Global Environment Facility
Grant Agreement

(Amending and Restating the Original Grant Agreement)
(Sustainable Energy Financing Program)

between

REPUBLIC OF FIJI

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

(acting as an Implementing Agency of the Global Environment Facility)

Dated 04th July, 2014
AMENDED AND RESTATE
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT, dated __________, 2014, entered into between
REPUBLIC OF FIJI (“Recipient”) and INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an
implementing agency of the Global Environment Facility (“GEF”).

WHEREAS:

(A) Under a Global Environment Facility grant agreement, dated July 9, 2007,
between the Recipient and the World Bank (“Original Grant Agreement”),
the World Bank agreed to provide the Recipient with a grant in the amount of
Two Million Five Hundred Fifty Two Thousand Dollars ($2,552,000) to
assist in financing the Project as defined in Schedule 1 to the Original Grant
Agreement (“Original Project”);

(B) The Recipient and the World Bank amended the Original Grant Agreement

NOW THEREFORE the Recipient and the World Bank hereby agree to
amend and restate the Original Grant 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
Standard Conditions; Definitions; Transitional Provisions; Recitals

1.01. The Standard Conditions 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 Standard Conditions or
in this Agreement.

1.03. Except as provided in paragraph 1.04, the Current Guidelines shall apply to
all contracts for goods, works, and services under the Project, whether
entered into before or after the date of this Agreement.

1.04. Where, in the case of contracts for which the invitation to bid or request for
expressions of interest was issued prior to the date of this Agreement, the
relevant contracts do not provide for the application of the Current Guidelines
or otherwise allow for such application, the applicable guidelines shall be
those which applied immediately prior to the date of this Agreement.
1.05. The multi-party Sustainable Energy Financing Program (the "Program") is described in Schedule 1 to this Agreement. The recitals set out below describe the role of the Recipient and the roles of the other participants in the Program not party to this Agreement:

(a) The Program will promote (i) the financing of Sustainable Energy and energy efficiency in the Recipient’s territory and (ii) knowledge sharing and capacity building for Sustainable Energy and energy efficiency in the Participating Pacific Island States.

(b) Pursuant to this Agreement, the World Bank, acting as implementing agency of the GEF, will make available financing to the Recipient for: (i) the identification of Sustainable Energy technology investments through Approved Product Catalogs and Approved Business Plans; (ii) the identification of Participating Financial Institutions and the development of terms and conditions for Covered Loan pursuant to which such Participating Financial Institutions may lend to individuals and small enterprise Borrowers for such Sustainable Energy investments with partial risk coverage from the Program’s Risk Sharing Fund; (iii) the provision of technical support to users of such Sustainable Energy technology investments; (iv) timely monitoring and evaluation of participating Borrowers in both the use of Sustainable Energy technologies and Covered Loan repayment history; and (v) knowledge sharing and capacity building in Participating Pacific Island States.

(c) Pursuant to an agreement entered into between the World Bank and the Fund Manager dated August 17, 2007, as amended to the date of this Agreement, and pursuant to agreements entered into, or to be entered into, between the Fund Manager and each Participating Financial Institution, the Fund Manager has established the Risk Sharing Fund to issue partial credit guarantees to Participating Financial Institutions for the repayment of an agreed percentage of each Covered Loan made by the Participating Financial Institution to a participating Borrower for an investment in a Sustainable Energy technology and/or technology-related business plan.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the Program described in Schedule 1 to this Agreement. To this end, the Recipient shall carry out Parts 1(b), 2, and 3 of the Program (the "Project") through the Executive Agency in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III**  
**The Grant**

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to two million five hundred fifty two thousand United States Dollars ($2,552,000) ("Grant") to assist in financing the Project.

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

**Article IV**  
**Recipient’s Representative; Addresses**

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Director, Department of Energy, Ministry of Works, Transport and Public Utilities.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Director, Department of Energy  
Ministry of Works, Transport and Public Utilities  
Department of Energy  
PO Box 2493  
Government Buildings  
Suva, Fiji

Tel:  
(+679) 3386006

4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
AGREED at **July 7th, 2014** as of the day and year first above written.

