

Project Administration Manual

Project Number: 46044
October 2013

Proposed Grants and Administration of Grants
Independent State of Samoa: Renewable Energy
Development and Power Sector Rehabilitation
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 of the Independent State of Samoa (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 government through the Ministry of Finance is wholly responsible for the execution of ADB-financed projects, as agreed upon jointly between the recipient and ADB, and in accordance with the government's and ADB's policies and procedures. ADB staff are responsible to support the nominated implementing agency in compliance with the government's and ADB's policies and procedures.

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

After ADB Board approval of the project's report and recommendation of the President, 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
CEFPF	–	Clean Energy Financing Partnership Facility
CCTC	–	Consultancy component of the turnkey contractor
EPC	–	Electric Power Corporation
FMA	–	financial management assessment
MOF	–	Ministry of Finance
MNRE	–	Ministry of Natural Resources and Environment
MCIL	–	Ministry of Trade, Industry and Labour
O&M	–	operation and maintenance
PMU	–	project management unit
POE	–	project owner's engineers
PPTA	–	project preparatory technical assistance
RP	–	Resettlement Plan
SHP	–	small hydropower plant
SPS	–	strategic partnership strategy
SWA	–	Samoa Water Authority
MWSD	–	Ministry of Women and Social Development
VAGST	–	value added goods and services tax

WEIGHTS AND MEASURES

MW	–	megawatt
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NOTE

In this report, "\$" refers to US dollars.

I. PROJECT DESCRIPTION

1. **Project rationale.** The proposed project will support the government's policy to increase power generation from renewable sources, rehabilitate damage to the power sector caused by a major cyclone, and increase the power sector's resilience to future natural disasters. It will rehabilitate three small hydropower plants (SHPs) on Upolu and construct three new SHPs on Upolu and Savai'i. The project will also provide training to the Electric Power Corporation (EPC) on operation and maintenance (O&M) of the SHPs for up to two years after plant commissioning.¹ The project will result in greater energy security and sustainability for Samoa.

2. **Impact and outcome.** The impact of the project will be increased energy security. The outcome will be that customers have access to a higher share of electricity generated by hydropower.

12. The project will have four outputs.

- (i) **Rehabilitation of hydropower plants in Upolu.** The project will rehabilitate and reconnect to the grid the three SHPs damaged by Evan, producing a total installed capacity of 4.69 MW—the 1.74 MW Fale ole Fee plant, the 1.05 MW Alaoa plant, and the 1.9 MW Samasoni plant.
- (ii) **New hydropower plants in Upolu and Savai'i.** The project will build and connect to the existing grid the three new SHPs with a combined capacity of 0.81 MW—the 0.19 MW Faleaseela plant on Upolu, the 0.46 MW Tafitoala plant on Upolu, and the 0.16 MW Faleata plant on Savai'i.
- (iii) **Operation and maintenance knowledge transfer program.** The project will provide capacity development to EPC through an O&M knowledge transfer program, provided by the consultancy component of the turnkey contractor. The project will include preparation of an O&M manual for SHPs and theoretical and on-the-job training on hydropower asset management, starting 3 months before SHP commissioning and continuing up to 2 years after SHP commissioning.
- (iv) **Efficient project implementation.** EPC will be assisted by the project owner's engineers.

¹ The Asian Development Bank (ADB) provided project preparatory technical assistance. ADB 2013. *Technical Assistance to Samoa for Preparing the Renewable Energy and Power Sector Rehabilitation Project*. Manila (TA 8308-SAM for \$750,000 approved on 20 December 2012, financed by ADB's Technical Assistance Special Fund—other sources).

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

2013 Indicative Activities	2014						Responsibility
	Aug	Sep	Oct	Nov	Dec	Jan	
ADB Board approval				√			ADB
Implementing agency Board approval					√		EPC
Grant signing					√		Government and ADB
Government legal opinion provided						√	Government and ADB
Grant effectiveness						√	Government and ADB
Establishment of project implementation arrangements (advance)		√					ADB, executing and implementing agencies
Advance contracting actions (2013)				√			ADB, executing and implementing agencies
Contracting actions (2014) and beyond						√	ADB, executing and implementing agencies

ADB = Asian Development Bank, EPC = Electric Power Corporation
Source: Asian Development Bank estimates.

B. Overall Project Implementation Plan

	2013		2014				2015				2016				2017				2018				
	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	
Grant approval and signing																							
Grant effective date																							
Output 1: Rehabilitation hydropower (within turnkey contract)																							
Output 2: New hydropower (within turnkey contract)																							
Output 3: Operation and maintenance knowledge transfer program, provided by CCTC (within turnkey contract)																							
Selection and contract POE (advance procurement)																							
Output 4: Efficient project implementation provided by POE																							

CCTC = consultancy component of the turnkey contractor O&M = operation and maintenance, POE = project owner engineers, Q = quarter.

Source: Asian Development Bank estimates.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations—Roles and Responsibilities

Project Organizations	Management Roles and Responsibilities
Government of Samoa (Recipient) through MOF the Executing Agency.	Receive, review and submit withdrawal applications from the project management unit (PMU), assisted by turnkey contractor. Review financial reports, including the annual audit report and financial statements, from the turnkey contractor and submit to ADB.
Project Steering Committee	The Steering Committee will be composed by following members: CEO, MOF (chair); General Manager (vice chair), EPC. CEO of each of MNRE, MCIL, Attorney General, SWA, MWSD (members). Oversee project implementation and progress. Rectify issues hindering project progress. Guide executing and implementing agencies.
EPC, the Implementing Agency	Power utility. Lead bidding processes, including preparation of bidding evaluation report and contract award, assisted by POE and supervised by ADB. Supervise construction conducted by turnkey contractor assisted by POE, lead final technical designs, conduct O&M program from year 1 to 2 assisted by CCTC (year 3-25 with own capacities) and reviewed by ADB. Lead social and environmental safeguards, through PMU, assisted by CCTC and supervised by ADB. Lead decommissioning.
PMU	Composed of EPC staff will lead project activities and prepare withdrawal applications. Assisted by CCTC
POE	Assist EPC: preparation of bidding documents, assistance during the bidding process, and supervision of the project design, supply, construction and commissioning of turnkey contract.
Turnkey contractor	Preparation of final engineering designs and conducting of the project supply, construction and commissioning, O&M knowledge transfer program for at least two years after commissioning. Preparing implementation plan and annual budgets; interagency coordination; management of capacity development activities, safeguards, document preparation and plan implementation, financial management consolidation, annual audit report and financial statements, monitoring and evaluation of project outputs and results.
ADB	Assist EPC engaging POE. Support technical specification designs; tender documents, and procurement plan, including all project goods, works and services for turnkey contract. Clear and approve bidding evaluation report and bidder contracting.

ADB = Asian Development Bank, CCTC = consultancy component of the turnkey contract, EPC = Electric Power Corporation, MNRE = Ministry of Natural Resources and Environment, MCIL = Ministry of Commerce Industry and Labour, MWSD = Ministry of Women and Social Development, POE = project owner's engineers, PMU = project management unit, SWA = Samoa Water Authority.

Source: Asian Development Bank estimates.

