

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

## Summary

---

### 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 renewable energy sources

### Funding information

<b>Start and end dates</b>	9 February 2015 – 31 December 2019 <sup>1</sup>
<b>Total cost</b>	NZD33.22 million* Note that all reported costs will be in NZD millions
<b>Reporting period</b>	1 October to 31 December 2018

\* 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, Project Steering Group, TAU staff, CIIC Staff, ADB Eun Young So, Energy Specialist, Member). Mpower staff (weekly meetings online), Infratec Staff on island, Entura Electrical Engineer David Skinner, Aitutaki Power Supply, Powersmart NZ. Island Governments of Atiu, Mangaia, Mitiaro and Mauke.
<b>Date of report</b>	January 2018

## Key Conclusions and Necessary Actions

---

This fifteenth Progress Report has been prepared by Entura, Project Owners Engineers, (POE) in co-operation 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 October (commencement of reporting period) and 31 December 18 (end of reporting period).

Activities undertaken in this reporting period included:

- weekly teleconference meetings with MPower covering the final stage documentation, site works and delivery of the Global Environment Facility (GEF) funded battery energy storage system (BESS) prior to commissioning, which is now planned for February 2019.
- Completion of the Phase 1 Infratec/NETCON Limited turnkey contract work programme. This saw completion of the Mauke distribution system, which was the final deliverable under the current contract (noting planned variation for metering still to be undertaken).

---

<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

- For the Phase 2 project on Atiutaki, fortnightly teleconferences were held with Powersmart NZ Limited, Aitutaki Power Supply, POE and PMU. The 80% design package has been approved. FAT on the generator was also completed.
- The Green Climate Fund (GCF) funded Rarotonga Battery Energy Storage System “Airport South” under Phase 2 (Rarotonga) (BESS) was awarded to Vector Limited. Vector has commenced design and a kick-off meeting is planned in October in Auckland.
- The GCF funded Rarotonga BESS “Power Station” under Phase 2 (Rarotonga) has not yet been awarded.
- An ADB review mission and GCF inception mission was held in the last week of November. This also included the formal opening of the Mangaia project.

## Review of Progress to Date

---

### 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. The POE Electrical Engineer visited during October to witness commissioning of the Atiu power stations. The POE Team leader and test technician visited Rarotonga during November to witness BESS pre-commissioning and for the ADB review mission. Other international staff were working from their home offices.

The PMU is staffed by the Project Manager and Finance Contractor. The PMU take on the major responsibility for the project with oversight by the REDD Director in close consultation with the POE.

#### 2. Procurement and Confirmed Contracts

There is no change to the confirmed contract status.

The Phase 1 Turnkey contract (CIRES-001), awarded to NETCON, was signed on the 17<sup>th</sup> August 2016 and the contract became effective on the 7<sup>th</sup> October 2016. The negotiated contract price was NZ\$7,708,494.88 and €1,023,208.74<sup>2</sup>. A variation for NZ\$-395,554.41 was agreed on 11 February 2016, removing the HV scope of works from the contract for inclusion in the power distribution network package. The civil works for the power stations was included as a variation to the NETCON contract (NZ\$3,718,672) in May 2017 (including construction of the power house, roads/tracks, and array foundations and framing). Other variations were agreed as follows: NZ\$56,000 in July 2018 for changes to roofing of the powerhouse building; NZD 39,872.00 in July 2018 for inclusion of a historian and local data logging; NZ\$8,615 in September 2018 to provide for assistance with tuning of existing diesel generators on Mangaia.

The power distribution network package (grid package) for Mitiaro and Mauke (CIRES-002) was also awarded to NETCON Limited on the 27 March 2017 for the contract price of NZ\$3,926,941 (equivalent). Under this contract NETCON will install or replace high voltage and low voltage cable and substations/transformers on Mauke and Mitiaro as well as connections to customers and the power station as the existing systems are at the end of life and no longer suitable for the new power system. Infratec has provided a variation proposal for several changes in the scope of works under this contract, including power

<sup>2</sup> Contract variation to remove HV system from main contract and transferred to power distribution package to the value of \$395,554.41

factor correction, consumer metering and MV/LV upgrade additions for Mauke and Mitiaro. This variation has received a no-objection from ADB and is expected to be executed in October 2018.

