

Project Administration Manual

Project Number: 46014
April 2014

Solomon Islands: Provincial Renewable Energy Project

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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 Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The executing and implementing agencies are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

After ADB Board approval of the project's report and recommendation 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.

Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
CCPP	=	Communication, Consultation and Participation Plan
CFO	=	chief financial officer
DSC	=	design and supervision consultants
ECD	=	Environment and Conservation Division
EE	=	environmental engineer
EMP	=	environmental management plan
EPC	=	engineer, procure and construct
FAR	=	Fixed Assets Register
FMAQ	=	financial management assessment questionnaire
GAP	=	gender action plan
GWh	=	Gigawatt-hour
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IES	=	international environmental specialist
km	=	kilometer
kW	=	kilowatt
MMERE	=	Ministry of Mines, Energy and Rural Electrification
MoFT	=	Ministry of Finance and Treasury
NCS	=	Napier Computer Software
NES	=	national environmental specialist
NGOs	=	nongovernment organizations
PAM	=	project administration manual
PMU	=	project management unit
PSC	=	project steering committee
QCBS	=	quality- and cost-based selection
RP	=	resettlement plan
RRP	=	report and recommendation of the President to the Board
SEMP	=	site-specific environmental management plan
SIEA	=	Solomon Islands Electricity Authority
SISEP	=	Solomon Islands Sustainable Energy Project
SOE	=	state owned enterprises
SPS	=	Safeguard Policy Statement

I. PROJECT DESCRIPTION

1. The project will increase renewable energy generation and energy access in Auki, the provincial capital of Malaita Province. The project will assist Solomon Islands Electricity Authority (SIEA) to install hydropower generation to replace diesel generation in the third largest load centre in Solomon Islands, and extend the distribution grid to peri-urban households. The project would be the first utility scale renewable energy project in Solomon Islands.

2. The impact of the Project will be increased economic activity in Auki, Malaita Province. The outcome of the Project will be increased supply of more reliable and cleaner power to Auki, Malaita Province.

3. The outputs of the project are as follows:

(i) **Fiu River Hydropower Plant**, consisting of construction of 750-kilowatt (kW)¹ run-of-river hydropower plant, including (a) a 3.5-kilometer (km) access road, (b) a 9.7 km transmission line (11 kilovolts), (c) an intake structure, (d) a 1.55 km headrace canal, (e) a 250-meter steel penstock, and (f) a powerhouse. The Fiu River Hydropower Plant will almost completely displace diesel generation in Auki.²

(ii) **Distribution grid extension**, including extending the grid to an estimated additional 250 households which will increase SIEA's customer base in Auki by 91%. The project will finance step-down transformers, distribution lines, house connections and provision of minimum supply kits including prepayment meters.

(iii) **Capacity building**, consisting of (a) training of SIEA staff in operation of hydropower plants through a three year outsourced operation and maintenance contract, and (b) training of newly connected households in options for income generation through electricity, electricity safety and household budget management.

(iv) **Efficient Project Management Services**, consisting of establishment of a Project Management Unit (PMU) which will provide efficient technical design, management and supervision services.

¹ The physical infrastructure will be sized for 750 kW capacity including intake structure, headrace canal, penstock and powerhouse, however initially only 2x250 kW generators will be installed. An additional 1x250 kW generator will be installed into the spare generator bay when load growth increases. Installation of two 250 kW generators has been analyzed as the most efficient sizing to meet the current 350 kW peak as well as future anticipated demand growth.

² Backup diesel generation will be maintained (in case of disruptions to the hydropower supply) which will operate periodically for maintenance purposes.

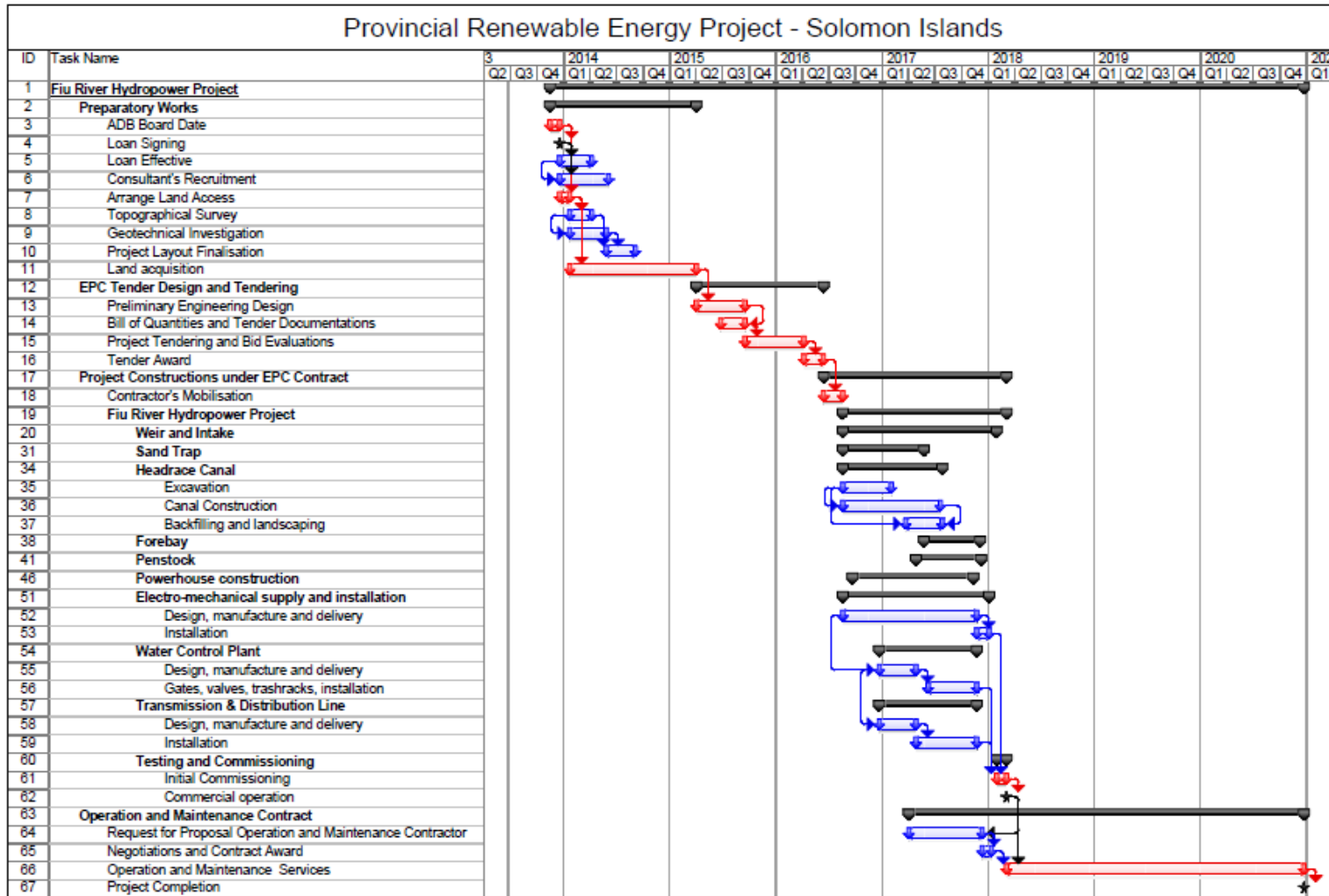
II. IMPLEMENTATION PLANS

A. Project Readiness Activities

	2014							Responsibility
	Feb	Mar	Apr	May	Jun	Jul		
Advance contracting actions (DSC)	√	√	√					SIEA/ADB
Establish project implementation arrangements		√	√					SIEA
ADB Board approval				√				ADB
Loan signing				√				MoFT/ADB
Government legal opinion provided						√		AG Office
Loan effectiveness							√	MoFT/ADB

ADB = Asian Development Bank, AG = Attorney General, DSC = design and supervision consultants, MoFT = Ministry of Finance and Treasury, SIEA = Solomon Islands Electricity Authority

B. Overall Project Implementation Plan



III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

Project implementation Management Roles and Responsibilities organizations

Executing Agency: Ministry of Mines, Energy and Rural Electrification (MMERE)	<ul style="list-style-type: none"> ➤ Oversee implementation of the project. ➤ Responsible for overall management of the project. ➤ Support institutional strengthening and capacity building programs under the project.
Project Steering Committee (PSC)	<ul style="list-style-type: none"> ➤ The PSC will be chaired by MMERE and will have the following members; (i) Ministry of Finance and Treasury (MoFT), (ii) Ministry of Planning and Aid Coordination, (iii) Ministry of Rural Development, (iv) Ministry of Infrastructure Development, (v) Department of Environment and Conservation, and (vi) Solomon Islands Electricity Authority. ➤ Oversee implementation of the project. ➤ Monitor progress of the project. ➤ Rectify issues hindering progress of the project. ➤ Guide the executing agency and the implementing agency. ➤ Meet at least once each quarter.
Implementing Agency Solomon Islands Electricity Authority	<ul style="list-style-type: none"> ➤ Implement the infrastructure components of the project. ➤ Coordination of steering committee meetings. ➤ Establish a Project Management Unit which will be responsible for day to day implementation of the projects, including: <ul style="list-style-type: none"> (i) preparation of an overall implementation plan and annual budgets; (ii) overall interagency coordination; (iii) recruitment of the Project Management Consultants and award procurement and consulting contracts, management of the bidding process, (iv) management of capacity development activities, (v) project safeguards document preparation and safeguard plans implementation; (vi) project financial management; (vii) consolidation, review, and submission of regular progress and financial reports to Treasury, including the annual audit report and financial statements; (ix) monitoring and evaluation of project outputs and results; (x) preparation of withdrawal applications for MoFT
ADB	<ul style="list-style-type: none"> ➤ Conduct regular loan review missions ➤ Procure design and supervision consultants ➤ Review draft tender documents in accordance with Procurement Plan ➤ Overall coordination and advisory support

B. Key Persons Involved in Implementation

Implementing Agency

Officer's Name:	John Kofela
Position:	Outstation Manager
Telephone:	
Email address:	John.Kofela@siea.com.sb
Office Address:	Solomon Islands Electricity Authority Ranadi Rd, Ranadi Industrial Estate Honiara, Solomon Islands

Asian Development Bank

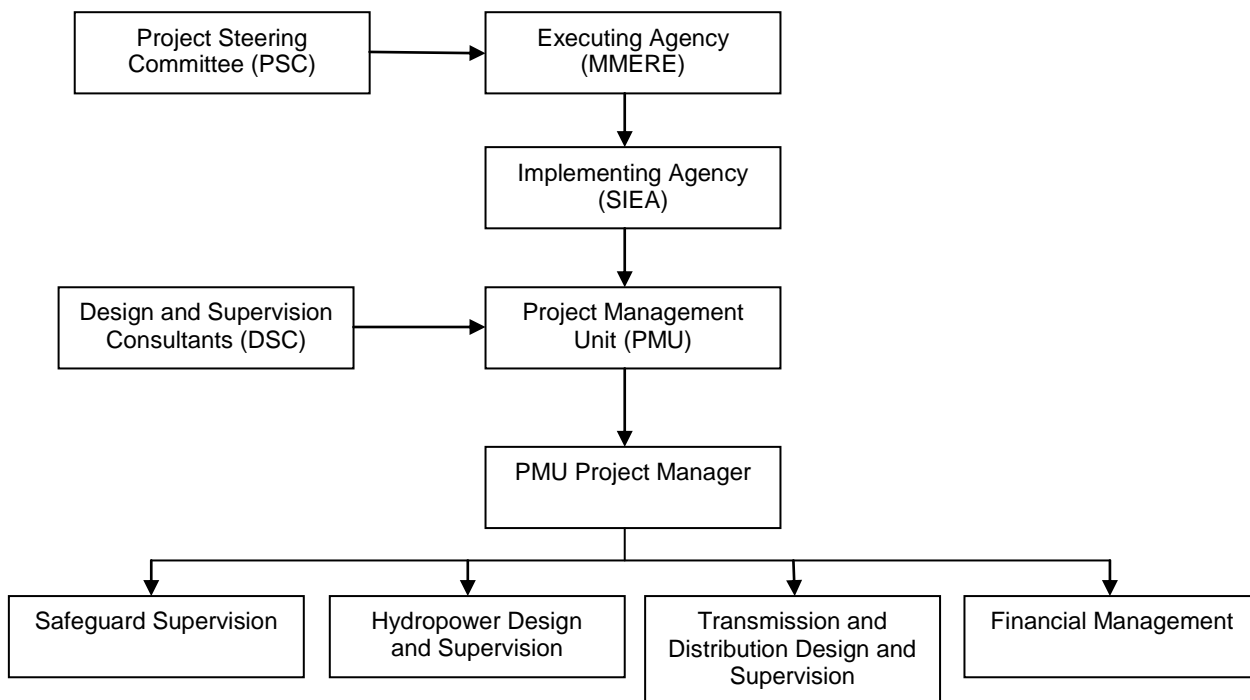
Transport, Energy and Natural Resources, Pacific Department	Staff Name	Robert Guild
	Position	Director
	Telephone No.	632 632 4444
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Mission Leader