B. Key Persons Involved in Implementation

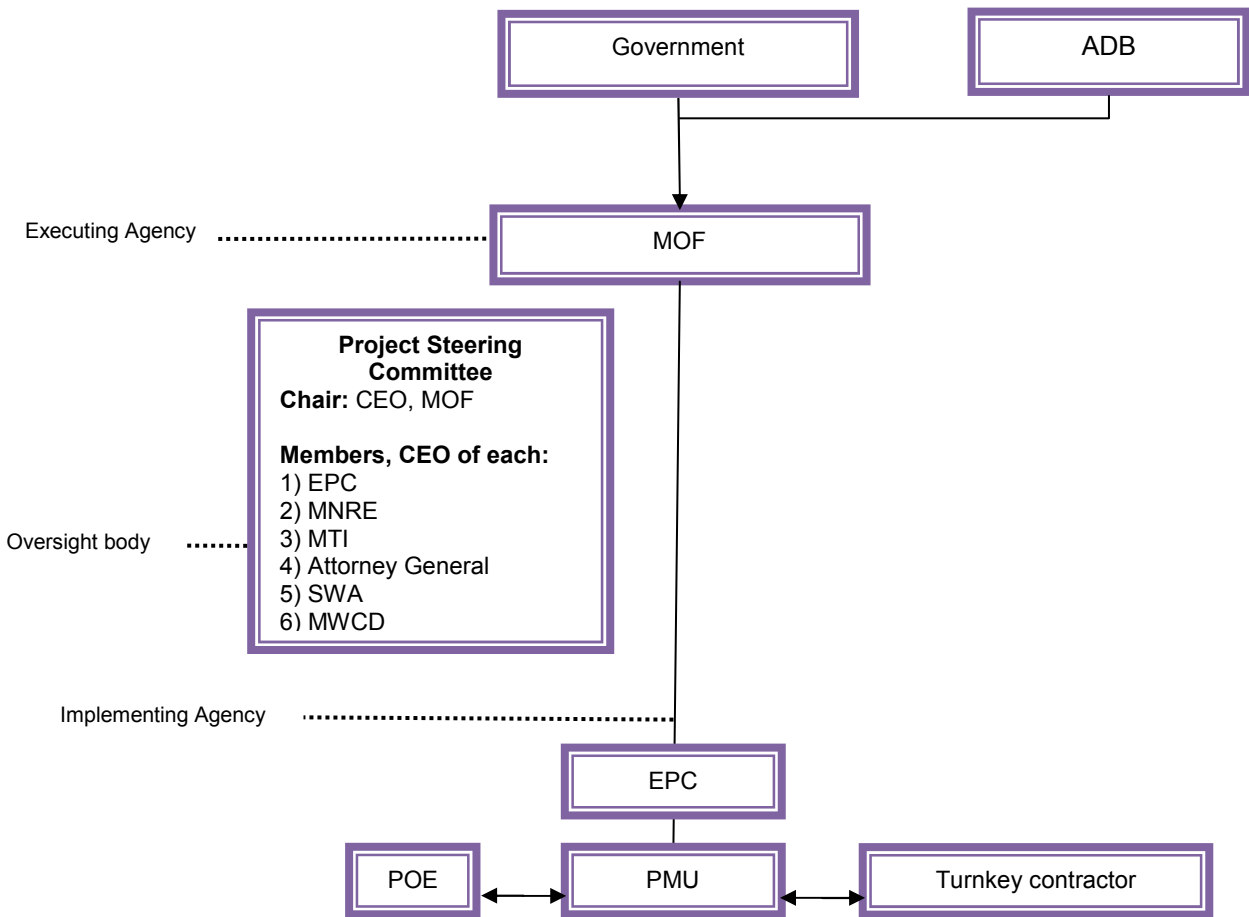
Executing Agency	Government of the Independent State of Samoa through its Ministry of Finance Officer's Name: Mr. Lavea Tupaimatuna Iulai Lavea Position: Chief Executive Officer Telephone: + 685 22042 Email address: iulai.lavea@mof.gov.ws
Implementing Agency	Electric Power Corporation Officer's Name: Mr. Tologata Tile Leia Tuimalealiifano Position: General Manager Telephone: +685 65401 Email address: leiat@epc.ws
ADB	Transport, Energy and Natural Resources Division Pacific Department Staff Name: Robert Guild Position: Director Telephone No.: +63 2 632 4444 Email address: rguild@adb.org
Mission Leader	Staff Name: Paul Hattle Position: Energy Specialist Telephone No.: +63 2 632 4444 Email address: phattle@adb.org

C. Project Organization Structure

3. The government will be the grant beneficiary. The executing agency will be the Ministry of Finance (MOF). The implementing agency will be EPC. The existing project management unit (PMU) and project steering committee (PSC) established under the PSEP will be continued for the implementation of the project.² The indicative administrative structure of the project is described in Figure 1.

² The committee will be chaired by the MOF and composed of representatives of EPC; the Ministry of Natural Resources and Environment; the Ministry of Commerce, Industry and Labour; the Office of the Attorney General; the Samoa Water Authority; and the Ministry of Women and Social Development. The committee will oversee project implementation, support sustainability, and ensure effective assistance to all project stakeholders and beneficiaries.

Figure 1: Project Administrative Structure



ADB = Asian Development Bank, EPC = Electric Power Corporation, MNRE = Ministry of Natural Resources and Environment, MCIL = Ministry of Commerce Industry and Labour, MWSD = Ministry of Women and Social Development, POE = project owner's engineers, PMU = project management unit, SWA = Samoa Water Authority.
 Source: Asian Development Bank estimates.

IV. COSTS AND FINANCING

4. The government has requested grants totaling \$19.21 million to finance project goods; works; and services.³ The grants will comprise (i) \$10 million from ADB's Special Funds resources, (ii) \$8.21 million from the DRF under ADB's Special Funds resources, and (iii) \$1.0 million to be financed by the Multi-Donor Clean Energy Fund, under the CEFPPF and administered by ADB. The government will provide a contribution equivalent to \$4.62 million.⁴ The government will make the proceeds of the grants available to EPC under a subsidiary grant agreement upon terms and conditions satisfactory to ADB. The financing plan is in Table A.⁵

A. Project Financing Plan

Item	Amount ^a
A. Base Cost^b	
1. Rehabilitation of hydropower plants in Upolu	11.14
2. New hydropower plants in Upolu and Savai'i	9.97
3. Operation and maintenance knowledge transfer program	1.00
4. Efficient project implementation	0.00
B. Contingencies^c	1.72
Total (A+B)	23.83

^a Includes taxes and duties of \$3.62 million to be financed from government resources in the form of exemptions comprising (i) \$0.36 million for up-front land lease costs, administration costs, office space, materials, counterpart time, telecommunications, and logistics; including exemption from income taxes (other than for citizens or nationals of Samoa) on salaries, consulting fees, and benefits; (ii) \$3.23 million through exemption of taxes and duties; and (iii) \$0.03 million allocated to contingencies. Taxes are based on (i) a 60% service component of base costs with 15% value added goods and services tax; and (ii) a 40% equipment-based component, with 8% of customs duty and 15% of value-added goods and services tax.

^b In mid-2013 prices.

^c Physical contingencies computed at 5.0%. Price contingencies computed at 2.2% on foreign exchange costs and 4.0% on local currency costs. Includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

³ Financing will include all goods, works, associated services for design and engineering, supply and installation of equipment, construction works, commissioning and O&M knowledge transfer program; the project owner's engineers; and sea, air, and land transportation cost (national and international), including insurance and freight to project sites and warehouses.

⁴ A country's eligibility for ADF grants under the revised grant framework is determined by its risk of debt distress. The latest debt sustainability analysis determined that Samoa had a high risk of debt distress and was therefore eligible to receive 100% of its ADF allocation as grants. The government will receive \$1 million in insurance compensation for damages caused by Evan to the Samasoni, Alaoa, and Fale o Fee SHPs, which will be part of the government's contribution to the project. In the event the government receives any additional insurance compensation for damages caused by Evan to these SHPs and associated power system components and power distribution grid, the full amount of any such additional insurance compensation, over the ADF grant amount allocated to the rehabilitation component, shall be used to finance any additional scope of the rehabilitation component of the project, and to reduce the amount of DRF grant proceeds allocated to the rehabilitation component, as appropriate.

⁵ Other development partners have signaled a strong interest in cofinancing the project. At the time of ADB grant negotiations with the government, the cofinancing was not yet approved by the respective governments and therefore was not included in this report as cofinancing under the project. Upon donor cofinancing being confirmed, the scope of the project may be enlarged to cover additional new SHPs, with processing made in accordance with ADB. 2010. *Additional Financing: Enhancing Development Effectiveness*. Manila.

A. Detailed Cost Estimates by Expenditure Category

					Million US\$		
		Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost		
A. Investment Costs							
1	Civil Works	17.52	-	17.52	73.52		
2	Operation and maintenance knowledge transfer program (CCTC)	0.20	-	0.20	0.84		
3	Efficient project implementation (POE)	0.80	-	0.80	3.36		
	Subtotal (A)	18.52	-	18.52	77.72		
B. Government In-kind Contribution							
1	Administrative costs including upfront land lease costs	-	0.36		1.51		
2	Taxes and duties	-	3.23		13.55		
	Subtotal (B)	-	3.59		15.06		
C. Contingencies							
1	Price and physical contingencies	1.69	0.03	1.72	7.22		
	Subtotal (C)	1.69	0.03	1.72	7.22		
Total Project Cost (A+B+C)		20.21	3.62	23.83	100.0		

B. Allocation and Withdrawal of Grant Proceeds

a) Asian Development Bank Grant

Category		ADB –ADF* Financing	
No.	Item	Total amount allocated for ADB financing (Million \$)	Percentages for withdrawal from the Grant Account
1	Turnkey Contract**		
	a. New SHP	8.16	100 of total expenditure claimed
	b. Rehabilitation of SHP	0.91	9.7 of total expenditure claimed
2	Unallocated	0.93	
Total		10.00	

ADB = Asian Development Bank, ADF = Asian Development Fund, SHP = small hydropower plant

* The ADF grant will be used for construction of the new and rehabilitation of the hydropower schemes in Samoa.

