

# Audited Project Financial Statements

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Project Number: 46044  
Grant 0370, 0371, 0373  
Period covered: 1 July 2014 to 30 June 2015

## SAM: Renewable Energy Development and Power Sector Rehabilitation Project

Prepared by the Electric Power Corporation  
for the Asian Development Bank  
Received on 22 January 2016

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy (2011) and as agreed between ADB and the Ministry of Irrigation.



*Please address all correspondences  
to the Controller and Auditor General*

## AUDIT OFFICE

### REPORT OF THE AUDIT OFFICE

#### TO THE ELECTRIC POWER CORPORATION

We have audited the accompanying financial reports comprising the statement of expenditures and accompanying explanatory notes of the Samoa Renewable Energy Development and Power Sector Rehabilitation Project for the year ended 30 June 2015.

#### The Responsibility of the Management for the Financial Report

The Electric Power Corporation management is responsible for the preparation and fair presentation of the financial report in accordance with Asian Development Bank requirements.

This responsibility includes preparing the accompanying financial report in accordance with the contractual requirements of the Donor, Asian Development Bank and on the cash disbursements basis. On this basis, all expenditures are recognized when paid rather than incurred. The management is also responsible for monitoring and ensuring all relevant project arrangements are in accordance with the Project Agreement between the Government of Samoa and the Asian Development Bank.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Standards require that we comply with ethical requirements, plan, and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement and that expenditures comply with the contractual requirements of the Donor, Asian Development Bank. The audit requires a complete examination of the evidence supporting the amounts and disclosures in the financial report.

We believe that our audit opinion provides a reasonable basis for our opinion.

#### Audit Opinion

In our opinion, the accompanying financial report gives a true and fair view of the expenditures for the Samoa Renewable Energy Development and Power Sector Rehabilitation Project for the year ended 30 June 2015 and in accordance with the cash disbursement basis.

The Electric Power Corporation's use of the grant proceeds and the eligibility of related project expenditure procedures are in accordance with the Project Agreement with the Donor, Asian Development Bank.

21 January 2016  
Apia, Samoa

*Capele*  
Fuimaono Papali'i C.G. Afele  
CONTROLLER AND AUDITOR-GENERAL

**SAMOA RENEWABLE ENERGY DEVELOPMENT  
AND  
POWER SECTOR REHABILITATION PROJECT  
FINANCIAL REPORT  
FOR YEAR ENDED 30 JUNE 2015**



**Samoa Renewable Energy Developments and Power Sector Rehabilitation Project**  
**Financial Report for the year ended 30 June 2015**  
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**Samoa Renewable Energy Developments and Power Sector Rehabilitation Project**  
**ADB Grant-0370, ADB Grant-0373 & EPC**  
**Statement of Expenditures and Accumulated Balances for the year ended 30 June 2015**

Renewable Energy Development & Power Sector Rehabilitation Project									
Accumulated Balances as at 30th June 2015									
			Year End 2014/2015 SAT(\$)	RED & PSRP Total Accumulated Grant & EPC SAT(\$)	Total EPC Counterpart SAT(\$)	ADB Special Grant Go370 SAT(\$)	ADB Special Grant Go371 SAT(\$)	ADB Special Grant Go373 SAT(\$)	Total ADB Special Grant Go370/373 SAT(\$)
154.910	Renewable Energy Core and Candidate Sub Projects	Notes							
	1. Hydro Rehabilitation Project								
	1.i Implementation Consultant Services	3	774,990.31	774,990.31	0.00		774,990.31	0.00	774,990.31
	1.ii Project Manager Consultancy Costs	3.2	0.00	0.00	0.00	0.00		0.00	0.00
154.910	2. Refurbishment of Hydros		774,990.31	774,990.31	0.00	0.00	774,990.31	0.00	774,990.31
	2.i Survey - Hydro Stations	4.1							
	Alaoa Hydro Station		31,500.00	31,500.00	4,108.70	27,391.30		0.00	27,391.30
	Fale ole Fee Hydro Station		30,750.00	30,750.00	4,010.87	26,739.13		0.00	26,739.13
	Samasoni Hydro Station		40,060.00	40,060.00	5,225.22	34,834.79		0.00	34,834.79
	2.ii Hydro Stations Maintanances & Clearance	4.2							
	Alaoa Hydro Station		55,512.00	55,512.00	7,240.70	48,271.30		0.00	48,271.30
	2.iii Hydro Generators Refurbishmeents								
154.910	Samasoni Hydro Generators	4.3	25,336.96	25,336.96	0.00	25,336.96		0.00	25,336.96
	Fale ole Fee Hydro Generators		12,668.48	12,668.48	0.00	12,668.48		0.00	12,668.48
			195,827.44	195,827.44	20,585.48	175,241.96	0.00	0.00	175,241.96
	3. New Hydros Station Projects								
	3.i Survey - Hydro Stations	5.0							
	Faleata Hydro Station (Vailoa Savaii)		22,781.01	22,781.01	2,971.44	19,809.57		0.00	19,809.57
	Faleaseela Hydro Station		30,750.00	30,750.00	4,010.87	26,739.13		0.00	26,739.13
	Taifoala&Fausaga Hydro Station		40,060.00	40,060.00	5,225.22	34,834.79		0.00	34,834.79
			93,591.01	93,591.01	12,207.52	81,383.49	0.00	0.00	81,383.49
	Total Accumulated Projects Costs		1,064,408.76	1,064,408.76	32,793.01	256,625.44	774,990.31	0.00	1,031,615.76