REPUBLIC OF FIJI

By

[Signature]

Authorized Representative

Name: **F. Billen**

Title: **Permanent Secretary for Works, Transport & Public Utilities**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (acting as an Implementing Agency of the Global Environment Facility)

By

[Signature]

Authorized Representative

Name: **Franz R. Drees-Gross**

Title: **Country Director, EACNF**
SCHEDULE 1

Program Description

The objective of the Program is (i) to significantly increase the adoption and use of renewable energy technologies and the more efficient use of energy through a package of incentives to encourage local financial institutions to participate in sustainable energy finance in the Recipient’s Territory and (ii) to support knowledge sharing and capacity building on renewable energy and energy efficiency technologies in the Participating Pacific Island States.

The Project to be carried out by the Recipient is comprised of Parts 1(b), 2, and 3 of the Program.

Part 1. Risk Sharing Fund (RSF)

(a) Providing partial credit guarantees through the Fund Manager from the Risk Sharing Fund to Approved PFIs to make Covered Loans to Participating Individual Borrowers and Participating MSE Borrowers to enable them to make investments in Sustainable Energy technologies from the Approved Product Catalog and/or in related Sustainable Energy services under an Approved Business Plan.

(b) Providing technical assistance to the Executive Agency to: (i) select Approved PFIs to be eligible for partial credit guarantee coverage under the Risk Sharing Fund; and (ii) develop and monitor: (A) the Approved Product Catalog and Approved Business Plans; and (B) the terms and conditions for Covered Loans to be eligible for financing support under the RSF.

Part 2. Technical Assistance, Market Incentives and Communications

Providing technical assistance through the Executive Agency to:

(a) strengthen the capacity of Approved PFIs to service client’s borrowing to purchase Sustainable Energy equipment by providing training to establish and maintain a profitable Sustainable Energy portfolio, including support with appropriate management information systems, risk mitigation and recovery techniques;

(b) strengthen sales and after sales incentive structures for Sustainable Energy service providers through detailed market surveys;

(c) strengthen the financial and technical capacity of MSE Sustainable Energy service providers;

(d) assist vocational schools and other training institutions to (i) provide training on energy planning and Sustainable Energy solutions and (ii) develop and deliver Sustainable Energy technology repair and maintenance training;
(e) develop and implement consumer protection, testing, and accreditation programs, including accreditation of renewable energy suppliers, auditors, and managers;

(f) assist local retailers and MSEs to attend training institutions and trade fairs on Sustainable Energy topics and support trade fairs, showcases, and community presentations to promote Sustainable Energy and energy efficiency technologies;

(g) install Sustainable Energy and energy efficiency demonstration facilities to promote their adoption and use;

(h) review the Recipient’s energy policies and implement measures to address any barriers to significantly increasing the adoption and use of renewable energy technologies and more efficient use of energy, and carry out renewable energy resource and technology studies and studies regarding the efficient use of energy; and

(i) develop a communications strategy for the Program to address all relevant stakeholders including communities, potential Borrowers, and potential Approved PPIs.

Part 3. **Management, Monitoring and Evaluation**

Providing the Executive Agency with the services of a Program Manager to

(a) ensure effective management, coordination, monitoring, and evaluation of the Program;

(b) promote knowledge sharing and regional capacity building to the Participating Pacific Island States; and

(c) monitor, report, and support any outstanding matters arising from the ongoing Program.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient shall maintain, until completion of the Project, a Project team led by the Director of the Executive Agency and assisted by the Program Manager and shall provide the Project team at all times with adequate funds and other resources as shall be necessary to carry out its responsibilities.

2. **Program Manager.** The Recipient shall at all times retain the services of a Program Manager to assist the Recipient with managing the Project. The Recipient shall ensure that the Program Manager shall be procured and shall at all times operate under terms of reference satisfactory to the World Bank.

3. **Executive Agency Operations Manual.**

   (a) The Recipient shall: (i) by not later than one month after the Effective Date, update the Executive Agency Operations Manual in accordance with terms of reference acceptable to the World Bank, in form and substance satisfactory to the World Bank; and (ii) implement the Project in accordance with the policies and guidelines set forth in the Executive Agency Operations Manual as so revised.