Staff Name	Anthony Maxwell
Position	Senior Energy Specialist
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C. Project Organization Structure

4. The government of Solomon Islands will be the Borrower and Beneficiary. The Ministry of Mines, Energy and Rural Electrification (MMERE) will be the executing agency, and Solomon Islands Electricity Authority will be the Implementing Agency. A project management unit (PMU) will be established within SIEA to coordinate implementation of the activities under the project. The PMU will assist SIEA implement the project. The PMU will be responsible for engaging all consulting services and contracts under the project. The project organization chart is as follows:



IV. COSTS AND FINANCING

5. The project is estimated to cost \$15 million.

Table 1: Project Investment Plan
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Fiu River Hydropower plant	8.7
2. Distribution grid extension	0.6
3. Capacity building ^c	1.7
4. Project management	1.4
Subtotal (A)	12.4
B. Contingencies^d	2.6
Total (A+B)	15.0

^a Includes taxes and duties of \$1.7 million to be financed from government resources through exemptions and provision of funds.

^b In mid-2013 prices. Cost estimates are based on feasibility studies prepared by the PPTA.

^c Includes 3-year operation and maintenance contract.

^d Physical contingencies computed at 10% for civil works and goods. Price contingencies computed at foreign inflation on foreign exchange costs and local inflation on local currency costs.

Source: ADB estimates.

6. The Solomon Islands has requested a loan in various currencies equivalent to SDR3,886,000 (\$6,000,000 equivalent) from ADB's Special Funds resources to help finance the project. The loan will have a 32-year fixed term, including a grace period of eight years, an interest rate of 1.0% per annum during the grace period and 1.5% per annum thereafter, and such other terms and conditions set forth in the draft loan, grant and project agreements. The Solomon Islands has requested a grant not exceeding \$6 million from ADB's Special Funds resources to help finance the project. The Solomon Islands and SIEA will finance the remainder of the total project cost in an amount of \$3 million, including taxes and duties and land acquisition costs. The foreign exchange risk will be borne by the Solomon Islands. From the proceeds of the ADF loan and ADF grant, the Solomon Islands will relend \$10,500,000 equivalent to SIEA and will make \$1,500,000 available as a grant in local currency under a subsidiary financing agreement acceptable to ADB.³ The relending terms will include (i) interest at the rate of 4% per annum over \$6,000,000 equivalent and interest at the rate of 1% per annum over \$4,500,000 equivalent; and (ii) a repayment period of 20 years, inclusive of a grace period of 7 years or until the Project is completed (whichever comes earlier).⁴ The financing plan is in Table 2.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Asian Development Fund Loan	6.0	40.0
Asian Development Fund Grant	6.0	40.0
Government or SIEA	3.0	20.0
Total	15.0	100.0

Source: ADB estimates

³ The government has determine which components of the project classify as community service obligations and the costs thereof will be passed on to SIEA as grant.

⁴ ADB financing may finance local transportation and insurance costs.

A. Detailed Cost Estimates by Expenditure Category

Item	SI\$ (millions)			\$ (millions)			% of Total Base Cost
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	
A. Investment Costs							
1. Civil Works	34.7	15.1	49.8	4.8	2.1	6.9	55%
2. Equipment	2.6	0.6	3.2	0.3	0.1	0.4	4%
3. Land Acquisition	0.0	4.8	4.8	0.0	0.7	0.7	5%
4. Project Management	6.1	2.6	8.7	0.8	0.4	1.2	10%
5. Capacity Building	7.6	3.3	10.9	1.1	0.4	1.5	12%
B. Taxes and Duties	0.0	12.8	12.8	0.0	1.7	1.7	14%
Total Base Costs (A+B)	51.0	39.2	90.2	7.0	5.4	12.4	100%
C. Contingencies							
1. Physical ^a	5.1	3.9	9.0	0.7	0.5	1.2	10%
2. Price ^b	5.6	4.4	10.0	0.8	0.6	1.4	11%
Subtotal (C)	10.7	8.3	19.0	1.5	1.1	2.6	21%
Total Project Cost	61.7	47.5	109.2	8.5	6.5	15.0	121%

^a Physical contingencies are computed at 10% of base cost.

^b Price contingencies are computed by expenditure based on annual domestic and foreign inflation.

B. Allocation and Withdrawal of Loan Proceeds

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Provincial Renewable Energy Project)			
CATEGORY			ADB FINANCING
	Item	Total Amount Allocated for ADB Financing SDR	Percentage and Basis for Withdrawal from the Loan Account
1	Civil Works**	3,238,000	73% of total expenditure claimed*
2	Unallocated	648,000	
	Total	3,886,000	

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

**Subject to the condition for withdrawal described in paragraph 5 of Schedule 3.

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Provincial Renewable Energy Project)			
CATEGORY			ADB FINANCING
	Item	Total Amount Allocated for ADB Financing (\$)	Percentage and Basis for Withdrawal from the Grant Account
1	Civil Works**	1,900,000	27% of total expenditure claimed*
2	Equipment	400,000	100% of total expenditure claimed*
3	Project Management	1,200,000	100% of total expenditure claimed*
4	Capacity Building	1,500,000	100% of total expenditure claimed*
5	Unallocated	1,000,000	
	Total	6,000,000	

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

** Subject to the condition for withdrawal described in paragraph 5 of Schedule 3.

C. Detailed Cost Estimates by Financier^a

	(\$ million)						
	ADB (ADF Loan)	% of Cost Category	ADB (ADF Grant)	% of Cost Category	Government	% of Cost Category	Total Cost
A. Investment Costs							
1. Civil Works	5.0	73%	1.9	27%	0.0	0%	6.9
2. Equipment	0.0	0%	0.4	100%	0.0	0%	0.4
3. Land acquisition	0.0	0%	0.0	0%	0.7	100%	0.7
4. Project Management ^b	0.0	0%	1.2	100%	0.0	0%	1.2
5. Capacity Building ^c	0.0	0%	1.5	100%	0.0	0%	1.5
B. Taxes and Duties	0.0	0%	0.0	0%	1.7	100%	1.7
Total Base Costs (A+B)	5.0	40%	5.0	40%	2.4	20%	12.4
C. Contingencies^d							
1. Physical	0.5	40%	0.5	40%	0.2	20%	1.2
2. Price	0.5	40%	0.5	40%	0.4	20%	1.4
Subtotal (C)	1.0	40%	1.0	40%	0.6	20%	2.6
Total Project Cost	6.0	40%	6.0	40%	3.0	20%	15.0

^a Amounts and percentages may not sum precisely due to rounding errors.

^b Includes design and supervision consultants.

^c Includes operation and maintenance contract and design and supervision consultants.

^d Physical contingencies are computed at 10% of base cost, price contingencies are computed by expenditure based on annual domestic and foreign inflation.

D. Detailed Cost Estimates by Outputs/Components

		(\$ million)								
		Hydropower Plant			Distribution Extension		Project Management		Capacity Building	
Item	Total Cost	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	
A.	Investment Costs									
1	Civil Works	6.9	6.8	99%	0.1	1%	0.0	0%	0.0	0%
2	Equipment	0.4	0.0	0%	0.4	100%	0.0	0%	0.0	0%
3	Land Acquisition	0.7	0.7	100%	0.0	0%	0.0	0%	0.0	0%
4	Project Management	1.2	0.0	0%	0.0	0%	1.2	100%	0.0	0%
5	Capacity Building	1.5	0.0	0%	0.0	0%	0.0	0%	1.5	100%
B.	Taxes and Duties	1.7	1.2	70%	0.1	5%	0.2	11%	0.2	14%
	Total Base Cost (A+B)	12.4	8.7		0.6	5%	1.4	11%	1.7	14%
C.	Contingencies									
1	Physical ^a	1.2	0.8	70%	0.1	5%	0.1	11%	0.2	14%
2	Price ^b	1.4	1.0	70%	0.1	5%	0.1	11%	0.2	14%
	Subtotal (C)	2.6	1.8	70%	0.2	5%	0.2	11%	0.4	14%
Total Project Cost (A+B+C)		15.0	10.5	70%	0.8	5%	1.6	11%	2.1	14%

^a Physical contingencies are computed at 10% of base cost. ^b Price contingencies are computed by expenditure based on annual domestic and foreign inflation

E. Detailed Cost Estimates by Year

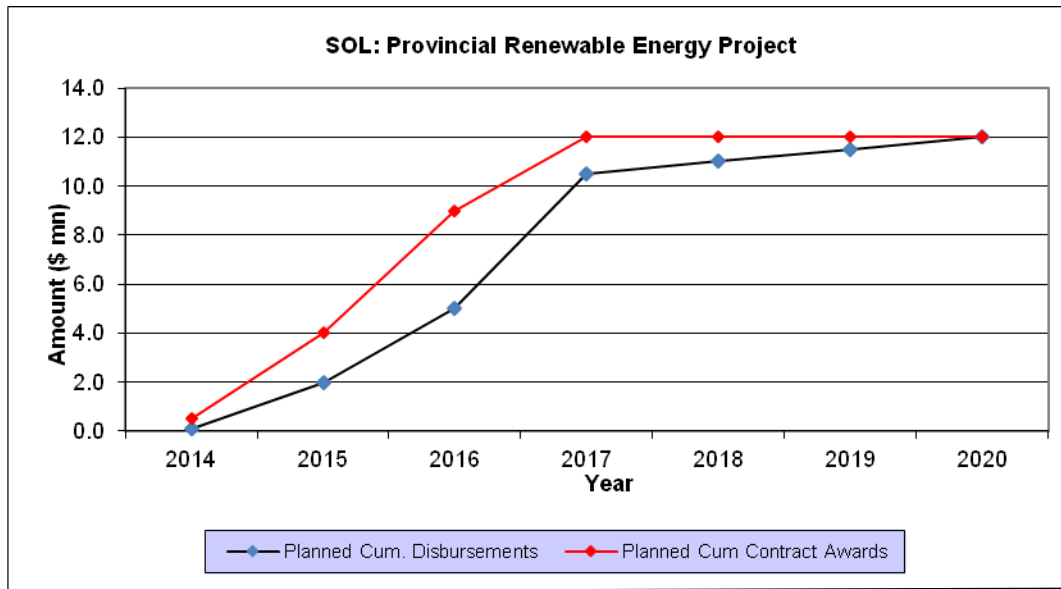
\$ millions									
Item	Total Cost	2014	2015	2016	2017	2018	2019	2020	2021
A. Investment Costs^a									
1. Civil Works	6.9	0.0	1.4	3.2	2.3	0.0	0.0	0.0	0.0
2. Equipment	0.4	0.0	0.1	0.2	0.2	0.0	0.0	0.0	0.0
3. Land Acquisition	0.7	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
4. Project Management	1.2	0.1	0.2	0.6	0.3	0.0	0.0	0.0	0.0
5. Capacity Building	1.5	0.0	0.1	0.2	0.1	0.3	0.3	0.3	0.1
6. Taxes and Duties	1.7	0.0	0.3	0.8	0.6	0.0	0.0	0.0	0.0
Total Base Costs (A)	12.4	0.1	2.8	5.0	3.5	0.4	0.4	0.3	0.2
B. Contingencies									
1. Physical ^b	1.2	0.0	0.2	0.5	0.5	0.0	0.0	0.0	0.0
2. Price ^c	1.4	0.0	0.2	0.6	0.3	0.1	0.1	0.1	0.0
Subtotal (B)	2.6	0.0	0.4	1.1	0.8	0.1	0.1	0.1	0.0
Total Project Cost	15.0	0.1	3.2	6.1	4.3	0.5	0.5	0.4	0.2
		1%	21%	40%	28%	4%	4%		2%

^a In Mid 2013 prices.

