misc/documents/PPSD-Short-Form-Final-June-30.pdf) |
| **Environmental and Social Management** | |
| Environmental and Social Management Plan (March 21, 2022) and Publicly disclosed | The ESMP addresses all project components and has been prepared for the entire project. The ESMP provides a description of the institutional arrangements, and the approach to managing environmental and social risks and health and safety risks including from technical advisory, facility upgrades, new facilities, introduction of new courses and training programs, and mitigation, monitoring, and the management of Contractors. The ESMP complies with the World Bank Environmental and Social Standards (ESS) including ESS1 on Assessment and Management of Environmental and Social Risks and Impacts.  [*https://documents1.worldbank.org/curated/en/099530003222236464/pdf/P176965018c0800408c77050046f9c3407.pdf*](https://documents1.worldbank.org/curated/en/099530003222236464/pdf/P176965018c0800408c77050046f9c3407.pdf) |
| Stakeholder Engagement Plan (SEP) (December 2022)  Publicly disclosed | The SEP outlines the stakeholder engagement principles, identifies Project stakeholders, and provides engagement processes to ensure Project affected people, interested people and beneficiaries are engaged throughout the Project, in compliance with World Bank ESS10 Stakeholder Engagement and Information Disclosure. The SEP includes a grievance mechanism to enable project stakeholders to raise concerns and complaints.  [*https://documents1.worldbank.org/curated/en/099410102262233380/pdf/Stakeholder0En0Project000P17696501.pdf*](https://documents1.worldbank.org/curated/en/099410102262233380/pdf/Stakeholder0En0Project000P17696501.pdf) |
| Labor Management Procedures (LMP) (December 2021)  Publicly disclosed | The Labor Management Procedures (LMP) outlines measures to manage risks associated with employment under the project in terms of meeting national labor requirements as well as the ESSs, specifically the objectives of ESS2 on Labor and Working Conditions.  [*https://documents1.worldbank.org/curated/en/099340012202164960/pdf/FSM0SEEP0LMP0CLEAN.pdf*](https://documents1.worldbank.org/curated/en/099340012202164960/pdf/FSM0SEEP0LMP0CLEAN.pdf) |

All the documents listed above, feed into the Project Management Instruments (documents) listed below.

*Table 6: Project Management Documents*

|  |  |
| --- | --- |
| **Document** | **Description** |
| Project Operations Manual (POM) | Provides more detailed implementation planning focusing on sequencing of activities, institutional arrangements, and roles and responsibilities for various operations like reporting, and procurement, etc. For implementation, it provides an interpretation of the subcomponents for implementation. |
| AWPB | This is very detailed annual plan for the implementation of the project. It further breaks down the POM into work activities (detailed Work Breakdown Structure (WBS) with expected outputs, timelines, responsibilities, and budget. |
| Terms of reference | An even more detailed breakdown of project activities into actions and tasks designed to direct the service provider by delineating the scope, tasks, and products required for the implementation of an activity or group of activities. |
| Procurement Plan | Provides details of the procurement packages in the project highlighting specific procurement methods, amounts, review methods, market approach, etc. |
| Specific Operations Manuals (stipends, grants, etc.) | These are products (deliverable) that detail how specific operations will be executed – typically focusing on a single subject matter. |

As can be seen from the table above, it is important to recognize that the design for implementation becomes more granular as we progress through the hierarchy of documents to reach finally to the product. The product or deliverable will survive the end of the project and remain as a tool in the hands of the beneficiary agency.

## 3.1 Implementation Processing: Timing and Responsibility

This section provides an estimate of the time required to process implementation documents and procedures. It is not prescriptive but a guide showing the duration to assist in the planning. For example, we know that procurement can take upward of 90 days (3 months) from initiation of the TORs to the signing of the contract and includes development, consultations (if any), World Bank no-objection, and all necessary reviews and approvals. Time will differ depending on the selection process, for example, sole source will require a shorter processing time whereas shortlisting and proposal evaluation will need a longer process. This table also sets the entities responsible for the preparation, review, and approval of documents and procedures related to implementation. This establishes agreement on the entities involved and avoids delays and inconsistency in the process.

*Table 7: Responsibility and indicative time for implementation process*

| Document / process | PIU | CIU | NDOE | DOJ | Finance | Other (name) | Total days |
| --- | --- | --- | --- | --- | --- | --- | --- |
| TOR | Prepare | Review | Review |  |  | TTL/Review |  |
| Duration | 5 | 5 | 5 |  |  | 5 | 20 |
| Development of Request for Expression of Interest (REOI) | Prepare | Review | Review |  |  |  |  |
| Duration | 2 | 2 | 2 |  |  |  | 6 |
| Advertisement- REOI |  | Manage |  |  |  |  |  |
| Duration |  | 21 |  |  |  |  | 21 |
| Selection/ Evaluation of REOI (selection committee) | Prepare | Review | Review |  |  |  |  |
| Duration | 21 | 2 | 2 |  |  |  | 25 |
| Development of the Request for Proposal (RFP) | Prepare | Review | Review |  |  |  |  |
| Duration | 5 | 2 | 2 |  |  |  | 9 |
| Advertisement- Request for Proposal | Prepare | Advertise |  |  |  |  |  |
| Duration | 21 | Minimum 28 |  |  |  |  | Minimum 49 |
| Selection/ Evaluation RFP (selection committee) | Review | Evaluation |  |  |  |  |  |
| Duration | 14 | 21 |  |  |  |  | 35 |
| Contracting |  | Prepare | Review | Approve | Sign |  |  |
| Duration |  | 4 | 5 | 14 | 14 |  | 37 |
| Justification for sole sourcing | PIU prepares justification | Review | Review |  |  |  |  |
| Duration | 5 | 2 | 2 |  |  |  | 9 |
| Changes to procurement plan | PIU makes changes/Approve | Review | Review |  |  |  |  |
| Duration | 3 | 2 | 2 |  |  |  | 7 |
| Annual Work Plan | Prepare | Review | Consult with Project Director | NA | NA | TTL/Approval |  |
| Duration | 30 | 5 | 5 |  |  | 10 | 50 |
| Semi Annual reports | Prepare | Review | Review |  |  |  |  |
| Duration | 15 | 5 | 2 |  |  |  | 22 |

**NOTE: Solid colored cells denote simultaneous occurrence**

# 4. Project Components: Detailed Description

## 4.1 Component 1: Improving equitable access to vocational education and training

(Approximate budget US$3.33 million).

The objective of this component is to ensure TVET access to all eligible youth, especially the poor and vulnerable youth, women, persons with disabilities, and geographically disadvantaged groups such as students or trainees from outer islands. The component aims to achieve this by expanding the availability of quality skills training while providing information, incentives, and support to increase participation of under‐represented and disadvantaged groups in TVET. To this end, the component will include the following subcomponents.

### Diagram Description automatically generated with medium confidence4.1.1 Subcomponent 1.1 – Provision of Financial support for Students

Operationalization

| SrN | What | Who | Implementation notes | Output |
| --- | --- | --- | --- | --- |
| **1.1-1000** | **Design** | **PIU and NDOE** |  |  |
| 1.1-1100 | Consultations | PIU (organize)  NDOE (lead) | In keeping with the principles of User Centered Design, consultations will be carried out with:   * DOFA, Justice, and TC&I at the national level and with relevant state agencies on regulation, prohibitions, confidentiality etc. * Bank(s) for payment procedures. * A small selection of users for UX. * Research into MIS, mobile apps, web based self-serve and data capture. (Do we need a new MIS, or can we add a student support module to an existing MIS?) | Consultation report containing foundational advice for design specifications. |
| 1.1-1200 | Setting general specifications | PIU and NDOE | Design discussions that reflect the regulatory and user criteria that emerged from the consultations. This is where important decisions are made related to implementation, procurement and contracting, for example possible options:   * Two separate firms, one for each TA * One firm for both TAs * If #2, sign first contract for the business process and an amendment for the MIS? | Activity specifications including key decisions on procurement, contracting, and implementation. |
| **1.1-2000** | **Implementation** |  |  |  |
| 1.1-2100 | Consultant supervision and facilitation | PIU, NDOE | * Supervise firm or firms engaged to deliver services * Financial management * Contract compliance, regulatory compliance, quality of outputs, adherence to frameworks, conventions, and undertakings related to labor, GBV, GRM, ESMP | Compliant implementation and quality outputs. |
| 1.1-2200 | Implementation of the student support mechanism | NDOE, PIU | Manage the process of student support using the tools from 1.1-3100 (POM, MIS, Website, Mobile Application) | Effective mechanism supporting the improvement in participation. |
| 1.1-2300 | Monitoring and Evaluation | PIU, CIU | Data collection and analysis related to the relevant indicators | Information for M&E logged and prepared for reporting |

### A picture containing diagram Description automatically generated4.1.2 Subcomponent 1.2: Provision of performance grants to TVET institutions

Operationalization

| SrN | What | Who | Implementation notes | Output |
| --- | --- | --- | --- | --- |
| **1.2-1000** | **Design** | **PIU and NDOE** |  |  |
| 1.2-1100 | Consultations | PIU (organize)  NDOE (lead) | Consultations will be carried out with:   * DOFA, Justice, and TC&I at the national level and with relevant state agencies on regulation, prohibitions, confidentiality etc. * Payment procedures under results-based contracting (usually payment is conditional to performance) * A selection of TVET schools (focus group)   Can the MIS here be added to Subcomponent 1.1 | Consultation report containing foundational advice for design specifications. |
| 1.2-1200 | Setting general specifications | PIU and NDOE | Design discussions that reflect the regulatory and user criteria that emerged from the consultations. This is where important decisions are made related to implementation, procurement and contracting, for example, decisions on the MIS, supervision options, verification options, adherence to financial regulations | Activity specifications including key decisions on procurement, contracting, and implementation. |
| **1.2-2000** | **Procurement** |  |  |  |
| 1.2-2100 | TORs, EOI, RFP | PIU, CIU, and NDOE | Follow CIU SOP and section 3.1 of this POM  (Including DOFA, Justice and any other regulatory reviews and approvals; E&S requirements) | High quality procurement documents |
| 1.2-2200 | Selection (for EOI and RFP) | PIU, CIU, and NDOE | Transparent selection |
| 1.2-2300 | Contracting | CIU, NDOE | Timely contracting |
| **1.2-3000** | **Implementation** |  |  |  |
| 1.2-3100 | Consultant supervision and facilitation | PIU, NDOE | * Supervise firm or firms engaged to deliver services * Financial management * Contract compliance, regulatory compliance, quality of outputs, adherence to frameworks, conventions, and undertakings related to labor, GBV, GRM, ESMP | Compliant implementation and quality outputs. |
| 1.2-3200 | Implementation of the performance grant | NDOE, PIU | Manage the performance grants process using the tools from 1.2-3100 (POM and associated procedures related to selection, verification, inspection, financial management etc.) | Effective mechanism supporting the improvement in participation. |
| 1.2-3300 | Monitoring and Evaluation | PIU, CIU | Data collection and analysis related to the relevant indicators | Information for M&E logged and prepared for reporting |

### A picture containing diagram Description automatically generated4.1.3 Subcomponent 1.3: Targeted outreach and information campaigns

Operationalization

| SrN | What | Who | Implementation notes | Output |
| --- | --- | --- | --- | --- |
| **1.3-1000** | **Design** | **PIU and NDOE** |  |  |
| 1.3-1100 | Consultations | PIU (organize)  NDOE (lead) | Consultations will be carried out with:   * National and state governments to identify key design considerations. * Focus group of local media agencies to understand the market and audience. * Other projects in country/region to learn from their experiences | Consultation report containing foundational advice for design specifications. |
| 1.3-1200 | Setting general specifications | PIU and NDOE | Design discussions that reflect the lessons learned from the consultations. This is where important decisions are made related to implementation, procurement and contracting, for example, decisions on whether one firm will be hired for both the strategy and the campaign or whether an individual (new position) working within NDOE will implement the campaign. | Activity specifications including key decisions on procurement, contracting, and implementation. |
| **1.3-2000** | **Procurement** |  |  |  |
| 1.3-2100 | TORs, EOI, RFP | PIU, CIU, and NDOE | Follow CIU SOP and section 3.1 of this POM  (Including DOFA, Justice and any other regulatory reviews and approvals; E&S requirements) | High quality procurement documents |
| 1.3-2200 | Selection (for EOI and RFP) | PIU, CIU, and NDOE | Transparent selection |
| 1.3-2300 | Contracting | CIU, NDOE | Timely contracting |
| **1.3-3000** | **Implementation** |  |  |  |
| 1.3-3100 | Consultant supervision and facilitation | PIU, NDOE | * Supervise firm or firms engaged to deliver services * Financial management * Contract compliance, regulatory compliance, quality of outputs, adherence to frameworks, conventions, and undertakings related to labor, GBV, GRM, ESMP | Compliant implementation and quality outputs. |
| 1.3-3200 | Implementation outreach and communication campaign | NDOE, PIU | Manage and deliver the campaign (this will depend on the choices made in 1.3-1200) | Effective campaign to promote greater participation. |
| 1.3-3300 | Monitoring and Evaluation | PIU, CUI | Data collection and analysis related to the relevant indicators | Information for M&E logged and prepared for reporting |

## 4.2 Component 2: Improving the relevance and quality of TVET

(Approximate budget US$11.68 million).

The objective of this component is to enhance the relevance and quality of training offered by TVET institutions by upgrading the training curricula and its standards; improving the quality of trainers; and making provisions for independent testing and certification of skills. The enhanced training will be delivered primarily through a new, high‐quality, flagship TVET institution—to be named the FSM Skills Academy (FSA)—that will be established in the premises of the now closed PATS, building upon the infrastructure of the erstwhile school. The institution will occupy approximately two acres of land owned by the Pohnpei Roman Catholic Church (PRCC) and is expected to be leased to the Government of FSM for 99 years for a nominal lease fee46. The project will also help improve the relevance and quality of TVET in other high schools across the country that offer TVET courses, including the four schools targeted to receive performance grants under Subcomponent 1.2, by giving them access to the enhanced training curricula, providing training opportunities to TVET teachers, and supporting the skills testing and certification of graduates. In parallel, it will also support the NDOE in preparing a 10‐year national TVET development strategic framework and plan for prioritizing and guiding the activities in this subsector (including an expenditure review and planning of sector financing to prepare for the post‐2023 period).

Sequence for Sub-Component 2.1

Graphical user interface, application

Description automatically generated

**NOTE: Section 4.2.1 will be updated after the LMA.**

### 4.2.1 Subcomponent 2.1 (part 1): FSA Civil Works Design and build

### 4.2.1 Subcomponent 2.1 (part 2): FSA Capacity Building

**NOTE: This section will be updated after Section 4.2 is completed**.

Basic institutional development plan model – when preparing for FSA a decision should be made about the forecast timeline. Typically institutions will forecast ahead 5 years or 10 years.

