OFFICIAL DOCUMENTS

GRANT NUMBER D389-TO

Financing Agreement

(Tonga Climate Resilient Transport Project under the Pacific Climate Resilient Transport Program)

between

KINGDOM OF TONGA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between KINGDOM OF TONGA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to eighteen million seven hundred thousand Special Drawing Rights (SDR 18,700,000) ("Financing"), to assist in financing the project described in Schedule I to this Agreement ("Project").

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

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

2.04. The Payment Dates are April 15 and October 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 carry out the Project through the Ministry of Infrastructure, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01 The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.02 For purposes of Section 10.05 (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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister at the time responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministry of Finance and National Planning
Vuna Road, PO Box 87
Nuku'alofa
Kingdom of Tonga; and

(b) the Recipient’s Electronic Address is:

Facsimile: +676 26011
E-mail: minister@finance.gov.to

5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
(b) the Association’s Electronic Address is:

Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391  
E-mail: cdpngpacific@worldbank.org

AGREED as of the Signature Date.

KINGDOM OF TONGA

By

Authorized Representative

Name: PÒHTUA TUNOEPFA
Title: MINISTER OF FINANCE
Date: 20 - 12 - 18

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: MICHEL VELF
Title: COUNTRY DIRECTOR
Date: 11 DECEMBER 2018
SCHEDULE 1

Project Description

The objectives of the Project are to improve the climate resilience of the Recipient’s transport sector, and in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency.

The Project constitutes a phase of the Program, and consists of the following parts:

Part 1. Sectoral and Spatial Planning Tools

(a) Conducting a road sector climate vulnerability assessment.

(b) Carrying out urban transport studies, including but not limited to, carrying out studies on Nuku’alofa road traffic modeling, road public transport options and investigation and design of cycleway options.

(c) Upgrading the Transport Management System information technology, including conducting trainings in relation to such system.

(d) Conducting an obstacle limitation survey over the Kaufana airport on the Recipient’s island of ‘Eua.

Part 2. Climate Resilient Infrastructure Solutions

(a) Road Sector Infrastructure Rehabilitation

(i) Rehabilitating and/or upgrading selected roads on the Recipient’s islands of Tongatapu and Vava’u.

(ii) Carrying out the following works on selected roads on the Recipient’s islands of Ha’apai, ‘Eua and Vava’u: (1) rehabilitation and/or upgrade works, including emergency works; and (2) routine maintenance works, all through the execution and implementation of the Performance-Based Contracts.

(iii) Upgrading selected footpaths and carrying out activities to enhance road safety.

(iv) Carrying out activities to assess, design and supervise works and activities under Parts 2(a)(i) to (iii) of the Project.
Maritime Sector Infrastructure Rehabilitation

(i) Carrying out: (1) safety repair works at the ports on the Recipient’s islands of ‘Eua, Niuatoputapu and Niuafo’ou; and (2) limited maintenance dredging at the ports on the Recipient’s territory, including design, preparation and supervision of all such activities.

Aviation Sector Infrastructure Rehabilitation

(i) Resurfacing runway and apron (including line marking) at the Salote Pilolevu airport on the Recipient’s island of Ha’apai, including design and supervision of such activities.

Part 3. Strengthening the Enabling Environment

(a) Providing technical and operational assistance to the Project Support Team on Project management and implementation.

(b) Providing technical assistance to: (i) support the Ministry of Infrastructure on its institutional reform process; (ii) explore options for establishing a maritime maintenance fund; (iii) update technical specifications applied by the Ministry of Infrastructure for sealed roads, and create specifications for steep roads and comprehensive maintenance specifications for all road types in the Recipient’s territory; and (iv) strengthen the Ministry of Infrastructure’s capacity to manage transport infrastructure and assets.

(c) Providing climate resilience material testing equipment to the Ministry of Infrastructure’s materials laboratory, to test the strength and mechanical characteristics of the materials used in road construction, including conducting trainings to operate such equipment.

