Scaling Up Renewable Energy for Low-Income Countries under the Strategic Climate Fund and Small Island Developing States Initiative and Global Facility for Disaster Reduction and Recovery Grant Agreement

(Sustainable Energy Industry Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION acting as Implementing Agency of the Scaling Up Renewable Energy for Low-Income Countries under the Strategic Climate Fund; and acting as administrator of the Small Island Developing States (SIDS) DOCK Support Program Multi-Donor Trust Fund; and acting as administrator of the Global Facility for Disaster Reduction and Recovery

and

PACIFIC POWER ASSOCIATION

Dated DECEMBER 3, 2015

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions, with the modifications set forth in Section II 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 in this Agreement (including the Preamble and Appendix hereto).

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule I to this Agreement (“Project”). To this end, the Recipient shall carry out the Project 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 five million six hundred and sixty thousand Dollars ($5,660,000) ("Grant") from various sources consisting of:

(a) a grant in the amount of one million nine hundred and twenty thousand Dollars ($1,920,000) from SREP ("SREP Portion of the Grant"); and

(b) a grant in the amount of three million four hundred and seventy thousand Dollars ($3,470,000) from the SIDS DOCK ("SIDS DOCK Portion of the Grant"); and

(c) a grant in the amount of two hundred and seventy thousand Dollars ($270,000) from GFDRR ("GFDRR Portion of the Grant"),

such Grant being for the benefit of the Pacific Island Countries and Papua New Guinea 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.

3.03. The Grant is funded out of the SREP, SIDS DOCK and GFDRR trust funds for which the World Bank receives periodic contributions from the donors to the respective trust funds ("Donors"). 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

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 conditions have been satisfied: (a) the Project Operations Manual referred to in Section I.C of Schedule 2 of this Agreement has been prepared and adopted by the Recipient in a manner satisfactory to the World Bank; and (b) a Project implementation officer referred to in Section I.A.1 of Schedule 2 to this Agreement has been hired with qualifications and terms of reference satisfactory to the World Bank.
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 4.01 ("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 one hundred twenty (120) 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 V
Recipient's Representative; Addresses

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Executive Director of Pacific Power Association.

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

Pacific Power Association
Naibati House
Goodenough Street,
Private Mail Bag,
Suva,
Republic of Fiji

Facsimile:
(679)3302038

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

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

Facsimile:
1-202-477-6391
AGREED at SYDNEY, AUSTRALIA, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Implementing Agency of the Scaling Up Renewable Energy for Low-Income Countries under the Strategic Climate Fund; and acting as administrator of the Small Island Developing States Initiative; and acting as administrator of the Global Facility for Disaster Reduction and Recovery.

By

[Signature]

Authorized Representative

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

PACIFIC POWER ASSOCIATION

By

[Signature]

Authorized Representative

Name: ANDREW D. DAKA
Title: EXECUTIVE DIRECTOR
SCHEDULE I

Project Description

The objective of the Project is to increase the data availability and capacity of power utilities of the Pacific Island Countries and Papua New Guinea ("PNG") to enhance their ability to incorporate and manage renewable energy technologies and long-term disaster risk planning.

The Project consists of the following parts:


Carrying out of a resource mapping assessment of solar and wind capacity across the Pacific Island Countries to enhance awareness and knowledge of their respective governments, utilities and the private sector of the resource potential for renewable technologies, and provide their respective governments with a spatial planning framework to guide investment in the renewable energy sector.

Part 2. Technical Assistance

Carrying out of a program of activities designed to increase the capacity of the power utilities in the Pacific Island Countries and PNG in the planning for and management of the integration of variable renewable energy in their systems, data collection and management and the sharing of knowledge across jurisdictions through, among others, acquisition of remodeling software and consultancy services for renewable energy integration and capacity building; development of an online power benchmarking platform; development of industry guidelines and competency standards; training and workshops; preparation of power utilities career development assessment plans; and disaster-recovery and risk-reduction activities.

Part 3. Project Implementation Support

Provision of implementation support for Parts 1 and 2 above, including the carrying out of a program of activities designed to enhance the capacity of the Recipient for overall Project coordination, management, administration, technical operation, procurement, financial management, environmental and social management, monitoring and evaluation and reporting, including the financing of Operating Costs of the Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

The Recipient shall be responsible for the overall implementation of the Project. To ensure proper and efficient implementation of the Project, the Recipient shall:

1. maintain a Project implementation officer to be responsible for, inter alia, overseeing day to day implementation of the Project, including financial management, procurement, monitoring and reporting for the Project and coordination with national utilities of the Member Countries.

2. by not later than six (6) months after the Effective Date of this Agreement, hire and thereafter, maintain an engineering advisor to be responsible for assisting the Project manager with the technical aspects of the Project.

B. Anti-Corruption

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

C. Project Operations Manual

1. The Recipient shall adopt a Project Operations Manual, setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for purposes of implementation of the Project, in form and substance acceptable to the World Bank.

2. The Recipient shall: (a) carry out the Project in accordance with the Project Operations Manual; and (b) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Project Operations Manual or any part thereof without the prior written agreement of the World Bank.

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

1. The Recipient shall carry out the Project in accordance with the provisions of the Safeguards Instruments.

2. Without limitation upon the provisions of the preceding paragraph, whenever an EMP or RAP shall be required for any proposed Project activity in accordance with the provisions of the ESMF, the Recipient shall, prior to the commencement of such activity, proceed to have such EMP or RAP: (a) prepared in accordance with the provisions of the ESMF; (b) furnished to the World Bank for review and approval; and (c) thereafter adopted and disclosed as approved by the World Bank, in a manner acceptable to the World Bank.

3. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, waive, or permit to be assigned, amended, abrogated, or waived, any Safeguards Instrument, or any provision thereof.

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 World Bank’s environmental and social safeguards policies, as well as the Member Countries’ laws relating to the environment and social aspects; and

   (b) in drafting any guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.

   (c) In the event of a conflict between the provisions of the Member Countries’ laws relating to the environment and social aspects and the World Bank’s environmental and social safeguards policies, the provisions of the World Bank’s environmental and social safeguards policies shall prevail.

5. Without limitation upon its other reporting obligations under Section II.B of this Schedule, the Recipient shall take all measures necessary to regularly collect and compile, and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, providing details of:

   (a) the measures taken in furtherance of the Safeguards Instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and

   (c) remedial measures taken or required to be taken to address such conditions.
6. The Recipient shall afford the World Bank a reasonable opportunity to review the reports prepared under paragraph 5 of this Section 1.0, and thereafter shall carry out with due diligence, all remedial measures agreed with the World Bank 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 Safeguards Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

E. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of any Member Country’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six (6) months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.
B. Project Reports

1. (a) 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 and on the basis of the indicators set forth in the Project Operations Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five days (45) after the end of the period covered by such report.

(b) The Recipient shall: (a) not later than two and a half (2.5) years after the date of this Agreement (or such other date as the World Bank may agree), carry out a mid-term review of the Project and, prepare and furnish to the World Bank a mid-term report, in such detail as the World Bank 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(a) of this Section II.B, 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 World Bank such mid-term report, on or about the date one (1) month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the World Bank's views on the matter.

2. 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.

C. 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 not later than forty-five (45) days after the end of each calendar semester, covering the semester, 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.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting-services and 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:

(a) Section I of the Procurement Guidelines in the case of goods and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. 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 and Non-consulting Services

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting.

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) Quality-based Selection; (b) Least Cost Selection;
(c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

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.

E. Document Retention

Notwithstanding the provisions of paragraphs 2(j) and 5 of Appendix 1 to the Procurement Guidelines, and paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (i) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven (7) years and six (6) months after the Closing Date set forth in Section IV.B.2 of this Schedule; (ii) shall furnish such documentation to the World Bank at any time upon request; and (iii) hereby authorizes the World Bank to disclose such documentation to the Donors.

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 category of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to the Category, and the percentage of expenditures to be financed for Eligible Expenditures in the Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the SREP Portion of the Grant Allocated (expressed in USD)</th>
<th>Amount of the SIDS DOCK 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>Goods, non-consulting services, consultants’ services, Training and Operating Costs</td>
<td>1,920,000</td>
<td>3,470,000</td>
<td>270,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,920,000</td>
<td>3,470,000</td>
<td>270,000</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, except that withdrawals up to an aggregate amount not to exceed $100,000 from the SIDS Dock Portion of the Grant may be made for payments made prior to this date but on or after May 1, 2015, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions:

(a) for the SREP Portion of the Grant is August 31, 2020;

(b) for the SIDS DOCK Portion of the Grant is December 31, 2017; and

(c) for the GFDRR Portion of the Grant is June 30, 2020.
APPENDIX

Definitions; Modifications to the Standard Conditions

Section I. Definitions

1. "Affected Persons" means persons who, on account of implementation of the Project, have 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 persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.


3. "Environmental and Social Management Framework" or "ESMF" means the Recipient’s framework dated August 2015, and acceptable to the World Bank, for undertaking environmental and social analysis and developing mitigation measures for all Project activities, as said framework may be revised from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such framework.

4. "Environmental Management Plan" or "EMP" means, each plan to be prepared by the Recipient in accordance with the ESMF, and pursuant to Section I.D of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the World Bank, and setting forth the measures for mitigating the environmental risks and impacts associated with the implementation of Project activities, incorporating the physical cultural resources management plan, as well as the administrative and monitoring arrangements for ensuring the implementation of said plans, as said plans may be revised from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such plans.

5. "Operating Costs" means the reasonable costs incurred by the Recipient for purposes of the management and supervision of the Project including costs of office utilities and supplies, communication, printing services, bank charges, advertising expenses, vehicle rental, operation and maintenance of vehicles, office equipment and facilities, travel, lodging and per diem expenses and salaries of contractual staff.

6. "Project Operations Manual" means the Recipient’s manual, manual referred to in Section I.C of Schedule 2 to this Agreement, as said manual may be revised from
time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such manual.


9. “Procurement Plan” means the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

10. “Resettlement Action Plan(s)” and “RAP(s)” means the plan(s) to be prepared by the Recipient in accordance with the ESMF, and pursuant to Section LD of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the World Bank, and setting forth the principles and procedures governing the acquisition of land and related assets, and the compensation, resettlement, and rehabilitation of Affected Persons, as said plans may be revised from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such plans.

11. “Safeguards Instruments” means, collectively, the ESMF, EMP(s) (if any) and RAP(s) (if any).


13. “Training” means the reasonable costs of training, seminars, workshops, conferences and study tours, conducted in the territory of the Pacific Island Countries and PNG and/or overseas, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances for both trainers and trainees; (c) the rental of training facilities; and (d) preparation, purchase or reproduction of training materials.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

For the purposes of this Agreement, the term “Member Country” defined in the Appendix to the Standard Conditions is modified to read as follows:
"17. "Member Country" means each of the following: The Federated States of Micronesia, Republic of Fiji, Republic of Kiribati, Republic Marshall Islands, Republic of Palau, Independent State of Papua New Guinea (PNG), Independent State of Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu and Republic of Vanuatu, which are members of the World Bank in whose respective territories the Project is carried out, and "Member Countries" refers to all the aforementioned countries."