

Project Administration Manual

Project Number: 50110-001
Loan Number: LXXXX
November 2017

Cook Islands: Improving Internet Connectivity for the South Pacific

ABBREVIATIONS

ADB	–	Asian Development Bank
CMA	–	Construction and Maintenance Agreement
ICT	–	information and communications technology
MFAT	–	Ministry of Foreign Affairs and Trade
MFEM	–	Ministry of Finance and Economic Management
OCR	–	ordinary capital resources
PMU	–	project management unit
PSG	–	Pacific Steering Group

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Project Administration Manual Purpose and Process

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

The Ministry of Finance and Economic Management (MFEM) and the Avaroa Cables are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MFEM and ACL of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

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

I. PROJECT DESCRIPTION

1. The Government of Cook Islands (the Government) has requested the Asian Development Bank (ADB) to support a submarine internet cable project. The project will link the islands of Rarotonga and Aitutaki in the Cook Islands and Niue (non-member country) to Samoa and French Polynesia via a regional submarine internet cable (Manatua cable) system. The Government of New Zealand, represented by the Ministry of Foreign Affairs and Trade (MFAT), will also provide grant to the government to support the project.

2. **Impact and Outcome.** The project is aligned with the following impact: telecommunication in Cook Islands is improved.¹ The project will have the following outcome: internet cost is decreased and quality of internet service is increased.²

3. **Output.** The establishment and efficient operation of a submarine cable system connecting the islands of Rarotonga and Aitutaki in the Cook Islands to the regional submarine cable system connecting Samoa and French Polynesia. It will be achieved through (i) the construction of Manatua cable connecting Samoa and French Polynesia with spurs and branching units, (ii) efficient and effective operation of the Avaroa Cables by the Government, and (iii) Construction and Maintenance Agreement (CMA) among Project Steering Group (PSG) parties. The project will be supported by a project management unit (PMU) initially resourced by a team of project implementation consultants.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	Months						Responsible Individual/Unit/Agency/Government
	1	2	3	4	5	6	
Advance contracting actions	X						IA
Establish project implementation arrangements	X						Government
ADB Board approval				X			ADB
Loan signing					X		Government, ADB, IA
Government legal opinion provided				X			Government
Government budget inclusion				X			Government
Loan effectiveness						X	ADB

¹ ADB. 2016. *Country Operations Business Plan: Cook Islands, 2016—2018*. Manila.

² The design and monitoring framework is in Appendix 1.

B. Overall Project Implementation Plan

Activities	2018 (Q1)	2018 (Q2)	2018 (Q3)	2018 (Q4)	2019 (Q1)	2019 (Q2)	2019 (Q3)
A submarine cable system connecting the islands of Rarotonga and Aitutaki in the Cook Islands to the regional submarine cable system connecting Samoa and French Polynesia							
1.1 Award contracts by Q2 2018	x	x					
1.2 Carry out marine survey and complete marine operations for laying cables		x					
1.3 Install terminal equipment	x	x	x	x	x		
1.4 Equip cable landing systems with the necessary cross-connect facilities for customers	x	x	x	x	x		
1.5 Train cable company staff on landing facility operation and maintenance, and update skills and knowledge periodically					x		
1.6 Put in place an appropriate cable repair and maintenance agreement for spur before completing laying of cable					x		
1.7 Achieve commissioning, provisional acceptance, and be ready for service						x	
1.8 Cook Islands secures final acceptance							x
A. Management Activities							
Continue regular monitoring and supervision	x	x	x	x	x	x	x
Follow up on safeguard issues and risk management plan in a timely manner			x	x	x	x	x
Manage contracts		x	x	x	x	x	x
Provide timely progress reports		x	x	x	x	x	x
Carry out regular accounting and annual audits					x	x	x
Project completion report							x

DMF = design and monitoring framework, Q = quarter.
Source: Asian Development Bank estimates.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

4. The Ministry of Finance and Economic Management (MFEM) will be the executing agency to facilitate the smooth flow of funds and overall management of the project. The government has set up Avaroa Cables, a limited liability company that has joined the PCS consortium to implement the project. The loan proceed will be on-lent to Avaroa Cables on the same terms and conditions as the ADB loan.³ Avaroa Cables will enter a project agreement with ADB. Avaroa Cables has recruited two directors and a secretary to complete initial formalities. The company will employ a full set of staff in due course. A project management unit (PMU) will be established to support Avaroa Cables implementing the project and set up business operation for the company.

5. The management roles and responsibilities of the various stakeholders are shown in the following table.

Project Implementation Organizations	Management Roles and Responsibilities
Executing agency Ministry of Finance and Economic Management	<ul style="list-style-type: none"> ➤ Responsible for facilitating the smooth flow of funds and overall management of the project including quality of financial management and submission of withdrawal applications and annual financial audit reports.
Implementing agency Avaroa Cables	<ul style="list-style-type: none"> ➤ Responsible for implementing and owning output: submarine cable system (the Cook Islands-specific components). ➤ Ensure the safeguards due diligence documents are updated following surveys and gap-filling as required. ➤ Monitor and report environment and safeguard related recommendations. ➤ Provide wholesale internet to local telecom provider following the Cook Islands' telecom regulations. ➤ Operate and maintain the cable system as per the supplier's agreement and in compliance with the operations elements of the updated environmental management plan (EMP). ➤ Responsible for selecting the suppliers and signing contracts. ➤ Manage all procurement actions funded by ADB loan proceeds.
Project management unit	<ul style="list-style-type: none"> ➤ Supporting MFEM and Avaroa Cables in managing the project. ➤ Supporting ACL in the day-to-day operation of the project. ➤ Track, update, and monitor the status of project activities. ➤ Manage the contracts. ➤ Validate financial claims. ➤ Manage accounts and produce financial statements. ➤ Advise government on any issues raised or concerns and propose remedial actions.
Project Steering Group	<ul style="list-style-type: none"> ➤ Coordinate with the Governments and supervise the project implementation. ➤ Facilitate bidding process for Manatua cable system ➤ Lead the bid evaluation process ➤ Negotiate the supplier contract with the most eligible supplier ➤ Facilitate CMA discussion ➤ Facilitate setting maintenance and operational process
Asian Development Bank	<ul style="list-style-type: none"> ➤ Facilitating implementation as needed and reviewing the progress on a regular basis

³ This will be formalized in subsidiary loan agreements between the Ministry of Finance and ACL.

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> ➤ Review oversight of compliance with ADB's Safeguard Policy Statement (2009). Validate progress reports and audit reports. Periodically update and revise the PAM as and when necessary during each review mission and following any changes in program investment costs, scope, or implementation arrangements.
National Environment Service	<ul style="list-style-type: none"> ➤ Issue development approvals and clearances for the project as required ➤ Undertake independent monitoring during surveying and installation as required.

