

# Te Tarai Vaka Activity Progress Report: ADB Loan 3193/Grant 0415-COO Renewable Energy Sector Project

## Summary

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### Activity information

|                          |   |
|--------------------------|---|
| <b>Activity Title</b>    | Cook Islands Renewable Energy Sector Project  |
| <b>Goal</b>              | Increased energy security in an environmentally sustainable manner  |
| <b>Intended outcomes</b> | The outcome will be increased access to a higher share of electricity generated from newable energy sources |

### Funding information

|                            |   |
|----------------------------|---|
| <b>Start and end dates</b> | 9 February 2015 – 31 December 2017 <sup>1</sup>                           |
| <b>Total cost</b>          | NZD33.22 million*<br>Note that all reported costs will be in NZD millions |
| <b>Reporting period</b>    | 1 April – 30 June 2016  |

\* conversion rate (19/6/2015)

### Progress report preparation

|  |   |
|--|---|
| <b>Prepared by</b>   | Entura Team   |
| <b>Others involved or consulted during this reporting period</b> | REDD staff, MFEM, DCD staff, ADB, Project Steering Group, Aitutaki Island Government, Aronga Mana, land owners and various stakeholders, TAU staff and Board of Directors, Environment Service, Ministry of Justice, CIIC Staff and Board of Directors, Ged McCombie, Willis New Zealand (Government Insurers), Woo Lee, ADB Energy Specialist<br>In attendance at the ADB Fact-finding Mission were: ADB Pacific Department (PARL); Joar Strand, Director's Advisor, Board of Directors; Taniela Faletau, Safeguards Officer, PARL; and Aivy Katherine Dizon, Associate Project Analyst, PARL. |
| <b>Date of report</b>  | Mid July 2016   |

## Key Conclusions and Necessary Actions

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This fifth Progress Report has been prepared by Entura, Project Owners Engineers, (POE) in cooperation with the Cook Islands Government (CIG), Project Management Unit (PMU), Project Steering Group (PSG) for the ADB funded Loan 3193/Grant 0415-COO Renewable Energy Sector Project. The Progress Report provides an update to the ADB and all relevant stakeholders on project progress between 1 April (commencement of reporting period) and 30<sup>th</sup> June 2016 (end of reporting period).

Activities undertaken in this reporting period focused on Phase 1 turnkey package Bid Evaluation and reporting, ADB Mission from 17 to 22 April to conduct a fact-finding mission for the proposed additional ADB financing, within the current project, that will allow for the installation of a battery energy storage system (BESS) on Rarotonga, grid-rehabilitation package for Mitiaro and Mauke,

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<sup>1</sup> ADB Fact-finding Mission in April reached an in principle agreement with the Government to extend the original loan and grant closing date from 31 December 2017 to 31 December 2019

Aitutaki feasibility study and preparation of bidding documents as well as clarifying and resolving Mauke and Atiu land issues.

## Review of Progress to Date

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### **A. Project Implementation**

#### **1. Administration**

The POE works directly with the Implementing Agency, REDD, and during this reporting period the POE local team used the REDD office intermittently. Project Owners Engineer and Entura Team Leader, Chris Blanksby, was on Rarotonga during the ADB mission from 17 to 22 April which also provided him the opportunity to meet and discuss the Phase 1 turnkey bid evaluations. Other international staff were working from their home offices.

The PMU is staffed by the Project Manager and PEC fund Coordinator who are taking on the major responsibility for the project with oversight by the REDD Director in close consultation with the POE. The Finance Specialist position has been confirmed and a preferred contractor has been offered the position. The contract has received a no-objection from ADB during this quarter.

During the ADB Mission the government proposed a variation to the PMU and Manager Contract to cover out-of-pocket expenses, including communications, training, office operations, air travel, per diems, land transport, and implementation support. The implementation support component, would include sub-contractors, legal and technical support estimated to be NZ\$113,700. The proposed variation was NZ\$273,250, which would bring the total amount of the contract to NZ\$496,000. The ADB issued a no-objection memo during this quarter.

The REDD Director and Energy Commissioner/Chair of PSG attended the Pacific Energy Conference held in Auckland on Tuesday 7 June 2016. Co-hosted by the New Zealand Government and the European Union it was attended by leaders and representatives from across the Pacific, partner countries, the private sector and development organisations. The Conference successfully generated support for energy initiatives in the Pacific with international donors committing \$1 billion in investments.

#### **2. Procurement**

Bid Evaluation Report (BER) of the Phase 1 turnkey contract has been completed with the Cook Islands Tender Committee and ADB confirming acceptance of the BER process and the recommendation of the substantially responsive tenderer. Objections by a small group of Mauke landowners has delayed the Phase 1 turnkey contract negotiations and consequently the preferred bidder has been asked and agreed to extend bid validity period and bank guarantee by one (1) month. The PMU will meet with Mauke landowners in the first week of the next quarter with a commitment for confirmation by the High Court at the end of July.

Phase 1 turnkey civil works contract, to be prepared by PMU, is now expected to be advertised in the last quarter of 2016 which will follow directly after the awarding of the Phase 1 turnkey contract.

Phase 2 Aitutaki Feasibility Study was presented to the Aitutaki Island Council and Aitutaki Power Supply (APS) by PMU at the start of this quarter and thereafter a formal request was received to change the feasibility study to include the new location, a smaller solar (800kW) installation, a Battery Energy Storage System (BESS) instead of a diesel generator. POE is now updating the feasibility study

and the Phase 2 procurement documents to reflect the site and capacity changes as well as preparing BESS and control system procurement documents. The updated Phase 2 documents will be completed for Government and ADB confirmation by the end of July.

On 28 April 2015, the GEF chief executive officer cleared the BESS project concept to install a preliminary capacity of 1.0MW and 4.0 MWh, which will provide load shifting to offset renewable generation at the existing 1.00 MW solar PV facility at the Rarotonga Airport. Preparation of bidding documents is progressing with some challenges to integrate with ADB bidding documents with the known types of risks with BESS procurement. Bidding documents are expected to be submitted to PMU early in the next quarter.

The scope of the Rarotonga subproject will not be confirmed until after the TAU network and risk assessment study for Rarotonga power supply is completed. TAU intends to use the ADB loan proceeds to install the solar rooftop system in Rarotonga. The Government and TAU will commence working on a subsidiary loan agreement (SIA) in the coming quarter. Upon signing the SIA the POE will start preparing a feasibility study report.

