Financing Agreement

(Pacific Resilience Project
under the Pacific Resilience Program)

between

INDEPENDENT STATE OF SAMOA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 11 August, 2015
FINANCING AGREEMENT

AGREEMENT dated 11 August, 2015, entered into between INDEPENDENT STATE OF SAMOA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

WHEREAS: the Participating Countries, the Pacific Islands Forum Secretariat and the Secretariat of the Pacific Community have undertaken to carry out a regional program designed to strengthen climate and disaster resilience in the Participating Countries with financing provided by the Association and other donors.

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to ten million Special Drawing Rights (SDR 10,000,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are January 15 and July 15 in each year.
2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project through its Ministry of Finance in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister responsible for Finance.

6.02. The Recipient’s Address is:

Private Bag
Apia
Samoa

Cable: Telex: Facsimile:
+685 21312

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

INDEVAS
Washington, D.C.

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

AGREED at
first above written.

Apia, Samoa, as of the day and year

INDEPENDENT STATE OF SAMOA

By

Authorized Representative

Name: Tuilaepa Sailele Malielegaoi
Title: Prime Minister, Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Franz R. Drees-Gross
Title: Country Director, EACUF
SCHEDULE 1

Project Description

The objective of the Project is to strengthen early warning, resilient investments and financial protection of the Recipient.

The Project is part of the first phase of the Program, and consists of the following parts:

Part 1: Strengthening Early Warning and Preparedness

(a) Carrying out a program of activities designed to strengthen the institutional and regulatory framework for exchange of data and information critical for the implementation of impact forecast and warning services, including strengthened capacity to ensure the operability of the future systems, and to support Project design and implementation.

(b) Carrying out a program of activities designed to modernize the observation infrastructure, data management systems, forecasting and warning systems.

(c) Carrying out a program of activities designed to improve service delivery by enhancing the existing early warning systems.

Part 2: Risk Reduction and Resilient Investments

(a) Investment planning and preparation

Provision of technical assistance to support the Recipient in the preparation of a multi-sectoral investment program in resilience, including identification of priority future investments and preparation of feasibility studies for such priority investments.

(b) Entry level investments to strengthen climate and disaster resilience

Financing of entry level climate and disaster resilient investments such as retrofitting or refurbishing or rehabilitating of key public assets.

Part 3: Disaster Risk Financing

(a) Contingency Emergency Response

Carrying out a program of activities designed to provide rapid response to disaster, emergency and/or catastrophic events, as needed.
(b) **Premiums Financing**

Financing of part of the Recipient’s Premia for disaster risk financing or transfer products.

(c) **Capacity building for Disaster Risk Financing**

Carrying out a program of activities designed to build the capacity within the Ministry of Finance for development, administration and implementation of disaster risk financing instruments.

**Part 4: Project Management**

Carrying out a program of activities designed to strengthen the Recipient’s capacity for Project Management, coordination, monitoring and evaluation,
Section I. Implementation Arrangements

A. Institutional Arrangements

Regional Level

1. Regional Steering Committee

To ensure proper and efficient participation of the Recipient in the Program, the Recipient shall, in collaboration with SPC, PIFS and the other Participating Countries, take all necessary measures on its part to ensure that the regional steering committee ("Regional Steering Committee") is maintained within PIFS throughout the Project implementation period, with a mandate and adequate resources satisfactory to the Association to be responsible for, \textit{inter alia}, oversight of the Program. To this end, the Recipient shall: (a) appoint the chairperson of the National Steering Committee as its representative at the Regional Steering Committee; and (b) ensure continued participation of said chairperson in all meetings of the Regional Steering Committee.

2. Program Support Unit and Service Agreement

(a) To ensure proper and efficient implementation of the Project, the Recipient shall, in collaboration with SPC, PIFS and the other Participating Countries, take all necessary measures on its part to ensure that the Program Support Unit, is maintained within SPC throughout the Project implementation period, with mandate and adequate resources satisfactory to the Association, to be responsible for, \textit{inter alia}, providing technical, procurement, fiduciary, monitoring and implementation support to the Participating Countries.

