Financing Agreement

(Amending and Restating the Original Financing Agreement)
(Pacific Aviation Investment Program-
Kiribati Aviation Investment Project)

between

REPUBLIC OF KIRIBATI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 6th April, 2016
FINANCING AGREEMENT

AGREEMENT dated , 2016, entered into between REPUBLIC OF KIRIBATI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(A) under an agreement dated December 14, 2011 as amended to date, between the Recipient and the Association ("Original Financing Agreement"), the Association agreed to provide the Recipient with a grant (H742-KI) in an amount equivalent to fourteen million five hundred thousand Special Drawing Rights (SDR 14,500,000) to assist in financing the project described in Schedule 1 to the Original Financing Agreement ("Original Project");

(B) under an agreement dated August 23, 2011 as amended to date, between the Recipient and the International Bank for Reconstruction and Development and the Association (collectively, "World Bank"), acting as administrator of grant funds provided under the Pacific Region Infrastructure Facility multi-donor trust fund ("PRIF Grant Agreement"), the World Bank agreed to provide the Recipient with a grant (TF012678) in an amount of two hundred eighty thousand Dollars (US$280,000) ("Original PRIF Grant") to assist in financing activities related to the Original Project;

(C) the Recipient has requested the Association to provide additional financing in support of activities related to the Original Project, by providing a grant in an amount equivalent to five million two hundred thousand Special Drawing Rights (SDR 5,200,000);

(D) the Recipient has also requested the World Bank, acting as administrator of the grant funds provided under the Pacific Region Infrastructure Facility ("PRIF") multi-donor trust fund, to provide an additional PRIF grant in the amount of five million three hundred fifty thousand Dollars (US$5,350,000) ("Additional PRIF Grant") to assist in financing the Original Project; and

(E) the Association has agreed, on the basis, inter alia, of the foregoing, to extend such additional financing to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement as of the Effective Date of this Agreement, to
read as one consolidated text constituting this Agreement and enter into effect as of the Effective Date.

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, an amount equivalent to nineteen million, seven hundred thousand Special Drawing Rights (SDR 19,700,000) ("Financing"), which consists of:

(a) a grant (H742-KI) in an amount equivalent to fourteen million five hundred thousand Special Drawing Rights (SDR 14,500,000) ("Original Grant"); and

(b) a grant in an amount equivalent to five million, two hundred thousand Special Drawing Rights (SDR 5,200,000) ("Additional Grant");

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 February 15 and August 15 in each year.

2.05. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall:

(a) through the Line Ministries, carry out Parts B (a) through (c) and D of the Project (as it applies to the Line Ministries); and

(b) through MCTTD with the assistance of the TSFU, carry out all the other Parts of the Project;

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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that, the Service Agreement has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

ARTICLE V— EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following:

(a) the Recipient has provided evidence satisfactory to the Association that it has honored its payment obligations to TAL, in accordance with the provisions of the Original Financing Agreement; and

(b) the amendment letter to the PRIF Grant Agreement providing for the Additional PRIF Grant has been executed on behalf of the Recipient and the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
5.03. 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 the Minister of Finance and Economic Development.

6.02. The Recipient’s Address is:

Ministry of Finance and Economic Development
P.O. Box 67
Bairiki,
Tarawa

Facsimile: (686) 21307

6.03. The Association’s Address is:

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

Telex: 248423 (MCI) Facsimile: 1-202-477-6391
AGREED at Tarawa, Kiribati, as of the 6th April 2016.

REPUBLIC OF KIRIBATI

By

Authorized Representative

Name: Dr. Teuea Toatu
Title: Hon. Minister
Finance & Economic Development

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: FRANZ R. DREES-GROSS
Title: COUNTRY DIRECTOR, EACNF
SCHEDULE 1

Project Description

The objective of the Project is to improve operational safety and oversight of the international air transport infrastructure and associated infrastructure.