The southern group grid-rehabilitation package is expected to be advertised in the next quarter.

### 3. Financial disbursements.

The financial disbursements recorded below provides an update to the ADB and all relevant stakeholders for the CIRESF from 9<sup>th</sup> February 2015 (start of project Q3 & Q4 2015) to 30<sup>th</sup> June 2016 (end of this reporting period Q1 & 2 2016). The newly appointed finance contractor has updated Appendix A: Progress Against Agreed Workplan and Budget (table) to reflect these financial disbursements which will also be confirmed in the upcoming audit due in the next quarterly report.

|   |                      |
|---|----------------------|
| 1. Four Phase 1 subprojects on Atiu , Mangaia, Mauke, and Mitiaro islands | \$0.20               |
| 2. Turnkey Contract Solar PV System Development <sup>2</sup>              | \$4.43               |
| 3. One Phase 2 Battery Energy Storage System on Rarotonga Island          | \$-                  |
| 4. Institutional strengthening and project management support             | \$0.71               |
| <b>Total Expenditure as at 30 June 2016</b>                               | <b><u>\$5.34</u></b> |

### 4. Field work.

Field investigations during this period included:

- ADB Mission 17 – 22 April
- Entura Team Leader was on Rarotonga from 17 – 22 April during the ADB Mission including the ADB Pacific Department.
- Consultations were held with Island Governments on Atiu, Mauke and Mitiaro by the Environment Specialist to discuss the Environment Technical Reports. These reports have now been confirmed this. Mangaia Environmental Technical Report will be confirmed early in the next quarter.
- A formal draft MOU including site clearance plans have been completed and will be discussed and confirmed with the Island Governments during the next quarter.
- PMU visited Aitutaki to discuss Phase 2 Feasibility Study project.

<sup>2</sup> Turnkey Contract Solar PV System Development \$4.43 reflects the total PEC expenditure to date included as part of the CIGov. Contribution

## 5. Safeguards and monitoring

The April ADB Mission confirmed that the proposed additional GEF financing component is classified as category B for environment, and C for both involuntary resettlement and indigenous peoples. The initial environmental examination was updated to include the additional project scope and a due diligence report was prepared and approved for social safeguards in accordance with ADB's Safeguard Policy Statement (2009). The safeguard compliance checklist was included with the ADB Mission report dated 22 April 2016.

- (i) **Environment.** NES has confirmed that it will waive the environment technical report for the BESS site on Rarotonga. For Aitutaki a new site map is being completed and once confirmed a report will be completed for presentation to the Aitutaki Environmental Authority. POE is updating the Aitutaki IEE for the Phase 2 Feasibility Study. Rarotonga IEE work will commence once the Rarotonga project is confirmed. Atiu, Mauke and Mitiaro environment technical reports have been confirmed by the Island Governments and Mangaia will be confirmed this coming quarter.
- (ii) **Land Acquisition/Resettlement Plan.** Atiu and Mauke land applications have been filed and are expected to receive High Court confirmation in late July. Objections by a small group of Mauke landowners residing on Rarotonga has resulted in a further landowners meeting to be held in early July to address the issues and objections raised. An alternate land site application is also being considered and will be dealt with at the same time if a resolution cannot be achieved on the current site. Mitiaro and Mangaia land agreements are confirmed and await landowner signatures.

## 6. ADB Turnkey Tender Packaging

Initial negotiations have commenced with the only substantially responsive tender which includes negotiations regarding the currency of bid. The substantially responsive bidder has also been asked to extend the bid validity period and bank guarantee by one (1) month due to delays in confirming Mauke land acquisition.

## 7. Cook Islands Renewable Energy Chart Implementation Plan (CIRECIP)

The CIRECIP was completed during this quarter. The CIRECIP is now two documents: "Updated Summary of Te Atamoā o te Uira Natura, The Cook Islands Renewable Energy Chart" June 2016 printed and distributed at the Pacific Energy Conference in Auckland on June 7 2016 and a companion technical document which provides details, explanations, and background data for the information of the "UPDATED Cook Islands Renewable Energy Chart".

## Progress against Results Measurement Table

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The Results Measurement Table Appendix B shows progress of the activity against the intended outcomes and outputs and has been updated to mirror the changes in the Project Administration Manual (PAM) April 2016 carried out during the ADB Fact-Finding mission in April. Finalisation of a Results Measurement Table is identified as an action for further discussion at PSG meetings.

## Project Specific Covenants

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Project specific covenants Appendix D are those covenants that have been included in specific legal agreements, the Loan Agreement between the Government of the Cook Islands and ADB. During the Fact-finding Mission in April 2016 it was confirmed the government and TAU will negotiate with ADB to reach agreement on certain further covenants for the additional financing, which will be included in the relevant grant and project agreements. A draft of the major covenants was attached to Fact-Finding Mission MOU as Appendix 6. Appendix D will therefore be updated during the course of further due diligence and on signing of the additional finance documents.

## Changes to Activity Context in the Reporting Period

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The following variation was agreed during the April ADB Fact-finding Mission. The ADB and Romani Design agree to vary the Contract and will be effective from 15 February 2016. The scope of this Variation includes; International Travel - \$36,000; Communications, including phone and internet - \$11,600; Office Operations - \$28,000; Domestic Travel, including airfares, accommodation and per diems – \$43,100; Land Transport/Vehicle hire – \$10,500; Implementation Support, including sub-contractors, legal and technical support – \$113,700; Contingency - \$30,350. The total variation is: \$273,250. The Government of the Cook Islands approves the Contractor to sub-contract appropriate work as required to complete the project on a timely basis. All sub-contracting will be signed off in writing prior to commencing.

## Relationship between Implementing Agencies, Beneficiaries and Other Stakeholders

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### **Pacific Environmental Community (PEC) Procurement**

The shipment of 39 x 20 foot containers and 8 x 40 foot containers solar panels manufactured by Shinyo Koeki Co. Ltd and Mitsubishi Electric Asia Pte Ltd have been received and are currently stored at a location on Rarotonga. During the transporting of the containers from the Rarotonga wharf to the storage area the Project Manager of the PMU was made aware of a damaged container. An Inspection and Survey report was commissioned and it recommended that the the supplier be notified on the damage to the container with no visible damage to the cargo however whether the force and impact of the damage to the container might have some impact on the cargo.

Insurance of the PEC solar panels during storage and until installation was confirmed during this quarter.