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

Source: Asian Development Bank.

b) Asian Development Bank Grant

Category		ADB –DRF* Financing	
No.	Item	Total amount allocated for ADB financing (Million \$)	Percentages for withdrawal from the Grant Account
1	Turnkey Contract**		
	a. Rehabilitation of SHP	7.45	79.6 of total expenditure claimed
2	Unallocated	0.76	
Total		8.21	

ADB = Asian Development Bank, DRF = Disaster Response Facility, SHP = small hydropower plant

* The DRF grant will be used for the rehabilitation of hydropower schemes in Samoa.

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

Source: Asian Development Bank.

c) Clean Energy Financing Partnership Facility*

Category		ADB Financing	
No.	Item	Total amount allocated for ADB financing (Million \$)	Percentages for withdrawal from the Grant Account
1	Consultancy Services**		
	Operation and maintenance knowledge transfer program (CCTC)	0.2	100 of total expenditure claimed
2	Efficient project implementation (POE)	0.8	100 of total expenditure claimed
Total		1.0	

ADB = Asian Development Bank, CCTC = consultancy component of the turnkey contractor, POE = project owner's engineers,

* Administered by the Asian Development Bank.

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

Source: Asian Development Bank.

C. Detailed Cost Estimates by Financier

(\$ million)

Item	ADF ⁶		ADF-DRF		CEFPF ⁷		Government ⁸				Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	Taxes	Total	% of Cost Category	
A. Investment Costs											
1 Turnkey contract ⁹											
a. New SHP	8.16	79.00						2.23	2.23	21.00	10.39
b. Rehabilitation of SHP	0.91	9.00	7.45	72.00			1.00	1.00	2.00	19.00	10.36
2 Consultants ¹⁰											
a. Efficient project implementation (POE)					0.80	100					0.80
b. Operation and maintenance knowledge transfer program (CCTC)					0.20	100					0.20
Subtotal (A)	9.07	42.00	7.45	34.00	1.00	5.00	1.00	3.23	4.23	19.00	21.75
B. Recurrent Costs											
Administrative costs including upfront											
1 land lease costs							0.36		0.36	100	0.36
Subtotal (B)							0.36		0.36	100	0.36
C. Contingencies											
5 Unallocated ¹¹	0.93	54.00	0.76	44.00			0.03		0.03	2.00	1.72
Subtotal (C)	0.93	54.00	0.76	44.00			0.03		0.03	2.00	1.72
Total Project Cost (A+B+C)	10.00	42.00	8.21	34.00	1.00	4.00	1.39	3.23	4.62	19.00	23.83
% Total Project Cost		41.97		34.45		4.19				19.38	100

ADB = Asian Development Bank, ADF = Asian Development Bank's Special Funds resources, DRF = Asian Development Bank's Disaster Response Facility, POE = project owner's engineers.

Source: Asian Development Bank.

⁶ Asian Development Fund comprising \$10 million from Samoa's performance-based allocation, and \$8.21 million from Disaster Response Facility.

⁷ Multi-Donor Clean Energy Fund under the CEFPF and administered by the Asian Development Bank.

⁸ Government's contribution of \$1 million will finance project works and services. Includes taxes and duties of \$3.62 million to be financed from government resources in the form of exemptions comprising: (i) \$0.36 million for upfront land lease costs, administration costs, office space, materials, counterpart time, telecommunications, and logistics; and exemption from income taxes (other than for citizens or nationals of Samoa) on salaries, consulting fees, and benefits; (ii) \$3.23 million through exemption of taxes and duties, and (iii) \$0.03 million allocated within contingencies. Taxes are based on a 60% service component of base costs with 15% VAGST; and a 40% equipment based component, with 8% of customs duty and 15% of VAGST

⁹ Including all goods, works, associated services for erecting, commissioning, start up, and trial period of the hydropower equipment scope of the project. Also all sea, air and land transportation (national and international): including cost insurance and freight (CIF) up to project site and/or project warehouse

¹⁰ CEFPF grant comprises \$0.2 million to finance the CCTC (estimated 7 person months national and 5 person months international) and \$0.8 million to finance the POE (30 person months international). Contingencies included.

¹¹ Calculated as physical contingency equivalent to 5% of the base cost, price contingency comprising of 4% local cost escalation factor and 2.2% international cost escalation factor.

D. Detailed Cost Estimates by Year ^a

Item	Total Cost	2014	2015	2016	2017
Investment Costs					
1 Turnkey contract					
a. New SHP	8.16	1.29	3.54	2.71	0.62
b. Rehabilitation of SHP	9.36	1.48	4.06	3.10	0.72
c. Operation and Maintenance transfer program (CCTC)	0.20	0.00	0.05	0.10	0.05
2 Consultants ¹²					
a. Efficient project implementation (POE)	0.80	0.17	0.36	0.22	0.05
Subtotal (A)	18.52	2.94	8.01	6.13	1.44
Government Contribution					
1 Administrative costs including upfront land lease costs	0.36	0.36	-	-	-
2 Taxes and duties	3.23	0.56	1.38	1.05	0.24
Subtotal (B)	3.59	0.92	1.38	1.05	0.24
Contingencies	1.72	0.20	0.69	0.65	0.18
Subtotal (C)	1.72	0.20	0.69	0.65	0.18
Total Project Cost (A+B+C)	23.83	4.06	10.08	7.83	1.86
% Total Project Cost	100.00	17.04	42.30	32.86	7.80

CCTC = consultancy component of the turnkey contractor, POE = project owner's engineers, SHP = small hydropower plant

^a Fiscal year ending 30th June (e.g., 2013 = fiscal year ending 30 June 2013).

Source: Asian Development Bank

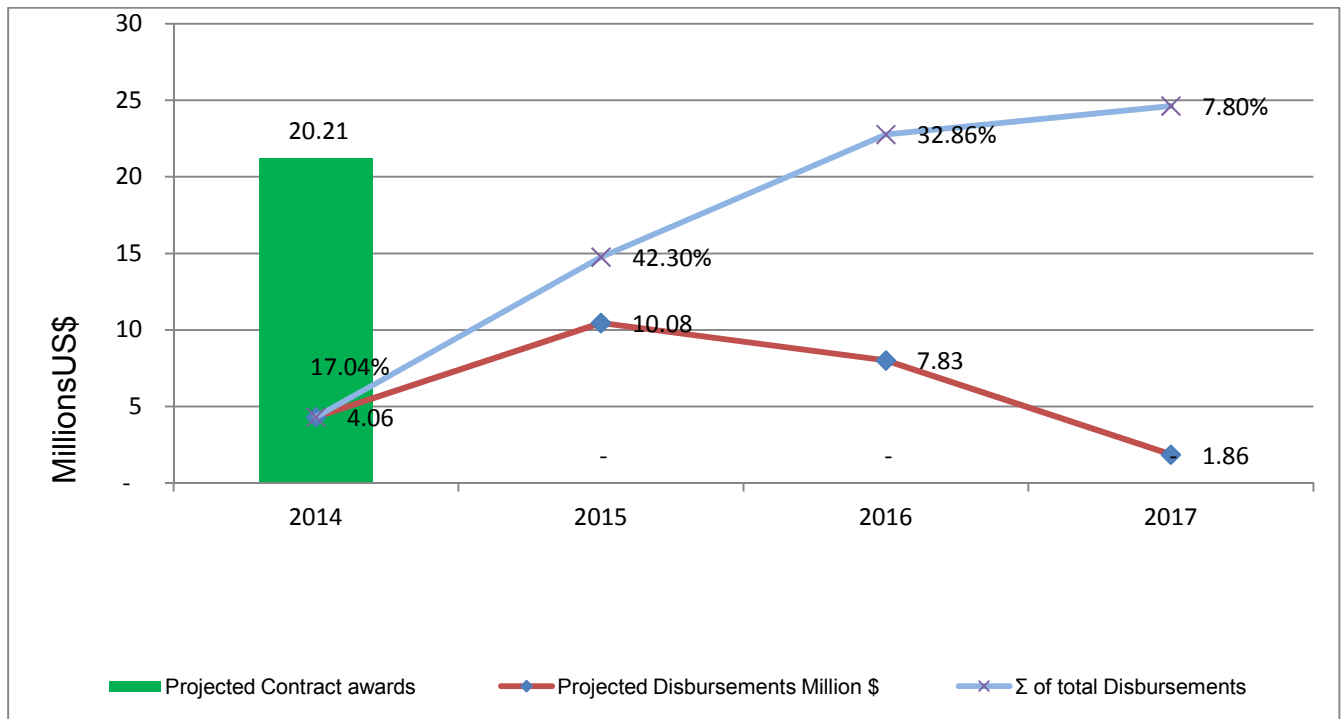
¹² CEFPF grant comprises \$1 million to finance the CCTC (estimated 30 person months national and 20 person months international) and \$0.8 million to finance the POE (30 person months international). Contingencies included.