(b) To this end, the Recipient shall by not later than four (4) months after the Effective Date, enter into and thereafter maintain, throughout the Project implementation period, a service agreement ("Service Agreement") with the SPC, under terms and conditions acceptable to the Association pursuant to which the SPC, through the PSU, shall provide technical, fiduciary, procurement, monitoring and implementation support to the Recipient.

(c) The Recipient shall exercise its rights under the Service Agreement in such manner as to protect the interests of the Recipient and the Association, and to accomplish the purposes of the Financing, except as the Association
shall otherwise agree in writing, not assign, amend, abrogate or waive the Service Agreement or any provision thereof.

National Level

3. Ministry of Finance

The Recipient shall vest overall coordination responsibility for the Project in its Ministry of Finance. To this end, the Recipient shall ensure that a national coordinator is appointed and maintained, within the Ministry of Finance, throughout Project implementation period to be responsible for coordination of the Project.

4. National Steering Committee

To ensure proper and efficient oversight of the Project, the Recipient shall maintain, throughout the Project implementation period, the National Steering Committee, chaired by the Chief Executive Officer of the Ministry of Finance and composed of, at least, representatives of Ministry of Natural Resources and Environment ("MNRE"), Ministry of Finance, and other selected stakeholders, to be responsible for providing general oversight and policy direction of the Project.

5. Climate Resilience Investment and Coordination Unit

To ensure proper and efficient implementation of Parts 2 and 3 of the Project, the Recipient shall maintain, throughout the Project implementation period, the Climate Resilience Investment and Coordination Unit with resources, terms of reference and qualified and experienced staff in adequate numbers, all satisfactory to the Association to be responsible for day to day implementation of Parts 2 and 3 of the Project. To this end, the Recipient shall ensure that by not later than four months after the Effective Date, an implementation support specialist is appointed and thereafter maintained throughout the Project implementation period.

6. Ministry of Natural Resources and Environment

To ensure proper and efficient implementation of Part 1 of the Project, the Recipient shall vest day to day implementation of Part 1 of the Project in the Ministry of Natural Resources and Environment. To this end, the Recipient shall ensure that MNRE shall, by not later than four months after the Effective Date, appoint and thereafter maintain, throughout the Project implementation period, a Project manager and a procurement specialist, with qualification and experience satisfactory to the Association, to be responsible for, inter alia, day to day implementation and monitoring of Part 1 of the Project.
B. Project Operations Manual

1. The Recipient shall prepare and adopt, by not later than four months after the Effective Date, a Project operations manual ("Project Operations Manual"), setting forth the arrangements and procedures for the implementation of the Project, including: (a) institutional arrangements for day to day execution of the Project; (b) the procurement plan and implementation arrangements; (c) implementation arrangements for the Safeguards Instruments; (d) budgeting, disbursement, and financial management arrangements; and (e) Project monitoring, reporting, and evaluation arrangements.

2. The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual, including any supplements thereto.

3. In the case of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

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

D. Annual Work Plans

1. The Recipient shall prepare and furnish to the Association not later than September 30 of each year (beginning from September 30, 2015) during the implementation of the Project (or such later date as the Association may agree) for the Association’s no-objection, and Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures proposed to be included in the Project in the following calendar year, 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.F of this Schedule.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plan and Budget accepted by the Association for the respective calendar year; provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plan and Budget without prior no-objection in writing.
E. **Contingent Emergency Response under Part 3(a) of the Project**

To ensure proper and efficient implementation of Part 3(a) of the Project, the Recipient shall, prior to financing any activities under Part 3(a) of the Project:

(a) make a declaration that an Eligible Crisis or Emergency has occurred, and obtain the Association’s written agreement with such determination; (b) establish adequate implementation arrangements, satisfactory to the Association, including staff and resources for implementation of said activities; and (c) prepare and disclose all safeguards instruments required under the ESMF for said activities, if any, and implement any actions which are required to be taken under said instruments, in accordance with the provisions of Section 1.F of Schedule 2 to this Agreement.

