Loan Agreement

(Phase 3.B of the Pacific Regional Connectivity Program: Fiji Connectivity Project)

between

REPUBLIC OF FIJI

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated 16 December 2016
LOAN AGREEMENT

AGREEMENT dated 16 December, 2016, between REPUBLIC OF FIJI ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix A 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 General Conditions or in the Appendix A to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of five million nine hundred and fifty thousand Dollars ($5,950,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are January 15 and July 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

(i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project and the Program. To this end, the Borrower shall carry out the Project through MOC in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) Either of the Commerce Commission Decree or the Telecommunications Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement or the achievement of the Project development objectives.
(b) SSCC fails to comply with its obligations under the Project Agreement entered into with the International Development Association on October 19, 2016 for the purpose of implementing the Samoa Connectivity Project.

(c) The Regulatory Instruments have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower, to perform any of its obligations under this Agreement.

(d) Any of the Legal Agreements have not been entered into by its deadline agreed with the Bank in accordance with the terms and condition of this Agreement; or either of the parties thereto is in default under its obligations thereunder so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement or the achievement of the Project development objectives.

4.02. The Additional Event of Acceleration consists of the following:
(a) Any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister responsible for finance.

6.02. The Borrower’s Address is:
Ministry of Economy
Ro Lalabalavu House
Victoria Parade
Suva, Fiji

Facsimile:
+679 3315 728

6.03. The Bank’s Address is:
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Telex: Facsimile:

248423(MCI) or 64145(MCI) 1-202-477-6391

AGREED at first above written. Suva, Fiji, as of the day and year

REPUBLIC OF FIJI

By

[Signature]

Authorized Representative

Name: Amida Sayed Khan

Title: Attorney-General and Minister for Economy

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Lasse Melsgaard

Title: Acting Country Director
SCHEDULE 1

Project Description

The objectives of the Project are to reduce the cost and increase availability of internet services in the Northern Division of the Borrower's territory.

The Project constitutes phase 3.B of the Program, and consists of the following parts:

Component 1. Submarine Cable System

(a) Design, supply and installation of a submarine optical fiber cable to connect Vanua Levu to the main Samoa-Fiji cable, including a marine survey, a cable manufacture and cable deployment.
(b) Construction of a cable landing station and ancillary facilities in Savusavu, including acquisition and installation of onshore equipment.
(c) Acquisition of the indefeasible right to use the additional optical fiber pair that will be embedded into the main Samoa-Fiji cable for the Borrower's use for a period of at least twenty-five (25) years or until decommissioning of the SSCC Cable, if earlier.
(d) Cable (marine segment) management.

Component 2. Regulatory Technical Assistance

Provision of technical assistance to the Fiji Commerce Commission ("FCC") in relation to interconnection and access agreements including the negotiations and implementation of regulatory instruments to ensure cost based and nondiscriminatory access to the cable infrastructure, including support for cost analysis, tariff-setting and carrier's rights and obligations.

Component 3. Project Management and Administration

Provision of support to the Project management unit in MOC, including with respect to technical, procurement, financial management and safeguards aspects.
Section I. Implementation Arrangements

The Borrower shall maintain the following implementation arrangement throughout the period of Project implementation, in each case with staff and consultants in adequate number in the views of the Bank, and each with terms of reference, qualifications and experience satisfactory to the Bank.

A. Institutional Arrangements.

1. Project Management Unit.
   
   (a) The Borrower shall, no later than three (3) months after the Effective Date, establish a Project management unit ("PMU") in MOC, and shall maintain as required for the Project the PMU with attributions, composition and resources at all times satisfactory to the Bank.
   
   (b) Without limitation to the generality of the foregoing provisions in paragraph (a) immediately above, the PMU shall be responsible for technical and administrative Project coordination, supervision, planning, reporting, monitoring and evaluation, communication and outreach.
   
   (c) Without limitation to the generality of the foregoing provisions in paragraph (a) immediately above, the PMU shall include the following competencies: (i) technical project management; (ii) project coordination; (iii) procurement; (iv) financial management/accounting; and (v) safeguard support; or such other equivalent competencies and staff which the Bank has confirmed in writing to the Borrower as reasonable and acceptable under the circumstances.

