
**GRANT NUMBER D457-WS
AMENDMENT TO CREDIT NUMBER 5805-WS
AMENDMENT TO GRANT NUMBER H914-WS**

Financing Agreement

**(Second Additional Financing for the Pacific Aviation Investment Program -
Samoa Aviation Investment Project)**

and

Amendment to the Original Financing Agreement

and

Amendment to the First Additional Financing Agreement

between

INDEPENDENT STATE OF SAMOA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

**GRANT NUMBER D457-WS
AMENDMENT TO CREDIT NUMBER 5805-WS
AMENDMENT TO GRANT NUMBER H914-WS**

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between INDEPENDENT STATE OF SAMOA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

This Agreement: (a) sets out the terms and conditions related to the additional financing for the Project (as such term is defined in Section 2.01 of this Agreement); (b) amends specific provisions of the Original Financing Agreement (as such term is defined in the Appendix to this Agreement), as set forth in Section III of the Appendix to this Agreement; and (c) amends specific provisions of the First Additional Financing Agreement (as such term is defined in the Appendix to this Agreement), as set forth in Section IV of the Appendix to this Agreement.

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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, in the Appendix to the Original Financing Agreement, or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to one million six hundred thousand Special Drawing Rights (SDR 1,600,000) (“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 III of Schedule 2 to this Agreement.

- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Program and the Project. To this end, the Recipient shall carry out the Project through Samoa Airport Authority (“SAA”) in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Implementation Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension is that the SAA Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SAA to perform any of its obligations under the Project Implementation Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) An amendment to the Project Implementation Agreement has been executed on behalf of the Recipient and SAA, in form and substance satisfactory to the Association.
 - (b) An amendment to the Service Agreement has been executed on behalf of the Recipient, SAA and TAL, in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister at the time responsible for finance.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Ministry of Finance
Private Bag
Apia
Independent State of Samoa; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+685 21312	Oscar.Malielegaoi@mof.gov.ws

- 6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	cdpngpacific@worldbank.org

AGREED as of the Signature Date.

INDEPENDENT STATE OF SAMOA

By

Sili Epa Tuiofi

Authorized Representative

Name: Sili Epa Tuiofi

Title: Minister of Finance

Date: 16-Jun-2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Robert Johann Utz

Authorized Representative

Name: Robert Johann Utz

Title: Actg Country Director, Lead Economist and Program

Date: 12-Jun-2019

SCHEDULE 1

Project Description

The objective of the Project is to improve operational safety and oversight of international air transport and associated infrastructure.

The Project is part of the Program and consists of the Original Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The provisions of Sections I.A (Institutional Arrangements), I.B (Service Agreement), I.C (Project Implementation Agreement), I.F (Safeguards) and I.G (Safety and Security Levy) of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference and shall apply, *mutatis mutandis*, to this Agreement, with all references to “Project”, “Agreement” and “Financing” being deemed references, respectively, to this Project, this Agreement and this Financing as defined in this Agreement. The Recipient undertakes to comply with the provisions as so incorporated to the same extent as if they had been set out in full in this Agreement.

B. Program Operations Manual

1. The Recipient shall prepare and adopt, by no later than one month after the date this Agreement becomes effective, an updated version of the Program Operations Manual, in form and substance acceptable to the Association, setting forth the guidelines and procedures for the implementation of the Project including, *inter alia*, indicators acceptable to the Association for monitoring and evaluating the progress of the Project.
2. The Recipient shall ensure that the Project is carried out in accordance with the Program Operations Manual, and except as the Association shall otherwise agree in writing, the Recipient shall not amend, abrogate, or waive any provision of the Program Operations Manual without the prior written agreement of the Association. In case of any discrepancies between the provisions of the Program Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, consulting services, Training, TFSU Costs, and Operating Costs for the Project (excluding Part 2(c)).	1,600,000	100% of the TFSU Costs paid as per the terms of the Service Agreement; and 100% of all other Eligible Expenditures
TOTAL AMOUNT	1,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is March 31, 2020.

Section IV. Procurement

The provisions of Section III (Procurement) of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference and shall apply, *mutatis mutandis*, to this Agreement, with all references to "Project", "Agreement" and "Financing" being deemed references, respectively, to this Project, this Agreement and this Financing as defined in this Agreement. The Recipient undertakes to comply with the provisions as so incorporated to the same extent as if they had been set out in full in this Agreement.

Section V. Anti-Corruption

1. Subject to the provisions of Section V.2 below, the Recipient shall ensure that the Project is carried out in accordance with the provisions of the 2016 Anti-Corruption Guidelines.
2. Notwithstanding the provisions of Section V.1 above, the 2011 Anti-Corruption Guidelines shall apply to the procurement of goods, works, non-consulting services and consultants' services required for the Project, and to be financed out of the proceeds of the Financing, which are carried out in accordance with the requirements set forth or referred to in Section III.2 of Schedule 2 to the Original Financing Agreement, as incorporated and applied, *mutatis mutandis*, to this Agreement in accordance with Section IV (Procurement) of this Schedule 2.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “First Additional Financing Agreement” means the financing agreement for an Additional Financing for the Pacific Aviation Investment Program – Samoa Aviation Investment Project between the Recipient and the Association, dated August 19, 2016, as amended to the date of this Agreement (Credit Number 5805-WS).
4. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018, with modifications set forth in Section II of this Appendix.
5. “MWTI” means the Recipient’s Ministry of Works, Transport and Infrastructure, or any successor thereto.
6. “Operating Costs” means incremental expenses (other than TFSU Operating Costs) incurred by the Recipient and SAA on account of the implementation, management, and monitoring and evaluation of the Project, based on the annual budgets approved by the Association, including bank charges, communications, utilities, stationery, vehicle operation, advertising expenses, maintenance, and insurance, transportation costs, accommodations and allowances of SAA’s and the MWTI’s staff but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of the Recipient’s civil servants.
7. “Original Financing Agreement” means the financing agreement for a Pacific Aviation Investment Program – Samoa Aviation Investment Project between the Recipient and the Association, dated May 8, 2014, as amended to the date of this Agreement (Grant Number H914-WS).
8. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
9. “PASO” means Pacific Aviation Safety Office, the office established under the terms of the Pacific Islands Civil Aviation Safety and Security Treaty (PICASST),

