

Project Administration Manual

Project Number: 48346-002
November 2016

Solomon Islands: Solar Power Development Project

ABBREVIATIONS

ADB	–	Asian Development Bank
FIRR	–	financial internal rate of return
km	–	kilometer
kW	–	kilowatt
kWh	–	kilowatt-hour
PMU	–	project management unit
SDR	–	special drawing right
WACC	–	weighted average cost of capital

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Project Administration Manual Purpose and Process

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

The Ministry of Mines, Energy and Rural Electrification (MMERE) and Solomon Islands Electricity Authority (Solomon Power) are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the Solomon Islands (the government) and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MMERE and Solomon Power of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At grant negotiations, the government and ADB shall agree to the PAM and ensure consistency with the financing 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 financing agreement, the provisions of the financing agreement shall prevail.

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

I. PROJECT DESCRIPTION

1. The project will increase renewable energy generation in five of the eight Solomon Island provincial grids, consisting of Kirakira, Lata, Malu'u, Munda and Tulagi. The project will assist Solomon Islands install solar power hybrid grids, including battery storage, to replace diesel generation. Following the project, an estimated 78% of power generated at the five targeted provincial grids will be from solar power. Project preparatory technical assistance was used in project preparation.¹
2. The impact will be utilization of renewable energy has increased. The outcome will be Solomon Power generates an increased supply of reliable, cleaner electricity.
3. The outputs of the project are as follows:
 - (i) **Five grid-connected solar power plants.** The project will construct a total of 2MW grid-connected solar power generation at five provincial grids. Installed solar power capacity will be Kirakira (320 kilowatt[kW]), Lata (290kW), Maluu (140kW), Munda (1,000kW) and Tulagi (250kW). The project will include installation of battery storage which will allow high penetration rates of intermittent solar power. Battery storage sizing has been optimized and will replace between 66% and 87% of diesel generation at each of the 5 sites.² The project will include innovative technology in remote monitoring and control of the hybrid-systems.
 - (ii) **Capacity building.** An operation and maintenance training program will be implemented for Solomon Power operators in the management of small grid connected solar-diesel hybrid systems.

¹ ADB. 2014. *Technical Assistance for the Solar Power Development Project*. Manila.

² Backup diesel generation will be maintained and will operate periodically during long cloudy periods and for maintenance and unplanned outages.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

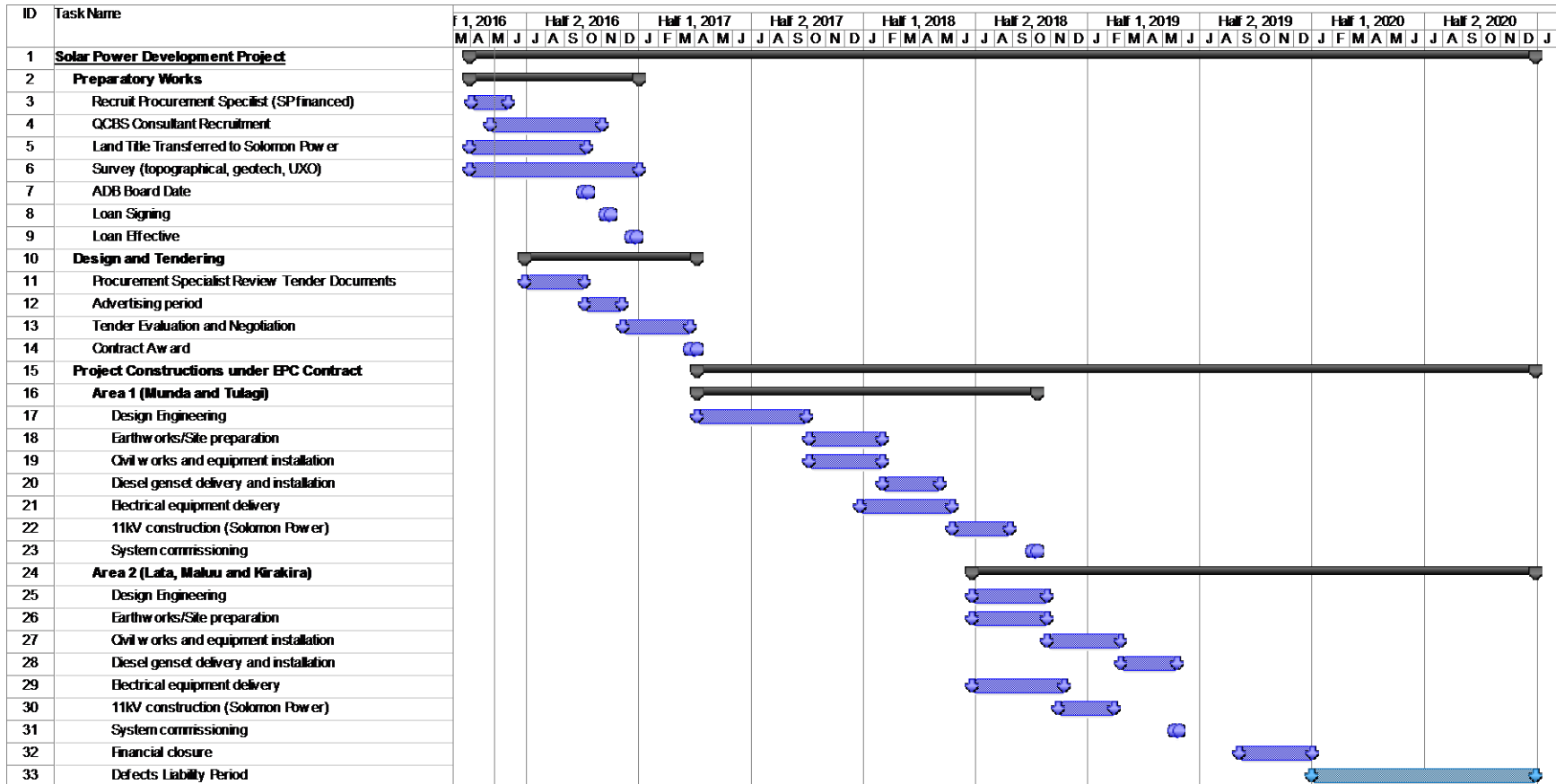
Table 1: Project Readiness Activities

Indicative Activities	Months					2017 Jan	Responsible
	2016		Oct	Nov	Dec		
	Aug	Sep					
Site Preparation Works (topographical, UXO, geotechnical)	X	X	X	X	X		PMU/ADB
Advance contracting project implementation consultants	X	X	X	X			PMU/ADB
Advertise main design, supply and installation contract					X		PMU
ADB Board approval				X			ADB
Grant signing					X		ADB/MoFT
Government legal opinion provided						X	MoFT
Grant effectiveness						X	MoFT/ADB
Award main design, supply and installation contract						Apr/ May	PMU

ADB = Asian Development Bank, MoFT = Ministry of Finance and Treasury, UXO = Unexploded Ordinances, PMU = Project Management Unit.

Source: Asian Development Bank.

B. Overall Project Implementation Plan



III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Project implementation organizations	Management Roles and Responsibilities
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.
Project Steering Committee	<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 Power. ➤ 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 Power	<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, (iv) management of the bidding process, (v) management of capacity development activities, (vi) project safeguards document preparation and safeguard plans implementation; (vii) project financial management; (viii) 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 grant review missions ➤ Procure project implementation consultants ➤ Review draft bidding documents in accordance with Procurement Plan ➤ Overall coordination and advisory support

B. Key Persons Involved in Implementation

Executing Agency

Implementing Agency

Officer's Name: Mark Greenaway
Position: General Manager – Capital Works
Telephone:
Email address: Hemant.Kumar@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

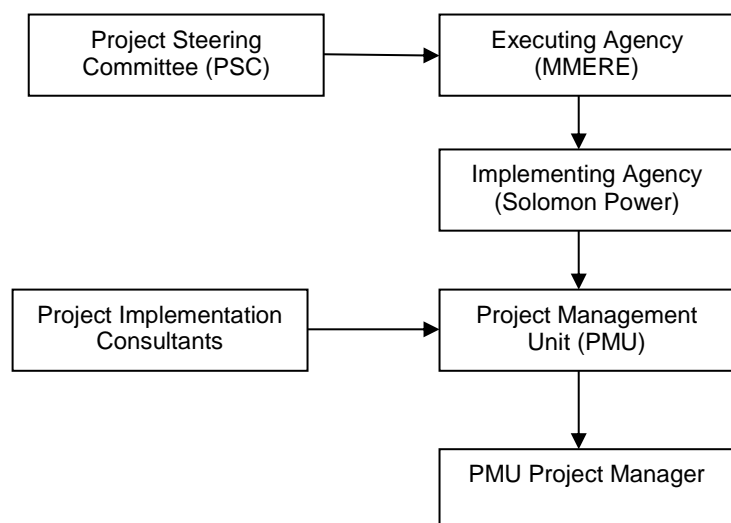
Staff Name	Olly Norojono
Position	Director
Telephone No.	632 632 4444
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Mission Leader

