
GRANT NUMBER 0461-VAN (EF)

GRANT AGREEMENT
(Global Environment Facility)
(Cyclone Pam Road Reconstruction Project)

between

REPUBLIC OF VANUATU

and

ASIAN DEVELOPMENT BANK

DATED 1 MARCH 2016

VAN 49319

GRANT AGREEMENT

GRANT AGREEMENT dated 1 March 2016 between REPUBLIC OF VANUATU ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a financing agreement of even date herewith between the Recipient and ADB ("ADB Financing Agreement"), ADB has agreed to make loans totalling two million six hundred ninety four thousand Special Drawing Rights (SDR2,694,000) and grants in the amount of nine million eight hundred five thousand Dollars (\$9,805,000) to the Recipient from ADB's Special Funds resources and from ADB's Disaster Response Facility for the purposes of the Project described in Schedule 1 to the ADB Financing Agreement;

(B) the Recipient has applied to the Global Environment Facility ("GEF") for a grant ("Grant"), to be administered by ADB, for the purposes of cofinancing expenditures under the Project;

(C) GEF has agreed to provide, and ADB has agreed to administer, the Grant upon the terms and conditions set out in the Financial Procedures Agreement dated 23 October 2008 between ADB and the International Bank for Reconstruction and Development as a trustee of GEF; and

(D) ADB has agreed to make the proceeds of the Grant available to the Recipient upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 8 April 2009 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the ADB Financing Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from the GEF in the amount of two million six hundred eighty thousand Dollars (\$2,680,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. (a) The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 1 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 5 to the ADB Financing Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2018 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 6 to the ADB Financing Agreement and Schedule 2 to this Grant Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial

statements, use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for GEF. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from GEF, and (ii) that ADB does not assume any obligations or responsibilities of GEF in respect of the Project or the Grant other than those set out in this Grant Agreement.

ARTICLE V

Suspension

Section 5.01. The following is specified as an additional event for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations: the Recipient shall have failed to perform any of its obligations under the ADB Financing Agreement.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant

Regulations: the ADB Financing Agreement shall have been duly executed and delivered and all conditions precedent to its effectiveness, other than a condition requiring the effectiveness of this Grant Agreement, shall have been fulfilled.

Section 6.02. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Minister for Finance and Economic Management of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

Ministry of Finance and Economic Management
PMB 9031, Port Vila
Vanuatu

Facsimile Number:

+678 26884

For ADB

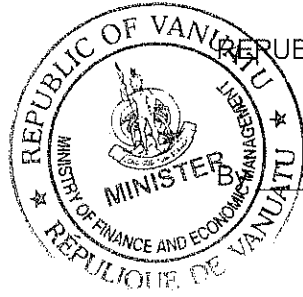
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444

(632) 636-2446.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.



GAETAN PIKIOUNE
Minister
Ministry of Finance and
Economic Management

ASIAN DEVELOPMENT BANK

By

ANDREA IFFLAND
Regional Director
Pacific Liaison and Coordination Office

SCHEDULE 1

Allocation and Withdrawal of Grant Proceeds

General

1. The table ("Table") attached to this Schedule sets forth the Category of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to such Category. (Reference to "Category" in this Schedule is to a Category of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for the item of expenditure set forth in the Table.

Disbursement Procedures

3. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Cyclone Pam Road Reconstruction Project)			
Number	Item	Total Amount Allocated for GEF Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Works	2,680,000	19.96 percent of total expenditure claimed*
	Total	2,680,000	

* Exclusive of taxes and duties imposed within the territory of the Recipient.

SCHEDULE 2

Execution of Project

Grant Refund

1. If ADB determines that an amount of the Grant has been used in a manner inconsistent with the provisions of this Grant Agreement, the Recipient shall, upon notice by ADB to the Recipient, promptly refund such amount to ADB. Except as ADB may otherwise determine, ADB shall cancel all amounts refunded pursuant to this provision.

Communication and Visibility

2. The Recipient shall comply with the Communication and Visibility Guidelines of GEF; and in particular, the Recipient shall include a GEF logo in all relevant Project publications and on any equipment or facility funded by GEF. For the purposes of this provision, "Communication and Visibility Guidelines of GEF" means the communication and visibility guidelines for external actions funded by the GEF included in the communication and visibility policy approved by the GEF Council in May 2011, as amended from time to time.