B. Contractual and Regulatory Arrangements

The Borrower shall enter into the contractual arrangement and comply with the regulatory requirements described in this Section I.B, in each case in a manner and with provisions which the Bank has confirmed in writing to the Borrower are fully consistent with the principles of economy and efficiency, as determined by the Bank in its sole discretion.

1. Contractual and regulatory framework
   
   (a) (i) No later than three (3) months after the Effective Date (or such other date which the Bank has confirmed in writing to the Borrower is reasonable and acceptable under the circumstances, as determined by the Bank in its sole discretion), the Borrower shall procure: (A) the submarine cable and ancillary works and equipment described in Component 1(a) and (b) of the Project (the "Savusavu Spur") pursuant to one or several agreement(s), each in form and substance satisfactory to the Bank (the “Savusavu Spur Supply Agreement”); and (B) an indefeasible right to use capacity on the SCCC main submarine cable
connecting Suva to Apia and Upolu, Samoa (the “SSCC Cable”) for at least twenty-five (25) years or until decommissioning of the SSCC Cable, if earlier, pursuant to one or several agreement(s), each in form and substance satisfactory to the Bank (the “IRU”).

(ii) Without limitation to the provision of Paragraph (a)(i) immediately above, the Borrower shall ensure that the Savusavu Spur Supply Agreement and the IRU shall each contain provisions satisfactory to the Bank for the purpose of:

(A) establishing cross conditions and cross defaults and remedies between each other in order to ensure that IRU capacity will be available when the Savusavu Spur is commissioned and that the Savusavu Spur will be ready to be commissioned when IRU capacity is available, making it clear that that the IRU rights and the Savusavu Spur are cross-dependent for the system to work;

(B) guaranteeing open access to such infrastructure and services on transparent, cost-based and non-discriminatory basis;

(C) permitting an assignment of all rights and obligations of the Borrower under the Legal Agreements, Regulatory Instruments, and Permits related to the ownership and operation and maintenance of the Savusavu Spur and the IRU; and

(D) ensuring that the Savusavu Spur is installed, financed, owned and operated in accordance with the provisions of the Anti-Corruption Guidelines.

(iii) The Borrower shall comply with all its obligations and exercise its rights under each of the Savusavu Spur Supply Agreement and the IRU so as to best protect the interest of the ICT service users in its territory including in the Northern Division and achieve the objectives of the Project.

(iv) The Borrower shall obtain from the Bank written agreement prior to assigning, amending, abrogating, or waiving the Savusavu Spur Supply Agreement or the IRU, or any provision thereof, or permitting any entity participating in the implementation of the Project to do so.

(b) (i) No later than three (3) months prior to the estimated Ready for Commercial Service Date (or such other date which the Bank has confirmed in writing to the Borrower is reasonable and acceptable under the circumstances, as determined by the Bank in its sole discretion), the Borrower shall enter into a landing party agreement (“Savusavu Landing Party Agreement”) with FINTEL for the purpose of governing the rights and obligations of the Borrower with respect to the landing station at Savusavu (or equivalent contractual arrangement) and obtain all Permits pertaining thereto, all in form and substance satisfactory to the Bank.

(ii) Without limitation to the provision of Paragraph (b)(i) immediately above, (A) the Savusavu Landing Party Agreement and Permits shall contain provisions satisfactory to the Bank for the purpose of guaranteeing open access to such infrastructure and services on transparent, cost-based and non-discriminatory basis and ensuring that the rights and obligations under the Savusavu Landing Party Agreement and Permits are obtained and thereafter carried out in accordance with the Anti-Corruption Guidelines; and (B) the Savusavu Landing Party Agreement
and Permits shall contain provisions satisfactory to the Bank for the purpose of permitting an assignment of all rights and obligations under such Savusavu Landing Party Agreement and Permits.

(iii) The Borrower shall comply with all its obligations and exercise its rights under the Savusavu Landing Party Agreement and Permits so as to best protect the interest of the ICT service users in its territory and achieve the objectives of the Project.

(iv) The Borrower shall obtain from the Bank written agreement prior to assigning, amending, abrogating, or waiving the Savusavu Landing Party Agreement and Permits, or any provision thereof, or permitting any entity participating in the implementation of the Project to do so.