B. Key Persons Involved in Implementation

Executing Agency

Ministry of Finance and Economic Management

Officer's Name: Mr. Garth Henderson
 Position: Financial Secretary
 Telephone No.: +682 22878
 Email address: garth.henderson@cookislands.gov.ck
 Office Address: PO Box 120, Avarua, Rarotonga
 Cook Islands

Avaroa Cables

Officer's Name:
 Position:
 Telephone No.:
 Email address:
 Office Address:

Asian Development Bank

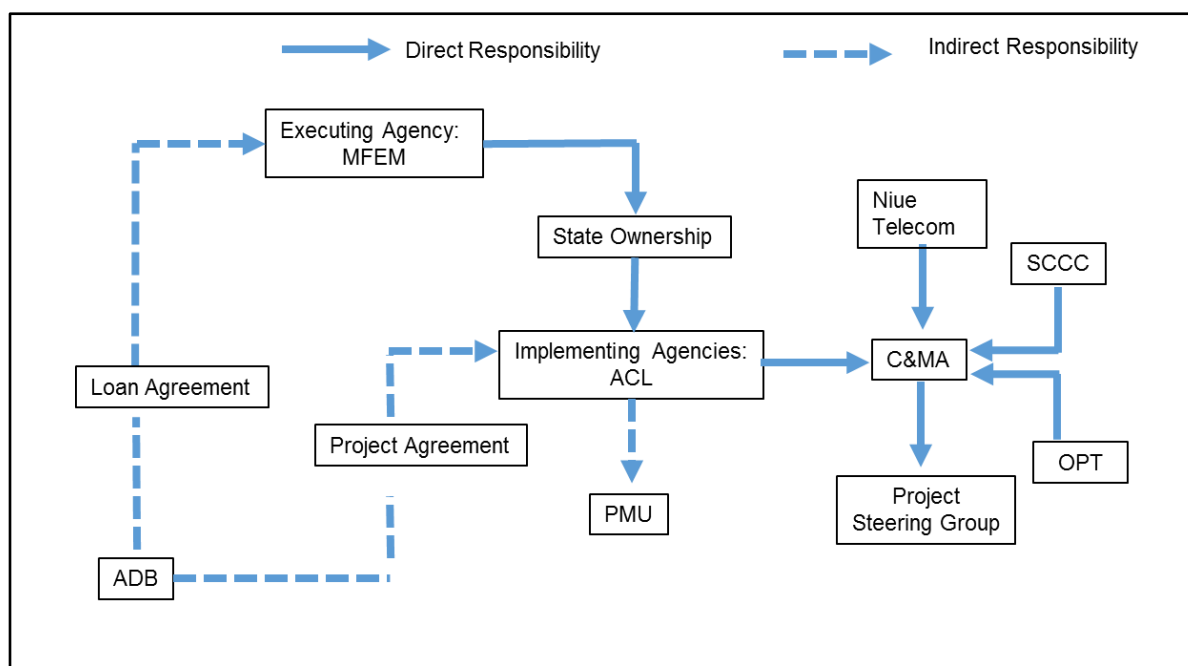
Urban, Social Development and Public Management Division

Staff Name: Emma Veve
 Position: Director
 Telephone No.: +632 632 1631
 Email address: eveve@adb.org

Mission Leader

Staff Name: Sibesh Bhattacharya
 Position: Senior Infrastructure Specialist (ICT)
 Telephone No.: +632 632 4956
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C. Project Organization Structure



IV. COSTS AND FINANCING

6. The project is estimated to cost \$27.47 million (Table 1). The project will fund the Cook Islands' share for the Manatua cable system (including BUs and spurs for Rarotonga and Aitutaki) and construction of the landing station in Rarotonga and Aitutaki islands. A dedicated PMU will be funded to support Avaroa Cables during project implementation. The financing charges during the implementation will be capitalized and are included in the project cost estimates.

Table 1: Summary Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Manatua cable supply and installation	20.00
2. Cable landing station construction and fit out	2.00
3. Project management	1.00
Subtotal (A)	23.00
B. Contingencies^c	1.83
C. Avaroa Cables Costs	0.47
D. Import Taxes and Duties	2.00
E. Financial Charges During Implementation^d	0.17
Total (A+B+C+D+E)	27.47

^a Includes taxes and duties of \$2.0 million. Such amount does not represent an excessive share of the project cost. The government will exempt taxes and duties.

^b In mid-2017 prices.

^c Physical and price contingencies are considered together due to large turn key contract, and is computed at 8% for civil works and cable implementation.

^d Includes interest and commitment charges. Interest during construction for the OCR loan(s) has been computed at the 5-year US dollar fixed swap rate plus an effective contractual spread of 0.5% and maturity premium of 0.1%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank.

7. The government has requested a loan from ADB's ordinary capital resources (OCR) in the amount of \$15,000,000. The government will contribute \$2.47 million in kind, bearing taxes and the cost of operating ACL during the project construction period. MFAT will provide parallel financing of NZ\$15,000,000 (equivalent to USD \$10 million) as grant to the government for the project.

8. The OCR loan will have a 25-year term, including a grace period of 5 years, using the straight-line repayment method with an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, and a commitment charge of 0.15% per year. Based on this, the average loan maturity is 15.25 years and the maturity premium payable to ADB is 0.1% per annum. Other terms and conditions are set forth in the draft loan and project agreements. The interest and the commitment charges for the OCR loan during project implementation will be capitalized.

A. Cost Estimates Preparation and Revisions

9. Avaroa Cables jointly with other PSG consortium members engaged a consulting firm to prepare technical solution and cost estimate. ADB separately funded a technical consultant to support the government to independently review the proposed solution and validate the cost estimate. They followed submarine cable industry practice and considered similar project in the region in recent past to come up with the estimates. The estimate will be revalidated just before the bidding process and Avaroa Cables will be responsible to inform ADB for any adjustment. ADB project officer will then update the procurement plan to reflect the latest cost estimate or any change in the cost categories.

B. Key Assumptions

10. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: NZ\$1.00=\$0.7253 (as of 12 September 2017).
- (ii) Price contingencies based on submarine cable industry standard and previous similar ADB funded projects in the region.

Table 2: Cost Estimates by Expenditure Category
(\$ million)

Item	Total Cost (\$m)	% of Total
A. Investment Costs		
A.1. Cable landing station construction and fit out	2.00	7.28%
A.2. Manatua cable supply and installation	20.00	72.80%
A.3. Project Management	1.00	3.64%
Subtotal (A)	23.00	83.72%
B. Contingencies		
	1.83	6.66%
Subtotal (A + B)	24.83	90.38%
C. Financing Charges and Fees		
C.1. Interest During Implementation	0.13	0.49%
C.2. Commitment Fees	0.04	0.14%
Subtotal (C)	0.17	0.62%
D. Avaroa Cables Costs		
	0.47	1.72%
E. Import Taxes and Duties		
	2.00	7.28%
Total Project Costs (A + B + C + D + E)	27.47	100%
% Total Project Costs	100%	

Note: Numbers may not sum precisely because of rounding.
Source: Asian Development Bank

Table 3: Allocation and Withdrawal of Loan Proceeds
(\$ million)

Number	Item	Total Amount Allocated For ADB Financing (\$ million)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	12,400,000		
1A	Manatua Cable System**		12,000,000	60% of total expenditure claimed*
1B	Cable Landing Stations***		400,000	20% of total expenditure claimed*
2	Consulting Services (Project Management)	600,000		60% of total expenditure claimed*
3	Interest and Commitment Charges	170,000		100% of amounts due
4	Unallocated	1,830,000		
	TOTAL	15,000,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.