F. **Safeguards.**

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments.

2. If any activities under the Project, would, pursuant to the Environmental and Social Management Framework ("ESMF"), require the preparation of an Environmental and Social Management Plan ("ESMP"), the Recipient shall ensure that no such activities shall be implemented unless and until such ESMP is prepared in accordance with the ESMF and furnished to the Association for review and approved by the Association, and is disclosed as required by the ESMF.

3. If a Resettlement Action Plan ("RAP") would be required for any Project activities on the basis of the Resettlement Policy Framework ("RPF"), the Recipient shall ensure that: (a) said RAP has been prepared in accordance with the requirements of the RPF, furnished to the Association for approval, and disclosed locally; and (b) no such activities shall commence until: (i) all measures required to be taken under said RAP prior to the commencing of said activities have been taken; (ii) a report, in form and substance satisfactory to the Association, on the status of compliance with the requirement of said RAP has been prepared and furnished to the Association; and (iii) the Association has confirmed that said activities may be commenced.

4. The Recipient shall ensure that:

(a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Association’s environmental and social safeguards policies and requirements; and
in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and requirements.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the Safeguards Instruments; and (b) prepare and furnish to the Association, 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 such Safeguards Instruments;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguards Instruments; and

(iii) remedial measures taken or required to be taken to address such conditions.

6. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 5 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 Safeguards Instruments.

7. In the event of a conflict between the provisions of any of the Safeguard Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient 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 set forth in the Project Operations Manual and acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. Mid-term Review

The Recipient shall: (a) not later than December 31, 2017 (or such other date as the Association may agree), carry out a mid-term review of the Project and, prepare and furnish to the Association a mid-term report, in such detail as the Association
shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the Association’s views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project (excluding Part 3(b) of the Project) covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period. For the purposes of this Section, Financial Statements shall not include proceeds of the Financing for Part 3(b) of the Project.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project (excluding Part 3(b) of the Project) and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project (excluding Part 3(b) of the Project) and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or
referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to additional procedures as set out in the Attachment to Schedule 2 below; (b) Shopping; and (c) Direct Contracting.

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Incremental Operating Costs and Training for the Project (excluding Part 3(a) and (b))</td>
<td>8,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Premia for Part 3(b) of the Project</td>
<td>1,090,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants’ services under Part 3(a) of the Project</td>
<td>360,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>10,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Payment of Premia to Association. Notwithstanding the provisions of Section IV.A.1 of this Schedule 2 to this Agreement, on or before the effective date of any
IDA Risk Transfer Agreement between the Association and the Recipient in respect of a disaster risk financing or transfer product under Part 3(b) of the Project, provided by the Association at the Recipient’s request and for which the Recipient has requested that the premium be paid out of the proceeds of the Grant, the Association shall, on behalf of the Recipient, withdraw from the Financing Account and pay to itself the amounts required to pay any such premium up to the amount allocated from time to time for that purpose in Category (2) in the table above.

2. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   
   (a) for payments made prior to the date of this Agreement; or
   
   (b) under Category (3) until the Recipient has: (i) declared that an Eligible Crisis or Emergency has occurred, and the Association has agreed in writing and complied with all requirements set forth in Section I.E of this Schedule 2.

2. The Closing Date is November 30, 2020.

Section V. Other Undertakings

Counterpart Funds

For purposes of Section 4.03 of the General Conditions, the Recipient shall:

1. throughout the Project implementation period, allocate adequate funds, on an annual basis, to cover the operation and maintenance costs of the multi-hazard early warning systems in amounts which the Association agrees are adequate for said purpose.