(c) (i) As soon as practicable, but no later than the Ready for Commercial Service Date (or such other date which the Bank has confirmed in writing to the Borrower is reasonable and acceptable under the circumstances, as determined by the Bank in its sole discretion), the Borrower shall enter into one or more legal agreements with an eligible cable operating entity meeting the requirements listed in the Project Operations Manual, including those in paragraph (ii) immediately below (the “Cable Operating Entity”), selected in a manner acceptable to the Bank for the transfer of the commercial operation and management of the fiber pair in the SSCC Cable, the branching unit for the connection of the Savusavu Spur to the SSCC Cable, the Savusavu Spur and the Savusavu landing station, in form and substance satisfactory to the Bank (the “CO&M Agreement”).

(ii) Without limitation to the provision of Paragraph (c)(i) immediately above, the Cable Operating Entity shall meet the following requirements:

(A) demonstrated previous experience in operating optical fiber submarine cable systems;

(B) demonstrated previous experience in operating a wholesale telecommunications service; and

(C) compliance with appropriate corporate financial ratios, which the Bank has confirmed in writing to the Borrower is reasonable and acceptable under the circumstances.

(iii) Without limitation to the provision of Paragraph (c)(i) immediately above, the CO&M Agreement shall contain provisions satisfactory to the Bank for the purpose of guaranteeing open access to such infrastructure and services on transparent, cost-based and non-discriminatory basis and ensuring that the rights and obligations under the CO&M Agreement are obtained and thereafter implemented in accordance with the Anti-Corruption Guidelines.

(iv) The Borrower shall comply with all its obligations and exercise its rights under the CO&M Agreement so as to best protect the interest of the ICT service users in its territory and achieve the objectives of the Project.
(v) The Borrower shall obtain the Bank’s written agreement prior to assigning, amending, abrogating, or waiving the CO&M Agreement, or any provision thereof, or permitting any entity participating in the implementation of the Project to do so.

(d) The Borrower shall ensure that, no later than the Ready for Commercial Service Date (or such other date which the Bank has confirmed in writing to the Borrower is reasonable and acceptable under the circumstances, as determined by the Bank in its sole discretion) all Regulatory Instruments in form and substance acceptable to the Bank are effective and applicable to Savusavu Spur and thereafter maintained, for the purpose of guaranteeing open access to such infrastructure and services on transparent, cost-based and non-discriminatory basis.

(e) (i) No later than twenty four (24) months after the Effective Date, the Borrower shall design (or cause to be designed) and submit to the Bank a plan for the management of the Savusavu Spur and the IRU capacity, in form and substance acceptable to the Bank and consistent with the Borrower’s laws and regulations and in accordance with the provisions of this Agreement (the “Strategic Asset Management Plan”).

(ii) Without limitation to the provision of Paragraph (e)(i) immediately above, the Strategic Asset Management Plan shall (A) give priority to the promotion of an open, competitive and fairly regulated market (as opposed to the promotion of a monopoly); and (B) include, inter alia, details of ownership, divestiture options, financing and operation of the cable, including timeline for its implementation, governance arrangement, business model, assets valuation, and protection of the interest of the users of ICT services in the Northern Division.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Borrower shall ensure that all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Bank Policies, as well as the Borrower’s own laws relating to the environment and social aspects relevant to the Project.

2. The Borrower shall ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents.

3. Except as the Bank shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Bank, the Borrower shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit any entity participating in the implementation of the Project to do so.
4. Without limitation upon its other reporting obligations under this Agreement, the Borrower shall regularly collect, compile and submit to the Bank, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

5. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

E. Project Operations Manual

1. No later than three (3) months after the Effective Date, the Borrower shall adopt an operations manual for the Project in form and substance acceptable to the Bank (the “Project Operations Manual”).

2. The Borrower shall ensure that the Project is carried out in accordance with the Project Operations Manual.

3. The Borrower shall obtain from the Bank written agreement prior to assigning, amending, abrogating, or waiving the Project Operations Manual, or any provision thereof, or permitting any entity participating in the implementation of the Project to do so.

4. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

F. Counterpart Funds

1. The Borrower shall provide funds for the financing of the Project (“Counterpart Funds”) in an amount which shall not be less than four hundred and ten thousand Dollars ($410,000) in the aggregate to be disbursed for Component 1(b) and (c) of the Project or as otherwise agreed with the Bank, no later than the Closing Date.

