



Fiji Transport Infrastructure Investment Sector Project



Photo: C. McMahon

Project:
Fiji Transport Infrastructure Investment Sector Project

Sector: Transport

PRIF Members:
Asian Development Bank
World Bank

Start date: 27 March 2015

End date: 30 June 2020

Funding: USD166.67 million

Type of funding arrangement:
Project components jointly financed by Asian Development Bank, World Bank and the Government of Fiji

This case study has been developed as part of PRIF's monitoring and evaluation program. It is one of a series of papers on coordination between the PRIF partner agencies and with partner governments. This example showcases a unique partnership arrangement between the Asian Development Bank and World Bank that has been developed for the Fiji Transport Infrastructure Investment Sector Project. The lessons learned concern issues such as the time it takes to develop coordination arrangements, the need for commitment to the highest level in each agency, and the importance of flexibility and leveraging the comparative advantage of each agency.

Background

The Fiji Transport Infrastructure Investment Sector Project (FTIISP) was approved in December 2014 by the Asian Development Bank (ADB) and in March 2015 by the World Bank. The project consists of loans of USD100 million from ADB and USD50 million from the World Bank plus USD16.67 million (in Fiji dollar equivalent) financial contribution from the Government of Fiji (the 'Government'). The Government's Ministry of Finance is the executing agency and the Fiji Roads Authority is the implementing agency.

The project represents the first time ADB and the World Bank are jointly financing a project on this scale in the Pacific – involving up to 30 separate contract packages under a single project. A common implementation framework was developed, covering technical issues, procurement, financial management and safeguards.

The two agencies initially considered a parallel financing arrangement, where contract packages would be separately financed by each donor. However, this would

have been both difficult and inefficient for the Government to implement (requiring two different sets of requirements for the same project) and the Government wanted to minimise duplication, complexity and transaction costs.

Project objectives

FTIISP aims to improve access to markets, employment opportunities and social services. The outcome will be improved safety and resilience of land and maritime transport infrastructure.

Project deliverables

Output 1:

Rehabilitated land and maritime transport infrastructure

The project will finance civil works to repair, rehabilitate, reconstruct, or upgrade existing roads, bridges, and rural jetties and wharves. Where possible, sub-projects will be grouped geographically into suitably-sized and cost-effective contract packages to maximise benefits at the local level.

Attribution to PRIF

The coordination aspects of the project are not directly attributable to PRIF (which was not working in Fiji at the time) and most of the coordination was bilateral in nature. However, against the backdrop of the Government's clear directive that it did not want to work with two different systems and that ADB and World Bank would need to resolve this, the PRIF Transport Sector Working Group (TSWG) meetings provided a networking platform for the key agency staff involved in the project and progress was discussed in TSWG meetings. As the project is being implemented, it is expected that updates will be provided to TSWG members, including sharing of lessons learned.

Lessons learned

How to achieve a unified approach

- Foster commitment and flexibility - at both staff and managerial levels
- Allow sufficient time for coordination to be discussed and factored in to the project design
- Plan for a comprehensive process
- Involve staff who are familiar with the systems in the other agency and with government processes
- Leverage each partner's comparative advantage
- Be prepared to compromise

Foster commitment and flexibility - at both staff and managerial levels

The negotiations took teams from both agencies outside their 'comfort zone', but each agency learned a great deal about the requirements and processes in the other agency. The attitude of team members was critical to the success of the process, including a willingness to 'meet the others halfway' and to consider alternative approaches to project preparation and implementation. Moreover, the support of

senior management was essential – as was demonstrated in the willingness to provide exceptions to policy on several issues.

Allow sufficient time for coordination to be discussed and factored in to the project design

The time required to develop a cooperative approach should not be underestimated. In this case, the process took more than six months.

