Project Agreement
(Energy Sector Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as Administrator of Grand Funds provided under the Pacific Regional Infrastructure Facility

and

UTILITIES REGULATORY AUTHORITY

Dated June 21, 2013
PROJECT AGREEMENT

AGREEMENT dated June 21, 2013, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of grant funds provided under the Pacific Region Infrastructure Facility, and UTILITIES REGULATORY AUTHORITY ("Project Implementing Entity") ("Project Agreement") in connection with the Grant Agreement of same date between REPUBLIC OF VANUATU ("Recipient") and the World Bank ("Grant Agreement"). The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Grant Agreement.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Component 2 of the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly, as needed, the funds, facilities, services and other resources required for Component 2 of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out Component 2 of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

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

3.02. The World Bank’s Address is:

    International Bank for Reconstruction and Development
    1818 H Street, NW
    Washington, DC 20433
    United States of America
Cable: INTBAFRAD
Telex: 2484:3 (MCI) or 6414: (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity's Address is:

Utilities Regulatory Authority
PMB 9093,
Cnr Pierre La ny & Andre Ballande Street,
Port Vila, VANUATU

Facsimile: (678) 77425

AGreed at Sydney, Australia; and Port Vila, Vanuatu, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as an Administrator or of Grant Funds provided under the Pacific Region
Infrastructure Facility

By

[Signature]
Authorized Representative

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

UTILITIES REGULATORY AUTHORITY

By

[Signature]
Authorized Representative

Name: Paul Kaun
Title: COMMISSIONER
SCHEDULE

Execution of Component 2 of the Project by the Project Implementing Entity

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall maintain at all times throughout the Project implementation period a Project support team with staffing, powers and technical responsibilities satisfactory to the World Bank for the efficient implementation, monitoring and evaluation of Component 2 of the Project.

B. Anti-Corruption

The Project Implementing Entity shall ensure that Component 2 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Subsidiary Agreement

1. The Project Implementing Entity shall enter into a Subsidiary Agreement with the Recipient, under terms and conditions approved by the World Bank, which shall include, inter alia, the following:

   (a) The Recipient’s obligation to make the proceeds of the PRIF Grant allocated from time to time for the implementation of Component 2 of the Project, available on a nonrefundable grant basis to the Project Implementing Entity to finance such part of the Project, and;

   (b) the Project Implementing Entity’s obligation to carry out such part of the Project in accordance with the terms of this Project Agreement and provide the counterpart funds required for implementation of Component 2 of the Project.

2. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect its interests and the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions, without the World Bank’s prior written approval. In case of any conflict between the terms of the Subsidiary Agreement and the terms of this Agreement, the terms of this Agreement shall prevail.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of Component 2 of the Project and prepare Project Reports for said Component 2 of the Project in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later than one month after the end of the period covered by such report for forwarding to the World Bank, with a copy to the Recipient.

2. The Project Implementing Entity shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the Recipient not later than three (3) months after the Closing Date for incorporation into the overall Completion Report and forwarding by the Recipient to the World Bank of said overall Completion Report.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to Component 2 of the Project.

2. Without limitation on the provisions of paragraph 1 of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient, for further consolidation and not later than twenty days (20) days after the end of each calendar quarter, interim unaudited financial reports for Component 2 of the Project covering the quarter, in form and substance satisfactory to the World Bank.

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

Section III. Procurement

All goods, and consultant services required for Component 2 of the Project as implemented by the Project Implementing Entity and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section 2.07 of the Annex to the Grant Agreement.