E. Contract and Disbursement S-curve ^a

Contract Awards Million \$

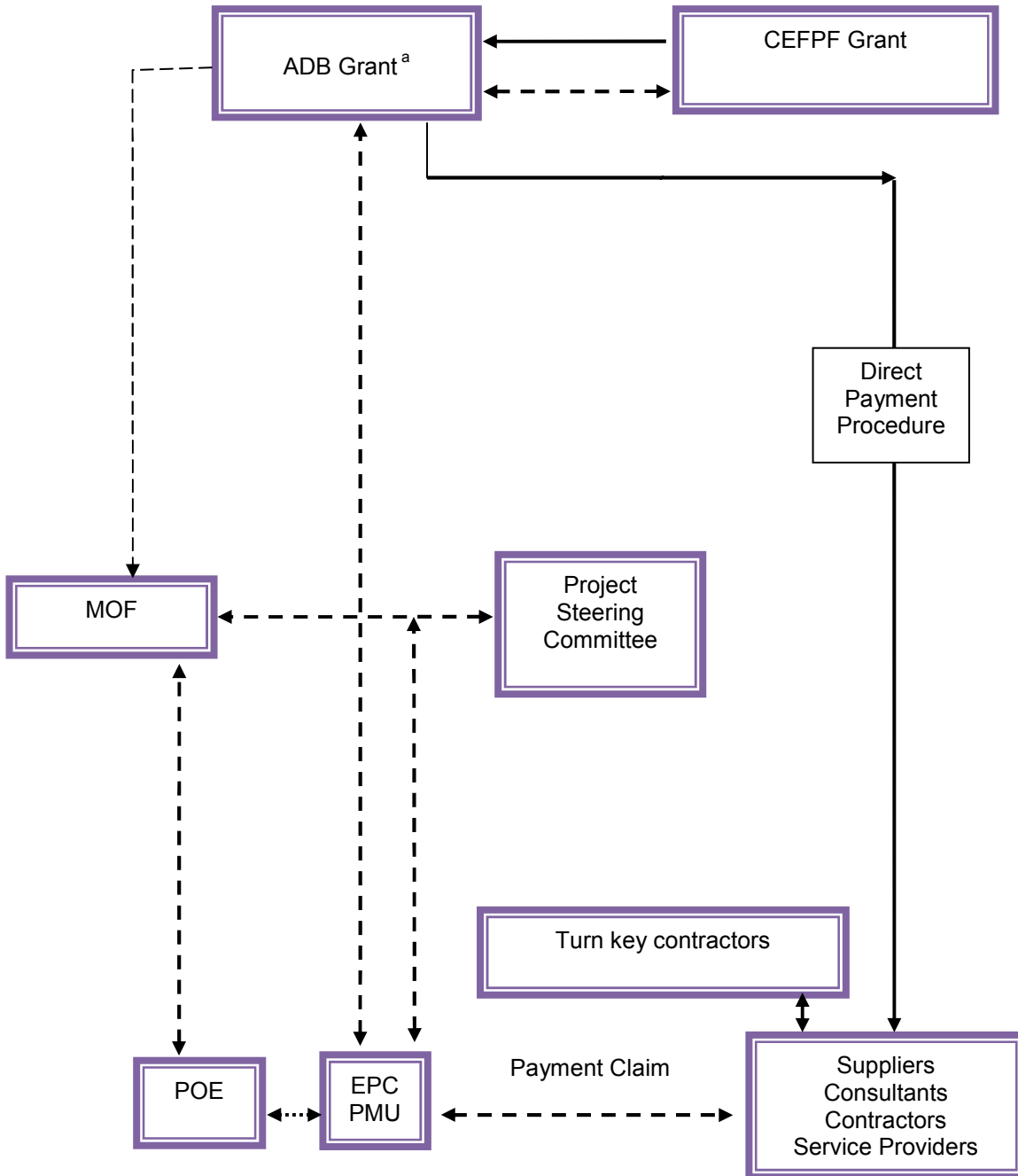
Year	Projected Contract awards	% of total Contract awards	Σ% of total Contract awards	Projected Disbursements	% of total Disbursements	Σ% of total Disbursements
2014	20.21	100	100.00	4.06	17.04	17.04
2015			100.00	10.08	42.30	42.30
2016			100.00	7.83	32.86	32.86
2017			100.00	1.86	7.80	7.80

^a Disbursement projections include commissioning, O&M and defect liability periods.
Source: Asian Development Bank.



F. Funds Flow Diagram

Funds Flow Line →
 Document Flow Line / Communication ↔



^a The DRF is included in the ADF grant.

ADB = Asian Development Bank, ADF = Asian Development Fund, CEFPP = Clean Energy Financing Partnership Facility, EPC = Electric Power Corporation, MOF = Ministry of Finance, PMU = project management unit, POE = project owner's engineers.

Source: Asian Development Bank estimates.

5. The bills incurred by EPC will be endorsed by the project management unit (PMU) assisted by the CCTC.
6. The PMU established at EPC will be structured as follows:
 - (i) 1 power engineer (project manager),
 - (ii) 1 power or electromechanical engineer (field engineer), and
 - (iii) 1 financial specialist or project accountant.
7. The Project Steering Committee will act as an oversight body and monitor the physical and financial progress of the project, and will be comprised of the following members:
 - (i) Chair, CEO MOF
 - (ii) CEO, EPC
 - (iii) CEO, MNRE
 - (iv) CEO, MCIL
 - (v) Attorney General
 - (vi) CEO, SWA
 - (vii) CEO, MWSD
8. The POE appointed by ADB will be structured as follows:
 - (i) 1 electromechanical specialist (project manager),
 - (ii) 1 hydropower–civil specialist,
 - (iii) 1 procurement specialist
 - (iv) 1 financial (power) specialist,

V. FINANCIAL MANAGEMENT

9. A financial management assessment (FMA) has been carried out in EPC under the project preparatory technical assistance. The FMA was carried out according to ADB's *Financial Management and Analysis of Projects (The Guidelines)* (2005). The FMA consisted of (i) administering the FMA Questionnaire to EPC; (ii) assessing internal control and risk; and (iii) evaluating the implementing agency's (EPC) personnel, accounting policies and procedures, internal and external audit, and information systems for financial reporting and monitoring.

A. Financial Management Assessment

10. Samoa has made solid progress in improving public financial management, particularly in government financial accounting and reporting. Public finance legislative frameworks are judged to be reasonably sound. The present financial management of EPC was reviewed using ADB's financial management assessment (FMA) questionnaire and interviews. The responses by EPC to the questionnaire revealed that EPC has defined policies and procedures in place for accounting, budgeting, and auditing activities. As per the FMA questionnaire, EPC maintains records of fixed assets with yearly physical inspections, including for inventory. EPC also has adequate internal controls, including an internal audit and risk committee. The existing organizational structure of the Finance and Accounts Department in charge of financial management is functioning, although still developing. A staff shortage may affect the management of the proposed project.

11. EPC's financial statements were audited by the Government's Audit Office and the Government's Audit office was assisted by a firm of external auditors from 2009 till 2011. In 2012, the Government Audit office solely audited the EPC financial statements. Over the period assessed (Financial Years 2009–2012), the auditor issued that the financial statements provided a true and fair view of the financial position of EPC. To assist the auditing statements for the proposed projects, the financial specialist in the team of project management consultants will provide ongoing support for improving internal budgeting and expenditure controls, consolidating accounts, and financial reporting and forecasts to the EPC board, the Government, and ADB. EPC will submit quarterly progress reports to facilitate monitoring of the progress of the project.

B. Summary of Financial Management Assessment of Electric Power Corporation

12. Key findings of the FMA undertaken for EPC are as described in Table 1.

Table 1: Summary of Financial Management Assessment of EPC

Particulars	Conclusion
A. Funds Flow Arrangement	Funds flow arrangements are reliable, predictable, and secure. EPC has enough capability to work smoothly under the proposed investment program.
B. Staffing	EPC delegates will compose the PMU to conduct all project relevant activities. CCTC will assist the PMU at all times. EPC has financial staff to manage projects according to ADB financial management procedures. However training on ADB guidelines will further enhance the staff competence.
C. Accounting Policies and Procedures	EPC's accounting policy is based on the IFRS
D. Internal and External Audits	There is an internal audit and risk committee within EPC. EPC has been audited by an independent external auditor on an annual basis for the last several years.
E. Reporting and Monitoring	Financial statements are prepared for the entity based on in accordance with International Accounting Standards and IFRS.
F. Information systems	At EPC the financial management system is computerized, which suits well with the project requirements and procedures.
G. Audit of the financial statements	For the period assessed (from Fiscal year 2009 – 2012), the Government Audit office, audited the financial statements of EPC and issued that the EPC's financial statements provided a true and fair view of the financial position of EPC.

CCTC = consultancy component of the turnkey contractor, EPC = Electric Power Corporation, IFRS = International Financial Reporting Standards PMU = project management unit.