   (b) The Executive Agency Operations Manual shall at all times include: (i) provisions for the implementation of Part 1(b) of the Project including the PFI Selection Criteria, the Approved Product Catalog, basic requirements for Approved Business Plans and the Executive Agency-PFI Agreement set out in Section I(C) of this Schedule 2; (ii) provisions for the implementation of Parts 2 and 3 of the Project, including the engagement of the Program Manager; (iii) the Environmental and Social Safeguards Framework; and (iv) the criteria for selection and implementation of Regional Technical Assistance Activities under Part 3(b) of the Project.

   (c) The Recipient shall regularly review the Executive Agency Operations Manual with the Program Manager and the World Bank, and discuss proposed updates and revisions with the World Bank. The Recipient shall not modify, amend or waive any provision of the Executive Agency Operations Manual except with the prior written approval of the World Bank.

B. Implementation of the Project.

1. **Implementation Generally.** Without limiting the generality of Section 2.02 of this Agreement, the Recipient shall carry out the Project with due diligence.
and efficiency and in conformity with appropriate administrative, procurement and financial practices, and sound environmental and social standards in accordance with the provisions of this Schedule 2.

C. **Implementation of Part 1(b) of the Program (RSF).**

1. The Recipient shall carry out the Project in accordance with, and shall ensure that each Approved PFI shall act in accordance with, the Executive Agency Operations Manual, including the Environmental and Social Safeguards Framework.

2. **RSF Documentation Structure.** The RSF documentation structure is set out in Attachment I to this Schedule 2. The documents required for the Recipient to undertake its obligations under the Project are set out in Section I of such Attachment I.

3. **Approved PFI List.** The Recipient shall ensure that, except as the World Bank shall otherwise agree in writing, the Executive Agency Operations Manual shall contain the selection criteria for a local financial institution in the territory of the Recipient to become an Approved PFI, including the criteria set forth in Attachment II to this Schedule 2.

4. (a) The initial Approved PFI List is dated, April 10, 2007.

   (b) The Recipient shall review the Approved PFI List regularly (at least semi-annually) with the Program Manager and the World Bank.

   (c) The Recipient shall promptly identify to the World Bank any change in status of the Approved PFI List in accordance with the Executive Agency Operations Manual. The Recipient shall identify for the World Bank’s approval any new local financial institution that may be included on the Approved PFI List and any PFI that is at any time on the Approved PFI list but no longer qualifies under the PFI Selection Criteria. The World Bank may independently notify the Recipient to remove an Approved PFI from the Approved PFI List. The Recipient acknowledges that the Fund Manager will not issue a new Guarantee to any PFI that has been removed from the Approved PFI List.

   (d) The Recipient may not modify, amend or waive the Approved PFI List without the prior written approval of the World Bank.

5. **Approved Product Catalog.** The Recipient shall maintain an Approved Product Catalog in consultation with the Program Manager and acceptable to the World Bank in accordance with the Executive Agency Operations Manual. The Recipient shall regularly review the Approved Product Catalog (at least quarterly) with the Program Manager and the World Bank. The Recipient shall not modify, amend or waive any provision of the Approved Product Catalog except with the prior written approval of the World Bank.
6. **Executive Agency-PFI Agreement.** The Recipient shall enter into an agreement for approval, supervision and monitoring of each Approved PFI's participation in the RSF, in form and substance satisfactory to the World Bank, as set forth in the Executive Agency Operations Manual, prior to authorizing such Approved PFI for participation in the RSF.

7. **PFI-Borrower Covered Loan Agreement.** The Recipient shall ensure that, except as the World Bank shall otherwise agree in writing, each Executive Agency-PFI Agreement shall contain the terms and conditions set forth in Attachment III to this Schedule 2.

8. **Environmental and Social Safeguards Framework.**

The Recipient shall ensure that the Project is managed in accordance with the Environmental and Social Safeguards Framework set out in the Executive Agency Operations Manual, and shall ensure that each Executive Agency-PFI Agreement and each PFI-Borrower Covered Loan Agreement requires the Borrower: (i) to comply with the environmental and social safeguards requirements of the Member Country; (ii) to ensure disposal of solar PV batteries in accordance with the Environmental and Social Safeguards Framework; and (iii) to ensure that prior to undertaking any low voltage transmission line arrangements for pico-hydro and new coconut oil projects, the Borrower has obtained the approval of any land owners over whose property the Borrower intends such lines to run.