**Subject to the condition for withdrawal described in paragraph 6(a) of Schedule 3 of the LA. The Manatua Cable System Contract is financed by Avaroa Cables, NT, OFT and SSCC pursuant to the CMA. The Project finances a portion of this contract and this cost category applies to ADB's share of the portion; the NZ Grant finances the remainder of the portion.

***Subject to the condition for withdrawal described in paragraph 6(b) of Schedule 3 of the LA.

C. Detailed Cost Estimates by Financier

Item	Total Cost (\$m)	% of Total	ADB OCR		New Zealand Grant		Government of Cook Islands	
			Amount	%	Amount	%	Amount	%
A. Investment Costs								
A.1. Cable landing station construction and fit out	2.00	7%	0.40	20.0%	1.60	80.0%	0.00	0.0%
A.2. Manatua cable supply and installation	20.00	73%	12.00	60.0%	8.00	40.0%	0.00	0.0%
A.3. Project Management	1.00	4%	0.60	60.0%	0.40	40.0%	0.00	0.0%
Subtotal (A)	23.00	84%	13.00	56.5%	10.00	43.5%	0.00	0.0%
B. Contingencies	1.83	7%	1.83	100.0%	0	0.0%	0	0.0%
Subtotal (A + B)	24.83	90%	14.83	59.7%	10.00	40.3%	0.00	0.0%
C. Financing Charges and Fees								
C.1. Interest During Implementation	0.13	0%	0.13	100.0%	0.00	0.0%	0.00	0.0%
C.2. Commitment Fees	0.04	0%	0.04	100.0%	0.00	0.0%	0.00	0.0%
Subtotal (C)	0.17	1%	0.17	100.0%	0.00	0.0%	0.00	0.0%
D. Avaroa Cables Costs	0.47	2%	0.00	0.0%	0.00	0.0%	0.47	100.0%
E. Import Taxes and Duties	2.00	7%	0.00	0.0%	0.00	0.0%	2.00	100.0%
Total Project Costs (A + B + C + D + E)	27.47	100%	15.00	54.6%	10.00	36.4%	2.47	9.0%
% Total Project Costs	100%							

ADB = Asian Development Bank, ACL = Avaroa Cables, OCR = Ordinary Capital Resources.

Source: Asian Development Bank.

D. Detailed Cost Estimates by Outputs and/or Components (\$ million)

Item	Total Cost (\$m)	% of Total
A. Investment Costs		
A.1. Cable landing station construction and fit out	2.0	7.28%
A.2. Manatua cable supply and installation	20.0	72.80%
A.3. Project Management	1.0	3.64%
Subtotal (A)	23.0	83.72%
B. Contingencies		
	1.83	6.66%
Subtotal (A + B)	24.83	90.38%
C. Financing Charges and Fees		
C.1. Interest During Implementation	0.13	0.49%
C.2. Commitment Fees	0.04	0.14%
Subtotal (C)	0.17	0.62%
D. Avaroa Cables Costs		
	0.47	1.72%
E. Import Taxes and Duties		
	2.0	7.28%
Total Project Costs (A + B + C + D + E)	27.47	100%
% Total Project Costs	100%	

Source: Asian Development Bank.