Source: Asian Development Bank estimates

13. Actions required to be taken by EPC are as follows:

- (i) EPC specialists and financial staff must undergo training on ADB financial management procedures to further strengthen their capacity;
- (ii) EPC should maintain separate accounts for each of the subprojects under the project and have such accounts audited annually, in accordance with appropriate auditing standards consistently applied by independent auditors whose qualifications, experience, and terms of reference are acceptable to ADB.

C. Financial Management and Internal Control and Risk Assessment

14. The results of the internal control and risk assessment are summarized in Table 2. Financial management risks shall need to be considered and updated throughout the life of the project. Risk mitigation measures shall also be updated accordingly.

Table 2: Financial Management Internal Control and Risk

Risk Description	Risk Assessment	Mitigation Measures or Management Plan
The project could face a capital cost overrun.	Negligible	Adequate contingencies have been provided. Price variation conditions need to be built into the bid document, and advance procurement initiated.
The government's commitment on tax exemption as in kind contribution can be revoked.	Negligible	The Grant Agreement will include covenants on the in kind contribution of the government to guarantee project sustainability.
A possible shortage of financial qualified staff in implementing agencies could adversely affect the implementation schedule of the project	Negligible	The staffing shortage will be mitigated by the capacity augmentation provided by the POE and CCTC team, each one including a financial (power) specialist for managing financial aspects during tender process up to project implementation.
Implementation could be delayed, leading to cost overruns.	Negligible	This risk can be mitigated by including positive incentives, e.g., price bonuses for early commissioning, in the bidding document, and plug and play solutions.
Overall	Negligible	

ADB = Asian Development Bank, CCTC = consultancy component of the turnkey contract, EPC = Electric Power Corporation, POE = project owner's engineers.
Source: Asian Development Bank estimates

D. Disbursement

15. The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time) and detailed arrangements agreed upon between the government and ADB.

16. Pursuant to ADB's *Safeguard Policy Statement* (2009) (SPS), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in 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 to projects financed by ADB.

17. To facilitate cash flow during project implementation, the executing agency MOF will approve and submit to ADB withdrawal applications coming from the PMU, assisted by the POE for direct payment procedure for most project goods, works, services and CCTC. Disbursements of grant funds under the project will be to procure goods, works, services, and related CCTC.

18. Before the submission of the first withdrawal application, the executing agency should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal

applications on behalf of the executing agency, 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. The government is encouraged to claim to ADB through reimbursement procedure for individual payments below this amount. ADB reserves the right not to accept withdrawal applications below the minimum amount.

19. All disbursements under government financing will be carried out in accordance with regulations of the government and prevailing ADB guidelines.

E. Accounting

20. The Ministry of Finance of Government of Samoa through EPC will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. The Ministry of Finance of Government of Samoa through EPC 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.

F. Auditing and Public Disclosure

21. The MOF 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 the Ministry of Finance. The Ministry of Finance 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.

22. 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, in accordance with ADB's Loan Disbursement Handbook and the project documents. 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.

23. The Government, MOF and EPC 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.¹³ ADB reserves the right to require a change in the auditor (in a manner

¹³ 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 new replenishment of imprest accounts, 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 new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i)

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. 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)¹⁴. 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.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Procurement of Goods, Works, and Consulting Services

24. Procurement of goods, works, services and the consultancy component of the turnkey contractor will be conducted through a single turnkey contract.¹⁵ The turnkey contract will include final design and engineering, supply and installation of equipment, construction works and commissioning, and an O&M knowledge transfer program for at least 2 years after plant commissioning. The rationale is to cover 1 year of normal guarantee time of equipment and one additional year of the hydrology cycle for conducting any needed system upgrades.

25. Efficient project implementation related to the turnkey contract will be provided by the project owner's engineers, and will include preparation of bidding documents; assistance during the bidding process; and supervision of the project design, supply, construction, and commissioning. EPC has requested ADB to help select the engineers, which will assist EPC during procurement of the turnkey contract. The engineers will have expertise on implementation and supervision of small hydropower projects and will be engaged using the fixed budget selection method, which is considered justified because of the project's technical complexity. Procurement of consultancy services will be undertaken in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Goods and works will be procured in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Minor goods and services costing under the equivalent of \$100,000 will be procured by the implementing agency through shopping procedures and direct payment. The government, through EPC, will own the SHPs.

26. The project will be implemented over 5 years, with completion estimated in December 2018. To expedite implementation, the government has requested, and ADB has approved, advance procurement action for goods, works, and consultancy services. Implementation arrangements are in Table 3 and described in detail in the project administration manual.¹⁶

27. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government, MOF, and EPC.

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.

¹⁴ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

¹⁵ Since the project is financed with ADB-administered cofinancing resources, universal procurement will apply (ADB. 2013. *Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Cofinancing for Operations Financed from Asian Development Fund Resources*. Manila).

¹⁶ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

28. The POE services will be provided on an intermittent basis for 30 person-months international. The POE team will consist of 1 electromechanical specialist to act as project manager (10 pm), 1 hydropower-civil specialist (10 pm), 1 geological specialist (4 pm), 1 procurement specialist (2 pm), 1 financial (power) specialist (4 pm).

29. The CCTC has been estimated to be about 7 person-months international and 5 person-months national, and will be provided on an intermittent basis. The international component of the CCTC is estimated to be composed by a team electromechanical, hydropower, geotechnical, procurement, financial (power) specialists, in addition to social development and environmental safeguard specialists. The national component of the CCTC is estimated to be a national social safeguard specialist. The final scheme of the CCTC will be proposed by the turnkey contractor during procurement process.

30. A procurement capacity assessment was completed, which indicates that Samoa’s procurement regulations and procedures are comprehensive. Even though EPC has a functioning procurement unit, it would still benefit from the expertise of the turnkey contractor. ADB will review the project’s procurement processes. The PMU is also responsible for the PSEP, which is still under implementation and thus has recent experience with ADB procurement policies. The CEFPP support is expected to grant finance the POE; and the CCTC.¹⁷

31. A summary of consultancy services for the POE is presented below:

International Specialists	Person-months
1 electromechanical specialist (project manager)	10
1 hydropower-civil specialist	10
1 geological specialist	4
1 procurement specialist	2
1 financial (power) specialist	4
Total	30

Source: Asian Development Bank estimates.

B. Advance Contracting

32. Advance contracting for the POE will be undertaken in conformity with ADB’s Procurement Guidelines and Guidelines on the Use of Consultants. The issuance of invitations to bid under advance contracting will be subject to ADB approval.

C. Procurement Plan

Basic Data	
Project Name: Renewable Energy Development and Power Sector Rehabilitation Project	
Country: Independent State of Samoa	Executing Agency: Ministry of Finance
Grant Amount: \$19.21 million	Grant Number:
Date of First Procurement Plan: August 2013	Date of this Procurement Plan: August 2013

Source: Asian Development Bank estimates.

¹⁷ This can be presented in the Section 3 EQC, para 2.5 Personnel and Section 4 Bidding Forms. Under Schedule 3 Design Services and Schedule 4 – Installation and Other Services

1. Process Thresholds, Review, and 12-Month Procurement Plan

33. 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	Prior	Turnkey contract: works, goods, and services of new and rehabilitated SHP, including CCTC.
Shopping for Works	Prior	
Shopping for Goods	Prior	
Recruitment of POE		
FBS	Prior	

CCTC = consultancy component of the turnkey contractor, FBS = fixed budget election, ICB = international competitive bidding

Source: Asian Development Bank estimates.

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

34. 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 (\$ million)	Procurement Method	Prequalification of Bidders (Y/N)	Advertisement Date (quarter/year)	Comments
Rehabilitation SHP; New SHP; and CCTC	19.21	ICB	N	Q1 2014	1 lot for rehabilitation 1 lot for new construction

ICB = international competitive bidding, MW = megawatt, Q = quarter, SHP = small hydropower plant.

Source: Asian Development Bank estimates.

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

35. 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 (\$ million)	Recruitment Method	Advertisement Date (quarter/year)	International or National Assignment	Comments
POE	0.8	FBS	Q1 2014	International	

FBS = fixed budget selection, Q = quarter.

Source: Asian Development Bank estimates.

36. 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 (\$ million)	Number of Contracts	Procurement and Recruitment Method	Comments
SHPs: Rehabilitation Goods: hydro mechanical equipment (lot 1)	0.2	2	Shopping	
SHPs: New Goods: hydro electromechanical and electric equipment (lot 2)	0.1	1	Shopping	

SHP = small hydropower plant.

Source: Asian Development Bank estimates.