2. Counterpart Funds shall be allocated and disbursed to the Project in a manner acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank, as 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 Bank not later than one (1) month after the end of the period covered by such report.
2. The Borrower shall carry out jointly with the Bank, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Bank, a mid-term review of the Project (the "Mid-term Review") to assess the status of Project implementation, as measured against the indicators referred to in Section II.A.1 immediately above, and compliance with the legal covenants included or referred to in this Agreement. Such review shall include an assessment of the following: (i) overall progress in implementation; (ii) results of monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) progress on implementation of safeguards measures; (v) implementation arrangements and Project staff turnover; and (vi) the need to make any adjustments to the Project to improve performance. To this end, the Borrower shall:

(a) prepare and furnish to the Bank, at least one (1) month before the date of the Mid-term Review, a report, in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.A.1 of this Schedule, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

(b) review jointly with the Bank the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Bank's views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each quarter of the Borrower's fiscal year, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than nine (9) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds
of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the 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, Works and Non-consulting Services**

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

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional procedures listed in Appendix B to this Agreement; (c) Shopping; and (d) 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 contracts 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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the 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 Loan (“Category”), the allocation of the amounts of the Loan 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 Loan 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, and consultants’ services for the Project (except Component 1(c) of the Project), including Incremental Operating Costs and Training</td>
<td>5,935,125</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>14,875</td>
<td>Amount due pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
</tbody>
</table>

TOTAL AMOUNT 5,950,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or
(b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $1,190,000 may be made for payments made prior to this date but on or after October 1, 2016.

2. The Closing Date is December 16, 2021.
SCHEDULE 3
Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15</td>
<td>3.85%</td>
</tr>
<tr>
<td>Beginning January 15, 2022 through January 15, 2034</td>
<td></td>
</tr>
<tr>
<td>On July 15, 2034</td>
<td>3.75%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated
as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX A

Definitions


2. "Bank Policies" means, collectively but only to the extent that they are applicable to the Project activities, the operational policies and procedures OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams) contained in the Bank's Operational Manual which can be found on the Bank’s website at www.worldbank.org.

3. "Cable Operating Entity" means the cable operating entity referred to in Section I.B.1(c)(i) of Schedule 2 to this Agreement.

4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


7. "CO&M Agreement" means the legal agreement(s) referred to in Section I.B.1(c)(i) of Schedule 2 to this Agreement.

8. "Counterpart Funds" means the funds provided or to be provided by the Borrower for the Project in accordance with Section I.F of Schedule 2 to this Agreement.

9. "Environmental and Social Impact Assessment" means the Borrower's document entitled "Environmental & Social Impact Assessment – Submarine Cable System Project – Savusavu, Vanua Levu" and dated September 2016 which contains, inter alia, a description of the Project, its political, legal and administrative framework, a description of its environment, an analysis of possible alternatives, an assessment of its potential impacts, risk and mitigation measures, as well as an Environmental and Social Management Plan and a grievance redress mechanism, including any appendices thereto.

10. "Environmental and Social Management Plan" means the environmental and social management plan included in Section 7 of the Environmental and Social Impact Assessment.

11. "Fiji Commerce Commission" or "FCC" means the Borrower's Commerce Commission established under Section 7 of the Commerce Commission Decree.
12. “FINTEL” means Fiji International Telecommunications Limited, a limited liability company incorporated in the Borrower’s territory, and the Borrower’s international communication provider, or any successor or assignee of FINTEL.


14. “ICT” means information and communication technologies.

15. “Incremental Operating Cost” means the reasonable incremental operating costs of the Project incurred by the Borrower for purposes of Project management, implementation, and monitoring and evaluation on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, domestic and international travel, lodging, and subsistence allowances, and salaries and salary supplements of contractual and temporary staff, but excluding salaries, salary supplements and overheads of members of the Borrower’s civil service.

16. “Interconnection Agreement” means individually any interconnection agreement to be entered into by the Cable Operating Entity with a retail operator, which contains provisions satisfactory to the Bank for the purpose of (i) guaranteeing open access to such infrastructure and services on transparent, cost-based and non-discriminatory basis; and (ii) ensuring that the rights and obligations under the Interconnection Agreement are obtained and thereafter carried out in accordance with the Anti-Corruption Guidelines; and “Interconnection Agreements” means, collectively, all the intercommunication agreements entered into by the Cable Operating Entity with retail operators at the time.

17. “IRU” means the agreement for the indefeasible right to use capacity, referred to in Section I.B.1.(a)(i) of Schedule 2 to this Agreement.

