Project Agreement

(Additional Financing to the Sustainable Energy Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOLOMON ISLANDS ELECTRICITY AUTHORITY

Dated APRIL 1, 2014
PROJECT AGREEMENT

AGREEMENT dated 1 APRIL 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and SOLOMON ISLANDS ELECTRICITY AUTHORITY ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the SOLOMON ISLANDS ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its General Manager.

4.02. The Association’s address is:
International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INDEVAS Telex: 248423(MCI) Facsimile: 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Solomon Islands Electricity Authority
P.O. Box 6
Honiara
Solomon Islands

Facsimile:
+ 677 39472
AGREED at          , as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: FRANZ R. DREES· GROSS
Title: COUNTRY DIRECTOR, EACNF

SOLOMON ISLANDS ELECTRICITY AUTHORITY

By

[Signature]
Authorized Representative

Name: N. R. NICHOLS
Title: General Manager, SIEA.
SCHEDULE

Execution of the Project by the Implementing Entity

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Project Implementing Entity shall be responsible for implementing the Project including: (i) carrying out, with the assistance of adequately qualified consultants, the technical aspects of the Project; (ii) carrying out the fiduciary aspects (procurement, financial management, disbursement and audit functions) of the Project; (iii) preparing, and submitting to the Association, quarterly and annual progress reports; and (iv) carrying out monitoring and evaluation functions under the Project.

B. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Safeguard Instruments.

2. If any Project activities would, pursuant to the ESMF, require the preparation of an EMP, the Project Implementing Entity shall ensure that no such activities shall be implemented unless and until such EMP is prepared in accordance with the ESMF and furnished to the Association for review and approval, and is disclosed as required by the ESMF and approved by the Association.

3. Without limitation to the provisions of Section II.A of this Schedule 2, the Project Implementing Entity shall regularly collect, compile, and submit to the Recipient [and the Association], as part of the Project Reports, information on the status of compliance with the Safeguard Instruments, giving details of:

   (i) measures taken in furtherance of such Safeguard Instruments;

   (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and
(iii) remedial measures taken or required to be taken to address such conditions.

4. The Project Implementing Entity shall afford the Recipient and the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part C, and thereafter shall carry out with due diligence all remedial measures agreed with the Recipient and the Association so as to ensure the proper implementation of the Project in accordance with the Safeguard Instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of six (6) months, and shall be furnished to the Recipient and the Association not later than forty-five (45) after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, and to register separately the operations, resources and expenditures of the Project Implementing Entity, related to the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.
Section IV. Other Undertakings

1. Unless otherwise agreed in writing by the Association, the Project Implementing Entity shall, throughout the Project implementation period, maintain its accounts receivables at levels not exceeding sixty (60 days) sales revenue at all times, including the receivables from state-owned enterprises and other public entities.

2. To ensure strengthened financial investment and operational planning the Project Implementing Entity shall, by not later than November 30 of each year throughout the Project implementation period, prepare an annual rolling corporate plan with financial forecasts covering at least five (5) years, and submit said plan to the Association for its review and approval, and thereafter implement the plan as shall have been approved by the Association.