Financing Agreement

(Pacific Resilience Project)
(under the Pacific Resilience Program)

between

KINGDOM OF TONGA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 30 JUNE, 2015
FINANCING AGREEMENT

AGREEMENT dated 30 June 2015, entered into between KINGDOM OF TONGA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS: (A) 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; and

(B) the Recipient has also requested the International Bank for Reconstruction and Development ("IBRD"), acting as: (a) an implementing agency of the Global Environment Facility Special Climate Change Fund (GEFSCCF), to provide a grant in the amount of at least $4,579,452 ("GEFSCCF Grant"); and (b) administrator of grant funds provided by various donors under the Global Fund for Disaster Reduction and Recovery ("GFDRR"), to provide a grant in the amount of at least $1,500,000 ("GFDRR Grant"), both to assist in the financing of activities related to the project described in Schedule 1 to this Agreement, pursuant to agreements to be entered into between the Recipient and the IBRD ("GEFSCCF and GFDRR Grant Agreement").

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 and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project").
(a) an amount equivalent to one million seven hundred thousand Special Drawing Rights (SDR 1,700,000) ("Grant"); and

(b) an amount equivalent to six million Special Drawing Rights (SDR 6,000,000) ("Credit").

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 Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. 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 Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communications ("MEIDECC") 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 GEFSCCF and GFDRR Grant Agreement has failed to enter into effect by six (6) months after the Effective Date of this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

5.02. 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:

PO Box 87, Tungi Colonnade,
Taufi'ahau Rd
Nuku'alofa Tonga

Phone: +676 23066 Facsimile: +676 26011

6.03. The Association's Address is:

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

Cable: INDEVAS Telex: 248423 (MCI) Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at
year first above written.

KINGDOM OF TONGA

By

[Signature]

Authorized Representative

Name: 'AIGAUA VALA LELE
Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: FRAUZ R. DREES GROSS
Title: COUNTRY DIRECTOR, EA CNF
SCHEDULE I

Project Description

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

The Project constitutes Recipient's participation in 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, the warning and emergency operational centers, forecasting, warning and disaster management 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

Carrying out a program of activities designed to support the Recipient in the preparation of a multi-sectoral investment program in resilience, including provision of technical assistance, 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.
SCHEDULE 2

Project Execution

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 Secretariat of the Pacific Community ("SPC"), Pacific Islands Forum Secretariat ("PIFS") and the other Participating Countries, take all necessary measures on its part to ensure that the 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, 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 the chair of the National Steering Committee in all meetings of the Regional Steering Committee.

2. Program Support Unit and Service Agreement

(a) 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, 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, and 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. National Steering Committee

The Recipient shall maintain, throughout the Project implementation period, the National Steering Committee, with mandate, adequate resources and composition satisfactory to the Association. To this end, the Recipient shall ensure that the National Steering Committee shall be: (a) chaired by the Minister responsible for MEIDECC; (b) composed of, *inter alia*, representatives of MEIDECC, the Ministry of Finance and other selected stakeholders; and (c) responsible for providing general oversight and policy direction of the Project.

4. MEIDECC

The Recipient shall vest overall implementation responsibility for the Project in MEIDECC. To this end, the Recipient shall ensure that: (a) MEIDECC has at all times during the Project implementation period, adequate resources and staffing required for implementation of the Project; and (b) a national coordinator is appointed by not later than four (4) months after the Effective Date, and thereafter maintained, within the MEIDECC, throughout the Project implementation period, to be responsible for coordination of the Project.

5. Ministry of Finance

To ensure proper and efficient implementation of Part 3 of the Project, the Recipient shall vest day to day implementation of Part 3 of the Project in its Ministry of Finance.

6. Project Management Unit

The Recipient shall, by not later than three (3) months after the Effective Date, establish within MEIDECC, and thereafter maintain, throughout the Project implementation period, a Project management unit with adequate resources, terms of reference and qualified and experienced staff, satisfactory to the Association, to be responsible for day to day implementation of Parts 1 and 2 of the Project.

B. Project Operations Manual

1. The Recipient shall prepare, by not later than four months after the Effective Date, and thereafter adopt a 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 ("Project Operations Manual").

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, 2016) during the implementation of the Project (or such later date as the Association may agree) for the Association's no-objection, an 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 the Association's 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 I.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 commencement 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
(b) 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 in writing), 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 objectives, 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 fiscal year of the Recipient. The
audited Financial Statements (excluding Category 2) for each such period shall be
furnished to the Association not later than six months after the end of such period.
For the purposes of this Section, Financial Statements shall not include proceeds
of the Financing used 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 the additional provisions set forth in the Annex to this Schedule 2; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Service.