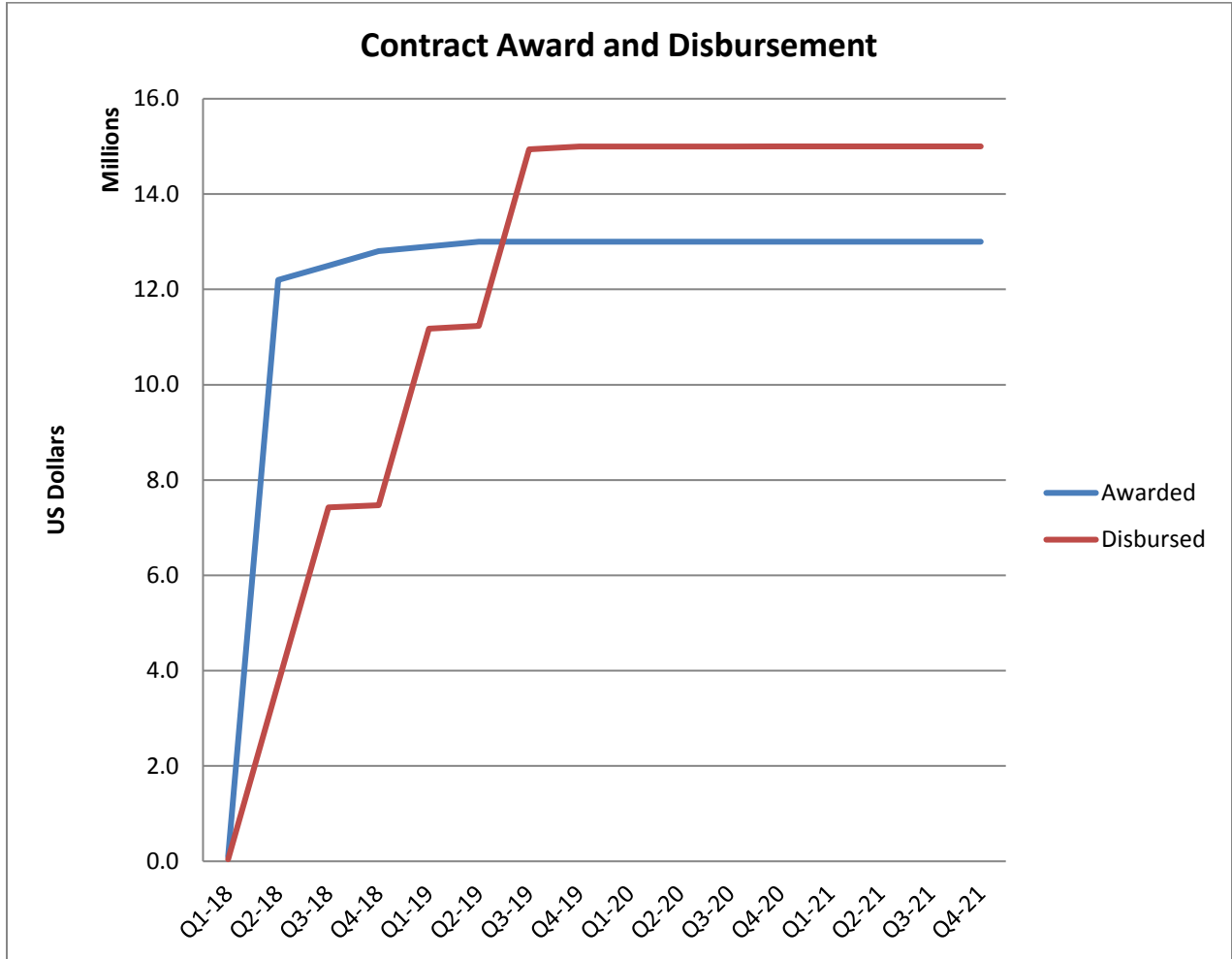
E. Detailed Cost Estimates by Year

Item	Total Cost (\$m)	1-Jan-18	1-Apr-18	1-Jul-18	1-Oct-18	1-Jan-19	1-Apr-19
		Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19
A. Investment Costs							
A.1. Cable landing station construction and fit out	0.4			0.2	0.2		
A.2. Manatua cable supply and installation	12.0		12.0				
A.3. Project Management	0.6	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal (A)	13.0	0.1	12.1	0.3	0.3	0.1	0.1
B. Contingencies							
Subtotal (A + B)	14.6	0.1	12.1	0.3	0.3	0.1	0.1
C. Financing Charges and Fees							
C.1. Interest During Implementation	0.37	0.04	0.04	0.04	0.04	0.06	0.06
C.2. Commitment Fees	0.03	0.01	0.01	0.01	0.01	0.0	0.0
Subtotal (C)	0.4	0.04	0.04	0.04	0.04	0.06	0.06
D. Avaroa Cables Costs							
E. Import Taxes and Duties							
Total Project Costs (A + B + C + D + E)	15.0	0.1	12.1	0.3	0.3	0.1	0.1
% Total Project Costs	55%	1%	81%	2%	2%	1%	1%

Source: Asian Development Bank.

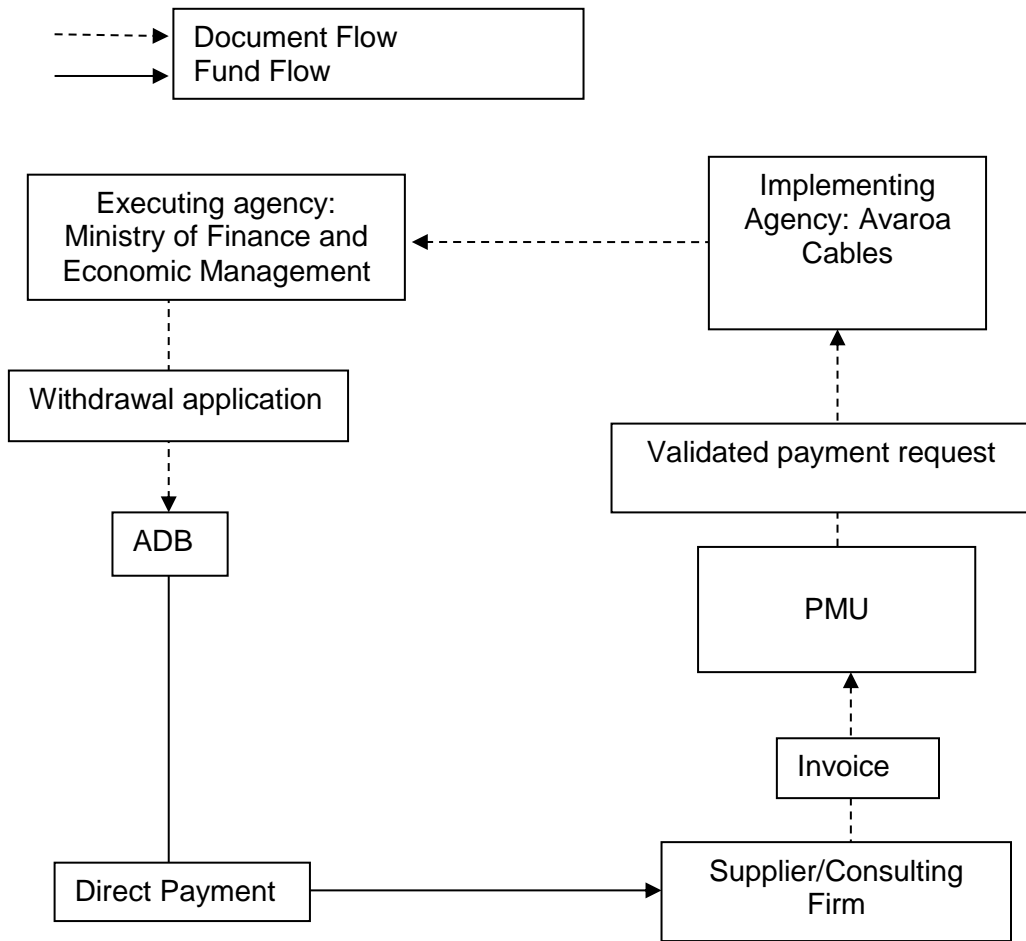
F. Contract and Disbursement S-Curve

Table 9: Contract and Disbursement S-curve



Note: Disbursement projections are higher than contracts awarded due to contingency budget.

G. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

11. The MFEM is the project executing agency. The Avaroa Cables is the implementing agency. A set of consultants under the PMU will support Avaroa Cables to set up the accounting system and facilitate yearly external auditing following the Cook Islands financial management policy. Both MFEM and Avaroa Cables will maintain separate accounting book for the project and monitor the fund flows.

A. Financial Management Assessment

12. Avaroa Cables is a newly established entity and will need to recruit personnel to manage accounting. During implementation, the project will engage experienced consultants to set up procedure, systems and reporting mechanism to implement robust financial management practice. Avaroa Cables will recruit permanent accounting staff on time to have sufficient overlap with consultants. This will help developing adequate capacity to continue accounting practices after implementation period. The detailed time bound action plan is in table below.

Action	Purpose	Responsibility	Time Frame
Recruit a specialized team of financial management specialists as part of the project management unit	To set up an accounting system, practices, and procedures	Avaroa Cables	Within 6 months of project effectiveness
Set up an organizational structure	To ensure proper approval authority and prevent conflicts of interest	Avaroa Cables	Within 6 months of project effectiveness
Engage accounting staff	To make accounting practices sustainable	Avaroa Cables	By Q4 2018, so there is sufficient overlap with consultants to ensure proper training and handover
Arrange periodic internal audit	To ensure compliance with Cook Islands accounting policy	Avaroa Cables	By Q1 2019
Arrange periodic external audit	To ensure compliance with Cook Islands' accounting policy and other requirements	Avaroa Cables	By Q1 2019
Allocate budget for audit	To prepare timely audit reports	Ministry of Finance and Economic Management and/or Avaroa Cables	During the project implementation period (by Ministry of Finance and Economic Management and afterward (by Avaroa Cables)
Arrange periodic training program and capacity development	To introduce new processes, instructions, and systems	Ministry of Finance and Economic Management and/or Avaroa Cables	Once a year

13. Avaroa Cables will follow the government's yearly auditing process.

14. Overall the financial management risk is expected to be high.

Risk Area	Impact	Mitigation
ACL does not have dedicated staff to manage finance and accounting.	High	PMU to have experienced financial management consultants to support ACL to set up practice, system and procedures to manage accounting. A time-based action plan is prepared to make sure the proper hand over and training for ACL permanent staff.
Limited Government experience in implementing ADB project	High	ADB has provided technical assistance support to help the Cook Islands prepare the project. During implementation, ADB will closely monitor the progress and help them in reviewing procurement related matters. The procurement packages are designed to minimize number of contracts. PMU budget includes hiring implementation specialists to help ACL. Simplified disbursement process of all direct payment to suppliers and consultants (subject to the minimum withdrawal application amount) will minimize issues in financial management and book keeping.
Limited Government's account structure to provide expenditure detail	Moderate	ACL will maintain separate books of accounts to keep detailed level transactions.
Delay in closing project account.	Moderate	ACL will be a newly established state-owned corporation. It is not expected to have a full range of experienced staff at the beginning. They will engage an experience Project Management Unit (PMU) to support them in contract and financial management. ADB will oversee the procurement process. The project will not have any imprest account. ADB will disburse directly to the supplier and consulting firm against withdrawal application (subject to the minimum withdrawal application amount). Such arrangement will minimize financial management issues

B. Disbursement

1. Disbursement Arrangements for ADB Funds

15. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time),⁴ and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.⁵ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

⁴ The handbook is available electronically from the ADB website (<http://www.adb.org/documents/loan-disbursement-handbook>).