1. **Background:**
   1. Overview of existing regulatory requirements and models:
      1. Academic programs
      2. Career options
   2. Contextual Framework
      1. International and global context
         1. New technologies and patterns in TVET
         2. Trade and market forces in TVET
      2. Regional context
         1. Regional human development
         2. TVET Education in the region
         3. Regional growth and investments
      3. National context
         1. Academic/vocational quality assurance
         2. Language and enrolment options
         3. Programs and services for students
         4. Community engagement
         5. Governance
         6. Economic indicators and the labor market
         7. Labor market needs
         8. Technology and employment
   3. Cross border dimension
      1. Regional opportunities for students
      2. Opportunities for becoming a regional TVET and certification hub
2. **The Academic/vocational Framework:**
   1. Academic program management and structure
      1. Credit hour system
      2. Course evaluation
      3. Course codes
      4. Dual programs (optional consideration)
      5. Course descriptions
      6. Practical training
      7. Laboratory/workshop assignments and assessment
      8. In-service and extension training services
      9. International exchange and certification programs (optional)
   2. Student admission requirements
      1. What type of certificate post grade 10?
      2. Quota by state? (delegated)
      3. Language proficiency
      4. Other considerations
   3. Student management / services
      1. Senior staff (Principal?)
      2. Registrar services
      3. Educational and career counselling
         1. Training for employability
      4. Grant and financial aid services
      5. Health services
      6. Services to students with special needs
      7. New students’ programs and activities
      8. Sports, recreation, and intramural activities
      9. Housing, and food services
      10. Transportation services
      11. Bookstore services
      12. Student discipline and conduct standards
   4. Accreditation and recognition (national level for certain, but regional? International? Consider affiliation)
   5. Faculty hiring strategy
   6. Academic programs specific section containing(this is a large section as it also deals with progress through years etc.):
      1. program mission
      2. Curricula features
      3. Curriculum outline
      4. Academic programs and basic course descriptions
3. **The Organizational Framework:**
   1. Mission Statement
   2. Strategy outline
   3. Objectives of the FSA
   4. Institutional governance structure
      1. Boards
      2. Committees
   5. Academic/vocational governance structure
      1. FSA council
      2. Teachers’ council
      3. Departmental council
   6. Senior officers of the FSA
   7. Complete FSA organizational chart (includes areas of growth)
4. **The Technical design**
   1. Project site and land requirements
   2. Construction requirements (for the project and beyond, by the time this is being done the construction will have started)
      1. Educational facilities
         1. Faculty administration
         2. Professors’ workspace
         3. Lecture halls
         4. Auditoria
         5. Classrooms
         6. Laboratories and workshops
      2. Administrative facilities (example)
         1. Upper management
         2. Financial affairs
         3. Administrative affairs
      3. Dormitories
   3. Furnishings
   4. Equipment requirements
   5. MIS
   6. Establishment and pre-operational expenses (investment)
   7. Sources of income
      1. Government financing
      2. External contribution
      3. Contract training
      4. Investment options
   8. Capital expenditure
      1. Electromechanical
      2. Furnishings
      3. Library collection
      4. Equipment
   9. Overheads
5. **Financial Analysis**
   1. Total investment cost
   2. Capital financing
   3. Annual operational gross revenue
   4. Annual capital expenditure
   5. Annual operating costs (staff and overhead)
   6. Annual fixed costs (depreciation and amortization)
   7. Net income statement
   8. Cash flow statement
   9. Financial feasibility indicators
   10. Sensitivity analysis

**NOTE: Sections 4.2.2-4.2.4 will be updated after the COM-FSM negotiations.**

### 4.2.2 Subcomponent 2.2: Developing TVET training curricula

### 4.2.3 Subcomponent 2.3: Designing and implementing high-quality training of TVET master trainers and trainers

### 4.2.4 Subcomponent 2.4: Making provisions for independent assessment and certification of skills

## 4.3 Component 3 – Improving labor market information and employment services

(Approximate budget US$0.52 million).

This component aims to establish capacity within the Government to provide labor market information and employment support services with a view to improve labor market outcomes among potential workers and TVET graduates in FSM.

### 4.3.1 Subcomponent 3.1 – Implementation of a comprehensive labor market assessment

Operationalization

| SrN | What | Who | Implementation notes | Output |
| --- | --- | --- | --- | --- |
| **3.1-1000** | **Design** | **PIU and NDOE** |  |  |
| 3.1-1100 | Consultations | PIU (organize)  NDOE (lead) | Consultations will be carried out with:   * DRD, DOFA, CIU M&E Specialist * RMI Education and Skills Strengthening Project Team to learn from their recent experience in conducting a similar assessment | Consultation report containing foundational advice for design specifications. |
| 3.1-1200 | Setting general specifications | PIU and NDOE | Setting general specifications involves defining the overall requirements and parameters that will guide the labor market assessment and accompanying technical analyses. These discussions are crucial for identifying key aspects and considerations to be included in the specifications. Some of the essential elements to be addressed include design considerations, survey methodologies, and reporting formats. It is important to discuss aligning the consultant schedule with the school calendar and national holidays to ensure that the assessment effectively captures the perspectives of students, training providers, employers, and workers, who are integral stakeholders in the labor market.  Decisions need to be made regarding whether to hire a firm to handle the assessment design, data collection, analysis, and recommendation formulation, or to assemble a team comprising an international expert and local specialists. Another possibility is to engage the DRD directly in data collection. It is also important to explore how the outputs of the assessment can be utilized to support the implementation of 2.1A-3000, 2.2-3000 (curricula), 2.3-3000 (ToT), as well as planned subsequent annual qualitative surveys. By considering this aspect, the assessment can be designed in a way that ensures its findings and data can be contribute to the implementation of other relevant activities. | Activity specifications including key decisions on procurement, contracting, and implementation. |
| **3.1-2000** | **Procurement** |  |  |  |
| 3.1-2100 | TORs, EOI, RFP | PIU, CIU, and NDOE | Follow CIU SOP and section 3.1 of this POM  (Including DOFA, Justice and any other regulatory reviews and approvals; E&S requirements) | High quality procurement documents |
| 3.1-2200 | Selection (for EOI and RFP) | PIU, CIU, and NDOE | Transparent selection |
| 3.1-2300 | Contracting | CIU, NDOE | Timely contracting |
| **3.1-3000** | **Implementation** |  |  |  |
| 3.1-3100 | Consultant supervision and facilitation | PIU, NDOE | * Supervise firm or firms engaged to deliver services * Financial management * Contract compliance, regulatory compliance, quality of outputs, and adherence to relevant frameworks. * Oversee the quality of outputs including data analysis, reporting, and recommendations. | Compliant implementation and quality outputs. |
| 3.1-3200 | Implementation of labor market assessment | NDOE, PIU | * Regularly communicate progress updates and address any challenges that may arise during the implementation phase. * Monitor the quality and accuracy of data collected during the assessment. | Delivery of high-quality data, analysis, and recommendations to support evidence-based decision-making in the development of equitable, quality, and relevant TVET programs |
| 3.1-3300 | Monitoring and Evaluation | PIU, CIU | Data collection and analysis related to the relevant indicators | Information for M&E logged and prepared for reporting |

### 4.3.2 Subcomponent 3.2 – Supporting job search assistance

Operationalization

| SrN | What | Who | Implementation notes | Output |
| --- | --- | --- | --- | --- |
| **3.2-1000** | **Design** | **PIU and NDOE** |  |  |
| 3.2-1100 | Consultations | PIU (organize)  NDOE (lead) | Consultations will be carried out with:   * CIU, DRD, other government units involved in job search assistance and career counseling. * COM-FSM * Career counselors working in TVET institutions, including representatives from schools receiving performance grants under the project. * Relevant agencies and organizations involved in employment and vocational training. * Relevant department or agencies that address the needs of persons with disabilities.   The discussions will center around the findings of 3.1-3200 (labor market assessment), which will provide insights into the needs and challenges encountered by jobseekers in FSM. Special attention will be given to understanding the unique circumstances of women and students with disabilities. By engaging in these consultations, insights into the key areas where support is needed will be gained and strategies that address the specific needs of these target groups will be discussed. Additionally, the consultations will explore best practices and successful approaches for job search assistance in FSM, ensuring that the services provided are tailored and responsive to the diverse needs of the jobseeker population. | Consultation report containing foundational advice for design specifications. |
| 3.2-1200 | Setting general specifications | PIU and NDOE | The inputs and recommendations gathered through the consultations will inform the implementation of job search assistance activities. This is where important decisions are made related to implementation, procurement and contracting, for example, decisions on whether one firm will be hired for all activities or alternative options can be explored. | Activity specifications including key decisions on procurement, contracting, and implementation. |
| **3.2-2000** | **Procurement** |  |  |  |
| 3.2-2100 | TORs, EOI, RFP | PIU, CIU, and NDOE | Follow CIU SOP and section 3.1 of this POM  (Including DOFA, Justice and any other regulatory reviews and approvals) | High quality procurement documents |
| 3.2-2200 | Selection (for EOI and RFP) | PIU, CIU, and NDOE | Transparent selection |
| 3.2-2300 | Contracting | CIU, NDOE | Timely contracting |
| **3.2-3000** | **Implementation** |  |  |  |
| 3.2-3100 | Consultant supervision and facilitation | PIU, NDOE | * Supervise firm or firms engaged to deliver services * Financial management * Contract compliance, regulatory compliance, quality of outputs | Compliant implementation and quality outputs. |
| 3.2-3200 | Designing of operational procedures for a career counseling function | NDOE, PIU | The operational procedures should align with the overall objectives and strategies of the project and incorporate best practices and consider the specific needs and challenges faced by jobseekers in FSM. | Operational procedures |
| 3.2-3300 | Development of training modules | NDOE, PIU | The modules should address the needs of jobseekers and focus on building relevant skills and knowledge. | Training modules |
| 3.2-3400 | Development and delivery of trainings to Government and TVET institution staff | NDOE, PIU | The trainings should be designed to equip Government and TVET institution staff with effective strategies and practices in career counseling and mentoring of jobseekers. The trainings should ensure the staff's understanding of the importance of equitable and inclusive practices in job search assistance, with a particular emphasis on supporting vulnerable jobseekers, including women and persons with disabilities. | Trainings delivered to Government and TVET institution staff |
| 3.2-3500 | Organization of regular job fairs | NDOE, PIU | * The job fairs will provide a platform for employers to showcase job vacancies and for jobseekers to explore employment opportunities. Thus, FSM-context appropriate strategies and plans for organizing regular job fairs that bring together employers, training institutions, and jobseekers need to be developed. * The events should be well-coordinated and accessible to a wide range of jobseekers, including those from marginalized groups. | Job fairs that cater the needs of students, employers and training providers |
| 3.2-3600 | Facilitation of partnership between FSM stakeholders and operators of online platforms | NDOE, PIU | The partnerships should promote collaboration and the exchange of relevant information between stakeholders (TVET institutions, the NDOE, and DRD) and online platform operators to ensure the accessibility and transparency of labor market information through these platforms. | Partnerships established between FSM stakeholders and operators of online platforms |
| 3.2-3700 | Promotion of job matching and supporting job search assistance services | NDOE, PIU | The focus should be on connecting jobseekers with suitable employment opportunities and enhancing the effectiveness of job search assistance services. These activities may include awareness campaigns, outreach efforts, and initiatives to encourage employers to advertise job vacancies through online platforms. | Job matching and job search assistance services in place |
| 3.2-3800 | Monitoring and Evaluation | PIU, CIU | Data collection and analysis related to the relevant indicators | Information for M&E logged and prepared for reporting |

## 4.4 Component 4 – Project implementation, planning, and monitoring & evaluation

(Approximate budget US$2.29 million).

The objective of this component is to support project management, including monitoring and evaluation (M&E) of project activities. It will finance the establishment costs and incremental operating expenses of the PIU.

Operationalization

| SrN | What | Who | Implementation notes | Output |
| --- | --- | --- | --- | --- |
| **4-1000** | **Design** | **PIU and NDOE** |  |  |
| 4-1100 | Consultations | PIU (organize)  NDOE (lead) | Consultations will be carried out with DOFA and CIU. Before the establishment of the PIU, the NDOE with support from the CIU will review the optimal structure of the PIU and propose any necessary adjustments to the Bank. Once the PIU is formed, consultations will take place with CIU, specifically with the CIU’s M&E Specialist. These consultations aim to ensure effective coordination of monitoring information and relevant M&E tasks. | Consultation report containing foundational advice for design specifications. |
| 4-1200 | Setting general specifications | PIU and NDOE | Setting general specifications will encompass various tasks and activities, including:   * designing the project’s M&E system and data collection tools that will be used to gather relevant information on project inputs, outputs, and outcomes * organizing and implementing the field supervision, which entails coordination and conducting field visions to project sites to supervise and monitor the progress, ensuring compliance with PDO. * collecting or managing the collection of timely, sufficient, and accurate information on project inputs, outputs, and outcomes * analyzing collected data and disseminating the findings * conducting formative evaluations of ongoing project activities to inform the findings to inform course corrections * conducting relevant studies, which will allow the PIU to address specific project-related questions or gather in-depth knowledge on particular aspects of the project. | Activity specifications including key decisions on M&E tasks, procurement, contracting, and implementation. |
| **4-2000** | **Procurement** |  |  |  |
| 4-2100 | TORs, EOI, CS, RFP | PIU, CIU, and NDOE | Follow CIU SOP and section 3.1 of this POM  (Including DOFA, Justice and any other regulatory reviews and approvals; E&S requirements) | High quality procurement documents |
| 4-2200 | Selection (for EOI and RFP) | PIU, CIU, and NDOE | Transparent selection |
| 4-2300 | Contracting | CIU, NDOE | Timely contracting |
| **4-3000** | **Implementation** |  |  |  |
| 4-3100 | Consultant supervision and facilitation | PIU, NDOE | * Supervise firm or firms engaged to deliver services * Financial management * Contract compliance, regulatory compliance, quality of outputs, adherence to frameworks, conventions, and undertakings related to labor, GBV, GRM, ESMP | Compliant implementation and quality outputs. |
| 4-3200 | Project management duties | PIU | Manages and delivers M&E activities, as well as oversee project management, coordination, and operations. This includes financial management (FM), procurement, and E&S risk management. The PIU, in coordination with the CIU, ensures efficient and transparent project management. | Efficient and transparent management of the project |
| 4-3300 | FM | PIU, CIU | Ensure responsible, efficient, and transparent FM in compliance with fiduciary rules and practices outlined in WB documents and FSM government regulations. The CIU provides advice and guidance as needed, ensuring transparent financial transactions that adhere to relevant regulations. | Transparent financial transactions that are compliant with relevant regulations |
| 4-3400 | Procurement | PIU, CIU | Manage planning and executing all procurement activities, including identifying the needs and developing TORs to preparing bidding materials, contracting, and contract supervision. The CIU provides advice and guidance as necessary to ensure efficient and transparent procurement activities that comply with World Bank and government regulations. | Efficient and transparent procurement activities that are compliant with relevant regulations |
| 4-3500 | AWPB | PIU | Develops an AWPB in consultation with stakeholders every year, taking into account the procurement plan, disbursement schedule, and the capacity of the implementing agency to carry out the required work. | A carefully considered annual workplan and corresponding budget |
| 4-3600 | Monitoring and Evaluation | PIU, CIU | * Collect and analyze data related to the relevant indicators * Design, implement and analyze annual beneficiary engagement surveys to improve project implementation overall. The beneficiaries include NDOE, TVET institutions and other implementing entities. Corresponding plans to the survey results will be developed and shared with stakeholders and publicly disclosed through NDOE’s website. | Information for M&E logged and prepared for reporting; beneficiary survey results |

# 5. Institutional arrangements

The implementation of the SEEP will require the leadership and active involvement of the College of Micronesia-FSM (COM-FSM), Pohnpei Roman Catholic Church (PRCC), FSA[[5]](#footnote-5), four state TVET schools[[6]](#footnote-6), and Yap Catholic High School[[7]](#footnote-7) supported by the PIU and CIU and working in collaboration with other GFSM departments[[8]](#footnote-8) and agencies[[9]](#footnote-9), employers, and other public stakeholders. DOFA’s CIU, as the unit responsible for coordinating all international development assistance to GFSM, will provide the fiduciary support, including financial management, the disbursement, procurement, and E&S risk management to ensure the SEEP implementation. The DOFA will also be monitoring of the use of the proceeds of the financing as well as financial reporting to the WB/IDA in accordance with the provisions of the Financing Agreement.

The NDOE will be the implementing agency (IA) for the project. Within the NDOE, day-to-day implementation of project activities will be delegated to the PIU. Implementation of project activities will be primarily embedded within the PIU and CIU, as interventions are intended to be integrated into current processes. The share of responsibilities between the NDOE, PIU and CIU is summarized in Table 7. Technical assistance will be provided under the project to improve the effectiveness of interventions and build capacity.

Table : Primary agencies responsible and their responsibilities

|  |  |
| --- | --- |
| **Focal Point** | **Project Components / area of responsibility** |
| NDOE | Implementing Agency |
| NDOE and PIU | Component 1: Improving equitable access to vocational education and training (approximately US$3.33 million)  Component 2: Proving the relevance and quality of TVET (approximately US$11.57 million)  Component 3: Improving labor market information and employment services (approximately US$0.52 million) |
| PIU (in close cooperation with CIU) | Component 4: Project management |

A PIU is currently being established within the NDOE to ensure the diligent and efficient execution of SEEP activities, adhering to sound technical, financial, business, and development practices. The PIU will play a crucial role in overseeing and managing the implementation process, ensuring that all activities are carried out in accordance with established standards and guidelines.