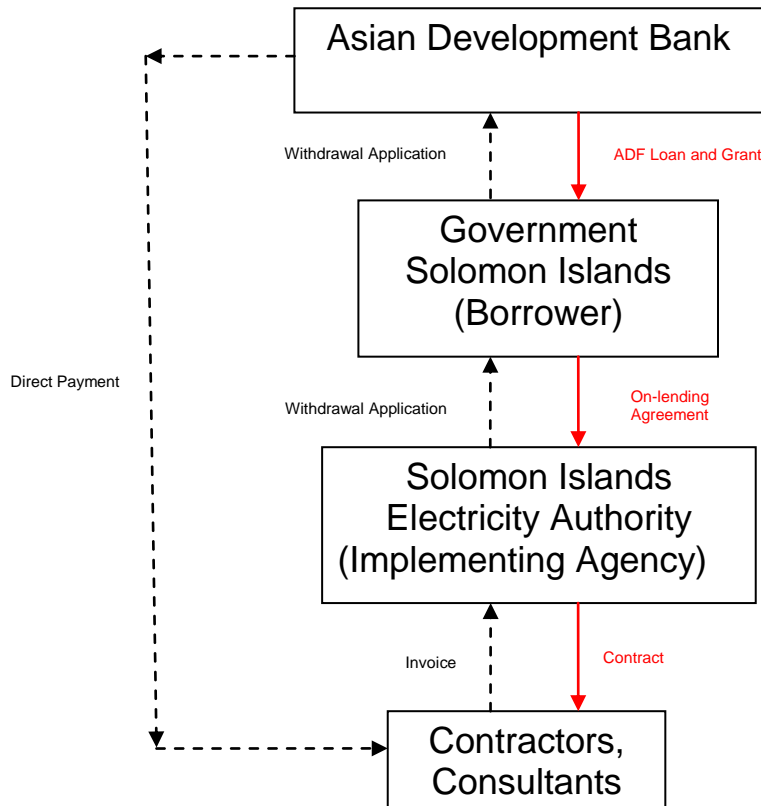
^b Physical contingencies are computed at 10% of base cost.

^c Price Contingencies are computed by expenditure based on annual domestic and foreign inflation.

a. Contract and Disbursement S-curve



b. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

7. **Introduction.** The financial management assessment was carried out with the aid of the ADB Financial Management Assessment Questionnaire (FMAQ). The assessment covers a broad range of issues ranging from its legal status and statutory reporting requirements, fund flow arrangements, staffing, accounting policies and procedures, budgeting, internal controls and internal audit. The FMAQ was administered primarily to the finance department of SIEA.

8. **Brief Description of SIEA.** SIEA is a public corporation established on 1 January 1969, under the Electricity Act of 1969. It is also governed under the provisions of the State Owned Enterprises Act of 2007. SIEA is governed by a Board of Directors appointed by the Minister of MMERE. Under the SOE Act, the responsibility for appointing the Board is now shared between the Minister of MMERE and the Minister of Finance to ensure that the appointees have the necessary skills. The daily operations of SIEA are delegated to the General Manager, who is presently an expatriate. The engineering, finance and administration, legal and customer services divisions fall under the purview of the General Manager. In addition, the Internal Audit Division reports directly to the Board through an Audit Committee. The engineering division is headed by a Chief Engineer. Reporting to the Chief Engineer is the Manager Generation and under him the Manager Outstations as well as the Manager of Distribution. The Finance Division is headed by an expatriate Chief Financial Officer (CFO) with his deputy, the Financial Controller. The latter position has recently been filled after several attempts to find a suitable candidate. The Chief Accountant is in charge of the General Ledger and the Accounts Payable Ledger and there Deputy Chief Accountant is in charge of fixed assets and tariff. There is also an Accountant Revenue who is in charge of the Accounts Receivable. There are separate officers in charge of the accounting aspects of the ongoing World Bank Solomon Islands Sustainable Energy Project (SISEP) and payroll as well as an Information Technology officer.

9. The accounting system is computerized on MYOB off the shelf accounting software for the General ledger. SIEA also uses two other systems alongside with MYOB. The Napier Computer Software (NCS) is used for billing and invoicing related to conventional meters and for the payroll. Suprema software is used for the prepay meter system. NCS was also used for General Ledger before transferring to MYOB. The NCS and Suprema systems are costly to maintain due to annual licensing costs and support fee, although steps are being taken to migrate into an integrated software platform such as Oracle.

10. **Financial Reporting.** Financial results are reported on a monthly basis to the SIEA Board. The 2012 final accounts were prepared off system using MS Excel spreadsheets by uploading the Trial Balance from MYOB. For many years, the SIEA auditor, the Auditor General, has been giving a disclaimer of opinion on SIEA accounts, meaning that he cannot give a true and fair view due to lack of audit evidence. Lack of audit evidence has been cited in relation to the general internal control environment, title to properties, lack of reconciliations in terms of cash, receivables and inventory. For the first time after 5 years, SIEA received an unqualified audit opinion for the 2012 accounts.

11. **Budgeting and Management Accounting.** The annual budget is prepared off-system on Microsoft Excel and then uploaded on to the MYOB Database. MYOB then compares actual results with the budget and calculates variances on a monthly basis. Management accounts are prepared on a monthly basis using output from the database but input separately into MS Excel sheets.

12. **Internal Auditing.** SIEA has a separate Internal Audit unit although at present it consists only of the Manager, Internal Audit and an assistant. Staff constraints have resulted in most of the work being done at the head office in Honiara. An annual work plan has been prepared and high risk areas have been identified in terms of generation maintenance fuel system and safety operational procedures whilst in the area of finance, fixed assets, procurement and petty cash have been identified as medium risk. The areas internal auditing has to concentrate on are obvious given that the External Auditor has stated that he has no audit comfort on internal controls. Therefore, it is important that the internal auditor concentrate on such areas already identified; such as being physically present at stock verifications and fixed asset verification, ensuring proper count and documentation, audit of accounts receivable and payable ledgers, audit of the billing system, ensuring that bank reconciliations are in order. When performing the audit, the internal auditor should document the internal control system through flow charts and Internal Control Questionnaires and run dummy transactions through the system to ensure that the stated controls are in operation.

13. **External Auditing.** The external auditor is the Auditor General of Solomon Islands who assigns audit work to a private auditor on a rotational basis. As stated elsewhere the auditor has issued a disclaimer of opinion for the past several years and issued an unqualified opinion in 2012.

14. **Results of the Financial Management Assessment.** The SIEA financial management has been identified to have some weaknesses including weak internal control systems, as identified by the external auditors. Their financial statements are regularly audited by a professional firm with international affiliation. Annual budgets are prepared and compared against actual performance and any significant variances highlighted and reported on a monthly basis. The accounting system is computerized and steps are being taken to use integrated accounting software and also minimize off-system use.

15. For the first time in many years, SIEA received an unqualified audit opinion from its external auditor. The external auditors has cited the lack of Internal control for the previously qualification on SIEA accounts and has identified high risk areas such as being physically present at stock verifications and fixed asset verification, ensuring proper count and documentation, audit of accounts receivable and payable ledgers, audit of the billing system, ensuring that bank reconciliations are in order. These area areas which the SIEA internal auditor needs to concentrate on.

16. SIEA accounting staff have not managed an ADB Loan in recent years. Although they have assigned an officer to handle the accounting work related to the World Bank SISEP, there is a need to train staff in ADB withdrawal applications and also to produce project financial statements that are acceptable to the ADB and the Government.

17. The tariff setting methodology and formulae is being re-examined under technical assistance funded through SISEP.

18. **Proposed Action.** Based on this risk evaluation, the PMU will include a financial specialist to assist with (i) design, implementation and monitoring of internal audit controls, (ii) capacity building of SIEA staff to perform this function, and (iii) provide training to SIEA on ADB project financial management requirements.

Annex A: Financial Management Assessment Questionnaire

Topic	Response	Remarks
1. Implementing Agency		
1.1 What is the entity's legal status / registration?	State owned Enterprise (SOE) under the Electricity Act 1969, established on 1 January.	SIEA governed by the Electricity Act and SOE Act of 2007
1.2 Has the entity implemented an externally-financed project in the past (if so, please provide details)?	Currently implementing the World Bank funded Solomon Islands Sustainable Energy Project for USD 4.5 million 2009-2014 ADB Loans 803 and 1064	Discussions with the World Bank are under way to increase funding.
1.3 What are the statutory reporting requirements for the entity?	Annual audited financial statements	
1.4 Is the governing body for the project independent?	Governance by a Board of Directors Expat non-executive director on the Board appointment through the World Bank project	The Board is appointed under the SOE Act and approved by the government Independent Non-Executive Director is included on the Board. Also on Solomon Islands Water Authority Board
1.5 Is the organizational structure appropriate for the needs of the project?	Yes	
2. Funds Flow Arrangements		
2.1 Describe (proposed) project funds flow arrangements, including a chart and explanation of the flow of funds from ADB, government and other financiers.	ADB funds will flow to the Government and will be on-lent to SIEA	No decision has been taken by the Government on the on-lending rate
2.2 Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / Finance Ministry) to the entity satisfactory?	Yes,	
2.3 What have been the major problems in the past in receipt of funds by the entity?	No	
2.4 In which bank will the Imprest Account be opened?	The project will not include an imprest account	Under the WB project most were direct payments to the supplier
2.5 Does the (proposed) project management unit (PMU) have experience in the management of disbursements from ADB?	Not with the ADB but with the on-going World Bank project	
2.6 Does the entity have/need a capacity to manage foreign exchange risks?	No.	There are no exchange risks as the funds will be on-lent in the local currency
2.7 How are the counterpart funds accessed?	Through government budget	There may also be some contribution from SIEA
2.8 How are payments made from the counterpart funds?	To be decided on implementation	
2.9 If part of the project is implemented by communities or NGOs, does the PMU have the necessary reporting and monitoring features built into its systems to track the use of project proceeds by such agencies?	No	

Topic	Response	Remarks
2.10 Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor), are proper guidelines formulated to record and value the labor contribution?	No	
3. Staffing		
3.1 What is the (proposed) organizational structure of the accounting department? Attach an organization chart.	Headed by a CFO with Chief Accountant (General Ledger and Accounts Payable) and Deputy Chief Accountant and Accountant Revenue	SIEA has an expatriate CFO.
3.2 Identify the (proposed) accounts staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key accounting staff.	There is a current Administrator for the WB project who has the necessary experience	
3.3 Is the project finance and accounting function staffed adequately?	Yes	
3.4 Is the finance and accounts staff adequately qualified and experienced?	Yes	Commerce graduates. No professional accountants.
3.5 Is the project accounts and finance staff trained in ADB procedures?	World Bank Procedures	Not an issue as the procedures is similar.
3.6 What is the duration of the contract with the finance and accounts staff?	None, except the expat CFO under the WB project	
3.7 Indicate key positions not contracted yet, and the estimated date of appointment.		
3.8 Does the project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	Will have prior to implementation	
3.9 At what frequency are personnel transferred?	No	The non transfer of cashiers at head office and regions is an internal control weakness
3.10 What is training policy for the finance and accounting staff?	Mainly on the job training	
4. Accounting Policies and Procedures		
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds? Will the project use the entity accounting system?	Yes, see section under Accounting System below	
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes.	Yes, the accounting software requires authorization for transactions at each level
4.3 Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories?	Yes	
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	

Topic	Response	Remarks
4.5 Are the General Ledger and subsidiary ledgers reconciled and in balance?	Yes, entries from subsidiary ledgers for Payroll, payables, receivables, fixed assets journalized into the General Ledger and reconciled	The auditor has raised some issues where certain balances are not reconciled. This is mainly for customers switching to prepaid meters where a certain percentage of each payment goes towards settling arrears. These have been reconciled in the 2012 statements
4.6 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	Yes	
Segregation of Duties		
4.7 Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; and (iii) custody of assets involved in the transaction?	Yes. Authorization to execute a transaction generally from Engineering Division through a duly authorized Purchase Order and recording of transaction by finance and stores responsible for custody of assets	
4.8 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes, between the Ordering division, finance division and stores.	
4.9 Are bank reconciliations prepared by someone other than those who make or approve payments?	Yes, done by an officer who does not make or approve payments.	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Mainly financial targets	
4.11 Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	Budget prepared in line with financial statements format to facilitate comparison with actual	Budget could be prepared on the accounting system but done off system on Excel and then uploaded on to the Oracle database.
4.12 Are actual expenditures compared to the budget with reasonable frequency, and explanations required for significant variations from the budget?	Yes, monthly. The budget is also re-forecast at mid-year.	Although variances highlighted and explanations given
4.13 Are approvals for variations from the budget required in advance or after the fact?	Generally in advance	
4.14 Who is responsible for preparation and approval of budgets?	Prepared by finance and approved by Board. However finance obtains data from all divisions	
4.15 Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	Yes	
4.16 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes	Generally based on a increase of previous year budget.