The accompanying notes from an integral part of the above financial statements

  
(PMU-Project Manager)

  
(EPC-General Manager)

  
(EPC-Manager Finance & Commerce)

**Samoa Renewable Energy Developments and Power Sector Rehabilitation Project**  
**ADB Grant-0370, ADB Grant-0373 & EPC**  
**Notes to the Statement of Expenditures for the year ended 30 June 2015**

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**1. Project Information**

The implementing Agency for the Renewable Energy Development & Power Sector Rehabilitation Projects is the Electric Power Corporation (the Corporation). The Electric Power Corporation is a wholly owned Government Corporation in the generation and distribution of electricity through diesel generator, hydro power and solar.

The objective of the Renewable Energy Developments and Power Sector Rehabilitation Project (RED & PSRP) is to provide customer within the project area with higher access to higher share of electricity generated by hydropower. The Project consists of the following;

- a) Implementation of 5.50 MW of hydropower capacity in the Project area including ;
  - i. Rehabilitating and reconnecting to the grid, three (3) small hydro plants (SHPs) on Upolu which was damaged by Cyclone Evan, ie) 1. Fale ole Fee plant, 2. Alaoa plant, 3. Samasoni plant, all on Upolu.
  - ii. Building and connecting to the existing grid the three (3) new small hydro plants, ie) 1. Faleseela plant on Upolu, 2. Fausaga/Tafitoala plant on Upolu and 3. Faleata (Vailoa Palauli) plant in Savaii.
- b) Operation and Maintenance (O & M) knowledge transfer program Provision of capacity development to the EPC and knowledge transfer program from consultancy components including;
  - i. Preparing Operation & Maintenance manuals for small hydro plants asset management, etc
  - ii. Providing training on theoretical and on-the-job training on hydropower assets management, etc.
- c) Efficient project implementation and management assist the EPC through Project Owners Engineers (POE) for efficient project implementation and management.

The project is fully grants funded and negotiations for further funding proposals is still on-going. All local tax and duty obligations related to this project are fully paid by the Electric Power Corporation as per normal ADB funding requirements. The foreign grant funding sources are ADB Special Operation Grants, Disaster Response Facility (under ADB Special Funds) and Multi Donor Clean Energy Grant Funds and Government of Samoa.

On 29<sup>th</sup> January 2015 the Corporation signed a Subsidiary Financing Agreement with the Government of Samoa for the Renewable Energy Development and Power Sector Rehabilitation Project. The total approved funding cost of the project is equivalent to USD\$19.21 million dollars. The financing components of the RED & PSR Project is summarized as follows;

<b>Approved Financing Consortium</b>	<b>Financing Components</b>
a) Special Fund (ADB) – ADB Grant 0370	US\$10.00
b) Disaster Response Facility (ADB) – ADB Grant 0373	US\$8.21
c) Multi Donor Clean Energy Fund (CEFPF) – Grant 0371	US\$1.00
<b>Total Project Funding (Grants):</b>	<b>US\$19.21</b>



**Samoa Renewable Energy Developments and Power Sector Rehabilitation Project**  
**ADB Grant-0370, ADB Grant-0373 & EPC**  
**Notes to the Statement of Expenditures for the year ended 30 June 2015**

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As part of the agreement, it was also noted on section 9.01 that USD\$1m insurance compensation towards damages of the affected hydro during cyclone Evan recovered by the corporation to be used to contribute to this Hydro Project Renewable and Rehabilitation costs. This USD\$1m is the EPC counterpart towards the Hydro Renewable Projects.

**2. Statement of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**a. Basis of preparation**

The financial statements have been prepared on the historical cost basis unless otherwise stated. The principal accounting policies are stated to assist in a general understanding of these financial statements. The accounting basis used for this project follows the corporation basis which is accruals not cash.