The BESS contract was awarded to MPower Limited on the 1 June 2017 for a fixed price of US\$3,092,768 (equivalent). A variation for NZ\$103,000 was agreed in August 2018 to allow a larger transformer sizing to take advantage of latent BESS PCS and battery capacity.

The Phase 2 Aitutaki Contract was awarded to Powersmart NZ on 31 May 2018 for a fixed price of NZ\$3,352,090 (equivalent).

The GCF Grant funded Rarotonga BESS “Airport South” under Cook Islands Renewable Energy Sector Project (COO46453-002) – Phase 2 (Rarotonga) (BESS) contract was awarded on 30 September 2018 to Vector Ltd, for a fixed price of US\$5,094,130.

### 3. Financial disbursements.

The financial disbursements recorded below provides an update to the ADB and all relevant stakeholders for the CIRESF from February 2015 to December 2018 amount paid to date in NZD.

Items as per Project Administration Manual Updated	Amount paid to date 09 February 2015 to December 2018.	Total cost of Project as per PAM*
	NZD'000,000	
A. Investment Costs	30.34	\$47.60
B. Contingencies	\$0.00	\$1.22
C. Financing Charges during implementation	\$0.06	\$0.73
D. Administration Charges	\$0.00	\$0.99
<b>Total Project Cost</b>	<b>\$30.40</b>	<b>\$50.53</b>

\*All these amounts are exclusive of VAT

In addition to the above the following Table is the project spend by Funding Partner for the same quarter in New Zealand Dollars (NZD).

Project Spend by Financier for period October to December 2018							
	ADB	EU	GEF	CIG(PEC)	CIG	Total	
	NZD	NZD	NZD	NZD	NZD		
A. Investment costs	\$ 1.19	\$ -	\$ -	\$ -	\$ 0.18	\$ 1.37	
1. Solar PV Module Procurement						\$ -	
2. Turnkey Contract - Solar PV System Development	\$ 1.19	\$ -				\$ 1.19	
3. Turnkey Contract for Battery Energy Storage System development			\$ -			\$ -	
4. Consulting Services - Institutional Strengthening and Project Management	\$ -		\$ -			\$ -	
5. Land Acquisition						\$ -	
6. Tax and duties					\$ 0.18	\$ 0.18	
B. Contingencies						\$ -	
C. Financing Charges during Implementation						\$ -	
D. Administration Charges						\$ -	

Note:

a. Numbers in ADB column may be different from Ministry of Finance and Economic Management Quarterly report

<sup>b</sup> Exchange rates used to convert from NZD to USD is on the date that the transaction occurred 1.43. PAM used 1.16.

Source: LFIS/GFIS, DCD and PMU data

#### 4. Field work

Field investigations during this period included:

- POE, Entura, David Skinner visited in October for commissioning of the Mangaia solar plants.
- POE, Entura, Teariki Rongo visited Aitutaki to review site condition, and Mangaia following commissioning of the solar plant
- POE, Entura, Nathan McNair visited Rarotonga during pre-commissioning tests of the GCF BESS in November
- ADB Cindy Cisneros Tiangco and Aivy Katherine D. Dizon POE, Entura, Chris Blanksby visited Rarotonga in November for ADB review mission and GCF inception mission
- Cook Islands Govt. delegation, ADB, and PoE visited Mangaia for the opening of the solar plant.

#### 5. Safeguards and monitoring

The Sixth Semi-Annual Safeguard Monitoring Report for the CIRESPP for the period 1 July – 31 December 2018 was submitted in January 2019. The purpose of the report was to document social and environmental safeguard monitoring activities as well as environmental safeguards.

The POE, Local Environmental Specialist completed a visit to Mangaia to monitor conditions at completion, as well as Aitutaki site prior to construction. In both cases, no significant issues were identified.

There is an outstanding action to complete land acquisitions of transformer / substation sites on Mauke, which is pending the next Land Court hearing (schedule not yet confirmed).

Additionally, a complaint about generator noise has been raised on Mauke. This is being investigated by REDD, the PoE and Contractor, however, has not yet been resolved.

The Mauke Island Council has also advised of some concerns on the condition of areas affected by the distribution upgrade. Concerns include residual fill materials, some subsidence of trenching fill, and some damage to existing infrastructure. These concerns are being reviewed with the contractor.