D. 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	Estimated Value (\$ million)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Goods, works, and consultancy services	19.11	1	ICB		Turn Key
Lot 1 SHPs: Rehabilitation of hydro mechanical, hydro electromechanical, and electric, civil and earth works				No	
Lot 2 SHPs: New hydro mechanical, hydro electromechanical, and electric, civil and earth works				No	
Lot 3: CCTC				No	

ICB = international competitive bidding, SHP = small hydropower plant.

Source: Asian Development Bank estimates.

E. Consultants' Terms of Reference

38. **Expertise of the firm:** The consulting firm will demonstrate key expertise in small hydropower (SHP) technology (design, construction, and asset operation) and related power distribution assets (balance of plant, substations, and power distribution networks) as its core business, in addition to expertise in earthworks design.

39. Highly desirable focus of expertise will be (i) technology appraisal, appropriate concept development, and design of SHPs for rural/ remote environments, including SHP economics

and finances, and best practices of environmental and social regulatory frameworks; (ii) hands-on experience in real plant operation is highly desirable, as it strongly influences the expected optimum of the all around SHP design and rehabilitation to be delivered.

40. **Consultancy services will be divided as follows:** into (i) the POE; and (ii) CCTC within the general turnkey contract for project goods, services. CCTC services will include power, civil and financial engineers, and compliance with ADB social and environmental safeguards. The scope of services will be output based specifications and will form part of the bid documents for turnkey contractor

41. The TOR for the POE consultancy services are described as follows:

42. **Electromechanical specialist for SHPs** (international, 10 person-months, intermittent). Electro/mechanical power engineer. With expertise in SHP-balance of plant, middle voltage switchgear and interconnection to the distribution grid. The specialist will represent the firm and act as Team Leader, assisted by his/her team of experts and guided by the Energy Specialist, PATE; and will be responsible for managing and coordinating the project, as follows:

- (i) Appraisal and final design of the SHP scheme for rehabilitation and construction of new hydropower plants: Prepare appraisal and finalize design of proposed civil designs, structural, civil, and water works for the SHP scheme and new projects.
- (ii) Prepare the final civil design assessment for the scheme of prioritized subprojects containing the major indicative scope, and recommend a procurement method. Prepare final structural (civil works) assessment and design of needed civil works for the SHPs, confirm detailed cost estimates, and prepare procurement scheme. The prices determined shall reflect the realistic cost of equipment to be sourced from prospective suppliers and contractors and take into account the procurement method and EPC's procurement capacity.
- (iii) Execute rehabilitation schedule for civil works and water works structure of SHPs affected and damaged by cyclone "Evan" in December 2012.

43. **Hydropower (civil) specialist for SHPs** (international, 10 person-months, intermittent). Civil and/or waterworks engineer. Will have substantial core expertise developing SHPs (on/off-grid-connected), and designing and appraising civil and water works related to SHPs, including all water works. The specialist will have following responsibilities:

- (i) Lead hydrology analysis. Final design and implementation arrangements for shortlisted subprojects including finalizing of technical feasibility and the suitability of sites identified for the intake, powerhouse, and penstock route
- (ii) Oversee the installation of equipment according to contracted lots.
- (iii) Assist in the acceptance of materials as they are received, ensuring that they are the correct materials and show no shipping damage.
- (iv) Act as interface between the supply and installation process to ensure that all aspects of the installation are well coordinated.
- (v) Perform operational acceptance tests of the systems and work with the installing contractor to solve problems as they arise.
- (vi) Deliver capacity development and O&M programs for a period of at least 5 years as defined in the design and monitoring framework of the project.

44. **Geo-technical/ Geological Engineer** (international, 4 person-months). Will have substantial core experience in geo-technical and geo-hydraulic analysis, including geo-

synthetics, excavations, retaining walls, pile foundations, surface ground and underground improvements. The specialist will have following responsibilities:

- (i) Geo-technical appraisal of sites including earth/water.
- (ii) Sampling and laboratory analysis of surface soils and/or underground material.
- (iii) General geotechnical engineering: pile foundations, ground Improvement recommendations.
- (iv) Special geotechnical engineering: landslides, geo-synthetics, tunnel excavations and flow analysis
- (v) Flood protective, earth structures and dams.

45. **Procurement specialist for SHPs** (international, 2 person-months, intermittent). Engineer or financial professional with experience in project procurement. Will deliver the following:

- (i) Assist in the creation of a technical-financial project handbook, which will be used as a technical guideline during project implementation.
- (ii) Prepare technical schedules (lots; list of parts and pieces) and undertake whole project implementation up to turnkey, according to ADB guidelines.
- (iii) Prepare and assess complete logistic chain, from ex-works shipment to on-site delivery of all goods and services to be procured and installed under the project.
- (iv) Prepare the acceptance process when the shipment arrives, ensuring compliance with specifications and quantities.
- (v) Administer, manage, and supervise implementation of goods and services until trial test of the complete scope of the project.
- (vi) During installation, work closely with contractors and authorized personnel of the utility.
- (vii) Design and draft project manual, training materials, and program for O&M in line with the scope of the project. The training should include theory and practical sections, electrical design, protection, monitoring, control, testing, measuring, and working safety and electrical hazards.
- (viii) Deliver capacity development and O&M programs for a period of at least 5 years as defined in the design and monitoring framework of the project.

46. **Financial specialist (power)** (international, 4 person-months, intermittent over a period of 36 months). Professional with solid SHP background and financial expertise related to SHP developments. The specialist will have following responsibilities:

- (i) Assist EPC in preparing financial reporting and evaluation during project implementation and operation.
- (ii) With EPC manage schedule of procurement process approvals, and facilitate communications and processes among ADB, the government, and beneficiaries.
- (iii) Assist the EA to set up the project accounting module and process including specific accounting systems
- (iv) Assist the EA to prepare periodic financial statements (quarterly, semi-annual, and annual) and in getting them audited within the time limits specified in the legal agreements.

VII. SAFEGUARDS

A. Environment

47. The Project has been classified as category B for environment following ADB's Safeguard Policy Statement. Initial environmental examinations (IEEs) have been prepared for the new and rehabilitation SHP schemes. Environmental flows have been determined and no significant impacts are expected on the existing fish and aquatic resources or riparian habitats as a result of the Project provided that the specified minimum environmental flows are released into the rivers at all times. The main potential environmental impacts will be created by the weirs and run-of-river schemes, upgrading of the access roads, and installation of short sections of cables for grid connection. Impacts may include land clearing, earthworks, dust, noise, vegetation clearance, materials sourcing and transportation, waste disposal and discharges, and effects associated with upgrading of access roads.

48. Climate change adaptation and resilience measures will be incorporated in the design of the SHP structures, including suitable erosion protection to prevent scour around the intakes. The level of the powerhouse discharge outlet needs to be sufficiently high to prevent any flood-induced backflow that may result in flooding of the powerhouse and damage to electromechanical equipment.

B. Involuntary Resettlement and Indigenous Peoples

49. The project has been categorized as category B for involuntary resettlement and category C for indigenous peoples, following the guidelines of SPS. The project is not expected to involve physical displacement or relocation of people. The rehabilitation of existing SHPs will be undertaken in the existing land acquired in 1921 and 1929, and will not require additional land acquisition. Due diligence for existing facilities has been undertaken in accordance with the Safeguard Policy Statement, and its results, including measures for resolving historical concerns raised by local villagers in existing sites, are included in the resettlement plan. EPC, in coordination with relevant government agencies, will finalize and implement these measures during implementation. New SHPs are proposed to be developed in partnership with local communities, and a joint venture business model is under discussion at the cabinet. The land required for new SHPs is expected to be acquired through negotiation, with details to be finalized after the cabinet's decision on the business model. A draft resettlement plan has been developed based on available information, in anticipation of possible land acquisition in case the proposed joint venture business model does not materialize. The resettlement plan will be updated and finalized after the detailed design, including measures for further consultations and collection of detailed socioeconomic information. The resettlement plan has been endorsed by EPC and posted on the ADB website.

50. To ensure land acquisition and resettlement activities are carried out according to the requirements of updated RP as per ADB's SPS, EPC will follow the measures included in the RP including: the implementation schedule of the preparation of updated RP (Table 8 of the RP), grievance readdress mechanisms, the guidance to socio-economic survey (Section E of the RP), community consultation and participation measures (Section F of the RP), the process of negotiated settlement (Section G of the RP) and public information booklet (Appendix 3 of the RP). The RP is attached as linked document 13.

51. To address concerns of local villagers in existing sites which were acquired in the past, EPC will form a coordination committee of the relevant agencies including Ministry of Natural

Resources and Environment (MNRE), Attorney General's Office, EPC, Ministry of Finance, Ministry of Women, Community and Social Development as recommended in the compliance audit report. In coordination with such a committee, EPC will finalize and implement an action plan during project implementation. For this EPC will undertake systematic consultations with the villagers and take corrective measures to address concerns raised by the villagers related to the past land acquisition. An outline of the action plan is included in the Attachment 1 of the RP. The consultations and measures to address local concerns will ensure support from the villagers to the project, lessen disturbance and minimize other risks during project implementation.

