Dear Sir:

In response to the request for financial assistance made on behalf of the Secretariat of the Pacific Community ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (together, the "World Bank"), acting as administrator of grant funds provided by multiple donors ("Donors") under the Strategic Climate Fund, proposes to extend to the Recipient for the benefit of one, some or all of Federated States of Micronesia, Republic of Fiji, Republic of Kiribati, Republic of Marshall Islands, Republic of Palau, Independent State of Samoa, The Solomon Islands, Kingdom of Tonga, Tuvalu and the Republic of Vanuatu ("Member Countries"), a grant in an amount not to exceed three hundred and twenty thousand United States Dollars (U.S.$320,000.00) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), 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.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement...
shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]
Franz Drees-Gross
Country Director
Timor-Leste, Papua New Guinea and Pacific Islands
East Asia and Pacific

AGREED:
SECRETARIAT OF THE PACIFIC COMMUNITY

By [Signature]
Authorized Representative
Name [Signature]
Title Director General
Date 22 May 2013

Enclosures:
(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** 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.

(a) "Eligible Pacific Island countries" means any or all of the following countries: Federated States of Micronesia, Republic of Fiji, Republic of Kiribati, Republic of Marshall Islands, Republic of Palau, Independent State of Samoa, The Solomon Islands, Kingdom of Tonga, Tuvalu and the Republic of Vanuatu.

(b) "Safeguard Policies" means one or all of the following 10 Safeguard Policies of the World Bank within its Operational Policies (OP): environmental assessment (OP 4.10), natural habitats (4.04), pest management (4.09), indigenous peoples (4.10), physical cultural resources (4.11), involuntary resettlement (4.12), forests (4.36), safety of dams (4.37), projects on international waterways (7.50) and projects in disputed areas (7.60).

Article II
Project Execution

2.01. **Project Objectives and Description.** The Grant is made to support the preparation of the Practical Climate Resilient Approaches and Tools for Food and Water Security and Coastal Zone Management Project, the objective of which is to improve the quality of and access to climate responsive tools, technologies, and practices for agriculture and fisheries production, water security and coastal zone management in the Eligible Pacific Island countries.

The activities ("Activities") for which the Grant is given shall consist of such activities as may be required for the preparation of the Project and as shall have been approved by the World Bank from time to time, including technical assistance aimed at:

(a) Completing country level consultations and selection of countries from amongst the Eligible Pacific Island countries to carry out pilot programs.

(b) Carrying out consultations with other major climate change program managers to identify appropriate sub-regions in the selected Eligible Pacific Island countries that could be the focus of on-ground activities.

(c) Undertaking a detailed assessment of the project requirements in the selected countries including: information gathering, data reviews, and national level consultations with relevant stakeholders, determining institutional capacity development requirements, and preparation of draft work schedules aimed at:
i. building climate resilient food production systems in Eligible Pacific Island countries, focusing on integrated farming methods and enhancing the role of fisheries (coastal, oceanic and freshwater) in meeting local food demand;

ii. assisting national and local governments, and affected communities, to increase their capacity to assess drought and respond to climate impacts on water security through improved collection, analysis and communication of water resources information;

iii. synthesizing current knowledge of various vulnerability assessments of coastal areas, the use of different approaches and data sources, and the best way to store and make the data available to decision-makers, and;

iv. developing specific knowledge products, principally climate risk assessment and management tools.

(d) Assessing social and environment aspects to address Safeguard Policies issues, financial and economic analysis and preparation of a project document.

2.02. *Project Execution Generally.* The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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”); and (c) this Article II.

2.03. *Donor Visibility and Visit.* (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) 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 the Member Country’s territory for purposes related to the Project.

2.04. *Financial Management.* (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

    (b) 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 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

    (c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. *Procurement*
(a) General. All goods 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:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in 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 (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of 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.

(c) Particular Methods of Procurement of Goods

Goods shall be procured under contracts awarded on the basis of Shopping and Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection based on Consultants' Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) 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.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. 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 100% of Eligible Expenditures consisting of Goods, Consultant’s Services, Training and Workshops, and Incremental Operating Costs, inclusive of Taxes.

For the purpose of Section 3.01 the terms, (i) “Training and Workshops” means the costs associated with training and workshop participation of trainees, including travel and subsistence costs, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation; and (ii) “Incremental Operating Costs” means, incremental expenses incurred on account of the Project implementation, support and management and reasonably related thereto, as shall be included in an annual budget submitted to the World Bank, including office rental, communications, utilities, stationary, domestic travel costs and per diem, maintenance of vehicles and equipment funded by the proceeds of the Financing, but excluding salaries, fees and honoraria of the Recipients’ civil servants.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2014.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Director General.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Secretariat of the Pacific Community (SPC)
BP D5, 98848 Noumea Cedex
95 Promenade Roger Laroque, Anse Vata
New-Caledonia

Tel: +687 26 20 00
Fax: +687 26 38 18

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development and International Development Association
1818 H Street, N.W.
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