Staff Name	Anthony Maxwell
Position	Principal Energy Specialist
Telephone No.	63 2 6324444
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C. Project Organization Structure

1. The Ministry of Mines, Energy and Rural Electrification will be the executing agency for the project. Solomon Power will be the implementing agency. A Project Management Unit (PMU) will be established within Solomon Power to implement the project. Solomon Power will provide the services of (i) one project engineer, (ii) a finance officer, and (iii) an administrative assistant, as required to be part of the PMU. The project will finance additional consultants and equipment to support the PMU in implementing the outputs. One consulting firm will be engaged for support during design finalization, bidding and project supervision, using the quality- and cost-based selection method with a quality–cost ratio of 90:10. Two consultants will be procured through individual consultant selection to provide upfront procurement support and site supervision support. All consultants will be recruited in accordance with ADB's *Guidelines on the Use of Consultants (2015, as amended from time to time)*. The PMU will be responsible for procurement of all civil works and goods contracts. Procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). Solomon Islands has requested that ADB select the design and supervision consultants on its behalf. The contract will be signed between the government and the selected consultant. Additional financing for additional sites may be considered if the project is performing well. If so, additional project preparation financing required (in areas such as design, safeguards, and capacity) will be sourced from the additional financing. A project steering committee will oversee implementation, monitor progress, and provide guidance to the executing agency. The project steering committee will meet at least quarterly and will be chaired by Ministry of Mines, Energy and Rural Electrification. The PMU will host the project steering committee and will act as the secretariat. The project organization chart is as follows:



IV. COSTS AND FINANCING

2. The project is estimated to cost \$15.2 million (Table 1).

Table 1: Project Investment Plan (\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Solar Hybrid Systems	
(i) Kirakira	2.1
(ii) Lata	2.0
(iii) Malu'u	1.3
(iv) Munda	4.9
(v) Tulagi	1.9
2. Capacity Building	0.2
3. Project Management	0.6
Subtotal (A)	13.0
B. Contingencies^c	
1. Physical	1.3
2. Price	0.9
Subtotal (B)	2.2
Total (A+B+C)	15.2

^a Includes taxes and duties of \$1.3 million to be financed from government resources through exemptions

^b In mid-2016 prices.

^c 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: Asian Development Bank estimates.

3. The government has requested a grant not exceeding \$2.24 million from ADB's Special Funds resources to help finance the project. Solomon Islands has received in principle approval of \$6.20 million grant from the SCF, to assist in financing the project and to be administered by ADB.³ From the proceeds of the ADF grant and SCF grant, the Solomon Islands will make \$8.44

³ Government received clearance from the SREP Sub-committee to proceed with project preparation on the basis of \$6.2 million grant availability from SREP.

million available as a grant in local currency to Solomon Power. Solomon Islands will finance the remainder of the total project cost in the amount of \$6.76 million consisting of civil works, land acquisition costs, site preparation and taxes and duties. Since ADB is administering cofinancing resources in the form of grants from the SCF for operations financed by the Asian Development Fund (ADF), universal procurement will apply to all procurement packages under the project.⁴ The financing plan is in Table 2.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Special Funds resources (grant)	2.24	15.0
Strategic Climate Fund (grant) ^a	6.20	41.0
Government ^b	6.76	44.0
Total	15.2	100.0

Source: Asian Development Bank

^a Under the Scaling Up Renewable Energy Program in Low-Income Countries financed by the Strategic Climate Fund. Administered by the Asian Development Bank.

^b Government financing includes civil works, land acquisition costs, site preparation works and taxes and duties.

⁴ ADB. 2013. *Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Cofinancing for Operations Financed from Asian Development Fund Resources*. Manila.

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	66.8	17.2	84.0	8.2	2.1	10.3	79.2%
2. Consulting Services	5.1	1.3	6.4	0.6	0.2	0.8	6.2%
3. Land Acquisition and site preparation	0.0	5.0	5.0	0.0	0.6	0.6	4.6%
4. Taxes and Duties	7.8	2.6	10.4	1.0	0.3	1.3	10.0%
Total Base Costs (A)	79.7	26.1	105.8	9.8	3.2	13.0	100.0
B. Contingencies							
1. Physical ^a	8.0	2.6	10.6	1.0	0.3	1.3	56.5%
2. Price ^b	3.6	3.0	6.6	0.4	0.4	0.9	43.5%
Subtotal (B)	11.6	5.6	17.2	1.4	0.7	2.2	100%
Total Project Cost (A+B)	91.3	31.7	123.0	11.2	3.9	15.2	116.3%

^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 ADB Grant Proceeds

CATEGORY			Percentage and Basis for Withdrawal from the Grant Account
Number	Item	Total Amount Allocated for ADB Grant [\$]	
1	Civil Works	1,100,000	10.7% of total expenditure claimed*
2	Consulting Services	800,000	100% of total expenditure claim*
3	Unallocated	340,000	
	Total	2,240,000	

* exclusive of taxes & duties imposed within the territory of the government

C. Allocation and Withdrawal of SCF Grant Proceeds

CATEGORY			Percentage and Basis for Withdrawal from the Grant Account
Number	Item	Total Amount Allocated for Strategic Climate Fund Financing [\$]	
1	Civil Works	6,200,000	52.4% of total expenditure claimed*
	Total	6,200,000	

* exclusive of taxes & duties imposed within the territory of the government

D. Detailed Cost Estimates by Financier

Item	Government									
	ADF Grant	%	SCF ^e Grant	%	Base Cost	Taxes & Duties ^f	Total	%	Total Cost	% of Total Cost
A. Investment Costs										
1. Civil Works ^a	1.10	9.6%	5.40	47.4%	3.80	1.10	4.90	43.0%	11.40	87.7%
2. Consulting services	0.80	88.9%	0.00	0.0%	0.00	0.10	0.10	11.1%	0.90	6.9%
3. Land Acquisition	0.00	0.0%	0.00	0.0%	0.60	0.10	0.70	100%	0.70	5.4%
Subtotal (A)	1.90	14.6%	5.40	41.5%	4.40	1.30	5.70	43.8%	13.00	100%
B. Contingencies										
1. Physical ^c	0.22	28.6%	0.50	38.5%	0.58	0.00	0.58	44.6%	1.30	59.0%
2. Price ^d	0.12	13.3%	0.30	33.3%	0.48	0.00	0.48	53.3%	0.90	41.0%
Subtotal (B)	0.34	15.5%	0.80	36.4%	1.06	0.00	1.06	48.2%	2.20	100.0%
Total Project Cost (A+B)	2.24	14.7%	6.20	40.7%	5.46	1.30	6.76	44.5%	15.20	100.0%

^a Civil works include installation costs

^b Equipment procurement on the basis of CIP cost (carriage and insurance paid)

^c Physical contingencies are computed at 10% of base cost

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

^e Under the Scaling Up Renewable Energy Program in Low-Income Countries financed by the Strategic Climate Fund. Administered by ADB. Includes annual audit costs of \$50,000.

^f Taxes and duties are provided through exemption.

E. Detailed Cost Estimates by Outputs/Components

		(\$ million)														
		Lata		Tulagi		Kirakira		Malu'u		Munda		Capacity Building		Project Management		
		Total Cost	Amount	% of Cost Cat.	Amount	% of Cost Cat.	Amount	% of Cost Cat.	Amount	% of Cost Cat.	Amount	% of Cost Cat.	Amount	% of Cost Cat.	Amount	% of Cost Cat.
A. Investment Costs																
1	Civil Works	10.3	1.7	16.5%	1.6	15.5%	1.7	16.5%	1.1	10.7%	4.2	40.1%	0.0	0.0%	0.0	0.0%
2	Consulting Services	0.8	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.2	25.0%	0.6	75.0%
3	Land Acquisition and site preparation	0.6	0.1	16.7%	0.1	16.7%	0.1	16.7%	0.1	16.7%	0.2	33.3%	0.0	0.0%	0.0	0.0%
4	Taxes and Duties	1.3	0.2	15.4%	0.2	15.4%	0.3	23.1%	0.1	7.7%	0.5	38.5%	0.0	0.0%	0.0	0.0%
Total Base Cost (A)		13.0	2.0	15.4%	1.9	14.6%	2.1	16.2%	1.3	10.0%	4.9	37.7%	0.2	1.5%	0.6	4.6%
B. Contingencies																
1	Physical ^a	1.3	0.2	15.4%	0.2	15.4%	0.2	15.4%	0.1	7.7%	0.5	38.5%	0.0	0.0%	0.1	7.7%
2	Price ^b	0.9	0.2	22.2%	0.1	11.1%	0.1	11.1%	0.1	11.1%	0.3	33.3%	0.0	0.0%	0.1	11.1%
Subtotal (B)		2.2	0.4	18.2%	0.3	13.6%	0.3	13.6%	0.2	9.1%	0.8	36.4%	0.0	0.0%	0.2	9.1%
		15.2	2.4	15.8%	2.2	14.5%	2.4	15.8%	1.5	9.9%	5.7	37.5%	0.2	1.3%	0.8	5.3%