(d) Carrying out trainings on occupational health and safety measures, transport safety campaign activities and safety audits of the Recipient’s road network.

(e) Conducting beneficiary surveys, including surveys focusing on gender and people with disabilities, to assess the impact of the major works carried out under the Project.

(f) Developing and implementing a gender-based violence management strategy, including carrying out a needs assessment, and prevention and support services.

(g) Carrying out education and safety courses and outreach programs on commercial drivers’ licenses for women.
Part 4. Contingent Emergency Response

Providing immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Central Services Unit

1. The Recipient shall maintain, throughout the Project implementation period, its Central Services Unit within the Ministry of Finance and National Planning, with a mandate, composition and resources satisfactory to the Association, which shall be responsible for, inter alia: (a) supporting the Project Support Team on fiduciary aspects of Project implementation, and monitoring and evaluation, on an as-needed basis; and (b) reviewing Project Reports prepared by the Project Support Team and submitting such reports to the Association in accordance with this Agreement.

Project Support Team

2. The Recipient shall maintain, throughout the Project implementation period, a Project Support Team within the Ministry of Infrastructure, with a mandate, composition and resources satisfactory to the Association, which shall be responsible for, inter alia, carrying out day-to-day implementation of the Project, with support from the Central Services Unit.

3. Without limitation to the generality of Section I.A.2 above, the Recipient shall:

   (a) ensure that the Project Support Team includes the following minimum staff and/or personnel: (i) a Project manager; (ii) a procurement officer; (iii) a Project accountant; (iv) a contracts manager; (v) an administrative assistant; and, but only from the date referred to in paragraph (b) immediately below, (vi) a safeguards specialist and (vii) a communication, monitoring and evaluation officer; each with terms of reference, qualifications and experience satisfactory to the Association;

   (b) by not later than two (2) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), recruit a safeguards specialist and a communication, monitoring and evaluation officer within the Project Support Team; and

   (c) ensure that the Project Support Team receives support from, and pays due attention to the recommendations of, Tonga Airports Limited for the activities carried out under Part 1(d) and Part 2(c) of the Project, in a
manner agreed by Tonga Airports Limited and described in the TAL Letter.

B. Performance-Based Contracts

1. Under Part 2(a)(ii) of the Project, the Recipient shall enter into Performance-Based Contracts, each with a private sector contractor selected on the basis of terms of reference, qualifications and experience satisfactory to the Association, in accordance with the provisions included or referred to in this Agreement ("PBC Contractor"), under terms and conditions acceptable to the Association.

2. The Recipient shall carry out its obligations and exercise its rights under any Performance-Based Contract in such a manner as to protect the interests of the Recipient and the Association, and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any provision of any Performance-Based Contract.

C. Project Operations Manual

1. The Recipient shall, by not later than two (2) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion):

   (a) prepare and furnish to the Association for its review and no-objection a Project operations manual, which shall set forth, inter alia, detailed arrangements and procedures for: (i) institutional arrangements for day to day execution of the Project; (ii) the preparation and successive updates of the Procurement Plan and its implementation arrangements; (iii) implementation arrangements for the Safeguards Instruments; (iv) budgeting, disbursement and financial management arrangements; (v) Project monitoring, reporting, evaluation and communication arrangements; (vi) the criteria and procedures for identifying and approving road works under Part 2(a) of the Project; and (vii) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objectives ("Project Operations Manual");

   (b) afford the Association a reasonable opportunity to review the proposed Project Operations Manual; and

   (c) adopt the Project Operations Manual as accepted by the Association.
2. The Recipient shall thereafter ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association may otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual.

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

D. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association, by not later than December 1, 2018 and June 15 of each subsequent year during the implementation of the Project (or such other interval or date as the Association may agree), for the Association’s review and no-objection, an Annual Work Plan and Budget, which shall, inter alia: (a) list all activities (including Operating Costs and Trainings and Workshops) proposed to be included in the Project in the Recipient’s following fiscal year; (b) provide a budget for their financing (with a financial plan specifying all sources of financing including the Financing and any other resources provided by the Recipient); and (c) describe the environmental and social safeguards measures taken or planned to be taken in accordance with the provisions of Section I.F of this Schedule 2.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the Recipient’s respective fiscal year; provided, however, that in the event of any conflict between the Annual Work Plans and Budgets 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 Plans and Budgets, unless the Association has provided its prior no-objection thereof in writing.