### **Cofinancing from GEF**

The April ADB Mission confirmed the additional GEF grant of US\$4,264,654<sup>3</sup> with the additional contribution from the government of US\$1.31 million, which will increase the overall project

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<sup>3</sup> It consists of the GEF project preparation grant of \$136,986.

investment to about US\$29.85 million from the current US\$24.28 million. The GEF grant will be fully administered by ADB as part of overall project administration.

The proposed additional financing will allow installation of a battery energy storage system (BESS) at the existing solar PV facility at the Rarotonga Airport with a preliminary capacity of 1.0 MW and 4.0 MWh, which will provide load shifting<sup>4</sup> to offset renewable generation at the existing 1.0 MW solar PV facility. The proposed BESS will also allow 2.0 MW of additional solar PV generation, which is about 8% progress towards the total estimated renewable generation.

This will also support the government's effort to increase power generation from renewable sources and enhance the government's institutional capacity for implementing the Cook Islands Renewable Energy Chart Implementation Plan (CIRECIP), 2012–2020, which sets a target of supplying electricity from renewable energy sources on all inhabited islands by 2020. The proposed additional financing is included as a firm 2016 project in ADB's country operations business plan, 2016–2018 for the Cook Islands.<sup>5</sup>

## Updates to Key TTV Activity Management Documents

The Activity Results Framework is replaced with the Indicative Implementation Plan for this section. The updated Indicative Implementation Plan for the next 18 months is provided in the Table below. **The Table 1** includes key deliverables due during the next reporting period (highlighted) with the activities above having been completed during this reporting period.

**Table 1: Indicative Project Implementation Action Plan for the Next 18 Months**

| Activity   | Responsibility                                | Target Date/Completed |
|--|---|-----------------------|
| <b>Completed Q2 2016</b>                           |   |                       |
| Confirm GEF scope                                  | MFEM/ADB                                      | May 2016              |
| 4 <sup>th</sup> quarterly progress report          | Entura/MFEM                                   | Apr 2016              |
| PEC Delivery Milestone 3                           | REDD/PMU                                      | Mar/Apr 2016          |
| ADB Review Mission                                 | ADB/Entura                                    | Apr 2016              |
| Presentation of Phase 2 project                    | PMU/Aitutaki Island Governments, REDD, Entura | Apr 2016              |
| Firming up and stakeholder consultation of CIRECIP | Entura/PMU/REDD                               | Apr 2016              |
| Submission of BER: Phase I                         | PMU/Entura                                    | Apr/May 2016          |
| GEF Mission  | PMU/Entura/TAU                                | May 2016              |
| Approval of BER: Package I                         | MFEM/ADB                                      | May 2016              |
| Updated CIREC                                      | REDD/OPM/Entura                               | June 2016             |

<sup>4</sup> Load shifting is where (renewable) energy is stored for relatively long periods, for use when generation is not available. Typically, in the case of solar PV systems, this relates the daily cycle of charging during daylight and discharging overnight. Many grid stabilization systems also store energy; however, these may store energy from milliseconds to a few minutes, whereas load shifting is optimized for storing energy for several hours (or even days).

<sup>5</sup> ADB. 2015. *Country Operations Business Plan: Cook Islands, 2016–2018*. Manila.

| <b>Activity</b>  | <b>Responsibility</b> | <b>Target Date/Completed</b> |
|--|-----------------------|------------------------------|
| Engagement of Finance Resource                                       | REDD/ADB/PMU          | June 2016                    |
| <b>Q 3 2016 Next reporting period</b>                                |                       |                              |
| ADB Approval of Finance Resource Contract                            | MFEM/ADB/PMU          | Jul 2016                     |
| 5 <sup>th</sup> Quarterly Report                                     | Entura/PMU/REDD       | Jul 2016                     |
| Procurement Plan Distribution Upgrade                                | Entura                | Aug 2016                     |
| Network upgrade Design Mauke and Mitiaro                             | PMU Entura            | Jul 2016                     |
| Signed Land Agreements for Mitiaro, Mangaia                          | PMU/CIIC              | Jul 2016                     |
| Land Court confirmation for Mauke, Atiu                              | PMU/CIIC              | Jul 2016                     |
| MOU and Site Clearance Plans for each island                         | REDD/PMU/ENTURA       | Jul 2016                     |
| Contract Award: Phase I  | PMU/Entura            | Aug 2016                     |
| Submission for GEF's CEO Endorsement                                 | ADB/MFEM              | May 2016                     |
| Feasibility study for Phase 2 Aitutaki                               | PMU/Entura            | Jul 2016                     |
| Power distribution network – bidding documents                       | PMU/ENTURA            | Aug 2016                     |
| Submission of draft BD for turnkey package (Phase 2) Aitutaki        | PMU/Entura            | Jul 2016                     |
| Financial Audit Report   | PMU/Entura/ADB        | Sep 2016                     |
| Approval of BD for turnkey package (Phase 2) Aitutaki                |                       |                              |
| Safeguard Monitoring Report  | PMU/Entura/ADB        | Jul 2016                     |
| Submission of GEF Bidding Documents                                  | Entura/PMU/ADB        | Jul 2016                     |
| Approval of GEF Bidding Documents                                    | Entura/PMU/ADB        | Aug 2016                     |
| <b>Subsequent Activities</b>   |                       |                              |
| Advertisement of NCB civil works bidding documents for Phase 1       | PMU/Entura/ADB        | Nov 2016                     |
| Submission of BER for NCB civil works bidding documents for Phase 1  | PMU/Entura            | Nov 2016                     |
| Contract Award of NCB civil works bidding documents for Phase 1      | PMU/Entura            | Nov 2016                     |
| Submission of NCB civil works bidding documents for Phase 2*         | PMU/Entura            | Dec 2016                     |
| Advertisement of NCB civil works bidding documents for Phase 2*      | PMU/Entura            | Dec 2016                     |
| Submission of BER for NCB civil works bidding documents for Phase 2* | PMU/Entura            | Mar 2017                     |
| Contract Award of NCB civil works bidding documents for Phase 2*     | PMU/Entura            | Mar/Apr 2017                 |
| Rarotonga project  | PMU/Entura            | Nov 2016                     |

