EU Project Agreement

(Increasing Resilience to Climate Change and Natural Hazards Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as Administrator of Grant Funds provided by the European Union

and

VANUATU AGRICULTURAL RESEARCH AND TECHNICAL CENTRE

Dated 08.05.2013
PROJECT AGREEMENT

AGREEMENT dated 08.05.2013, 2013, entered into between: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of grant funds provided by the European Union, and VANUATU AGRICULTURAL RESEARCH AND TECHNICAL CENTRE - VARTC ("Project Implementing Entity") ("Project Agreement") in connection with the Grant Agreement ("Grant Agreement") of same date between REPUBLIC OF VANUATU ("Recipient") and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS


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 the Grant Agreement.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Component 3.1 of the Project (its Respective Part of the Project) in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.

3.02. The World Bank’s Address is:
4.03. The Project Implementing Entity’s Address is:

<table>
<thead>
<tr>
<th>Vanuatu Agricultural Research and Technical Centre</th>
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<tbody>
<tr>
<td>PO Box 231</td>
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<tr>
<td>Luganville - Sainte</td>
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<tr>
<td>Republic of Vanuatu</td>
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</tbody>
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Facsimile
678 23142
AGREED at Port Vila, , as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Administrator of
Grant Funds provided by the European Union

By

[Signature]
Authorized Representative

Name: Franz R. Drees Gross
Title: Country Director

VANUATU AGRICULTURAL RESEARCH AND TECHNICAL CENTRE

By

[Signature]
Authorized Representative

Name: Hacapa Roger
Title: CEO
SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall establish, at the latest three (3) months after the Effective Date or such later date as the World Bank shall notify to the Project Implementing Entity, and thereafter maintain until the completion of the Project, a management team consisting of qualified staff in sufficient numbers and under terms of reference satisfactory to the World Bank, and provided at all times with adequate funds and other resources, which shall be responsible for the overall coordination, procurement, implementation, financial management, and monitoring and evaluation of Component 3.1 of the Project, as further detailed in the Operational Manual.

B. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

B. Subsidiary Agreement

1. To facilitate the carrying out of Component 3.1 of the Project, the Project Implementing Entity shall execute a Subsidiary Agreement with the Recipient to make the proceeds of the Grant allocated from time to time to Category (2) of the table set forth in Section IV.A.2 of Schedule 2 to the Grant Agreement available to the Project Implementing Entity under terms and conditions approved by the World Bank.

2. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect its interests and the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Operational Manual and Environmental and Social Management Framework
(a) The Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the Operational Manual and the Environmental and Social Management Framework.

(b) The Project Implementing Entity shall ensure that all plans prepared in accordance with the Environmental and Social Management Framework are carried out in accordance with their terms.

(c) The Project Implementing Entity shall not amend the Operational Manual or the Environmental and Social Management Framework without the prior written approval of the World Bank.

(d) In the event of any inconsistency between the provisions of either the Operational Manual or the Environmental and Social Management Framework and this Agreement, this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth in the Operational Manual. Each such Project Report shall cover the period of one (1) calendar year, and shall be furnished to the Recipient not later two (2) weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project Report.

2. The Project Implementing Entity 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 Recipient not later than three (3) months after the Closing Date for incorporation into the overall Completion Report and forwarding by the Recipient to the World Bank of said overall Completion Report.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
2. Without limitation on the provisions of paragraph 1 of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient, for further consolidation and not later than twenty days (20) days after the end of each calendar quarter, interim unaudited financial reports for its Respective Parts of the Project covering the quarter, in form and substance satisfactory to the World Bank.

3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the World Bank not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Section III. **Procurement**

All goods, works and services required for the Project Implementing Entity's Respective Part of the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.

Section IV. **Other Undertakings**

The Project Implementing Entity shall, by December 30, 2015, or such other date as the World Bank and the Recipient shall agree upon, (i) carry out jointly with the World Bank and the Recipient, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project Implementing Entity's Respective Part of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the World Bank and the Recipient.