#### 6. Phase 1 Turnkey Contract and HV/LV distribution contract status (CIRESPP-001 and CIRESPP-002)

During this quarter no monthly reports for CIRES-001 and CIRES-002, which are now complete. Outstanding items include:

- Provision of remote data access
- Provision of as-built drawings
- Minor fault / equipment setting rectification on Mangaia
- Above-mentioned safeguards issues for Mauke (generator noise and residual conditions of distribution upgrade).

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

The CIRESIP (2016) is a document that continues to guide the work of the REDD office.

### **8. Phase 2 Turnkey Contract for Battery Energy Storage System (BESS) at Airport West (GEF funded)**

Progress of the BESS contract awarded to MPower Limited on the 1 June 2017 continues to be slow. During this quarter, BESS pre-commissioning works and SCADA testing were continued, including rectification of some issues. Commissioning of the BESS, Contracted for April 2018, has been re-scheduled again for February 2019.

Weekly teleconference meetings continued to be held during this quarter with a number of Mpower technical staff, TAU technical staff and POE. Inspections of the site works were undertaken by POE in August. Monthly reports were received from MPower for October 2018 and November 2018.

### **9. Phase 2 Turnkey Contract for Aitutaki renewable energy system**

Progress of the Aitutaki Contract, Awarded to Powersmart NZ in May 2018, is currently on-track. Powersmart NZ submitted monthly progress reports for October, November, and December 2018. This showed that:

- Generator FAT is complete (report to be submitted)
- Procurement of array components is complete and these have been shipped to Aitutaki
- Construction of the BESS is largely complete, with FAT scheduled for January 2019
- Electrical switchboard and transformer have been procured and due to arrive in February 2019
- Construction on site is scheduled to commence in February 2019
- Design is largely complete, with IFC drawings for integration and control still to be issued and finalisation of the functional description, and dynamic simulation to be completed.

Completion of the project is scheduled for June 2019.

### **8. Phase 2 Turnkey Contract for Battery Energy Storage System (BESS) at Airport South (GCF funded load shifting BESS)**

Progress of the BESS contract awarded to Vector Ltd in September 2018 is currently on-track. Vector has issued project management documents and preliminary functional specification for the project. However, no other deliverables are currently due. Order for the BESS equipment was placed in September 2018.

---

## **Progress against Results Measurement Table**

---

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 2016. Results Measurement Table is provided as Appendix B.

## 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. The ADB Mission 20 – 24 November 2017 undertook a compliance review and all covenants are either being complied with or are not yet due. ADB is expected to field a next project review mission for the completion of the Phase I project, if all projects are completed as planned. Tentative time of mission will be in November 2018.

## Changes to Activity Context in the Reporting Period

No change in this quarter.

## Relationship between Implementing Agencies, Beneficiaries and Other Stakeholders

### Pacific Environmental Community (PEC) Procurement

Reporting is being prepared for PEC regarding the solar PV modules acquired under the project. To date, only those modules installed on Phase 1 islands (Mitiaro, Mauke, Atiu and Mangaia) are tested and fully capable of operation. No defects in modules were observed at these sites and testing showed performance characteristics of modules were in line with specifications. No additional activity with regard to PEC occurred during this reporting period, however the PEC fund solar panel allocation has been confirmed as follows:

Solar Panel Recipient	Total Solar Panel Capacity Allocated (kWp)	Total No. of Solar Panels Allocated	Construction Start Date	Construction Completion Date
Mitiaro Island	164.3	620	Aug 2017	April 2018
Mauke Island	234.26	884	Sep 2017	May 2018
Atiu Island	424	1,600	Nov 2017	August 2018
Mangaia Island	482.3	1,820	Jan 2018	August 2018
Aitutaki Island	1,026.61	3,874	Jan 2019	June 2019
<b>TOTAL</b>		<b>8,798</b>		

The panels allocated to the Phase 1 solar sites have been delivered to the respective islands.

The remaining panels identified in the table below were previously considered for installation on Rarotonga. Further discussions are in progress by Government as to the most appropriate distribution.

	<b>Total Solar Panel Capacity Allocated (kWp)</b>	<b>Total No. of Solar Panels Allocated</b>
<b>TOTAL</b>	<b>1,321.29</b>	<b>4,986</b>

### **Co-financing from GEF**

The co-financing from GEF has supported 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 additional financing is included as a firm project in ADB’s country operations business plan, 2016–2018 for the Cook Islands.<sup>3</sup> GEF has funded the contract for the battery energy storage system (BESS) to be installed at the Te Mana Ra Solar PV facility at the Rarotonga Airport for integration into the existing power system infrastructure.