**b. Functional and presentation currency**

Items included in the financial statements of the Corporation are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency is the Samoan Tala (SAT).

**c. Foreign currency transaction**

The Asian Development Bank USD equivalent rate for Samoan Tala prevailing on the date of disbursements is used for all transactions in foreign currencies.

**3. 154.910: Implementation Consultancies**

**i. Implementation Consultants**

The Implementation consultancy works for Hydro Rehabilitating and Reconnecting Projects to the existing Grid was awarded to MWH NZ Limited. The contract is still ongoing and 42% of the contract price was paid as of 30<sup>th</sup> June 2015. Total implementing consultancy costs due and paid as of yearend was SAT\$774,990.31.

**ii. Project Manager**

The Project Manager for PMU PSEP Project is also the man in charge of the implementation and monitoring of the progress of this new project. The Project Manager's contract was formed and is funded under PSEP project and therefore his full cost is also reported under the same project instead.



**Samoa Renewable Energy Developments and Power Sector Rehabilitation Project**  
**ADB Grant-0370, ADB Grant-0373 & EPC**  
**Notes to the Statement of Expenditures for the year ended 30 June 2015**

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**4. 154.910: Refurbishments of Small Hydro Plants**

This project is specifically for the refurbishment, rebuilding and reconnecting of the three small Hydro Plants which were damaged during Cyclone Evan in 2012. The projects were just started early 2015 with surveying works while its core project constructions and refurbishment works is still in tendering process. The surveying working consists of the following field of services and works as committed during the financial year ended 30<sup>th</sup> June 2015.

**i. Survey works on damaged Small Hydro Plants**

Surveys for three damaged Hydro Power plants were awarded as listed below;

Small Hydro Plants	Amounts	Surveying Firms
Alaoa Hydro Station	31,500.00	Landlink
Fale ole Fee Hydro Station	30,750.00	Seiuli Surveying Firm
Samasoni Hydro Station	40,060.00	Sepulona Surveying Firm
<b>Total Surveying Costs</b>	<b>102,310.00</b>	

All three stations surveying works were completed and fully paid within the financial year. Total cost for survey works of SAT\$102,310.00 have SAT\$88,965.22 funded from grants and SAT\$13,344.78 was paid by EPC for local tax on services (Vagst).

**ii. Maintenance and Clearance Constructions of Small Hydro Plants**

The Alaoa hydro plant clearance works was awarded to Faaolataga Lawn Maintenance Service for clearance of Alaoa Headrace (Eastern canal). Contract was completed and 90% was claimed during the financial year while 10% retention to be released in FY15/16. Total amount due and paid consist of SAT\$48,271.30 funded from grants and SAT\$7,240.70 to be paid by EPC for local tax of 15% Vagst.

**iii. Refurbishments of Small Hydro Plants**

The Hydro generators Inspection and testing contract was awarded to Pacific Engineering Projects Ltd. This is for two (2) hydro generators at Samasoni Hydro Plant and one (1) at Fale ole Fee Hydro Plant which was completed and fully paid in FY14/15 period. Total cost of this specific project in equivalent Samoan Tala is SAT\$38,005.44.

**5. 154.910: Rehabilitation and Construction of three (3) new Small Hydro Plants**

This project is specifically for the developments of three (3) new Small Hydro Plants, one (1) at Faleeata (Vailoa Palauli) in Savaii and two (2) in Upolu, Faleseela & Fausaga/Tafitoala. The project includes building and connecting of three (3) new hydro plants to the existing Grid. The building and construction works is still in tendering process but surveying works was completed during FY14/15 and have fully paid as well. The Survey works is summarized as follows;

New Small Hydro Plants	Amounts	Surveying Firms
Faleata Hydro Station (Vailoa Savaii)	22,781.01	Soloi Keilani
Faleseela Hydro Station	30,750.00	Seiuli Surveying Firm
Tafitoala&Fausaga Hydro Station	40,060.00	Sepulona Surveying Firm
<b>Total Surveying Costs</b>	<b>93,591.01</b>	

**Samoa Renewable Energy Developments and Power Sector Rehabilitation Project**  
**ADB Grant-0370, ADB Grant-0373 & EPC**  
**Notes to the Statement of Expenditures for the year ended 30 June 2015**

Total cost for survey works of SAT\$93,591.01 have grants funded equivalent SAT\$81,383.49 while SAT\$12,207.52 paid by EPC for local tax on services (15% - Vagst).

