Global Environment Facility
Grant Agreement

(Amending and Restating the Original Grant Agreement)
(Sustainable Energy Financing Program)

between

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

and

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Dated 9 June, 2014
AGREED at Suva, 9th June, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (acting as an Implementing Agency of the Global Environment Facility)

By: FRANZ R. DREES GROSS
Authorized Representative

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

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By: KIM CHAN
Authorized Representative

Name: KIM CHAN
Title: CEO
GEF GRANT NUMBER
TF058282

AMENDED AND RESTATE
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT


WHEREAS:

(A) Under a Global Environment Facility grant agreement, dated August 17, 2007, between the Recipient and the World Bank (“Original Grant Agreement”), the World Bank agreed to provide the Recipient with a grant in the amount of five million two hundred thousand Dollars ($5,200,000) to assist in financing the Project as defined in Schedule 1 to the Original Grant Agreement (“Original Project”);

(B) The Recipient and the World Bank amended the Original Grant Agreement on May 22, 2008 and December 13, 2012.

NOW THEREFORE the Recipient and the World Bank hereby agree to amend and restate the Original Grant Agreement, as of the Effective Date of this Agreement, to read as one consolidated text constituting this Agreement and enter into effect as of the Effective Date.

Article I
Standard Conditions; Definitions; Transitional Provisions; Recitals

1.01. The Standard Conditions 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.

1.03. The multi-party Sustainable Energy Financing Program (the “Program”) is described in Schedule 1 to this Agreement. The recitals set out below describe the role of the Recipient and the roles of the other participants in the Program not party to this Agreement:

(a) The Program will promote (i) the financing of Sustainable Energy and energy efficiency in the Republic of Fiji and (ii) knowledge sharing and capacity building for Sustainable Energy and energy efficiency investments in the Participating Pacific Island States.
(b) Pursuant to this Agreement, the World Bank, acting as implementing agency of the GEF, will make available financing to the Recipient for (i) the identification of Sustainable Energy technology investments through Approved Product Catalogs and Approved Business Plans; (ii) the identification of Participating Financial Institutions and the development of terms and conditions for Covered Loans pursuant to which such Participating Financial Institutions may lend to individuals and small enterprise Borrowers for such Sustainable Energy investments with partial risk coverage from the Program’s Risk Sharing Fund; (iii) the provision of technical support to users of such Sustainable Energy technology investments; (iv) timely monitoring and evaluation of participating Borrowers in both the use of Sustainable Energy technologies and Covered Loan repayment history; and (v) knowledge sharing and capacity building in Participating Pacific Island States.

(c) Pursuant to this Agreement, and pursuant to agreements entered into, or to be entered into, between the Fund Manager and each Participating Financial Institution, the Fund Manager has established the Risk Sharing Fund to issue partial credit guarantees to Participating Financial Institutions for the repayment of an agreed percentage of each Covered Loan made by the Participating Financial Institution to a participating Borrower for an investment in a Sustainable Energy technology and/or technology-related business plan.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the Program described in Schedule 1 to this Agreement. To this end, the Recipient shall carry out Part 1(a) of the Program (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 amount equal to five million two hundred thousand United States Dollars (US$5,200,000) (“Grant”) 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.

**Article IV**

*Enforceability; Termination*

4.01. Any dispute, controversy, or claim arising out of or relating to this Agreement, which has not been settled by agreement of the parties, shall be submitted to arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Agreement, and the following provisions: (a) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (b) the language of the arbitral proceedings shall be English.

4.02. For purposes of Section 6.02 of the Standard Conditions, the date on which the obligations of the Recipient under this Agreement shall terminate is the Closing Date.

**Article V**

*Recipient's Representative; Addresses*

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is General Manager, Distribution - Pacific.

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

Australia and New Zealand Banking Group Limited
7/25 Victoria Parade, Suva, Fiji
Attention: Finance Manager

Facsimile:
+61 3 92734336

5.03. 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: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
SCHEDULE 1

Program Description

The objective of the Program is (i) to significantly increase the adoption and use of renewable energy technologies and the more efficient use of energy through a package of incentives to encourage local financial institutions to participate in sustainable energy finance in the Republic of Fiji and (ii) to support knowledge sharing and capacity building on renewable energy and energy efficiency technologies in the Participating Pacific Island States.

The Project to be carried out by the Recipient is comprised of Part 1(a) of the Program.