## 5.1 Project Implementation Unit (PIU)

The PIU will remain operational within the NDOE until the project's closing date. The PIU will comprise a combination of NDOE staff and project-hired consultants to ensure maximum buy-in and capacity building. In addition, the CIU's environmental specialist, social specialist, and M&E specialist will actively support the project's implementation by providing essential technical expertise in their respective areas. This collaborative approach will enhance the effectiveness and efficiency of project activities while ensuring compliance with environmental, social, and monitoring requirements.

In order to facilitate effective coordination and collaboration, the members of the PIU will be co-located within the NDOE's office. This physical arrangement will promote seamless communication and foster a cohesive working environment, enabling efficient coordination across different project components and activities.

The PIU operates under the supervision and guidance of the NDOE, which bears the responsibility for project preparation and implementation. The NDOE is accountable for developing and executing AWPBs that outline the specific project activities and eligible expenses. By adhering to these plans and budgets, the project can ensure effective implementation and alignment with the project's overall objectives and goals.

Table : Key PIU Staff

|  |  |  |
| --- | --- | --- |
| **Team Member** | **Role** | **Contact information** |
| Hyunjeong Lee | Project Manager | [hyunjeong.lee@national.doe.fm](mailto:hyunjeong.lee@national.doe.fm) |
| TBC | Senior Project Officer |  |
| TBC | Education Specialist |  |
| TBC | Project Assistant |  |

The Project Manager assumes the primary role of overseeing and coordinating all aspects of the project, providing technical guidance and ensuring effective project implementation. Collaborating with the Procurement Specialist from the CIU, the Project Manager will facilitate the procurement process for various packages and studies, adhering to established guidelines.

Financial management, budgeting, and M&E responsibilities fall under the purview of the Project Manager. They are accountable for ensuring sound financial practices, efficient budget utilization, and the implementation of an effective M&E system to track project progress and outcomes. The Project Manager reports directly to the Secretary of the NDOE and the Project Steering Committee (PSC), providing updates on project activities, challenges, and achievements.

As the need arises, technical staff may be recruited through the standard procurement process to complement the existing project team and contribute specialized expertise in specific areas.

**Project Vehicle**

A project vehicle will be procured for use by the project. Use of the project vehicle will be governed by the FSM Government Vehicle Policy (2017)[[10]](#footnote-10), particularly paragraph “2.1 Vehicles Assigned to Ministries – Establishment of Government Carpool” and all other paragraphs related to the use of this class of vehicle.

As relates to the SEEP specifically, the following will apply:

1. The vehicle will be shared by all project components.
2. SEEP work will be prioritized.
3. PIU team members will have equal and unfettered access based on need and on a reservation system that will be designed by the PIU.
4. The PIU will be responsible for the vehicle during project period and ensure daily maintenance of vehicle with regular repair and maintenance schedule to be done in accordance with the car-pool practice and protocol.

## 5.2 Project Steering Committee (PSC)

The PSC shall be established through GFSM authorization and is maintained until the closing date of the SEEP.

Table : Composition of the PSC

|  |  |
| --- | --- |
| Role on PSC | Institutional Title |
| Chair | NDOE |
| Members | DOFA |
|  | DRD |
|  | DTCI |
|  | State Directors of Education |
|  | FSM Association of Chamber of Commerce |
|  | COM-FSM |
|  |  |

**The role of the PSC**

1. Provide strategic oversight on the project.
2. Provide visibility and transparency of the project.
3. Keep abreast of project progress and project plans.
4. Keep abreast of the next stages of the project and provide guidance and support especially in areas of E&S risk management requirement for the success of the project.
5. Keep abreast of and approve reporting requirements to the World Bank as required under the Financing Agreement (FA).
6. Provide oversight of policy and governance implications relevant to successful implementation of the SEEP.
7. Facilitate and enable conflict resolution in the event of issues and/or conflicts that rise beyond the capacity and reach of the Implementing Agencies ability to resolve.
8. Ensure transparency and impartiality of the PSC activities, which includes striving to avoid appearance of conflict of interest or undue influence
9. Ratify any decisions made by the PIU
10. Formal approval of key SEEP documentation including, but not limited to, the POM and Project Annual Plans.
11. Overall facilitate the success of SEEP.

**The principal functions and duties of the Chair of the PSC**

1. Coordination of the PSC Secretariat (PIU will provide Secretariat services to the PSC).
2. Convening and Chairing Semi Annual PSC meetings.
3. Ensuring the outcomes of all PSC meetings are reported to Cabinet in a timely manner.
4. Introducing formal voting procedures and Rules of Order for the PSC as considered appropriate.

**Meetings (Process)**

1. The PSC will meet approximately 2 times per year (or as needed as called by the Chair).
2. All Members may send someone in their stead to the PSC meeting, at appropriate level to take binding decisions.
3. Where possible, the PSC operates based on consensus rather than formal voting. Specific procedures and rules of order for PSC deliberations, including voting procedures, should be proposed by the Chair (or Deputy Chair in the absence of the Chair) and adopted by the PSC at its first meeting and prior to any substantive deliberations or determinations. The specific procedures can reflect other project PSC operating in FSM or standard procedures for any high-level committee in FSM.
4. PSC minutes shall be maintained by the PSC Secretariat and circulated for approval within one week of PSC meetings. Minutes should be succinct and record only PSC decisions.
5. Regular meetings of the PSC ordinarily include at a minimum the following items on the agenda:
   * Approval of minutes of previous meeting
   * Report on status and progress of the SEEP.
   * Report of Project Finances.
   * Status reports and updates on sub-projects and activities under implementation.
   * Significant changes in Project Risks and/or opportunities.

**Meetings (Protocol)**

1. Upon accepting appointment to the PSC, members commit themselves to ensuring the complete objectivity and transparency of the PSC, both in fact and in appearance.
2. The PSC must avoid the appearance of self-dealing, conflict of interest, or undue influence. PSC members cannot benefit directly from the SEEP.
3. No member of the PSC shall participate in any part of the SEEP in which that member, or an organization with which that member is associated, has an interest. In such cases, the member shall be excused from both the discussion and decision on the activity.
4. As a matter of principle, the PSC (and the SEEP Project as a whole) must operate in as transparent a manner as possible. The PSC Secretariat should maintain an official record of each PSC meeting, which is available to the public. However, to protect PSC members from external pressures, neither the identities of PSC members, nor the attributed statements of PSC members during deliberations, shall be disclosed.

**Quorum:** Membership majority (50% plus 1) shall constitute a quorum for the PSC.

**Support:** Secretariat support will be provided by the Project Manager.

**Role evaluation**

The role of the PSC (including these Terms of Reference) will be reviewed on an annual basis, under the direction of the Chair.

**Approval**

The Cabinet shall **authorize** the PSC to be responsible for providing oversight and strategic guidance for project implementation. The PSC will be chaired by the NDOE, ensuring effective decision-making and monitoring of project progress.

**Communication**

The NDOE will be responsible to implement the information and communication activities in accordance with the WB guidelines and regulations to ensure adequate promotion and the visibility of the project towards the target groups and towards the public.

The PIU and the project partners (COM-FSM, PRCC, FSA and four state TVET schools) will be responsible to provide data, records, photo images, video images, interviews, and other information as required by the NDOE.

**Development partners coordination**

Many development partners are implementing or planning to engage with GFSM in the short to medium-term in the social sector (education, employment, health). The PIU will endeavor to coordinate with other projects in FSM to avoid duplication, ensure complementarity, and exchange information.

The NDOE has taken the lead in ensuring that regular donor coordination meetings are held and to keep the donor community abreast of new development in the sector. The WB through the project will maintain its support to these efforts.

## 5.3 World Bank Team

The implementation support to the project will be flexible and efficient. The World Bank will be represented by two Task Team Leaders (TTLs), who lead a team of people with different technical specializations; each will contribute according to their area of expertise. The Bank TTLs will provide ongoing support by coordinating with the client and among World Bank staff who will provide implementation support on technical, fiduciary (financial management and procurement), and E&S aspects.

The Task Team will review and give ‘no objection’ on behalf of the World Bank to key project documents like the annual budget, the procurement plan, the implementation manual as well as important steps in the procurement process. The Task Team will also review and accept regular reports from the PIU about the project.

The Task Team will conduct twice yearly supervision and implementation support missions to assess project progress, to assist with resolving issues that might be causing delays in achieving the project objectives and to check that the project is being implemented according to the agreed financial, legal, E&S management and procurement processes in conjunction with government counter parts. The task leaders will monitor the project progress against the monitoring indicators in the Results Framework. The Bank will conduct additional missions/meetings when a need arises especially at early stage. The Bank will also monitor risks and update the risk assessment and risk management measures, as needed. Implementation Support Missions provide a good opportunity to learn about the World Bank, to ask questions of specialist team members and work together to improve processes and resolve any implementation issues.

During these missions the Task Team may meet with key stakeholders (both within and outside government) and with project beneficiaries to assess progress and status of implementation. The Task Team may review legal, financial and procurement records and make suggestions on improvements to procedures. The PIU will ensure that files are up to date and available before the Task Team arrives.

The best point of contact will be the TTLs whose responsibility it is to seek input and consolidate advice from other members of the team. Even if the project team is in direct contact with other team members, it would be advisable that the TTLs are copied on all correspondence with the Bank.

A mid-term review will encompass a more in-depth stock taking of performance under the project and will take place before April 20, 2025, or other date as agreed with the project entities. Based on the assessment of progress at the mid-point of the project, recommendations for improvements/changes to the project would be considered by government counterparts and the Bank.

# 6. Environmental and Social Risk Management

**6.1 Overview**

The GFSM is responsible for ensuring that the project is carried out in accordance with the provisions of the Financing Agreement, Project Appraisal Document (PAD), Environmental and Social Commitment Plan (ESCP), Environmental and Social Management Plan (ESMP), Stakeholder Engagement Plan (SEP) including the project’s Grievance Redress Mechanism (GRM), Labor Management Procedures (LMP), and any other management instruments prepared under the Project, as well as any other requirements to ensure compliance with World Bank’s Environmental and Social Standards (ESSs). The GFSM must also address and manage the risk of GBV, SEA/SH, and/or VAC which could occur due to project activities.

Environmental and Social (E&S) risk management includes the identification of potential environmental and social risks and impacts, ensuring ongoing meaningful communication and genuine engagement with project stakeholders including those who are vulnerable or marginalized; upholding health, safety and labor standards; managing and monitoring E&S risks including any potential loss in access to land, services or livelihoods arising from project activities, and providing effective grievance management services, across all SEEP components and activities.

Environmental risks under SEEP primarily relate to managing construction impacts during the renovation and construction of new buildings, including risks to workers and the community during construction, as well as risks in relation to managing water use, wastewater, and solid waste from upgraded facilities. Throughout the project life, E&S risk will be monitored and if unforeseen E&S risks arise, they will be assessed by the CIU E&S team on an ongoing basis and suitable management actions developed and implemented in line with existing project E&S instruments. Social risks to beneficiaries (including students, teachers, and schools) during project works include: (i) potential disruptions to learning caused by noise and air-borne pollutants and/or reduced access to classrooms if works are undertaken when schools are operational; (ii) potential health and safety issues caused by unsafe work practices and/or uncontrolled access to construction sites; (iii) potential for SEA/SH by project workers.

E&S instruments prepared also manage risks arising in relation to other project activities such as technical advisory, technical assistance, and studies – e.g., policy analysis, guidelines, studies, design, awareness raising, training and capacity building. In the event of a conflict between the provisions of any of the Instruments or the ESCP and those of the Financing Agreement, the provisions of the FA shall prevail.

**6.2 Legal and regulatory framework for managing environmental and social risks and impacts**

The requirements for managing E&S risks and impacts of the project are determined by relevant GFSM national and state laws and regulations, the World Bank’s ESSs, and the World Bank’s Environmental, Health and Safety Guidelines and global industry best practice.

*Country specific policy, legal and administrative frameworks relevant to the project*

The ESMP outlines the GFSM national and state laws, policies and regulations applicable to the project. These include:

* FSM Constitution
* Local Government Act 1980
* Industries Development Act
* Environmental legislation including: National Environmental Protection Act 1984; Environmental Impact Assessment (EIA) Regulation 1994; Solid purchase of hardware Regulation 1989; Trade Facilities and Sewage Disposal Regulations 1990;
* Labor legislation including: Labor (Non-Resident Workers) Act 2006; Public Service Commission Act 1979
* Relevant International Conventions

*Applicable World Bank Environmental and Social Standards (ESSs)*

Five out of the ten World Bank ESSs are relevant for SEEP, namely: ESS1, ESS2, ESS3, ESS4, and ESS10. ESS5 to ESS9 are assessed as not relevant to the project; further details and mitigation measures to address the relevant standards are shown below at Table 11.

Table : World Bank ESS relevant to the SEEP

|  |  |
| --- | --- |
| **World Bank Environmental and Social Standard (ESS)** | **Explanation** |
| ESS1 Assessment and Management of Environmental and Social Risks and Impacts | ESS1 sets out the requirements for assessing and managing environmental and social risks. The ESMP provides guidance with respect to management of and compliance with ESS1. |
| ESS2 Labor and Working Conditions | ESS2 sets out the requirements for working conditions, worker health and safety, and restrictions on the use of child and forced labor and includes the requirement to maintain a grievance mechanism for workers. The LMP is the relevant instrument to comply with ESS2 and applies to all Project Workers. |
| ESS3 Resource Efficiency and Pollution Prevention and Management | ESS3 covers all discharges to air, land and water and the requirements to avoid and mitigate impacts. ESS3 also covers efficient use of water, energy and materials for structures and buildings. The ESMP provides screening processes for identifying and managing risks. |
| ESS4 Community Health and Safety | ESS4 mitigates and manages risks to community health and safety from project activities including construction-related safety issues, worker behavior risks to communities (including GBV/SEAH). The ESMP includes mitigation measures to address gender, disability, community health and safety risks associated with the project. Codes of Conduct are required to be signed by all Project Workers. |
| ESS5 Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement  (not currently relevant) | ESS5 is not currently relevant. Land will be required to construct new accommodation and TVET facilities and construction of dormitories for students. However, the ESMP includes screening of the land access and confirms that that there will be no need for any involuntary land acquisition or use of land that is outside existing school leased or owned land. No new lease arrangements are required. Management of works including any temporary displacement will be managed under ESS1 and appropriate mitigation is included in the ESMP. |
| ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources  (not currently relevant) | ESS6 is not currently relevant. No biodiversity risks or impacts have been identified through screening. The ESMP confirms that construction activities will take place in highly modified environments which do not have any natural values. |
| ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities  (not relevant) | ESS7 is not relevant. |
| ESS8 Cultural Heritage  (not currently relevant) | ESS8 is not currently relevant. There are no physical cultural resources on sites proposed for construction works as these are all within existing schools or education facilities which have been previously disturbed. A chance finds procedure has been included in the ESMP as a precautionary measure. |
| ESS9 Financial Intermediaries | ESS9 is not relevant. |
| ESS10 Stakeholder Engagement and Information Disclosure | ESS10 requires the preparation of a SEP to identify stakeholders, manage engagement and grievances, and disclose information relevant to the stakeholders. The SEP is the relevant instrument for compliance with ESS10 and includes a project grievance mechanism to facilitate the update and management of stakeholder concerns and grievances. |

The Project was rated as ‘Moderate’ for Environmental and Social Risks, using the World Bank Environmental and Social Directive for Investment Project Financing at Appraisal. A Moderate risk rating means the risks are considered predictable and/or manageable, are moderate in spatial extent and magnitude and do not influence and are located away from sensitive or high value locations. There is a low probability of serious adverse effects to human health and/or environment and there are known and reliable mechanisms available to prevent or minimize risks if they do arise. Based on the identified risks and the impacts, the previously mentioned management plans have been prepared and will be implemented to address these risks.

The risk of SEA/SH is assessed as low as physical works will not take place during school hours, thus limiting contact between students and construction works. Worker behavior can be informed and managed by appropriate training and code of conduct and good oversight/supervision.

If, at any time, the risks of any activity increasing the risk rating from moderate to Substantial or High, no work on that activity will continue until the PIU and CIU have presented the risks to the World Bank Task Team for consideration. Further World Bank (E&S) processes, including the potential for project restructuring, may be required before the activity can continue, unless actions are taken to mitigate the risks to a lower risk rating.