52. The majority of the population in the project area are Polynesian people of Samoa and not considered to be distinct from the mainstream society. The project is not expected to affect any distinct and vulnerable group of indigenous peoples as defined by the Safeguard Policy Statement, and does not require an indigenous peoples plan. The project outputs will be delivered in a culturally appropriate manner.

53. The project will support the strengthening of EPC's social safeguard capacity by recruiting social safeguard specialists (1 months international and 2 months national) and conducting trainings. EPC will appoint a focal person for land issues and coordinate with the MNRE and other relevant agencies to implement land acquisition/resettlement activities.

C. Gender and Social Dimensions

54. The project is classified as general intervention as it indirectly addresses poverty reduction. The proposed project will contribute to poverty reduction by reconnecting to the grid SHPs damaged during Evan, and by reducing the country's reliance on volatile and costly imported fossil fuels for power generation. The public and businesses will benefit as the project will allow EPC to provide high-quality services at lower costs. The generation of electricity from hydropower will help reducing Samoa's dependence on imported fossil fuels for power generation.

55. The project is classified as some gender elements. It will not directly improve women's access to social, economic, and financial resources. The project will employ at least 15% of female workforce in the project area, including professional staff for local construction contracts for hydropower installations, which will offer equal pay for equal work. The resettlement plan includes women's participation in all project consultations, disclosure, detail measurement survey, inventory of loss survey, and compensation to both men and women in the household.

GENDER STRATEGY PLAN

Components and Outputs	Performance Targets and Activities
Output 1: Rehabilitation of hydropower plants on Upolu	
<p>This will include:</p> <p>The project will rehabilitate and reconnect to the grid three SHPs damaged by Cyclone Evan, with a total installed capacity of 4.69 MW, (i) the 1.74 MW Fale ole Fee plant; (ii) the 1.05 MW Alaoa plant, and (iii) the 1.9 MW Samasoni plant.</p> <p>Women make up a targeted at least 5% of the workforce for local construction contracts for hydropower installation.</p>	<ul style="list-style-type: none"> • During design and implementation, all community consultations will have a target of at least 100% female participation. • Disclosure of the project and safeguard documents: 100% participation of women; Detail measurement survey: women from all affected household will participate in detail measurement survey; • Inventory of Loss (IOL): women from all affected household will participate in IOL survey; • Compensation will be provided in both men and women from the affected households. • Contractors, whenever culturally appropriate, will be encouraged to provide work for unskilled and semiskilled labor for local people (3% women). • Requirement for hiring of women (5% target) will be included in the local construction contracts for hydropower installation. • Provide necessary institutional support for female labor-based workers such as separate sanitation facilities. Contractors appointed for construction will be informed of the required facilities before bidding. • Ensure equal pay for equal work between male and female workers.
Output 2. New hydropower plants on Upolu and Savai'i	
<p>The project will build and connect to the existing grid three new SHPs with a combined capacity of 0.81 MW: (i) the 0.19 MW Faleaseela plant on Upolu; (ii) the 0.46 MW Tafitoala plant on Upolu; and (iii) the 0.16 MW Faleata plant on Savai'i.</p> <p>Women make up a targeted at least 5% of the workforce for local construction contracts for hydropower installation.</p>	<ul style="list-style-type: none"> • During design and implementation, all community consultations will have a target of at least 100% female participation. • Disclosure of the project and safeguard documents: 100% participation of women; Detail measurement survey: women from all affected household will participate in detail measurement survey; • Inventory of Loss (IOL): women from all affected household will participate in IOL survey; • Compensation will be provided in both men and women from the affected households. • Contractors, whenever culturally appropriate, will be encouraged to provide work for unskilled and semiskilled labor for local people (3% women). • Requirement for hiring of women (5% target) will be included in the local construction contracts for hydropower installation. • Provide necessary institutional support for female labor-based workers such as separate sanitation facilities. Contractors appointed for construction will be informed of the required facilities before

	bidding. <ul style="list-style-type: none"> • Ensure equal pay for equal work between male and female workers.
Output 3. Operation and Maintenance (O&M) Program	
<p>Turnkey contractor will provide required training expertise.</p> <p>Finalized program manual for hydropower electro-mechanical, hydro-mechanical, electrical equipment.</p> <p>Knowledge of hydropower electromechanical, hydro-mechanical, and electrical equipment transferred during a period of 2 years after commissioning.</p> <p>Content of the program:</p> <p>(i) Project planning and asset management maintenance for EPC/PMU staff with minimum 5% female participants (at least two yearly trainings)</p> <p>(ii) Procurement, anticorruption, safeguards, and O&M of hydropower technology (at least two yearly trainings). With a minimum of 5% female participants for EPC/PMU staff</p> <p>(iii) Asset management concepts, theories, and practical project applications (at least one staff is trained yearly)</p> <p>(iv) Asset management program for EPC/PMU with a minimum of 5% female participants.</p> <p>(v) DSM with minimum of 50% female participants for EPC's customers.</p>	<ul style="list-style-type: none"> • Conduct at least two yearly training on project planning and asset management maintenance for EPC staff and the community electric societies with minimum 5% female participants. • Conduct at least two yearly workshops with minimum 5% female participants for EPC and PMU staff on procurement, anticorruption, safeguards, and O&M of hydropower plants. • Train at least three EPC and PMU staff yearly on asset management concepts, theories, and practical project applications.
Output 4. Efficient Project Management	
<p>Appointed POE (30 person-months) consisting of: 1 electromechanical specialist to act as project manager (10 pm), 1 hydropower-civil specialist (10 pm), 1 geological specialist (4 pm), 1 procurement specialist (2 pm), 1 financial (power) specialist (4 pm).</p> <p>The POE will guarantee that the project is implemented on schedule, and the annual disbursement target is met.</p> <p>Women make up a targeted at least 5% of the workforce for local supervision assistance contracts for hydropower installation.</p>	<ul style="list-style-type: none"> • Include a gender and safeguards specialist in the project team who will manage implementation of gender action plans, organize awareness activities and maintenance training for unemployed youth in project community (at least 5% members are women). • Provide gender awareness training to all CCTC/project staff. • Establish all project performance indicators disaggregated by sex, collect them regularly, and include them in the baseline, progress, monitoring, and evaluation reports. • Develop a project performance system that includes indicators measuring implementation and progress of the gender action plan. • Enhance capacity of EPC/PMU management to include a gender perspective into operations through gender awareness training and institutional development assistance, e.g., annual/monthly planning and reporting for all management personnel and interested staff.
<p>Implementation Arrangements: The project's gender strategy plan will be implemented by the CCTC, which will include a safeguard and gender specialist in the project team (see attached TOR). The</p>	

specialist will be responsible for incorporating the gender strategy plan into project planning and programs, including awareness workshops, training, and establishment of gender-disaggregated indicators for project performance and monitoring. The CCTC will include reporting on the progress of gender strategy plan activities in quarterly progress reports on overall project activities to ADB and the government.