The BESS will be connected to the electricity grid that is managed by Te Aponga Uira (TAU). The BESS will provide flexible response to fluctuating Solar PV output in the TAU network. The main function of BESS is to:

- Minimise the severity and frequency of events that cause low load at the Power Station
- Minimise any curtailment of Solar PV facilities that may be necessary to maintain grid stability

The BESS is a containerised energy storage and power conversion platform, utilising a flexible open architecture communication. The supplied Battery System has a total energy rated capacity of 6.4MW hours at Beginning of Life (BOL) but is expected to de-rate over the 10 year period End of Life (EOL) to 4MW hours.

The initial tender for the BESS was for a 1MW power output. MPower offered a 1.5MW power output at the inverter however this was constrained back to 1MW at the transformer. A variation has now been agreed with MPower to include a larger transformer that allows the Employer to utilize up to 1.35 MW power from the BESS..

### **Co-financing from the Green Climate Fund (GCF)**

The CIRESP Project received additional financing of a US\$12 million grant from the Green Climate Fund (GCF) in December 2016 and ADB’s President approved the GCF grant on 30 October 2017. The GCF grant will be used for the procurement of equipment and materials, civil works, related transportation, insurance, and installation costs for the installation of three additional units of BESS. TAU is the implementing agency for this subproject to be funded by GCF. The grant became effective during this quarter.

The Rarotonga Battery Energy Storage Systems “Power Station” and “Airport South” under Cook Islands Renewable Energy Sector Project (COO46453-002) – Phase 2 (Rarotonga) (BESS) ITB closed on 20 February 2018 with Bid Opening commencing at midday on the same day. Lot 2 (Airport South) was awarded to Vector Ltd in September. Lot 1 (Power Station) is not yet awarded.

## **Updates to Key TTV Activity Management Documents**

---

- \_\_\_\_\_

<sup>3</sup> ADB. 2015. *Country Operations Business Plan: Cook Islands, 2016–2018. Manila.*

The Activity Results Framework is replaced with the Indicative Implementation Plan for this section. The updated Indicative Implementation Plan for the remainder of this project 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 12 Months**

Activity	Responsibility	Target Date/Completed
<b>Completed Q4 2018</b>		
Commissioning: Mauke distribution	PMU/Entura/Infratec	Nov 18
Aitutaki Phase 2 – design submission and review (80%)	PMU/Entura/Powersmart	Nov 18
Performance monitoring of all projects	PMU/Entura/Infratec/MPower/Powersmart/Vector	Ongoing
Review mission and GCF inception mission	ADB/PSG/Entura/PMU	Nov 18
<b>Planned Q1 2019</b>		
Commissioning: GEF BESS	TAU/PMU/MPower/Entura	Feb 19
Aitutaki Phase 2 – Commence construction	PMU/Entura/Powersmart	Feb 19
GCF Lot 2 – design submission	PMU/Entura/Vector	Feb 19
Commence Phase 1 variations (metering and Mangaia power factor correction)	PMU/Entura/Infratec	Feb 19
Performance monitoring of all projects	PMU/Entura/Infratec	Ongoing
Contract award: GCF BESS Lot 1	PMU/Entura	Oct 18
GCF BESS Lot 1– procurement	PMU/Entura	Feb 19
GCF inception report	ADB/PMU/Entura	Jan 19

### Estimated Contract Payments

A preliminary detailed costed workplan was provided in previous quarterly reports but is now considered not to be very useful. There were too many discrepancies between what was implemented and the projected estimated cost. The following Table therefore replaces the costed workplan which provides estimates of contract payments for the next three quarters to March 2019 which has been provided by the contractors.



	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	January to March 2019		April to June 2019		July to September 2019		October to December 2019	
NETCON	NZD	EURO	NZD	EURO	NZD	EURO	NZD	EURO
1. Solar PV								
2. Distribution	\$	0.69		0.52				
3. Civil Contract								
4. BESS (Mpower)								
ENTURA								
4. Consulting Services								
Romani's Designs								
5. Project Management	\$	0.20						
NB: This is an estimated future spend.								
Source: Payment Schedules provided by Contractors								

## Risk management

Key risks identified for the project, including current actions, are identified in Appendix C Risk Matrix Table. The previous primary risk of delays in variations is now reduced (approval to proceed with these variations has been provided, and Mauke distribution grid has been completed). Other delay risks remain, including implementation of these variations, contracting for GCF (Lot 1), and ongoing delays in the commissioning of the GEF BESS.