### **Costed workplan**

A preliminary detailed costed workplan is being prepared. This will be completed in the next quarter under the guidance of the newly appointed Finance Contractor. The following expenditures are planned in the 1 July - 30 September 2016 (Q3 2016)

|   |               |
|---|---------------|
| 1. Four Phase 1 subprojects on Atiu , Mangaia, Mauke, and Mitiaro islands | \$-           |
| 1.2. One Phase 2 subproject on Aitutaki island                            | \$-           |
| 1.3. One Phase 2 subproject on Rarotonga island                           | \$-           |
| 2. Turnkey Contract Solar PV System Development                           | \$0.25        |
| 3. One Phase 2 Battery Energy Storage System on Rarotonga island          | \$1.65        |
| 4. Institutional strengthening and project management support             | \$0.10        |
| <b>Total Planned Expenditure</b>  | <b>\$2.00</b> |
| 5. Land Acquisition (CI Govt Contribution) <sup>6</sup>                   | \$0.77        |

## Risk management

Key risks identified for the project, including current actions, are identified in Appendix C. The Risk Assessment Table has been updated to reflect the time management risk of acquisition of land and the subsequent completion of the Land payment confirmation report. After attempts to mitigate the Mauke land issues the likelihood is now extreme and risk rating is major. The PMU together with CIIC has followed the land acquisition process as provided in the RP with the Mauke landowners but Cook Islands Land Courts provide for individual objections from landowners although the land meetings have demonstrated that the majority of the landowners agree to the project. Currently PMU are considering further Mauke landowner meetings with the view of an alternate site.

The action above will delay further the signing of the Phase 1 contract and will put at risk the Phase 1 contract as well as the likelihood of increasing costs. Therefore a medium risk to contract procurement management for the Phase 1 project is likely.

## Governance and management arrangements

The PSG oversees the implementation arrangements of the Southern Group Renewable Energy Project. The members of the PSG were confirmed as Chair, Elizabeth Wright-Koteka (OPM), Tangi Tereapii (REDD), Joseph Mayhew (NZHC), Garth Henderson (MFEM), Apii Timoti (TAU), Andreas Demmke (DCD), Tamarii Tutangata (CIIC) and Romani Katoa (PMU), Chris Blanksby (Entura), Woo Lee (ADB), Vanessa Jenner (ADB Cook Islands Office)

The Project Manager of the PMU is responsible for the fortnightly PSG meetings however only three (3) PSG meetings were held in the last quarter. The PMU provides secretariat services for the PSG.

## Authorisation

I declare that the information contained in this report is true and correct and confirm:

- Funds were received and used only for the agreed purpose(s); and
- All conditions attached to Funding have been met; and
- Funds have been fully utilised for the intended purpose

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<sup>6</sup> The Land Acquisition amount is the total sum allocated and agreed by the assembled landowners on the islands of Mauke, Mangaia, Mitiaro and Atiu.

Elizabeth Wright-Koteka

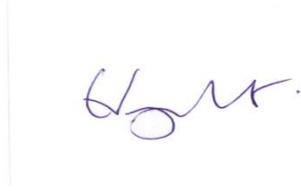
Chief of Staff/Energy Commissioner

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***Full Name (in block capitals)***

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***Title / Position***

A handwritten signature in blue ink, appearing to read "Elizabeth Wright-Koteka", is written on a white background. The signature is cursive and includes a period at the end.

21 July 2016

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***Signature***

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***Date***

# Appendices

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This report includes the following appendices:

- Appendix A: Progress Against Agreed Workplan and Budget (table)
- Appendix B: Progress against Results Framework (table)
- Appendix C: Risk matrix (table)
- Appendix D: Project specific covenants - as displayed in legal agreements (table)

## Appendix A: Progress Against the Agreed Workplan and Budget

| Output   | Planned Expenditure | Actual Expenditure<br>30-Jun-16 | Variance with Actual | Reason for Variance  |
|--|---------------------|---------------------------------|----------------------|--|
| 1. Four Phase 1 subprojects on Atiu, Mangaia, Mauke, and Mitiaro islands         |                     |                                 |                      |  |
| 1.1 Bidding for single turnkey contract completed (by Q1 2016) (completed)       |                     | \$0.20                          |                      |  |
| 1.2 Turnkey contract awarded (by Q2 2016) (changed)                              |                     |                                 |                      |  |
| 1.3 Start of civil works and installation (by Q2 2017) (changed)                 |                     |                                 |                      |  |
| 1.4 Systems commissioning, including test run (by Q2 2018) (changed)             |                     |                                 |                      |  |
| 1.5 O&M training by turnkey contractor completed (by Q2 2017) (changed)          |                     |                                 |                      |  |
| <b>Total of Four phase 1 subprojects</b>   | <b>\$1.48</b>       | <b>\$0.20</b>                   | <b>\$1.28</b>        | <b>savings</b>   |
| 1.2. One Phase 2 subproject on Aitutaki island                                   |                     |                                 |                      |  |
| 1.21 Feasibility studies completed (by Q2 2016) (changed)                        |                     |                                 |                      |  |
| 1.22 Bidding for one turnkey contract completed by (Q2 2016) (changed)           |                     |                                 |                      |  |
| 1.23 Turnkey contracts awarded (by Q3 2016) (changed)                            |                     |                                 |                      |  |
| 1.24 Start of civil works and installation (by Q4 2016) (changed)                |                     |                                 |                      |  |
| 1.25 Systems commissioning, including test run (by Q3 2017) (changed)            |                     |                                 |                      |  |
| 1.26 O&M training by turnkey contractor completed (by Q2 2017) (changed)         |                     |                                 |                      |  |
| <b>Total of One Phase 2 subproject on Aitutaki Island</b>                        | <b>\$1.14</b>       | <b>0</b>                        | <b>\$1.14</b>        | <b>no actual spending</b>  |
| 1.3. One Phase 2 subproject on Rarotonga island                                  |                     |                                 |                      |  |
| 1.31 Feasibility studies completed (by Q4 2016) (changed)                        |                     |                                 |                      |  |
| 1.32 Bidding for one turnkey contract completed (by Q1 2017) (changed)           |                     |                                 |                      |  |
| 1.34 Turnkey contracts awarded (by Q2 2017) (changed)                            |                     |                                 |                      |  |
| 1.35 Start of civil works and installation (by Q2 2017) (changed)                |                     |                                 |                      |  |
| 1.36 Systems commissioning, including test run (by Q2 2018) (changed)            |                     |                                 |                      |  |
| <b>Total of One Phase 2 subproject on Rarotonga Island</b>                       | <b>1.24</b>         | <b>0</b>                        | <b>1.24</b>          | <b>no actual spending</b>  |
| <b>2. Turnkey Contract Solar PV System Development</b>                           | <b>\$-</b>          | <b>\$4.43</b>                   | <b>-\$4.43</b>       | <b>PEC Solar Panels for Phase 1 Free Issue Gov. Contribution</b> |
| 3. One Phase 2 Battery Energy Storage System on Rarotonga island                 |                     |                                 |                      |  |
| 3.1 Feasibility studies completed (by Q1 2016) (completed)                       |                     |                                 |                      |  |
| 3.2 Bidding for one turnkey contract completed by (Q3 2016) (changed)            |                     |                                 |                      |  |
| 3.3 Turnkey contracts awarded (by Q4 2016) (changed)                             |                     |                                 |                      |  |
| 3.4 Start of civil works and installation (by Q1 2017) (changed)                 |                     |                                 |                      |  |
| 3.5 Systems commissioning, including test run (by Q4 2017) (changed)             |                     |                                 |                      |  |
| 3.6 O&M training by turnkey contractor completed (by Q1 2018) (changed)          |                     |                                 |                      |  |
| <b>Total of One Phase 2 Battery Energy Storage System on Rarotonga Island</b>    | <b>0.86</b>         | <b>0</b>                        | <b>0.86</b>          | <b>no actual spending</b>  |
| 4. Institutional strengthening and project management support                    |                     |                                 |                      |  |
| 4.1 Selection of consultants and award of contracts (by Q1 2015) (completed)     |                     | \$0.13                          |                      |  |
| 4.2 Project management support completed (by Q1 2019) (changed)                  |                     | \$0.12                          |                      |  |
| 4.3 Update of the CIRECP completed (Q2 2019) (changed)                           |                     | \$0.33                          |                      |  |
| 4.4 Implementation of the environmental and social safeguard actions (2015-2019) |                     | \$0.13                          |                      |  |
| <b>Total Institutional strengthening and project management support</b>          | <b>\$1.21</b>       | <b>\$0.71</b>                   | <b>\$0.50</b>        | <b>savings</b>   |
| <b>5. Land Acquisition</b>   | <b>0.66</b>         | <b>0</b>                        | <b>0.66</b>          | <b>no actual spending</b>  |
| <b>Total</b>   | <b>\$6.59</b>       | <b>\$5.34</b>                   | <b>\$1.25</b>        |  |

