Global Environment Facility
Special Climate Change Fund and
Global Facility for Disaster
Reduction and Recovery
Grant Agreement

(Pacific Resilience Project)
(Under the Pacific Resilience Program)

Between

KINGDOM OF TONGA

AND

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility Special
Climate Change Fund

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT/ INTERNATIONAL DEVELOPMENT ASSOCIATION,
acting as administrator of the Global Facility for Disaster Reduction and Recovery
(“GFDRR”)

Dated 18 November, 2015
GLOBAL ENVIRONMENT FACILITY SPECIAL CLIMATE CHANGE FUND
GRANT AGREEMENT

AGREEMENT dated 18 November 2015, entered into between:
THE KINGDOM OF TONGA ("Recipient") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank") acting as: (i) an implementing agency of the Global Environment Facility Special Climate Change Fund ("GEFSCCF") (ii) as administrator of grant funds provided by the Government of Japan under the Global Facility for Disaster Reduction and Recovery ("GFDRR").

WHEREAS (A) The Recipient, the Participating Countries 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 International Development Association ("Association") and other donors; and

(B) the Recipient has also requested the World Bank, acting as implementing agency for the GEFSCCF and administrator of GFDRR to provide a grants as specified in Section 3.01 of this Agreement.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section I of 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 Standard Conditions or the Financing Agreement or in this Agreement.
Article II  
The Project  

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to the Financing Agreement ("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 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 aggregate amount of six million seventy nine thousand four hundred fifty two Dollars ($6,079,452 ("Grant")) from various sources consisting of: (a) the amount of four million five hundred seventy nine thousand four hundred fifty two Dollars ($4,579,452) ("GEFSCCF Portion of the Grant"); and (b) the amount of one million five hundred thousand Dollars ($1,500,000) ("GFDRR Portion of the Grant"), to assist in financing the Project:

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

3.03. The Grant is funded out of the GEFSCCF and GFDRR trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV  
Effectiveness; Termination  

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been satisfied, namely that the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to
make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for Finance.

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

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

Phone Facsimile:
+676 23066 +676 26011

6.03. 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: Telex: Facsimile:
INTBAFRAD 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Nuku'alofa, Tonga, as of the day and year first above written.

KINGDOM OF TONGA

By

[Signature]

Authorized Representative

Name: AISAGA VALU FEA
Title: MINISTER OF FINANCE AND NATIONAL PLANNING

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility Special Climate Change Fund and as administrator of the Global Facility for Disaster Reduction and Recovery

By

[Signature]

Authorized Representative

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

Project Description

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

The Project is part of the first phase of the Program, and consists of the parts described in Schedule 1 to the Financing Agreement.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements, Project Monitoring, Reporting and Evaluation and Procurement

A. General

Section I (Implementation Arrangements), Section II (Project Monitoring, Reporting and Evaluation) and Section III (Procurement) of Schedule 2 to the Financing Agreement are hereby incorporated by reference and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (1) the references to the “Financing” in said Sections shall be construed as references to the Grant provided for under this Agreement; (2) the references to the “Association” in said Sections shall be construed as references to the World Bank; (3) the reference to Section 4.08 of the General Conditions in Section II.A of Schedule 2 to the Financing Agreement shall be construed as reference to Section 2.06 of the Standard Conditions; and (4) the references to Section 4.09 and 4.09 (b) of the General Conditions in Section II.B of Schedule 2 to the Financing Agreement shall be construed as references to Section 2.07 and 2.07 (b) of the Standard Conditions.

Section II. 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 GEFSCCF Portion of the Grant Allocated (expressed in USD)</th>
<th>Amount of the GFDRR Portion of the Grant Allocated (expressed in USD)</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</td>
<td>4,579,452</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,579,452</td>
<td>1,500,000</td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made: for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions: for the GFDRR Portion of the Grant is June 30, 2020 and for the GEFSCCF Portion of the Grant is November 30, 2020.
APPENDIX

Section I: Definitions

1. "Financing Agreement" means the agreement to be signed between the Association and the Recipient for purposes of financing the Project.