⁵ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning.

16. The government will not have any imprest account for the project; rather government has requested ADB to make direct payments to the suppliers and consulting firms. The government will submit withdrawal applications (WA) to ADB against validated invoice from the suppliers and ADB will directly pay them (subject to the minimum withdrawal application amount).

17. Before the submission of the first WA, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the EA/IA and subsequently claimed to ADB through reimbursement, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD)⁶ system is encouraged for submission of withdrawal applications to ADB.

18. No withdrawals will be made from the loan accounts (i) for the Manatua cable supply (cost item 1) until PSG members have signed the supply contract; and (ii) for the cable landing station (cost item 2) until ACL has signed land lease agreement for landing stations and cable route or legal process to use the land, as set forth in the loan agreements.

C. Accounting

19. MFEM will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following accrual-based accounting following the equivalent national accounting standards. MFEM will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

20. Avaroa Cables will cause the detailed project financial statements to be audited in accordance with NZ GAAP or equivalent by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by Avaroa Cables.

21. The audited entity financial statements, together with the auditor's report and management letter, will be submitted in the English language to ADB within 1 month after their approval by the relevant authority.

22. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether the Implementing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

⁶ The CPD facilitates online submission of WA to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online at <https://www.adb.org/documents/client-portal-disbursements-guide>.

23. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

24. The government, MFEM, and Avaroa Cables have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.⁷ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

25. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.⁸ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.⁹

VI. PROCUREMENT AND CONSULTING SERVICES

26. **Retroactive financing.** No retroactive financing is envisaged for the project.

A. Procurement of Goods, Works, and Consulting Services

27. All procurement of works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

28. The MCS is an integrated system of plant, materials, equipment and services. For technical reasons, consideration of economy and efficiency, management risks, and in view of the limited number of suppliers, the MCS is best procured as one contract. The contract will be financed PCP consortium members, using international competitive bidding. ACL's portion of the cost will be funded by ADB and MFAT. The consortium has agreed to follow ADB's Procurement Guidelines for MCS. ADB, MFAT and other financiers will enter into a memorandum of understanding that sets out detailed collaboration and coordination arrangements in relation to this procurement, and the project more generally. The final bidding documents will be endorsed

⁷ ADB's approach and procedures regarding delayed submission of audited project financial statements:

(i) When audited project, financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.

(ii) When audited project, financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.

(iii) When audited project, financial statements are not received within 12 months after the due date, ADB may suspend the loan.

⁸ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

⁹ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

by ADB. ADB has been involved throughout the review process and exercise procurement oversight to ensure that the procurement is undertaken in accordance with the ADB's Procurement Guidelines. Universal procurement will apply as the ADB loan and New Zealand grant will jointly finance the procurement and the consulting services packages.¹⁰

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

30. All consultants will be recruited per ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).¹¹ The terms of reference for all consulting services are detailed in Section D.

C. Procurement Plan

Table 4: Basic Data

Project Name: Improving Internet Connectivity for the South Pacific	
Project Number: 50110-001	Approval Number:
Country: Cook Islands	Executing Agency: Ministry of Finance and Economic Management
Project Procurement Classification: B	Implementing Agency: Avaroa Cables
Procurement Risk: Moderate	
Project Financing Amount: \$ 27.47 million ADB Financing: \$15 million Cofinancing (ADB Administered):	Project Closing Date: September 2020
Date of First Procurement Plan {loan approval date}:	Date of this Procurement Plan: 31 October 2017

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

31. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Table 5: Procurement of Goods and Works

Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$3,000,000	
International Competitive Bidding for Goods	\$1,000,000	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

¹⁰ ADB. 2015. *Enhancing Operational Efficiency of the Asian Development Bank*. Manila

¹¹ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

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

Table 6: Goods and Works Contracts

Package Number	General Description	Cost Estimate	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
01-W	Manatua Cable System	\$20 million	ICB	Prior	1S1E	Q4 2017	Prequalification of bidders and domestic preference are not applicable. Bidding documents to be used: Plant
02-W	Cable Landing station construction and fit out	\$2 million	ICB	Prior	1S1E		Prequalification of bidders and domestic preference are not applicable. Bidding documents to be used: Small Works

3. Consulting Services Contracts Estimated to Cost \$100,000 or More

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

Table 7: Consulting Services Contracts

Package Number	General Description	Estimated Value	Recruitment Method	Review	Advertisement Date	Type of Proposal
01-CS	Project Management	1 million	QCBS	Prior	Q1 2018	FTP

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

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

Goods and Works								
Package Number ⁵	General Description	Estimated Value	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure ⁶	Advertisement Date (quarter/year)	Comments ⁷

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal ⁸	Comments ⁹

B. Indicative List of Packages Required Under the Project

35. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Consulting Services							
Package Number ⁵	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure ⁶	Comments ⁷

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal ⁸	Comments ⁹

C. Consultant's Terms of Reference

36. The ACL, will establish the PMU for the purpose of:
- (i) Successful end-to-end completion of the Manatua System, in compliance with all applicable laws, regulations, permit requirements, land access rights, and the Environmental and Social Management Plan (the "ESMP");
 - (ii) Implementing the Spur to be supplied by the vendor and connected to the BU on the Manatua cable system, in full consideration of the ESMP;

- (iii) Implementing the cable landing station in Rarotonga and Aitutaki (the “CLS”) which will terminate and power the Spur and associated bandwidth, in full consideration of, amongst other things, the ESMP and local construction regulations, and in consideration of “green IT” aspects;
- (iv) Developing and implementing operations and maintenance processes for the Manatua cable system;
- (v) Facilitating dialogue with domestic telecommunications operators and supporting the connection of domestic backbones into the CLS;
- (vi) Establishment of and day-to-day operations of the ACL office in Rarotonga, specifically in terms of financial management, project management, status reporting, etc.
- (vii) Providing necessary training and knowledge transition to the ACL board of directors and staff and any other persons supporting the Project.
- (viii) Conducting any environment and safeguard related assessments as required during the project implementation period.
- (ix) Facilitating financial audits in a timely manner.