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

Part A: International Airport Infrastructure Investments

Carrying out of aviation infrastructure investments at Cassidy and Bonriki airports including *inter alia*:

(a) (i) replacement of the terminal at Cassidy airport; and (ii) improvements to the terminal at Bonriki airport;

(b) construction of fire tender vehicle shelter and maintenance equipment building at Cassidy airport;

(c) resealing the road from London to the Cassidy airport to maintain access;

(d) installation of new navigation aids, automatic weather monitoring, safety and security equipment at the Cassidy and Bonriki airports;

(e) provision of airfield maintenance equipment at Cassidy and Bonriki airports;

(f) upgrading of the Cassidy airport runway lights and improved approach lights for Bonriki airport;

(g) provision of air traffic control equipment;

(h) provision of fire safety equipment;

(i) enhancing the power supply for Cassidy airport and the surrounding village and provision of a standby generator for Bonriki airport;

(j) conducting a survey of obstacles infringing on the Cassidy and Bonriki airports;
(k) provision of the Pacific Aviation Safety Network at Cassidy and Bonriki airports;

(l) construction of a security fence for the Bonriki airport;

(m) completion of the seawall being constructed at the Bonriki airport, minor repairs of airport infrastructure and construction of facilities for the Bonriki village; and

(n) provision of the design and supervision consulting services required for implementation of the infrastructure investments.

Part B: Sector Reform and Training

Provision of technical assistance to MCTTD and the Line Ministries, for inter alia:

(a) strengthening capabilities for aviation sector management, policy, safety and security oversight;

(b) development and implementation of civil aviation technical regulations and manuals;

(c) preparation and adoption of an air Transport Master Plan with measures for airport security strengthening (through the preparation of proposed amendments to the penal code and implementation of a public awareness campaign), projections for air traffic demand, identification of sources of revenue, public service obligations and gap financing, as well as identification and prioritization of domestic airstrip needs, and preparation of a policy road map for separating the roles of regulator and airport operator;

(d) training on aviation policy, management and operations;

(e) carrying out of a baseline audit of the safety and security at Cassidy and Bonriki Airports and review progress in the implementation of the ICAO Corrective Action Plan by the Recipient; and

(f) carrying out of safety and security oversight audits.
Part C: Strengthening Airport Operations and Management Capacity

(a) Provision of technical assistance: (i) to MCTTD, to establish an independent public entity for the management and operation of the Recipient’s airports; and (ii) for the operations of the entity to be established as per (a)(i) above.

(b) Provision of technical assistance for the: (i) first year of the Management Contract of the Bonriki and Cassidy airports; and (ii) second year of the Management Contract of the Bonriki and Cassidy airports.

Part D: Project Support

Provision of technical, advisory and administrative support to MCTTD, Line Ministries, KFSU and the TFSU, and provision of office space and equipment, services of financial auditors and annual subscriptions for the operation of the Pacific Aviation Safety Network during Project implementation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall, throughout the Project implementation period, maintain its participation and membership in the Program Steering Committee.

2. The Recipient shall, throughout the Project implementation period, maintain the National Steering Committee with powers and composition satisfactory to the Association which shall include inter alia, responsibilities to ensure that the Project is consistent with the national goals and objectives of the Recipient for its aviation sector, as well as making recommendations regarding the resolution of Project-related implementation issues and proposing remedial actions.

3. The Recipient shall, throughout the project implementation period, maintain the Regional Procurement Evaluation Committee with powers and composition satisfactory to the Association.

4. The Recipient shall, throughout the project implementation period, maintain the Project Support Team with powers and composition satisfactory to the Association.

B. Service Agreement

1. The Recipient shall, throughout the Project implementation period, remain a party to a service agreement with TAL under terms and conditions which shall have been approved by the Association including inter alia:

   (a) TAL’s obligation to provide to the Recipient technical, fiduciary and safeguards monitoring support during the period of implementation of the Project including preparation and evaluation of bids with the assistance of the Regional Procurement Evaluation Committee;

   (b) the parties obligations to establish and thereafter maintain the Program Steering Committee, the National Steering Committee and the Regional Procurement Evaluation Committee with powers and composition satisfactory to the Association, as set forth in such agreement; and

   (c) the Recipient’s obligation to pay its share of the TFSU Costs in the amounts provided in the Service Agreement out of the proceeds of the Grant;
all in accordance with the provisions of this Agreement.