## 6.3 Environmental and Social Management Plans (ESMP)

The GFSM has prepared and submitted the project ESCP which outlines the agreed E&S commitments and activities required for GFSM to meet the requirements of the World Bank’s ESSs, and to address and manage environmental and social risks and impacts of the project. The ESCP outlines the environmental and social management plans based on the screening that are required to be prepared and implemented and spells out the requirements and responsibilities for implementing the plans. The ESCP was reviewed and accepted by the World Bank as part of the SEEP Financing Agreement.

The project ESMP prepared by the CIU E&S team in collaboration with implementing agencies, details the potential environmental and social risks associated with the project, including those associated with technical advisory, facility upgrades, new facilities, introduction of new courses and training courses, and how those risks will be mitigated and managed. Risk and impacts include occupational health and safety (OHS) risks, labor and GBV, SEA/SH, and VAC. It also establishes the processes, procedures and institutional arrangements required for effective risk management including the roles and responsibilities of all parties. The ESMP applies to the whole project and must be followed and implemented when undertaking project activities. The CIU will ensure that the ESMP accurately incorporates site-specific activities and will include any additional mitigation measures as required. The PIU, with support from the CIU E&S team will then be responsible to ensure that the ESMP is properly implemented under the project.

In addition to the ESMP, other E&S instruments required by the World Bank have been prepared and disclosed. These include the SEP to manage engagement, communications, and feedback throughout the project and includes the project GRM, and LMP to document how project workers will be engaged and managed and how their rights will be protected and to document OHS requirements, and which includes a grievance mechanism for workers.

The requirements of the ESMP and other E&S instruments and management plans are not repeated in this POM, however they are companion to this POM and must be implemented during the project.

Implementation of the relevant sections of the ESMP through a Contractors Environment and Social Management Plan (CESMP) will be the responsibility of the design and supervision consultants reporting to the PIU, with support from the CIU. Design and supervision consultants will also be responsible for ensuring the Contractor complies with the ESMP. The PIU will maintain oversight of these activities with support, training, oversight, and auditing by the CIU.

The ESMP includes environmental, social, health and safety clauses that the PIU must ensure are included in contractor bid documents for contracted works. Site-specific mitigation measures will be inserted into the bid documents, along with specific mitigation measures prescribed in the ESMP.

The PIU will be supported by CIU E&S for the oversight of the environmental, social, health and safety activities of the contractor, and will review bid draft documents to ensure relevant ESMP measures are captured in bid documents, review CESMPs, which will be prepared by the contractor, and will conduct periodic on-site visits to monitor and supervise progress. The CIU E&S Specialists will train PIU and Implementing Agency staff on basic environmental, social, health and safety activities and mitigation measures so that they can provide contractor oversight in between CIU E&S team site visits.

**Technical Advisory and Services**

All technical assistance (TA) or studies carried out under the Project will be consistent with the ESCP, instruments and the World Bank ESSs. Technical advisory and services can influence or affect environmental and social well-being and harm during the Project or ‘downstream’ of the Project (after Project close). In accordance with the ESCP, the CIU will review draft TOR for consultants (or work plans for activities carried out by contractors) for potential risks and ESS compliance and will provide comment and corrective measures. Thereafter the CIU will support the PIU to supervise the consultation, engagement activities, field work, data collection, analysis, outputs, and recommendations to ensure they are all consistent with the ESCP, ESMP, other environmental and social management plans, and the ESSs.

**Information Disclosure**

The mechanism and channels for information disclosure and citizen engagement will be set out in the ProjectSEP available from the PIU Office and on the DOFA/CIU website, which is currently under development.

All the environmental and social management instruments and plans are published on the DOFA and NDOE E&S website and will be accessible through project implementation. These instruments are namely the ESMP, ESCP, LMP, SEP and GRM.

**ESCP Monitoring Evaluation and Reporting**

The PIU is responsible for the internal monitoring, evaluation and reporting of the ESCP and ESMP. The CIU E&S team will provide advice and support as required. The PIU will collect and report data using the ESCP monitoring plan:

Table : Monitoring and Reporting Plan

|  |  |  |  |
| --- | --- | --- | --- |
| **Compliance Issue** | **Key Performance Indicator (KPI) and Target parameter to be monitored** | **How is the parameter to be monitored/ type of monitoring equipment** | **When is the parameter to be monitored- frequency of measurement or continuous** |
| ESCP Compliance | All actions are implemented in accordance with the requirements of the ESCP. | Review work plan progress against the actions and milestones in the ESCP. | Six monthly – reported in Six Monthly Report to the World Bank and at least one week prior to missions for reporting during mission. |
| Grievance Redress | Percentage of complaints that are resolved within the time  Target: 100% of complaints are resolved within the timeframe | Review Grievance Mechanism records | Six monthly – reported in Six Monthly Report to the World Bank and at least one week prior to missions for reporting during missions. |
| Capacity Building  (ESCP Actions CS1) | Percentage of capacity building Target: 100% completed on time | Check capacity building records against capacity building plan | Six monthly – reported in Six Monthly Report to the World Bank |

The SEEP PIU monthly reports will include ESCP implementation progress for their respective components. The PIU will submit to the World Bank semi-annual reports that will provide an overview of the progress with environmental and social risk management and highlight issues that need attention.

**6.4 Stakeholder Engagement**

The project-wide SEP identifies stakeholders and details the overall approach and program to engaging with identified project stakeholders. The SEP will be implemented for the duration of the Project. The purpose of the SEP is to ensure appropriate stakeholder consultation, participation and information sharing at all levels – including project sites and communities, with the goal of supporting SEEP decision-making and implementation. The CIU E&S team in consultation with the IA (NDOE) will also prepare an action plan outlining specific details on stakeholder engagement activities, information, where and those responsible, for integration into project work plans and budgets. The SEP is a ‘live’ document which will be updated in response to evolving circumstances, demands, and lessons learned throughout project implementation.

The purpose of stakeholder engagement, including regular communication and consultation is to gather stakeholder input and feedback on subproject design and implementation, and the effectiveness of mitigation measures. Two-way mechanisms for ongoing consultation are essential throughout the life of the project, to disclose information and seek feedback. Consultation with relevant government officials, the business community, civil society (NGOs CBO’s etc.), local leaders, community groups and other beneficiaries will assist in providing a different perspective and needs and provoke discussion on practical alternatives relevant to the local context. It is especially important that stakeholder engagement includes people who are vulnerable and underrepresented in planning and decision-making processes, and that there are special measures to adapt to the engagement needs of these vulnerable groups.

Engagement with community stakeholders during construction works will take place in two places, as outlined in the ESMP and SEP: (i) direct engagement with resident’s and community residents or working in areas close to the proposed building activities; (ii) public notification of civil works. Consultation should be undertaken by the contractor’s supervisor pursuant to the SEP program, with oversight by the CIU E&S team.

Implementation of the SEP and relevant action plans is the responsibility of the PIU, with technical and oversight support from the CIU. Stakeholder engagement must be coordinated across the project and between Projects in FSM. The CIU will manage and coordinate the stakeholder engagement activities across the SEEP components and across the World Bank portfolio to avoid duplication and consultee burn-out. The PIU will keep the CIU informed of the SEEP work plan, including all stakeholder and public communications initiatives. The CIU will review the risks, review the approaches to engagement and provide additional support and expertise, to ensure effective engagement occurs and there is full compliance with the ESCP, SEP and other instruments and the World Bank ESSs.

Consultation and other engagement activities may be carried out by the NDOE, PIU, CIU, or consultants engaged by any of those parties on behalf of the GFSM for SEEP. All parties must follow the SEP and the advice provided by the CIU. Consultation materials, reports and other outputs will be reviewed by the CIU prior to finalization and use. Stakeholder engagement record keeping are the responsibility of the entity conducting the consultation and must be prepared using the PIU-CIU agreed format. All copies of minutes/records of discussions are to be shared by the PIU to the CIU E&S team.

**Project Grievance Redress Management (GRM)**

A Grievance is a report from a community or individual who believes that they are adversely affected by a World Bank-supported project**.** The SEP sets out the SEEP GRM. The FA indicates that the GRM must be operational by the Project Effective Date and implemented throughout the Project, across all components (ESCP).

The CIU is responsible for developing the Project’s grievance mechanism, including action plans for operationalizing the GRM for integration into work plans. The PIU is responsible for operationalizing and implementing the GRM. The CIU is responsible for providing technical support as detailed below. To ensure effective dissemination, awareness-raising activities about the GRM needs to be conducted as part of stakeholder engagements and prominently displayed on project notice boards. The GRM, outlined in the SEP, follows a step-by-step process for addressing and resolving grievances. It is crucial that disclosure of the GRM is made accessible to project affected people, interested parties, and beneficiaries. The grievance mechanism must be publicized (disclosed) in a manner and in a location accessible to project affected people, interested parties and project beneficiaries.

The GRM includes a specific procedure for dealing with grievances arising from project-related SEA/SH. In such cases, the GRM ensures proper referral to the relevant GBV service provider with the survivor’s informed consent.

# 7. Project Grievance Management

A Grievance is a report from a community or individual who believes that they are adversely affected by a World Bank-supported project**.** The SEP sets out the SEEP GRM. The FA indicates that the GRM must be operational by the Project Effective Date and implemented throughout the Project, across all components (ESCP).

The PIU with support from the CIU is responsible for preparing the Project grievance mechanism and the PIU is responsible for the operationalization and implementation. The CIU is responsible for technical support as detailed below.

**Grievance Redress Process**

**Step 1:** The process begins when an “Aggrieved Party” (the “AP” or the person making the complaint) raises a concern to a Project employee, contractor, or someone at the DOFA/CIU or PIU through any government office using the online complaint form.

The person who receives the complaint is called the “Recipient”. The Recipient is required to pass this information to the SEEP Designated Contact Person (DCP) within 12 hours using the Grievance Form. The DCP will be a PIU Officer (The PM or person appointed by the PM).

**Step 2:** After receiving the complaint, the DCP will document or “log” the concern in the Complaints Register. This will serve as an official record that a complaint has been received and when the matter has been resolved.

**Step 3:** The DCP will determine whether the concern is related to the project, and if it is, the investigation will begin immediately (see Step 4). If the matter is not related to SEEP, the DCP will advise the Project Manager and the AP will be referred to the appropriate authority to resolve the issue and the matter is closed on the Complaints Registry.

**Step 4:** The DCP will determine if the complaint relates to a serious or sensitive matter. If this does, the DCP will immediately refer the matter to the Project Manager for escalation, investigation, and resolution. The DCP will also notify the CIU and the World Bank.

**“Serious or sensitive matters”** refer to issues involving potential criminal activity, political interference, conflicts of interest, corruption, land claims, GBV, SEA/SH, VAC, or human trafficking (HT).

In the case of potential criminal activity, it is important that the Project GRM process does not impede investigation by the appropriate authorities. In situations involving land disputes or claims, the matter will be referred to the Secretary, NDOE.

If the concern is related to GBV or SEA/SH, the Project will first seek to ensure that the victim is safe and has access to required support services. For these reasons, a referral will be made to the GBV Service providers based in the state the alleged incident takes place at the address shown on the SEEP GRM.

If determining the grievance is project related but is not of a serious of sensitive nature, the DCP will advise the Project Manager and CIU. The DCP and Project Manager will attempt to resolve the concern to everyone’s satisfaction within 24 hours, or within 2 weeks if consultation with other parties is required.

**Steps 5-6:** If resolution is not achieved within 2 weeks, the situation will be referred to the Secretary, NDOE, who will also attempt to resolve the matter within 2 weeks.

**Steps 7:** If resolution has still not occurred following attempts by the Project Manager and NDOE Secretary, the matter will be referred to the PSC (through the chair); the PSC will have 1 month to resolve the matter.

**Step 8:** If the issue remains unresolved or the complainant is dissatisfied with the outcome proposed by the PSC, the AP may refer the matter to the appropriate legal or judicial authority. The decision of the Court will be final.

Figure 1: Grievance Redress Process

SEEP Grievance Redress Process

Aggrieved Party (AP)

Recipient

Designated Contact Person (DCP)

Logged

Project-related issue?

Sensitive or serious issue?

DCP notifies PM and CIU – DCP/PM resolves to mutual satisfaction of AP and Project withing 24 hours of logging. Outcome logged.

DCP/PM processes grievance with input from other parties – target solution 2 weeks after logging. Outcome logged.

Secretary attempt to resolve within 2 weeks of Sec. receiving complaint. Outcome logged.

NDOE

Secretary

Project Steering Committee (PSC)

PSC attempt to resolved within 1 month of PSC receiving complaint. Outcome logged.

Court

Advise SEEP PM and CIU and AP forward to appropriate authority

To PM for urgent attention.

For GBV, HT, SEA/SH, VAC – immediate referral to a state GBV service provider

Notify CIU and WB

No

Yes

Resolved

Resolved

Resolved

Resolved

Decision Final

## 7.1 Reporting on GRM

**Incident Reports**

1. Within 12 hours, Complaint Recipient must notify the SEEP Project Manager.
2. Within 12 hours, the SEEP Project Manager must complete the Grievance Form and initiate the investigation

**Monthly Reports**

The SEEP Project Manager completes monthly reports that summarize all new complaints, enquiries and grievances received, the type of concern and the number of days it took to resolve the matter. Monthly reports also summarize the status of any outstanding matters from previous months. All reports shared with the CIU.

**Quarterly Reports**

1. The SEEP Project Manager completes a quarterly report for the CIU and the World Bank. This report includes the following statistics:

* Total number of grievances and complaints received
* Total number of grievances and complaints resolved
* Total number of grievances and complaints active
* Total number of grievances and complaints unresolved
* Average number of days to resolve grievances and complaints

1. Quarterly reports also need to specify any changes the project has made in response to existing or previous complaints.

**Annual Reports**

The SEEP Project Manager completes an annual report that summarizes all grievance statistics and response information for that year. This information is provided to the SEEP Project Manager, CIU, the World Bank and the PSC.

**Immediate Reporting to CIU and the World Bank** by the Project Manager under the following circumstances:

1. Grievance or complaint is related to physical injury or death, including those incurred because of gender-based violence.
2. Grievance or complaint received relating to SEA/SH, VAC or HT.

**Immediate Reporting to state-based GBV service provider** by the Project Manager of grievance or complaint is related to GBV, SEA/SH, VAC or HT.

## 7.2 Incident Management

An incident is defined as an unplanned event that happens in a project or because of a project, or could have, negative health, safety, environment and/or social impacts. Examples of incidents include fatalities, serious accidents, and injuries; SEA/ SH or other forms of GBV; a spill or release of pollutant, wildlife conflict, disease outbreak or physical damage to a protected habitat. A “Health, Safety, Environmental and Social Incident Response Procedure” (IRP) has been developed for FSM that will be implemented during the Project.

The Incident Procedure is based on a classification of incidents as shown in Figure 2.

Sensitive, serious or severe

Incident Reported to Designated Contact Person (DCP)

Logged **(DCP)**

Confirm initial response activated **(DCP)**

Notify Project Manager and CIU **(DCP)**

Collate initial information

Apply Screening **(PM, DCP, CIU Support)**

**Incident management (PIU, CIU support)**

**Incident communication**

**(PIU, CIU support)**

Incident investigation

(Investigation Team, CIU support)

**PSC**

PSC to monitor actions

Project Manager immediately notify

* IA
* CIU
* PSC
* WB TTLs

For GBV, HT, SEA/SH, VAC – immediate referral to a state-level GBV service provider

Indicative or Near miss?

