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GRANT NUMBER 0558-TON(SF)

GRANT AGREEMENT  
(Special Operations)  
(Pacific Disaster Resilience Program)

between

KINGDOM OF TONGA

and

ASIAN DEVELOPMENT BANK

DATED 15 DECEMBER 2017

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TON 50028

**GRANT AGREEMENT  
(Special Operations)**

GRANT AGREEMENT dated 15 December 2017 between KINGDOM OF TONGA ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) ADB has received from the Recipient a development policy letter dated 2 November 2017 ("Policy Letter"), setting forth certain objectives, policies and actions, described in Schedule 1 to the Loan Agreement, designed to develop the Recipient's resilience to disaster events and strengthen disaster risk management ("Program");

(B) the Recipient has applied to ADB for a grant for the purposes of the Program;

(C) by a loan agreement of even date herewith between the Recipient and ADB ("Loan Agreement"), ADB has agreed to provide a loan ("Loan") to the Recipient from ADB's ordinary capital resources in the amount of three million one hundred thousand Dollars (\$3,100,000), for the purposes of financing the Program; and

(D) ADB has agreed to provide a grant to the Recipient from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All the provisions of ADB's Special Operations Grant Regulations, dated 1 January 2017 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(l) is deleted and the following is substituted therefor:

"Program" means the program for which ADB has agreed to make the Grant and Loan, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between ADB and the Recipient;

(b) The term "Project" wherever it appears in the Grant Regulations shall be substituted by the term "Program".

- (c) Section 2.01(n) is deleted and the following is substituted therefor:

“Program Executing Agency” means the entity or entities responsible for the carrying out of the Program as specified in the Grant Agreement;

- (d) The term “Project Executing Agency” wherever it appears in the Grant Regulations shall be substituted by the term “Program Executing Agency”.
- (e) Section 5.01(b) is deleted.

Section 1.02. Wherever used in this Grant Agreement the several terms defined in the Grant Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in the Grant Agreement have the following meanings:

- (a) “Deposit Account” means the account referred to in paragraph 3 of Schedule 3 to the Loan Agreement;
- (b) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2017, as amended from time to time);
- (c) “Policy Matrix” means the policy matrix as agreed between the Recipient and ADB, which sets forth actions accomplished or to be accomplished by the Recipient under the Program and is attached to the Policy Letter; and
- (d) “Program Executing Agency” for the purposes of, and within the meaning of, the Grant Regulations means Ministry of Finance and National Planning or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Program.

## ARTICLE II

### The Grant

Section 2.01. ADB agrees to make available to the Recipient from ADB’s Special Funds resources on terms and conditions set forth in this Grant Agreement an amount of two million nine hundred thousand Dollars (\$2,900,000).

## ARTICLE III

### Use of Proceeds of the Grant

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

Section 3.02. The proceeds of the Grant shall be withdrawn in accordance with the provisions of Schedule 3 to the Loan Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2022 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 Program, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to the Loan Agreement.

Section 4.02. As part of the reports and information referred to in Section 6.04 of the Grant Regulations, the Recipient shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.

## ARTICLE V

### Effectiveness

Section 5.01. 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 execution and delivery of the Loan Agreement on behalf of Recipient shall have been duly authorized or ratified by all necessary action and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled.

Section 5.02. The following is specified as an additional matter, for the purposes of Section 9.02(c) of the Grant Regulations, to be included in the opinion or opinions

to be furnished to ADB: that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Recipient and is legally binding upon Recipient in accordance with its terms, subject only to the effectiveness of this Grant Agreement.

Section 5.03. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of the Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

## ARTICLE VI

### Miscellaneous

Section 6.01. The Minister of Finance and National Planning of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

#### For the Recipient

Ministry of Finance and National Planning  
Vuna Road  
Nuku'alofa  
Kingdom of Tonga

Facsimile Number:

(676) 24040

#### For ADB

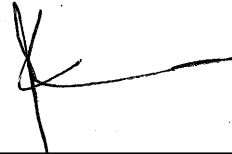
Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Number:

(632) 636-2444.

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.

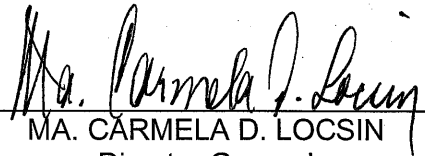
KINGDOM OF TONGA



By

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SYURKANI ISHAK KASIM  
Authorized Representative

ASIAN DEVELOPMENT BANK



By

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MA. CARMELA D. LOCSIN  
Director General  
Pacific Department