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

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

F. Detailed Cost Estimates by Year

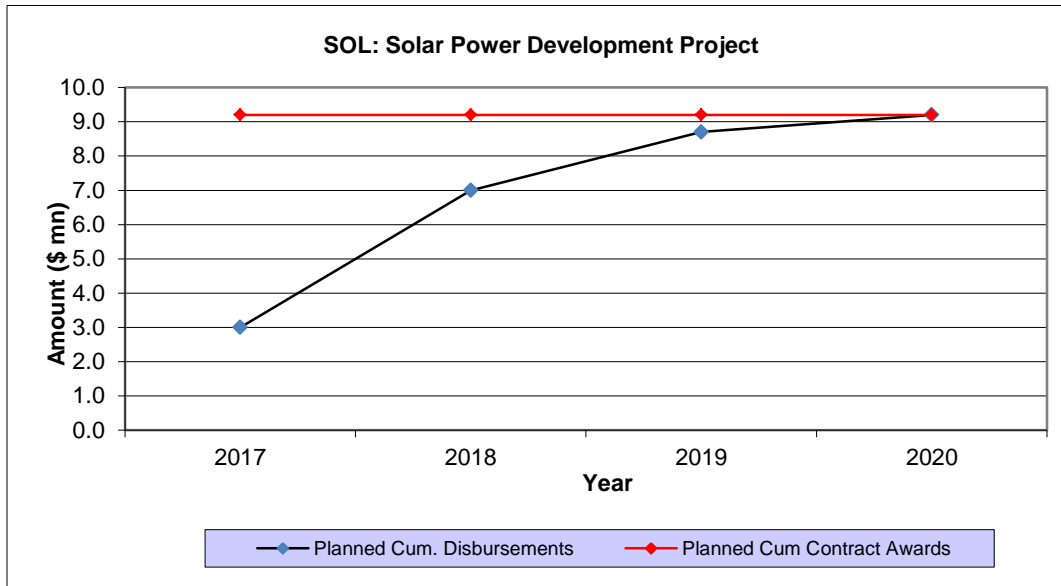
Item	Total Cost	\$ millions			
		2017	2018	2019	2020
A. Investment Costs ^a					
1. Civil Works	10.3	5.2	3.1	1.5	0.5
2. Consulting Services	0.8	0.4	0.2	0.1	0.1
3. Land Acquisition and site preparation	0.6	0.3	0.2	0.1	0.0
4. Taxes and Duties	1.3	0.6	0.4	0.3	0.0
Total Base Costs (A)	13.0	6.5	3.9	2.0	0.6
B. Contingencies					
1. Physical ^b	1.3	0.7	0.3	0.3	0.0
2. Price ^c	0.9	0.3	0.3	0.2	0.1
Subtotal (B)	2.2	1.0	0.6	0.5	0.1
Total Project Cost	15.2	7.5	4.5	2.5	0.7

^a In mid-2016 prices.

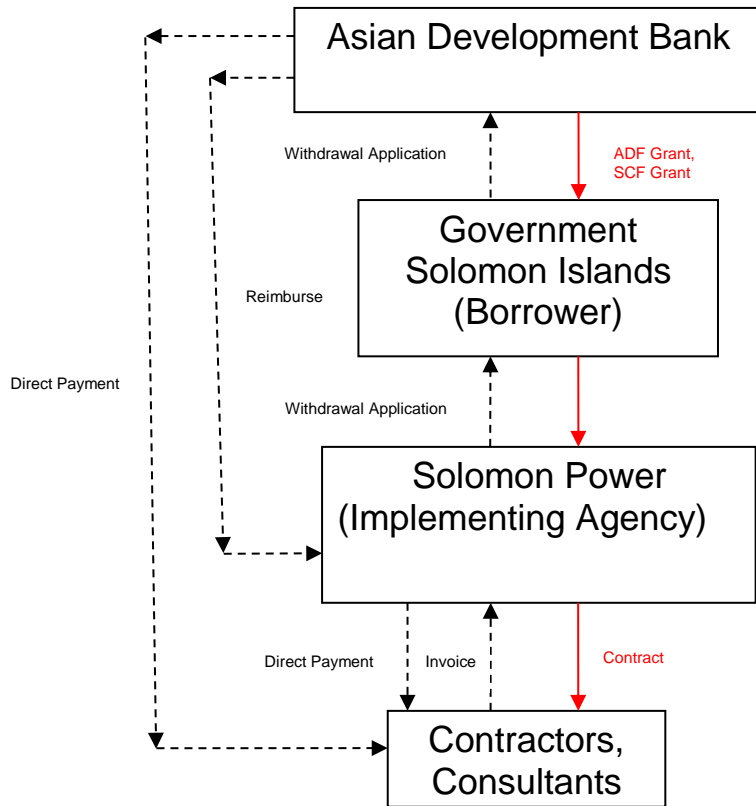
^b Physical contingencies are computed at 10% of base cost.

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

G. Contract and Disbursement S-Curve



H. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

1. The financial management assessment (FMA) was conducted in March 2016 in accordance with ADB's *Guidelines for the Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note*. The FMA considered the capacity of Solomon Power, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. It is concluded that the overall pre-mitigation financial management risk of Solomon Power is low. A financial management assessment was previously completed in 2014 during the preparation of the Provincial Renewable Energy Project. The present FMA reviewed progress towards issues identified in 2014 and assessed any additional issues. These are outlined below.

2. **Overview.** Solomon Power 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. Under the SOE Act, the responsibility for appointing the Board is shared between the Minister of MMERE and the Minister of Finance to ensure that the appointees have the necessary skills. The daily operations of Solomon Power are delegated to the Chief Executive Officer, who is presently an expatriate. The engineering, finance and administration, legal and customer services divisions fall under the purview of the Chief Executive Officer. 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 Chief Accountant is in charge of the General Ledger and the Accounts Payable Ledger and the 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 Manager.

3. **Financial Management Software.** The previous FMA report raised an issue that the accounting system (MYOB), the billing and invoicing system (Napier Computer Software, or NCS), and metering system (Suprima software) were separated and NCS and Suprima systems were costly to maintain due to annual licensing costs and support fee. However, a new accounting system, called MIP, has been established by incorporating the functions of the three systems previously used by Solomon Power two years ago, and is performing satisfactorily. As indicated in the previous FMA report, the 2012 final accounts were prepared off system using MS Excel spreadsheets by uploading the Trial Balance from MYOB. As the new accounting system has been adopted by Solomon Power, the financial statements can be automatically generated by MIP.

4. The previous FMA report suggested five areas of internal audit for improvements: (i) having internal audit staff physically present at stock verifications and fixed-asset verification, (ii) ensuring proper count and documentation, (iii) auditing accounts receivable and payable ledgers, (iv) auditing the billing system, and (v) ensuring that bank reconciliations are in order. Since 2013, Solomon Power internal auditors have improved area (i) and (iv) and (v) completely, and (ii) to some extent. For area (iii), the internal auditors only look at special areas related to account receivables and account payables. In addition, a new internal audit policy has been released by Solomon Power.

5. **Financial Statements.** Solomon Power's external auditor issued a disclaimer of opinion for years 2008–2011, and cited lack of reconciliations, lack of records, and other shortcomings as preventing him from forming an opinion on the financial statements. Solomon Power's financial statements for 2012 were given an unqualified opinion by the auditor. Since 2012, Solomon Power's financial statements have continued to be unqualified.

6. **Recommendations.** While Solomon Power's financial management has improved significantly since 2014, they still have limited experience in management of fund flows for multilateral development bank infrastructure projects, and a relatively thin human resource capacity in the finance department. It is therefore recommended to procure an international financial specialist to assist Solomon Power with fund flow procedures for the project, and to train Solomon power staff in ADB procedures.

B. Disbursement

1. Disbursement Arrangements for ADB Funds

7. The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time), and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.⁵ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control. 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.

8. 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. Solomon Power will maintain project accounts. The PMU will coordinate internally within Solomon Power 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.

9. 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 government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000 equivalent. Individual payments below this amount should generally be paid by the Solomon Power and subsequently claimed to ADB through reimbursement, unless otherwise accepted by ADB.