2. 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, and except as the Association shall otherwise agree in writing, not assign, amend, abrogate or waive the Service Agreement or any provision thereof.

C. Operations Manual

1. The Recipient shall, throughout the project implementation period, maintain and carry out the Project in accordance with, the Operations Manual.

2. The Recipient shall not amend, abrogate or waive any provision of the Operations Manual without the prior written agreement of the Association. In case of any discrepancies between the provisions of the Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Safeguards

1. The Recipient shall carry out the Project in accordance with the provisions of the Environmental Management Plan (“EMP”), the Resettlement Policy Framework (“RPF”) and any Resettlement Action Plans (“RAP(s)”).

2. Whenever a RAP shall be required for any proposed Project activity in accordance with the provisions of the RPF, the Recipient shall ensure that:

   (a) prior to the commencement of such activity, such RAP is: (i) prepared in accordance with the provisions of the RPF; (ii) furnished to the Association for review and no-objection; and (iii) thereafter adopted and disclosed as accepted by the Association, in a manner satisfactory to the Association; and

   (b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such RAP.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMP, the RPF or any RAPs, unless the Association has provided its prior no-objection thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. The Recipient shall ensure that any studies and technical assistance activities to be supported by the Project are carried out under terms of reference satisfactory to the
Association and are consistent with, and pay due attention to, the EMP, the RPF and the Association’s environmental and social safeguard policies.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a six-monthly basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the EMP, the RPF and any RAPs, giving details of:

(a) measures taken in accordance with the said instruments;
(b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and
(c) remedial measures taken or required to be taken to address such conditions.

6. In the event of any conflict between the provisions of any of the EMP, the RPF or the RAPs, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

E. Anti-Corruption

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

F. Other Covenants

The Recipient shall, throughout the Project implementation period, ensure that:

(a) At least a five Australian Dollars (AU$5) equivalent levy shall be collected from departing international air passengers for use to pay aviation safety and security expenditures incurred by the Recipient;
(b) revenues from user fees charged from airplanes using the Recipient’s upper airspace are applied to finance aviation safety and security expenditures;
(c) departure taxes are collected through airlines operating in the Recipient’s territory; and
(d) at least 50% of the Recipient’s aviation revenues are allocated towards aviation safety and security and operations.
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 acceptable to the Association and set forth in the Operations Manual. 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.

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.  Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, 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 and include inter alia a special examination of the internal controls and compliance with the agreed-upon procurement procedures. The audited Financial Statements of the Project for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III.  Procurement

A.  General

1.  Goods, Works and Non-consulting Services.  All goods, works and non-consulting services required for 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 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) Shopping; (b) Direct Contracting; and (c) Force Account.

**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) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) 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 Financing 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 Original Grant Allocated (expressed in SDR)</th>
<th>Amount of the Additional Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, Training, Operating Costs, TFSU Costs and consultants services for all Parts of the Project other than for Parts B (i) and C (a) (ii) thereof (pro memoria)</td>
<td>3,704,033.29</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, Training, Operating Costs, and consultants services for the Project (except Parts A(a) and C(b)(ii) of the Project)</td>
<td>8,545,966.71</td>
<td>3,800,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
(3) Works for Part A(a)(i) of the Project

|          | 0     | 0     | 100% |

(4) Works for Part A(a)(ii) of the Project

|          | 1,379,000 | 740,000 | 100% |

(5) Consultants services for Part C(b)(ii) of the Project

|          | 871,000 | 0     | 100% |

(6) TFSU Costs

|          | 0     | 660,000 | 100% |

TOTAL AMOUNT

|          | 14,500,000 | 5,200,000 |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal from the Financing shall be made for payments:

   (a) made prior: (i) to the date of the Original Financing Agreement with respect to amounts of the Original Grant; and (ii) made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed two hundred fifty thousand Special Drawing Rights (SDR 250,000) may be made for payments made prior to this date but on or after January 1, 2016, for Eligible Expenditures under Category (6);

   (b) under Category (4) unless and until the Recipient has confirmed to the Association that all TFSU Costs incurred in calendar year 2016 have been paid in accordance with the Service Agreement; and

   (c) under Category (5) unless and until the Recipient has confirmed to the Association that all TFSU Costs incurred in calendar year 2017 have been paid in accordance with the Service Agreement.

2. The Closing Date is December 31, 2018.
Section V. **Other Undertakings**

A. Without limitation upon the provisions of Section 5.01(a) of this Agreement, the Recipient shall, throughout the Project implementation period, ensure that TFSU Costs are paid in accordance with the terms of the Service Agreement.
APPENDIX

Section I. Definitions

1. “Additional PRIF Grant” means an amount of five million, three hundred fifty thousand Dollars ($5,350,000) provided by various donors under PRIF to assist in financing the Project and to be provided to the Recipient under an amendment to the PRIF Grant Agreement.

2. “Affected Persons” means persons in the Recipient’s territory who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by the involuntary taking of land, resulting in: (i) loss of assets or access to assets; or (ii) loss of income sources or means of livelihood, whether or not such persons must move to another location resulting in adverse impacts on the livelihood of such persons; and “Affected Person” means any of such Affected Persons.


4. “AU$” means Australian Dollars, the lawful currency of Australia.

5. “Category” means the categories set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “Consultant Guidelines” means: (a) except as provided in subparagraph (b) below, “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised in July 2014; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Financing, and for which the invitation to bid was issued prior to the date of this Grant Agreement, “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated January 2011.

7. “Environmental Management Plan” or “EMP” means the Environmental Management Plan, dated July 11, 2011, which sets out, with respect to the Project, mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to be implemented in the Recipient’s territory to eliminate any adverse environmental impacts of activities to be implemented, offset them, or reduce them to acceptable levels, or enhance positive impacts; as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan.

9. "ICAO" means International Civil Aviation Organization, the organization established pursuant to the Chicago Convention on International Civil Aviation signed on December 7, 1944, which was ratified by the Recipient on April 14, 1981, and which entered into force on May 14, 1981; or any successor thereto.

10. "ICAO Corrective Action Plan" means the action plan prepared by the Recipient to address deficiencies identified through audits carried out by ICAO under its safety and security oversight program.

11. "Kiribati Fiduciary Services Unit" and the acronym "KFSU" means the fiduciary services unit within the Recipient’s Ministry of Finance and Economic Development, or any successor thereto.

12. "Line Ministries" means the Recipient’s Ministries of Finance and Economic Development, Public Works and Utilities, Environment, Land and Agricultural Development, Line and Phoenix Development or any successors thereto, and any other of the Recipient’s ministries that may be proposed by the Recipient and agreed to by the Association for purposes of implementing and/or benefiting from the activities referred to in Part B (a) through (c) and D of the Project.

13. "Management Contract" means the key agreement to be entered into between the Recipient, through the MCTTD and a management consultant to be selected in accordance with Section III of Schedule 2 to this Agreement, under which, the management consultant will be appointed to manage and operate Bonriki International Airport and Cassidy International Airport.


15. "National Steering Committee" means the committee referred to in Section I.A.(2) of Schedule 2 to this Agreement.

16. "Operating Costs" means incremental expenses incurred by the Recipient (other than TFSU Operating Costs) on account of the implementation, management, and monitoring and evaluation of the Project, based on the annual budgets approved by the Association, including rental of office space, bank charges, communications, utilities, stationery, vehicle operation, maintenance, and insurance, transportation costs, and accommodations and allowances of MCTTD’s and the Line Ministries’ staff, but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of the Recipient’s civil servants.
17. "Operations Manual" means the operations manual referred to in Section I.C.1 of Schedule 2 to this Agreement.