2. provide its counterpart funding in the amount of not less than forty thousand Dollars ($40,000) for the period commencing November 2015, fifty thousand Dollars ($50,000) for the period commencing November 2016, and sixty thousand Dollars ($60,000) for the period commencing November 2017, such funds to partially finance the Premia under Part 3(b) of the Project.
Attachment
to
SCHEDULE 2

Additional Procedures for National Competitive Bidding

The procurement procedure to be followed for National Competitive Bidding shall be the Open Competitive Bidding procedure (public tendering) set forth in the Guidelines for Government Procurement and Contracting: Goods and Works (GWG), dated 2014, provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

Eligibility

1. Eligibility to participate in a procurement process for and to be awarded a Association financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. No domestic preference shall be granted in bid evaluation on the basis of bidder’s nationality, origin of goods or services, and/or preferential programs.

Advertising; time for bid preparation

2. Invitations to bid shall be advertised in at least one newspaper of national circulation or the official gazette, or on a widely used website or electronic portal with free national and international access. Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids.

Standard bidding documents

3. Bidding documents acceptable to the Association shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

Registration of contractors

4. Registration shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Recipient, prior to contract signing.
Bid Submission, Bid Opening and Bid Evaluation

5. Bidders may submit bids, at their option, either in person or by courier service or by mail. All bidding for goods and works shall be carried out through a one-envelope procedure. Bids shall be opened in public, immediately after the deadline for submission of bids. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

6. Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.

7. In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post qualification, applying the qualification criteria stated in the bidding documents.

8. No bids shall be rejected on the basis of comparison with the cost estimates without the Association’s prior written concurrence.

Rejection of All Bids and Re-bidding

9. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association’s prior written concurrence.

Currency of bid and currency of payment

10. The bidder may express the bid in the currency set forth in the bidding documents. The payment of the contract price shall be made in the currency or currencies of bid.
Fraud and Corruption

11. The bidding document and contract as deemed acceptable by the Association shall include provisions stating the Association's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

Inspection and Audit Rights

12. In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

Contract Modifications

13. With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.
APPENDIX

Section I. Definitions

1. "Affected Persons" means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and "Affected Persons" means more than one Affected Person.

2. "Annual Work Plan and Budget" means each annual work plan, together with the related budget and updated procurement plan, for the Project accepted by the Association pursuant to the provisions of Section I.D of Schedule 2 to this Agreement; as the said plan and budget may be modified from time to time with the prior written no-objection of the Association.


4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Climate Resilience Investment and Coordination Unit" means the unit established within the Ministry of Finance, responsible for climate resilience matters.


7. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

8. "Environmental and Social Management Framework" or "ESMF" means the framework dated February 2015, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental and social impacts of activities implemented under the Project, if any, offset them, reduce them, or enhance positive impacts, as well as guidelines and procedures for the preparation and disclosure of Additional
Environmental Management Plans, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such framework.

9. “Environmental and Social Management Plan” means a plan, to be prepared by the Recipient pursuant to Section I.F.2 of Schedule 2 to this Agreement and agreed with the Association in accordance with the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of Project activities, offset them, reduce them, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan; and “Environmental Management Plans” means more than one such plan.

10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

11. “Incremental Operating Costs” means incremental recurrent expenditures incurred on account of Project implementation and as set forth in the Annual Work Plans and Budget, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service.

12. “Ministry of Finance” means the Recipient’s ministry responsible for Finance, or any successor thereto.

13. “Ministry of Natural Resources and Environment” or “MNRE” means the Recipient’s Ministry responsible for natural resources and environment, or any successor thereto.

14. “National Steering Committee” means the climate resilience steering committee established in 2012 under the Enhancing the Climate Resilience of Coastal Resources and Communities Project.

15. “Participating Countries” means the Recipient, the Republic of Vanuatu, the Republic of the Marshall Islands and the Kingdom of Tonga, and any other countries that may join the Program.
16. "PIFS" or "Pacific Islands Forum Secretariat" means the inter-governmental organization established in 1971 pursuant to the Agreement Establishing the Pacific Islands Forum.