Figure Incident Reporting Procedure

Calendar

Description automatically generated with medium confidence

Figure Incident Classification

The roles and responsibilities in the event of a Sensitive, Serious or Severe incident:

Table : Sensitive, serious, or severe incident management roles and responsibilities

|  |  |  |
| --- | --- | --- |
|  | **SEEP PIU/CIU** | **World Bank** |
| Incident occurs | * Immediately: Site Manager/Controller secures the safety of people and workers and provide immediate care * Once site/people are safe: the contractor informs SEEP Project Manager and CIU. |  |
| Screening Classification | Immediately on notification: Project Manager and CIU screen and classify incident in terms of severity using the Incident Classification Guide in procedure. |  |
| Notification | * Project Manager reports incident to World Bank TTLs immediately. * Regulatory, stakeholder and media notification by PIU (with CIU support as required). * Suppliers report to Government as per contact person(s) specified in the contract. | Task Team prepare incident report for Bank management.  Notify PIU about Bank process for investigation. |
| Investigation | * PIU assigns Investigation Team, which includes at least a PIU representative and a person from the CIU. * For Serious or Severe incidents, Investigation Team conducts Root Cause Analysis within 10 days. * Promptly provide information requested by the Bank and facilitate incident site visits (in person or virtual). | Task Team may conduct fact-finding missions (in person or virtual) with necessary expertise for the specific incident.  Support the PIU in supervising the Root Cause Analysis. |
| Response | * Investigation Team prepares Investigation Report, including:   + Key causes (supported by evidence)   + Recommendations to address causes (Action Plan)   + Applicability of the cause to other locations/divisions   + Supporting data (e.g., drawings, photos, witness statements etc.)   + Conclusions (once the root causes have been identified). | Task Team reviews Investigation Report, provides comments, and agrees on content and Action Plan.  Shares the Investigation Report with Bank management. |
| Follow-up and closure | * Project Manager reports to SC * PSC to monitor implementation of Action Plan. * PSC closes out incident. | Task Team supports, supervises and advises during the implementation of Action Plan.  Adjusts project risk ratings.  Agrees to incident closure. |

Incident records will be collated and reported in the semi-annual progress reports to the World Bank.

7.3 Capacity Building

As part of project preparation, environmental and social capacity building needs of the PIU, project workers (such as consultants, contractors and training providers) were identified to help these stakeholders identify, address and manage environmental and social risks and impacts arising under the project. The CIU E&S team will work with the PIU to apply and implement the ESMP and other instruments as required through the project. The team is responsible for training the PIU, CIU, PSC, and other staff/consultants and contractors involved in the project on their environmental and social responsibilities.

Recommendations for areas of specific capacity building have been included in the ESCP, to be implemented throughout the project’s lifecycle. Recommendations include training on the World Bank’s environmental and social framework (ESF) and the requirements of the project’s ESCP, ESMP, LMP and SEP including:

* roles and responsibilities for risk management under the project
* implementing the LMP when engaging with workers; screening and managing risk
* how to use the grievance mechanism
* stakeholder engagement basics for the project
* code of conduct and SEA/SH training for project workers
* OHS relevant to their role
* civil works bid document preparation, contractor requirements and supervision.

# 8. Monitoring and evaluation

## 8.1 Organizational Arrangements and Objectives

**NOTE: This section needs to be updated once a M&E framework for the SEEP is completed. The framework is currently under development with support from the CIU.**

Results monitoring will be led by the NDOE with support from the PIU which will include the CIU’s M&E specialist. Heads of schools and training providers will also be trained on data collection related to student and teacher attendance and other factors as necessary and relevant. The M&E specialist will coordinate M&E activities including yearly monitoring visits to the target schools; design and rollout of an assessment of the acquisition of soft skills; classroom observations; establishment of a system for tracking outcomes of beneficiaries (students and jobseekers); and the multimodal beneficiary engagement survey.

Data collected through the different M&E activities will be used to report on the Results Framework and populate the project implementation progress reports and will be formally reviewed on a biannual basis during a PSC meeting. During the PSC meeting, analysis of M&E data collected over the last six months will be presented to identify successes and challenges and draw recommendations for course corrections and improvements. Outcomes of these meetings will feed into the PSC discussions and the World Bank implementation support and supervision missions so that decisions can be made on actions to be executed over the next cycle to improve implementation and the likelihood of impact as well as the M&E activities themselves.

Considering the types of fund transfers supported by the project (stipends, travel subsidies, performance grants, and so on), an independent evaluation of these programs will be conducted midway into implementation (likely 1–2 years from commencement of the program). The main objective of this evaluation will be to assess whether these activities are implemented according to the agreed-upon processes and are reaching the targeted beneficiaries. The analysis should also allow the Government to identify successes, challenges, and lessons learned and to propose recommendations for the remaining project years.

Table : Results Framework and M&E plan

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Results Framework**  **COUNTRY: Micronesia, Federated States of FSM Skills and Employability Enhancement Project**  **Project Development Objectives(s)**  To improve the quality of and equitable access to vocational education and skills trainings, to improve access to employment, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.  **Project Development Objective Indicators** | | | | | | | | |
| **Indicator Name** | | **PBC** | **Baseline** | | | | **End Target** | |
| **To improve quality of and equitable access to vocational education and skills trainings** | | | | | | | | |
| Number of participants of TVET programs who completed at least one year of market relevant TVET programs (disaggregated by gender and disability status) (Number) | |  | 0.00 | | | | 4,000.00 | |
| Share of female participants (Percentage) | |  | 0.00 | | | | 35.00 | |
| Number of participants with disabilities (Number) | |  | 0.00 | | | | 320.00 | |
| Number of TVET institutions successfully implementing performance grants for at least one year, awarded on the basis of equity criteria (socio‐economic and / or disability status of students) (Number) | |  | 0.00 | | | | 6.00 | |
| Targeted proportion of participants of TVET programs who passed the skills assessment and received certification (Yes/No) | |  | No | | | | Yes | |
| female (Yes/No) | |  | No | | | | Yes | |
| male (Yes/No) | |  | No | | | | Yes | |
| **To improve access to employment** | | | | | | | | |
| Number of beneficiaries of job search assistance (disaggregated by gender) (Number) | |  | 0.00 | | | | 800.00 | |
| share of female (Percentage) | |  | 0.00 | | | | 50.00 | |
| Percentage of beneficiaries who completed TVET courses and / or received employment services that found jobs or enrolled in tertiary education within six months of graduation (disaggregated by gender) (Percentage) | |  | 0.00 | | | | 50.00 | |
| female (Percentage) | |  | 0.00 | | | | 55.00 | |
| male (Percentage) | |  | 0.00 | | | | 45.00 | |
| **Intermediate Results Indicators by Components** | | | | | | | | |
| **Indicator Name** | | **PBC** | **Baseline** | | | | **End Target** | |
| **Component 1: Improving equitable access to vocational education and training** | | | | | | | | |
| Percentage of project beneficiaries of TVET programs under the project in/from communities vulnerable to climate change (i.e., sea‐level rise and flooding) (Percentage) | |  | 0.00 | | | | 80.00 | |
| Percentage of TVET institutions eligible for performance‐based grant which received the maximum annual grant amount allocated to them (Percentage) | |  | 0.00 | | | | 75.00 | |
| Number of outreach and information campaigns carried out targeting vulnerable groups (Number) | |  | 0.00 | | | | 10.00 | |
| **Component 2: Improving the relevance and quality of TVET** | | | | | | | | |
| FSA Skills Academy established (Text) | |  | A plan for FSA establishment with milestones. | | | | FSA infrastructure built; training equipment in use; faculty trained, and student enrolled | |
| Number of market relevant curricula developed or upgraded for target occupations in high priority sectors (Number) | |  | 0.00 | | | | 7.00 | |
| Number of TVET teachers across the country completed ToTs (Number) | |  | 0.00 | | | | 120.00 | |
| **Component 3: Improving labor market information and employment services** | | | | | | | | |
| Update of LM assessment completed (Yes/No) | |  | No | | | | Yes | |
| Number of relevant government officers and TVET institution staff trained to provide job search assistance (Number) | |  | 0.00 | | | | 10.00 | |
| **Component 4: Project Management** | | | | | | | | |
| Results of the beneficiary engagement survey and plans for course‐corrections and improvements of services under the project shared publicly (Yes/No) | |  | No | | | | Yes | |
|  | | | | | | | | |
| **Monitoring & Evaluation Plan: PDO Indicators** | | | | | | | | |
| **Indicator Name** | **Definition/Description** | | | **Frequency** | **Data source** | **Methodology for Data**  **Collection** | | **Responsibility for Data**  **Collection** |
| Number of participants of TVET programs who completed at least one year of market relevant TVET programs (disaggregated by gender and disability status) | This indicator measures the total number of participants of TVET Programs who completed at least one year of market relevant TVET programs developed under  the project, that provide knowledge and develop skills and competencies in response to labor market demand. The target will include both FSA students and all 11th and 12th grade TVET participants from the schools supported by the performance grants. Data will be disaggregated by gender, and persons with disabilities. This indicator is cumulative, reported in July each year for the previous academic year (from August to June) starting from Year 2. | | | Annual, Starting from Year 2 | TVET training institutions | TVET training institutions report and NDOE verifies | | NDOE |
| Share of female participants |  | | |  |  |  | |  |
| Number of participants with  disabilities |  | | |  |  |  | |  |
| Number of TVET institutions successfully implementing performance grants for at least one year, awarded on the basis of equity criteria (socio‐economic and / or disability status of students) | This indicator captures the outcome of the performance grant to enhance access and equity for students from socioeconomically disadvantaged families and students with disabilities. The successful implementation means the  disbursement took place, expenditures were in compliance, and results were achieved. The performance indicators will be defined in the Performance Grant Operational Manual (to be developed) and included in the grant agreement between the TVET institution and NDOE during the implementation. The TVET institutions will participate in a phased approach: 4 schools in the first 3 years, 5 in the 4th year and 6 in the 5th year. | | | Annual | Grant agreements signed and compliance review reports. | 3rd party reviews the grant agreement and conducts compliance review | | NDOE |
| Targeted proportion of participants of TVET programs who passed the skills assessment and received certification | This indicator measures the quality of the TVET training. YES means the percentage of assessment participants who passed and received certification is within 20 percent of the global average pass rate of the specific trade and / or age cohort. The denominator is the total number of participants of TVET program that took the skills assessment conducted by the skills certification agency (to be established), and the numerator is the total number of TVET program participants who passed the skills tests and received certification. This indicator is disaggregated by gender. | | | Annual (starting from Year 3) | Database of skills certification agency | Skills certification agency reports | | NDOE |
| female |  | | |  |  |  | |  |
| male |  | | |  |  |  | |  |
| Number of beneficiaries of job search assistance (disaggregated by gender) | This indicator measures the number of jobseekers who received comprehensive job search assistance (i.e. job matching, career counselling, mentoring) to improve their employability offered by TVET institution staff. The disaggregated data by male, female and person with disabilities are  collected and reported. | | | Annual (starting from Year 2 | TVET  institutions, DRD data | TVET institutions and DRD report | | NDOE |
| share of female |  | | |  |  |  | |  |
| Percentage of beneficiaries who completed TVET courses and / or received employment services that found jobs or enrolled in tertiary education within six months of graduation (disaggregated by gender) | This indicator measures the divergence of career and study pathways out of high school and TVET program (i.e., job placement, enrolled in tertiary education). The denominator is the total beneficiaries who completed TVET courses, and the numerator is those who found jobs or who enrolled in tertiary education within six months of graduation. | | | Annual (starting from Year 3) | 3rd party engaged by NDOE to trace individuals graduated from the TVET institutions about their employment outcome within the first year of graduation | A  tracker mechanism and database will  be established in the first year of the project, and then be updated annually | | NDOE |
| female |  | | |  |  |  | |  |
| male |  | | |  |  |  | |  |
|  | | | | | | | | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Monitoring & Evaluation Plan: Intermediate Results Indicators** | | | | | |
| **Indicator Name** | **Definition/Description** | **Frequency** | **Data source** | **Methodology for Data**  **Collection** | **Responsibility for Data**  **Collection** |
| Percentage of project beneficiaries of TVET programs under the project in/from communities vulnerable to climate change (i.e., sea‐level rise and flooding) | This indicator measures the number of participants of TVET programs who are from the climate vulnerable communities, especially from the coastal zones, low‐ lying atoll islets facing the threats of sea‐level rise and  flooding. | Annual | TVET training institutions data | TVET training institutions reports and NDOE consolidates | NDOE |
| Percentage of TVET institutions eligible for performance‐based grant which received the maximum annual grant amount allocated to them | This indicator measures the implementation progress of the performance‐based grant by monitoring the  achievement of the performance indicators (i.e., milestone, condition, output, or result) by the beneficiary institutions as defined in the PGOM. The numerator is the number of institutions that received the maximum amount of annual performance grant allocated to them, and the denominator is the total number of institutions eligible to receive performance grants that year. | Annual | NDOE  monitoring | NDOE regular monitoring, and annual compliance review conducted by a 3rd  party | NDOE |
| Number of outreach and information campaigns carried out targeting vulnerable groups | This indicator measures the number of communication campaigns on TVET opportunities carried out under the project targeting the vulnerable groups ‐ low‐ income families, families residing on outer islands of FSM, families of students with IEPs. The information provision includes (i) the availability and benefits of attending TVET in targeted trades at FSA as well as state schools; and (ii) the provision of financial support for TVET students; (iii) the eligibility and procedures for application, and others as designed in the outreach and  communications strategy. | Annual | NDOE, TVET  institutions | Administrative data of NDOE and TVET  institutions | NDOE |
| FSA Skills Academy established | This indicator monitors the project investment in establishing in the FSM skills academy in three sets of activities: rehabilitating the physical infrastructure, strengthening trainer capacity to deliver long‐ term and short‐term training, and improving planning and management. Key milestones can be defined and reported on annual basis as (i) procurement of civil works completed; (ii) construction of individual building completed; (iii) equipment procured and installed; (iii) a multi‐year institutional development plan and an annual capacity development plan; (iv) number of TVET teachers completed ToTs; (v) number of TVET student enrolled. | Annual | FSA | FSA reports and NDOE supervises | NDOE |
| Number of market relevant curricula developed or upgraded for target occupations in high priority sectors | This indicator monitors the development of the market relevant curricula in the target occupations in high priority sectors (at least one in each priority sector) based on the updated curriculum standards and the new occupational standards developed under the project. The priority sectors initially identified (to be adjusted based on the market needs): agriculture, business, carpentry, electrical, hospitality, mechanical, and IT. A typical developmental process involves discussions, design, piloting, and validation/finalization. | Annual (starting from Year 2) | NDOE | TVET institutions piloted and NDOE disseminates | DNOE |
| Number of TVET teachers across the country completed ToTs | This indicator measures the number of TVET teacher across the country who completed the TOTs offered in the project which will focus on equipping TVET teachers with the basic skills, knowledge, tools and techniques to deliver high quality TVET instruction. The  TOTs will start in the 2nd year of project implementation. | Annual (starting from Year 2) | NDOE and FNFED | Reported Jointly by NDOE and FNFED | NDOE |
| Update of LM assessment completed | This indicator measures the development of a labor market assessment report accompanying technical analysis, led by NDOE in partnership with FSM Statistics and other stakeholders. The report includes sex‐disaggregated employment information. NDOE will regularly (annually) update this analysis to meet the changing needs of the labor market, with findings to be regularly published. While the first report will be based on a comprehensive survey, the subsequent annual updates can utilize qualitative research methods such as focus group discussions and key  informant interview to gather relevant information. | Annual | NDOE | LM survey and analysis in partnership with FSM Statistics | NDOE |
| Number of relevant government officers and TVET institution staff trained to provide job search assistance | This indicator measures capacity building provided for government and TVET institution staff on how to engage with jobseekers on effective strategies and practices in job matching, career counseling and mentoring of vulnerable jobseekers. | Annual | NDOE | NDOE reports | NDOE |
| Results of the beneficiary engagement survey and plans for course‐corrections and improvements of services under the project shared publicly | The project supports the beneficiary engagement survey applied to the beneficiaries (TVET program participants, including those from outer islands and students with disabilities, jobseekers, teachers) under Component 1, 2 and 3. The project M&E officer will design, implement and analyze the beneficiary engagement survey with a view to improving project implementation overall. The feedback received will inform NDOE, TVET institutions, and other implementation entities to prepare plans for course corrections and improvements during the implementation. This indicator reports the survey results and the  corresponding plans are shared among the stakeholders and publicly disclosed (at NDOE’s  website). | Annual | Annual project progress report, and NDOE’s  website | Beneficiary engagement surveys and reports published at the NDOE website | NDOE |

## 8.2 Reporting on progress, outputs, outcomes

There are different types of reports and monitoring tools which should be prepared during project implementation and which the GFSM has agreed to in the Financing Agreement to submit to the World Bank on a regular basis in addition to any reports already required by the GFSM. This section summarizes the purpose of the key reports and outlines the responsibility for the preparation and approval of the reports. This section also contains a schedule for delivery of all reports and monitoring tools that need to be submitted to the Bank.