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' Qualification; (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 Credit and 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 Credit Allocated (expressed in SDR)</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, Training and incremental operating costs for the Project (Except for Parts 3(a) and (b))</td>
<td>4,820,000</td>
<td>1,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Premia for Part 3(b) of the Project</td>
<td>1,000,000</td>
<td>120,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants' services under Part 3(a) of the Project</td>
<td>180,000</td>
<td>180,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,000,000</td>
<td>1,700,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Payment of Insurance 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 Financing, 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, except that withdrawals up to an aggregate amount not to exceed the amount of SDR 340,000 from the Grant and SDR 760,000 from the Credit, may be made for payments made prior to this date but on or after the date May 1, 2015, for Eligible Expenditures under Category (1); 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.

3. The Closing Date is November 30, 2020.

Section V. Other Undertakings

A. 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 fifty thousand Dollars ($50,000) for the period commencing November 2015, sixty thousand Dollars ($60,000) for the period commencing November 2016, and seventy thousand Dollars ($70,000) for the period commencing November 2017, such funds to partially finance the Premia under Part 3(b) of the Project.
ANNEX to SCHEDULE 2

National Competitive Bidding Procedures

In order to ensure economy, efficiency, transparency, and broad consistency with the provisions included in Section I of the Procurement Guidelines, as required by paragraph 3.3 and 3.4 of the Guidelines, the following provisions shall apply in respect of contracts for goods and works financed under the Project and procured according to National Competitive Bidding procedures:

Eligibility

(i) The eligibility of bidders shall be as defined under Section I of the Association’s 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 Guidelines. Government-owned enterprises in the Kingdom of Tonga shall be eligible for bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with national bidders in order to submit a bid.

Advertising; Time for Bid Preparation

(ii) Invitations to bid shall be advertised in at least one (1) newspaper of national circulation, allowing a minimum of thirty (30) days for the preparation and submission of bids, such thirty (30) days to begin with the availability of the bidding documents or the advertisement, whichever is later.

Standard Bidding Documents

(iii) Until national standard bidding documents approved by the Association are available, standard bidding documents, approved by the Association, shall be used.

Bid security

(iv) All bidders shall provide bid security if indicated in the bidding documents. A bidder’s bid security shall apply only to a specific bid.
Classification of contractors: qualification; post-qualification

(v) Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid. Qualification criteria (in case prequalification was not carried out) shall be stated in the bidding documents, and before contract award the bidder having submitted the lowest evaluated responsive bid shall be subject to post-qualification.

Registration

(vi) If a registration process was required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable opportunity of registering, without any let or hindrance.

Evaluation criteria

(vii) Evaluation criteria shall be clearly specified in bidding documents, and evaluation criteria other than price shall be quantified in monetary terms.

Bid Opening and Bid Evaluation

(viii) Bidders may deliver bids, at their option, either in person or by courier service or by mail.

(ix) Bids shall be opened in public, immediately after the deadline for submission of bids.

(x) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated bidder.

(xi) No bidder shall be rejected merely on the basis of a comparison with the owner’s estimate and budget ceiling without the Association’s prior concurrence.

Rejection of Bids

(xii) Rebidding shall not be carried out without the Association’s prior concurrence.

Extension of the validity of bids

(xiii) In exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids. In such a case, bidders shall not be requested nor permitted to amend the price or any other condition of their bid. Bidders shall have the right to refuse to grant such an extension without
forfeiting their bid security, but bidders granting such an extension shall be required to provide a corresponding extension of their bid security.

No post-bidding negotiations

(xiv) There shall be no post-bidding negotiations between the procuring entity and the lowest or other bidder.

Right to Inspect/Audit

(xv) Each bidding document and contract financed from the proceeds of the Grant shall provide that the bidders, suppliers and contractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and the performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

Conflict of Interest

(xvi) Contractors that have a business or family relationship with a senior member of the project implementing agency’s staff may not be awarded a contract, unless the conflict of interest stemming from this relationship has been resolved in a manner satisfactory to the Association throughout the process of evaluation of the bids and the execution of the contract.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td>*</td>
</tr>
<tr>
<td>commencing August 15, 2025 to and including February 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 15, 2035 to and including August 15, 2055</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Affected Person" 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.


6. "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.

7. "Environmental and Social Management Framework" or "ESMF" means the framework dated February 2014, and disclosed on 5 March 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 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.
8. "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.

9. "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.

10. "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.

11. "MEIDECC" means the Recipient's Ministry of Meteorology, Information, Energy, Disaster Management, Climate Change and Communications, or any successor thereto.

12. "National Steering Committee" means the committee established in 2014 under the Climate Resilience Sector Project, or any successor thereto.


14. "Participating Countries" means the Independent of State of Samoa, the Republic of Vanuatu, the Republic of the Marshall Islands and the Kingdom of Tonga, and any other countries that may join the Program.

15. "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.

17. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 29, 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.

18. "Program" means the Pacific Resilience Program (PRRP), 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.

19. "Program Support Unit" or "PSU" means the support unit to be established within SPC to be responsible for coordination of the Program and providing implementation support to the Recipient.

20. "Regional Steering Committee" means the committee to be established within PIFS.

21. "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.

22. "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.

23. "Safeguard Instruments" means the ESMF, RPF, any ESMPs and any RAPs.

24. "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).
25. "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.”