1. Scope of Services

37. The PMU will be required to undertake all activities necessary to ensure the timely, cost effective and secure installation and implementation of the Manatua Cable System, which must be in compliance with the terms and conditions in the agreements and manual relating to the ADB loan providing the financing for the Project. Specifically, these include, (i) the Project Agreement entered by the ADB and the ACL; (ii) the Ordinary Operations Loan Agreement entered by the ADB and the Government of the Cook Islands; and (iii) the Project Administration Manual. Each of such documents. The following describes the key expertise required for this assignment:

- Project Management, Coordination and Advisory Skills, 8-person months (facilitating and coordinating multi-stakeholder efforts, effectively managing the team resources to achieve results, ability to work in developing country context and provide advisory services based on international best practices applicable to the given context, etc.);
- Submarine Cable Technical Specialist Skills, 8-person months (telecommunications network, especially, submarine fiber optic cable spanning engineering design, construction, laying and implementation, telecommunications infrastructure development skills, operations and maintenance, etc.); and
- Financial Management and Corporate Financing Expertise, 8-person months (financial analysis, costing, revenue projections, financing options, financial accounting, financial audit, etc.).

38. Other non-key expertise for this assignment are as follows:

- Telecommunications Business Experience and Skills (market trend analysis, strategic management, telecommunications operations management, organizational structure, etc.);
- Telecommunications Legal and Regulatory Knowledge covering both domestic and international aspects (review of relevant regulatory and legal arrangements, drafting legal agreements and contracts, telecommunications industry best practices in legal and institutional arrangement); and
- Specific knowledge of the Cook Islands telecommunications sector and general knowledge of small island nation telecommunications sectors will be an advantage.

2. Detailed Tasks & Activities

39. The PMU will be required to provide all the required resources and expertise to competently carry out the following tasks and activities:

- Overall project management for the implementation of the Manatua Cable System, covering the period from the time the Supply Contract comes into force and until the Manatua Cable System carries live traffic from Rarotonga and Aitutaki;
- Coordinate, communicate and team with suppliers, employers, customers and other individual organizations to ensure a single focused representation of the ACL and the Cook Islands;
- Conduct discussions with stakeholders, suppliers, partners and other counterparts as required, particularly the ADB;
- Make necessary procurement of infrastructure such as the CLS and related civil works in accordance with ADB International Competitive Bidding (ICB) procedures;
- Local project management for planning, implementation and acceptance of the CLS, inclusive of hardened ducting to the beach manhole (if necessary), and including management and implementation of the ESMP. This task includes preparation of tender documents and coordination during planning, implementation and acceptance test phases with all local and international stakeholders, furthermore close cooperation with the cable suppliers and their project team for submarine cable laying as necessary;
- Establish financial management practices for the ACL following local law and guidelines, and in compliance with ADB requirements;
- Financial management of the project implementation including verifying supplier invoices and coordinating approval by ACL and payment by the ADB;
- Develop, document and implement operational and maintenance processes for the system to ensure high availability, secure and reliable service provision. This includes implementing a Network Operations Centre (NOC) and submarine cable management and operational processes, including spare part handling;
- Provide all legal support and advisory services needed during the implementation of the Project. This aspect amongst other things, may include developing the required product documentation and contracts for the sale of services on the network;
- Advise the ACL board of directors on all telecom related matters, including, but not limited to, operation and maintenance processes, spare parts handling, compliance with CMA, wholesale pricing strategies and analysis, access agreements with the Cook Islands local telecommunications operators, SLAs, KPIs, technology, processes, and selection of and training of technical staff;
- Plan, design, have approved and implement suitable backhaul arrangements in Rarotonga and Aitutaki to facilitate connection of ACL customers to the CLS;
- Facilitate capacity building for ACL technical staff;
- Subcontract specific services to short-term consultants in specified areas, as needed;
- Supervise short-term consultants;
- Create and maintain a website for the ACL;
- Establishment of and day-to-day operations of the ACL office in Rarotonga including, but not limited to, accounting, regular external and internal financial audits;

- Develop various reports for the ACL, the government of the Cook Islands and the ADB on a timely and accurate manner.
- Develop a Preventative Maintenance Plan that may include a preventative maintenance checklist that technicians will follow or implement part of a systematic maintenance process.
- Develop a Disaster Recovery Plan that may also include a checklist that technicians will follow or implement in the event that a disaster occurs (e.g. cable breaks, prolonged power outage, natural disasters).
- Produce a Network Map detailing the submarine fiber optic cable, cable landing station, main domestic cable routes, and other prominent domestic telecommunications infrastructure.

VII. SAFEGUARDS

40. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (2009),¹² ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement 2009 (SPS).

41. **Involuntary Resettlement and Indigenous Peoples.** The project has been classified as Category C for Involuntary Resettlement and Indigenous Peoples. The due diligence undertaken¹³ has confirmed that the project does not require land acquisition and will not create any resettlement impacts, and does not impact any distinct and/or vulnerable group of Indigenous Peoples. In Rarotonga, the cable landing site and cable station will use vacant Crown land and existing government-leased lands while the cable route will be buried along the easement of a public road. In Aitutaki, the project will utilize an existing government-leased land for the cable station and cable route will also be buried along the easement of an existing public road. The cable landing site will require the creation of an easement on a privately-owned land to land the cable and link it to the main road. The government has started lease negotiation with landowners to secure an easement agreement which would retain land title to the landowners but will give right to the government to bury the cable and access the site to maintain it. Failure to negotiate will not result to compulsory land acquisition and alternative sites will be explored by the government.

42. **Environment.** The project is classified as category B for environment. Appropriate environmental safeguard documents have been prepared to ensure proper environmental management during the project construction and operation including; initial environmental examination (IEE) including an environmental management plan (EMP); and a set of codes of environmental practice. The project will impact a corridor about 0.3-0.5 meters wide on the sea floor, and in some locations up to 0.75 meters beneath the sediment. As it enters the near-shore waters, the alignment will be buried at an ocean depth of 40-50 meters in the shipping channel, the floor of which is essentially coral rubble and sand. The landing site will be an existing manhole, outfitted with a conduit running from the shore into the PNCC building. A number of detailed surveys, such as oceanographic and marine, of the alignment will be completed during the design period. At this time, the IEE and EMP will be updated and any information gaps filled, the updated EMP and relevant provisions will be integrated into the contract specifications for the cable laying.

43. The ACL will be responsible to comply with the requirements of the IEE which include engaging required specialist(s) to update the IEE and EMP following the design and survey stage, ensuring the updated EMP is implemented by the cable laying contractor, and monitoring EMP compliance during the project implementation. Monitoring reports will be included in the quarterly progress reports and separate safeguards monitoring reports will be submitted to ADB on a semi-annual basis.

¹² <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>.

¹³ ADB. 2014. *Regional Technical Assistance for Results-Based Strategy and Sector Planning in the Pacific*. Manila.