C. Accounting

10. Solomon Power will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following accrual-based accounting following the International Financial Reporting Standards. Solomon Power will prepare consolidated project financial statements in accordance with the government's accounting laws

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

and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

11. Solomon Power 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.

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

13. In addition to annual audited financial statements referred to in paragraphs 24 and 25 above, Solomon Power 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.

14. 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.

15. The government and Solomon Power 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.⁶ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the government), 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.

⁶ 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 grant 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 grant.

16. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.⁷ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.⁸

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

17. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Guidelines* (April 2015, as amended from time to time)⁹ and ADB's *Guidelines on the Use of Consultants* (March 2013, as amended from time to time).¹⁰ The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The government and Solomon Power have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project. Advance contracting for the design, supply and installation contractor and QCBS consultants will be undertaken, including selection and contract negotiation. Retroactive financing will apply to one ICS contract up to a maximum amount equivalent to 20% of the ADF Grant, eligible for expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of the Financing Agreement

18. Advance consultant recruitment will include (i) one quality and cost based selection (QCBS) contract for recruitment of consulting company for design and supervision services (C01), (ii) one individual consultant selection (ICS) contract for a resident construction engineer (C02), and (iii) one ICS contract for international procurement specialist (C03). Advance procurement will be undertaken for the design supply and installation contract for the solar hybrid systems (W01), including bidding, bid evaluation and contract negotiations.

B. Procurement of Goods, Works, and Consulting Services

19. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines (2015, as amended from time to time)*. International competitive bidding (ICB) procedures will be used within the thresholds listed below.

20. 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 (2015, as amended from time to time)*.¹¹ The terms of reference for all consulting services are detailed in Section D. All shortlists and contract awards for consultancy services and contract awards for goods and works contracts will be publically disclosed.

21. International consulting services are required to (i) facilitate project management and

⁷ Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

⁸ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

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>

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

implementation, and (ii) strengthen the institutional and operational capacity of Solomon Power and the PMU. Consulting firms will be engaged using the quality and cost-based selection (QCBS) method with a quality:cost ratio of 90:10. All consulting packages will be advertised using Consulting Services Recruitment Notice of CMS. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants*.¹²

C. Procurement Plan

Basic Data

Project Name: Solar Power Development Project	
Project Number: 48346-002	Approval Number:
Country: Solomon Islands	Executing Agency: Ministry of Mines, Energy and Rural Electrification
Project Procurement Classification: B	Implementing Agency: Solomon Power
Procurement Risk: Low	
Project Financing Amount: \$15.2 million ADB Financing: \$2.24 million Cofinancing (ADB Administered): \$6.2 million Non-ADB Financing: \$6.76 million	Project Closing Date: December 2019
Date of First Procurement Plan: 7 April 2016	Date of this Procurement Plan: 12 Sep 2016

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

1. Procurement and Consulting Methods and Thresholds

22. 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	Comments
International Competitive Bidding (ICB) for Works	Above \$3,000,000	
International Competitive Bidding for Goods	Above \$1,000,000	
Shopping for Works	Below \$300,000	
Shopping for Goods	Below \$300,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	90:10 Quality:Cost
Individual Consultant Selection (ICS)	Prior review

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

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

Package Number	General Description	Estimated Value	Procurement Method	Review [Prior / Post/Post	Bidding Procedure	Advertisement Date (quarter/year)	Comments
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¹² Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

				(Sampling)]			
W01	Solar Hybrid Systems	\$11,495,000	International Competitive Bidding	Prior	1S1E	Q1 2017	Design, Supply and Installation
	Lot 1 (Munda, Tulagi)	\$6,378,000					
	Lot 2 (Kirakira, Malu'u, Lata)	\$5,117,000					

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

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

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
C01	Project Implementation Consultants	\$480,000	Quality and Cost Based Selection	Prior	Q2 2016	Simplified	90:10
C02	Resident Supervision Engineer	\$63,000	ICS	Prior	Q3 2016		National (24 months)
C03	Procurement Specialist	\$162,000	ICS	Prior	Q2 2016		International (6 months)

ICS = Individual Consultant Selection

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

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

Consulting Services							
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Comments
C04	Auditor	\$50,000	1	ICS	Prior	Q1 2018	

E. Non-ADB Financing

26. The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments
W02: 11 interconnection works	\$50,000	NA	NA	Solomon Power

W03: Site Preparation ¹	\$275,000	3	Shopping	Solomon Power
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¹ Site preparation includes cadastral/topographic survey (\$100,000), Geotechnical survey (\$100,000) and unexploded ordinances survey (\$75,000).

F. Consultant's Terms of Reference

27. The purpose of the consultancy work is to provide procurement support and construction supervision for the project. One consultant will be engaged through ICS to assist with procurement. One consultant will be engaged through ICS and four consultants will be hired through QCBS to assist with construction supervision. A summary of the terms of reference for proposed consultants is listed below:

International Specialists	Months
Solar Power Engineer and Team Leader (QCBS)	12
Procurement Specialist (ICS)	6
Financial Specialist (QCBS)	2
Subtotal	32
National Specialists	
Resident Supervision Engineer (ICS)	24
Social Safeguard Specialist (QCBS)	6
Environment Specialist (QCBS)	6
Subtotal	36

ICS = Individual Consultant Selection, QCBS = Quality and Cost Based Selection

28. **Solar Power Engineer and Team Leader** (international, 12 person-months, intermittent). The solar power engineer will have post graduate degree in engineering or other relevant field, and at least 10 years of experience in solar photovoltaic engineering with the design, specification and installation of grid connected solar photovoltaic system, and in power electric engineering with the design, specification, and implementation of middle and low voltage systems, including battery storage. Familiarity with ADB's procurement, disbursements, and project monitoring requirements is preferred. The activities to be undertaken will include but not limited to the following:

- (i) Review existing project documents.
- (ii) Work with the Procurement Specialist to prepare bidding documents for design, supply and installation contracts for all subprojects.
- (iii) Assist the Procurement Specialist with bid documents evaluation and contract negotiation.
- (iv) Assist the PMU to conduct engineering design review for all subprojects which includes validating technical specification and performance, and reviewing geotechnical assessment, electrical interfaces, materials, control interfacing, and foundation design. Assist the PMU to guide and instruct the turnkey contractors for corrective actions or design and drawings revision where necessary.
- (v) Assist the PMU to review control and construction documents to verify compliance with design specification, applicable code and standard, and contracts. Assist the PMU to guide and instruct the turnkey contractors for corrective actions or design and draw revision where necessary.
- (vi) Assist the PMU in construction supervision which includes cost oversight including variation orders, price schedule check, and invoice check processing.
- (vii) Develop initial pre-commissioning, test-run, and final acceptance procedure and submit to the PMU for approval. Jointly conduct pre-commissioning, test run, and

- final acceptance to verify compliance with functional guarantee of equipment and the designed performance of all subprojects.
- (viii) Develop project performance monitoring system incorporating implementation progress, contract award and disbursement, project performance management system, and compliance with covenants to comprehensively monitor subproject performances and identify eminent and potential bottlenecks for implementation. These data and findings in the performance monitoring system are migrated into quarterly progress report and project completion report to be submitted to ADB.
 - (ix) Guide and assist the PMU to prepare quarterly progress report and project completion report in ADB formats.
 - (x) In cooperation with other international and national experts, develop project management capacity enhancement training module in project preparation, procurement, disbursement, monitoring and administration, and evaluation upon completion. Lead to conduct capacity enhancement training for staffs in the PMU and the other relevant agencies.
 - (xi) Provide skilled input to the design and documentation including assessment of Tenders, selection of equipment and recommendation for award of Contract.
 - (xii) Assist in the supervision of Construction and Commissioning.
 - (xiii) Follow the procurement processes as detailed in the ADB guidelines in all respects.

29. **Procurement Specialist** (international-local hire, 6 person-months, intermittent). The expert will have a degree in engineering or other relevant field, and at least 5 years working experience, with strong familiarity in international procurement and disbursement procedures. Experience with ADB procurement is preferred. The expert's tasks will include:

- (i) Review and finalize bidding documents for design, supply and installation and submit to the PMU for approval.
- (ii) Coordinate the bidding process on behalf of the PMU, including but not limited to advertising, bid opening, bid evaluation report, and assisting in negotiations and contract award.
- (iii) Guide and assist the PMU to process invoice and prepare withdrawal application in accordance with ADB requirements.
- (iv) During the construction period, assist in establishing procurement related administration processes such as goods tracking and documentation, variations, invoice approvals, auditing, documentation, and other project tracking and quarterly reporting issues.