VIII. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Increased energy security</p>	<p>By 2025: Annual diesel imports for power generation are reduced by at least 3.63 million liters yearly (baseline: 95 million liters of diesel for power generation imported in 2012)</p>	<p>Yearly government statistical report on fuel consumption</p> <p>Yearly customs statistics on national imports</p> <p>EPC annual report</p>	<p>Assumptions Stable macroeconomic conditions for Samoa</p> <p>Number of consumers is stagnated due to migration</p> <p>Stability in electricity demand</p> <p>World oil prices remain high and volatile</p> <p>Risk Reduction in diesel use by the power sector is offset by increases in other sectors</p>
<p>Outcome Customers will have access to a higher share of electricity generated by hydropower</p>	<p>By end of 2014: Electricity generation from damaged hydropower plants is back to pre-cyclone levels (baseline: 11.99 GWh per year)</p> <p>By end of 2019: Additional 3.79 GWh of hydropower electricity is supplied to customers every year, avoiding at least 1,819 tons of carbon dioxide per year (baseline: 36.70 GWh in 2011 and 161,000 tons of carbon dioxide in 2008)</p>	<p>EPC annual report</p>	<p>Assumptions Government continues to prioritize power sector investments and adheres to Strategic Development Plan for Samoa, 2012–2016 targets</p> <p>Diesel generators continue to supply base load power</p> <p>Risks A possible shortage of technically qualified staff at EPC could adversely affect the project implementation schedule.</p> <p>Land ownership and environmental issues delay implementation.</p>
<p>Outputs 1. EPC rehabilitates and reconnects to the grid 4.69 MW of hydropower</p>	<p>By end-2014: SHPs on Upolu damaged by Cyclone Evan are rehabilitated and reconnected to the grid</p> <p>SHPs include (i) 1.74 MW Fale ole Fee plant,</p>	<p>Project progress reports</p> <p>EPC annual report</p>	<p>Assumption EPC has sufficient capacity to implement and maintain the project.</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
capacity	(ii) 1.05 MW Alaoa plant, (iii) 1.90 MW Samasoni plant		
2. EPC builds and connects to the grid 0.81 MW of hydropower capacity	<p>By end-2019: Construct and install new SHPs: (i) a total of 0.65 MW is connected to the existing electricity distribution network in Upolu (0.19 MW Faleaseela plant and 0.46 MW Tafitoala plant); (ii) the 0.16 MW Faleata plant is connected to the existing electricity distribution network in Savai'i</p> <p>Women make up at least 5% of the workforce for local construction contracts for hydropower installations in the project area</p>	<p>Project progress reports</p> <p>EPC annual report</p>	<p>Risks</p> <p>Implementation could be delayed, leading to capital cost overruns.</p> <p>Implementation could be delayed, leading to cost overruns.</p> <p>A possible shortage of technically qualified staff in EPC could adversely affect the project implementation schedule.</p>
3. O&M knowledge transfer program completed	<p>Turnkey contractor finalizes O&M manual for hydropower electromechanical, hydro-mechanical, and electric equipment</p> <p>Turnkey contractor conducts theoretical and on-the-job training on O&M procedures for at least 10 EPC staff</p>	<p>Project progress reports</p> <p>EPC annual report</p> <p>Training attendance sheets</p>	<p>Assumption</p> <p>EPC staff are receptive to receiving formal and on-the-job training.</p> <p>Risk</p> <p>EPC staff leave the company after completing the knowledge transfer program.</p>
4. Project implemented efficiently	<p>The project owner's engineers will consist of one electromechanical specialist to act as project manager, one hydropower-civil specialist, one geological specialist, one procurement specialist, and one financial (power) specialist.</p> <p>The project owner's engineers' guarantee that the project is implemented on schedule, and the annual disbursement target is met</p>	<p>Project progress reports</p>	<p>Assumption</p> <p>Adequate coordination between EPC and the project owner's engineers</p> <p>Risk</p> <p>EPC support, performance, and coordination are weak and inadequate.</p>

Activities with Milestones	Inputs
<p>1. EPC implements 5.50 MW hydropower capacity</p> <p>1.1 Carry out tender process for turnkey contract for rehabilitation of 4.69 MW in Upolu: evaluate and report on bids and award contract (June 2014)</p> <p>1.2 Prepare technical designs of electromechanical, hydro-mechanical, and civil works (by September 2014)</p> <p>1.3 Supply equipment and carry out civil works (by November 2014)</p> <p>1.4 Install, test, and commission systems, including trial operation of equipment (by December 2014)</p> <p>1.5 Carry out tender process for turnkey contract for construction and install of new 0.81 MW SHPs on Upolu and Savai'i: evaluate and report on bids and award contract; construct and install new 0.81 MW SHPs on Upolu and Savai'i (by Q3 2014)</p> <p>1.6 Prepare technical designs of electromechanical, hydro-mechanical, and civil works (by December 2014)</p> <p>1.7 Supply equipment and carry out civil works (Q2 2015–Q2 2016)</p> <p>1.8 Install, test, and commission systems, including trial operation of equipment (Q3 2016)</p> <p>2. O&M knowledge is transferred</p> <p>2.1 Turnkey contractor develops and implements capacity strengthening program for staff of EPC (every year until 2018)</p> <p>2.2 Turnkey contractor designs O&M program and prepares O&M manual for EPC (by September 2014)</p> <p>2.3 Turnkey contractor conducts O&M training for hydropower electromechanical equipment starting 3 months before SHP commissioning and continuing up to 2 years after commissioning (Q4 2014–Q4 2018)</p> <p>2.4 Turnkey contractor evaluates training programs and prepares report (once a year until 2018)</p> <p>3. Efficient project supervision</p> <p>3.1 Select the project owner's engineers (January 2014)</p> <p>3.2 Assist in the preparation of bidding documents for turnkey contracts for rehabilitated and new constructed SHPs (March – May 2014)</p> <p>3.3 Assist in the bidding process and bid evaluation of turnkey contracts (June–Sept 2014)</p> <p>3.4 Supervise project design, supply, construction, and commissioning; monitor safeguards compliance (up to December 2018)</p>	<p>Asian Development Bank (Asian Development Fund): \$18.21 million</p> <p>Multi-Donor Clean Energy Fund under the Clean Energy Financing Partnership Facility and administered by ADB: \$1.00 million</p> <p>Government of Samoa: \$4.62 million</p>

ADB = Asian Development Bank, EPC = Electric Power Corporation, GWh = gigawatt-hour, MW = megawatt, O&M = operation and maintenance, Q = quarter, SHP = small hydropower plant.
Sources: Asian Development Bank.

B. Monitoring

56. **Project performance monitoring.** EPC/PMU assisted by CCTC 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 grant reviews and the quarterly monitoring reports will include environmental and social safeguard monitoring reports.

57. **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 quarterly progress reports, (ii) discussed during PMU meetings, and (iii) reviewed during biannual grant review missions. The executing and implementing agencies will cause the detailed consolidated project accounts to be audited in accordance with International Standards on Auditing by an auditor acceptable to ADB. The audited accounts will be submitted in the English language to ADB within 6 months of the end of the fiscal year by the executing agency. The government has been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

58. **Safeguards monitoring.** Environment and social safeguards will be monitored by international and national specialists within the PMU, assisted by the CCTC, in accordance with the initial environmental examination and the RP. The results of the safeguard monitoring will be reported in the EPC/PMU quarterly reports. Additionally, the twice annual review missions will report on safeguard compliance.

59. **Gender and social dimensions monitoring.** The project's gender strategy plan will be implemented by the PMU, which will include a social specialist with relevant gender-related experience. The specialist will be responsible for incorporating gender mainstreaming measures into project planning and implementation, including awareness activities and establishment of gender-disaggregated indicators for project performance and monitoring. EPC/PMU and the CCTC will report the progress of activities in quarterly progress reports on overall project activities to ADB and the government.

60. **Resettlement.** EPC will monitor all activities associated with land acquisition and 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 APs. EPC will prepare and submit semi-annual monitoring reports to ADB. The RP specifies detailed arrangements for monitoring and reporting.

61. The safeguard specialists at project management unit will assist EPC 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 EPC, respectively, are provided below.

Checklist for Safeguard Supervision/Monitoring (Resettlement)

Checklist for Safeguard Supervision: Involuntary Resettlement									
PROJECT INFORMATION									
Loan/Grant No.:	Project Name:								
Approval Date:	Closing Date:		Cumulative Progress (%):						
Project Team Leader(s):			Project Analyst:						
1) Resettlement Categorization									
(Original)	A	<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									

Suggested Contents of Resettlement Monitoring Report

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

C. Evaluation

62. ADB and the executing agency, will conduct twice annual reviews throughout the implementation of the project as well as a midterm grant review for the project. The reviews will monitor (i) project output quality, (ii) implementation arrangements, (iii) implementation progress, and (iv) disbursements. Within 3 months of physical completion of the project, the executing agency will submit a project completion report to ADB.¹⁸ The Ministry of Finance needs to submit audited project financial statements within 6 months after the close of each financial year, and entity-level audited financial statements of EPC within 1 month after their approval by the competent authority.

¹⁸ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

D. Reporting

63. EPC/PMU 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 that the project continues to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's reports, should be adequately reviewed.

E. Stakeholder Communication Strategy

64. EPC/PMU will prepare a stakeholder communication strategy and submit to ADB for review by the end of Month 3 after grant effectiveness. All communication will be in language suitable for the specific audience and will follow the ADB Public Communications Policy. The stakeholder strategy will incorporate the following components:

- (i) compilation of stakeholder communication activities already undertaken,
- (ii) role of the project steering committee in coordinating and communicating with relevant government stakeholders, and
- (iii) public communication plan for disseminating information regarding project development to the public who may be impacted by the proposed projects.

IX. ANTICORRUPTION POLICY

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

66. To support these efforts, relevant provisions are included in the grant agreement and the bidding documents for the project. Additionally, the government will (i) 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; (ii) ensure that relevant staff are trained in ADB's Anticorruption Policy; (iii) ensure that the audited annual project accounts under the project, project progress reports, and procurement activities are disclosed on relevant government entities; and (iv) allow and facilitate ADB's representatives to conduct spot and random checks on (a) flow of funds, and their use for the projects in accordance with the legal agreements; (b) work-in-progress; and (c) project implementation under the project.

X. ACCOUNTABILITY MECHANISM

67. 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.

XI. RECORD OF PAM CHANGES

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