Table : Reports and due dates

| **Report** | **Due to World Bank** | **Prepared by** |
| --- | --- | --- |
| Progress Report | Every six months; not later than forty-five (45) days after the end of the period covered | PIU with assistance from CIU |
| Interim Unaudited Financial Report | Within 45 days of the end of each 6-monthly period | PIU with assistance from CIU |
| AWPB | Initially within 4 months of Effectiveness; then Annual, no later than August 1, each year | PIU with assistance from CIU |
| Procurement Plan | Plan for first 18 months due prior to Project Appraisal and is updated annually (at minimum) | PIU with assistance from CIU |
| Post-review procurement activities | As required | PIU with assistance from CIU |
| Audited Financial Statements of the Project | Annual audited project financial statements no later than nine months after the end of each financial year (Dec 31) | Prepared by GFSM Audit as part of GFSM annual financial audit |
| Mid-term review | Before April 20, 2025 | PIU with assistance from CIU |
| Completion Report | 6 months after Closing Date | PIU with assistance from CIU |
| Evaluation Reports | Annual reviews  As required for other evaluations that may be commissioned | Evaluations are typically designed by the PIU and are conducted by independent 3rd parties. |

## 8.3 Progress Report

The GFSM will monitor and evaluate the progress of the Project and prepare a progress report every six months in accordance with the provisions of Section 4.08 of the General Conditions and based on indicators acceptable to IDA and set forth in this POM. The progress report is the outcome of ongoing project monitoring and evaluation by the NDOE, PIU and CIU. The progress report includes details on the implementation of environmental and social risk management documents for the project and compliance with the World Bank’s ESSs as outlined in the ESCP. The report contains a summary of project progress on as outlined below.

Table : Format of progress report

|  |  |
| --- | --- |
| **Heading** | **Content** |
| Executive Summary | A single-page summary of the report’s contents and key messages |
| Progress on Components | An overview and progress report on the activities carried out under each of the four components, highlighting implementing progress, technical challenges, and potential risks encountered. |
| Procurement | * An updated procurement plan detailing the progress in each procurement step. * A list of contracts awarded during the reporting period, including the contract title, awardee, amount, and duration. |
| Financial Management | * The latest Interim Unaudited Financial Report, providing information on commitment, expenditures, sources, uses of funds, and budget comparisons. * A forecast of disbursement for next 12 months. * Key issues and recommendations for addressing them. |
| Results Monitoring | * An assessment of the project’s progress towards achieving the project development objective (PDO) and intermediate results indicators, as outlined in Annex 1 of the PAD. This assessment should be conducted annually. * Update of the results framework table (e.g., methodology), including any required revisions to indicators. Any changes to indicators should be discussed with the World Bank Task Team. |
| Environmental and Social Risk Management | * A monitoring of compliance with the ESCP, including actions outlined in all relevant instruments (ESMF, RF, SEP, LMP and any ESMP. Codes of Environmental Practice and Resettlement Action Plan (RAP) prepared during the Project) and Grievance Mechanisms * Detailed reporting on environmental, health, safety incidents, including the number of ongoing and resolved incidents. * Updates or revisions to E&S instruments as required. |
| Emerging Issues | * Identification and discussion of any emerging issues that could impact the project’s sustainability or require attention from the Bank and/or the implementing agency. * Issues can pertain to the achievement of PDO or results, project management, or procedural matters. Both positive and negative issues should be addressed. * Recommendations to address these issues. * Identification of potential lessons learned for further investigation or analysis. |

**Analysis**

To provide relevant information in the last section (Emerging Issues), the PIU must undertake thorough analysis of the data. Simply reporting the data is not sufficient; it is important to interpret the data and derive insights from it. The progress report should convert raw data into valuable insights. The following methods can be used for analysis in the progress report:

* **Diagnostic analysis** uses the descriptive data and drills deeper to understand ‘why’ things happened. For example, did increased dormitory space lead to greater enrolment by outer island residents? Did the strengthening and expansion of labor market information functions lead to improved access to jobs, education and training, work placement, and career information, subsequently leading to higher employment rates?
* **Predictive analysis** aims to answer the question “what is likely to happen” and is crucial not only for M&E but also for the design of future policies and programs, including target setting. Predictive analysis relies on predictive modeling to make estimates about the future. It can also help estimate future budget requirements to meet identified needs beyond the project’s duration. The accuracy of predictions depends on quality and detailed data, which may be accessible internally or externally. Adequate number of capable analysts and reliable data sources are key factors for effective predictive analysis. In the context of emerging issues, evaluations can determine whether increased access to information about jobs will actually translate into higher employment rates. Such transitions may require more sophisticated approaches that target employers and involve them in ways that effectively increase the hiring of graduates.
* **Prescriptive analysis** is the most complex form and combines insights from various analyses and related sources, such as demographic, economic, and social data, to determine the best course of action when faced with a problem or decision. Prescriptive analysis requires organizational commitment in terms of human and financial resources. While it may not be required for progress reporting, it may in fact become necessary for the final report in the lessons learned section.

**Gantt chart and other visual aids**

It is strongly recommended to use a Gantt chart to demonstrate the implementation status and progress of activities. Similarly, incorporating graphs, pie charts, and other visual representations of data in the report is highly encouraged. These visual aids enhance the clarity and understanding of the information presented.

## 8.4 Project Annual Work Plan and Budget (AWPB)

The PIU will be responsible for developing a Total Project Budget that covers all relevant aspects of the project and the financing relates to them. This budget will be further broken down into annual budgets, providing a detailed financial plan for each fiscal year. The PSC will review this document periodically as required, at least annually, and the budget vs. actual expenditure will be included in the IFRs.

**Annual Budget**

As a vital component of the annual project planning and the overall project budget, the PIU will prepare an annual project budget. This budget serves as a quantitative expression of the planned actions to be undertaken throughout the year. It includes all eligible project activities and expenditures for the following fiscal year of the GFSM (i.e., October 1-September 30). Additionally, it specifies the sources of financing for these expenditures. To align with the GFSM’s annual budget planning processes, the annual budget should be prepared by August 1 of each year to align with the GFSM’s annual budget planning processes.

The PIU, with support from the CIU, will be responsible for preparing the annual budget, which will then be considered and endorsed by the World Bank. The CIU will particularly provide assistance regarding the environmental and social risk management budgets and actions. It is critical for the budget to be realistic and identify the following key elements:

* All activities required to achieve the interim and overall project objectives
* Areas of procurement by project components and sub-components
* Project management costs, and incremental operating costs
* Cost estimates for each action
* Time schedule for implementing all planned actions

Project budgeting includes:

* Linking the project paper and project procurement plan to the annual project budget, establishing a detailed budget with specific time limits for each planned action, and implementing proper budgetary controls.
* Timely initiation of budget changes through the reallocation or realignment of financing from one category to another within the approved project budget limits.

The PIU, with the support of CIU and the NDOE, must ensure that the project is implemented in accordance with the annual budget accepted by the IDA for the respective fiscal year. In case of any conflict between the annual budget and the provisions of the FA, the provision of the FA takes precedence. The PIU should not make any changes to the annual budget without prior written approval from the World Bank.

**Annual Work Plan**

Within three months after the Effective Date and by August 1st of each subsequent year (or as otherwise agreed with the Bank) during implementation, the PIU should prepare an annual work plan. This plan will outline the key project activities, travel plans, workshops and performance targets proposed for the following calendar year. This should also specify the sources of financing and include planned E&S risk management actions in accordance with the ESCP.

The PIU ensures that the project is implemented in accordance with the annual work plan accepted by the Bank for the respective calendar year. If any conflicts arise between the annual work plan and the provisions of the Financing Agreement, the provisions of the Financing Agreement take precedence. The PIU should not make any changes to the annual work plan without prior written no-objection from the World Bank.

The PIU and CIU will maintain regular communication, sharing progress with each other on a monthly basis. They will coordinate their workload for procurement, financial management, consultations, engagement, and awareness-raising activities, document review and clearances, land access activities, environmental and social risk management, grievance management, and labor management.

## 8.5 Personal Data collection and processing arrangements

The collection, processing, management, and use of public data will be governed by the Statistics Act of 1986 of the Federated States of Micronesia. Specifically, Sections III, IV, and V of the Act provide the legal framework for handling personal data.

# 9. Financial Management

Financial Management (FM) is the responsibility of the GFSM, with the overall quality control and implementation by the SEEP Project Manager. The CIU within DOFA will be responsible for the implementation, monitoring and assessing the financial performance of the project. All FM activities must be duly authorized by the DOFA management and accurately recorded in the GFSM’s accounting system (FUNDWARE).

DOFA’s CIU has a dedicated and qualified FM team tasked with managing the financial management of the FSM World Bank Portfolio, including SEEP. A designated Finance Officer will be assigned to SEEP to monitor day-to day financial transactions and closely coordinate with the PIU. However, the SEEP will have a Senior Project Officer specifically designated for monitoring day-to-day financial transactions under the supervision of the Project Manager. Therefore, the role of the CIU in ensuring prudent financial management is critical to the success of the project.

The primary role of FM is to ensure that the project operates in accordance with relevant laws, rules, policies, procedures, and processes and compliance requirements. Some key references include:

* The laws of FSM (Financial Management Act, 1990; the General Fund Investment Act, 1979; the General Fiscal Matters Act, 1979)
* All other relevant FSM legislation
* Treasury Instructions
* GFSM Accounting Manuals
* Project Financing Agreement
* Project Disbursement and Financial Information Letter
* Disbursement Guidelines
* World Bank general standards
* CIU standard operations procedures

## 9.1 FM Processes and Procedures

The FM cycle for SEEP is detailed in the figure below:



Figure Project Financial Cycle

**Financing Plan:** The Financing Plan is developed based on the activities outlined in the FA and PAD, along with the cost tables agreed in appraisal of the project. It is regularly updated to reflect actual expenditure, committed values, and estimated amounts.

**Budget and Cash Flow Forecast**

* According to Schedule 2, Section E of the FA, an annual budget, including a cash flow forecast, must be submitted and approved by the World Bank.
* The Project Manager is responsible for preparing and updating the project budget on a regular basis. The budget is reviewed by to CIU FM before being submitted to the Working Group (WG) for approval. The final endorsed annual budget is then submitted to the WB Task Team Leader by the Project Manager. The AWPB are updated annually and must be completed by August 1, as required by the GFSM.
* The original budget, in USD, is based on the Program/Project Cost Table.
* The annual budget should align with the reporting basis, e.g., on a cash basis when the project is reporting on a cash basis. It should reflect the planned work program, including activities to be implemented in the upcoming year/period, as well as procurement scheduling (including the contracting and payment scheduling within those contracts).
* The project budget is mirrored in the GFSM accounting system Fundware, initially established based on the initial budget and subsequently updated after annual budget approvals.

**Accounting/Transactions**

* Expenditures incurred for the project are initiated by PIU following standardized procedures implemented for the GFSM Portfolio as monitored by the CIU, in compliance with GFSM and World Bank policies.
* SEEP has a designated Cost Center in Fundware, established at the beginning of the project and used throughout its duration. The budget for the cost center is aligned with the GFSM Chart of Accounts, based on the nature of listed activities, determined by CIU FM, with assistance and review of the GFSM Budget division.
* The designated CIU Finance Officer to SEEP receives all transactions initiated by the PIU and conducts a review prior to processing with DOFA. Transactions are assigned an account number, and manual records are maintained within the CIU for all project transactions.

**Financial Reporting**

The CIU Finance Officer for SEEP prepares financial reports for the project as required by the legal covenants in the FA and Disbursement Financial Implementation Letter (DFIL). Additional reporting may be requested and agreed upon with the PIU or the GFSM, as needed.

**Financial Monitoring/Audit**

* The CIU leads the review of all project processes within the reporting period.
* As project funds are fully integrated with GFSM FM accounts, auditing of project funds become part of the overall auditing of National Government accounts. Therefore, a separate project audit is not required, subject to the inclusion World Bank projects specific notes to the Financial Statements and auditor opinion of the internal controls maintained in managing the financial management of the project.
* An Independent External Audit report, along with a management letter on findings and management actions, is submitted to the Bank within nine (9) months of the end of fiscal year. This information will be also made public on the GFSM external web page.

## 9.2 Detailed Roles

FM roles and responsibilities related to FM between the CIU and the PIU are outlined in the table below:

Table : FM roles and responsibilities between PIU and CIU

|  |
| --- |
| **PIU financial management responsibilities** |
| * Prepare the annual budget to align with the annual work plan |
| * Develop an annual detailed travel and training budget for submission to the WB for No Objection Letter (NOL) |
| * Prepare the annual budget for the IOC for submission to the WB for NOL and include it in the AWPB |
| * Review the CIU contract register to reconcile it with PIU records |
| * Manage and monitor all SEEP contracts |
| * Ensure consistency between PIU transaction records and the CIU accounts. |
| * Manage and record project-acquired assets in the fixed assets register |
| * Follow up on all travel advances to ensure timely liquidation after project trips |
| * Monitor actual spending against the budget on an ongoing basis |
| * Coordinate with the CIU in preparing financial reports for the Working Group |
| CIU financial management responsibilities: |
| * Provide guidance and concise instructions on project-specific FM arrangements in addition to FSM FM Regulation |
| * Facilitate, address and follow up on queries from external audits, WB Public Financial Management (PFM) reviews, WB procurement reviews, PIU, and the Governor’s office |
| * Provide training, support and advice to PIU/IA and FSM government officials on an ongoing basis/as required |
| * Support IA/PIU, as required in monitoring & evaluation, evaluation, E&S management, procurement and communications |
| * Provide input and advice on any matters relating to PFM as appropriate |
| Financial Management support – CIU |
| * Process payments and advances: i.e., miscellaneous expenses (MS), travel authorizations (TAs), travel vouchers (TVs), purchase requisitions (PR), and purchase orders (POs) |
| * Review project transactions to ensure compliance with project expense eligibility criteria |
| * Enter and record project transactions in the CIU manual transactions log |
| * Review all contracts for compliance with FSM FM Regulations and WB rules and regulations |
| * Assist in the preparation of allotment and re-programming documentation |
| * Prepare necessary documentation for timely submission to the WB’s Client Connection database, including designated account advances, direct payments to suppliers/consultants, reimbursement, and/or replenishment of project expenses |
| * Assist in the preparation of the Statement of Expenditure (SOE) relate to withdrawal applications in the Client Connection |
| * Support monthly reconciliation processes as required |
| * Maintain organized filing of contracts and payment documentation to facilitate WB financial management and procurement reviews over each project |
| * Maintain separate manual ledgers for each contract and component |
| * Maintain an up-to-date contract register that is reconciled with PIU records for all projects |
| * Maintain an up-to-date asset register that is reconciled with PIU records for all projects. |
| Financial reporting – CIU |
| * Provide Interim Financial Reports (IFRs) to the WB and the Project Manager in accordance with the FA |
| * Prepare the annual WB Program Financial Summary for inclusion in financial statements |
| * Conduct quality review of project semester reports |
| * Prepare consolidated periodic financial reports for management purposes as required |
| * Monitor and review the financial performance of the project |
| * Provide financial reporting to the IA in order to help the PIU to effectively monitor and review the project’s financial performance |

## 9.3 Eligible Expenditures

The tables below outline the Category specified in the Financing Agreement, Eligible Expenditures that may be financed out of the proceeds of financing from IDA:

*Table 18: eligible Expenditures*

|  |  |  |
| --- | --- | --- |
| **Category** | **Amount of Financing Allocated (SDR)** | **Percentage of Expenditures to be Financed (inclusive of Taxes)** |
| Goods, works, non-consulting services, consulting services, Training and Workshops, and  Incremental operating Costs  for Parts 1.1(b), 1.2(b), 1.3,  2.2, 2.3, 2.4, 3 and 4 of the  Project | 3,300,000.00 | 100% |
| Goods, works,  consulting services, non-  consulting services, Health  Insurance Premia, and Stipends under Parts 1.1(a)  and 2.1(a) of the Project | 6,710,000.00 | 100% |
| Performance Grants under Part 1.2(a) of the Project | 2,045,000.00 | 100% |
| Sub-Grants under Part 2.1(b) of the Project | 470,000.00 |  |
| Refund of Preparation Advance | 175,000.00 | Amount payable to pursuant to section 2.07 (a) of the General Conditions |
| Emergency Expenditure |  |  |
| **Total Amount** | **12,700,000.00** |  |

## 9.4 Disbursements and Funds Flow

Following project effectiveness, authorized signatories were assigned through the Authorized Signatory Letter. This step is mandatory before any disbursement request can be submitted to the World Bank using its web-based disbursement system, Client Connection. Disbursement procedures have been established in compliance with the World Bank Disbursement Guidelines and the DFIL. As specified the SEEP DFIL, there are four Disbursement Methods that may be used:

**Reimbursement**

Under this method, GFSM can prefinance eligible expenditures based on the agreed amounts. The prefinanced eligible expenditures are tracked and recorded in 4Gov and can be claimed as reimbursement from the World Bank project funds. To request reimbursement, the following supporting documents must be attached to the Withdrawal Application:

* List of payments against contracts that are subject to the World Bank’s prior review, in the form from Attachment 5 of the disbursement letter[[11]](#footnote-11), along with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices)
* SOE, in the form from Attachment 4 of the disbursement letter, for all other expenditures
* Designated Account (DA) Reconciliations Statement and Bank Statement.