Topic	Response	Remarks
Payments		
4.17 Do invoice-processing procedures provide for: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the accuracy of calculations?	Yes	It is important that supplier statements are first reconciled with the supplier balances in the general ledger before payments are made as recommended by the auditor. This practice is being implemented by the payments section.
4.18 Are all invoices stamped PAID, dated, reviewed and approved, and clearly marked for account code assignment?	Yes	
4.19 Do controls exist for the preparation of the payroll and are changes to the payroll properly authorized?	Yes there is a separate payroll module on the NCS system in charge of separate officer.	The existence of a single officer raises an internal control issue. However, there is another person trained to do the work in his absence
Policies And Procedures		
4.20 What is the basis of accounting (e.g., cash, accrual)?	Accruals	
4.21 What accounting standards are followed?	International Financial Reporting Standards	
4.22 Does the project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	No, but the auditors have called for one which is being addressed by SIEA	
4.23 Is the accounting policy and procedure manual updated for the project activities?		
4.24 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the entity?	Yes	
4.25 Are there written policies and procedures covering all routine financial management and related administrative activities?	No	
4.26 Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from them?	No	
4.27 Are manuals distributed to appropriate personnel?	Not applicable	
Cash and Bank		
4.28 Indicate names and positions of authorized signatories in the bank accounts.	Two signatories from General Manager, Chairman, Deputy GM, Board Director, Manager Generation and Manager Legal	This is being revised to include CFO and Manager, Finance and also incorporate formal authority limits
4.29 Does the organization maintain an adequate, up-to-date cashbook, recording receipts and payments?	The Cash book is maintained on the MYOB system itself.	

Topic	Response	Remarks
4.30 Do controls exist for the collection, timely deposit and recording of receipts at each collection location?	SIEA has 9 outstation collection centers and 2 in Honiara. Collections are banked daily. However, only Gizo is linked online to the NCS system. Receipts from other centers are sent to Head Office and posted to NCS which results in a posting delay of about 2 weeks.	
4.31 Are bank and cash reconciled on a monthly basis?	Yes	
4.32 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	The external auditor has noted some unusual items in the Bank Reconciliation. These should be fully investigated by SIEA.
4.33 Are all receipts deposited on a timely basis?	Yes	
Safeguard over Assets		
4.34 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes	Fixed Assets Register (FAR) is maintained on an Excel Spreadsheet and journalized to the General Ledger (GL). FAR module of MYOB available. Inventory recorded in MYOB itself
4.35 Are subsidiary records of fixed assets and stocks kept up to date and reconciled with control accounts?	Yes	The plant and machinery in the FAR agrees with the GL. The land and buildings does not since there is no evidence regarding the brought forward balance.
4.36 Are there periodic physical inventories of fixed assets and stocks?	There is a monthly stock-take.	All stores consolidated into one at the Head office
4.37 Are assets sufficiently covered by insurance policies?	Gensets insured under industrial special risk cover, motor vehicle insurance public liability insurance	Staff medical cover and travel insurance proposed
Other Offices and Implementing Entities		
4.38 Are there any other regional offices or executing entities participating in implementation?	No	
4.39 Has the project established controls and procedures for flow of funds, financial information, accountability, and audits in relation to the other offices or entities?	Not applicable	
4.40 Does information among the different offices/implementing agencies flow in an accurate and timely fashion?	Not applicable	
4.41 Are periodic reconciliations performed among the different offices/implementing agencies?	Not applicable	
Other		
4.42 Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	No	
5. Internal Audit		
5.1 Is there an internal audit department in the entity?	Yes	

Topic	Response	Remarks
5.2 What are the qualifications and experience of audit department staff?	Member of the Institute of Internal Auditors, Australia	
5.3 To whom does the internal auditor report?	The Board of Directors through the Finance and Audit Committee which meets quarterly	4 directors including GM on committee. CFO on invitation
5.4 Will the internal audit department include the project in its work program?	Yes	
5.5 Are actions taken on the internal audit findings?	Yes	
6. External Audit		
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	Yes by the Auditor General who assigns it to an Audit firm on rotation.	
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	Yes. According to the Public Finance and Audit Act audited statements needs to be placed before the Minister by 31 March the following year. Under SOE Act audited statements need to be placed before the Minister within 3 months of the year end.	Non compliance up to 2011. Complied in 2012.
6.3 Is the audit of the entity conducted according to the International Standards on Auditing?	International Standards	
6.4 Were there any major accountability issues brought out in the audit report of the past three years?	Yes, the auditor issued a qualified audit opinion (disclaimer) for two of the last three years. The basis for this opinion was that potential adjustments may be needed to fixed assets, inventories, receivables, payables, revenue and expenses. For the last year (2012), the auditor issued an unqualified opinion	
6.5 Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	Same auditor will audit	
6.6 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	After many years of the auditor issuing a disclaimer of opinion on SIEA accounts, the SIEA 2012 Accounts received an unqualified opinion. .	
6.7 Is the project subject to any kind of audit from an independent governmental entity (e.g., the supreme audit institution) in addition to the external audit?	The project will be subject to the annual audit and sign off by the Auditor General	
6.8 Has the project prepared acceptable terms of reference for an annual project audit?	Will do	
7. Reporting and Monitoring		
7.1 Are financial statements prepared for the entity? In accordance with which accounting standards?	International standards	
7.2 Are financial statements prepared for the implementing unit?	Yes will be	

Topic	Response	Remarks
7.3 What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to useful to management for decision making?	Monthly reporting. Financial statements and key indicators published for Board and senior management review	
7.4 Does the reporting system need to be adapted to report on the project components?	Yes	The Chart of Accounts can be updated with project account details
7.5 Does the reporting system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	No	
7.6 Does the project have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain, and how they are to be used?	Yes	
7.7 Are financial management reports used by management?	Yes	
7.8 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes, with variance analysis	
7.9 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	The system prepares up to Trial Balance. Thereafter off-system through spreadsheets	
8. Information Systems		
8.1 Is the financial management system computerized?	Yes. Three systems operating. MYOB accounting software for General Ledger (GL). Napier Computer Software (NCS) for billing and invoicing, accounts receivable and payroll. Suprema software for cashpower operations.	SIEA has plans to move onto an integrated software system.
8.2 Can the system produce the necessary project financial reports?	Yes	
8.3 Is the staff adequately trained to maintain the system?	Yes.	In house IT professional available for day-to-day issues. MYOB, NCS and Suprema support available from vendor for a fee.
8.4 Does the management organization and processing system safeguard the confidentiality, integrity and availability of the data?	Yes. There is password protection at every level for data entry into the system and authorization to process the transactions. User accounts for the three systems are with three separate individuals. The system does not automatically require periodic password changes. Data is backed up daily off the server on to magnetic tape and kept in the custody of the IT Officer.	.

B. Disbursement

19. The loan and grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),⁵ and detailed arrangements agreed upon between the Government and ADB. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),⁶ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (Appendix 5) to subprojects financed by ADB.

20. Only reimbursement and direct payment procedures will be used under the project. Imprest Accounts and Statement of Expenditures will not be used. The Project Management Unit (PMU) will be responsible for preparing disbursement projections. SIEA will maintain project accounts. The PMU will coordinate internally within SIEA to arrange allocation of counterpart funds for individual projects. The PMU will be responsible for collecting supporting documents, preparing withdrawal applications and submitting to Ministry of Finance and Treasury, who will be responsible for screening withdrawal applications and submitting to ADB.

21. Before the submission of the first withdrawal application, the government should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is \$100,000 equivalent, unless otherwise approved by ADB. Individual payments below this amount should generally be paid by SIEA and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept WAs below the minimum amount. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing.

C. Accounting

22. SIEA will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. SIEA 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

23. SIEA will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by Ministry of Finance and Treasury. SIEA will also cause the entity-level financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited entity-level financial statements, together with the auditors' report and management letter, will be submitted in the English language to ADB within one month after their approval by the competent authority.

⁵ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

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

24. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; and (iii) the level of compliance for each financial covenant contained in the legal agreements for the project.

25. In addition to annual audited financial statements referred to in subsection (a) hereinabove, SIEA shall (i) provide its annual financial statements prepared in accordance with national accrual-based financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

26. 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.

27. The Government, MMERE and SIEA have been made aware of ADB's policy on 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.

28. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).⁸ After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

⁷ ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

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

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

29. The government has requested that ADB undertake advance recruitment action up to signing of the contract for design and supervision consultants on their behalf. Advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (February 2013, as amended from time to time) (ADB's *Procurement Guidelines*)⁹ and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time) (ADB's *Guidelines on the Use of Consultants*).¹⁰ The borrower, executing and implementing agencies have been advised that approval of advance contracting does not commit ADB to finance the Project.

B. Procurement of Goods, Works and Consulting Services

30. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines*. International competitive bidding (ICB) procedures and shopping procedures will be used within the thresholds listed below. Before the start of any procurement ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's *Procurement Guidelines*. The procurement plan will be updated on an annual basis and disclosed on the ADB website. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). All shortlists and contract awards for consultancy services and contract awards for goods and works contracts will be publically disclosed.

31. The terms of reference for all consulting services are detailed in Section D. An estimated 36.5 person-months of international consulting services and 67 person-months national consulting services are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of SIEA. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a quality: cost ratio of 90:10 (considered justified due to technical complexity of the substation, transmission, distribution and hydropower plant design). All consulting packages will be advertised using Consulting Services Recruitment Notice of Consultant Management System.

C. Procurement Plan

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

32. **Project Procurement Thresholds.** Except as the ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
International Competitive Bidding (ICB) for Works	≥\$100,000
ICB for Goods	≥\$100,000
Shopping for Works	<\$100,000
Shopping for Goods	<\$100,000

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

¹⁰ Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

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

Procurement Method	Prior or Post	Comments
Procurement of Goods and Works		
ICB Works	Prior	
ICB Goods	Prior	
Shopping for Works	Prior	
Shopping for Goods	Prior	
Recruitment of Consulting Firms		
Quality- and Cost-Based Selection (QCBS)	Prior	(90:10)

34. **Goods and Works Contracts Estimated to Cost More Than \$1 Million.** The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (estimate)	Procurement Method	Prequal. of Bidders (y/n)	Advertisement Date (qtr/yr)
1. Fiu River Hydropower Plant (design, supply, install and commission)	\$9,976,330	ICB	n	Q3 2015
2. Fiu River Hydropower Plant Operation and Maintenance	\$1,293,360	ICB	n	Q1 2017
3. Design and Supervision Consultants	\$1,948,300	QCBS	n	Q3 2014

ICB: international competitive bidding, QCBS: quality- and cost-based selection

35. **Consulting Services Contracts Estimated to Cost More than \$100,000.** The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value	Recruitment Method	Advertisement Date (qtr/year)	International or National Assignment	Comments
1. Design and Supervision Consultants	\$1,948,300	QCBS	Q2 2014	International and National	

QCBS: quality- and cost-based selection

36. **Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000.** The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative)	Number of Contracts	Procurement/ Recruitment Method	Comments
2. Topographical Survey	\$91,290	1	Shopping	
3. Geotechnical Investigation	\$66,620	1	Shopping	

2. Indicative List of Packages Required Under the Project

37. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project.