30. **Financial Specialist** (international, 2 person-months). The financial specialist will have post graduate qualifications in finance, and at least 10 years of experience in project financing. The specialist will be familiar with ADB fund flow mechanisms. The specialist will assist in setting up the PMU financial management systems and train the relevant PMU financial staff on ADB requirements.

31. **Construction Supervisor** (national, 24 person-months). The Construction Supervisor Engineer will have an engineering degree, and a minimum of 5 years experience in supervision of construction projects. The supervisor will be responsible for on-site management of the contractors and oversight of construction activities.

32. **Environment Specialist** (national 6 person-months). The Environment Specialist will have relevant qualifications in science or engineering and at least 5 years of relevant experience. The Environment Specialist will support the activities of the project management

unit (PMU). Specific activities will include:

- (i) Undertake consultations as required by the Consultation and Participation Plan (CPP) prepared for the project;
- (ii) Update the initial environmental examination (IEE) for the subproject in compliance with ADB Safeguard Policy Statement 2009 (SPS) and the Environment Act 1998;
- (iii) Assist PMU, in consultation with the Environment and Conservation Division (ECD) of the Ministry for Environment, Climate Change, Disaster Management and Meteorology (MECDM), to ensure that environmental safeguard measures under the Project comply with national safeguard requirements including but not limited to submitting the IEE and application for environmental permits under the Environment Act 1998;
- (iv) Ensure relevant provisions and text from the updated IEE, including draft environment management plan (EMP), are included in the bid/contract documentation for the subproject;
- (v) Review the contractor's environment management plan (CEMP), suggest changes or revisions as required, and recommend to PMU that approval of the CEMP may be issued;
- (vi) Establish an environmental monitoring and reporting system within the PMU and contribute to Quarterly Progress Reports;
- (vii) Monitor the contractor's compliance with CEMP;
- (viii) Ensure compliance with all assurances under the Project.

33. **Social Safeguard Specialist** (national 6 person-months). The Specialist will have qualifications in an applied Social Science, e.g., Sociology, Anthropology, Economics, Development or Human Geography or other related fields and at least 5 years of relevant experience. 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) Update the resettlement plan (RP) in compliance with the SPS;
- (v) Facilitate disclosure of the RP to affected communities;
- (vi) Supervise and monitor implementation of the RP;
- (vii) Prepare semi-annual monitoring reports on the resettlement and social safeguards;
- (viii) Coordinate with other specialists and provide safeguard inputs to overall project reports, including quarterly progress reports;
- (ix) Provide support to implement, monitor and report on implementation of the gender action plan.
- (x) Build capacity within Solomon Power in gender mainstreaming.
- (xi) Provide technical advice with regard to the mobilization of women in community consultations and for employment and training opportunities.

VII. SAFEGUARDS

34. **Environment.** The project has been classified as category B for environment following ADB's Safeguard Policy Statement (2009). An initial environmental examination has been prepared and disclosed on the ADB website. The main potential environmental impacts during construction are vegetation clearance, soil erosion and waste disposal at some sites. The main potential impacts during operation are noise from relocated backup diesel generators and waste disposal (batteries).¹³ The Initial Environmental Examination and Environmental Management Plan will be included in the bidding documents for contractors compliance and implementation monitoring. If there are changes to the scope of the works, the PMU will compile an updated initial environmental examination and environmental management plan to be approved by ADB. As part of the assessment a climate change adaptation risk evaluation was conducted and considered in the project design. The PMU will be supported by an environment specialist to ensure implementation and monitoring of the environmental management plan.

35. **Involuntary resettlement and indigenous peoples.** The project has been classified as category B for resettlement and category C for indigenous peoples following ADB's Safeguard Policy Statement. The project will have land acquisition impacts that are not deemed significant. No physical relocation or loss of income is expected from the implementation of the project. The Project will require land acquisition of about 5.68 hectares of lease-hold title currently held by other Government departments and state owned enterprises. A draft resettlement plan has been prepared based on impact assessment and consultations with affected persons during project preparatory technical assistance. Affected persons will be further consulted during implementation. Information such as a brochure in local language has been disseminated to affected persons and local stakeholders. The resettlement plan has been endorsed by Solomon Power and disclosed on the ADB website.

36. Solomon Power will finalize the resettlement plan after approving the contractors detailed design and will ensure land title has been transferred to Solomon Power before the start of civil works. The project will support the strengthening of Solomon Power social safeguard capacity, including recruiting a social safeguard specialist (6 person-months national). The due diligence concluded that while there are clans in the project area, their institutions are not separate from mainstream society, and these groups are not vulnerable. As sociocultural groups need to be both "distinct" and "vulnerable" to trigger the ADB Safeguard Policy Statement requirements on indigenous peoples, the project has been categorized as category C and an indigenous peoples plan is therefore not required.

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

VIII. GENDER AND SOCIAL DIMENSIONS

38. The project design includes pro-poor or poverty reduction measures to manage poverty issues, including engaging low-income households (including landowners) for construction works. The project will comply with applicable national labor laws and core labor standards, including but not limited to equal pay for equal work regardless of gender, race or ethnicity, and excluding child labor. The poverty reduction measures will be implemented by the PMU, which will include a social specialist.

¹³ The environmental management plan stipulates requirements for appropriate disposal of batteries.

39. **Gender.** Key gender action items to be included under the project are listed in the GAP below:

GENDER ACTION PLAN

Components and Outputs	Performance Targets and Activities	Primary Responsibility
Output 1. Five grid-connected solar power plants put into operation by Solomon Power		
Construction of solar power hybrid systems at five provincial grids	<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, clearing of vegetation, tree lopping) during design and construction phase (at least 30%) and provide institutional support such as separate sanitary facilities 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 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. 	<p>PMU</p> <p>PMU and Contractor</p> <p>Contractor Contractor PMU</p> <p>Contractor</p>
Output 2. Capacity building program undertaken for implementing agency		
Capacity development activities through the project implementation consultants for Solomon Power.	<ul style="list-style-type: none"> • Provide gender awareness training to PMU/project staff. • Enhance capacity to Solomon Power to include gender perspective into its operations through gender awareness training for Solomon Power management: at least 50% of Solomon Power management staff receives gender awareness training by 2016. • Implement training program for 10 Solomon Power staff in solar power plant operation, including on-the-job training during construction and operation as well as course work accreditation (including target 20% women participation) by December 2020 • Provide orientation/training of Civil work contractors' staff and workers on HIV/AIDS/STD concerns and prevention interventions. • Disaggregate project performance indicators 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. • Include a Social Specialist who will assess, consult, train and help manage the implementation of GAP. • Include at least one woman member in the grievance redress mechanism. • Conduct procurement and financial management training for PMU staff (minimum 20% women) and Solomon 	Social Specialist

	Power management, including gender awareness training by September 2018	
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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 to the ADB and the Government.

ADB = Asian Development Bank, DMF = design and monitoring framework, GAP = gender action plan, PMU = Project Management Unit

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impact the Project is Aligned with:

Utilization of renewable energy has increased

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>Outcome Solomon Power generates an increased supply of reliable, cleaner electricity</p>	<p>a. Reduced diesel importation by 0.9 million liters per annum by June 2020, relative to January 2017</p> <p>b. Renewable energy generation has increased as a percentage of power generation in the five provincial grids from 0% in January 2017 to 78% by December 2020</p> <p>c. CO₂ emissions reduced by 840 tCO₂e per annum by December 2020</p>	<p>a. Solomon Power annual corporate report</p> <p>b. PMU Quarterly Reports</p>	<p>Benefits of increased renewable energy such as reduced diesel consumption are offset by increased use in other sectors such as transport</p>
<p>Outputs</p> <p>1. Five grid-connected solar power plants put into operation by Solomon Power</p> <p>2. Capacity building program undertaken</p>	<p>1a. Solomon Power installs 2MW of solar power by December 2020</p> <p>1b. Solomon Power generates 3.1GWh per annum of solar power by December 2020</p> <p>2a. Implement training program for 10 Solomon Power staff in solar power plant operation, including on-the-job training during construction and operation as well as course work accreditation (including target</p>	<p>1. Solomon Power annual corporate report</p> <p>2. PMU quarterly reports</p>	<p>Solomon Power does not maintain sufficient technical staff to operate and maintain solar plants</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	20% women participation) by December 2020		

Key Activities with Milestones	
<u>Five grid-connected solar power plants put into operation by Solomon Power</u>	
1.1	Solomon Power advertises bidding documents for solar plants by August 2016
1.2	Solomon Power completes land acquisition by September 2016
1.3	Solomon Power awards design, supply and installation contract by June 2017
1.3	Solomon Power commissions solar plants by December 2020
<u>Capacity building program undertaken</u>	
2.1	PMU completes 5 training workshops for solar power plant operators by September 2018
2.2	PMU conducts on-the-job training for 10 Solomon power staff by December 2020
2.3	Conduct procurement and financial management training for PMU staff (minimum 20% women) and Solomon Power management, including gender awareness training by September 2018
Inputs	
ADF Grant:	\$2.24 million
Strategic Climate Fund (Grant):	\$6.20 million
Government:	\$6.76 million

ADB = Asian Development Bank, ADF = Asian Development Fund, MWh = megawatt-hour, PMU = Project Management Unit

Source: Asian Development Bank.