E. Contingent Emergency Response

1. Prior to the implementation of contingent emergency response activities under Part 4 of the Project (“Emergency Response Part”), the Recipient shall:

(a) prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Component Project Operations Manual (“CERC POM”), which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor
("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of the Emergency Expenditures; (vi) application of any relevant Safeguards Instruments to the Emergency Response Part; and (vii) any other arrangements for the coordination and implementation of the Emergency Response Part;

(b) afford the Association a reasonable opportunity to review the proposed CERC POM;

(c) promptly adopt the CERC POM for the Emergency Response Part as shall have been accepted by the Association;

(d) ensure that the Emergency Response Part is carried out in accordance with the CERC POM; provided, however, that in the event of any inconsistency between the provisions of the CERC POM and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CERC POM without prior written approval by the Association.

2. The Recipient shall not undertake any activity under the Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(b) the Recipient has ensured the preparation and disclosure of all Safeguards Instruments as may be required for said activities in accordance with the provisions of Section 1.F of this Schedule 2 and the CERC POM, the Association has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments;

(c) the Recipient has ensured that the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of the CERC POM, for the purposes of said activities; and
(d) the Recipient has adopted the CERC POM, in form and substance acceptable to the Association, and the provisions of the CERC POM remain up to date, or have been updated in accordance with the provisions of this Section I.E so as to provide detailed arrangement and procedures needed for the implementation of the Emergency Response Part.

F. Safeguards

1. The Recipient shall ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the provisions of the Safeguards Instruments.

2. The Recipient shall ensure that the obligation to comply with the relevant Safeguards Instruments is incorporated: (a) in the contracts between the Recipient and the relevant contractors and any entity (including any engineer) supervising the Project's civil works; and (b) in the contracts between the relevant contractors and the contractors' subcontractors, as may be applicable.

3. The Recipient shall ensure that all the bidding documents and contracts include the obligation of the relevant contractors and subcontractors to: (a) adopt and implement measures to assess and manage the risks and impacts of labor influx; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers; as applicable to such civil works commissioned or carried out pursuant to said contracts.

4. (a) The Recipient shall ensure that the Emergency Response Part does not include any activities and expenditures on the negative list set forth in the CERC ESMF; and

(b) if any activities under Emergency Response Part, would, pursuant to the CERC ESMF, require the preparation of a CERC EMP, the Recipient shall ensure that: (i) no such activities shall be implemented unless and until such CERC EMP is prepared, consulted upon, approved, adopted and disclosed in accordance with the provisions of the CERC ESMF; and (ii) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such CERC EMP.

5. 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, including, inter alia, the Safeguards Instruments and EHS Guidelines; 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, requirements, instruments and guidelines.

6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall:

(a) (i) monitor the status of compliance with the Safeguards Instruments; and (ii) prepare and furnish to the Association, as part of each Project Report (or such other frequency as may be agreed with the Association) or promptly whenever the circumstances warrant, a report on the results of such monitoring activities during the period covered by said report, giving details of: (A) measures taken in furtherance of such Safeguards Instruments; (B) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguards Instruments; and (C) remedial measures taken or required to be taken to address such conditions;

(b) promptly furnish to the Association a copy of each progress report prepared and submitted by any entity (including any engineer) supervising the Project’s civil works, the Project’s contractors and/or subcontractors; and

(c) promptly upon receipt, furnish to the Association any notification received from any entity (including any engineer) supervising the Project’s civil works, the Project’s contractors and/or subcontractors regarding any incident that have might occurred during Project implementation.