## Appendix B: Progress Against Results Framework

This table shows progress of the Activity against the intended outcomes and outputs defined in the (draft) Results Framework and has been updated from the Project Administration Manual (PAM) April 2016. Note that this framework still requires finalisation with the Steering Group Committee.

Note: Planned and actual indicators and targets should be sex-disaggregated where possible.

| Outcomes and outputs  | From agreed Results Measurement Table in the Activity Design Document  |  |   | Data up to and including this reporting period                        |   |
|---|--|--|---|---|---|
|   | Planned indicators   | Planned targets                                | Planned methodology and data sources                  | Actual measurement against targets (using indicators)                 | Actual methodology and data sources     |
| <b>Impact</b><br>Increased energy security in an environmentally sustainable manner   | 100% of islands convert energy system from diesel fuel to renewable energy source. (baseline: 0% in 2012)  | <b>By 2020</b>                                 | Government Statistics                                 | 6 of 15 islands commissioned with renewable energy generation systems | Project completion reports held by REDD |
| <b>Medium-term outcome</b><br>Increased access to a higher share of electricity generated by renewable energy sources   | Four islands in the Southern group fully convert energy system from diesel fuel to renewable energy. (Baseline: 0% in 2012)  | <b>By end of 2018</b>                          | Government statistics<br>Project Completion Report    |   |   |
| <b>Short-term outcome</b>   |  |  |   |   |   |
| <b>Output 1.</b><br>Solar PV power system for four (4) subprojects developed on Mangaia, Mauke, Mitiaro and Atiu islands.   | Solar PV power system of Phase 1 subprojects (with 1.24 kW installed capacity) connected to the existing power grid on Mangaia, Mauke, Mitiaro and Atiu islands. (Baseline: 0% in 2012)  | <b>By the end of 2017</b>                      | Project Progress Reports<br>Project Completion Report |   |   |
| <b>Output 2.</b><br>Solar PV power system for Phase 2 subprojects developed on Aitutaki, and Rarotonga.<br><br>Installation of a battery energy storage system (BESS) with a preliminary capacity of the 1.0 MW and 4.0 MWh | Solar PV power system of non-core subprojects (2400kW) connected to the existing power grid on Aitutaki, and Rarotonga islands. (Baseline 0% in 2012)<br><br>About 2.0 MW of additional solar PV without negatively affecting the grid. This will result in fuel savings and carbon dioxide reduction of about 0.575 million liters and of 1,370 tons per annum  | <b>By end-2017</b><br><br><b>By end – 2018</b> | Project Progress Reports<br>Project Completion Report |   |   |
| <b>Output 3.</b><br>Institutional and project management capacity strengthened.   | Energy efficiency policy implementation plan is developed (2012 baseline 0%)<br><br>Capacity of OEC and REDD (10 staff in total) for renewable energy technology assessments and tariff setting in private sector-funded developed (2012 baseline: 0%)<br><br>The updated CIRECIP which incorporates load demand update, viable renewable technology choice, and least-cost investment plan, developed. (2012 baseline: 0%)<br><br>Project management support for REDD and TAU to implement core and non-core subprojects (6 in total) completed (2012 baseline: 0%) | <b>By end-2019</b>                             | Project Progress Reports<br>Project Completion Report |   |   |