B. Monitoring

40. **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 grant reviews and the quarterly monitoring reports will include environmental and social safeguard monitoring reports.

41. **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 grant review missions.

42. **Land Acquisition/Resettlement.** PMU will monitor all activities associated with land acquisition. The monitoring will include reporting on progress of activities in the implementation of the RP. PMU will prepare and submit semi-annual monitoring reports to ADB.

43. **Environment.** Before commencing civil works, the contractor will prepare a site-specific contractor environmental management plan (CEMP) which will establish how the contractor will comply with the EMP safeguard requirements. Monitoring of the contractor's work will be undertaken by the resident engineer with assistance of the PMU's environment officer and supported by the project implementation consultants. ADB review missions will check the progress on implementation of safeguard requirements.

44. The PMU will monitor the contractor and check compliance with the approved CEMP and any other contract requirements on a regular basis. The semi-annual safeguard 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 semi-annual basis and submit to ADB. The following checklist can be used for safeguard supervision monitoring. The following table sets out the suggested contents for an environmental monitoring report.

45. The safeguard specialists of the PMU will monitor safeguard activities and preparation, and review and disclosure of safeguard monitoring reports. The checklists for safeguard supervision and the outline of safeguard monitoring reports of resettlement and environment aspects for ADB missions, respectively, are provided below.

46. **Gender and social dimensions monitoring:** The project's GAP will be implemented by the PMU, supported by a social safeguard specialist with expertise in land acquisition and gender. 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.

Checklist for Safeguard Supervision/Monitoring (Land Acquisition/Resettlement)

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

6) Compliance with Loan Covenants			
List of key covenants in loan and project agreement			
Item #	Covenant	Compliance rating*	Describe status of compliance
*Note: Yes ; No; Not yet due			
Overall safeguard rating (e-Operation):			
S = Satisfactory; PS = Partly Satisfactory; US = Unsatisfactory			
7) Status of Implementation of Resettlement Activities (Please provide a cross reference if it is already covered under Section 6 above)			
	Items	Yes/No	Describe Implementation Status
1	Satisfactory Consultation: clear responsibility; identification of stakeholders; consultations undertaken; and documentation		
2	Information of APs: database/inventory; ID cards		
3	Land Acquisition: Notification, survey, approvals		
4	Payment of compensation and allowances		
5	Relocation of affected assets and structures		
6	Rehabilitation income generation, employment		
7		
8) Major Resettlement Issues or Complaints (Cumulative)			
	Item		Description
1	Issue		
	Proposed Action(s)		
	Follow-up Issues/Actions		
	Final Resolution of Issue		
2	Issue		
	Proposed Action(s)		
	Follow-up Issues/Actions		
	Final Resolution of Issue		
*Add rows as needed.			
Prepared by:		Confirmed by:	
Project Analyst:		Team Leader:	
Date:		Date:	
To: Sector Director/Country Director		Confirmed by:	
cc: PAU Head; PARD Safeguard Specialist		Safeguard Specialist/Officer:	
		Date:	
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 Land Acquisition/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>Period the monitoring covers</p> <p>Main activities: site visits, consultations, surveys, etc.</p>
Monitoring Results and Actions Required	<p>Progress and performance in implementation of RP and other programs (how these 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 APs were able to restore livelihoods)</p> <p>Compliance on monitoring and disclosure (whether reports have been submitted and posted on website)</p> <p>Whether any issues and corrective measures were 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>

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: _____

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

C. Reporting

47. Solomon Power 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 the next 12 months; and (iii) a project completion report within 3 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor's report, should be adequately reviewed.

D. Stakeholder Communication Strategy

1. Introduction

48. This strategy describes the purpose, method and outputs of consultation and participation with stakeholders during the process of implementation of the Solomon Islands Solar Power Development Project (the Project), inclusive of all five subprojects / outstations. It also presents the budget. This plan covers the requirements for consultation and participation in the implementation phase as prescribed in the Asian Development Bank (ADB) Safeguard Policy Statement (SPS) 2009, and Public Communications Policy (PCP) 2011.

2. Purpose

49. The consultation and participation plan (CPP) provides a mechanism whereby the Solomon Islands Electricity Authority (Solomon Power), and other relevant government agency staff, implementation and supervisory consultants, primary beneficiaries, and other stakeholders (such as civil society organisations) can exchange their views, ideas and suggestions with regard to project implementation, including monitoring. The CPP needs to operate at the overall Project level, as well as at the subproject or outstation level in the five solar power development sites around the country. A fully inclusive participatory process has been shown to engender wider community support, and better relations with customers and partners.

50. The CPP will help to streamline the implementation process by facilitating stakeholder consultation, and securing wider community support for the project. More specifically, the CPP will ensure compliance with Solomon Islands (SI) law, ADB's SPS and PCP, Solomon Power's policies, and with local customs. The CPP activities will provide inputs for preparation of compliance documents, monitoring and progress reports for circulation to Solomon Power, Ministry of Mines, Energy and Rural Electrification (MMERE), Ministry of Finance and Treasury (Energy Unit) and the ADB.

51. The CPP will be checked, verified and fully up-dated by Solomon Power after finalisation of the outstation designs, as well as time plan for their implementation, which will be forwarded for approval by ADB before project commencement. The process of updating the CPP will be the responsibility of safeguard consultants and officials working the Project Management Unit (PMU) who will undertake comprehensive checks to determine whether all stakeholders have been included in the plan, costing and timelines for implementation.

3. Outputs

52. The CPP has three main outputs. Firstly, it provides a basis to inform stakeholders about project, its activities, how they will benefit from project, potential impacts and other relevant information. This **disclosure** will help them to understand the nature and outputs of the project and so develop a sense of responsibility and ownership of the project. Their engagement will also facilitate a wider community and institutional support to the project and will also avoid unnecessary delays in project implementation. It also ensures people's interest in the long term security of the site.

53. Secondly, the CPP is a mechanism, which allows stakeholders to provide **feedback** with regard to social and environmental impacts, mitigation measures, and other issues relating to project implementation at the sites. It will give project managers information about the opinions,

needs, and priorities of stakeholders, and may identify impacts and sensitivities not recognised during project preparation, or raise alternative proposals or new mitigation methods that would be useful. The objective of such interaction is to get good local feedback from government and community sources, to improve project implementation, avoid conflict, costly delays or frustrations to everyone involved in the project.

54. Thirdly, the CPP is a means for checking and verifying environmental and socio-economic information from local stakeholders, to support the up-dating and implementation of the resettlement plan (RP), initial environmental examination (IEE), and other plans and strategies, thereby facilitating project implementation and ensuring **accuracy and transparency** in all project activities.

55. The CPP is integrated and harmonised with other related documents such as the RP, grievance redress mechanism (GRM), the environmental management plan (EMP) developed from the IEE and gender action plan (GAP), and the Memoranda of Understanding (MOA) signed with landowners and provinces. Through the procedures outlined here, the CPP should reduce duplication and assist coordination between the wider Project and development sites. Communities and other stakeholders want to be consulted but react negatively to being over-served and asked to attend too many meetings, so consultation needs to be well planned and have outcomes within a reasonable time frame.

56. Community participation activities have yet to be fully recognized as a crucial element in Solomon Power's development initiatives. Generally, people are demanding more voice in what they want and how things ought to be done: there are examples of delays and obstructions from communities who have not been adequately consulted about decisions, such as use of roadside land for line installations. When people are consulted, it is generally the male household head who has most involvement in projects, and women are often sidelined. While Solomon Power has staff in public relations and customer services dealing with respectively, the media, and individual customers, community members' involvement in project planning and implementation has been limited so far. Solomon Power does not have a fully developed consultation policy and strategy, but the CPP will help to bridge this gap.

57. Solomon Power will make appropriate arrangements to disclose the CPP in an accessible place and language to stakeholders before construction work commences. All ward councillors and provincial leaders will be given a briefing on CPP and copies made available to them for information and their follow up with beneficiaries. The safeguard specialist who will be recruited for the PMU of Solomon Power, will make arrangements to also disclose the GRM and stakeholders will be encouraged to air any grievances through public participation events, as well as through the individual GRM process.