Plan for a comprehensive process

The process may involve more areas and issues than initially anticipated. As examples, the process for FTIISP required comparison of many policies and systems (including fraud and anti-corruption guidelines and issues), broad and detailed consideration of procurement systems, and discussions about agency approaches to safeguards.

Involve staff who are familiar with the systems in the other agency and with government processes

It helps to involve staff in each agency who are familiar with the systems and requirements of the Government and also the other agency. In this case, the two agencies had staff who had previously worked in the other agency and were familiar with their systems.

Leverage each partner's comparative advantage

For the World Bank, Fiji was a new country for investment, while the ADB has an office in Fiji and existing relationships with the Government. By working together cooperatively, World Bank was able to leverage from ADB's presence in Fiji and ADB gained value from learning more about the World Bank's approach to project design and management.

Be prepared to compromise

The arrangement involves less autonomy in some respects and some efficiencies have been compromised, but both agencies believe the process will be more effective overall in meeting client needs.

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European Union and European Investment Bank (EU/EIB) | Japan International Cooperation Agency (JICA)
New Zealand Ministry of Foreign Affairs and Trade (NZMFAT) | World Bank Group (WBG)



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Output 2:

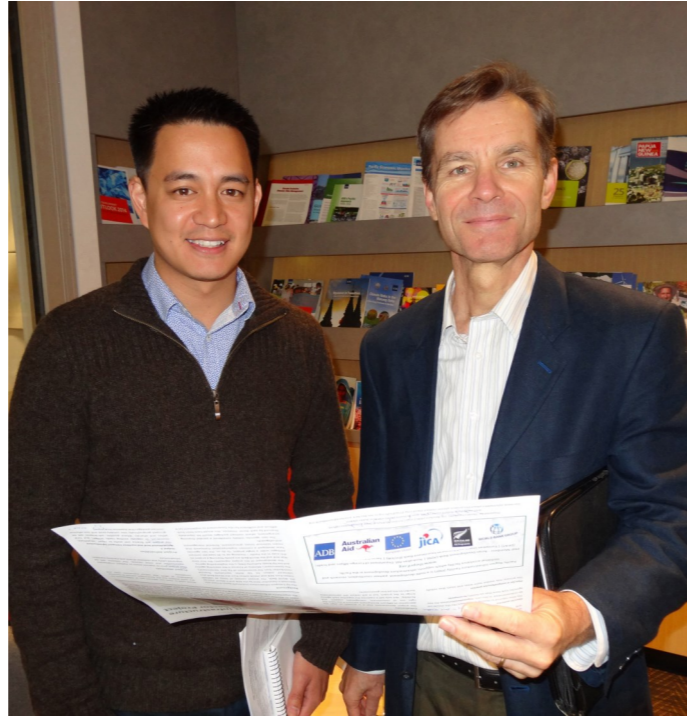
Tasks to ensure efficient project management and institutional strengthening include:

- establish a project supervision team in the Fiji Roads Authority to oversee project implementation
- engage consultants to undertake sub-project screening, feasibility studies, detailed design, procurement of civil works packages, construction supervision, and safeguards monitoring
- support the Fiji Roads Authority in updating design and construction standards for roads and bridges in Fiji, incorporating climate change adaptation features and international standards for road geometry, pavements, drainage, safety and associated structures, and
- adopt a sector lending approach with the Government identifying, prioritising, appraising, designing, and implementing sub-projects.

The project design process

There were a range of challenges to address in developing a coordinated approach to FTIISP and a common implementation framework. These included determining a unified approach to procurement; ensuring the applicability of the debarment lists of both agencies; and checking the applicability of the respective policies, procedures, and sanctions.

The process was more interactive and consultative than a typical co-financing arrangement. Rather than assigning implementation oversight to a lead agency, the project was



Project team leaders David Ling, ADB (left) and Jim Reichert, World Bank (right). Photo: C. McMahon

developed through a blending of expertise from both agencies. Staff worked together to develop the project design, identify and examine the issues and risks, and determine the best way to implement the project. The process involved not only the Mission Leaders/Task Team Leaders from each agency, but a team of approximately 15 staff including financial, procurement, legal and safeguard specialists, and project preparatory consultants.

