

# OFFICIAL DOCUMENTS



May 1, 2017

Honorable Maatia Toafa  
Deputy Prime Minister and  
Minister for Finance and Economic Development  
Office of the Prime Minister  
Funafuti  
TUVALU

Dear Honorable Minister,

***Tuvalu: Advance Agreement for Preparation of Proposed  
Maritime Infrastructure Climate Resilience Project  
Preparation Advance No. V075-TV***

In response to the request for financial assistance made on behalf of Tuvalu (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed one million two hundred thousand Dollars (\$1,200,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the resilience of the Recipient’s maritime transport sector for all users and the Recipient’s capacity to prepare for and respond promptly and effectively to an Eligible Crisis or Emergency in its territory (“Project”), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90

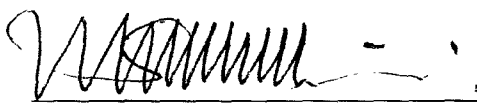
days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,  
INTERNATIONAL DEVELOPMENT ASSOCIATION



\_\_\_\_\_  
Michel Kerf  
Country Director  
Timor-Leste, Papua New Guinea  
& Pacific Islands  
East Asia and Pacific Region

AGREED:  
TUVALU

By:   
\_\_\_\_\_  
Authorized Representative

Name: HON MAATIA TOAFA

Title: MINISTER FOR FINANCE AND ECONOMIC DEVELOPMENT

Date: 31 MAY 2017

Enclosures:

(1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and

(2) Disbursement Letter of the same date as this Agreement, together with *Disbursement Guidelines for Investment Project Financing*, dated February 2017.

**PPA No. V075-TV**  
**ANNEX**

**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement (including the cover letter to this Agreement and this Section) as follows:

- (a) “Operating Costs” means reasonable expenditures directly related to the Activities, incurred by the Recipient (which expenditures would not have been incurred absent the Activities), including consumable materials and supplies, advertising expenditures, communications services (postage, telephone and internet), media and printing services, translation and interpretation services, office space rental and utilities, maintenance of office equipment, operation and maintenance, fuel costs, bank charges required for the Activities, administrative support staff, and staff travel, lodging and per diems, but excluding salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient's civil service.
- (b) “Ministry of Finance and Economic Development” means the Recipient’s Ministry of Finance and Economic Development, or any successor thereto.
- (c) “World Bank’s Safeguard Policies” means the World Bank’s operational policies and procedures set forth in the World Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 published at <[http://siteresources.worldbank.org/OPSMANUAL/Resources/EntireOM\\_External.pdf](http://siteresources.worldbank.org/OPSMANUAL/Resources/EntireOM_External.pdf)>

**Article II**  
**Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

- (a) Conducting vulnerability assessments of maritime assets located on the outer islands of the Recipient.
- (b) Carrying out economic impact evaluations of the proposed Project investments.
- (c) Carrying out activities to review, update and where appropriate, prepare new, detailed designs for the selected harbor design option based on the results of the assessments and evaluations undertaken in the activities described in paragraphs (a) and (b) above.

- (d) Preparing the project procurement strategy for development and procurement plan for the Project.
- (e) Conducting public consultations and preparing safeguard documents required for the Project.
- (f) Preparing a project operations manual for the Project, inclusive of, *inter alia*: (i) the institutional arrangements for day to day execution of the Project; (ii) the implementation arrangements for the Project's safeguard documents; (iii) Project budgeting, disbursement, and financial management arrangements; (iv) Project monitoring, reporting, and evaluation arrangements; (v) Project performance indicators; (vi) terms of reference for contracts required during the first two years of the Project; and (vii) Project's procurement arrangements.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through its Ministry of Finance and Economic Development in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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 and as of July 1, 2016.

2.03. **Safeguards.** The Recipient shall ensure that:

- (a) the terms of reference for any consultancies related to technical assistance and capacity building or the preparation of assessments, evaluations, designs, and consultations under this Agreement shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank's Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance and capacity building, assessments, evaluations, designs, and consultations; and
- (b) in drafting any safeguard documents, manuals, designs, assessments or evaluations and in carrying out capacity building activities under the Activities, due attention is given to said policies and relevant laws.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement.** All non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated April 21, 2017 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

### **Article III Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of non-consulting services, consulting services, and Operating Costs, under the Activities inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is May 31, 2018.

### **Article IV Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

**Article V**  
**Recipient's Representative; Addresses**

5.01. ***Recipient's Representative.*** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is the minister at the time responsible for finance.

5.02. ***Recipient's Address.*** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance and Economic Development  
Vaiaku  
Funafuti  
Tuvalu

5.03. ***World Bank's Address.*** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:	Facsimile:
248423 (MCI) or	(1)-202-477-6391
64145 (MCI)	