## Appendix C: Project Risk Table

| ID | Discipline         | Category                        | Risk description  | Prior to implementing mitigating actions |             |              | Mitigation  | After mitigating actions implemented |             |              | Risk Status |
|----|--------------------|---------------------------------|---|--|-------------|--------------|---|--------------------------------------|-------------|--------------|-------------|
|    |                    |                                 |   | Likelihood                               | Consequence | Risk ranking |   | Likelihood                           | Consequence | Risk Ranking |             |
| 1  | Project management | Human resources management      | PMU Recruitment not commenced on time and delays implementation or reduces effectiveness  | C. Possible                              | 3. Moderate | M            | Early completion of recruitment process by Tender Evaluation Committee and and contract negotiation by OPM<br>REDD and POE agrees to provide further support as necessary.  | C. Possible                          | 2. Minor    | L            | ✓           |
| 2  | Project management | Contract procurement management | Approval of PEC tender documents is delayed or insufficient capacity to finalise contracts.   | C. Possible                              | 2. Minor    | L            | Crown Law and Tender Committee gives priority to confirming PEC documents and evaluation. POE provides necessary capacity during contract negotiation   | C. Possible                          | 2. Minor    | L            | ✓           |
| 3  | Project management | Contract procurement management | Solar Modules insurance and storage delayed and delivery delayed.   | C. Possible                              | 3. Moderate | M            | Contract negotiations include Government insurers and CIIC confirms storage prior to modules being shipped.   | C. Possible                          | 2. Minor    | L            | ✓           |
| 4  | Project management | Time management                 | Land payment confirmation report cannot be completed due to delays in land acquisition payments. Impact on preparation of site and civil works and turnkey contract timing (and liquidated damages) | C. Possible                              | 4. Major    | H            | Emphasis on completing negotiations and discovery process asap. Travel to Mauke to facilitate further meetings  | C. Possible                          | 4. Major    | H            | 🌀           |
| 5  | Project management | Time management                 | Atiu sub-project due diligence not approved in time for bidding documents   | C. Possible                              | 3. Moderate | M            | Atiu feasibility progressing satisfactorily, hence risk reducing. Enable Atiu to be removed from bidding documents if necessary (tender separately)<br>Accommodate small delays in issue of bidding documents (<1 month); taking into account safeguards may form critical path for construction. | D. Unlikely                          | 2. Minor    | L            | ✓           |
| 6  | Engineering        | Social and cultural             | Island Project Site Preparation is delayed due to capacity on island  | C. Possible                              | 3. Moderate | M            | PMU to oversee site preparation and engineering implementation plans. Include procurement of local civil engineer<br>Island councils are consulted and understand requirements  | C. Possible                          | 3. Moderate | M            | 🌀           |

|    |                    |                                 |  |             |             |   |  |             |             |   |   |
|----|--------------------|---------------------------------|--|-------------|-------------|---|--|-------------|-------------|---|---|
| 7  | Project management | Contract procurement management | Selection of ADB Works Procurement Packages for turnkey work - use of two envelope approach increases evaluation time and reduces technical flexibility to evaluate performance or compatibility preferences | C. Possible | 3. Moderate | M | Risk acknowledged and incorporated into bidding documents and schedule to the extent possible. One envelop approach now being used   | C. Possible | 2. Minor    | L | ✓ |
| 8  | Project management | Risk management                 | If selecting turnkey packages for individual islands: High premium paid for relatively low value individual ICT works contracts  | C. Possible | 4. Major    | H | Steering Committee gives priority to managing the smaller ICT packages with POE and PMU/REDD. One turnkey package being used<br>Possible likelihood of fewer funds for Phase 2.  | C. Possible | 2. Minor    | L | ✓ |
| 9  | Project management | Risk management                 | Key equipment is incompatible if a turnkey tender is offered for each island   | C. Possible | 4. Major    | H | Procurement of critical set of components such as batteries, battery inverters and controllers as a single lot, which would require them to be compatible. One turnkey package is being used   | C. Possible | 2. Minor    | L | ✓ |
| 10 | Science            | Political                       | Local contractors do not have sufficient opportunity to participate in works   | C. Possible | 3. Moderate | M | REDD undertake early discussions with private sector informing them of the proposed works contracts<br>Chamber of Commerce is involved in supporting local contractors through the business mentor programme<br>CITTI commences training programme prior to procurement packages being advertised.<br>Skills set of local staff on each island to be provided to international bidders | C. Possible | 3. Moderate | M | 🌀 |
| 11 | Project management | Contract procurement management | Scoping work for distribution rehabilitation not included in ICT process due to schedule constraints   | C. Possible | 2. Minor    | L | Prepare alternative procurement structure for distribution works.  | C. Possible | 2. Minor    | L | 🌀 |

|    |                    |                                 |  |             |             |   |   |             |             |   |   |
|----|--------------------|---------------------------------|--|-------------|-------------|---|---|-------------|-------------|---|---|
| 12 | Project management | Contract/procurement management | Equipment performance testing is not possible as required if separate works and goods contracts are let  | B. Likely   | 4. Major    | E | Preference for Turnkey contract. If not turnkey, detailed contractual backing and conventional system specification is required. Detailed quality and workmanship auditing -for Works also required to ensure best practice is followed. Include time based warranties where possible. One turnkey package being used | C. Possible | 2. Minor    | L |    |
| 13 | Project management | Contract/procurement management | System performance and equipment integration is unlikely to be able to have a full market test of the least cost system configuration if separate goods and works contracts are let. | B. Likely   | 4. Major    | E | Preference for Turnkey contract. POE will base equipment specifications on the latest understanding of the market and market test will occur within each equipment specification. Novate civil works contract under turnkey contract.   | C. Possible | 3. Moderate | M |    |
| 14 | Project management | Contract/procurement management | Compatibility of equipment may not be achievable if separate goods and works contracts are let   | B. Likely   | 4. Major    | E | Preference for Turnkey contract. POE will make every effort to provide full and complete specification. Consider plant contract to integrate diesel in powerhouse. One turnkey contract is now being used   | C. Possible | 2. Minor    | L |    |
| 15 | Engineering        | Electrical - Primary            | Connection of solar PV hybrid systems to remote grids has unforeseen technical difficulties  | C. Possible | 4. Major    | H | Ensure grid assessment reviews the issues and risks and ensure contractual clauses in place for these eventualities in Turnkey contract.  | C. Possible | 3. Moderate | M |  |
| 16 | Engineering        | Renewable energy                | Turnkey contractors designs, construction and commissioning have unforeseen difficulties on site   | C. Possible | 4. Major    | H | Ensure sites assessment reviews the issues and risks and ensure contractual clauses in place for these eventualities in contract for Turnkey suppliers  | C. Possible | 3. Moderate | M |  |
| 17 | Project management | Scope management                | Environmental & Social Safeguards scope or site visits highlights significant issues arising or mitigation required.   | C. Possible | 3. Moderate | M | Ensure sites assessment reviews the issues and risks early, and mitigations are put in place through EMP.   | C. Possible | 3. Moderate | M |  |
| 18 | Technical          | Environment                     | Environmental issues are not identified resulting in environmental impacts   | D. Unlikely | 4. Major    | M | Use local expert support through the POE; follow NES and ADB requirements   | D. Unlikely | 2. Minor    | M |  |

|    |                      |                                 |  |             |             |   |   |             |             |   |   |
|----|----------------------|---------------------------------|--|-------------|-------------|---|---|-------------|-------------|---|---|
| 19 | Project management   | Contract procurement management | REDD and TAU has sufficient capacity to implement and maintain the project.                                      | C. Possible | 3. Moderate | M | The government adopts policy actions recommended under the institutional strengthening and project management that will support the performance and service delivery of TAU and REDD. | D. Unlikely | 3. Moderate | L |  |
| 20 | Project management   | Human resources management      | To deliver project may require assistance from others outside of the project team that is not currently costed . | C. Possible | 3. Moderate | M | PMU recruitment underway. Consideration and requests in-place for capacity support between government departments   | D. Unlikely | 2. Minor    | L |  |
| 21 | Financial Management | Currency risk                   | Phase 1 bid in NZD exposes forex risk for payments over implementation period from grant in EURO.                | C. Possible | 3. Moderate | M | Request bidder to increase EURO component.<br><br>Consider allowing increased contingency when planning for other subprojects   | C. Possible | 3. Moderate | M |  |

