

**OFFICIAL
DOCUMENTS**

GRANT NUMBER H982-4P

Financing Agreement

(Pacific Regional ICT Regulatory Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

And

THE UNIVERSITY OF THE SOUTH PACIFIC

Dated 27 August ,2014

GRANT NUMBER H982-4P

FINANCING AGREEMENT

AGREEMENT dated 27 August . 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and THE UNIVERSITY OF THE SOUTH PACIFIC ("Recipient"). The Association and the Recipient hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to three million Special Drawing Rights (SDR 3,000,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are June 15 and December 15 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that, the USP Charter has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Vice-Chancellor and President.
- 6.02. The Recipient's Address is:

The University of the South Pacific
Laucala Campus

Suva, Fiji
Facsimile:
+679 3231525

- 6.03. The Association's Address is:

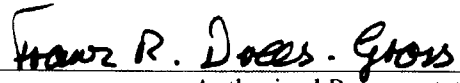
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Suva, Fiji, as of the day
and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

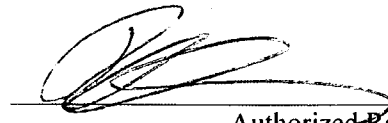

Authorized Representative

Name: FRANZ R. DREES-GROSS

Title: COUNTRY DIRECTOR, EACNF

UNIVERSITY OF SOUTH PACIFIC

By


Authorized Representative

Name: Professor Rajesh Chandra

Title: Vice-Chancellor and President

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the capacity of ICT regulatory institutions in the Participating Countries and enhance regional collaboration and knowledge sharing on ICT regulatory issues.

The Project consists of the following parts:

Part 1: Regional ICT Capacity Building and Knowledge Management

Carrying out a program of activities designed to enhance knowledge sharing and cooperation among regulators, such activities to include: (a) region-wide dissemination of knowledge products on priority ICT topics; (b) development of regulatory best practices; (c) improved access to quality sector data; (d) provision of a central mechanism for sharing up to date knowledge and experience throughout the region; (e) hiring and maintenance of key staff/consultants required for the purpose; and (f) provision of related training.

Part 2. Regional Advisory Services

Provision of on-demand advisory services and training to Regulators on legal, economic, financial and technical issues in the ICT sector that have regional significance or offer a regional learning experience, and are for the immediate benefit of the Regulators.

Part 3. Project Administration

Carrying out a program of activities designed to enhance the capacity of the Recipient for Project implementation and management, including procurement, financial management, audits and monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional and other Arrangements.

1. Steering Committee

The Recipient, in collaboration with the Participating Countries, shall ensure that the Steering Committee is maintained throughout the Project implementation period with composition and terms of reference satisfactory to the Association. To this end, the Recipient shall ensure that, the Steering Committee shall be:

- (a) comprised of Regulators from the Participating Countries and a representative of the Recipient; and
- (b) responsible for overall oversight of the Project, including approving the annual work plans, assessing Project implementation progress of the Project, reviewing and approving the advisory service requests from the Regulators.

2. Office of the Vice President (Administration)

The Recipient shall, throughout the Project implementation period, maintain the Office of the Vice President (Administration), to be responsible for overseeing overall implementation of the Project.

3. Finance Office, Human Resources Office and Development Office

To ensure efficient and effective implementation of the Project, the Recipient shall maintain, throughout the Project implementation period: (a) the finance office, to be responsible for financial management and procurement management under the Project; (b) the human resources office, to be responsible for staff related matters under the Project; and (c) the development office, to be responsible for monitoring and evaluating the progress of the Project, and furnishing financial reports and Project Reports to the Association.

4. Project Director

The Recipient shall, by not later six (6) months after the Effective Date, hire and thereafter maintain, a Project director with terms of reference, qualifications and experience satisfactory to the Association, to be responsible for day to day management and implementation of the Project, including: (a) coordination with Regulators, the Recipient's management and the Steering Committee;

(b) development and implementation of the work program and quality assurance; and (c) management of the regional advisory services program. To this end, the Project director shall report to the Office of the Vice President (Administration).

B. Implementation Arrangements

1. Project Operations Manual

- (a) The Recipient shall, by not later than three (3) months after the Effective Date, prepare and adopt a Project Operations Manual, setting forth the arrangements and procedures for implementation of the Project, including: (1) institutional arrangements for day to day execution of the Project; (2) the procurement arrangements; (3) implementation arrangements for the Safeguards Instruments; (4) budgeting, disbursement, and financial management arrangements; (5) Project monitoring, reporting, and evaluation arrangements; and (6) environmental and social safeguard procedures
- (b) The Recipient shall carry out the Project in accordance with the Project Operations Manual, and except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual. In case of a conflict between the provisions of the Project Operations Manual and this Agreement, those of this Agreement shall prevail.