General Description	Value of Contracts (cumulative)	Number of Contracts	Procurement/ Recruitment Method	Comments
Works				
W01: Fiu River Hydropower Plant ¹	\$9,976,330	1	Prequalification, ICB	Design, Supply Install and Commission
W02: Fiu River Hydropower Plant Operation and Maintenance	\$1,293,360	1	ICB	
W03: Low Voltage Distribution Line Construction ²	\$118,490	1	NA	SIEA
W04: Topographical Survey	\$91,290	1	Shopping	
W05: Geotechnical Investigation	\$66,620	1	Shopping	
Goods				
G01: Low Voltage Distribution Line Plant	\$671,470	1	ICB	
Consultants				
C01: Design and Supervision Consultants	\$1,948,300	1	QCBS	

ICB = international competitive bidding, NA = not applicable, SIEA = Solomon Islands Electricity Authority

1. Alternative bids will be permitted to include operation and maintenance contract.

2. W03 will be financed through counterpart funds and will not be subject to ADB financing.

D. Consultant's Terms of Reference

38. The purpose of the consultancy work is to provide design support and construction supervision for the Project. A summary of the proposed design and supervision consultants is listed in the table below:

International Specialists	Person-Months
Project Manager/Hydropower Engineer	21
Financial Specialist	3
Geotechnical Engineer	1
Hydrologist	0.5
Civil Engineer	2
Electro-Mechanical Engineer	1
Transmission and Distribution Engineer	1
Environment Specialist	3
Social/Resettlement Specialist	3
Drafting Person	1
Subtotal	36.5
National Specialists	
Electrical Engineer	3
Social Specialist	14
Environmental Specialist	14
Site Representative	12
Drafting Person	2
Admin/Account Support	21
Subtotal	66
Total	102.5

39. A summary terms of reference for the design and supervision consultants is presented below:

40. **Project Manager/Hydropower Engineer** (international, 21 person-months). The project manager will have overall responsibility for the implementation of the project. The team leader will report to the PMU project manager and will lead the consulting team. The team leader will

be responsible for quality assurance, document preparation and coordination, project management and implementation of contracts. As hydropower engineer responsibilities will include review of existing studies and updating project designs for the project, site reconnaissance, preparing preliminary design (bill of quantities, cost estimates, specifications, implementation schedule, drawings, diagrams, etc.), preparing bidding documents, evaluating bids, contract management, equipment inspection, high level construction supervision, commissioning of projects, and advising operation of equipment/facilities during the initial two months of operation whilst completing project close out reporting. The team leader will also (i) train SIEA staff in preparation of tender documents for design, build, transfer contracts; (ii) manage preparation of ADB standard tender documents, (iii) prepare functional specifications for Build Operate and Transfer bidding documents, and (iv) manage the technical design and implementation of the distribution grid extension project. The engineer will prepare the specifications for the operation and maintenance contract, ensuring inclusion of specific training responsibilities and capacity transfer mechanisms for SIEA staff.

41. **Financial Specialist** (international, 3 person-months). The financial specialist will have a minimum of 10 years work experience, preferably in the Pacific and hold a recognized accountancy qualification (CA or CPA). The financial specialists will assist with (i) design, implementation and monitoring of internal audit controls, (ii) capacity building of SIEA staff to perform this function, and (iii) provide training to SIEA on ADB project financial management requirements.

42. **Geotechnical Engineer** (international, 1 person-month). The Engineer will be responsible for geotechnical design and supervision for the Fiu River Hydropower Project including, but not limited to, powerplant siting, canals, access roads, substation and transmission line. The geotechnical engineer's responsibility will include, (i) design and review of geotechnical site investigation work, (ii) collection of background geotechnical data, (iii) assessment of slope stability, (iv) preparation of technical specifications suitable for tender, (v) identification and assessment of construction materials, and (vi) support to include climate change considerations into technical design. The engineer will specifically assess foundation and slope stability issues associated with access road, head ponds, penstock and powerplant for Fiu River Hydropower Project.

43. **Hydrologist** (international, 0.5 person-month). The hydrologist will update the hydrological studies for the design of the Fiu River Hydropower Project, including determination of construction flood levels, optimize plant siting, undertake erosion and flood protection design and update stream flow analysis based on updated stream gauging data. The hydrologist will visit the site, download stream gauging data and train SIEA staff on how to download stream gauging data. The hydrologist will provide inputs as necessary to support project design, including climate change considerations.

44. **Civil Engineer** (international, 2 person-months). The Engineer will be responsible for civil works related design and supervision. The Engineer's responsibility includes, the review of existing design of civil works structure, site reconnaissance, engaging and supervising topographical surveys if required, structural analysis, preparing outline design including climate change considerations, procurement inputs (bill of quantities, cost estimates, specifications, implementation schedule, drawings, diagrams, etc.), support in preparing bidding documents for EPC contracts, evaluating bids, equipment inspection and construction supervision.

45. **Electro-mechanical Engineer** (international, 1 person-month). The engineer will be responsible for design of the powerstation to a level suitable for EPC tendering. The engineer's

responsibility includes reviewing existing studies, site reconnaissance, preparing preliminary designs, procurement inputs (bill of quantities, cost estimates, specifications, implementation schedule, drawings, diagrams, etc.), evaluating bids, equipment inspection, high level construction supervision and commissioning of plant.

46. Transmission and Distribution Engineer (international, 1 person-month). The Transmission/Distribution Specialist (TDS) shall have demonstrated experience in design and procurement. The TDS shall undertake the following:

- (i) Assist with the detailed design of the Transmission and Distribution systems for the project and ensure that they meet international best practice.
- (ii) Provide high level advice to the TL regarding management and technical issues;
- (iii) Provide skilled input to the design and documentation including assessment of Tenders, selection of equipment and recommendation for award of Contract;
- (iv) Assist in the supervision of Construction and Commissioning;
- (v) Follow the procurement processes as detailed in the ADB guidelines in all respects;
- (vi) Assist the Team Leader in developing detailed budgets for the Project and sub-projects. Assist in controlling sub-project budgets;
- (vii) Assist with the development of maintenance regimes and strategies;
- (viii) Prepare regular design and progress reports as required by the Team Leader.

47. Environment Specialist (international, 3 person-months). The international environmental specialist (IES) will have at least ten years experience in environmental assessment and management including in project implementation. Experience in the power sector and in Solomon Islands and/or other Pacific countries would be an advantage. The specialist will undertake the following:

- (i) Facilitate the participation of government counterparts in ongoing capacity development activities to local counterparts and national consultants to ensure skills transfer for improved sustainability of the investment;
- (ii) In conjunction with the national environmental specialist (NES) and social safeguards and resettlement specialists undertake or participate in consultations as required by the Consultation and Participation Plan (CPP) prepared for the Project;
- (iii) Based on detailed design, assist the NES to update the initial environmental examination (IEE) for the scheme in compliance with ADB Safeguard Policy Statement 2009 (SPS) and the Environment Act 1998 and Environment Regulations 2008;
- (iv) During design of the scheme, prepare draft method statements to be included in the contractor's site-specific environmental management plan (SEMP) including waste management plan (WMP), materials management plan (MMP), erosion and runoff control plan (ERCP), drainage management plan (DMP), and health and safety plan (HSP);
- (v) Assist SIEA/PMU, in consultation with the Environment and Conservation Division (ECD), to ensure that environmental safeguard measures under the Project comply with national safeguard requirements including but not limited to (a) preparation of Scoping Report; (b) conversion of IEE into a public environmental report (PER) or environmental impact statement (EIS) as confirmed by ECD; and (c) prepare applications for development consent and environmental permits (water resources and building materials permits) under Environment Act, Water Resources Act and other legislation as required;

- (vi) Assist PMU procurement specialists and other PMU members as required to include the draft method statements and updated environmental management plan (EMP) and other plans (see item iv above) and relevant provisions and text from the updated IEE into the tender/contract documentation for the scheme;
- (vii) Prior to contractor's preparation of the SEMP provide training on environmental management provisions and monitoring. Assist the NES to review the contractor's SEMP (including other plans as required - see item iv), suggest changes or revisions as required, and recommend to PMU Head that approval of the SEMP may be issued;
- (viii) Assist the NES to establish an environmental monitoring and reporting system within the PMU and contribute to Quarterly Progress Reports - including compilation of relevant items from Monthly Reports prepared by contractors - to be prepared by the PMU for SIEA and ADB. The monitoring and reporting system will cover SEMP compliance;
- (ix) Monitor the contractor's compliance with SEMP (and other plans), and as necessary conduct on-site spot-checks of contractor's mitigations and review contractor's Monthly Reports regular monitoring reports; and
- (x) Ensure compliance with all assurances under the Project.
- (xi) Support capacity building of the NES as well as wider awareness raising and strengthening of Solomon Islands Electricity Authority (SIEA) staff (including management) in safeguards. Coordinate with any other TA or projects being provided by government or its development partners in the areas of safeguards.

48. **Social Development/Resettlement Specialist** (international, 3 person-months). The Social Development/Resettlement Specialist will have a Master's Degree, or equivalent, in an applied Social Science, e.g., Sociology, Anthropology, Economics, Development or Human Geography or other related fields. The specialist will have at least 10 years of relevant experience in involuntary resettlement and social safeguard planning and implementation, including in the Pacific developing member countries. The specialist will:

- (i) Take the overall responsibility of resettlement and social safeguards during the design, implementation and monitoring of the project in accordance with the ADB's Safeguard Policy Statement (SPS) and relevant laws of the Solomon Islands;
- (ii) Develop and implement stakeholder consultation and communication programs to ensure the full awareness and participation of affected communities and stakeholder agencies;
- (iii) Assist in establishing and implementing the project's grievance redress mechanism;
- (iv) Liaise with MLHS and provincial authorities for their participation in and oversight of census and detailed measurement survey and negotiation with affected persons for purposes of compensation of land and other property for the project;
- (v) Assist in a replacement cost study for the determination of replacement cost or market prices of affected land and property;
- (vi) Update the resettlement plan (RP) in compliance with the SPS based on detailed surveys;
- (vii) Facilitate disclosure of the RP to affected communities, including providing a summary of its contents to affected persons in local language on eligibility, entitlement, grievance mechanism, timeline of land acquisition and compensation payment.

- (viii) Together with SIEA and provincial counterparts, supervise and monitor implementation of the RP.
- (ix) Provide advice and assistance to project teams to address social safeguard issues in project implementation and reporting;
- (x) Develop and deliver social safeguard training to relevant staff of SIEA, MLHS, provincial government, and other relevant agencies involved in the project;
- (xi) Prepare semi-annual monitoring reports on the resettlement and social safeguards; and
- (xii) Coordinate with other specialists and provide safeguard inputs to overall project reports, including quarterly progress reports.

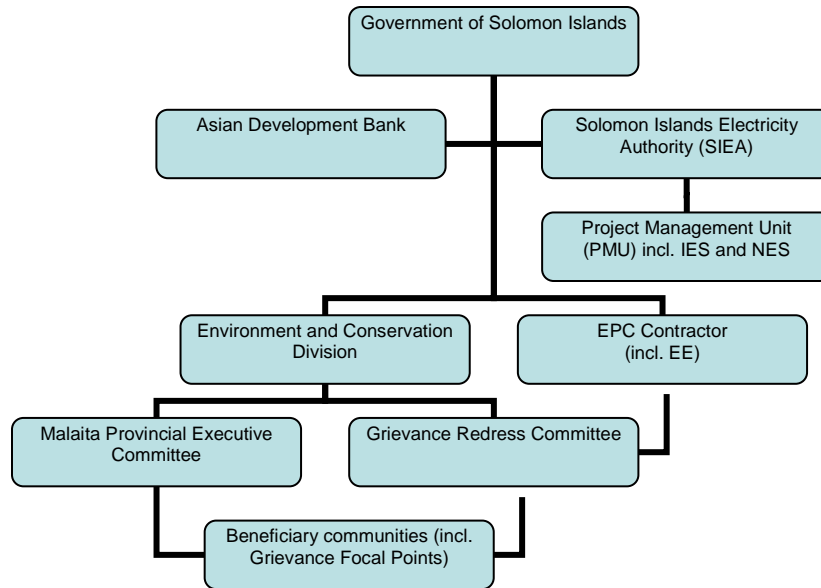
49. **National Specialists.** The national specialists listed in paragraph 38 will assist their respective international specialist counterparts undertake the listed terms of reference.