Some of the requested variations (Street lighting variation for all Phase 1 project sites, maintenance vehicles and additional cable) are on-hold pending budget availability (impacted by the ADB requirement to hold a reserve of the project budget for currency risk – as more disbursements are made as projects reach completion, reserved funds will likely become available).

## 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, Ben Ponia (Chief of Staff, OPM), Tangi Tereapii (Director, REDD), Garth Henderson (Financial Secretary, MFEM), Apii Timoti (CEO, TAU), Michele Aisake (DCD), Tamarii Tutangata (CIIC) and Romani Katoa (PMU), Chris Blanksby (Entura), Cindy Cisneros Tiangco (ADB), Charmaine Dolan (ADB Cook Islands Office). NZHC has yet to appoint a new representative to the PSG.

The Project Manager of the PMU is responsible for the fortnightly PSG meetings. One PSG meeting was held in this quarter, in November, and minutes distributed to all members.

## 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

TANGI TEREAPII

DIRECTOR

---

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

---

***Title / Position***

A handwritten signature in black ink, appearing to be 'S. P.', written over a horizontal line.

6<sup>th</sup> February 2019

---

***Signature***

---

***Date***

# Appendices

---

This report includes the following appendices:

- Appendix A: Progress against Results Framework (table)
- Appendix B: Risk Matrix (table)
- Appendix C: Project specific covenants - as displayed in legal agreements (table)

## Appendix A: 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.

<i>From agreed Results Measurement Table in the Activity Design Document</i>				<i>Data up to and including this reporting period</i>	
Outcomes and outputs	Planned indicators	Planned targets	Planned methodology and data sources	Actual measurement against targets (using indicators)	Actual methodology and data sources
<b>Impact</b> <b>Increased energy security in an environmentally sustainable manner</b>	100% of islands convert energy system from diesel fuel to renewable energy source. (baseline: 0% in 2012)	<b>By 2020</b>	Government Statistics	13 of 15 islands commissioned with renewable energy generation systems	Project completion reports held by REDD
<b>Medium-term outcome</b> <b>Increased access to a higher share of electricity generated by renewable energy sources</b>	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 Project Completion Report	4 Islands complete	Project completion report held by REDD
<b>Short-term outcome</b>					
<b>Output 1.</b> <b>Solar PV power system for four (4) subprojects developed on Mangaia, Mauke, Mitiaro and Atiu islands.</b>	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 Project Completion Report	4 Islands complete	Project completion report held by REDD
<b>Output 2.</b> <b>Solar PV power system for Phase 2 subprojects developed on Aitutaki, and Rarotonga.</b>  <b>Installation of a battery energy storage system (BESS) with a preliminary capacity of the 1.0 MW and 4.0 MWh</b>	Solar PV power system of non-core subprojects (2400kW) connected to the existing power grid on Aitutaki, and Rarotonga islands. (Baseline 0% in 2012)  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>  <b>By end – 2018</b>	Project Progress Reports Project Completion Report	Not yet complete	
<b>Output 3.</b> <b>Institutional and project management capacity strengthened.</b>	Energy efficiency policy implementation plan is developed (2012 baseline 0%)  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%)  The updated CIRECIP which incorporates load demand update, viable renewable technology choice, and least-cost investment plan, developed. (2012 baseline: 0%)  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 Project Completion Report	CIRECIP 2016 update approved and published by CIG	Published CIRECIP 2016 (MFEM website)