**KEY**

**Risk status (column L)**

**Symbol**

**Definition**



Satisfactory - everything necessary and possible is being done



Some concerns - actions are in place but are not fully implemented or effective - close monitoring required  
Unsatisfactory - current actions are not sufficient, or actions still to be commenced - immediate attention required



required

**KEY**

**Risk trend (column M)**

**Symbol**

**Definition**



Risk is likely to reduce



Risk is likely to remain the same



Risk is likely to become moderately worse



Risk is likely to become significantly worse

## Appendix D: Project specific covenants - as displayed in legal agreements

| Product   | Schedule   | Para No. | Description  | Remarks/Issues       | Type       |
|-----------|------------|----------|--|----------------------|------------|
| Loan 3193 | Article IV | 1        | (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.  | Being complied with. | Others     |
| Loan 3193 | Article IV | 2        | The Borrower shall make available, or cause to be made available, promptly as needed, and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.   | Being complied with. | Others     |
| Loan 3193 | 5          | 2        | The Borrower shall ensure, and shall cause the Implementing Agencies and other involved agencies to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project, and that all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment; (b) the Environmental Safeguards as set out in the SPS; and (c) all measures and requirements set forth in the IEE, the EMP, the EARF, and any corrective or preventative actions (i) set forth in a Safeguards Monitoring Report, or (ii) as subsequently agreed among ADB, the Borrower, and the Implementing Agencies. | Being complied with. | Safeguards |
| Loan 3193 | Article IV | 3        | The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.   | Being complied with. | Others     |
| Loan 3193 | 5          | 3        | The Borrower shall ensure and cause the Implementing Agencies to ensure that all land and all rights-of-way required for the Project are made available to the Works contractors in a manner and within timeframes compliant with the RP, the RF and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of  | Being complied with. | Safeguards |

| Product   | Schedule   | Para No. | Description   | Remarks/Issues  | Type       |
|-----------|------------|----------|---|---|------------|
|           |            |          | the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RP and the RF, and any corrective or preventative actions (i) set forth in the Safeguards Monitoring Report, or (ii) as subsequently agreed among ADB, the Borrower, and the Implementing Agencies.   |   |            |
| Loan 3193 | 5          | 4        | Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure, or cause the Implementing Agencies to ensure, that no physical or economic displacement takes place until: (a) compensation and other entitlements have been provided to the displaced persons under Involuntary Resettlement Safeguards as described in and in accordance with the RP and the RF, and (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP and the RF. | Being complied with.  | Safeguards |
| Loan 3193 | Article IV | 4        | The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.  | Being complied with.  | Others     |
| Loan 3193 | Article IV | 5        | (b) ADB shall disclose the annual audited financial statements for Parts B and C the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.  | waiver on requirement approved as no financial disbursements in financial year ending 30 June 2015. | Financials |
| Loan 3193 | 5          | 5        | The Borrower shall ensure and cause the Implementing Agencies to ensure that the provisions of the IEE, EMP and RP as well as any requirements under the SPS also apply to the portion of the Project to be financed by the Borrower.   | Being complied with.  | Safeguards |
| Loan 3193 | Article IV | 5        | (c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for Parts B and C of the Project and the Borrower's financial affairs where they relate to Parts B and C of the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such   |   | Financials |

| Product   | Schedule   | Para No. | Description   | Remarks/Issues   | Type       |
|-----------|------------|----------|---|--|------------|
|           |            |          | discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.  |  |            |
| Loan 3193 | Article IV | 5        | (a) The Borrower shall (i) maintain accounts and records for Parts B and C of the Project (separate from those for Part A, which will be maintained by TAU); (ii) prepare annual financial statements for Parts B and C of the Project in accordance with accounting principles acceptable to ADB; (iii) have such 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; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements and use of the Loan proceeds) and a management letter (which sets out the deficiencies in the internal control of Parts B and C of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request. | Being complied with                                    | Financials |
| Loan 3193 | 4          | 6        | The Borrower shall ensure that the Implementing Agencies shall not award any Works contracts until all land and related rights for the construction of the Project facilities, to be handed over to the contractor before construction commences, have been acquired or rights to access and use the land for the purposes of constructing and operating the Project facilities on an ongoing basis have been secured by the Borrower.<br><br>(d) reinstate pathways and other local infrastructure to at least their pre-project condition as soon as possible and no later than the completion of construction.   | Being complied with.                                   | Safeguards |
| Loan 3193 | Article IV | 7        | (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan. (b) No rights or  | Subsidiary Loan Agreement not yet finalized/effective. | Others     |

| Product   | Schedule | Para No. | Description  | Remarks/Issues       | Type       |
|-----------|----------|----------|--|----------------------|------------|
|           |          |          | obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.  |                      |            |
| Loan 3193 | 4        | 8        | (a) The Borrower shall cause the Implementing Agencies to ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party. (b) The Borrower shall cause the Implementing Agencies to ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.  | Being complied with. | Others     |
| Loan 3193 | 5        | 8        | The Borrower shall do, or cause the Implementing Agencies to do, the following:<br><br>(a) submit Safeguards Monitoring Reports to ADB: (i) in respect of implementation of and compliance with Environmental Safeguards and the EMP, annually during construction and the implementation of the Project and the EMP until the issuance of ADB's project completion report unless a longer period is agreed in the EMP; and (ii) in respect of implementation of and compliance with Involuntary Resettlement Safeguards and of the RP, semiannually during the implementation of the Project, and the RP until the issuance of ADB's project completion report unless a longer period is agreed in the RP; and disclose relevant information from such reports to respective affected people under Environmental Safeguards, Involuntary Resettlement Safeguards, and Indigenous Peoples Safeguards promptly upon submission;<br><br>(b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation, or operation of the Project that were not considered in the IEE, the EMP and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and | Being complied with. | Safeguards |

