Project Agreement

(Urban Water Supply and Sanitation Sector Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOLOMON ISLANDS WATER AUTHORITY
AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and SOLOMON ISLANDS WATER AUTHORITY ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of the Signature Date between SOLOMON ISLANDS ("Recipient") and the Association, concerning Credit No. 6407-SB.

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) apply to and form 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 objective of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — TERMINATION

3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.
4.02. For purposes of Section 11.01 of the General Conditions: (a) the Association’s address is:

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

    (b) the Association’s Electronic Address is:

    Telex: 248423 (MCI)  Facsimile: 1-202-477-6391  E-mail: cdpngpacific@worldbank.org

4.03. For purposes of Section 11.01 of the General Conditions: (a) the Project Implementing Entity’s address is:

    Solomon Water
    P.O. Box 1407
    Honiara
    Solomon Islands; and

    (b) the Project Implementing Entity’s Electronic Address is:

    Email: IGooden@solomonwater.com.sb
AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: MONA SUI

Title: ACTING COUNTRY DIRECTOR

Date: 18 September, 2019

SOLOMON ISLANDS WATER AUTHORITY

By

Authorized Representative

Name: Ian Gooden

Title: General Manager

Solomon Water

Date: 25 September, 2019
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Project Implementing Entity shall take all actions under its control to:

1. maintain, throughout the Project implementation period, staff and/or personnel in adequate numbers for the implementation of Project activities;

2. maintain throughout the Project implementation period, Project Management Unit with a mandate, composition and resources satisfactory to the Association, which shall: (a) be responsible for, inter alia, day to day implementation of the Project including technical aspects, procurement, contract management, financial management, environmental and social safeguards compliance, monitoring, reporting, and evaluation; (b) report to the Chief Executive Officer of the Solomon Water; and (c) be comprised of, inter alia: (i) a project manager; (ii) a procurement and contract management specialist; (iii) an environmental and social safeguards specialist; (iv) a communication specialist; and (v) a financial management specialist/accountant, each with terms of reference, qualifications and experience satisfactory to the Association;

3. comply with all its obligations under or referred to in the Subsidiary Agreement; and

4. ensure that sufficient funds will be available for the financing of the Project, whether from the counterpart funds provided by the Recipient, from the Project Implementing Entity's own funds or from funds from other sources on terms and conditions consistent with the Project Implementing Entity's obligations under this Agreement, and that such funds shall be disbursed in accordance with the Annual Work Plans and Budgets approved by the Association.

1. (a) The Project Implementing Entity shall carry out the Project in accordance with the Project Operations Manual.

   (b) The Project Implementing Entity shall obtain from the Association written agreement prior to assigning, amending, abrogating, or waiving the Project Operations Manual, or any provision thereof, or permitting any other entity to do so.

2. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Safeguards.

1. The Project Implementing Entity shall ensure:

   (a) that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the Safeguards Instruments;

   (b) for each activity under the Project for which the Environmental and Social Management Framework ("ESMF") provides for the preparation of an Environmental and Social Management Plan ("ESMP"), or the Resettlement Policy Framework ("RPF") provides for the preparation of a Resettlement Action Plan ("RAP"):

      (i) proceed to have such ESMP or RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF or RPF as the case may be; (B) consulted upon adequately with people affected by the Project as per the ESMF and ESMPs (or RPF and RAPs as the case may be), and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and

      (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP or RAP in a manner satisfactory to the Association;

   (c) all measures are taken to implement the RAPs in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall ensure that:
(i) Funds are made available to cover all the costs of implementing the RAPs;

(ii) Prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with resettlement assistant in accordance with the RAPs, as applicable; and

(iii) the implementation, monitoring and evaluation of such RAPs is completed and reported in a manner satisfactory to the Association.

2. The Project Implementing Entity shall ensure that the obligation to comply with the relevant Safeguard Instruments is incorporated:

   (a) in the contracts between the Project Implementing Entity and the relevant contractors and any entity (including any engineer) supervising the Project’s civil works; and

   (b) in the contracts between the relevant contractors and the contractors’ subcontractors.