## Appendix B: Project Risk Table

ID	Discipline	Category	Risk description	Prior to implementing mitigating actions			Mitigation	After mitigating actions implemented			Risk Status	Risk Trend	Review Date
				Likelihood	Consequence	Risk ranking		Likelihood	Consequence	Risk Ranking			
1	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	2. Minor	L	Only Mauke substations remaining - continue to monitor	C. Possible	2. Minor	L	🔄	↓	1/03/2019
2	Project management	Integration management	Interface issues between scope of different turnkey projects	C. Possible	2. Minor	L	All Phase 1 contracts now sit under single Contractor, with single responsibility including all interfaces.  Phase 2 contracts are largely independent and less affected by this risk	C. Possible	2. Minor	L	🔄	↓	1/03/2019
3	Engineering	Civil	Island clearing works not completed to satisfactory standard. (note: Mangaia site issues now addressed)	C. Possible	2. Minor	L	Aitutaki project is only remaining risk and is a simple site that is largely complete.	D. Unlikely	3. Moderate	L	🔄	↓	1/03/2019
4	Project management	Time management	Phase 1 Project schedule is continually slipping due to a) barge delays b) weather delays c) dispensation to local workers to participate in local events d) optimistic schedule. Likely to push out construction past time to completion.  GEF BESS has slipped considerably and likely will continue.	B. Likely	2. Minor	M	This risk is being borne out, particularly with respect to the distribution contract and GEF BESS. Limited remaining mitigation aside from contractor Liquidated damages	A. Almost Certain	2. Minor	M	🔄	→	1/03/2019
5	Science	Political	Communication difficulties mean different expectations between locals, Employer and Contractor.	B. Likely	2. Minor	M	Continue a diligent approach with REDD or PMU representatives meeting with Island Council regularly and communicating closely with Contractor	C. Possible	2. Minor	L	🔄	→	1/03/2019

6	Science	Political	Local contractors do not have sufficient opportunity to participate in works	C. Possible	3. Moderate	M	Existing Phase 1 contractor has effectively achieved high level of local participation on Phase 1 islands. Same for GEF BESS contractor. Indications are this approach will continue on Aitutaki. Continue to monitor.	D. Unlikely	3. Moderate	L	🔄	↓	1/03/2019
7	Project management	Contract procurement management	Scoping work for distribution rehabilitation not included in ICT process due to schedule constraints	B. Likely	2. Minor	M	Discuss and agree with contractor for minor change orders to complete scope - COMPLETE	C. Possible	2. Minor	L	↙	↓	1/03/2019
8	Science	Political	Manea Games held in October do not have power supply available.	C. Possible	3. Moderate	M	Use of new diesel generator in existing powerhouse for 1 month to address issue - COMPLETE	D. Unlikely	2. Minor	L	↙	↓	1/03/2019
9	Project management	Cost management	Overall project budget approaching limits - possibility to exceed or need to drop planned project.	C. Possible	3. Moderate	M	Continue to assess budget and ensure minimum contingency amount remains. Risk reduced now a number of packages are locked in and Aitutaki tender opening completed. CI Govt allocation of \$2.8M significantly relieves any potential shortfall. Consider allocation of GCF grant.	C. Possible	3. Moderate	M	🔄	↓	1/03/2019
10	Project management	Contract/procurement management	Time taken to process change orders means validity lapses or costs increase.	B. Likely	3. Moderate	H	Key variations now approved. Need to work closely with contractor to avoid any further delays.  3 proposed variations remain for approval	C. Possible	3. Moderate	M	🔄	↓	1/03/2019

11	Engineering	Electrical - Primary	Connection of solar PV hybrid systems to remote grids has unforeseen technical difficulties. Substantially reduced with commissioned projects.	C. Possible	3. Moderate	M	Ensure grid assessment reviews the issues and risks and ensure contractual clauses in place for these eventualities in Turnkey contract. Reduced substantially based on commissioned projects	C. Possible	2. Minor	L	✓	→	1/03/2019
12	Engineering	Renewable energy	Turnkey contractors designs, construction and commissioning have unforeseen difficulties on site. Substantially reduced with commissioned projects.	C. Possible	3. Moderate	M	Ensure sites assessment reviews the issues and risks and ensure contractual clauses in place for these eventualities in contract for Turnkey suppliers	C. Possible	2. Minor	L	🕒	→	1/03/2019
13	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.  Review of Phase 1 projects to date have shown high level of compliance with safeguard requirements.	C. Possible	3. Moderate	M	✓	→	1/03/2019
14	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	L	✓	→	1/03/2019
15	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	🕒	→	1/03/2019
16	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 and financial capacity support in place. POE support implemented progressively as the overall project scope changes.	D. Unlikely	2. Minor	L	🕒	→	1/03/2019
17	Project management	Cost management	<del>GCF grant has no technical support funding allocation.</del>	<del>B. Likely</del>	<del>3. Moderate</del>	<del>H</del>	<del>GEF allocation approved. COMPLETE</del>	<del>D. Unlikely</del>	<del>3. Moderate</del>	<del>L</del>	✓	↓	1/03/2019
18	Technical	Electical	Power BESS sought under GCF is a highly sensitive component that needs to be carefully designed and implemented to achieve desired grid stability. Possible issues may reduce renewable contribution achievable.	C. Possible	3. Moderate	M	Utilise tightly controlled procurement specification and comprehensive technical review during design process.	D. Unlikely	3. Moderate	L	✓	↓	1/03/2019

