

---

GRANT NUMBER 0410-MLD(EF)

GRANT AGREEMENT  
(Externally Financed)

(Preparing Outer Islands for Sustainable Energy Development Project)

between

REPUBLIC OF THE MALDIVES

and

ASIAN DEVELOPMENT BANK

DATED 9 December 2014

---

MLD 46122

**GRANT AGREEMENT  
(Externally Financed)**

GRANT AGREEMENT dated 9 December 2014 between  
REPUBLIC OF THE MALDIVES ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by an agreement of even date herewith between the Recipient and ADB ("Special Operations Grant Agreement"), ADB has agreed to grant the Recipient from ADB's Special Funds resources an amount of thirty eight million Dollars (\$38,000,000), for the purposes of the Project;

(B) the Recipient has, through ADB, applied to the Strategic Climate Fund ("SCF") for a grant for the purposes of jointly financing Part A the Project; and

(C) the SCF Grant, will be provided through, and administered by, ADB upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All provisions of the Externally Funded 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, unless the context otherwise requires, the several terms defined in the Grant Regulations and in the Special Operations Grant Agreement have the respective meanings therein set forth as if they were fully set forth herein.

**ARTICLE II**

**The Grant**

Section 2.01. ADB agrees to make available to the Recipient a grant from SCF in the amount equivalent to twelve million dollars (\$12,000,000) ("SCF Grant").

## **ARTICLE III**

### **Use of Proceeds of the Grant**

Section 3.01. The Recipient shall cause the proceeds of the SCF Grant to be applied to the financing of expenditures under Part A of the Project in accordance with the provisions of this SCF Grant Agreement.

Section 3.02. The Goods and other items of expenditure to be financed out of the proceeds of the SCF Grant and the allocation of amounts of the SCF Grant shall be in accordance with the provisions of Schedule 1 to this SCF 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, all Goods to be financed out of the proceeds of the SCF Grant shall be procured in accordance with the provisions of Schedule 3 to the Special Operations Grant Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2020 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 4 to the Special Operations Grant Agreement.

Section 4.02. (a) The Recipient shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the SCF Grant proceeds and compliance with the financial covenants of this SCF Grant Agreement as well as on the use of the procedures for statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Recipient shall enable ADB, upon ADB's request, to discuss the Recipient's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Recipient pursuant to Section 4.02(a)

hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion 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 financed out of the proceeds of the SCF Grant, and any relevant records and documents.

## **ARTICLE V**

### **Suspension and Cancellation**

Section 5.01. The following is specified as additional event for suspension of the right of the Recipient to make withdrawals from the SCF 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 Special Operations Grant Agreement and STELCO and FENAKA shall have failed to perform any of its obligations under the Project Agreement.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following are specified as additional conditions to the effectiveness of this SCF Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations:

(a) the Special Operations Grant Agreement shall have been duly executed and delivered on behalf of the Recipient, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this SCF Grant Agreement) shall have been fulfilled; and

(b) the Project Agreement shall have been duly executed and delivered on behalf of STELCO and FENAKA, and all conditions precedent to its effectiveness (other than the condition requiring the effectiveness of this SCF 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 the SCF Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

## **ARTICLE VII**

### **Miscellaneous**

Section 7.01. The Minister of MOFT 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 Treasury  
Ameenee Magu  
Male  
The Republic of Maldives

Facsimile Number:

(960) 3324-432.

#### For ADB

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

Facsimile Numbers:

(632) 636-2444

(632) 636-2338.

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

REPUBLIC OF THE MALDIVES

By  \_\_\_\_\_  
ADBULLA JIHAD  
Minister of Finance and Treasury

ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
HUN KIM  
Director General  
South Asia Department

**SCHEDULE 1****Allocation and Withdrawal of Grant Proceeds**General

1. The table attached to this Schedule sets forth the Category of Goods to be financed out of the proceeds of the SCF Grant and the allocation of amounts of the SCF Grant to the Category (hereinafter called the Table).

Percentages of SCF Financing

2. Except as ADB may otherwise agree, the item of the Category listed in the Table shall be financed out of the proceeds of the SCF Grant on the basis of the percentages set forth in the Table.

Disbursement Procedures

3. Except as ADB may otherwise agree disbursements shall be in accordance with ADB's Loan Disbursement Handbook, as amended from time to time.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF SCF GRANT PROCEEDS (Preparing Outer Islands for Sustainable Energy Development Project)</b>			
<b>Number</b>	<b>Item</b>	<b>Amount Allocated for SCF Financing \$ Category</b>	<b>SCF FINANCING</b>
			<b>Percentage and Basis for Withdrawal from the SCF Grant Account</b>
1	Renewable Energy Grid Package (ADB)	10,880,000	68% of total expenditure claimed*
2	Unallocated	1,120,000	
	Total	12,000,000	

\*Exclusive of taxes and duties within the territory of the Recipient