58. There will be at least one widely publicised public consultation event in each of the five outstation sites. Follow-up events will be undertaken in areas of the outstations, which are expected to have greater impacts (e.g. in Tulagi and Malu'u where there are more houses in the surrounding areas, or in Munda and Tulagi where UXO clearance is necessary before construction). Although no project sites are expected to have significant impacts on the community or the environment, people will be adequately informed of planned works, so that there is community support for the project. It will be the responsibility of the PMU to assess requirements for public participation, and to take leadership in organising events. The main lesson from experience is that consultation needs to be seen as a routine on-going procedure, rather than a one-off event.

59. Publicity for consultation events will use notices displayed on community boards, as well as notices published in newspapers and *tok save* on radio for information of affected people. Solomon Power operators and staff at outstation sites, will also spread the word in the local community. There will also be an information brochure produced in Pijin language. Solomon Power will use its own funds for publication of notices.

4. Stakeholders and impacts

60. The overall impact of the Project will be that utilization of renewable energy has increased. The outcome will be that Solomon Power generates an increased supply of reliable, cleaner electricity, through three outputs:

- Construction of five grid-connected solar power plants
- Capacity building of Solomon Power staff and operators in management of small grid connected solar-diesel hybrid systems
- Efficient project management services, through a PMU, which will provide design, management, and supervision services.

61. There are several broad categories of stakeholders who will benefit from the Project, including both internal and external stakeholders:

- Solar Power and the SPDP Project Steering Committee (the main internal stakeholder, implementer and receiver of financial and other support services)
- Government ministries such as the Ministry of Infrastructure Development (MID), and Ministry of Mines, Energy and Rural Electrification (MMERE)
- State owned enterprises (CAASI and SIBC) who are leasing land to the Project
- Government facilities such as schools, hospitals, fisheries divisions, and government administrative offices using power at outstation sites
- Private businesses in outstation towns (such as tourist accommodation owners, boat builders, fishing businesses, trade stores)
- Householders and community members at five outstations

62. The following table provides an overview of stakeholders who are involved in the Project in some form, and their interests:

Table 1: Stakeholder Analysis

Stakeholder	Stakeholders interests/benefits	Perceived Problems	Mandate / Key contact
Households and communities in outstations and peri-urban areas (existing and aspiring consumers)	Safe, efficient, and reliable access to grid electricity; cheaper affordable electricity tariffs; reduced noise and pollution from diesel power stations.	Limited access to any kind of power; costs of electricity; land availability and security; Solomon Power policy re: need to present land title for connections	N/A
Private businesses and government facilities at outstation sites in Munda, Malu'u, Tulagi, Kirakira and Lata	Reliable inexpensive power supplies; reduced noise and pollution; more profitable businesses or more efficient services	Erratic power supplies, and need for their own back-up generators; costs of electricity; limited extent of local grids;	N/A

Stakeholder	Stakeholders interests/benefits	Perceived Problems	Mandate / Key contact
Solomon Islands Electricity Authority (Solomon Power)	Recipient of ADB grant. Interest - reduction in diesel costs, increased revenue and profit; facilitating renewable energy to grid integration – system development; improving technical capacity and standards; model for replication; greater customer satisfaction; achievement of energy strategic goals according to National Development Plan	Dependency on imported diesel - need to increase power generation from renewable sources; expensive electricity tariffs; very limited access to power across SI with small customer base; capacity constraints especially in terms of experience with solar power; access to land and security issues; technical and financial losses	Provision of power across SI in all main centres; Implementing agency for solar power project; centre of technical expertise - maintenance of electrical standards Martin Sam (Chief Engineer) Mark Greenaway (General Manager Capital Works) Pradip Verma, (CEO) Hemant Kumar (Planning Manager)
Ministry of Mines Energy & Rural Electrification	Sustainability: less greenhouse gas emissions & oil pollution from burning diesel fuel; Capacity building; improved policies and regulation; lower prices and optimal project development	Expensive dependency on imported fuel; land acquisition problems; greenhouse gas emissions	Regulatory body: manages and oversees government activities in the mining, energy, and rural electrification sector; advises government on implementation of energy development. John Korinohona (Director) Gabriel Aimaea (Dep Dir)
Ministry of Lands, Housing and Survey	Land provided for public utilities and services; meeting infrastructure needs of provinces	Difficulties with acquisition of land for government projects; growth of informal settlements on COL land around outstations; land disputes	Management of land for benefit of development in SI: for site details, surveys, land registration, & titles Stanley Waleanisia (Permanent Secretary) Bobby Waitara (Rural Div)
Ministry of Finance and Treasury (Energy Unit)	Reduced vulnerability to oil price shocks through reduced reliance on imported diesel	Limited government resources and competing priorities	Management and oversight of govt budget and funding; allocation of financial resources of SIG to meet national objectives; donor assistance mobilized for energy development. Dalsy Tozaka
Ministry of Development Planning & Aid Coordination (MDPAC)	Renewable energy development meets National Strategic Plan objectives and other macro-level policies of provincial / rural communities	Overseeing multiple donor projects and ensuring appropriate coordination; budget planning	Responsible for development planning approvals and monitoring of aid programmes; arranges funding for projects Andrew Prakash (Director)
Ministry of	Increased renewable	Infrastructure in SI	Responsible for technical

Stakeholder	Stakeholders interests/benefits	Perceived Problems	Mandate / Key contact
Infrastructure Development	energy generation helps to meet national targets of NIIP	underdeveloped. Need for extensive capital works.	support and Council approvals Jimmy Nuake (Under-secretary)
Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM) Environment and Conservation Division (ECD)	Development projects comply with SI environmental standards; Project's IEE consent conditions are integrated into project documents and comply with environmental requirements	Overseeing multiple projects and ensuring appropriate and timely consents; budget and staffing constraints	Administers the Environment Act; gives consents for development projects; governs environmental protection, pollution control and waste discharge
Provincial Governments	Improved delivery of services to urban and peri-urban communities; expansion of electricity grid; reductions in tariffs; socio-economic development of province	Service delivery is poor. Insufficient access to electricity in the region; in some places land is scarce for urban projects.	To provide government services to populations of provinces and outstations; establish development priorities in province; efficient energy development to stimulate local economic development
Implementation and maintenance works contractors	Secure contracts to install and maintain solar power stations in initial stages	Communication with client; transfer of knowledge and procedures to Solomon Power at end of contract	As specified in Solomon Power contracts - (detailed design, planning, procurement, and construction)
Civil Aviation Authority	Land adjacent to or near existing power stations at Munda; more reliable power supplies to airports	CAA may lose long-term access to some land, which may affect CAA planning, expansion or operations	Provision and safety of air transport services. Moses Virivolomo, (Permanent Sec, CAA Ministry of Communications and Aviation) George Satu, (Director CAA) Rex Alafa (Airport Manager) Brian Halisanau, (Regulatory Officer)
Solomon Island Broadcasting Corporation	Has unused land in central Lata which Solomon Power wish to lease	May want to reactivate broadcasting services at some time in the future. Towers still on land.	Broadcasting services for Solomon Islands Ashley Wickham, (CEO SIBC)
Landowners (government and individual)	Payment for lease or outright purchase of land; improved access to power	Difficulties in negotiating land; registration of titles with MLHS; possible squatters on land; loss of productive assets or structures	N/A
Asian Development Bank	Poverty reduction; economic development;	Ensuring Solomon Power has capacity	Funding of Pacific development projects;

Stakeholder	Stakeholders interests/benefits	Perceived Problems	Mandate / Key contact
	funder of the Solar Power Development Project; economic rates of return on investment; meeting SI Country Strategy objectives for renewable energy; regional cooperation and good relations with SIG.	to manage project; that due diligence is comprehensive; that there are successful outcomes for ADB investments and no stranded assets.	improved infrastructure in Asia/Pacific region, leading to better economic performance; provides support, advice and experience from other countries. Anthony Maxwell (Energy Advisor, ADB) Jean Williams (Senior Environment Specialist)
Companies providing solar equipment for installation; investors	Growth: expansion of business/sales to clients; profit	Difficult to ensure economies of scale; costs of imports; transport problems in reaching remote sites; availability of skilled technicians;	Running a profitable business selling components for solar and diesel installations

63. The CPP provides an overall strategy with which the PMU of Solomon Power, can engage with other relevant government agency staff at a ministerial, departmental, and policy level, as well as with primary beneficiaries and other stakeholders (as outlined above) at a more practical subproject level, to generate and receive project information throughout the project cycle in a meaningful and timely fashion. At the overall project level, the CPP focuses on relationships Solar Power seek to build with partners (i.e. SIG and its agencies), and ensuring consistent messages for external communications in the media and to partners. At the subproject and community level the focus of engagement will be on issues that affect the outstation areas directly, especially in regard to social, environmental and economic impacts. The dimensions of participation can involve public meetings, workshops, focus group discussions, in depth interviews, training and capacity building, participatory decision making, surveys and other kinds of meaningful consultation, discussion and feedback.