18. “Legal Agreements” means, collectively, the Savusavu Spur Supply Agreement, the IRU and the Savusavu Landing Party Agreement.

19. “License” means the license or licenses: (i) required under the laws of the Borrower for the purposes of owning, operating or offering services utilizing Project infrastructure as the case may be; (ii) issued to the Cable Operating Entity; and (iii) and guaranteeing open access on a transparent, cost-based and non-discriminatory basis in a manner satisfactory to the Bank.

20. “Mid-term Review” means the review referred to in Section II.A.2 of Schedule 2 to this Agreement.

21. “MOC” means the Borrower’s Ministry responsible for communications, or any successor thereto.
22. "Northern Division" means the primary administrative division of the Borrower's territory which covers the Provinces of Macuata, Cakaudrove and Bua and includes the whole island of Vanua Levu.

23. "Permits" means, collectively, with respect to the Savusavu Spur and the Savusavu Landing Party Agreement, the following permits, consents and authorizations: (i) consent from the Borrower's ministry responsible for foreign affairs and the Marine Safety Authority of Fiji confirming their approval of the laying of the cable on the Borrower's continental shelf and ensuring that the cable path avoids interference with navigation of vessels; (ii) consent from the Borrower's Department of Lands for the cable landing, after advice from iTaukei Lands Trust Board regarding any potential disturbance of marine areas under customary ownership; (iii) approval of the Borrower's Department of Environment on the environmental impact assessment report for the Project and for any new land development for the cable lay (and evidence of compliance with any conditions of such approval); (iv) consultation of the harbor master at the Fiji Ports Corporation Limited on whether there is a need to notify vessels in proximity to the landing site; (v) consultation of Airports Fiji Limited if the cable landing site is within their land; and (vi) notification of the Savusavu Town Council with respect to the small-scale civil works to install the cable in the foreshore areas.

24. "Project Management Unit" or "PMU" means the management unit for the Project established in accordance with Section I.A.1 of Schedule 2 to this Agreement.


26. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 19, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

27. "Program" means the program for regional connectivity set forth in the Framework for Action on Information, Communication and Technology Development in the Pacific as issued by the Secretariat for the Pacific Community, the regional intergovernmental organization of Pacific nations and Territories, established in 1947 and headquartered in Noumea, New Caledonia.

28. "Project Operations Manual" means the Borrower's manual for the Project describing the administrative, accounting, auditing, internal control, asset management, monitoring (such as the plan for monitoring and supervision of Project activities, including all technical, environmental and social aspects in relation thereto), results indicators, reporting, financial, procurement (including the procedural steps for the update of the Procurement Plan, an outline of the mechanism for the settlement of procurement complaints and the disclosure of critical procurement information) and disbursement (flow of funds) procedures for the Project, as well as the guidelines for training and capacity building activities.
under the Project; which procedures and guidelines shall be consistent with those of this Agreement and the Bank's instructions thereunder;

29. "Ready for Commercial Service Date" (or equivalent) has the meaning ascribed to it in the Savusavu Spur Supply Agreement.

30. "Regulatory Instruments" means, collectively, the License(s) and the Interconnection Agreements.

31. "Safeguards Documents" means, collectively, the Environmental and Social Impact Assessment and the Environmental and Social Management Plan.

32. "Savusavu" means the town of Savusavu located on the island of Vanua Levu in the Northern Division.

33. "Savusavu Landing Party Agreement" has the meaning ascribed to it in Section I.B.1.(b)(i) of Schedule 2 to this Agreement.

34. "Savusavu Spur" means such portion of the submarine cable connecting Savusavu to the submarine cable connection from Suva to Apia and Upolu, Samoa.

35. "Savusavu Spur Supply Agreement" means the agreement referred to in Section I.B.1.(a)(i)(A) of Schedule 2 to this Agreement.


37. "SSCC Cable" means the submarine cable connecting Suva to Apia and Upolu, Samoa, referred to in Section I.B.1.(a)(i)(B) of Schedule 2 to this Agreement.

38. "Strategic Asset Management Plan" has the meaning ascribed to it in Section I.B.1.(e)(i) of Schedule 2 to this Agreement.

39. "Suva" means the city of Suva located on the island of Viti Levu which is part of the Borrower's territory.