17. "Premia" means such amounts as may be payable by the Recipient to the World Bank from time to time in consideration for the entry into a Risk Transfer Agreement.


19. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 21, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. "Program" means the Pacific Resilience Program (PREP), which is a ‘Series of Projects,’ to be financed by the Association and other donors, designed to strengthen early warning, resilient investments and financial protection of Participating Countries.

21. "Program Support Unit" or "PSU" means the support unit to be established within SPC to be responsible for, *inter alia*, providing implementation support to the Recipient.

22. "Regional Steering Committee" means the committee to be established within the PIFS, comprising representatives of PIFS and SPC, and of chairpersons for the respective national steering committees of the Participating Countries, and responsible for providing oversight of the Program.

23. "Resettlement Action Plan" or "RAP" means a plan to be prepared by the Recipient pursuant to Section I.F.3 of Schedule 2 to this Agreement, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and related assets under the Project, compensation, resettlement, and rehabilitation of Affected Persons, prepared in accordance with the provisions of the Resettlement Policy Framework, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such plan.

24. "Resettlement Policy Framework" or "RPF" means the Recipient’s framework, dated February 2015, and included in Annex E to the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and related assets under the Project, if any, compensation, resettlement, and rehabilitation of Affected Persons,
as well as guidelines and procedures for the preparation of Resettlement Action Plans, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

25. “Safeguard Instruments” means the ESMF, RPF, any ESMPs and any RAPs.

26. “Secretariat of the Pacific Community” or “SPC” means inter-governmental organization established pursuant to the Canberra Agreement of 1947 (establishing the South Pacific Commission, as the Recipient was previously called).

27. “Training” means the reasonable costs of goods and services required for the participation of personnel involved in training and educational activities, workshops and study tours under the Project as set forth in the respective Annual Work Plan and Budget, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training or education course, workshop or study tour preparation and implementation, but excluding fees of consultants.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 6.02 (b) and (g) of the General Conditions is modified to read as follows:

“(b) Performance Failure.

(i) The Recipient has failed to perform any other obligation under the Financing Agreement, any Derivatives Agreement or any IDA Risk Transfer Agreement.

(ii) The Project Implementing Entity has failed to perform any obligation under the Project Agreement.”

“(g) Misrepresentation. A representation made by the Recipient in or pursuant to the Financing Agreement, a Derivatives Agreement, an IDA Risk Transfer Agreement or any representation or statement furnished by the Recipient and intended to be relied upon by the Association in making the Financing or executing a transaction under a Derivatives Agreement or an IDA Risk Transfer Agreement, was incorrect in any material respect.”

2. Section 6.06 (b) of the General Conditions is modified to read as follows:
“(b) Performance Default.

(i) A default has occurred in the performance by the Recipient of any other obligation under the Financing Agreement, any Derivatives Agreement or any IDA Risk Transfer Agreement and such default continues for a period of sixty days after the notice of such default has been given by the Association to the Recipient.

(ii) A default has occurred in the performance by the Project Implementing Entity of any obligation under the Project Agreement and such default continues for a period of sixty days after the notice of such default has been given by the Association to the Project Implementing Entity and the Recipient.”

3. The following new definitions are inserted in the Appendix to the General Conditions as paragraphs 61 63:

“61. “Derivatives Agreement” means any derivatives agreement entered into between the Recipient and the Association for the purpose of documenting and confirming one or more derivatives transactions between the Recipient and the Association, as such agreement may be amended from time to time. Derivatives Agreement includes all schedules, annexes and agreements supplemental to the Derivatives Agreement.

62. “IDA Risk Transfer Agreement” means a Risk Transfer Agreement entered into between the Recipient and the Association.

63. “Risk Transfer Agreement” means any contingent disaster risk financing or transfer agreement (including, without limitation, Derivatives Agreements, insurance contracts or similar instruments) entered into between the Recipient and the Association [or any third party] for the purpose of hedging the Recipient’s exposure to natural disaster risks.”