19	Engineering	Renewable energy	Benefits of BESS rely on continued implementation of larger scale, locally located solar PV	B. Likely	2. Minor	M	TAU continues to work actively with private sector to maintain interest in IPP projects	C. Possible	2. Minor	L	↓	1/03/2019	
20	Engineering	Renewable energy	PEC panels installed beyond their initial guarantee period - warranty claims may be impacted.  Substantially reduced by results of commissioning tests	E. Rare	4. Major	L	Modules from a reputable supplier with 20 year warranty, though initial functional guarantee likely to be compromised. 1/3 panels installed and no issues	E. Rare	4. Major	L	✓	↓	1/03/2019
21	Engineering	Renewable energy	Island load changes substantially (>30%) following installation of projects, resulting in increased diesel consumption.  Biggest risk on Mauke where change in generator site may create safeguards issues.	C. Possible	3. Moderate	M	Maintain tariffs at pre-project levels in real terms. In the event of substantial load changes, consider demand side response opportunities, or installing additional solar on rooftops.  Consider noise buffer at Mauke	E. Rare	3. Moderate	L	×	↑	1/03/2019
22	Project management	Risk management	Operations and maintenance of the projects is critical to their long term success. A comprehensive operations and maintenance plan needs to be implemented or the projects will perform below intended levels	B. Likely	3. Moderate	H	Include spare parts, and O&M training as part of Turnkey contractor scope. IA's to identify relevant competent staff for training and operations. IAs and EA's to develop long term asset management strategy aligned with tariff scheme.	D. Unlikely	3. Moderate	L	×	↑	1/03/2019

**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

**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 C: 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. 2016 and 2017 audit report submitted.	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		Financials

Product	Schedule	Para No.	Description	Remarks/Issues	Type
			authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such 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.  (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

Product	Schedule	Para No.	Description	Remarks/Issues	Type
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 obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.	No subsidiary loan needed.	Others
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:  (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, semi-annually 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;  (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation, or operation of the Project that were not	Being complied with.	Safeguards

Product	Schedule	Para No.	Description	Remarks/Issues	Type
			<p>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</p> <p>(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.</p>		
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 labour standards and the applicable labour 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 labour to work against their will; and (e) not to employ child labour.	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	Being complied with.	Financials

Product	Schedule	Para No.	Description	Remarks/Issues	Type
			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.		
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	Being complied with.	Others

Product	Schedule	Para No.	Description	Remarks/Issues	Type
			Project-related agreements executed between ADB or the Borrower and the Implementing Agencies; and (b) the policies of ADB relevant to the Project.		
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 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.	Being complied with.	Sector
Loan 3193	5	18	The Borrower shall cause the Implementing Agencies to do the following: (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 (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

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

Additionally, the following conditions and covenants are included under the GCF project agreement with TAU:

Product	Schedule	Para No.	Description	Remarks/Issues	Type
Grant: 0548 - Loan 3193	Article II	2	In the carrying out of the project and operation of the project facilities, TAU shall perform all obligations set forth in the Grant Agreement to the extent that they are applicable to TAU	Being complied with.	Others
Grant: 0548 - Loan 3193	Article II	4	a. In the carrying out of the project, TAU shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB	Being complied with.	Others
Grant: 0548 - Loan 3193	Article II	5	b. Except as ADB may otherwise agree, TAU shall procure all items of expenditures to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 4 to the Grant Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance	Being complied with.	Financials



Product	Schedule	Para No.	Description	Remarks/Issues	Type
			with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB		
Grant: 0548 - Loan 3193	Article II	6	TAU shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. TAU shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request	Being complied with.	Others
Grant: 0548 - Loan 3193	Article II	7	TAU shall maintain, or cause to be maintained, records and account adequate to identify the items of expenditure financed out of the proceeds of the Grant, to disclose the use of thereof in the project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.	Being complied with.	Financials
Grant: 0548 - Loan 3193	Article II	8	a. ADB and TAU shall cooperate fully to ensure that the purposes of the Grant will be accomplished	Being complied with.	Others
Grant: 0548 - Loan 3193	Article II	9	b. TAU shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement	Being complied with.	Others