Part 1. Risk Sharing Fund (RSF)

(a) Providing partial credit guarantees through Fund Manager from the Risk Sharing Fund to Approved PFIs to make Covered Loans to Participating Individual Borrowers and Participating MSE Borrowers to enable them to make investments in Sustainable Energy technologies from the Approved Product Catalog and/or in related Sustainable Energy services under an Approved Business Plan.

(b) Providing technical assistance to the Executive Agency to: (i) select Approved PFIs to be eligible for partial credit guarantee coverage under the Risk Sharing Fund; and (ii) develop and monitor: (A) the Approved Product Catalog and Approved Business Plans; and (B) the terms and conditions for Covered Loans to be eligible for financing support under the RSF.

Part 2. Technical Assistance, Market Incentives and Communications

Providing technical assistance through the Executive Agency to:

(a) strengthen the capacity of Approved PFIs to service client’s borrowing to purchase Sustainable Energy equipment by providing training to establish and maintain a profitable Sustainable Energy portfolio, including support with appropriate management information systems, risk mitigation and recovery techniques;

(b) strengthen sales and after sales incentive structures for Sustainable Energy service providers through detailed market surveys;

(c) strengthen the financial and technical capacity of MSE Sustainable Energy service providers;

(d) assist vocational schools and other training institutions to (i) provide training on energy planning and Sustainable Energy solutions and (ii) develop and deliver Sustainable Energy technology repair and maintenance training;
(e) develop and implement consumer protection, testing, and accreditation programs, including accreditation of renewable energy suppliers, auditors, and managers;

(f) assist local retailers and MSEs to attend training institutions and trade fairs on Sustainable Energy topics and support trade fairs, showcases, and community presentations to promote Sustainable Energy and energy efficiency technologies;

(g) install Sustainable Energy and energy efficiency demonstration facilities to promote their adoption and use;

(h) review the Republic of Fiji’s energy policies and implement measures to address any barriers to significantly increasing the adoption and use of renewable energy technologies and more efficient use of energy and carry out renewable energy resource and technology studies and studies regarding the efficient use of energy; and

(i) develop a communications strategy for the Program to address all relevant stakeholders including communities, potential Borrowers, and potential Approved PFIs.

Part 3. **Management, Monitoring and Evaluation**

Providing the Executive Agency with the services of a Program Manager to

(a) ensure effective management, coordination, monitoring and evaluation of the Program;

(b) promote knowledge sharing and regional capacity building to the Participating Pacific Island States; and

(c) monitor, report, and support any outstanding matters arising from the ongoing Program.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements for the RSF.

1. **Fund Manager.** The Recipient shall maintain, until completion of the Project, a project unit staffed by qualified and experienced personnel to carry out its responsibilities under this Agreement (Fund Manager).

2. The Recipient shall ensure that it maintains appropriately separate functions to avoid conflicts of interest between the Recipient and any Participating Financial Institution in which Australia and New Zealand Banking Group Limited has an interest or which is a branch of Australia and New Zealand Banking Group Limited.

3. **RSF Documentation Structure.** The RSF documentation structure is set out in Attachment I to this Schedule 2. The documents required for the Recipient to carry out its obligations under the Project are set out in Section I of such Attachment I.

4. **Fund Manager Operations Manual.** The Recipient shall (i) by not later than one month after the Effective Date, update the Fund Manager Operations Manual in accordance with terms of reference acceptable to the World Bank, in form and substance satisfactory to the World Bank; and (ii) manage the RSF in accordance with the policies and guidelines set forth in the Fund Manager Operations Manual, as so revised. The Fund Manager Operations Manual shall at all times include the provisions set out below:

(a) **List of Approved PFIs.** The Approved PFI List, the initial list of which is set out in Attachment II to this Schedule 2, as such list may be updated from time to time as set out in paragraph 2 of Section I(B) of this Schedule 2.

(b) **Form of RSF Coverage Application:**

(i) Form of application by an Approved PFI to apply to the Recipient to have a loan by the Approved PFI to a Borrower covered by a Guarantee, which the Recipient shall review to ensure inclusion of a written confirmation by the applying Local Participating Financial Institution that the loan complies with: (A) the conditions under which the World Bank has agreed that the Executive Agency can approve a Covered Loan by an Approved PFI to a Borrower; and (B) the Environmental and Social Safeguards Framework.
(ii) The Recipient shall have no responsibility with respect to the Environmental and Social Safeguards Framework or otherwise under Section 2.03 of the Standard Conditions other than to perform the one-time verification for each RSF Coverage Application, that it contains the written confirmations from the Local Participating Financial Institution set out in the preceding sub-paragraph (i).