50. **Project Management Unit (PMU).** The PMU will include the following SIEA staff, (i) two project engineers, (ii) finance officer, and (iii) administrative assistant, as required. The national staff will be engaged to support the relevant international consultant and SIEA staff activities in implementing the project.

VII. SAFEGUARDS

51. **Environment.** The project is classified as category B for environment. An initial environmental examination (IEE) has been undertaken for the run-of-river hydropower scheme on Fiu River, Malaita. The IEE confirms that the adverse environmental impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed readily and addressed through the measures set out in the IEE's EMP. The Environment and Conservation Division (ECD) will clear the IEE in accordance with the rules and procedures of the Environment Act 1998 and grant development consent and building materials permit. The IEE is presented in the RRP linked documents.

52. The following figure outlines the environmental management organization and its linkages with the project. The responsibility for management will belong to (i) the PMU to be staffed with suitable employees from SIEA supported by specialists provided by a design and supervision consultant (DSC). Two environmental specialists are to be included in the Project Management Unit (PMU); an international environmental specialist (IES) and national environmental specialist (NES). The IES and NES will support PMU activities by updating the IEE as required and integrating environmental management and monitoring requirements into the bid documentation, and ensuring effective implementation and monitoring of the EMP. The IES and NES will provide training to the contractor prior to preparation and submission of the contractor's method statements and site-specific EMP (SEMP) which will be updated based on the detailed design completed by the contractor, as the Project will likely be implemented through an Engineer, Procure and Construct (EPC) contract. The EPC contractor will be required to include an environmental engineer (EE) with experience in environmental management to assist with incorporation of mitigation and specific design features as set out in the IEE into the detailed design and preparation and implementation of the SEMP. In respect of environmental safeguards the main task of the PMU is to prepare safeguard documents and arrange approval of the documents, provide training and support to the EPC contractor and SIEA staff (including management), support implementation of the safeguards plans, and obtain environmental consent and permit(s). The IES and NES will assist the PMU's Project Engineer in supervising the implementation of the safeguards by the EPC contractor.



53. **Involuntary Resettlement and Indigenous Peoples.** The project has been classified as category B for resettlement and category C for indigenous peoples following ADB’s SPS. The project will involve land acquisition impacts that are not deemed significant. The hydropower scheme will require acquisition of land and clearances of trees for the construction of infrastructures. A draft resettlement plan (RP) has been prepared on the assessment of impacts and consultations with affected persons during the project preparatory technical assistance. Affected persons will be further consulted during the detailed design and implementation. Relevant information including an information brochure in local language has been disseminated to affected persons and local stakeholders. SIEA will endorse the draft Resettlement Plan and this will be posted on ADB website before ADB’s management review meeting. SIEA will establish a grievance redress mechanism to receive and address project related concerns or grievances that may arise during project implementation. Affected persons will be informed by SIEA how they can access to the grievance redress mechanism. SIEA will finalize the Resettlement Plan after the detailed design and ensure that affected persons receive their compensation before the start of civil works affecting land or property.

54. The project will comply with both ADB’s SPS requirements and Solomon Islands’ laws and regulations applicable to land acquisition and resettlement. The Resettlement Plan describes principles, entitlements, implementation arrangements and other details. Terms of Reference for social development/resettlement specialists are included in the relevant section of this PAM.

55. The due diligence concluded that while there are tribes and clans in the subproject areas their institutions are not separate from mainstream society, and these groups are not vulnerable. As socio-cultural groups need to be both “distinct” and “vulnerable” for triggering the ADB SPS requirements on indigenous peoples, the project has been proposed as category C and an Indigenous People Plan is not required. However, the project will ensure that local communities actively participate and receive culturally appropriate benefits.

56. For updating and implementation of the Resettlement Plan, SIEA will (i) appoint a focal person for land issues; (ii) establish social and environment safeguard capacity within PMU

including social safeguard specialists; and (iii) coordinate with the Ministry of Land, Housing and Services, provincial government, and other relevant agencies. The project will support the strengthening of SIEA's social safeguard capacity, recruiting resettlement specialists (3 person-months international and 14 national person-months) and conducting trainings. The government will finance costs of land acquisition and resettlement. The Resettlement Plan is included as a linked document.

VIII. GENDER AND SOCIAL DIMENSIONS

57. **Social.** The project design includes pro-poor or poverty reduction measures to address poverty issues. The project's measures on poverty reduction measures include: (i) engaging low-income households including landowners to undertake construction projects, and (ii) extension of the distribution grid (including poor households), including training for income generation activities. In addition, the contractors will be encouraged to employ local men and women in the project activities. The existing electricity tariff already includes a lifeline tariff to reduce the burden on low income households. The project will comply with applicable national labor laws and/or internationally recognized core labor standards, including but not limited to, equal work for equal pay regardless of gender, race, ethnicity and no child labor. It is expected that mostly poor households will be engaged in un-skilled labor during construction. The poverty reduction measures will be implemented by the PMU, which will include a social specialist. The social specialist will establish a monitoring system to track employment opportunities and technical training for local people, the poor, and vulnerable groups. The draft terms of reference of the social specialist are included in Section VI D.

58. **Gender.** Key gender action items to be included under the project are listed in the gender action plan (GAP) below:

GENDER ACTION PLAN

Components and Outputs	Performance Targets and Activities	Primary Responsibility
Output 1. Fiu River Hydropower plant put into operation by SIEA		
(a) construction of a 750 kW hydropower plant	<ul style="list-style-type: none"> • During design and implementation, community consultation and participation activities will include at least 50% women involvement, and consultations will be scheduled at a time when women can easily attend • Encourage employment of women in support activities (administration, clerical) during design and construction phase (preferably at least 30%) and provide institutional support such as sanitary facilities provided separately for women. Contractors appointed for construction will be informed of the required facilities before bidding. • Women's wages will be paid directly to them. • Provide income earning opportunities (such as food vending, hawking of goods required by workers) during construction. • Construction workers and community members will be provided orientation/information on HIV/AIDS and STD issues and concerns. • Contractors will be required to pay equal wages to men and women for work of equal value. 	PMU PMU and Contractor Contractor Contractor PMU Contractor

Components and Outputs	Performance Targets and Activities	Primary Responsibility
Output 2. Upgraded distribution grid		
(a) extension of the grid to an estimated additional 250 households,	<ul style="list-style-type: none"> • Female headed households will be prioritized for connection in areas targeted for connection to the grid. • Women and men from additional 250 households benefit from the household grid connection. • Women's health will benefit from reduced indoor burning of kerosene. • During design and implementation community consultations will target 50% female participation. 	PMU PMU PMU PMU
Output 3. Capacity building undertaken for implementing agency and project beneficiaries		
(a) Capacity development activities through the design and supervision consultants for SIEA. (b) Capacity building for project beneficiaries to productively and safely utilize electricity	<ul style="list-style-type: none"> • Provide gender awareness training to PMU/project staff. • Enhance capacity by SIEA to include gender perspective into its operations through gender awareness training for SIEA management: at least 50% of SIEA management staff receives gender awareness training by 2016. • Undertake training workshops in newly connected households (at least 50% female participation) on electricity safety, operation of prepayment meters, energy efficiency, and household utility budgeting. • Undertake training on skills development in service coverage communities (with at least 50% female participation) on use of electricity for increase income generation, e.g. agribusiness value-adding, handicraft production. 	International Social Specialist PMU PMU
Output 4. The Project Management Unit (PMU) renders efficient project management services		
Project management services for efficient and effective project implementation.	<ul style="list-style-type: none"> • Provide orientation/training of Civil work contractors' staff and workers on HIV/AIDS/STD concerns and interventions. • Establish project performance indicators disaggregated by gender to track progress of performance indicators in DMF, along with proposed activities in the GAP. • Report the progress of GAP activities in regular quarterly progress reports. • Inclusion of an International and National Specialists who will assess, consult, train and help manage the implementation of GAP. • Include at least one woman member in the grievance redress mechanism committee. 	PMU PMU SIEA PMU
Implementation Arrangements: The Project's GAP will be implemented by the Project's Management Unit (PMU) which will hire a social development/gender specialist in the Project team. The specialist will be responsible for incorporating the GAP into project planning and program, including awareness workshops and establishment of gender-disaggregated indicators for project performance and monitoring. The PMU will include reporting on progress of GAP activities in quarterly progress reports on overall project activities to the ADB and the Government.		

ADB = Asian Development Bank, DMF = design and monitoring framework, GAP = gender action plan, PMU = Project Management Unit, SIEA = Solomon Islands Electricity Authority.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Increased economic activity in Auki, Malaita Province</p>	<p>Increase in SIEA business customers in Auki by 20% by August 2020 compared with June 2014 baseline of 335</p> <p>Increase in registered businesses in Auki by 20% by August 2020 compared with June 2014¹¹</p>	<p>SIEA annual corporate report</p>	<p>Assumption New businesses will connect to the grid and existing businesses will stop self-generating</p> <p>Risk Economic development will create power demand that exceeds installed hydropower generation</p>
<p>Outcome SIEA has increased supply of more reliable and cleaner power to Auki, Malaita Province</p>	<p>Renewable energy generation increased as a percentage of Auki power generation, from 0% in June 2014 to 99% (2.04 GWh) by June 2018</p> <p>Duration of outages for customers reduced by 20% in Auki by June 2018 compared with June 2014¹¹</p> <p>CO₂ emissions reduced by 1623 tCO₂e by January 2018 relative to June 2014 baseline¹¹</p> <p>Diesel imports into Malaita Province for power generation reduced by 672,000 liters by June 2018 relative to June 2014 baseline¹¹</p>	<p>SIEA annual corporate report</p> <p>SIEA annual corporate report</p> <p>PMU quarterly reports</p> <p>SIEA annual corporate report</p>	<p>Risk Delays in land acquisition result in delays to construction</p>
<p>Outputs 1. Fiu River hydropower plant put into operation by SIEA</p>	<p>2.04 GWh hydropower generated from the Fiu River hydropower plant per annum by June 2019 (2014 baseline: 0.0 GWh)</p>	<p>SIEA annual corporate report</p>	<p>Risks Extended droughts affect hydropower utilization</p> <p>Low capacity of local contractors results in low-quality installation</p>

¹¹ Baseline will be determined by design and supervision consultants.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
2. Extension of distribution grid by SIEA	<p>SIEA increases household customers from 274 in June 2014 to 524 in June 2020, including subsidized connections to households headed by women</p> <p>Construction of 9.7 km distribution line by June 2020 (June 2014 baseline: 0 km distribution line to Fiu River hydropower plant)</p> <p>SIEA increases commercial customers by 20% by February 2020 (baseline: 335 in June 2014)</p>	<p>SIEA annual corporate report</p> <p>SIEA annual corporate report</p>	
3. Capacity building undertaken for implementing agency and project beneficiaries	<p>PMU conducts training workshops for 250 newly connected households on power safety, household utility budget, and business skills (including 50% women participation) by June 2018</p> <p>Minimum 6 SIEA staff receive comprehensive training in hydropower operation by operation and maintenance contractors by September 2021</p>	PMU quarterly reports	<p>Risks</p> <p>Insufficient financial management capacity within SIEA</p> <p>SIEA staff trained during the 3-year O&M contract are not retained, resulting in lack of capacity for ongoing maintenance</p>
4. The PMU renders efficient project management services	<p>The PMU meets annual target contract awards and disbursements</p> <p>The PMU conducts training for PMU staff and SIEA management, including gender awareness training, by June 2015</p>	<p>PMU quarterly reports</p> <p>PMU quarterly reports</p>	<p>Risks</p> <p>Insufficient procurement capacity in the PMU</p> <p>Poor technical input during development of specifications leads to technical failure</p> <p>Staffing of the PMU is insufficient to manage project construction</p>