3. The Project Implementing Entity shall ensure that all the bidding documents and contracts include the obligation of the relevant contractors and subcontractors to:

   (a) adopt and implement measures to assess and manage the risks and impacts of labor influx and workers’ camps; and

   (b) adopt and enforce codes of conduct that should be provided to and signed by all workers; as applicable to such civil works commissioned or carried out pursuant to said contracts.

4. Except as the Association shall otherwise agree, the Project Implementing Entity shall ensure that none of the provisions of the Safeguard Instruments is abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

5. The Project Implementing Entity shall ensure that:

   (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be
undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and

(b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Association Safeguards Policies and EHS Guidelines.

6. The Project Implementing Entity shall maintain, until the Closing Date, and publicize the availability of a grievance redress mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

7. Without limitation upon its other reporting obligations under this Section II, the Project Implementing Entity shall:

(a) take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, and promptly in a separate report whenever the circumstances warrant, reports and promptly in a separate report whenever the Association may require, information on the status of compliance with the Safeguards Instruments. Such information shall include: (i) measures taken in furtherance of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and (iii) remedial measures taken or required to be taken to address such conditions;

(b) promptly furnish to the Association a copy of each quarterly progress report prepared and submitted by any entity (including any engineer) supervising the Project’s civil works, the Project’s contractors and/or subcontractors; and

(c) promptly upon receipt, furnish to the Association any notification received from any entity (including any engineer) supervising the Project’s civil works, the Project’s contractors and/or subcontractors regarding any incident that have might occurred during Project implementation.

D. Annual Work Plans and Budgets.

1. The Project Implementing Entity shall prepare and furnish to the Association, not later than November 30 of each year during the implementation of the Project (or such later interval or date as the Association may agree), an Annual Work Plan
and Budget containing all eligible Project activities and expenditures proposed to be included in the Project for the following fiscal year of the Recipient, including a specification of the source or sources of financing for all eligible expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.C of the Schedule to this Agreement.

2. The Project Implementing Entity shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets approved by the Association for the respective fiscal year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Project Implementing Entity shall not make or allow any changes to be made to the Annual Work Plans and Budgets without prior written approval by the Association.

Section II. Project Monitoring, Reporting and Evaluation

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 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar quarter and shall be furnished to the Recipient not later than one month after the end of the period covered by such report.

2. The Project Implementing Entity shall carry out, jointly with the Association and the Recipient, not later than June 30, 2023, or such other period as may be agreed with the Association, a mid-term review of the Project (the “Mid-Term Review”) to assess the status of Project implementation, as measured against the Project indicators acceptable to the Association, and compliance with the legal covenants included or referred to in this Agreement. Such review shall include an assessment of the following: (a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on implementation of safeguards measures; (e) implementation arrangements and Project staff turnover; and (f) the need to make any adjustments to the Project to improve performance. To this end, the Project Implementing Entity shall:

(i) prepare and furnish to the Recipient and the Association, at least one (1) month before the date of the Mid-Term Review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.1 of
this Schedule 2 to Loan Agreement and the General Conditions, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof; and

(ii) review, jointly with the Association and the Recipient, the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association’s views on the matter.

Section III. **Procurement**

All goods, works, non-consulting services and consulting services required for parts 1 and 2 the Project and to be financed out of the proceeds of the Credit shall be procured under the alternative procurement arrangements referred to in Paragraph 2.4 (a) of the Procurement Regulations as further detailed in Section IV.B of Schedule 2 to the Financing Agreement.

Section IV. **Other Undertaking**

1. The Project Implementing Entity shall take all measures necessary on its part to ensure that — throughout the duration of the Project — it remains financially sustainable as indicated by its ability to recover its costs (operations and maintenance costs as well as depreciation costs of plants and equipment it operates) through user fees and/or government subsidies.

2. The Project Implementing Entity shall undertake a study — under the terms of reference acceptable to the Association — to review water tariffs of Solomon Water (including a focus on affordability aspects) and furnish the completed study to the Association no later than December 31, 2020.