(d) *Form of Guarantee:* Form of guarantee to be issued by the Recipient to an Approved PFI for a Covered Loan to a Borrower.

(e) *Form of Call of Guarantee:* Form of call of guarantee to be sent by an Approved PFI to the Recipient for payment under a Guarantee.

(f) *Reporting Format:* Format for quarterly reports to be issued by the Recipient pursuant to paragraph 1(a) of Section II(A) of this Schedule 2.

(g) *RSF Financial Management Structure:* Agreement on the Guarantee Accounts structure.

5. The Recipient and the World Bank shall agree on any amendment, waiver or abrogation of the Fund Manager Operations Manual.

6. **Guarantee Accounts Structure.**

   (a) The Recipient shall maintain a Guarantee Account in US Dollars in accordance with the Fund Manager Operations Manual.

   (b) All interest and investment income, net of taxes, derived from the Guarantee Account shall be credited to the Guarantee Account.

   (c) The Recipient may withdraw from the Guarantee Account, on a monthly basis, the Fund Manager Fee.

**B. RSF Implementation.**

1. **Implementation Generally.** The Recipient shall carry out the duties of the Fund Manager with due diligence and efficiency and in conformity with appropriate administrative and financial practices in accordance with Article II of the Standard Conditions, the provisions of this Schedule 2 of this Agreement, and the Fund Manager Operations Manual. In the event of any conflict, the provisions of this Agreement shall prevail.

2. **RSF Terms and Conditions.** The Recipient shall ensure that, except as may be otherwise agreed between the Recipient and the World Bank, the terms and conditions of the RSF shall be set out in the Fund Manager Operations Manual and shall include the terms and conditions set out below:
(a) **Application by the Recipient of the Approved PFI List:** The Recipient shall apply the Approved PFI List in issuing Guarantees as the same may be updated in accordance with this paragraph. The Recipient shall ensure that any notice of change to the list of Approved PFIs received by the Recipient from the World Bank shall be implemented: (i) on the same Business Day if received prior to 5:00 p.m.; or (ii) no later than 9:00 a.m. the following Business Day if received after 5:00 p.m., and in particular that any previously Approved PFI that is removed by the World Bank from the list of Approved PFIs thereafter receives no new Commitment and no new Guarantee. The Recipient shall notify the World Bank immediately if it wishes to remove any PFI from the Approved PFI List, and shall provide the World Bank with the reason for such removal. The World Bank shall thereafter reissue the Approved PFI List to the Recipient and notify the Executive Agency. Times referred to in this paragraph refer to times in Melbourne, Australia.

(b) **Guarantee Issuance:** The Recipient may issue a Guarantee to an Approved PFI for a loan to a Borrower that complies with the Fund Manager Operations Manual and for which:

(i) that PFI appears on the Approved PFI List;

(ii) that PFI has submitted an RSF Coverage Application in the form and substance set out in the Fund Manager Operations Manual acceptable to the World Bank;

(iii) the RSF Coverage Application is received with the period that commences on the date of the World Bank-Fund Manager Grant Agreement and ends on 30 June, 2017 (“Commitment Period”); and

(iv) the term of the Guarantee does not exceed the lesser of seven (7) years or the number of years remaining between the date of the Guarantee and the Closing Date, such that no Guarantee will be issued for a Covered Loan beyond the Closing Date.

(c) **Guarantee Coverage:** The guarantee coverage shall be partial, up to a maximum of fifty percent (50%) of the outstanding principal on any Covered Loan.

(d) **Guarantee Account:**

(i) The Guarantee Account shall be used by the Recipient to receive disbursements from the World Bank, retain net investment income on the Grant funds therein, pay guarantee claims in accordance with the Fund Manager Operations Manual, pay the Fund Manager Fee, and receive net recovered monies on
Guarantee claims paid. The Recipient shall refund to the World Bank the final balance of the Guarantee Account pursuant to paragraph 5 of this Section I(B).