D. **Implementation of Parts 2 and 3 of the Program.**

The Recipient shall prepare, in consultation with the Project Manager, not later than November 30 in each year, commencing November 30, 2007, and until the end of the Commitment Period the terms of reference and a work plan for the upcoming year of implementation for each of (a) Part 2 of the Project (Technical Assistance, Market Incentives and Communications); (b) Part 3 of the Project (Management, Monitoring and Evaluation), including a specific terms of reference and work plan for the upcoming year of implementation of Regional Technical Assistance Activities.

E. **Anti-Corruption**

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

**Section II. Project Monitoring, Reporting and Evaluation**

A. **Project Reports; Completion Report.**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions until the end of the Commitment Period (or such later date as the World Bank and the Recipient may otherwise agree). Each
Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Recipient shall procure a specialist acceptable to the World Bank to conduct a Program Review at the end of the second and eighth years of Project implementation. The first such mid-term review shall be conducted not later than the second anniversary of this Agreement and shall evaluate, among other things, whether there is a need for expansion of the RSF to include other forms of financing. The second such review shall be conducted not later than the eighth anniversary of this Agreement (or such later date as the Recipient and the World Bank may otherwise agree) and shall evaluate, among other things, the options for: the continuation of the RSF beyond December 31, 2017, winding up the RSF and returning the remaining funds to the World Bank, or using the remaining funds for other purposes in line with the objective of the Program and acceptable to the World Bank. The Recipient shall provide a draft of each mid-term review to the World Bank for review and comments and shall incorporate the World Bank's comments in the final mid-term review. The final resolution on the options presented by such review shall be subject to the agreement of the World Bank.

3. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits.

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one (1) month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such 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 World Bank not later than six (6) months after the end of such period.

4. The Recipient shall appoint a specialist acceptable to the World Bank to undertake an annual operational audit on terms of reference satisfactory to the World Bank including to review compliance of the Covered Loan portfolio with the terms of the Executive Agency Operations Manual. Each such operational audit shall cover the period of one (1) fiscal year of the Recipient.
6. **Executive Agency-PFI Agreement.** The Recipient shall enter into an agreement for approval, supervision and monitoring of each Approved PFI’s participation in the RSF, in form and substance satisfactory to the World Bank, as set forth in the Executive Agency Operations Manual, prior to authorizing such Approved PFI for participation in the RSF.

7. **PFI-Borrower Covered Loan Agreement.** The Recipient shall ensure that, except as the World Bank shall otherwise agree in writing, each Executive Agency-PFI Agreement shall contain the terms and conditions set forth in Attachment III to this Schedule 2.

8. **Environmental and Social Safeguards Framework.**

The Recipient shall ensure that the Project is managed in accordance with the Environmental and Social Safeguards Framework set out in the Executive Agency Operations Manual, and shall ensure that each Executive Agency-PFI Agreement and each PFI-Borrower Covered Loan Agreement requires the Borrower: (i) to comply with the environmental and social safeguards requirements of the Member Country; (ii) to ensure disposal of solar PV batteries in accordance with the Environmental and Social Safeguards Framework; and (iii) to ensure that prior to undertaking any low voltage transmission line arrangements for pico-hydro and new coconut oil projects, the Borrower has obtained the approval of any land owners over whose property the Borrower intends such lines to run.

D. **Implementation of Parts 2 and 3 of the Program.**

The Recipient shall prepare, in consultation with the Project Manager, not later than November 30 in each year, commencing November 30, 2007, and until the end of the Commitment Period the terms of reference and a work plan for the upcoming year of implementation for each of (a) Part 2 of the Project (Technical Assistance, Market Incentives and Communications); (b) Part 3 of the Project (Management, Monitoring and Evaluation), including a specific terms of reference and work plan for the upcoming year of implementation of Regional Technical Assistance Activities.