VIII. GENDER AND SOCIAL DIMENSIONS

44. More reliable and affordable ICT will indirectly contribute to poverty reduction in the Cook Islands. Lower price and better internet services are expected to facilitate increase service providers able to provide more innovative and affordable services to the public. This is expected to improve social and public services such as health and education. New businesses are also expected to create more employment opportunities to fuel economic growth. The project is categorized as no gender elements given its limited potential to mainstream gender in its scope. Access to ICT services depends on the availability and affordability of these services than social factors that might disadvantage women and girls.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impact the Project is Aligned with Telecommunications in the Cook Islands improved ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Internet service cost reduced and quality improved	By 2020: a. Retail price of internet service for 1 Gigabyte's data decreased by at least 20% (2017 baseline: NZ\$50) b. Bandwidth availability increased by at least 20% (2017 baseline: 500 Megabits/second) c. Availability of service increased to 99% in accordance with the industry standard	a. Internet service price list published by ISPs and telecommunications operators b. Ping time at consumer level as measured by tools such as web-based speed tests (e.g., www.speedtest.net) c. Reports published by ISPs and telecommunications operators	Lack of guidelines, policy, and capacity to manage the assets around the submarine cable Monopoly or collusion among local telecom players that prevents a reduction in the retail internet price
Output The Cook Islands' portion of the Manatua cable system connecting Samoa and French Polynesia, which includes additional spurs and branching units to connect Aitutaki and Rarotonga in the Cook Islands, constructed and commissioned	By 2019: a. Regional submarine cable system constructed between Samoa and French Polynesia, with spurs to Rarotonga and Aitutaki (2017 baseline: not applicable) b. Landing stations with inland cable system constructed in Rarotonga and Aitutaki (2017 baseline: not applicable) c. Submarine cable operationalized (2017 baseline: not applicable)	a. Progress reporting from Avaroa Cables b. Operational reporting logs c. Performance testing report	Lack of technical experience in government relating to submarine cables Delays in implementing telecommunications sector reforms
Key Activities with Milestones 1. The Cook Islands' portion of the Manatua cable system connecting Samoa and French Polynesia, which includes additional spurs and branching units to connect Aitutaki and Rarotonga in the Cook Islands, constructed and commissioned 1.1 Award contracts by Q2 2018 1.2 Carry out marine survey and complete marine operations for laying cables by Q2 2018 1.3 Install terminal equipment by the end of Q1 2019 1.4 Equip cable landing systems with the necessary cross-connect facilities for customers by Q1 2019 1.5 Train cable company staff on landing facility operation and maintenance, and update skills and knowledge periodically by Q1 2019 1.6 Put in place an appropriate cable repair and maintenance agreement for spurs before completing cable laying by Q1 2019			

1.7 Achieve commissioning and provisional acceptance and be ready for service by Q2 2019 1.8 Secure final acceptance for the cable system by Q3 2019
Project Management Activities Continue regular monitoring and supervision until Q4 2019 Follow up safeguard issues and risk management plan in a timely manner until Q3 2019 Manage contracts during Q2 2018–Q3 2019 Provide timely progress reports until Q3 2019 Carry out regular accounting and annual audits until Q3 2019
Inputs ADB: \$15,000,000 (loan)
Assumptions for Partner Financing Outputs not administered by ADB that are necessary to reach the outcome: Government of New Zealand: NZ\$15,000,000 (grant)

ADB = Asian Development Bank, ISP = internet service provider, Q = quarter.

^a Government of the Cook Islands, Prime Minister's Office, Central Policy and Planning Office. 2016. *Te Kaveinga Nui: National Sustainable Development Plan, 2016–2020*. Rarotonga.

Source: Asian Development Bank.

B. Monitoring

45. **Project performance monitoring.** Within 8 months of the loan effectiveness, the PMU will establish a project performance and monitoring system. The ADB and the government will agree on a set of indicators for monitoring project progress and performance on a quarterly basis. This will include, but not be limited to, the targets and indicators in the design and monitoring framework and the implementation schedule. The PMU shall monitor and evaluate the indicators according to the agreed framework on a quarterly basis to determine the efficiency and effectiveness of the project. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported biannually through the MFEM quarterly progress reports and after each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system. Beneficiaries will be involved in project monitoring and evaluation.

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

47. **Safeguards monitoring.** The PMU will be responsible for monitoring safeguard activities through the consultants. ACL will submit semi-annual safeguard monitoring reports to ADB, and the findings will be incorporated into the progress reporting of the PMU. Before commencing work, the contractor(s) will prepare a contractor's EMP (CEMP) which will establish how the contractor(s) will comply with the EMP safeguard requirements. The CEMPs will be reviewed and approved by the PMU prior to commencement of work. Monitoring of the contractors' compliance with the approved CEMPs will be undertaken by the resident technical consultant with assistance of the safeguards specialist. Monitoring will also be carried out independently by the National Environment Service. The ADB review missions will also check the progress on implementation of safeguard requirements, if any subproject involved significant safeguard issues. Checklists for monitoring and outline contents of safeguards monitoring reports, including for involuntary resettlement if required during implementation, are included in Appendix A.

48. **Gender and social dimensions monitoring.** The PMU will ensure that there will be no adverse social impacts arising from the project implementation. All stakeholders including both men and women will be consulted. Reporting on any social related issues will be part of the overall project monitoring as required.

C. Evaluation

49. Soon after the PMU consultants are mobilized, ADB will field an inception mission to agree with MFEM and ACL the implementation requirements of the project, as well discuss in detail the procedures relating to procurement of works and goods, and disbursements.

50. The ADB and the government will undertake semiannual reviews of the project to consider the (i) scope of the project, (ii) implementation arrangements, (iii) compliance with loan covenants, (iv) physical achievements against targets and milestones, and (v) project implementation issues requiring resolution or action. A midterm review will be conducted within 1 years of project effectiveness date or sooner if construction activities are ahead of schedule. Prior to the midterm review, MFEM, with the assistance of PMU, will prepare a position paper outlining any proposals for any changes required under the project which will not adversely affect the project's outcomes. The midterm review will examine in detail the implementation progress and project design (institutional, administrative, organizational, technical, environmental, social, poverty reduction,

economic, and financial aspects), and identify courses of action that would improve project performance, viability, and the achievement of targets and project objectives. All the assumptions and risks noted in the design and monitoring framework will be reviewed.

51. ADB will undertake a project completion review (PCR) of the project within 6 months of commissioning the submarine cable. The PCR will evaluate the processing and design of the project, both by ADB and the borrower, among others, (i) assess and evaluate the performance of the borrower, EA and IA in managing and implementing the project, and in complying with ADB's guidelines, policies, practices, procedures, and loan covenants, and evaluate project costs, disbursements, and institutional improvements; (ii) assess the performance of consultants; (iii) review problems encountered during implementation and the effectiveness of measures to resolve them, by the borrower, EA, IA, and ADB; (iv) assess whether the borrower, EA, IA, and ADB monitored progress effectively in comparison with quantifiable targets; (v) reevaluate the financial and economic performance of the project at its initial stage of operation and compare with the qualified indicators in the design and monitoring framework and project performance report; (vi) assess the project's transition to operations, and identify any remedial measures needed; (vii) assess future operation and maintenance schedules to ensure sustainability of the project; (viii) recommend any other steps that the borrower and IA need to take to ensure the project's sustainable operation; (ix) assess the performance of the monitoring and evaluation system established for the project and reexamine the indicators selected for monitoring operations and assessing development impact; (x) assess significant environmental and poverty reduction impacts (include socio-cultural impacts when applicable) of the project, and evaluate the implementation and effectiveness of any environmental control measures, resettlement plans, and poverty reduction measures; and (xi) assess whether the immediate development objective has been met and the likelihood of attaining long-term development goal.