5. Stakeholder engagement

64. It is a requirement of the SPS and PCP that the government/client must involve affected communities, groups, or persons through information disclosure, consultation and informed participation. The CPP for stakeholder engagement consists of three stages and a number of activities, which will be progressively implemented as solar power stations are constructed and monitored. This CPP shall be implemented within a period of approximately two and a half years, from 2017 to 2019. The following steps are required for each site:

(i) Pre-implementation social preparation phase (2016-17)

65. The social preparation phase begins at the early planning stage, during the project detailed design period, and will take about 4-6 months to undertake a series of activities.

Key activities:

- Establish an institutional mechanism responsible for community development and participation activities in Solomon Power

- Consultation and negotiation with state land owners to acquire the necessary land for solar sites, in coordination with the MLHS
- Setting up the mechanism for networking, liaison and coordination with partners and associated agencies (MMERE, MLHS, provincial governments)
- Initial consultation events, workshops and information dissemination activities, including the communication and disclosure to affected people and other stakeholders, of impacts, and proposed mitigation measures

(ii) Implementation and community mobilization phase (2017-2018)

66. This phase will require the conduct of activities related to project construction, including finalisation of land acquisition, identification of all affected persons and environmental management measures. The designated staff of Solomon Power with the guidance of PMU safeguards staff, will lead in coordinating and organising the activities. This will also involve coordinating the participatory assessment and data collection related to land acquisition and affected people, overseeing the establishment of the GRM, and ensuring thorough information dissemination and full project disclosure of plans. This phase also involves activities to increase the level of awareness of the importance and use of electricity, and its benefits, especially for women.

Key Activities

- Land surveys, and geotechnical investigations, with cooperation of local people and provincial authorities
- Mobilisation of community groups/ members (e.g. women's groups, church groups, clan groups)
 - Identification of all affected persons, in liaison with local authorities and communities
 - Census and baseline social assessment of land users, employing participatory methods and involving both men and women
 - Community meetings to discuss RP, EMP, and GAP with all affected communities (including eligibility, entitlement, compensation provisions, social and environmental mitigation strategies, and timeline) with additional consultation on UXO clearance at Munda and Tulagi, in order to solicit community cooperation
 - Establishment of grievance mechanism at various administrative levels to ensure complaints of AP are addressed and adjudicated
 - Orientation of various groups (including Solomon Power management) on gender issues and sensitivity, to improve women's chances of socio-economic benefit and ensure gender equality in the project activities
 - Training and awareness raising for the contractor, staff and community members of STIs, HIV and AIDS prevention, and safety issues.
 - Recruitment of local labour for construction, and briefing and training of workers
 - Capacity building of Solomon Power staff in environmental and social safeguards work

(iii) Sustaining and monitoring phase (2017-19)

67. This phase involves preparation for the transfer of responsibilities for safeguards work to Solomon Power, in order to institutionalise the mechanism for consultation and participation. Solomon Power and the provincial governments will be the main agencies eventually responsible for carrying out participatory programmes. The specialists and key persons trained during the design and implementation phases including Operation and Maintenance personnel, Property Officers, and others will now be able to carry out the necessary project activities on their own, with support from senior management. This phase also includes on-going monitoring, where the PMU collects sex disaggregated data to monitor social and environmental impacts of the project, with the involvement of land users and affected people.

Key Activities:

- Institutionalisation of participatory and consultation practices
- Coordination and linkages developed and sustained
- Conduct of regular project related consultation and monitoring activities

68. Solomon Power will be responsible for conducting public consultations including their arrangement, informing participants (APs and officials) with the help of local officials, providing publicity, organising the venue and facilitating the meetings and discussions. The PMU's safeguard specialist team will assist and facilitate the entire process, including but not limited to preparing the agenda for the meeting, keeping a record, and clarifying any relevant matters in keeping with ADB's policies and guidelines on conducting public consultations. The safeguard team members will also maintain a record of attendance and capture a few photographs of each event for the records.

69. A full record of assessments and consultations will be prepared for inclusion in progress reports, updated assessments (RP and IEE), as well as for future reference. The safeguard team members will also develop and present to Solar Power for approval, all guidelines, questionnaires, and check-lists. Government agencies and provincial staff will be actively engaged in the capacity of resource persons during consultation.

6. Methods, timeline and costs

70. A summary of the participation processes and activities by the project is provided in Table 2 below. Additional details will be added in the first stage of implementation, so this becomes a dynamic document to manage and budget for participation in the project:

Figure 2: Participation Plan - Solar Power Development Project

Stakeholder group	Objective of intervention; why included	Approach to Participation and Depth	Participation Methods		Timeline	Cost Estimate
			Method	Who is responsible		
Government officials at national level	Representatives of EA responsible for implementation; Ministries necessary for government financing and consent processes; MLHS to facilitate land acquisition for solar sites; Police Explosive Ordinance Disposal Unit for removal of UXO	Partnership (high)	<ul style="list-style-type: none"> Meetings and policy discussions to assist in selection and clearance of sites Submission of written IEE and land application documents to relevant ministries Lease agreements Monitoring reports: submission of regular progress reports 	<ul style="list-style-type: none"> PMU Solar Power ECD MMERE MLHS MID MOF & Treasury 	Months 1-3	TBC
Provincial government officials at Munda, Malu'u, Tulagi, Kirakira & Lata	Local decision makers with responsibility for representing provincial interests;	Collaboration (high)	<ul style="list-style-type: none"> Enter into formal MOA with Solar Power to support project activities Assistance with process of land acquisition and ROW/easements for lines along public roads Two-way information 	<ul style="list-style-type: none"> Solar Power PMU Premier Provincial Secretary Provincial Planner Provincial 	Months 2 -3 Months 3-	

Stakeholder group	Objective of intervention; why included	Approach to Participation and Depth	Participation Methods		Timeline	Cost Estimate
			Method	Who is responsible		
			sharing/dialogue mechanism	Lands Officer (of five provinces)	35	
Ward and community leaders in five provinces	Represent local interests at outstations; need their cooperation for AP identification, census and IOL	Information sharing; (high) Collaboration (medium)	<ul style="list-style-type: none"> • Involvement in community based field work assessments • Organise and hold community consultations and public interaction • Dialogue with affected persons • Participation in the GRM 	<ul style="list-style-type: none"> • Ward Development leaders • Community and clan leaders 	Months 2-3 then ongoing	
SPDP Project Steering Committee	Oversight body	Partnership (high)	<ul style="list-style-type: none"> • Quarterly meetings 	Members from MMERE (chair), MOF & Treasury, MDPAC, MID, DEC, and Solar Power CEO/Managers	Throughout the project (over 35 months)	
Contractor(s) and employees from project areas	Responsible for construction of diesel and solar power stations and for EMP and social safeguards	Partnership (high)	<ul style="list-style-type: none"> • Contract • Regular meetings with Solar Power • Skills training courses for staff • Progress reports to IA 	Manager of contracting company; Project Manager; community relations staff; safeguards specialists	Months 4 - 35	
NGOs, women's groups, churches and other CSOs	Representatives of civil society; some expertise in	Consultation and collaboration	<ul style="list-style-type: none"> • NGOs contracted to supply community training in 	<ul style="list-style-type: none"> • SCF • Oxfam 	Months 1-12	

Stakeholder group	Objective of intervention; why included	Approach to Participation and Depth	Participation Methods		Timeline	Cost Estimate
			Method	Who is responsible		
	environment, community development, and training	(medium)	<ul style="list-style-type: none"> health and/or environment issues • May help undertake participatory assessments 	<ul style="list-style-type: none"> • World Vision • WWF • SIDT • Local organisations 		
Land users and affected persons	Beneficiaries of project	Information gathering and sharing; consultation (high)	<ul style="list-style-type: none"> • Public consultation meetings • Focus group discussions • Information brochure • Notices • Participatory surveys / assessments • Training events (Gender/ HIV and AIDS / safety) to separate groups of men and women where appropriate • Awareness programmes 	<ul style="list-style-type: none"> • PMU • Safeguards specialists • Provincial and ward officials 	Months 1 - 35	
Asian Development Bank	Funder	Partnership (high)	<ul style="list-style-type: none"> • Advisory support • Due diligence reports • Project preparation reports • Fact Finding Mission • Monitoring reports • Completion reports 	<ul style="list-style-type: none"> • PPTA team • ADB Mission leader • ADB Project Manager • Solar Power Planning Manager 	Months 1 - 35	

X. ANTICORRUPTION POLICY

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

XI. ACCOUNTABILITY MECHANISM

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

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

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

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

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

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