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

8. In case of any inconsistencies between the provisions of any of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
Section II. Project Monitoring, Reporting and Evaluation

Project Report

1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

Mid-Term Review

2. The Recipient shall carry out, jointly with the Association, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, a mid-term review of the Project ("Mid-Term Review") to assess the status of Project implementation, as measured against Project indicators acceptable to the Association, and compliance with the legal covenants included or referred to in this Agreement. Such review shall include an assessment of the following:
   (a) overall progress in implementation;
   (b) results of monitoring and evaluation activities;
   (c) progress on procurement and disbursement;
   (d) progress on implementation of safeguards measures;
   (e) implementation arrangements and Project staff turnover; and
   (f) the need to make any adjustments to the Project to improve performance. To this end, the Recipient shall:

   (i) prepare and furnish to the Association, at least one (1) month before the date of the Mid-Term Review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule 2 and the General Conditions, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof; and
   (ii) review, jointly with the Association, the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association’s views on the matter.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures and (b) repay the Preparation Advance in the amount allocated and,
if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing 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, consulting services, Operating Costs and Trainings and Workshops for Parts 1, 2 and 3 the Project, except for works under Part 2(a)(ii)(2) of the Project</td>
<td>17,950,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures under Part 4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>750,000</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>18,700,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date; and

   (b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied that all of the conditions listed in Section I.E.2 of this Schedule 2 have been met in respect of said expenditures.

2. The Closing Date is December 31, 2024.
APPENDIX

Definitions

1. “Annual Work Plan and Budget” means an annual work plan and budget for the implementation of the Project accepted by the Association, referred to in Section I.D of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means, collectively, all such plans and budgets.

2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

4. “Central Services Unit” means the Central Services Unit, established by the Recipient within the Ministry of Finance and National Planning under the Skills and Employment for Tongans Project financed by the Association, referred to in Section I.A.1 of Schedule 2 to this Agreement.

5. “CERC EMP” means an environmental management plan to be prepared in accordance with the CERC ESMF, pursuant to Section I.F of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, setting forth, inter alia: (a) the measures to be taken to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues) of activities carried out under Part 4 of the Project, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures; as said plan may be modified in accordance with Section I.F.7 of Schedule 2 to this Agreement, and such term includes any schedules or annexes to such plan; and “CERC EMPs” means, collectively, all such plans.

6. “CERC ESMF” means the Contingency Emergency Response Component Environmental and Social Management Framework for the Project, dated July 2018, prepared by the Recipient, satisfactory to the Association, and disclosed on the Association’s website on September 14, 2018, setting forth, inter alia: (a) the principles, rules, guidelines and procedures to identify indicative Emergency Response Part-related activities; (b) the procedures to assess the environmental and social impact of these activities; and (c) the measures and plans to reduce, mitigate and/or offset adverse impacts; as said framework may be modified in accordance with Section I.F.7 of Schedule 2 to this Agreement, and such term includes any schedules or annexes to such framework.
7. "Contingent Emergency Response Component Project Operations Manual" or its acronym "CERC POM" means the manual referred to in Section I.E.1 of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part in accordance with the provisions of said Section.

8. "EHS Guidelines" means the World Bank Group Environmental, Health and Safety Guidelines, as said guidelines are updated from time to time.

9. "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.

10. "Emergency Expenditure" means any of the eligible expenditures set forth in the CERC POM in accordance with the provisions of Section I.E of Schedule 2 to this Agreement, and included in the Emergency Response Part.

11. "Emergency Response Part" means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.

12. "ESIAs" means, collectively, (a) the Environmental and Social Impact Assessment in relation to the road infrastructure for the Project, (b) the Environmental and Social Impact Assessment in relation to the ports infrastructure for the Project, and (c) the Environmental and Social Impact Assessment in relation to the aviation infrastructure for the Project, each dated August 2018, satisfactory to the Association, and disclosed on the Association’s website on September 14, 2018; as each said assessment may be modified in accordance with Section I.F.7 of Schedule 2 to this Agreement, and such term includes any schedules or annexes to each such assessment.