**6. RED & PSRP (Hydro) list of projects awarded**

The table below shows the summary of all projects awarded with status of each as of 30<sup>th</sup> June 2015. These projects have the principal costs fully funded by ADB special grants except the local tax (vagst) on local contractor services which the Corporation will be responsible for payments as per below;

Contractors	Contract / project details		Total Disbursements	ADB grant Disbursements	EPC counter parts	Status
MWH NZ Ltd	Hydro Projects Implementation Consultants	SAT	\$774,990.31	\$774,990.31	\$0.00	on going
Soloi Survey Services	Survey - Faleata Hydro Station (Vailoa Savaii)	SAT	\$22,781.01	\$19,809.57	\$2,971.44	completed
Seiuli Survey Services	Survey - Fale ole Fee & Faleaseela Hydro Station	SAT	\$61,500.00	\$53,478.26	\$8,021.74	completed
Landik Services	Survey - Alaoa Hydro Station	SAT	\$31,500.00	\$27,391.30	\$4,108.70	completed
Sepulona Surveying Services	Survey - Samasoni & Taftoala/Fausaga Hydro Station	SAT	\$80,120.01	\$69,669.57	\$10,450.44	completed
Pacific Engineering Projects Ltd	Testing & inspections - Samasoni & Fale ole Fee Hydro generators	SAT	\$38,005.44	\$38,005.44	\$0.00	completed
Faaloataga Lawn Maintenance Services	Clearance of the Eastern Canal of Alaoa Hydropower Plant.	SAT	\$55,512.00	\$48,271.30	\$7,240.70	completed
			<b>\$1,064,408.76</b>	<b>\$1,031,615.76</b>	<b>\$32,793.01</b>	

**7. RED & PSRP Undisbursed Withdrawal Application**

Below is the only withdrawal application that was accrued during current financial year but not yet disbursed from ADB as of 30<sup>th</sup> June 2015;

WA Date	WA No.	Payable to (Contractor Name)	Details	Currency	Total Amount	ADB-Grant 00371/0370	EPC- Counterpart
30-Jun-15	g. WA009	Faaloataga Lawn Maintenance Services	Clearance of the Eastern Canal of Alaoa Hydropower Plant.	ST	\$55,512.00	\$48,271.30	\$7,240.69

**8. RED & PSRP Withdrawal Applications and ST\$ Conversions Summaries**

The Project was initially allocated with three Grants (G0370, G0371 & G0373) and only the first two Grants were allocated with Project contracts and disbursements during the current financial year. The Grant No. G0373 balance is still uncommitted and have not been allocated nor issuing any withdrawal applications against. Below are summaries for the two Donor Grants with Withdrawal Applications and Disbursements currencies and equivalent ST\$ balances as at 30<sup>th</sup> June 2015;

**1) Grant No. G0370**

W/Appl. No.	Grant No.	Appl. Amount	Fund	Amount Paid	ADB Value Date & ST ROE Dates	US\$ Equivalent	ANZ Daily Exch Rates	ST\$ Equivalent
WA001	G0370	ST 19,809.57	3	ST 19,809.57	31-Mar-15	8,074.38	1.0000	19,809.57
WA002	G0370	ST 5,347.83	3	ST 5,347.83	31-Mar-15	2,179.78	1.0000	5,347.83
WA003	G0370	ST 2,379.13	3	ST 2,379.13	31-Mar-15	969.73	1.0000	2,379.13
WA004	G0370	ST 6,966.96	3	ST 6,966.96	31-Mar-15	2,839.73	1.0000	6,966.96
WA005	G0370	NZ\$ 19,550.00	3	NZ\$ 19,550.00	22-Apr-15	15,018.31	0.5144	38,005.44
WA006	G0370	ST 48,130.43	3	ST 48,130.43	4-May-15	19,617.96	1.0000	48,130.43
WA007	G0370	ST 25,012.17	3	ST 25,012.17	30-Apr-15	10,194.96	1.0000	25,012.17
WA008	G0370	ST 62,702.61	3	ST 62,702.61	4-May-15	25,557.58	1.0000	62,702.61
						<b>84,452.43</b>		<b>208,354.14</b>

**Samoa Renewable Energy Developments and Power Sector Rehabilitation Project**  
**ADB Grant-0370, ADB Grant-0373 & EPC**  
**Notes to the Statement of Expenditures for the year ended 30 June 2015**