Activities with Milestones	Inputs
<p>Output 1: Fiu River Hydropower plant put into operation by SIEA</p> <ol style="list-style-type: none"> 1.1 PMU prepares design and bid documents by September 2015 1.2 PMU starts community consultations, including at least 30% women, by June 2014 1.3 Government completes land acquisition by June 2015 1.4 SIEA awards EPC contract by June 2016 1.5 EPC contractor mobilizes by August 2016 1.6 SIEA awards O&M contract by October 2017 1.7 SIEA commissions Fiu River hydropower plant by January 2018 <p>Output 2: Extension of distribution grid by SIEA</p> <ol style="list-style-type: none"> 2.1 PMU prepares design and bid documents by September 2015 2.2 SIEA awards goods packages by June 2016 2.3 Contractor starts construction of distribution upgrades by April 2017 2.4 Contractor completes construction of distribution upgrades by October 2017 2.5 SIEA commissions distribution extensions (including to households headed by women) by November 2017 <p>Output 3: Capacity building undertaken for implementing agency and project beneficiaries</p> <ol style="list-style-type: none"> 3.1 PMU conducts training workshops in newly connected households (at least 50% female participation) on electricity safety, operation of prepayment meters, energy efficiency, household utility budgeting, and use of electricity to increase income generation before commissioning the distribution lines (June 2017) and after connection (June 2018) 3.2 PMU conducts gender awareness training for at least 50% SIEA management by August 2014 <p>Output 4: PMU renders efficient project management services</p> <ol style="list-style-type: none"> 4.1 PMU established within SIEA by June 2014 4.2 ADB shortlists design and supervision consultants by October 2013 4.3 SIEA awards design and supervision consulting contract by June 2014 4.4 PMU establishes grievance redress mechanism (including at least one women member) by August 2014 4.5 Fielding of design and supervision consultants by June 2014 	<p>Loan ADB: SDR3,886,000 (\$6,000,000)</p> <p>Grant ADB: \$6,000,000 Government or SIEA: \$3,000,000</p>

ADB = Asian Development Bank, CO₂ = carbon dioxide, EPC = engineer–procure–construct, GWh = gigawatt-hour, km = kilometer, O&M = operation and maintenance, PMU = project management unit, SDR = special drawing right, SIEA = Solomon Islands Electricity Authority, tCO₂e = tons of carbon dioxide equivalent.

Source: Asian Development Bank.

B. Monitoring

59. **Gender and social dimensions monitoring:** The Project's GAP will be implemented by the PMU, supported by an international social/gender specialist. SIEA will allocate a national specialist to assist on community development and gender issues. The specialists will be responsible for monitoring activities in accordance with the GAP. The PMU will include reporting on progress of GAP activities in quarterly progress reports on overall

project activities to the ADB and the Government.

60. **Project performance monitoring.** The PMU will prepare quarterly monitoring reports, including disaggregated baseline data for output and outcome indicators. The quarterly reports will provide information necessary to update ADB's project performance reporting system. The twice annual loan reviews and the quarterly monitoring reports will include environmental and social safeguard monitoring reports.

61. **Compliance monitoring:** In addition to the standard assurances, compliance with the specific assurances will be monitored. Implementation of covenants will be (i) summarized in the PMU quarterly progress reports, (ii) discussed during PSC meetings, and (iii) reviewed during biannual loan review missions.

62. **Safeguards monitoring - Resettlement.** SIEA will monitor all activities associated with resettlement. The monitoring will include reporting on progress of activities in the implementation schedule with particular focus on public consultations, land acquisition, financial disbursements, and level of satisfaction among affected persons. SIEA will prepare and submit semi-annual monitoring reports to ADB. The Resettlement Plan specifies detailed arrangements for monitoring and reporting.

63. The safeguard specialists at PMU will assist SIEA in monitoring of safeguard activities and preparation, review and disclosure of safeguard monitoring reports. The checklist for safeguard supervision and the outline of safeguard monitoring report on resettlement for ADB missions and SIEA, respectively, are provided below.

Checklist for Safeguard Supervision/Monitoring (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	<input type="checkbox"/>	B	<input type="checkbox"/>	C	<input type="checkbox"/>	FI	<input type="checkbox"/>		
(additional financing, if any)	A	<input type="checkbox"/>	B	<input type="checkbox"/>	C	<input type="checkbox"/>	FI	<input type="checkbox"/>		
<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	<input type="checkbox"/>	RP	<input type="checkbox"/>	Number of RPs _____	ESMS	<input type="checkbox"/>			
RP Finalized or Updated after Detailed Design: (Attach a list of subprojects and status if necessary.)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
Final/Updated RP Disclosed and Posted on ADB Website:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
Compensation Rates Approved by the Government:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
3) Institutional Setup for Resettlement										
PIU/PMU Resettlement Staff Assigned:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
	If yes, Name: _____			Since: _____ / _____		(month) (year)				
Resettlement Specialist Consultant Mobilized:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
	If yes, Name: _____			Since: _____ / _____		(month) (year)				
Grievance Redress Mechanism Established:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, why?					
Allocation of Government Budget:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
	If yes, amount\$: _____									
4) Resettlement Monitoring and Reports										
Internal Monitoring System Established:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
External Monitor Engaged (if needed):	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If no, actions?					
	If yes, Name: _____			Since: _____ / _____		(month) (year)				
Monitoring Report Submitted to ADB:	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	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	<input type="checkbox"/>	No	<input type="checkbox"/>	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: Project Analyst: Date:		Confirmed by: Team Leader: Date:	Confirmed by: Safeguard Specialist/Officer: 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			

Suggested Contents of Resettlement Monitoring Report

Heading/Section	Contents
Introduction	<p>Brief background on the project/subproject and progress status</p> <p>The project's category and planning documents (original, updated or new plans) on resettlement impacts</p> <p>Institutional arrangements and budget allocation for resettlement/social management;</p> <p>Arrangement for the monitoring</p>
Monitoring Activities	<p>Methodology for monitoring (whether checklists prepared etc);</p> <p>What period the monitoring covers</p> <p>Main activities – site visits, consultations, survey etc</p>
Monitoring Results and Actions Required	<p>Progress and performance in implementation of RP and other programs (how their were implemented, what are the outputs, etc)</p> <p>Results on consultations, disclosure and grievance redress (whether they have been effective)</p> <p>Whether the implementation comply with the approved RP (e.g. whether compensation rates were at replacement cost, etc)</p> <p>Results on outcome (whether affected persons were able to restore livelihoods)</p> <p>Compliance on monitoring and disclosure (whether reports have been submitted, posted on website)</p> <p>Whether any issues and corrective measures identified to achieve the RP objective. If yes, actions with target dates and responsible agency/person)</p> <p>Follow-up item/plan for next report</p>
Summary and Conclusions	<p>Summary of main findings;</p> <p>Main issues identified and corrective actions noted;</p> <p>A table on follow-up action which can be updated each period to track completion of actions required</p>
Attachments	<p>Monitoring checklist (based on items identified in the RP)</p> <p>Photographs</p> <p>Additional information as required</p>

64. **Safeguards monitoring - Environment.** The PMU will monitor the contractor and check compliance with the approved SEMP and any other contract requirements on a regular basis. The quarterly monitoring reports will cover a summary of the contractor's monthly reports, details of monitoring data collected, and analysis of monitoring results, recommended mitigation measures, environmental training conducted, and environmental regulatory violations. The PMU will prepare the report on a quarterly basis and submit to the EA and ADB. The following checklist can be used for safeguard supervision monitoring. The following table sets out the suggested contents for an environmental monitoring report.

Checklist for Safeguard Supervision/Monitoring (Environment)

PARD Safeguards Implementation Checklist: Environment

Date:					
PROJECT INFORMATION					
Loan/Grant No.:		Project Name:			
Approval Date:		Closing Date:		Cumulative Progress (%):	
Project Team Leader(s):				Implementing Agency:	
1) 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)</i>					
2) Planning					
Documents:		EARF	IEE/EIA	No. of IEE/EIA	EMP
IEE/EIA Disclosed and Posted on ADB Website:		Yes	No	If no, actions?	
EMP Finalized or Updated after Detailed Design:		Yes	No	If no, actions?	
CEMP submitted, reviewed and approved:		Yes	No	If no, actions?	
(Attach a list of subprojects and status if necessary.)					
3) Institutional Setup					
PIU/PMU Environment Staff Assigned:		Yes	No	If no, actions?	
If yes, Name:				Since: /	
				(month) (year)	
Environmental Specialist/Consultant Mobilized:		Yes	No	If no, actions?	
If yes, National Specialist's Name:				Since: /	
				(month) (year)	
If yes, International Specialist's Name:				Since: /	
Participation of Gov. Environment Agency/Division:		Yes	No	If no, actions?	
If yes, Name:				Since: /	
				(month) (year)	
Grievance Redress Mechanism Established:		Yes	No	If no, why?	
Allocation of Government Budget:		Yes	No	If no, actions?	
If yes, amount\$:					
4) Monitoring and Reports					
Internal Monitoring System Established:		Yes	No	If no, actions?	
Compliance monitoring incorp. into Q Progress Reports:		Yes	No	If no, actions?	
External Monitor Engaged (if needed):		Yes	No	If no, actions?	
If yes, Name:				Since: /	
				(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) 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:					
Participants (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 EMP Activities (Please provide a cross reference if it is already covered under Section 6 above)			
	Items	Yes/No	Describe Implementation Status
8) Major 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:
Date:		Team Leader:	Safeguard Specialist/Officer:
Date:		Date:	Date:
To: Sector Director/Country Director			
cc: Project Team Leader; PARD Safeguard Specialist			
IEE = initial environmental examination; EIA = environmental impact assessment; EMP = environmental management plan; FI = financial intermediary; MTR = mid-term review; PCR = project completion review; PIU/PMU = project implementation/management unit; TL = team leader; EARF = environmental assessment and review framework; SS = safeguard specialist			

Suggested Outline of Monitoring Report – Environment

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 etc); 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 etc
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 etc)
Monitoring Results and Actions Required	Whether works and measures comply with the approved EMP/CEMP; Should follow sequence of items identified in EMP/CEMP 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) refer annex 1 Additional photographs Additional information as required

65. **Gender and social dimensions monitoring:** The Project's GAP will be implemented by the PMU, supported by an international social/gender specialist. The specialists will be responsible for monitoring activities in accordance with the GAP. The PMU will include reporting on progress of GAP activities in quarterly progress reports on overall project activities to the ADB and the Government.

C. Evaluation

66. ADB and the EA will conduct twice annual reviews throughout the implementation of the project as well as a mid-term loan review for project. The review will monitor (i) project output quality, (ii) implementation arrangements, (iii) implementation progress, and (iv) disbursements. Within 6 months of physical completion of the Project, the EA will submit a

project completion report to ADB.¹²

D. Reporting

67. SIEA 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 3 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency audited financial statements, together with the associated auditor's report, should be adequately reviewed.

E. Stakeholder Communication Strategy

1.1 Rationale

68. Community participation has emerged as a crucial element in achieving sustainability and success in project implementation. In Solomon Islands access to communally owned land needs to have the consent of all community members. Projects sited in said lands would have to involve communities and various stakeholders especially the landowners and resource users to ensure conflicts and issues arising from land access, acquisition and land use will be avoided. The project preparation analysis indicated that participation of Auki household members in community activities is around 33.2%. Generally it is the male household head with most involvement/participation in community activities.