| Product   | Schedule | Para No. | Description   | Remarks/Issues       | Type       |
|-----------|----------|----------|---|----------------------|------------|
|           |          |          | (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.  |                      |            |
| Loan 3193 | 4        | 9        | The Borrower shall cause the Implementing Agencies to ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.  | Being complied with. | Others     |
| Loan 3193 | 5        | 10       | The Borrower shall cause the Implementing Agencies to ensure that Works contracts include provisions to require the contractors (a) not to discriminate against people seeking work on the basis of age, provided they are capable of doing such work; (b) to provide equal pay for equal work, regardless of gender or ethnicity; (c) to comply with core labor standards and the applicable labor laws and regulations, including stipulations related to employment, such as health, safety, welfare, the workers' rights and anti-trafficking laws; (d) not to force the labor to work against their will; and (e) not to employ child labor. | Being complied with. | Social     |
| Loan 3193 | 5        | 11       | The Borrower shall cause the Implementing Agencies to ensure that the Works contractors (a) implement HIV/AIDS and STIs awareness and prevention training for all employees; (b) provide necessary measures to ensure the safety and health of their employees; and (c) together with the local centers of disease control, disseminate information on the risks, hazards, impacts and prevention know-how on HIV/AIDS and STIs among the staff, workers on the construction sites and the local community by means of information disclosure, education and consultation.  | Being complied with. | Social     |
| Loan 3193 | 5        | 12       | The Borrower shall ensure to provide Counterpart Funds in a timely manner, including any additional Counterpart Funds required for any shortfall of funds or cost overruns. The Borrower shall also ensure to ensure that O&M of all Project facilities is fully funded without any delay.  | Being complied with. | Financials |

| <b>Product</b> | <b>Schedule</b> | <b>Para No.</b> | <b>Description</b>  | <b>Remarks/Issues</b> | <b>Type</b> |
|----------------|-----------------|-----------------|---|-----------------------|-------------|
| Loan 3193      | 5               | 13              | The Borrower shall, and shall cause the Implementing Agencies to, establish and maintain sound financial management systems in accordance with ADB's Financial Management and Analysis of Projects (July 2005), including the establishment of separate Project accounts.   | Being complied with.  | Financials  |
| Loan 3193      | 5               | 14              | The Borrower shall, and shall cause the Implementing Agencies to, (a) comply with ADB's Anticorruption Policy (1998, as amended to date); (b) acknowledge ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; and (c) agree to cooperate, and shall cause the Implementing Agencies and all other government offices, organizations and entities involved in implementing the Project to cooperate, fully with any such investigation, and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. In particular, the Borrower shall ensure, or cause to be ensured, that (i) periodic inspections of the Project contractors' activities related to fund withdrawals and settlements are carried out; (ii) relevant provisions of ADB's Anticorruption Policy (1998, as amended to date) are included in all bidding documents for the Project; and (iii) contracts, financed under the Project, include provisions specifying the right of ADB to audit and examine the records and accounts of the Implementing Agencies, contractors, suppliers, consultants, and other service providers as they relate to the Project. | Being complied with.  | Others      |
| Loan 3193      | 5               | 15              | In the event of (a) any change in ownership of the Project facilities, or (b) any sale, transfer or assignment of shares or interest or other change of control in the Implementing Agencies is anticipated, the Borrower shall consult with ADB at least 6 months prior to the implementation of such change. The Borrower shall ensure that such change be carried out in a lawful and transparent matter. The Borrower shall further ensure that the new controlling management of Implementing Agencies complies with (a) all Project-related agreements executed between ADB or the Borrower and the Implementing Agencies; and (b) the policies of ADB relevant to the Project.   | Being complied with.  | Others      |

| Product   | Schedule | Para No. | Description   | Remarks/Issues  | Type   |
|-----------|----------|----------|---|---|--------|
| Loan 3193 | 5        | 16       | Within 90 days following effectiveness of the Loan Agreement and Grant Agreement, the Borrower shall establish and maintain a Project website which will be regularly updated to include information on the following general matters: (a) bidding procedures, bidders and contract awards for Works, Goods, and Consulting Services; (b) physical progress of the Works and procurement of Goods; and (c) audited Project financial accounts, Project review reports (e.g. mid-term review), and quarterly progress reports, consolidated annual reports and post-completion report, in each case promptly after submission to ADB (unless, in the case of Project review reports and quarterly progress reports, ADB considers these to be exempt from disclosure under ADB's Public Communications Policy (2011)). | Project website established<br>Government procurement website utilised (www.procurement.gov.ck) | Others |
| Loan 3193 | 5        | 17       | The Borrower shall cause the Implementing Agencies to ensure that (a) the Project facilities are installed in accordance with design specifications and construction norms; and (b) construction supervision, quality control and contract management are performed in accordance with best international industry practices. The Borrower shall cause the Implementing Agencies to install, equip, operate, maintain and manage the project facilities in compliance with applicable standards and best international practices. The Borrower shall cause the Implementing Agencies to operate and maintain, and continue to operate and maintain, the Project facilities in accordance with an O&M framework that is satisfactory to ADB.   |   | Sector |
| Loan 3193 | 5        | 18       | The Borrower shall cause the Implementing Agencies to do the following:<br>(a) acquire all rights necessary to use the parcels of land constituting the Project site at least 30 days prior to the award of the turnkey contract; and<br>(b) install or otherwise secure road access sufficient for the purposes of the Project at least 30 days prior to the award of the turnkey contract.  | Being complied with.  | Sector |
| Loan 3193 | 5        | 19       | The Borrower shall ensure ongoing operational financial sustainability of the Project, either through adjustment of electricity tariffs, or budgetary allocations.  | Being complied with.  | Sector |
| Loan 3193 | 5        | 20       | The Borrower shall cause the Implementing Agencies to ensure that adequate staffing will be planned and allocated for the implementation and  | Being complied with.  | Sector |

| Product | Schedule | Para No. | Description  | Remarks/Issues | Type |
|---------|----------|----------|--|----------------|------|
|         |          |          | O&M of the Project facilities, and that relevant staff members will attend training provided under the Project in relation to O&M. |                |      |