E. **Anti-Corruption**

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

Section II. **Project Monitoring, Reporting and Evaluation**

A. **Project Reports; Completion Report.**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions until the end of the Commitment Period (or such later date as the World Bank and the Recipient may otherwise agree). Each
and shall be furnished to the World Bank no later than six (6) months after the end of such period.

Section III.  Procurement

A.  General.

1. Goods. All goods required for the Project and to be financed out of the proceeds of the Grant 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 Grant 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 World Bank 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.

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods. The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: Shopping.

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 assignments which are specified in the Procurement Plan:
   (a) Least-Cost Selection (LCS);
   (b) Selection Based on Consultant’s Qualifications (CQS);
   (c) Single Source Selection (SSS); and
   (d) Selection of Individual Consultants.

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General.

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant (“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 USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, and Training, and Incremental Operating Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for Part 4(b) (Regional Technical Assistance Activities) of the Project</td>
<td>11,641.00</td>
<td>100%</td>
</tr>
<tr>
<td>(b) for all other Parts of the Project</td>
<td>558,513.32</td>
<td>100%</td>
</tr>
<tr>
<td><em>(Pro memoria; see Original Grant Agreement)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Borrower Participant Monitoring Services for Part 3 of the Project</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><em>(Pro memoria; see Original Grant Agreement)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Goods, Consultants’ Services, Workshops and</td>
<td>1,981,845.68</td>
<td>100%</td>
</tr>
<tr>
<td>Training, and Incremental Operating Costs for the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>2,552,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph: (i) the term “Workshops and Training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops provided from February 11, 2009, on account of the Project, to retailers, small enterprises, end users of Participating Financial Institutions, Participating Pacific Island States, and staff of the Recipient’s Ministries, the Executive Agency, the Program Manager, and Participating Financial Institutions, including purchase and publication of materials, rental of facilities, course fees, and travel, accommodation and subsistence of trainees and trainers, all as included in an annual budget approved by the World Bank; and (ii) the term “Incremental Operating Costs” means operating costs required as of February 11, 2009 for the Project including consumable materials and supplies, advertising, communications, mass media and preprinting services, vehicle rental and operation, insurance, fuel and maintenance, charge for the opening and operation of bank accounts required for the Project and travel, accommodation and subsistence for operational staff of the Project, all as included in an annual budget approved by the World Bank.

B. **Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of the Original Grant Agreement;

   (b) under Category (2) until the Recipient has adopted a manual for the conduct of Borrower Participant Monitoring surveys satisfactory to the World Bank; or

   (c) for payments under Categories (1) or (2) made after the date of this Agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2017.
ATTACHMENT I to SCHEDULE 2

RSF Documentation Structure

I. Documents required for the Recipient to carry out its obligations under Parts 1(b), 2, and 3 of the Program (the Project)

(a) World Bank-Executive Agency Grant Agreement, this Agreement.

(b) Executive Agency Operations Manual, setting out the terms and conditions upon which the Recipient will carry out its responsibilities under the World Bank-Executive Agency Grant Agreement.

(c) Approved PFI List, setting out the list of local financial institutions approved by the World Bank to have Covered Loans under the RSF from time to time in the Recipient’s territory.

(d) Approved Product Catalog, setting out products acceptable to the World Bank that are approved investments for which a Borrower may apply to an Approved PFI for a loan, and for which an Approved PFI may apply to the Fund Manager to include the loan as a Covered Loan.

(e) Approved Business Plans, setting out the basic requirements for business plans for energy services aligned to the Approved PFI’s standard risk assessment methods that are approved investments for which the Borrower may apply to an Approved PFI for a loan, and for which an Approved PFI may apply to the Recipient to include the loan as a Covered Loan.

(f) Executive Agency-PFI Agreement, setting out the terms and conditions acceptable to the World Bank upon which the Executive Agency has approved and will supervise an Approved PFI’s participation in the RSF.

(g) PFI-Borrower Covered Loan Agreement, setting out the terms and conditions, satisfactory to the World Bank, upon which an Approved PFI has made a Covered Loan to a Borrower for an approved Investment from the Approved Product Catalog or for an Approved Business Plan.