69. There are various ways and processes where consultation and participation of the different stakeholders particularly the community members, women groups, NGO and the landowners/resource users group, could be realized under the Project:

- Information dissemination on the hydropower project in the Project sites
- Capacity building program for Project areas to improve efficiency and effectiveness of project implementation especially in land acquisition and environmental interventions, community development, coordination and liaison and management of the grievance redress mechanism
- Information dissemination on tariff measures for electricity
- Consultation on mitigating measures for temporary/permanent impacts of construction/improvement of access road, power house, canal and intake point of the hydropower system
- Consultation/information dissemination on land acquisition and compensation measures and the grievance redress mechanism
- Mainstreaming gender issues in the Project to increase women participation in project implementation and provide enabling mechanism in the various agencies and Project sites.

70. This document provides the framework for the participatory process and activities in the implementation of the Project. The Communication, Consultation and Participation Plan (CCPP) will facilitate and help improve beneficiary driven approach for sustainable social development interventions particularly for the women and other vulnerable groups as well as the landowner and resource users.

¹² Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

1.2 Objectives

71. The objectives of the communication, consultation and participation strategies are to:
- (i) Help optimize the beneficial impact and effectiveness of the hydropower project;
 - (ii) Create a sense of responsibility and ownership of the project;
 - (iii) Develop potential for long term sustainability;
 - (iv) Address and support other developmental needs such as improvement of access to social services, increased income generating activities and poverty reduction; and
 - (v) Minimize conflict due to negative impacts of project activities through agreement on mitigating measures.

1.3 Mechanism for Participation

72. The consultation and participation strategy involves 3 phases with various sets of activities to be undertaken at different stages of the project cycle. Relevant communication, consultation, disclosure and participation activities have been incorporated in various mitigating measures to be carried out under the Project to address potential adverse impacts. These include the Land Acquisition and RP, IEE, EMP and the GAP. This communications strategy shall be implemented within a period of three years, from 2014–2016.

Pre-Implementation-Social Preparation Phase (2014)

73. The social preparation phase begins at the early planning stage, during the project detailed design period to serve as bridge between the detailed design phase of the project and to its implementation. The social preparation phase will take about 6–12 months to undertake the series of activities.

Key Activities

- (i) Establishment of institutional mechanism responsible for community development/participation activities
- (ii) Orientation workshop, focus group discussion and information dissemination activities including the communication and disclosure to affected people and other stakeholders of impacts and proposed mitigation measures
- (iii) Setting up mechanism for networking, liaison and coordination with partners and associated agencies
- (iv) Conduct of consultations and disclosure activities

Implementation Phase – Community Mobilization (2014-2015)

74. This phase will require the conduct of activities indicated in the project construction phase including land acquisition and environmental management measures. The designated staff (Property Officer) of SIEA with the guidance of the safeguard specialists of the Project's Design and Supervision Consultant will take the lead in coordinating and organizing the conduct of these activities. This will also involve coordinating the participatory assessment/survey, data collection etc., related to land acquisition and watershed management, overseeing the establishment of the Grievance Redress Mechanism and ensuring the conduct of information dissemination and full project disclosure anent to project impacts and mitigating measures. This Phase will also involve conduct of activities to increase level of awareness on the importance of and use of electricity including the crucial role of women in the addressing and providing solutions to the energy issues and problems.

Discussion will also highlight the community's responsibilities particularly the women in the project and activities that will mainstream awareness of gender concerns and issues.

Key Activities

- (i) Mobilization of community groups/members especially women's groups
- (ii) Conduct of consultations (following Solomon Island Government's requirement of land acquisition process) and disclosure activities related to project mitigating measures, i.e., RP, IEE/EMP and GAP
- (iii) Establishment of Grievance Mechanism at various administrative levels to ensure that complaints of project affected persons (APs) are addressed and adjudicated.
- (iv) Orientation of various groups on gender issues and sensitivity to provide push to efforts in improving women's chances to socioeconomic benefit and improved quality of life
- (v) Conduct of orientation/training and creation of demand for skills improvement to improve chances of success in engaging in income generating activities.

Sustenance Phase - 2016 to 2017

75. This Phase involves the preparation for the transfer of responsibilities in order to institutionalize mechanism for consultation and participation. The SIEA and the provincial government will be the main agencies eventually responsible for carrying out participatory programs and activities related to the Project. The Specialists and key persons trained during the Detailed Design Phase and initial stage of subproject implementation including the Operation and Maintenance (O&M) personnel for the system will now be able to carry out the project activities on their own.

Key Activities

- (i) Coordination and Linkages
- (ii) Institutionalization
- (iii) Conduct of regular project related activities

1.4 Components of the Participation Strategy

Capacity Building

76. The Project will provide the mechanism to increase the capacity to vulnerable groups to effectively get actively involved in the project. It will equip the poor, women, indigenous peoples and households with disabled members with adequate information, knowledge and basic skills.

77. The existing demand for electricity cannot be transformed into better standard of living for the beneficiaries unless users fully understand the applications and uses of the amenity for improving ways of doing things in the households and the community as well as how presence of reliable energy can be optimized in livelihood and income generating activities. This would require developing the capacities and skills. First, the role of households and communities in ensuring efficient supply of power (timely payment of dues, monitoring and reporting of source of disruption in the distribution system and the general responsibility to protect the catchment areas which is the source of water for the hydropower) will be discussed and disseminated. Likewise, a plan to encourage the households especially the poor and women's group to engage in more productive income generating activities through use of energy will be promoted. These are just some of the activities to be carried out under the capacity building component.

Education and Awareness Creation

78. One of the key elements of the participatory approach is the intensive program of communication and information dissemination to enhance the benefit of having access to reliable and sustainable power and ensure awareness of impacts and measures including measures for awareness and prevention of spread of communicable diseases especially STIs and HIV as part of social impact mitigation. Information and education campaign will target households and communities to get involve in watershed protection and management program. Women and other vulnerable groups will likewise be encouraged to engage in livelihood and income generating activities citing and identifying specific ventures that efficiently utilizes power to enhance productivity. Information materials will be developed and trainings organized accordingly. NGO and other government agencies will be tapped to assist in the implementation of this component.

Communication and Disclosure Activities

79. Following the ADB SPS requirement to ensure the disclosure impacts and proposed mitigating measures to address impacts and to engage the affected persons and other stakeholders in participating in the implementation of these measures, the RP, IEE/EMP, GAP and similar programs will be fully disclosed to the affected persons and the community. This is undertaken with the use of face to face interaction through meetings and focus group discussions, or dissemination through use of multi-media such as the information brochure pamphlets, radio and others.

Sustainability Mechanism

80. Aside from need for reliable source of power and energy, communities has needs and problems but have limited options due to lack of access to funds or local resources. In many ways, their lack of access or skills to access the resources place them at a disadvantage. For basic services and other support to reach the communities especially the low-income group, there is a need therefore for external resources to be made available, to link demand with present skills. This can be complemented with manpower support (community organizer) to guide user groups and subsistence and poor households to gain access to other form of productive activities that will improve their economic welfare and sustained community activities.

Consultation and Participation Activities

81. A summary of the participatory processes and activities that will be undertaken by the project is summarized in the Table below.

1.5 Activity, Timeframe and Budget Requirement

82. The Communication, Consultation and Participation Plan (CCPP) shall be implemented within a period of 3 years. The budget will be included as part of the Capacity Building program, which includes support for training, and management. The CCPP is outlined in the table below:

C&P Activity	Target Stakeholders	Type of Participation	Objectives of the C&P Activity		Time Frame	Cost Estimate	Budget Source
Project Orientation Workshops for government officials, officers, and PMU staff		<ul style="list-style-type: none"> Information sharing Consultation Shared responsibility Shared decision-making 	<ul style="list-style-type: none"> Introduce the Project Demonstrate the link between watershed protection and improved water resource supply for hydro and reliability of power supply (<i>Note: Seminar topics and contents should be gender-sensitive, socially inclusive, and raise environmental awareness.</i>) Discuss roles and accountabilities of various government units Discuss issues related to use of land acquisition, temporary resettlement, and environmental clearances and permits Mitigate potential problems e.g., citizens' use of government lands and property that will be temporarily affected by project activities Discuss gender issues and concerns and how to optimize women participation in the Project Gather recommendation 	PMU and Project Consultant	Year 1: Project orientation workshops	SI\$20, 000	PREP Capacity Building budget
Project Orientation Seminars, communication and disclosure activities for local community groups		<ul style="list-style-type: none"> Information sharing Consultation 	<ul style="list-style-type: none"> Introduce the Project, highlighting its importance and benefits to the community Demonstrate the link between watershed protection and project continuity (<i>Note: Seminar topics and contents should be gender-sensitive, socially inclusive, and raise environmental awareness including measures for awareness and prevention of spread of communicable diseases especially STIs and HIV as part of social impact mitigation.</i>) Gather concerns and views related to power Gather recommendation 	PMU in cooperation with NGO	Years 1-2 (2 seminars)	SI\$20, 000 @ 10,000 per meeting	CB budget
Small group meetings on land acquisition/ compensation and	Affected Persons: Landowners, local officials	<ul style="list-style-type: none"> Information sharing Consultation 	<ul style="list-style-type: none"> Introduce the Project Mitigate potential conflict Solicit the views of affected persons on 	PMU cooperation with NGO	Years 1-2 : 2 small group meetings	SI\$20,000 (@SI\$10,000 per meeting)	CB budget

environmental Issues – temporary impacts			resettlement and compensation • Agree on mitigating measures				
RP/IEE/EMP disclosure activities	Affected landowners/c ommunity members/oth er stakeholders	• Information sharing	• Disclose details of the RP and EMP particularly with regards to various mitigating measures including compensation measures	SIEA/provinci al officials/LO	Year 1	Included in RP and EMP budget	SIEA, Civil work contractor
GAP implementation activities (orientation/training)	Relevant government officials, women's group	• Orientation on gender mainstreaming, skills development	• Awareness of gender concerns/issues • Gender mainstreaming • Skills development for women groups	DDCS Consultant SIEA/provinci al officials	Year 1	Included in GAP budget	Project fund
Consultation workshops (FGD method) (on the Project's implications on existing businesses /socioeconomic activities in project area	entrepreneurs (small to large enterprise owners) per city consisting of businessperson s, corporate persons, representatives of business associations	• Information sharing • Consultation	• Introduce the Project • Demonstrate the link between improved electricity supply and income generating activities, women's empowerment, and improved access to social services (<i>Note: Seminar topics and contents should be gender-sensitive, socially inclusive, and raise environmental awareness.</i>) • Mitigate potential resistance to the project • Gather recommendations	PIU in cooperation with business group organization	Year 1: 2 consultation workshops	SI\$20,000 (@ SI\$10,000 per workshop)	CB budget
• Annual Project Steering Committee Meetings	PMU, members of the Empowered Committee, members of the Provincial Level Steering Committee Meetings, PMU, and private contractors from the project areas	• Information sharing • Shared responsibility • Shared decision- making • Control	• Review compliance with social safeguards, environment, and gender frameworks and plans • Discuss progress in implementation, including problems encountered and means to mitigate/address them • Regularly report on the progress of implementation	PMU, ADB Project Team	Annual Project Steering Committee Meetings 3 meetings)	Project SI\$15,000 (@ SI\$5,000 per meeting)	CB Budget
TOTAL						SI\$95,000	USD13,572

X. ANTICORRUPTION POLICY

83. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.¹³ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.¹⁴

84. To support these efforts, relevant provisions are included in the loan and grant agreement and the bidding documents for the project. Additionally, Solomon Island Government and SIEA will (a) comply with ADB's *Anticorruption Policy* (1998, as amended to date), and cooperate fully with any investigation by ADB and extend all necessary assistance, including providing access to all relevant books and records for the satisfactory completion of such investigation; (b) ensure that relevant SIEA staff are trained in ADB's *Anticorruption Policy*; (c) ensure that the audited annual project accounts under the project, project progress, and procurement activities are disclosed on the SIEA website; and (d) allow and facilitate ADB's representatives to conduct spot and random checks on (i) flow of funds, and their use for the projects in accordance with the legal agreements; (ii) work-in-progress; and (iii) project implementation under the project.

XI. ACCOUNTABILITY MECHANISM

85. 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 a good faith effort 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.¹⁵

XII. RECORD OF PAM CHANGES

Date Changed	Section Changed	Changes made
1.		
2.		
3.		
4.		
5.		
6.		

¹³ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁴ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

¹⁵ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.