The authorized signatory must approve the Application. The Finance Specialist will advise the DOFA Treasury Division of the reimbursement amount being transferred in the DA account for recording in 4Gov.

**Advance**

Through this method, the World Bank provides funds in advance to a DA of GFSM to finance eligible expenditures. A DA, maintained in US Dollars, is established with the Bank of FSM for facilitating the payment of SEEP’s Eligible Expenditures. The DA funds will flow directly from the World Bank to an account established for the project under the DOFA, managed by the CIU and maintained in US Dollars. This account will be managed by CIU.

A ceiling is set for USD 1,000,000.00 is set for advance disbursement. No supporting documents are required if the requested amount is within the ceiling. The DA account may be replenished anytime through advance disbursement as long as the balance does not exceed the ceiling amount.

Reporting on the use of advance funds should follow the guidelines in the DFIL. This reporting should be done at least quarterly through the submission of a Withdrawal Application in Client Connection. The required supporting documentation for reporting the use of advance is detailed below:

1. Statement of Expenditures: The SOEs should be prepared based on Attachment 1 of the DFIL. It should clearly identify the expenditures paid through prior review contracts.
2. DA Reconciliations Statement and bank statement

**Direct Payment**

For larger payments, the Direct Payment method can be used, enabling funds to flow directly from the World Bank to the supplier. When employing Direct Payments as the disbursement method, it is essential to incorporate these transactions into the project accounts.

As outlined in the DFIL, the withdrawal application for Direct Payment should be accompanied by records evidencing eligible expenditures. The Financial Officer should submit a Journal Entry to log the expenditure(s) paid through direct payment into DOFA Treasury Division. This should include copies of invoices paid with the direct payment and specify the account number against which the charges should be allocated. If direct payments are made to a vendor or supplier in tranches or installments, it is necessary for the vendor/supplier to provide a bank guarantee in favor of the GFSM, with such clauses incorporated in the vendor/supplier contract.

**Special Commitment**

An Application for a Special Commitment Form 1931 may be used to allow for the issuance of a guarantee in the form of a special commitment by the World Bank to cover a letter of credit from a commercial bank for the purchase of goods for a project. However, this method may not be necessary for this particular project.

The minimum value of Applications for Direct Payment, Reimbursement, and Special Commitment is USD 70,000 equivalent, as specified in the DFIL.

The preparation and submission of Withdrawal Application (WA) for all aforementioned disbursement methods will be carried out by the CIU through Client Connection since the project does not have a designated Finance Officer. The application must receive approval from an authorized signatory. The Finance Specialist in the CIU will be responsible for advising the DOFA Treasury Division on the reimbursement amount to be transferred in the DA account for recording in 4Gov.

Figure Disbursement Methods

**Advance**

**Reimbursement**

Suppliers/Contractors/Consultants

DOFA-FSM (Recipient)

Government Account

Designated Account

**Direct payments**

**Payments**

**Invoices**

**Withdrawal Application**

**Withdrawal Application Documentation of Advance**

IDA Grant Account IDA-D9870

SDR 12.7 million

Figure Flow of Funds

## 

## 9.5 Other Finance Matters

* 1. **Incremental Operational Costs (IOC)**

Incremental Operational Costs are defined in the FA as “reasonable incremental expenditures incurred on account of Project Implementation and based on the Annual Work Plans and Budgets approved ex ante by the World Bank, including leasing and/or repair and maintenance of vehicles, equipment, facilities and office premises; fuel; office supplies; utilities; consumables; communication expenses (incl. postage, telephone and internet costs); translation; printing and photocopying expenses; bank charges; publication and advertising expenses; insurance; project-related meeting expenses; project-related travel, subsistence and lodging expenses; and other administrative costs directly related to the project, but excluding salaries of the GFSM’s civil service, sitting fees, bonuses, fees and honoraria or equivalent payments.”

The IOC shall be purchased in accordance with the GFSM’s Procurement Act, the Travel Policy and other relevant procurement regulations. These sorts of expenses are not subject to World Bank procurement rules, so they do not form part of the project procurement plan.

**Training and Workshops**

* Training and workshop costs are defined in the FA as ‘reasonable cost of expenditure incurred by the Recipient, based on terms of reference acceptable to the Association and Annual Work Plans and Budgets accepted ex ante by the Association, in facilitating, conducting, and/or undertaking domestic and overseas training and workshop activities under the project, including costs of training or workshop materials; equipment and venue rental; and per diem, accommodation, and transportation for those attending the training or workshop, and honoraria for trainers’.
* Like incremental operating costs, training expenses are not normally subject to WB procurement rules, so they do not form part of the project procurement plan. These items can be purchased or sourced in accordance with GFSM standard practice for small value procurement, as set out in the annual budget.
* It is good practice to set an annual training and workshop budget, with appropriate phasing, in order to track expenditure on these items to ensure that project funds are being spent with economy and efficiency and primarily to achieve the project objective. The annual training/workshop budget will be prepared as part of the annual budgeting approval process. Early planning of workshops and training activities also helps identify any activities that may involve selection of consultant firms which would then be subject to procurement processes. The Project Manager will work together with the implementing Agencies to identify training events and whether consultant firms will be engaged to deliver such events.
* The WB FM policies do not allow for the financing of ‘sitting fees’ or other payments to any individual be they civil servants or other individual who volunteer for public office (such as local Councilors or community representatives), for attending workshops and/or meetings, even if such meeting are outside of normal working hours.
* If ‘siting fees’ are required to be paid to these individuals or persons from the private sector, NGOs, etc. they will need to be financed by the Client through counterpart funding.
* Refreshments and lunches for workshops and/or meeting may be financed for when they are longer than 3 hours, or outside of normal working hours. Financial due diligence should be applied to ensure that costs are kept to a reasonable level. Generally, costs should be aimed at a maximum of USD $15/head for catered lunches (buffet/platter style), and lower for morning/afternoon teas. Only actual expenses may be charged and appropriate financial management procedures should be applied (i.e. invitation and attendance list to workshops, and receipts for catering).
* For workshop or meetings that require higher catering costs (such as more formal or high-level meetings), or smaller workshops where per head costs cannot be kept within these guidelines, prior approval will be required from the Project Manager.
* In exercising their discretion to approve higher catering costs, the Project Manager will be expected to apply appropriate financial due diligence. All such expenditure will be subject to WB FM and audit.
* Caterers are to have no relationship with any persons working on WB financed projects. Alcohol is not eligible as part of catering costs financed under the project.
* Appropriate records to support these expenses must be retained by the Project and shall include (i) invitation list and actual attendance list of participants; (ii) receipts for catering; (iii) confirmation of SEEP Project Manager approval for higher expenses.

**Travel Policy – Per Diems**

* The project will finance domestic and international travel for project purposes by PIU or IA staff as part of the agreed work plans, as well as consultants engaged by the IA, such as members of the project management team. Travel advances will need to be paid to travelers in accordance with GFSM’s travel policy. The annual travel expenses must be clearly identified and agreed upon in the budgets for each component. Any travel expenses which exceed or deviate from the budget must receive prior no objection from the WB.
* Airfares shall be purchased at economy class rates.
* Per Diems for all project-related approved travel will be compensated at the FSM per diem rates.
* It is crucial for the PIU to manage travel advances with utmost care to prevent any misuse of funds, as advances cannot be documented and claimed from the grant funds as part of a Withdrawal Application until they have been properly acquitted. Therefore, it is essential to ensure that all travel expenses funded by the WB are fully liquidated before issuing any further TAs to an individual.

**Fixed Asset Register (FAR)**

All goods procured under the project, which are recognized as ‘asset’ under GFSM policies, shall be kept in records using a FAR specifically for SEEP. The clarifies requirement in managing this:

* PIU should be keeping up to date the FAR as initially established and furnished by CIU FM.
* CIU FM will work closely with the PIU to ensure this is kept up to date on a monthly basis.
* All goods procured under the project that can be defined as ‘asset’ must be given a unique identifying number and entered into an asset register. Consumables are excluded from the definition of assets The unique identifying number should also be recorded in the procurement file.
* Both the auditors and the WB Task Team or Financial Specialist may inspect the asset register and verify the accountability of all assets. If any assets are found to be unaccounted for, the expenses incurred for their purchase may not be eligible for reimbursement from the grant funds. In such cases, the IA may be required to refund the corresponding amount to the WB.
* All goods that are procured using project funds will be considered assets of GFSM. At the conclusion of the project, asset management procedures and policies will be implemented to ensure alignment with the asset management policy and procedures of GFSM to the greatest extent possible.

**Project Closure**

During the project closure phase, several processes and procedures need to be followed to ensure the proper conclusion of the project. These include, but are not limited to, the following:

* All drawdowns from the Grant Account to the DA from the WB will be closed at the end of the grace period. The grace period typically lasts for 4 months after the project’s closing date. Any eligible drawdowns must be completed within this timeframe.
* It is important to ensure that complete documentation of the use of advances from the DA is completed before the end of the grace period.
* The primary objective of GFSM is to fully utilize grants by the project’s closing date.
  1. **FSM Taxes**

The DOFA has established a clear position on taxation for the entire World Bank Portfolio. The following clarifications have been made:

* A withholding tax limitation of 10% on the gross value of the contract will apply to all contracts for goods and services. However, this 10% limitation applies to non-residents and suppliers outside of the FSM.
* Tenderers would bid for these contracts exclusive of tax, and the applicable tax amount will be then added to the overall contract award.
* The tax amount will be deducted from the invoice payment in favor of the GFSM.

**Monitoring and Management**

The Finance Specialist at the CIU will work closely with the PIU to keep the Project Manager updated on all FM matters related to the project implementation. Regular communication will be maintained and monthly financial reports/statements shall be shared. The Project Manager shall comply with the Standard Operating Procedures (SOP) established by the CIU.

**3. Coordination and Management with World Bank**

The World Bank will provide FM support through its Finance Specialist. This support includes clarifying WB FM requirements, providing guidance on the usage of Client Connection, and advising the DOFA on general FM matters. The World Bank will also provide implementation support and capacity building initiatives to enhance FM capabilities.

capacity building will also be provided by the World Bank to strengthen the FM capacity.

## 9.6 Financial Reporting

The CIU is responsible for the preparation of the project financial reports as outlined in the FA and any other reports that may be mandated by the GFSM.

The current 4Gov system is dated, operating at partial capacity, and heavily reliant on extensive manual input, processing and checking. To meet the World Bank’s expectations for comprehensive FM (including change and reallocation), reporting, and control, the CIU of DOFA has developed an independent system that complements to the existing DOFA system.

**Reporting Changes**

It is anticipated that the Excel reporting will encompass a consolidated Financial Report (CFR) which includes:

* 1. Activity codes and descriptions
  2. Budgets
  3. Expenditure data by activity code
  4. Variance data by activity code
  5. Project term cash flow forecasts (if required), by activity code

**Interim Unaudited Financial Reports (IFRs)**

These reports provide a regular summary of the expenditures, receipts, and balances of project funds during each semester, financial year, and the overall project. These reports help the team manage the project budget and show the rate of implementation. They provide essential data on the project’s financial status.

The IFRs should include: (a) a statement of sources and uses of funds for the reporting period, year-to-date, and cumulatively, including a statement of the project balance of account; (b) a statement of use of funds by component including commitments (unexpended amount of signed active contracts) and by expenditure category; (c) a reconciliation statement for the given designated account; and (d) a variance analysis indicating forecasts and discrepancies relative to the actual budget.

The IFRs will be prepared by the CIU’s designated Finance Officer, in close coordination with the Project Manager. Upon satisfactory by both parties (CIU/PIU), the IFR is then review and signed by the Project Manager and forwarded to FM for final review and approval and be forwarded to the World Bank within 45 days of the end of each six-month period, in form and substance satisfactory to IDA. For further guidance on audited financial statements please refer to the FA.

**Audited Financial Statements**

Audited financial statements provide independent assurance of the financial performance of the Project. The financial statements are prepared by the CIU, and the audit is performed by the independent auditing contractor as part of the National Government’s audit.

Audits cover the financial operations, internal control and financial management systems and would also include a comprehensive review of withdrawal application documentation.

The auditor will produce: (a) an annual audit report containing an opinion on the Project's annual financial statements; and (b) a management letter outlining any issues identified during the audit including on internal weaknesses. These reports should be submitted to the World Bank by MoF within six months from the closure of each fiscal year.

As stated in the FA, the DOFA should have its financial statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the financial statements must cover the period of one fiscal year of the Recipient. Financial Statements for each such period must be furnished to the World Bank not later than nine months after the end of such period. The PSC will be ultimately responsible for ensuring project funds are audited and audits are submitted on time.

# 10. Procurement

All procurements under the project shall be undertaken in accordance with the requirements defined herein. All procurement related templates can be found in the Procurement Implementation Guidance for Fragile and Small States in the Pacific (April 2018)[[12]](#footnote-12).

## 10.1 Regulatory Framework

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the WB Procurement Regulations for IPF Borrowers Fourth Edition, November 2020 and specific provisions stipulated in the legal agreements.

Considering the unique regional and local circumstances, a flexible and simplified approach to implementing procurement activities, within the framework of the Procurement Regulations will be adopted and these procedures are defined in the *“Procurement Implementation Guidance dated April 2018 – Making Procurement Work for Fragile and Small States in the Pacific under World Bank Investment Project Financing following the Procurement Regulations for IPF Borrowers”*.

## 10.2 Procurement Plan

The procurement plan outlines the activities/contracts (in terms of goods, works and consulting services) that the project needs to procure during the implementation of SEEP. It identifies when the contracts are required and allows the sequence of procurement steps to be integrated into work plan developed by PIU. The Procurement Plan Template with the most recent SEEP Procurement Plan is part of the project official documentation and can be accessed on the world bank website[[13]](#footnote-13).

The plan will be updated as necessary by the PIU at least yearly to reflect updates on completed contract packages and the planned procurement activities including any additions or deletions discussed and approved by the proper authorities in FSM and the World Bank.

**World Bank Review of Procurement**

The World Bank reviews the conduct of procurement activities to ensure that they are conducted in accordance with the approved Procurement Plan and whether these procurement activities are conducted in accordance with the procedures defined in these Project Operations Manual and the Legal Agreements. As specified in the WB Procurement Regulations for IPF Borrowers, the Bank *“exercises its procurement oversight through a risk-based approach comprising prior and post reviews and independent procurement reviews, as appropriate”*. The current overall procurement risk rating is "substantial" due to lack of capacity and experience of these agencies with implementing procurement. The risk rating will be reviewed every six months based on project procurement performance.

The procurement packages under the project shall be categorized either as Bank “prior review” or “post review” as defined in the Procurement Plan, which are determined based on the procurement risk rating for the project and the specific threshold amounts against the applicable procurement methods for each individual procurement package.

**The review by the Bank is normally undertaken through the Systematic Tracking of Exchanges in Procurement (STEP) system and thus, all procurement activities under the project will be entered, tracked, and monitored online through the STEP system.** The PIU shall ensure that procurement documents are uploaded on STEP in a timely manner. For the contract packages subject to “post review”, the PIU shall ensure that the documentation on STEP is updated and ready for review / audit at any time. This applies to the all the procurement models noted in the table below.