41. "Training" means the reasonable cost of trainings, seminars and workshops, conferences, conducted in the territory of the Borrower, including: (i) the fees of training institutions and courses; (ii) domestic travel costs, lodging costs, and subsistence/per diem allowances both for trainers and trainees; (iii) the rental of training facilities; and (iv) preparation, purchase or reproduction of training materials.
APPENDIX B
Additional procedures when using National Competitive Bidding

The following additional procedures shall apply when using National Competitive Bidding:

i. The eligibility of bidders shall be as defined under the Procurement Guidelines.

ii. Government-owned enterprises in the Borrower's territory shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Borrower or the Project implementing entity.

iii. A firm declared ineligible by the Bank, based on a determination by the Bank that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing a Bank-financed contract, shall be ineligible to be awarded a Bank-financed contract during the period of time determined by the Bank.

iv. The Bank shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Bank.

v. A firm which has been engaged by the Borrower or the Project implementing entity to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works resulting from or directly related to the firm’s consulting services for such preparation or implementation. This provision does not apply to the various firms which together are performing the contractor's obligations under a turnkey or design and build contract.

vi. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders or goods in bid evaluation.

vii. Suppliers and contractors that have a business or family relationship with a senior member of the Project implementing entity’s staff may not be awarded a contract, unless the conflict of interest stemming from this relationship has been resolved in a manner satisfactory to the Bank throughout the process of evaluation of the bids and the execution of the contract.

viii. Invitations to bid shall be advertised in at least one (1) newspaper of national circulation, allowing a minimum of thirty (30) days for the preparation and submission of bids, such thirty (30) days to begin with the date of availability of the bid documents or the date of the advertisement, whichever is later.
ix. Until national standard bidding documents approved by the Bank are available, bidding documents approved by the Bank shall be used.

x. All bidders should provide bid security if indicated in the bidding documents, in the amount and form so indicated. A bidder’s bid security shall apply only to a specific bid.

xi. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid. Qualification criteria (in case prequalification is not carried out) shall be stated in the bidding documents and shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities, as well as their financial position. Before contract award, the bidder having submitted the lowest evaluated, substantially responsive bid shall be subject to post-qualification.

xii. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable opportunity of registering, without any let or hindrance. Bidders shall not be required to register as a precondition for bidding.

xiii. In exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids. In such cases, bidders shall not be requested nor permitted to amend the price or any other condition of their bids. Bidders shall have the right to refuse to grant such an extension without forfeiting their bid securities, but bidders granting such an extension shall be required to provide a corresponding extension of the validity of their bid securities.

xiv. Bidders may submit bids, at their option, either in person or by courier service or by mail.

xv. Bids shall be opened in public, immediately after the deadline for submission of bids. Bidders’ representatives shall be allowed to attend. The name of the bidder, the total amount of each bid (where appropriate), and any discounts shall be read aloud and recorded in the record of the public bid opening. A copy of the record of the public bid opening shall be promptly provided to all bidders who submitted bids. With respect to contracts which are subject to the Bank’s prior review, the implementing entity shall promptly provide the Bank, a copy of the minutes of the public bid opening. No bid shall be rejected during the public bid opening. Bids received after the bid submission deadline shall remain unopened.

xvi. Rejection of all bids and re-bidding shall not be carried out without the Bank’s prior written concurrence.

xvii. Evaluation criteria shall be clearly specified in the bidding documents, and wherever possible evaluation criteria other than price shall be quantified in monetary terms.
xviii. The evaluation of bids shall be done in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the qualified bidder which submitted the lowest evaluated, substantially responsive bid.

xix. No bid shall be rejected merely on the basis of a comparison with the owner’s estimate or budget ceiling without the Bank’s prior written concurrence.

xx. The implementing entity shall publish the following information on contract award on a free and open access website when that website becomes operational, or on another means of publication acceptable to the Bank: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; and (iii) name of the winning bidder, price it offered, as well as the duration and summary scope of the contract awarded. This publication shall be updated at least quarterly.

xxi. There shall be no negotiation of contracts, even with the lowest evaluated bidder, without the Bank’s prior concurrence. A bidder shall not be required, as a condition of award of contract, to undertake obligations not specified in the bidding documents, or otherwise to modify its bid as originally submitted.

xxii. The Bank shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Bank.

xxiii. Each contract financed from the proceeds of the Loan shall provide that the suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.
APPENDIX C

Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

   "Section 3.01.  Front-end Fee; Commitment Charge

   (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

   (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

   "19.  “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

   "68.  “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the
definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.