(ii) The Recipient shall pay interest on the average balance in the Guarantee Account at the following rates:
(A) Amounts in US$: three (3) month US$ SIBOR
(B) Amounts in Australian Dollars (A$): three (3) month A$ SIBOR
(C) Amounts in other currencies: ANZ's three (3) month interbank offer rate for relevant currencies.

Interest will be paid at the end of each calendar quarter, based on the annual rate applied for the duration of the relevant quarter.

(e) Fund Manager Fee.

(i) The Fund Manager Fee shall be calculated for each calendar month commencing with the date of first withdrawal of Grant proceeds and shall consist of US$6,667 per month for the first twelve months and US$5,000 per month for the thirteenth and subsequent months. The Fund Manager Fee may be reviewed on an annual basis or at any time as may be proposed by either Party, and may be revised with the agreement of the World Bank.

(ii) The Recipient may withdraw from the Guarantee Account the Fund Manager Fee due for each calendar month on the 5th working day of the next succeeding calendar month.

(iii) The Recipient shall make available to the World Bank upon request the calculation of any monthly Fund Manager Fee, including the breakdown of Fixed Fee and records evidencing that the Variable Fee is due, and shall include in each quarterly Project Report the calculation of the Fund Manager Fee for each month covered by such quarterly Project Report.

(iv) In the event that at the end of any calendar year, a review of the Project Reports and the calculations of the Fund Manager Fee by the World Bank shows that there were any discrepancies between the Fund Manager Fees paid to the Recipient out of the Guarantee Account and the agreed formula, then: (A) in the event that the Recipient withdrew the Fund Manager Fee in excess of the amount due, the Recipient shall immediately refund over-withdrawn amounts to the Guarantee Account; or (B) in the event that the Recipient withdrew less than the Fund Manager Fee due, the Recipient may, with the written agreement of the World Bank, withdraw an amount such that the Recipient shall have been paid the full amount of the Fund Manager Fee due.
(f) **Guarantee Call:** Calls on each Guarantee issued by the Recipient may be made in accordance with the default provisions to be agreed between the Recipient and Approved PFI and set out in the Fund Manager Operations Manual.

(g) **Recovered Monies and Recovery Costs:** Recovered monies shall be applied first to recovery costs. Net recovered monies will be deposited in the Guarantee Account.

3. The World Bank shall not be responsible for providing funding to the Recipient for any amount in excess of US$5,200,000, including for any shortfall that may arise between the amount of the RSF withdrawn by the Recipient pursuant to Section IV of this Schedule 2 and the value of the guarantees issued by the Recipient.

4. The Recipient shall promptly reimburse the Guarantee Account for the amount of any guarantee issued or paid: (a) to an entity that is not an Approved PFI on the Approved PFI List current as of the date that such guarantee was issued; or (b) based on an RSF Coverage Application that is not substantially in the form set forth in the Fund Manager Operations Manual; provided that nothing in this paragraph shall be construed as assigning to the Recipient liability hereunder for any acts, omissions or fraudulent conduct on behalf of any staff of the World Bank or of such Approved PFI.

5. The Recipient shall remit to the World Bank in US Dollars to an account designated in writing by the World Bank to the Recipient: (a) by September 30, 2017, the uncommitted balance in the Guarantee Account, being amounts against which Guarantees have not been issued, as of the end of the Commitment Period; and (b) by the Closing Date, the balance of the Guarantee Account not called or paid, and the amount of any recoveries in the Guarantee Account as of the Closing Date.

6. **Other Implementation Undertakings.**

The Recipient shall:

(a) at all times exercise the same level of due diligence and prudence in the management of the RSF as it exercises with respect to its other guarantee programs;

(b) maintain its legal status as a commercial corporate entity in accordance with all applicable laws of Australia;

(c) obtain all necessary consents, permits, and other regulatory requirements for the Recipient to conduct business related to the RSF; and
cooperate with the World Bank for the purposes of Section 2.08 of the Standard Conditions; provided that such cooperation obligations thereunder shall terminate on the date which is twelve (12) months after the submission by the Recipient of the Completion Report. In the event that the Recipient deems the disclosure of any records or documents requested by the World Bank to be in contravention of an applicable confidentiality regulation to which the Recipient is subject, the Recipient shall notify the World Bank of such proposal to exclude such records or documents from the information to be shared under this paragraph and the regulatory basis for the proposed exclusions.

