Small Island Developing States (SIDS) DOCK Support Program Multi Donor Trust Fund

SIDS Grant Agreement

(Energy Sector Development Project)

between

TUVALU

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of Small Island Developing States (SIDS) DOCK Support Program Multi Donor Trust Fund

Dated 25th February 2015

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 1 to this Agreement ("Project"), has requested the International Development Association ("Association") to extend a grant in the amount of SDR 4,800,000 as provided in the financing agreement of even date herewith between the Recipient and the Association ("Financing Agreement"), to assist in financing the activities described in Schedule 1 to the Financing Agreement;

(B) the Recipient has also requested the World Bank, acting as administrator of the MDTF to assist in financing the activities described in Schedule 1 to this Agreement ("Project"), and the World Bank, acting in such capacity, has agreed to extend a grant to the Recipient from the MDTF for such purpose in the amount of two million one hundred thousand United States Dollars ($2,100,000), pursuant to this Agreement between the Recipient and the World Bank; and

WHEREAS the World Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement.

The Recipient and the World Bank hereby agree as follows:

Article I

Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings described to them in the Standard Conditions or in the Financing Agreement or in this Agreement.
Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the Tuvalu Electricity Corporation in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementation Agreement.

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 two million one hundred thousand United States Dollars ($2,100,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section II of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the Small Island Developing States Multi-Donor Trust Fund ("SIDS MDTF"). In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

The Tuvalu Electricit Corporation Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Tuvalu
Electricity Corporation to perform any of its obligations under the Project Implementation Agreement.

**Article V**

**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to it that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient, and the Project Implementation Agreement on behalf of the Tuvalu Electricity Corporation, has been duly authorized or ratified by all necessary governmental action.

(b) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**

**Recipient’s Representative; Addresses**

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:
Ministry of Finance and Economic Development
Vaialu
Funafuti
Tuvalu

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

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

Cable: INTBAFRAI
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Funafuti, Tuvalu, as of the day and year first above written.

TUVALU

By

[Signature]

Authorized Representative

Name: Hon. Malta Toafa
Title: Minister for Finance & Economic Development

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator
of the Small Island Developing States (SIDS)
DOCK Support Program
Mult Donor Trust Fund

By

[Signature]

Authorized Representative

Name: Franz R. Drees-Gross
Title: Country Director, EACNF
SCHEDULE 1

Project Description

The objective of the Project is to enhance the Recipient's energy security by reducing its dependence on imported fuel for power generation, and by improving the efficiency and sustainability of its electricity system.

The Project consists of the following part:

Part 1: Renewable Energy Investments

Supply and installation, for TEC, of power generation and grid management equipment, such equipment to include, solar photovoltaic, wind-power generation, batteries, battery inverters and an integrated power-control system.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional and Other Implementation Arrangements; Project Monitoring, Reporting and Evaluation; and Procurement

Section I (Implementation Arrangements), Section II (Project Monitoring, Reporting and Evaluation) and Section III (Procurement) of Schedule 2 to the Financing Agreement are hereby incorporated by reference and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (1) the references to the “Financing” in said Sections shall be construed as references to the Grant provided for under this Agreement; (2) the references to the “Association” in said Sections shall be construed as references to the World Bank; (3) the reference to Section 4.08 of the General Conditions in Section II.A of Schedule 2 to the Financing Agreement shall be construed as reference to Section 2.06 of the Standard Conditions; and (4) the references to Section 4.09 and 4.09 (b) of the General Conditions in Section II.B of Schedule 2 to the Financing Agreement shall be construed as references to Section 2.07 and 2.07 (b) of the Standard Conditions.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

C. Donor Visibility and Visit

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

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.
Section II. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the 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) Goods, works, non-consulting services, and consultants’ services under the Project</td>
<td>2,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,100,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.