II. Other documents related to the role of the Fund Manager under Part I(a) of the Program

The Recipient is not a party to and does not have obligations under the documents set out in this Section II.
(a) **World Bank-Fund Manager Grant Agreement**, setting out the terms and conditions upon which the World Bank has made a grant to the Fund Manager for the Program.

(b) **Fund Manager Operations Manual**, setting out the terms and conditions satisfactory to the World Bank on which the Fund Manager shall carry out its responsibilities under the World Bank-Fund Manager Grant Agreement.

(c) **Guarantee Agreement**, setting out the terms and conditions, satisfactory to the World Bank, for coverage by the Fund Manager for a Covered Loan made by an Approved PFI to a Borrower.
ATTACHMENT II to SCHEDULE 2

PFI Selection Criteria

The Recipient shall ensure that, unless the Recipient and the World Bank shall otherwise agree in writing, a local financial institution shall only be an Approved PFI if it meets the selection criteria set forth in the Executive Agency Operations Manual, and such criteria shall include the following, in each case in form and substance satisfactory to the World Bank.

1. **Documentation Requirement.** The Approved PFI shall have adopted the Executive Agency Operations Manual, including the Environment and Social Safeguards Framework, adopted a credit manual and entered into the Executive Agency-PFI Agreement, in each case acceptable to the World Bank.

2. **Operational Policy and Procedures Requirements.** The Approved PFI shall have met all operational policy and procedures requirements set out in the Executive Agency Operations Manual.

3. **Continued Eligibility.** After fulfilling the eligibility criteria, the Approved PFI shall continue to meet the eligibility criteria aforementioned to the satisfaction of the World Bank. If the Approved PFI fails at any time to satisfy the above specified criteria the Executive Agency, the World Bank and the Fund Manager reserve the right to remove the Approved PFI from the Approved PFI list and/or suspend further issuance of Guarantees for the Approved PFI.
ATTACHMENT III to SCHEDULE 2

Executive Agency-PFI Agreement

The Recipient shall enter into an agreement with each Approved PFI in accordance with the procedures and on the terms and conditions set forth or referred to in the Executive Agency Operations Manual, acceptable to the World Bank, and adopted by the Approved PFI, and such terms and conditions shall include the following except as the World Bank and the Recipient may otherwise agree in writing.

1. General

(a) The Approved PFI shall covenant to the Recipient that it shall not submit an RSF Coverage Application loan to the Fund Manager unless the loan meets all of the criteria set forth in this section.

(b) The Approved PFI has adopted the provisions of the Executive Agency Operations manual related to PFI operations, the Form of RSF Coverage Application and the Form of PFI-Borrower Covered Loan Agreement.

2. Covered Loan Criteria

(a) The Approved PFI shall make a loan proposed to be a Covered Loan only for an investment as set out in the Executive Agency Operations Manual, which shall include:

(i) For solar PV system Borrowers, the initial cost of the solar PV equipment and its installation, as set out in the Approved Product Catalog.

(ii) For pico-hydro system Borrowers, the cost of equipment and installation of the pico-hydro system equipment and installation, as set out in the Approved Product Catalog.

(iii) For coconut oil Borrowers, the initial cost of equipment and its installation and other components necessary to enable the use of coconut oil, as set out in the Approved Product Catalog.

(iv) For other renewable energy system Borrowers, the cost of equipment and its installation as set out in the Approved Product Catalog.

(v) For energy efficiency Borrowers, the cost of energy efficiency equipment and installation, as set out in the Approved Product Catalog.

(vi) For MSE Borrowers, based on an Approved Business Plan.
(b) **PFI-Borrower Loan Agreement for a Covered Loan.** Each Approved PFI may make Covered Loans to Borrowers on terms and conditions satisfactory to the World Bank which shall include the following.

(i) The agreement for the Covered Loan shall be entered into within the Commitment Period.

(ii) The Covered Loan shall be repayable over a period of up to five (5) years for a Participating Individual Borrower, and up to seven (7) years for an MSE Borrower (provided that the Guarantee does not exceed the lesser of seven (7) years or the number of years remaining between the date of the Guarantee and the Closing Date, such that no Guarantee will be issued for a Covered Loan beyond the Closing Date of December 31, 2017).