Product	Schedule	Para No.	Description	Remarks/Issues	Type
			or the Subsidiary Gram Agreement, or the accomplishment of the purposes of the Grant		
Grant: 0548 - Loan 3193	Article II	10	c. ADB and TAU shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, TAU and the Grant	Being complied with.	Sector
Grant: 0548 - Loan 3193	Article II	11	a. TAU shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Grant and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds' (iii) The Project' (iv) the administration, operations and financial condition of TAU; and (v) any other matters relating to the purposes of the Grant.	Being complied with.	Other
Grant: 0548 - Loan 3193	Article II	12	b. Without limiting the generality of the foregoing, TAU shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of	Being complied with.	Other

Product	Schedule	Para No.	Description	Remarks/Issues	Type
			activities and expected progress during the following period.		
Grant: 0548 - Loan 3193	Article II	13	c. Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, TAU shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project Agreement and the accomplishment of the purposes of the Grant	Not yet due	Other
Grant: 0548 - Loan 3193	Article II	13	a. TAU shall (i) maintain separate accounts and records for the Project; (ii) Prepare annual financial statements for the Project in accordance with financial reporting standards 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 auditing standards acceptable to ADB; (iv) As part of each such audit, have the auditors prepare a report, which includes the auditors opinion(s) on the financial statements and the use of the Grant proceeds, and a management letter (which sets out the deficiencies in the internal control 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 close of the fiscal year to which they relate, copies	Being complied with	Financials

Product	Schedule	Para No.	Description	Remarks/Issues	Type
			of such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request		
Grant: 0548 - Loan 3193	Article II	14	b. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date at ADB's confirmation of their acceptability by posting them on ADB's website	Not yet due	Financial
Grant: 0548 - Loan 3193	Article II	15	c. In addition to annual audited financial statements referred to in subsection (a) hereinabove, TAU shall (i) provide its annual financial statements prepared in accordance with financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB, (iii) as part of each such audit, have the auditors prepare the auditors' opinion(s) on the financial statements; and (iv) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements and auditors' opinion(s), 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	Not yet due	Financial

<b>Product</b>	<b>Schedule</b>	<b>Para No.</b>	<b>Description</b>	<b>Remarks/Issues</b>	<b>Type</b>
Grant: 0548 - Loan 3193	Article II	16	d. TAU shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and TAU and its financial affairs where they relate to the Project with the auditors appointed by TAU pursuant to subsections (a)(iii) and (c)(ii) 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 discussions shall be conducted only in the presence of an authorized officer of TAU, unless TAU shall otherwise agree.	Not yet due	Financials
Grant: 0548 - Loan 3193	Article II	17	TAU shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents	Being complied with.	Other
Grant: 0548 - Loan 3193	Article II	18	a. TAU shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its operations.	Being complied with.	Other
Grant: 0548 - Loan 3193	Article II	19	b. TAU shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel	Being complied with.	Other

<b>Product</b>	<b>Schedule</b>	<b>Para No.</b>	<b>Description</b>	<b>Remarks/Issues</b>	<b>Type</b>
Grant: 0548 - Loan 3193	Article II	20	c. TAU shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices	Being complied with.	Other
Grant: 0548 - Loan 3193	Article II	21	Except as ADB may otherwise agree, TAU shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement	Being complied with.	Other
Grant: 0548 - Loan 3193	Article II	22	Except as ADB may otherwise agree, TAU shall apply the proceeds of the Grant to the financing of expenditures on the Project in accordance with the provisions of the Grant Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the project.	Being complied with.	Other
Grant: 0548 - Loan 3193	Article II	23	Except as ADB may otherwise agree, TAU shall duly perform all its obligations under the Subsidiary Grant Agreement, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Subsidiary Grant Agreement	Being complied with.	Other

Product	Schedule	Para No.	Description	Remarks/Issues	Type
Grant: 0548 - Loan 3193	Article II	24	TAU shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of the Re Aponga Uira O Tumu-Te-Varovaro Act 1991, the Te Aponga Uira O Tumu-Te-Varovaro Amendment Act 1999, the Cook Islands Investments Corporation Act 1998 or any of TAU's constitutional documents, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. TAU shall afford ADB an adequate opportunity to comment on such proposal prior to taking affirmative action thereon.	Not occurred.	Other