7. In addition to remedies available to either Party in accordance with the Standard Conditions, this Agreement may be terminated by either the Recipient or the World Bank upon notice to the other Party. In the event of such termination, both Parties will exercise best endeavors to ensure smooth transition to a new fund manager based on an accounting, and under terms and conditions, agreed between the Recipient and the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. 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 below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) the number of Approved PFIs that offer RSF supported Covered Loans;

(ii) the number of Borrowers that utilize RSF supported Covered Loans, broken down by Approved PFI, Borrower category and category of Covered Loan;

(iii) cumulative value of Guarantees provided in USD or equivalent by Approved PFI, Borrower category and Covered Loan category;

(iv) outstanding value of Guarantees provided in USD or equivalent by Approved PFI, Borrower category and Covered Loan category;
(v) percentage of outstanding portfolio of Guarantees (by number and value) with arrears greater than sixty (60) days, by Approved PFI, Borrower category, and Covered Loan category; and

(vi) percentage of cumulative Guarantee commitments called (by number and value) by Approved PFI, Borrower category and Covered Loan category.

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 in accordance with the provisions of Section 2.06 of this Agreement.

B. 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 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 follow the format set out in the Fund Manager Operations Manual and 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

No goods or services are required for the Project and no procurement of goods or services will be financed out of the proceeds of the Grant.

Section IV. Withdrawal of Grant Proceeds

A. General.

1. 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Risk Sharing Fund</td>
<td>5,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Grant Allocated (expressed in USD)</td>
<td>Percentage of Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Tranche 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Risk Sharing Fund Tranche 2</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,200,000</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 the Original Grant Agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions, this Grant Agreement and the Fund Manager Operations Manual is December 31, 2017.
ATTACHMENT I to SCHEDULE 2

RSF Documentation Structure

I. Documents required for the Fund Manager to carry out its obligations under Part 1(a) of the Program (the Project)

(a) World Bank-Fund Manager Grant Agreement, this Agreement.

(b) Guarantee Agreement, setting out the terms and conditions, satisfactory to the World Bank, for a Guarantee to be provided by the Recipient for a Covered Loan made by an Approved PFI to a Borrower.

(c) Fund Manager-PFI Agreement, setting out the terms and conditions under which the Fund Manager and Approved PFI agree that the Approved PFI may participate in the RSF and be issued Guarantee(s) pursuant to Guarantee Agreement(s).

(d) Fund Manager Operations Manual, setting out the terms and conditions satisfactory to the World Bank on which the Recipient shall carry out its responsibilities under the World Bank-Fund Manager Grant Agreement.

(e) Approved PFI List, setting out the list of local financial institutions approved to have Covered Loans covered under the RSF from time to time in the Republic of Fiji.

II. Other documents related to role of the Executive Agency under Parts 1(b), 2, and 3 of the Program

The Fund Manager is not responsible for the documents set out in this Section II.

(a) World Bank-Executive Agency Grant Agreement, setting out the terms and conditions upon which the World Bank has made a grant to the Executive Agency.

(b) Executive Agency Operations Manual, setting out the terms and conditions upon which the Executive Agency will carry out its responsibilities under the Executive Agency Grant Agreement.

(c) Approved Product Catalog, setting out products acceptable to the World Bank that are approved investments for which a Borrower may apply to an Approved PFI for a loan, and for which an Approved PFI may apply to the Recipient to include the loan as a Covered Loan.

(d) Approved Business Plans, setting out the format for business plans for energy services acceptable to the World Bank that are approved
investments for which the Borrower may apply to an Approved PFI for a loan, and for which an Approved PFI may apply to the Recipient to include the loan as a Covered Loan.

(e) **Executive Agency-PFI Agreement**, setting out the terms and conditions acceptable to the World Bank upon which the Executive Agency has approved and will supervise an Approved PFI's participation in the RSF.

(f) **PFI-Borrower Covered Loan Agreement**, setting out the terms and conditions, satisfactory to the World Bank, upon which an Approved PFI has made a Covered Loan to a Borrower for an approved Investment from the Approved Product Catalog or for an Approved Business Plan.
ATTACHMENT II to SCHEDULE 2

A. **Initial Approved PFI List to be applied by the Recipient under the Project (subject to change in accordance with paragraph 2 of Section I(B) of Schedule 2)**

1. **In Fiji:**

   Australia and New Zealand Banking Group Limited, whose Head Office is situated at ANZ House, 25 Victoria Parade, Suva, Fiji.