A good example of the challenges the team faced concerns ensuring the applicability of the debarment lists of both agencies. These are developed independently in each agency to prevent individuals and firms that have engaged in corrupt practices from being awarded work, either permanently or for a period of time. The definition and scope of the lists vary and, while there is a Cross Debarment Agreement between multilateral banks, this is not in itself sufficient to ensure that both agency's lists, sanctions, policies and procedures would be fully recognised and implemented. This took time to negotiate and required legal advice, but each agency is now assured that its requirements will be met throughout the project.

Likewise, in respect to safeguards, although the policies of the two agencies are very similar in terms of objective and intent, there are some differences in processing requirements and some safeguards apply in one agency but not the other. Again, this required specialists from the two agencies to work together to agree on a common approach: Fiji's country systems are used as a foundation, supplemented with additional requirements to ensure compliance with the safeguard policies of each agency.



Signing the loan agreement with ADB. At the table from left to right: Pio Tikoduadua, Former Minister of Infrastructure and Transport; Aiyaz Sayed Khaiyum, Attorney General and Minister for Finance, Public Enterprise, Public Service, and Communications; Robert Jauncey, Pacific Regional Director, Suva Office, ADB; Caroline Currie, Head, Economics and Programming Unit, ADB. Photo: ADB

Coordination features

- comprehensive approach to coordination
- covers project design, implementation and monitoring
- includes broad range of areas - technical, procurement, safeguards, financial management and disbursement
- blends expertise from both agencies
- involves a matrix of implementation actions with responsibilities assigned to people in both agencies

Key coordination features during implementation

The coordination features associated with this project are designed to ensure that each agency's requirements are met in respect to technical, procurement, and safeguards standards for each project component and sub-components.

A matrix of key implementation actions has been agreed, covering the following areas:

• Technical

ADB and World Bank will jointly review submissions such as due diligence reports and contract variations, and provide a single, coordinated response to the Government. They will also field joint review missions, jointly prepare and issue reports, assess project performance, and align project ratings to the fullest extent possible.

• Procurement

The World Bank has agreed to use ADB's *Procurement Guidelines* and *Guidelines on Use of Consultants by ADB and its Borrowers* for consultant selection and procurement of goods and works during project implementation. Both ADB and the World Bank will agree on the scope and details of relevant goods, works and services (e.g. review of design reports, drawings, bills of quantities, engineer's estimates for works, and Terms of Reference for consultants).

To allow joint financing under the project, ADB approved a waiver that allows non-member countries of ADB to be financed by ADB loan proceeds (i.e. from the World Bank's 188 member countries) and to apply World Bank's debarment list in addition to ADB's debarment list.

• Safeguards

ADB and World Bank have developed a common Environmental and Social Management Framework and a common



At the signing ceremony, from left to right: Losana Ah Yuk, Senior Operations Assistant, ADB; Elina Volavola, Director (Corporate Services), Ministry of Finance; Leba Sovea, Senior Programs Assistant, ADB. Photo ADB

Land Acquisition and Resettlement Framework for the project. These will govern the safeguard requirements under the project and they are based on country safeguard systems including the Government's Code of Environmental Practice.

Each agency is able to take steps to ensure compliance with its separate policies and the conditions of its loan agreement with the Government. Along with the Government's regulatory agencies, ADB and World Bank will review, clear, and monitor implementation of Environmental and Social Management Plans, and Land Acquisition and Resettlement Plans prepared by the Government of Fiji, prior to their inclusion in bidding documents.

• Financial management and disbursement

The Fiji Roads Authority will submit annual audited project financial statements, which will be jointly reviewed by ADB and World Bank. Disbursement of loan proceeds will follow the relevant agency's procedures.

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