**2) Grant No. G0371**

W/Appl. No.	Grant No.	Appl. Amount	Fund	Amount Paid	ADB Value Date & ST ROE Dates	US\$ Equivalent	ANZ Daily Exch Rates	SAT\$ Equivalent
A0001	G0371	US\$ 130,000.00	92	US\$ 130,000.00	5-Feb-15	130,000.00	0.3916	331971.3994
A0002	G0371	US\$ 98,500.00	92	US\$ 98,500.00	5-Feb-15	98,500.00	0.3916	251532.1757
A0003	G0371	US\$ 50,000.00	92	US\$ 50,000.00	11-Jun-15	50,000.00	0.3883	128766.4177
A0004	G0371	US\$ 24,354.30	92	US\$ 24,354.30	11-Jun-15	24,354.30	0.3883	62720.31934
						<b>302,854.30</b>		<b>774,990.31</b>

**9. RED & PSRP Project Accumulated Expenditures (ADB Financing) and ADB Disbursements (GFIS) Balances**

Below are summaries for each ADB Donor Financing Projects Accumulated Expenditures and ADB Disbursements per ADB (GFIS) Reports per Grants as at 30<sup>th</sup> June 2015;

**1. Grant No. G0370**

Category Code	Allocation	Uncommitted Amount	Contracts	Undisbursed Contracts	Disbursed Contracts	ST\$	Accumulated Expenditures (ADB Financing) - SAT Equivalent
3201	USD 8,160,000.00	USD 8,054,494.31	USD 105,505.69	USD 21,053.26	USD 84,452.43	ST\$	208,354.14
3202	USD 910,000.00	USD 910,000.00	USD 0.00	USD 0.00	USD 0.00	ST\$	0.00
4901	USD 930,000.00	USD 930,000.00	USD 0.00	USD 0.00	USD 0.00	ST\$	0.00
<b>Sub-Total</b>	<b>USD 10,000,000.00</b>	<b>USD 9,894,494.31</b>	<b>USD 105,505.69</b>	<b>USD 21,053.26</b>	<b>USD 84,452.43</b>	<b>ST\$</b>	<b>208,354.14</b>

The undisbursed contract balance of USD\$21,053.26 relates to withdrawal claim No. WA009 & WA010 under ADB Contract No. G13491 – Faaolataga Lawn Maintenance and Land Scaping Contract for clearing Alaoa Hydro Power Station Headrance.

**2. Grant No. G0371**

Category Code	Allocation	Uncommitted Amount	Contracts	Undisbursed Contracts	Disbursed Contracts	ST\$	Accumulated Expenditures (ADB Financing) - SAT Equivalent
3101	USD 200,000.00	USD 200,000.00	USD 0.00	USD 0.00	USD 0.00	ST\$	0.00
3102	USD 800,000.00	USD 77,145.70	USD 722,854.30	USD 420,000.00	USD 302,854.30	ST\$	774,990.31
<b>Sub-Total</b>	<b>USD 1,000,000.00</b>	<b>USD 277,145.70</b>	<b>USD 722,854.30</b>	<b>USD 420,000.00</b>	<b>USD 302,854.30</b>	<b>ST\$</b>	<b>774,990.31</b>

The undisbursed contract balance of USD\$420,000.00 relates to MWH New Zealand Ltd consultants fees for payment milestone 4to 8 outstanding not yet due for payment.

**3) Grant No. G0373**

Category Code	Allocation	Uncommitted Amount	Contracts	Undisbursed Contracts	Disbursed Contracts	ST\$	Accumulated Expenditures (ADB Financing) - SAT Equivalent
3101	USD 7,450,000.00	USD 7,450,000.00	USD 0.00	USD 0.00	USD 0.00	ST\$	0.00
3102	USD 760,000.00	USD 760,000.00	USD 0.00	USD 0.00	USD 0.00	ST\$	0.00
<b>Sub-Total</b>	<b>USD 8,210,000.00</b>	<b>USD 8,210,000.00</b>	<b>USD 0.00</b>	<b>USD 0.00</b>	<b>USD 0.00</b>	<b>ST\$</b>	<b>0.00</b>

This grant is still available and uncommitted as at 30/06/2015.

**10. RED PSRP Project Subsequent Events**

As at 30<sup>th</sup> June 2015, the following events are at early stage of tendering processes and designing under RED PSRP Project;

- Rehabilitation Project for (3) three damaged Hydro (Alaoa, Fale ole Fee & Samasoni).

The consultancy (MWH) has already submitted the technical evaluation reports for these small hydro projects and was approved by PMU. Therefore tender for rehabilitations of all three damage hydro was open for bidding since May 2015 and close in July 2015.

- Constructions Project of four (4) new small hydro

The consultancy (MWH) is finalizing the technical evaluation report for PMU review and acceptance. The tender procurement process is also waiting on the consultant's approve drawing and is also schedule to commence in FY15/16 period.