   Fiji Development Bank, whose Head Office is situated at the Fiji Development Bank Building, 360 Victoria Parade, Suva, Fiji.

B. **PFI Selection Criteria to be applied by the Executive Agency in preparing the Approved PFI List under Part 1(b) of the Program**

1. **Documentation Requirement.** The Approved PFI shall have adopted the Executive Agency Operations Manual, including the Environment and Social Safeguards Framework, adopted a credit manual and entered into the Executive Agency-PFI Agreement, in each case acceptable to the World Bank.

2. **Operational Policy and Procedures Requirements.** The Approved PFI shall have met all operational policy and procedures requirements set out in the Executive Agency Operations Manual.

3. **Continued Eligibility.** After fulfilling the eligibility criteria, the Approved PFI shall continue to meet the eligibility criteria aforementioned to the satisfaction of the World Bank. If the Approved PFI fails at any time to satisfy the above specified criteria the Executive Agency, the World Bank and the Fund Manager reserve the right to remove the Approved PFI from the Approved PFI list and/or suspend further issuance of Guarantees for the Approved PFI.
APPENDIX

I. Modifications to the Standard Conditions.

The Standard Conditions are modified as follows:

1. The reference to “Member Country” in the Standard Conditions and in this Agreement refers to the Republic of Fiji; the reference to “the Member Country” in any part of this Agreement or with respect to any particular Program-related activity shall be understood to be the Republic of Fiji.

2. The provisions of Sections 2.02 and 2.04 of the Standard Conditions are excluded from application to this Project.

II. Definitions.

In this Agreement, unless the context otherwise requires, words in the singular form include the plural and vice versa.

1. “Application for RSF Coverage” means the application to be submitted by an Approved PFI to the Executive Agency in the form set out in the Executive Agency Operations Manual, including the certification of the Approved PFI as to compliance with the Covered Loan Criteria and the Environmental and Social Safeguards Framework.

2. “Approved Business Plan” means the business plans for Sustainable Energy-related services acceptable to the World Bank for which an Approved PFI may make a Covered Loan to a Borrower as described in paragraph II(d) of Attachment I to Schedule 2 to this Agreement.

3. “Approved PFI” means a PFI on the Approved PFI List, as the same may be updated from time to time in accordance with this Agreement.

4. “Approved PFI List” means the list of Approved PFIs referred to in paragraph I(e) of Attachment I to Schedule 2 to this Agreement, the initial list of which is contained in Attachment II to Schedule 2 to this Agreement, as the same may be updated from time to time in accordance with this Agreement.

5. “Approved Product Catalog” means the catalog of equipment and other products that are investments for which an Approved PFI may make a Covered Loan to a Borrower as described in paragraph II(c) of Attachment I to Schedule 2 to this Agreement.

6. “Borrower” means a Participating Individual Borrower or a Participating MSE Borrower.

7. “Business Day” means a day which is not a public holiday in Melbourne, Australia.

9. "Commitment" means a commitment booked by the Recipient for each Guarantee issued under the RSF pursuant to the terms of this Agreement.

10. "Commitment Period" means the period that commences on the date of the World Bank-Fund Manager Grant Agreement and ends on 30 June, 2017 during which period the Fund Manager may issue guarantees.

11. "Covered Loan" means a loan made by an Approved PFI to a Participating Individual Borrower or a Participating MSE Borrower and for which a Guarantee Agreement is entered into between the Recipient and the Approved PFI in accordance with the Fund Manager Operations Manual.

12. "Covered Loan Criteria" means the criteria for a loan to be eligible as a Covered Loan as set out in Attachment III to Schedule 2 to the World Bank-Executive Agency Agreement.

13. "Effective Date" means the date of countersignature of this Agreement.

14. "Environmental and Social Safeguards Framework" means the framework (adopted by the Executive Agency pursuant to the World Bank-Executive Agency Grant Agreement) with respect to which each Approved PFI must certify compliance in the Application for RSF Coverage.


16. "Executive Agency Operations Manual" means the manual referred to in paragraph II(b) of Attachment I to Schedule 2 to this Agreement.

17. "Executive Agency-PFI Agreement" means each agreement to be entered into between the Executive Agency and each Approved PFI as set out in paragraph II(e) of Attachment I to Schedule 2 to this Agreement.