2. Governance and Administrative Procedures Manual

- (a) To ensure proper and efficient implementation of Part 2 of the Project, the Recipient shall prepare and adopt a Governance and Administrative Procedures Manual, in form and substance acceptable to the Association, setting forth detailed implementation arrangements for advisory services Part 2 of the Project, including the following conditions:
 - (i) advisory services shall be offered on issues in the ICT sector that benefit at least two or more Participating Countries, and for immediate benefit of the requesting Regulators;
 - (ii) the request for advisory services shall be made by at least two Regulators from the Participating Countries;
 - (iii) the requesting Regulators shall contribute twenty percent (20%) of the cost of such advisory services; and
 - (iv) advisory services shall not include provision of technical assistance directly or indirectly related to litigation.

- (b) The Recipient shall carry out the Part 2 of the Project in accordance with the Governance and Administrative Procedures Manual, and except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Governance and Administrative Procedures Manual. In case of a conflict between the provisions of the Governance and Administrative Procedures Manual and this Agreement, those of this Agreement shall prevail.

3. Annual Work Plans

- (a) The Recipient shall prepare and furnish to the Association for its approval, not later than October 31 of each year during the implementation of the Project, a proposed work plan (including a budget therefor) containing all activities proposed to be carried out under the Project during the following calendar year.
- (b) The Recipient shall exchange views with the Association on each such proposed annual work plan (including budget), and shall thereafter adopt, and carry out such program of activities for such following calendar year as shall have been agreed with the Association, as such plan may be subsequently revised during such following calendar year with the prior written agreement of the Association (“Annual Work Plan”).

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Operations Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have: (a) its entire financial statements (Recipient Financial Statements”); and (b) the financial statements of the Project (“Project Financial Statements”), audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Recipient Financial Statements and the Project Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Recipient Financial Statements and Project Financial Statements, respectively, for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Selection based on Consultants' Qualifications; (b) Single-source Selection of consulting firms; (c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (d) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, Operating Costs, Training and consultants' services for the Project (except consultants' services for Part 2 of the Project)	1,800,000	100%
(2) Consultants' services for Part 2 of the Project	1,200,000	80%
TOTAL AMOUNT	3,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:
 - (a) payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 300,000 equivalent may be made for payments made prior to this date but on or after July 1, 2014, for Eligible Expenditures under Category (1).
 - (b) payments under Category (2), unless and until the Governance and Administrative Procedures Manual referred to in Section I.B.2 has been adopted, in form and substance acceptable to the Association.
2. The Closing Date is July 31, 2019.

APPENDIX

Section I. Definitions

1. “Annual Work Plan” means each annual work plan approved by the Association and referred to in Section I.B.3 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means 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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
6. “Governance and Administrative Procedures Manual” means the manual referred to in Section I.B.2 of Schedule 2 to this Agreement.
7. “ICT” means information and communication technologies.
8. “Office of the Vice President (Administration)” means the office responsible for, *inter alia*, ICT, planning, quality and human resources, or any successor thereto.
9. “Operating Costs” means expenses incurred by the Recipient on account of the implementation, management, and monitoring and evaluation of the Project, based on the Annual Work Plans approved by the Association, including rental of office space, bank charges, communications, advertising, utilities, stationery, vehicle operation, maintenance, insurance and transportation costs and salaries of staff working on the Project.
10. “Participating Countries” means Federated States of Micronesia, Kiribati, Marshall Islands, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.
11. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.

12. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 6, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
13. "Project Financial Statements" means the financial statements reflecting the operations, resources and expenditures of the Project, to be prepared by the Recipient pursuant to Section II.B. of Schedule 2 to this Agreement,
14. "Project Operations Manual" means the manual referred to in Section 1.B.1 of Schedule 2 to this Agreement.
15. "Recipient Financial Statements" means the overall financial statements of the Recipient.
16. "Regulator" means the institution responsible for ICT regulation in each of the respective Participating Countries (whether or not a Regulator has been formally established or is operational); and "Regulators" means more than one such Regulator.
17. "Training" means reasonable costs of training and workshop activities under the Project, based on the Annual Work Plan, including preparation and reproduction of training materials, rental of facilities, reasonable transportation costs, tuition fees, per diem of trainers and trainees (if applicable), and any other expenses directly related to course preparation and implementation.
18. "USP Charter" means the charter and statutes contained in an Order in Council of Her Majesty Queen Elizabeth II made under her Royal Prerogative powers on 4 February 1970, incorporating USP as a body politic and corporate, as amended.

Section II. Modifications to the General Conditions

The provisions of the General Conditions are modified as follows:

1. In Section 2.06, the term "Recipient" in the first sentence is replaced with the phrase "the Member of the Association, in which territory the Project activities will be carried out."
2. Section 4.11(a) is amended to read as follows: "The Recipient shall take all reasonable actions to ensure that the members of the Association where the Project activities shall be carried out afford all reasonable opportunity for representatives of the Association to visit any part of their territory for purposes related to the Financing or the Project."
3. Section 5.01 is deleted.

4. Paragraph 45 of the Appendix is modified to read as follows:

“45. “Recipient” means the party to the Financing Agreement to which the Financing is extended.”