18. "Original Grant" has the meaning ascribed to this term in Article 2.01(a) of this Agreement.

19. "Original Financing Agreement" has the meaning ascribed to this term in the preamble to this Agreement.

20. "Original PRIF Grant" has the meaning ascribed to this term in the preamble to this Agreement.

21. "Original Project" has the meaning ascribed to this term in the preamble to this Agreement.

22. "Pacific Aviation Safety Network" means a satellite based communications network providing a secure communication link between airports, civil aviation authorities and airlines in the Pacific region.

23. "PASO" means Pacific Aviation Safety Office, the office established under the terms of the Pacific Islands Civil Aviation Safety and Security Treaty (PICASST), which was ratified by the Recipient on May 2, 2006, or any successor thereto.

24. "PRIF" means Pacific Region Infrastructure Facility, a trust fund currently administered by the Association.

25. "PRIF Grant Agreement" has the meaning ascribed to this term in the preamble to this Agreement.

26. "Procurement Guidelines" means: (a) except as provided in subparagraph (b) below, the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised in July 2014; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Financing, and for which the invitation to bid was issued prior to the date of this Grant Agreement, "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank dated January 2011.

27. "Procurement Plan" means the Recipient’s procurement plan for the Project, December 17, 2015 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

28. "Program" means the regional aviation program that is carried out by the Program Countries.
29. "Program Countries" means the Recipient, Tonga, Tuvalu, Samoa, Vanuatu and other Pacific States which may participate in the Program.

30. "Program Steering Committee" means the committee established at the regional level by the Program Countries with responsibility for overall Program direction and oversight, and referred to in Section I.A.1 of Schedule 2 to this Agreement.

31. "Project Support Team" means the team referred to in Section I.A. (4) of Schedule 2 to this Agreement.

32. "Regional Procurement Evaluation Committee" means the referred to in Section I.A. (3) of Schedule 2 to this Agreement.

33. "Resettlement Action Plan" or "RAP" means any plan prepared in accordance with the RPF and approved by the Association as the same may be revised from time to time with the prior written agreement of the Association.

34. "Resettlement Policy Framework" or "RPF" means the Resettlement Policy Framework dated July 11, 2011, which sets out the principles and procedures: (a) to address impacts to land and other assets and the compensation of Affected Persons on account of such impacts during the execution of the Project; and (b) for preparation of Resettlement Plans as per the RPF, as well as the monitoring and reporting arrangements to ensure compliance with said framework and plans, as the same may be revised from time to time with the prior written agreement of the Association.

35. "Samoa" means the Independent State of Samoa.

36. "Service Agreement" means the agreement dated October 8, 2015 and referred to in Section I.B.1 of Schedule 2 to this Agreement, between the Recipient and TAL as revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such agreement.


38. "Technical and Fiduciary Services Unit" or "TFSU" means the unit to be established in TAL for regional coordination and Project implementation as per the terms of the agreement to be entered into between TAL and the Association under the Program.

39. "TFSU Costs" means: (a) the costs of TFSU consulting services provided for specific activities related to the Project, payable in accordance with the provisions of the Service Agreement; and (b) the applicable TFSU Operating Costs.
40. "TFSU Operating Costs" means incremental expenses incurred by TAL through the TFSU on account of the delivery of services under the Service Agreement and the service agreements between TAL and each of the other Program Countries, based on the annual budgets approved by the Association, including rental of office space, bank charges, communications, utilities, stationery, vehicle operation, maintenance, and insurance, transportation costs, and accommodations and allowances of TAL’s staff, but excluding salaries, fees, honoraria, bonuses, and any other salary supplements.

41. "Tonga" means the Kingdom of Tonga.

42. "Training" means the reasonable costs of training under the Project, based on the annual budgets approved by the Association, and attributable to seminars, workshops, and study tours, along with domestic and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

43. "Vanuatu" means the Republic of Vanuatu.