18. "Fund Manager" means the Recipient, responsible for execution of Project in accordance with this Agreement.

19. "Fund Manager Fee" means the fee that the Fund Manager may deduct from the Guarantee Account as set out in paragraph 2(e) of Section I(B) of Schedule 2 to this Agreement.

20. "Fund Manager Operations Manual" means the Recipient’s Operations Manual referred to in paragraph 4 of Section I(A) of Schedule 2 to this Agreement, as the same may be updated from time to time with agreement of the Recipient and the World Bank.
21. "Fund Manager-PFI Agreement" means each agreement to be entered into between the Fund Manager and each Approved PFI as set out in paragraph I(c) of Attachment I to Schedule 2 to this Agreement.

22. "Guarantee" means a guarantee issued by the Recipient to an Approved PFI for a loan properly submitted by an Approved PFI using the approved Application for RSF Coverage.

23. "Guarantee Account" means the US Dollar account as set out in the Fund Manager Operations Manual and described in paragraph 6 of Section I(A) of Schedule 2 of this Agreement.

24. "Guarantee Agreement" means each agreement for the issuance of a guarantee entered into between the Recipient and an Approved PFI, in form and substance satisfactory to the World Bank as set out in the Fund Manager Operations Manual referred to in paragraph I(b) of Attachment I to Schedule 2 to this Agreement.

25. "MSE" means a micro- or small-enterprise, including a non-governmental organization, as defined in the Fund Manager Operations Manual.


27. "Participating Financial Institution" and "PFI" mean each financial institution in the Republic of Fiji that meets the requirements for participation of the RSF, included on the list of Approved PFIs in the Fund Manager Operations Manual as the same may be updated by notice from the World Bank to the Recipient.

28. "Participating Individual Borrower" means each individual in a Participating Pacific Island State that qualifies for a Covered Loan issued by a Participating Financial Institution covered by the RSF to make an investment in products from the Approved Product Catalog.

29. "Participating MSE Borrower" means each MSE in a Participating Pacific Island State that qualifies for a Covered Loan issued by a Participating Financial Institution covered by the RSF to make an investment: (a) from the Approved Product Catalog to provide energy for use in their own business activities; or (b) to supply Sustainable Energy equipment from the Approved Product Catalog and/or related Sustainable Energy services under an Approved Business Plan to end users.

30. "Participating Pacific Island State" means each of the Republic of Fiji, the Independent State of Papua New Guinea, the Solomon Islands, the Republic of the Marshall Islands, the Republic of Vanuatu, and any other island state in the Pacific Ocean as agreed with the World Bank.
31. “PFI-Borrower Covered Loan Agreement” means each agreement between an Approved PFI and a Borrower for a Covered Loan referred to in paragraph II(f) of Attachment I to Schedule 2 to this Agreement.

32. “PFI Selection Criteria” means the criteria for the selection of an Approved PFI as set out in Attachment II to Schedule 2 to this Agreement and included in the Executive Agency Operations Manual.

33. “Program” means the Sustainable Energy Financing Program described in Schedule 1 to this Agreement.

34. “Program Manager” means a manager to be procured by the Republic of Fiji in order to implement, coordinate, manage, monitor, and evaluate the Program.

35. “Project” means Part 1(a) of the Program to be carried out by the Recipient pursuant to this Agreement.

36. “Risk Sharing Fund” and “RSF” mean the Risk Sharing Fund provided under Part 1 of the Program.

37. “RSF Coverage Application” means the application to be submitted by an Approved PFI to the Recipient for a guarantee in the form set out in the Fund Manager Operations Manual, including the certification of the Approved PFI as to compliance with the Covered Loan Criteria and the Environmental and Social Safeguards Framework.

38. “SIBOR” means Singapore Interbank Offered Rate as offered daily by the Association of Banks in Singapore (ABS).


40. “Sustainable Energy” for the purposes of the Program means technologies related to the production of solar photo voltaic, pico-hydro, coconut oil based or other approved forms of renewable energy.

41. “World Bank-Executive Agency Grant Agreement” refers to the grant agreement between the World Bank and the Executive Agency described in paragraph II(a) of Attachment I to Schedule 2 to this Agreement for the purposes of carrying out the Program.

42. “World Bank-Fund Manager Grant Agreement” means this Agreement.