**Roles and Responsibilities**

The PIU shall be responsible for undertaking all procurement activities under the project with oversight and support provided by the CIU Procurement Advisor. Oversight shall also be provided by the CIU Senior Finance Specialist who will also be reviewing draft contracts before such contracts are sent to the selected consultants or contractors and before the said contracts are submitted to the World Bank for no objection.

The Project Manager shall ensure coordination with the CIU, including the E&S team to ensure that environmental and social risk management requirements are fully covered in bid documents and work contracts, such that the specific documents listed below are reviewed before such documents are finalized or before submission to the Bank (through STEP), in the case of packages subject to Bank prior review.

**Procurement of Consultancy Services**

**1. Individual Consultant**

| **Document for Review** | **Remarks** |
| --- | --- |
| 1. Terms of Reference (TOR) | * The technical aspect of the TOR is solely the responsibility of the PIU. * The review by CIU will cover overall completeness of content from a procurement perspective and ensure E&S requirements are clearly stated. |
| 1. Request for Expression of Interest (REOI) | The REOI is prepared by the PIU based on the TORs and with support from the CIU. The PIU will ensure compliance with the Bank REOI template, and the period allowed for responses. CIU will assist by reviewing the REOI ensuring its consistency with the TOR requirements.  The PIU is responsible for ensuring that the REOI is published in all the necessary/ required platforms (e.g., Newspaper, regional websites, DOFA/ NDOE websites, and UNDB if the requirement is International, etc.). |
| 1. Consultant Evaluation Report | The PIU with the support of CIU will prepare an evaluation sheet to score the submissions and be maintained as part of the official procurement record.  The CIU will review to ensure that the selection process was undertaken in accordance with the requirements of the REOI and the Bank’s guidelines and to this end, CIU may provide guidance to the Bid Evaluation Committee during the actual evaluation process.  The CIU cannot be a member of the evaluation committee but may provide inputs to the evaluation process, review the EOIs received, attend evaluation committee meetings as an observer, and review the evaluation report. |
| 1. Contract Negotiations | Once the Bank no objection to the shortlist and top-ranked consultant is received, the PIU shall inform the top-ranked consultant in writing (email) that she/he has been evaluated as the top-ranked consultant and as an initial step in the contract finalization process, the Consultant shall be invited for contract negotiations.  The PIU shall determine an appropriate remuneration rate to be offered to the Consultant. The determination of the rate shall consider the rate in the consultant's previous similar contract/s and the budget limitations. The rate will be decided based on the candidate's qualifications and the tasks in the proposed assignment.  Following the negotiations, the rate agreed will be incorporated in the draft contract template, which will then be the initial draft contract. |
| 1. Draft Negotiated Contract | The CIU will review the draft contract to ensure that it is in accordance with the standard contract template and to check the reasonableness of the contract price.  The initial draft contract must be cleared by the CIU (Procurement and Finance) before the PIU can send it to the consultant. Once cleared by CIU, the PIU shall send the initial draft contract to the Consultant for his/her concurrence.  If the consultant's asking rate is too high as compared to the budget allocated and the Client is not able to consider increasing the budget and if the Consultant is unwilling to reduce his/her asking rate, the contract negotiations may be terminated and the negotiations can be undertaken with the next-ranked consultant, subject to prior no objection from the Bank. |

**2. Firm Consultant (CQS)**

| **Document for Review** | **Remarks** |
| --- | --- |
| 1. TOR | Same remarks as above |
| 1. REOI | Same remarks as above |
| 1. Consultant Evaluation Report | Same remarks as above |
| Draft Request for Proposal (RFP) | PIU prepares the RFP with support from the CIU and ensures compliance with the Bank RFP template and ensure that the RFP provides all information necessary for the shortlisted Consultant to prepare a proposal. |
| Draft Negotiated Contract | The CIU will review the draft negotiated contract to ensure that it is in accordance with the Bank’s contract template and to check the reasonableness of the contract price. |

**3. Firm Consultant (QCBS)**

|  |  |
| --- | --- |
| **Document for Review** | **Remarks** |
| 1. TOR | Same remarks as above |
| 1. REOI | Same remarks as above |
| 1. Consultant Shortlisting Report | CIU review to ensure that the evaluation is undertaken in accordance with the REOI requirements and the Bank’s procurement regulations. |
| 1. Draft Request for Proposal (RFP) | CIU review to ensure compliance with the Bank RFP template and Guidelines and ensure that the RFP provides all information necessary for the shortlisted Consultant to prepare a proposal. |
| 1. Any amendment to the RFP | CIU review to confirm suitability of the proposed amendment |
| 1. Technical Evaluation Report | The CIU will review to ensure that the technical evaluation is undertaken in accordance with the requirements of the RFP and the Bank’s Procurement regulations. As suggested above, CIU may be involved by providing guidance during the actual evaluation process. CIU cannot be a member of the evaluation committee but would, review the technical proposals received, and to attend evaluation committee meetings as an observer and review the technical evaluation report. |
| 1. Financial Evaluation Report | CIU review to confirm that financial evaluation is undertaken in accordance with the requirements of the RFP and the Bank’s guidelines and the recommended contract price is reasonable. |
| 1. Draft Negotiated Contract including Minutes of Contract Negotiation | The CIU will review the draft negotiated contract to ensure that it is in accordance with the sample contract template in the RFP and the approved technical and financial evaluation reports.  At any stage during the contract negotiations, PIU may seek clarification from CIU or CIU to PIU, as regards any procurement issue/s. CIU may participate in contract negotiation meetings as deemed necessary by the PIU. |

**4. Procurement through Direct Selection**

|  |  |
| --- | --- |
| **Document for Review** | **Remarks** |
| 1. Justification for Direct Selection | The CIU will review the draft justification for direct selection before such document is submitted to the Bank or to the proper authorities for approval.  CIU shall review the draft justification to ensure that the direct selection is justified. |
| 1. Draft Negotiated Contract including Minutes of Contract Negotiations | The CIU will review the draft negotiated contract to ensure that it is in accordance with the Bank’s contract template and to check the reasonableness of the contract price.  At any stage during the procurement process, PIU may seek assistance or clarification from CIU as regards any procurement issue/s. CIU may participate in contract negotiation meetings as deemed necessary by the PIU. |

**Procurement of Works, Goods and Non-Consultancy Services**

**1. Request for Bids**

| **Document for Review** | **Remarks** |
| --- | --- |
| 1. Draft Invitation for Prequalification (if applicable) | CIU review to ensure compliance with the Bank SPN template and the period allowed for responses |
| 1. Draft Prequalification Documents (if applicable) | CIU review to ensure compliance with the Bank standard PQ Document and to check whether the qualification requirements specified are consistent with Bank standard requirements |
| 1. Prequalification Report (if applicable) | CIU review to ensure that the evaluation is undertaken in accordance with the requirements specified in the PQ Documents and the Bank’s procurement regulations. |
| 1. Draft Bidding Documents | CIU review to ensure compliance with the Bank standard template for such bidding documents and ensure that the information provided are in accordance with the Bank’s Procurement Regulations. |
| 1. Any proposed amendment to the Bidding Documents | CIU review to confirm suitability of the proposed amendment, and consistency with other provisions in the bidding documents. |
| 1. Bid Evaluation Report | The CIU will review to ensure that the bid evaluation is undertaken in accordance with the requirements of the Bidding Documents and the Bank’s Procurement Regulations. As suggested above, CIU may be involved by providing guidance during the actual evaluation process. CIU cannot be a member of the evaluation committee but may attend to evaluation committee meetings as an observer. CIU will review the Bid Evaluation Report and will provide comments/inputs when necessary. |
| 1. Draft Contract Agreement | The CIU will review the draft contract to ensure that it is in accordance with the sample contract template in the Bidding document, recommendation in the Bid Evaluation Report and the Most Responsive Bid. |

**2. Request for Quotation (RFQ)**

|  |  |
| --- | --- |
| **Document for Review** | **Remarks** |
| 1. Draft RFQ Document | CIU review to ensure compliance with the Bank RFQ template |
| 1. Evaluation Report / Award Recommendation | CIU review to ensure that evaluation was undertaken in accordance with the RFQ Document and to check the reasonableness of the contract price. |

**3. Direct Selection**

| **Document for Review** | **Remarks** |
| --- | --- |
| 1. Justification for Direct Selection | The CIU will review the draft justification for direct selection before such document is submitted to the Bank or to the proper authorities for approval.  CIU shall review the draft justification to ensure that the direct selection is justified. |
| 1. Draft Negotiated Contract including Minutes of Contract Negotiation | The CIU will review the draft negotiated contract to ensure that it is in accordance with the Bank’s contract template and to check the reasonableness of the contract price.  At any stage during the procurement process, PIU may seek assistance or clarification from CIU as regards any procurement issue/s. CIU may participate in contract negotiation meetings as deemed necessary by the PIU. |

**Procurement-Related Complaint**

A procurement-related complaint is of critical importance because it can potentially result in significant delays to the procurement process. Any procurement-related complaint and draft response is required to be cleared by the Bank for clearance before the response is sent to the complaining Bidder/Proposer/Consultant.

The PIU shall share with the CIU for review any procurement-related complaint and the corresponding draft response before these are sent to the Bank for clearance.

**Publication of Award**

A public notice of award of contract (Contract Award Notice) must be published within 10 (ten) Business Days from the date the Notification of Contract Award was issued to the successful Bidder/Proposer/Consultant. If there is a complaint, this has to wait until there is Bank’s confirmation of satisfactory resolution of complaint for prior review activities.

The PIU shall be responsible for this procurement activity and shall ensure compliance with the requirements of clauses 5.93, 5.94, and 5.95 of the Bank’s Procurement Regulations. The CIU Procurement Adviser shall help / advise when requested by the PIU.

**Fraud and Corruption**

All procurements under the project shall comply with the Bank’s Anti-Corruption Guidelines as defined in Annex IV of the Procurement Regulations for IPF Borrowers. It shall be the responsibility of the PIU and all other personnel involved to ensure that a fair and transparent procurement process is undertaken, and the integrity of the whole procurement process is always maintained.

# 11. Record Management

All project documentation (including procurement, contract documents, accounting, and reporting) needs to be easily available for inspection by the auditors and the World Bank for at least two years after the project closes, or one year after World Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Designated Account was made (whichever is the later). If records are incomplete or not available there is the risk that borrower may need to return money to the World Bank, so records Management is important right from the beginning of the project.

In addition to the project documentation requirements of the World Bank as outlined in Section 4.07 of the IDA General Conditions all the record management requirements that must be met by the GFSM. Where there is a difference in the requirements the longer period of retention shall apply. The PIU will be responsible for maintaining project files, and the project files will be kept in secure cabinets located with the PIU. Files should be kept in hard copy files created in accordance with DIDA Records Management policy and naming convention. After the project closes it will be the responsibility of the GFSM to keep the files for several years, so it is important that the files match DIDA conventions and naming protocols.

All files, including files kept on the personal or project computer of PIU staff, will also be kept electronically and backed up in a secure location which may include an external hard drive or a secure cloud platform.

At a minimum the following files need to be created as the project progresses:

1. Legal Documents: include, at a minimum, final versions of all the documents listed in the Project Documents section of this POM
2. Project Management: Include the annual work plan, budget, procurement plan, and TORs
3. Progress Reports
4. Interim Unaudited Financial Statements
5. Withdrawal Applications
6. Financial Records
7. Bank Statements
8. Contract Register which shall include complete copy of all contracts
9. Separate Procurement files for each Procurement Activity
10. Land leases relevant for Project activities
11. Grievances
12. Environmental, social, health and safety incidents

## 11.1 Contract Management

The Contract Management Cycle (see Figure 7) begins upon the signing of each contract, through to the entire duration of the contract, ensuring that the contractual obligations are delivered as contracted and up to the end upon contract expiration.



Figure 7 Contract Management Cycle

The PIU and CIU manage contracts as follows for an effective and transparent contract management:

* 1. PIU has a system in place which keeps a signed copy of the contracts cleared for the project, all contracts and contracts amendments are uploaded onto STEP and kept in the project share drive.

The PIU will also establish a system which compiles all contract information such as: contract name, contract reference number, name of consultant/firm, original contract amount, commencement date, completion date, variations, revised contract amount, revised completion date and total payments made to date.

* 1. On the other hand, CIU established contracts register for the monitoring of the financial management aspect of contracts executed under the project. The contracts register is used as follows:

1. capturing of commitments after a contract under the project is fully signed by the consultant and the client (GFSM)
2. summarizes important details of the contract including contract period, contract number (as per GFSM’s system), breakdown of contract cost, and applicable FSM tax rate
3. record invoices charged against the contract
4. use as a tool to verify whether invoices submitted are according to the terms of the contract before processing for payment.
5. CIU will provide PIU by the 5th of the following month with an updated copy of the contracts register, showing invoices [received by the end each month as confirmed to be according to contract terms.
6. Contracts are coordinated by the component coordinator within the PIU who reviews and give approval to the monthly/fortnightly payments, these are validated by the PM, it is then submitted to CIU for payment processing.

The following provides clear definition of PIU and CIU roles in the project’s contract management.

1. PIU:
2. Overall contract management, contract implementation (ensuring goods, works and required services are delivered/completed and rendered on time, monitor contract expiry dates and timely processing of extension).
3. ensures that contract performance guarantee provision of the contracts is correctly administered
4. monitors the advance guarantee period (expiry date) and ensure it is valid until the full amount of advance was recovered
5. administers all contracts with regards to bank guidelines on social and environmental management
6. administers all Contract performance guarantees and ensure that expiry date occurs at least a minimum of 30 days after work completion date
7. administers any advance payments provided to the contractor
8. CIU-FM:
9. ensures that taxes are applied in compliance with the Govt rules and regulations and remitted to the tax authorities
10. keep the retention money in a Designated Account opened for the project and is not withdrawn from another bank account of the Project or Government

The contract management procedures indicated above are placed by the Project to ensure the following monitoring is addressed and captured to be useful for the Project’s performance or should World Bank require during its FM reviews on the Project:

1. Can the recorded payment be reconciled with the IFR submitted with the Withdrawal Application?
2. Is the payment claimed for the reported period?
3. Once the invoice is submitted and cleared how long does it takes to clear the payment for the invoice submitted by the Contractor?

1. These stakeholders include NDOE, PIU, CIU, Department of Resources and Development, Department of Transportation, Communications and Infrastructure, State Departments of Education, College of Micronesia-FSM, Chuuk High School, Yap High School, Kosrae High School, Pohnpei Island Central High School, the future FSM Skills Academy, the upcoming Yap Catholic High School, as well as members of the Project Steering Committee not mentioned earlier. [↑](#footnote-ref-1)
2. <https://documents1.worldbank.org/curated/en/099250106152213391/pdf/P1769650c1cd100160899d0db1d110a52e0.pdf> [↑](#footnote-ref-2)
3. <https://documents1.worldbank.org/curated/en/159891651843033906/pdf/Micronesia-FSM-Skills-and-Employability-Enhancement-Project.pdf> [↑](#footnote-ref-3)
4. Details for all components and subcomponent are found in the PAD linked in footnote 2. See PAD page 21 Section B. [↑](#footnote-ref-4)
5. FSA is expected to be established in Year 4 of the project. [↑](#footnote-ref-5)
6. These schools include Chuuk High School, Kosrae High School, Yap High School, and Pohnpei Island Central High School. [↑](#footnote-ref-6)
7. Yap Catholic High School is expected to be established in 2025. [↑](#footnote-ref-7)
8. Department of Resources and Development, Department of TCI, Department of Formal and Non-formal Education [↑](#footnote-ref-8)
9. FSM Statistics [↑](#footnote-ref-9)
10. <https://drive.google.com/file/d/1Z6tXggnmvJVrB93ETqE8Et_dRiSMERCH/view?usp=sharing> [↑](#footnote-ref-10)
11. <https://documents1.worldbank.org/curated/en/099250006152213759/pdf/P17696507a86e20c309e080d5edcf8fa876.pdf> [↑](#footnote-ref-11)
12. A soft copy of the Guidance is available, but the link is currently not found. All Procurement Framework and Regulations for Projects After July 1, 2016 can be found at: <https://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework#SPD> [↑](#footnote-ref-12)
13. <https://projects.worldbank.org/en/projects-operations/project-procurement/P176965> [↑](#footnote-ref-13)