13. "ESMPs" means, collectively, (a) the Environmental and Social Management Plan in relation to the road infrastructure for the Project, (b) the Environmental and Social Management Plan in relation to the ports infrastructure for the Project, and (c) the Environmental and Social Management Plan in relation to the aviation infrastructure for the Project, each prepared by the Recipient and included as part of the respective ESLAs, satisfactory to the Association, and disclosed on the Association’s website on September 14, 2018, which details: (i) the measures to be taken during the implementation and operation of the Project to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures; as each said plan may be modified in accordance with Section I.F.7 of Schedule 2 to this Agreement, and such term includes any schedules or annexes to each such plan.

15. "Mid-Term Review" shall have the meaning ascribed to it in Section II.2 of Schedule 2 to this Agreement.

16. "Ministry of Finance and National Planning" means the Recipient’s ministry responsible for finance, or any successor thereto.

17. "Ministry of Infrastructure" means the Recipient’s ministry responsible for infrastructure and tourism, or any successor thereto.

18. "Operating Costs" means reasonable expenditures incurred by the Recipient on account of Project implementation and management (which expenditures would not have been incurred absent of the Project) and included in the Annual Work Plans and Budgets accepted by the Association, including the Recipient’s staff travel costs, allowances, costs of vehicle rental, fuel and maintenance, bank charges, communications costs, office supplies and equipment, office rental fees, advertising expenses, utilities and consumables required for holding meetings related to the Project, but excluding salaries, fees, honoraria, bonuses and any other salary supplements of civil servants of the Recipient.

19. "Participating Countries" means the Recipient and any other countries that may join the Program as agreed in writing by the Association.

20. "PBC Contractor" shall have the meaning ascribed to it in Section I.B.1 of Schedule 2 to this Agreement.

21. "Performance-Based Contract" means a multi-year, area-wide contract between the Recipient and a PBC Contractor, referred to Section I.B.1 of Schedule 2 to this Agreement, setting forth, inter alia, the PBC Contractor’s responsibilities in carrying out activities under Part 2(a)(ii) of the Project; and "Performance-Based Contracts" means all such contracts.

22. "Preparation Advance" means the portion of the advance referred to in Section 2.07(a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 16, 2018 and on behalf of the Recipient on May 24, 2018.

23. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.
24. "Program" means the Pacific Climate Resilient Transport Program, a series of projects designed to finance activities to systematically improve the resilience of the Participating Countries’ transport networks to natural hazards and climate change.

25. "Project Operations Manual" means the Recipient’s manual, referred to in Section I.C.1 of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, to be adopted by the Recipient in accordance with the provisions of said Section; as said manual may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to the manual.

26. "Project Support Team" means the team of staff and consultants within the Ministry of Infrastructure, designated to support the Project, referred to in Section I.A.2 of Schedule 2 to this Agreement.

27. "Safeguards Instruments" means, collectively, the ESIAs, ESMPs, CERC ESMF and CERC EMPs; and “Safeguards Instrument” means any of such Safeguards Instruments.

28. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

29. "TAL Letter" means the letter, dated September 12, 2018, from Tonga Airports Limited to the Ministry of Infrastructure, setting forth, inter alia, Tonga Airports Limited’s undertakings to support the Ministry of Infrastructure in carrying out activities under Part 1(d) and Part 2(c) of the Project, referred to in Section I.A.3(c) of Schedule 2 to this Agreement.


31. "Trainings and Workshops" means the reasonable costs incurred by the Recipient, and included in the Annual Work Plans and Budgets accepted by the Association, for trainings and workshops carried out under the Project, including purchase, translation and publication of materials, rental of facilities, course fees, workshop supplies, rental of equipment, reasonable honorarium/stipend of resource persons, and travel, accommodation and subsistence of participants, but excluding fees of consultants.

32. “Transport Management System” means a computerized system used by the Ministry of Infrastructure to record, track, manage and analyze data related to the transport sector.