Project Agreement

(Solomon Islands Electricity Access Expansion Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of the Global Partnership on Output-Based Aid

and

SOLOMON ISLANDS ELECTRICITY AUTHORITY

Dated 15 August, 2016
PROJECT AGREEMENT

AGREEMENT dated 15 August, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and SOLOMON ISLANDS ELECTRICITY AUTHORITY ("Project Implementing Entity") ("Project Agreement") in connection with the Grant Agreement ("Grant Agreement") of the 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 Standard Conditions (as defined in the Appendix to the Grant 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 Grant Agreement, the Standard Conditions, or this Agreement.

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 Parts 1 and 2 of the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for Parts 1 and 2 of 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:

(a) carry out the Project in accordance with the provisions of the Schedule to this Agreement; and

(b) except as otherwise provided in Schedule 2 to the Grant Agreement, carry out the Recipient’s obligations set forth in Sections 2.02 (Insurance), 2.04 (Use of Goods, Works and Services; Maintenance of Facilities), 2.05 (Documents; Records), 2.06(a) and (b)(i) (Project Monitoring, Reporting and Evaluation), 2.07 (Financial Management; Financial Statements; Audits), 2.09 (b) and (c) (Visits); and Article III (Withdrawal of Grant Proceeds) of the Standard Conditions.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Chief Executive Officer of the Project Implementing Entity (or any person authorized in writing by such representative for the purpose) ("Project
Implementing Entity's Representative”), is hereby designated by the Project Implementing Entity, for the purpose of taking any action required or permitted to be taken pursuant to this agreement, and executing any documents required or permitted to be executed pursuant to this Agreement on behalf of the Project Implementing Entity.

3.02. Any notice (or request) pursuant to this Agreement shall be in writing. Such notice (or request) shall be deemed to have been duly given (or made) when it has been delivered by hand or by mail, telex or facsimile to the party to which such notice (or request) is directed ("Addressee"), at the address specified below in this Section for the purpose (or at such other address as the Addressee shall have designated by notice to the party giving such notice or making such request) ("Address"). Deliveries made by facsimile transmission shall also be confirmed by mail.

The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Telex: Facsimile:
248423(MCI) 1-202-477-6391

The Project Implementing Entity’s Address is:

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

(+677) 166

3.03. The Project Implementing Entity shall furnish to the Association: (a) sufficient evidence of the authority of the Project Implementing Entity’s Representative; and (b) the authenticated specimen signature of such representative.
AGREED at Honiara, Solomon Islands, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: LASSE MELGAARD
Title: Acting Country Director

SOLOMON ISLANDS ELECTRICITY AUTHORITY

By

[Signature]
Authorized Representative

Name: Pradeep Verma
Title: Chief Executive Officer
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Staffing

In order to ensure the proper implementation of the Project, the Project Implementing Entity shall maintain at all times throughout Project implementation, an office in the Recipient’s territory, with terms of reference and resources acceptable to the Association, supported by qualified and experienced staff in adequate numbers.

B. Project Operations Manual

1. The Project Implementing Entity shall prepare and furnish to the Recipient for its review and to the Association for its subsequent approval pursuant to Section I.C.1 of Schedule 2 to the Grant Agreement, a proposed operation manual for the Project containing detailed administrative, procurement, financial management, safeguards, monitoring and evaluation procedures and arrangements for the Project.

2. The Project Implementing Entity shall exchange views with the Recipient and the Association on such Project Operations Manual; and thereafter adopt such Project Operations Manual that is acceptable to the Association in form and substance, and as shall have been endorsed by the Recipient and approved by the Association ("Project Operations Manual").

3. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Project Operations Manual. The Project Implementing Entity shall not otherwise revise or waive or permit to be revised or waived any provision of the Project Operations Manual without the prior written agreement of the Association.

4. The Project Operations Manual shall give details of guidelines and procedures agreed with the Association for the implementation, supervision, and monitoring and evaluation of the Project, including, inter alia:

   (a) financial management procedures and audit procedures;

   (b) procurement and contracting procedures;

   (c) the eligibility criteria for households to qualify for Electrical Connections provided under Part 1 of the Project;
(d) the requirements of the Project Implementing Entity for the delivery of information to the Independent Verification Agent for their production of the Output Verification Reports;

(e) the method for calculating the size of Subsidy Payments, and the amount of Subsidy Payments for verified Electrical Connections made under Part 1 of the Project;

(f) The criteria and required standards for Electrical Connections to be deemed satisfactory, as to be verified by the Independent Verification Agent by way of an Output Verification Report.

(g) institutional and staffing arrangements; and

(h) environmental and social safeguard implementation arrangements.

5. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Operations Manual and those of the Grant Agreement or Project Agreement, the provisions of the Grant Agreement and Project Agreement shall prevail.

C. Anti-Corruption

The Project Implementing Entity shall ensure that Parts 1 and 2 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Monitoring and Verification

1. The Project Implementing Entity understands and agrees that an independent monitoring consultant ("Independent Verification Agent") will be recruited by the Association to provide to the Association and the Recipient quarterly Output Verification Reports, as described in the Project Operations Manual, throughout the implementation of the Project. The Project Implementing Entity shall, throughout the implementation of the Project, take all necessary measures required to enable the Independent Verification Agent to visit any facilities and sites for purposes of carrying out activities pursuant to the assembling of the Output Verification Reports and other purposes related to the Grant, in accordance with the Project Operations Manual.

2. Subsidy Payments to the Recipient for activities completed under Part 1 of the Project shall only be made upon receipt by the Association of: (a) a withdrawal application submitted in accordance with this Agreement; and (b) an Output Verification Report that, to the satisfaction of the Association, verifies the
eligibility and functionality of Electrical Connections claimed by the Subsidy Payment is in accordance with the Project Operation Manual and this Agreement.

E. Subsidiary Grant Agreement.

The Project Implementing Entity shall perform its obligations and exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Grant. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.

F. Safeguards.

The Project Implementing Entity shall ensure that: (a) the Project is carried out in accordance with the provisions of the ESMF; and (b) ensure that each contract financed under the Project includes the obligation of the relevant contractor to implement the respective activities under the contract in accordance with the ESMF.

2. If any Project activities would, pursuant to the ESMF, require the preparation of an Environmental and Social Management Plan, the Project Implementing Entity shall ensure that no such activities shall be implemented unless and until such Environmental and Social Management Plan 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 upon its other reporting obligations under this Agreement, the Project Implementing Entity shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the ESMF; and (b) prepare and furnish to the Recipient, as part of each Project Report, a report on the results of such monitoring activities during the period covered by said Project Report, giving details of: (i) measures taken in furtherance of the ESMF; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF instruments; and (iii) remedial measures taken or required to be taken to address such conditions.

4. The Project Implementing Entity shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part F, and thereafter shall carry out with due diligence all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the ESMF.
5. In the event of a conflict between the provisions of any of the EMSF and those of this Agreement or the Grant Agreement, the provisions of the Grant Agreement and this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. The Project Implementing Entity shall provide to the Recipient, not later than four (4) months following the Closing Date, for incorporation in the Completion Report referred to in Section II.A.2 of Schedule 2 to the Grant Agreement, all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

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, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall prepare and furnish to the Association interim unaudited financial reports for the Project not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the Association.

3. The Project Implementing Entity shall have its financial statements referred to above in paragraph 1, 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 months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association. The Project Implementing Entity shall, in accordance with Section 2.07 of the Standard Conditions, furnish the
Association with such additional information concerning its financial statements, their audits and their auditors as the Association may request.

Section III. **Procurement**

All goods, works, and services required for the Parts 1 and 2 of the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.