(iii) The Covered Loan shall be repayable at an interest rate in accordance with the Approved PFI’s credit policies that have been approved by the Recipient and the World Bank.

(c) **Eligible Expenditures under the Covered Loan.** The Approved PFI and the Borrower shall undertake that all procurement under the Covered Loan shall be for products from the Approved Product Catalog, or in the case of MSE Borrowers, for the purposes described in an Approved Business Plan.

(d) **Environmental and Social Safeguards Framework.** The Approved PFI shall adopt the Environmental and Social Safeguards Framework (ESSF) and each PFI-Borrower Covered Loan shall include covenants by the Borrower: (i) to comply with the environmental and social safeguards requirements of the Recipient; (ii) to ensure disposal of solar PV batteries in accordance with the ESSF; and (iii) to ensure that prior to undertaking any low voltage transmission line arrangements for pico-hydro and new coconut oil projects, the Borrower has obtained the approval of any land owners over whose property the Borrower intends such lines to run, in accordance with the ESSF.

(e) **Reporting.** The Approved PFI shall submit to the Executive Agency on a quarterly basis, copies of all RSF Coverage Applications, Guarantees, default notices and calls on Guarantees.

3. **Information**

(a) The Approved PFI shall provide the Executive Agency and the World Bank with access to all records and documents related to the Project upon the request of the Executive Agency or the World Bank.

(b) The Approved PFI shall ensure that this right to inspect is included in each PFI-Borrower Covered Loan Agreement.
APPENDIX

Definitions

In this Agreement, unless the context otherwise requires, words in the singular form include the plural and vice versa.


2. “Application for RSF Coverage” means the application to be submitted by an Approved PFI to the Recipient in the form set out in the Executive Agency Operations Manual, including the certification of the Approved PFI as to compliance with the Covered Loan Criteria and the Environmental and Social Safeguards Framework.

3. “Approved Business Plan” means the business plans for Sustainable Energy-related services acceptable to the World Bank for which an Approved PFI may make a Covered Loan to a Borrower as described in paragraph I(e) of Attachment I to Schedule 2 to this Agreement.

4. “Approved Product Catalog” means the catalog of equipment and other products that are investments for which an Approved PFI may make a Covered Loan to a Borrower as described in paragraph I(d) of Attachment I to Schedule 2 to this Agreement.

5. “Approved PFI” means a PFI meeting the requirements set out in Attachment II to Schedule 2 to this Agreement and in the Executive Agency Operations Manual, as the same may be updated from time to time in accordance with this Agreement.

6. “Approved PFI List” means the list of Approved PFIs referred to in paragraph I(e) of Attachment I to Schedule 2 to this Agreement.

7. “World Bank-Fund Manager Grant Agreement” refers to the grant agreement between the World Bank and the Fund Manager described in paragraph II(a) of Attachment I to Schedule 2 to this Agreement.

8. “Borrower” means a Participating Individual Borrower or a Participating MSE Borrower.


10. “Commitment” means each commitment booked by the Fund Manager for each Guarantee issued under the RSF pursuant to the terms of the World Bank-Fund Manager Grant Agreement.
11. "Commitment Period" means the period that commences on the date of the World Bank-Fund Manager Grant Agreement and ends on 30 June, 2017, during which period the Fund Manager may issue Guarantees.


13. "Covered Loan" means a loan made by an Approved PFI to a Participating Individual Borrower or a Participating MSE Borrower and for which a Guarantee Agreement is entered into between the Fund Manager and the Approved PFI in accordance with the Fund Manager Operations Manual.

14. "Covered Loan Criteria" means the criteria for a loan to be eligible as a Covered Loan as set out in Attachment III to Schedule 2 to this Agreement.

15. "Current Guidelines" means, collectively, the Anti-Corruption Guidelines, the Consultant Guidelines, and the Procurement Guidelines.

16. "Effective Date" means the date of countersignature of this Agreement.

17. "Environmental and Social Safeguards Framework" or "ESSF" means the framework adopted by the Recipient for compliance with the World Bank’s environmental and social safeguards policies as described in paragraph 8 of Section I(C) of Schedule 2 to this Agreement and included in the Executive Agency Operations Manual, and with respect to which each Approved PFI must certify compliance in the Application for RSF Coverage.