D. Reporting

52. MFEM will provide ADB with: (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure the project continues to be both viable and sustainable, project accounts and the IA audited financial statements should be adequately reviewed.

E. Stakeholder Communication Strategy

53. ADB will communicate the information about this project and the outcome of this project through its publications, presentations, and on its website. ADB will also communicate with the project's internal stakeholders through written documents. Prior to the inception mission, a communication strategy and communications plan will be prepared by the PMU that will indicate the types of information, means of communication, who will provide information, and to whom, including at what intervals to the stakeholders about the project as well as about its implementation.

54. The key communication objectives of the project are:

- (i) To provide public accountability to mitigate the risk of allocation collusion; and
- (ii) To create public support for the project.

X. ANTICORRUPTION POLICY

55. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.¹⁴ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.¹⁵

56. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the loan regulations for the program. ADB's handbooks on Anticorruption Policy and Anticorruption and Integrity will be provided to government and PCBs during loan negotiations. During review missions, the financial management, governance, and anticorruption risk assessments will be updated to ensure their provisions remain valid and are helping to realize the program's objectives. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in any ADB-financed activity and may not be awarded any contracts under the Loan.

XI. ACCOUNTABILITY MECHANISM

57. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹⁶

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

Original version	31 October 2017
First revision	
Second revision	
Third revision	

¹⁴ Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁵ ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

¹⁶ Accountability Mechanism: <http://www.adb.org/Accountability-Mechanism/default.asp>.

Checklist for Safeguard Supervision/Monitoring (Resettlement)

Checklist for Safeguard Supervision: Involuntary Resettlement					
PROJECT INFORMATION					
Loan/Grant No.:	Project Name:				
Approval Date:	Closing Date:		Cumulative Progress (%):		
Project Team Leader(s):			Project Analyst:		
1) Resettlement Categorization					
(Original)	A	B	C	FI	
(additional financing, if any)	A	B	C	FI	
<i>(Please complete the following sections if the project has been categorized as A, B or FI involving land acquisition/resettlement issues)</i>					
2) Resettlement Planning					
Resettlement Planning Documents:	RF	RP	Number of RPs	ESMS	
RP Finalized or Updated after Detailed Design: (Attach a list of subprojects and status if necessary.)	Yes	No	If no, actions?		
Final/Updated RP Disclosed and Posted on ADB Website:	Yes	No	If no, actions?		
Compensation Rates Approved by the Government:	Yes	No	If no, actions?		
3) Institutional Setup for Resettlement					
PIU/PMU Resettlement Staff Assigned:	Yes	No	If no, actions?		Since: /
	If yes, Name:				(month) (year)
Resettlement Specialist Consultant Mobilized:	Yes	No	If no, actions?		Since: /
	If yes, Name:				(month) (year)
Grievance Redress Mechanism Established:	Yes	No	If no, why?		
Allocation of Government Budget:	Yes	No	If no, actions?		
	If yes, amount\$:				
4) Resettlement Monitoring and Reports					
Internal Monitoring System Established:	Yes	No	If no, actions?		
External Monitor Engaged (if needed):	Yes	No	If no, actions?		Since: /
	If yes, Name:				(month) (year)
Monitoring Report Submitted to ADB:	Yes	No	If no, actions?		
	If Yes, provide information below				
	Baseline Report	Report 1	Report 2	Report 3	Report 4
Submission Date (m/yr)					
ADB Review Date (m/yr)					
Web-posting Date (m/yr)					
Name of ADB Reviewer					
5) Resettlement Field Review with Participation of Safeguard Specialist/Officer/Staff Consultant					
	Yes	No	If no, actions?		
	If Yes, provide information below				
Mission Date (m/yr)					
Type of mission					
Name of safeguard specialist/officer/staff consultants					

6) Compliance with Loan Covenants			
List of key covenants in loan and project agreement			
Item #	Covenant	Compliance rating*	Describe status of compliance
*Note: Yes ; No; Not yet due			
Overall safeguard rating (e-Operation):			
S = Satisfactory; PS = Partly Satisfactory; US = Unsatisfactory			
7) Status of Implementation of Resettlement Activities (Please provide a cross reference if it is already covered under Section 6 above)			
	Items	Yes/No	Describe Implementation Status
1	Satisfactory Consultation: clear responsibility; identification of stakeholders; consultations undertaken; and documentation		
2	Information of APs: database/inventory; ID cards		
3	Land Acquisition: Notification, survey, approvals		
4	Payment of compensation and allowances		
5	Relocation of affected assets and structures		
6	Rehabilitation income generation, employment		
7		
8) Major Resettlement Issues or Complaints (Cumulative)			
	Item	Description	
1	Issue		
	Proposed Action(s)		
	Follow-up Issues/Actions		
	Final Resolution of Issue		
2	Issue		
	Proposed Action(s)		
	Follow-up Issues/Actions		
	Final Resolution of Issue		
*Add rows as needed.			
Prepared by:		Confirmed by:	Confirmed by:
Project Analyst:		Team Leader:	Safeguard Specialist/Officer:
Date:		Date:	Date:
To: Sector Director/Country Director			
cc: PAU Head; PARD Safeguard Specialist			
ESMS = environmental and social management system; FI = financial intermediary; MTR = mid-term review; PCR = project completion review; PAU = Project Administration Unit; PIU/PMU = project implementation/management unit; TL = team leader; RP = resettlement plan; RF = resettlement framework; SS = safeguard specialist			

Outline Contents of Safeguards Monitoring Report

Heading/Section	Contents
Introduction	Brief background on the project and subproject; Institutional arrangements for project management and environmental management;
Monitoring Activities	Who participated in the monitoring; Methodology for monitoring (whether checklists prepared); When the monitoring was undertaken and what period it covers; Summary of other monitoring undertaken in the period (i.e. form contractor's monthly reports and if any survey/sample monitoring undertaken); Main activities – observations/inspections, consultations, interviews with contractor staff
Works in Progress	Details of the works being undertaken, (with photographs); Include whether any environmental training/awareness has been provided to contractor staff in the period (what, by whom)
Monitoring Results and Actions Required	Whether works and measures comply with the approved EMP/CEMP and RP; Should follow sequence of items identified in EMP/CEMP and RP and verify that all mitigations measures noted are being implemented; Corrective actions cited (date to be resolved and person responsible on contractor team and verification by IA/PMU)
Summary and Conclusions	Summary of main findings; Main issues identified and corrective actions noted; Can include summary table which can be updated each period to track completion of actions required
Attachments	Monitoring checklist (based on items identified in the EMP/CEMP and RP) refer annex 1 Additional photographs Additional information as required