19. "Executive Agency Operations Manual" means the Recipient’s Operations Manual, referred to in paragraph I(b) of Attachment I to Schedule 2 to this Agreement, as the same may be updated from time to time with the prior approval of the World Bank.

20. "Executive Agency-PFI Agreement" means the agreement to be entered into between the Recipient and each Approved PFI as set out in paragraph I(f) of Attachment I to Schedule 2 to this Agreement.

21. "Fund Manager" means the Australia and New Zealand Banking Group Ltd, which has entered into the World Bank-Fund Manager Grant Agreement, and any successor thereto.

22. "Fund Manager Operations Manual" means the manual referred to in paragraph II(b) of Attachment I to Schedule 2 to this Agreement.
23. "Guarantee" means a guarantee issued by the Recipient to an Approved PFI for a loan properly submitted by an Approved PFI using the approved Application for RSF Coverage.

24. "Guarantee Agreement" means each agreement for the issuance of a guarantee entered into between the Fund Manager and an Approved PFI, in form and substance satisfactory to the World Bank as set out in the Fund Manager Operations Manual referred to in paragraph II(c) of Attachment I to Schedule 2 to this Agreement.

25. "MSE" means a micro or small enterprise, including a non-governmental organization, as defined in the Executive Agency Operations Manual.


27. "Participating Financial Institution" and "PFI" mean each financial institution in the Republic of Fiji that meets the requirements for participation of the RSF, included on the list of Approved PFIs in the RSF Operations Manual as the same may be updated by notice from the World Bank to the Recipient.

28. "Participating Individual Borrower" means each individual in a Participating Pacific Island State that qualifies for a Covered Loan issued by a Participating Financial Institution covered by the RSF to make an investment in products from the Approved Product Catalog.

29. "Participating MSE Borrower" means each MSE in a Participating Pacific Island State that qualifies for a Covered Loan issued by a Participating Financial Institution covered by the RSF to make an investment: (a) from the Approved Product Catalog to provide energy for use in their own business activities; or (b) to supply Sustainable Energy equipment from the Approved Product Catalog and/or related Sustainable Energy services under an Approved Business Plan to end users.

30. "Participating Pacific Island State" means each of the Republic of Fiji, the Independent State of Papua New Guinea, the Solomon Islands, the Republic of the Marshall Islands, the Republic of Vanuatu, and any other island state in the Pacific Ocean, as agreed with the World Bank.

31. "PFI-Borrower Covered Loan Agreement" means each agreement between an Approved PFI and a Borrower for a Covered Loan referred to in paragraph I(g) of Attachment I to Schedule 2 to this Agreement.

32. "PFI Selection Criteria" means the criteria for the selection of an Approved PFI as set out in Attachment II to Schedule 2 to this Agreement and included in the Executive Agency Operations Manual.

34. "Procurement Plan" means the Recipient's procurement plan for the Project, dated July 31, 2013 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.

35. "Program" means the Sustainable Energy Financing Program described in Schedule 1 to this Agreement.

36. "Program Manager" means a manager to be procured by the Recipient in order to implement, coordinate, manage, monitor, and evaluate the Program.

37. "Project" means Parts 1(b), 2, and 3 of the Program to be carried out by the Recipient pursuant to this Agreement.

38. "PV" means photo-voltaic.

39. "Regional Technical Assistance Activities" means the activities to be carried out by the Recipient under Parts 3(b) of the Project on a regional level.

40. "Risk Sharing Fund" and "RSF" mean the Risk Sharing Fund provided under Part 1 of the Program.

41. "RSF Coverage Application" means the application to be submitted by an Approved PFI to the Fund Manager for a guarantee in the form set out in the Fund Manager Operations Manual, including the certification of the Approved PFI as to compliance with the Covered Loan Criteria and the Environmental and Social Safeguards Framework.


43. "Sustainable Energy" for the purposes of the Program means technologies related to the production of solar photo voltaic, pico-hydro, coconut oil based or other approved forms of renewable energy.