which was ratified by the Recipient's Parliament on October 12, 2004, and which entered into force on June 11, 2005, or any successor thereto.

10. "Program" means the regional aviation program to be carried out by the Program Countries, as presented at PASO's council meeting held at Noumea, New Caledonia, on October 13, 2011, and as set forth in minutes of such meeting dated October 21, 2011.
11. "Program Countries" means the Recipient, the Republic of Kiribati, the Kingdom of Tonga, Tuvalu, the Republic of Vanuatu and Solomon Islands.
12. "Program Operations Manual" means the operations manual of the Program, most recently updated on October 24, 2018, and to be updated in accordance with Section I.B.1 of Schedule 2 to this Agreement, setting forth detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, social and environmental safeguards, financial, administrative and accounting procedures, corruption and fraud mitigation measures, and such other arrangements and procedures as shall be required for the Project, as the same may be amended and/or supplemented from time to time with the prior written agreement of the Association.
13. "Project Implementation Agreement" means the Project Implementation Agreement for the Samoa Aviation Investment Project between the Recipient and the SAA, dated July 21, 2014, as such agreement may be revised from time to time with the prior written agreement of the Association.
14. "SAA Legislation" means the Recipient's Airport Authority Act of 2012.
15. "Samoa Airport Authority" or "SAA" means the Recipient's corporation established and operating pursuant to the SAA Legislation.
16. "Service Agreement" means the Service Agreement between the Recipient, SAA and TAL for the Pacific Aviation Investment Program – Samoa Aviation Investment Project, dated July 18, 2014, as such agreement may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such agreement; "Service Agreements" also includes similar agreements between TAL and each of the other Program Countries.
17. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

18. “TAL” means Tonga Airport Limited, a corporation established in 2007 under the Tonga Public Enterprises Act of 2002 and the authority granted by the Instrument of Delegation under Section 5 of the Tonga’s Civil Aviation Act 1990.
19. “Technical and Fiduciary Services Unit” or “TFSU” means the unit within TAL responsible for regional coordination and Project implementation support.
20. “TFSU Costs” means: (a) the costs of TFSU consulting services provided for specific activities related to the Project, payable in accordance with the provisions of the Service Agreement; and (b) the applicable TFSU Operating Costs.
21. “TFSU Operating Costs” means incremental expenses incurred by TAL through the TFSU on account of the delivery of services under each of the Service Agreements, based on the annual budgets approved by the Association, including rental of office space, bank charges, communications, utilities, stationery, vehicle operation, maintenance, and insurance, transportation costs, and accommodations and allowances of TAL’s staff, but excluding salaries, fees, honoraria, bonuses, and any other salary supplements.
22. “Training” means the reasonable costs of training under the Project, based on the annual budgets approved by the Association, and attributable to seminars, workshops, and study tours, along with domestic and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Sections 5.13 (Procurement) and Section 5.14 (Anti-Corruption) are deleted in their entirety.
2. Paragraphs 86 (Procurement Plan) and 87 (Procurement Regulations) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.

Section III. Amendments to the Original Financing Agreement

1. A new Paragraph 4 is added to Section I.A (Institutional Arrangements) of Schedule 2 to the Original Financing Agreement as follows:

“4. Centralized Technical Services Support Unit and Transport and Infrastructure Sector Coordination Division

The Recipient shall ensure that the Centralized Technical Services Support Unit and the Transport and Infrastructure Sector Coordination Division provide support to the Project Support Team on fiduciary and/or technical aspects of Project implementation from January 1, 2020 to the end of the Project implementation period, on an as-needed basis.”

2. Section I.B (Service Agreement) of Schedule 2 to the Original Financing Agreement is amended to read as follows:

“**B. Service Agreement**

1. To facilitate proper and efficient implementation of the Project, the Recipient shall procure the services of TFSU, through TAL, to assist the Recipient and SAA with the implementation of the Project until December 31, 2019, under a Service Agreement with terms and conditions acceptable to the Association.
2. The Recipient shall exercise its rights under the Service Agreement in such manner as to protect the interests of the Recipient and the Association and accomplish the purposes of the Financing, and except as the Association shall otherwise agree in writing, not assign, amend, abrogate or waive the Service Agreement or any provision thereof.”

3. Section I.E (Anti-Corruption) of Schedule 2 to the Original Financing Agreement is amended to read as follows:

“**E. Anti-Corruption**

1. Subject to the provisions of Section I.E.2 below, the Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
2. Notwithstanding the provisions of Section I.E.1 above, the 2016 Anti-Corruption Guidelines shall apply to the procurement of goods, works, non-consulting services and consulting services required for the Project, and to be financed out of the proceeds of the Financing, which are carried out in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.”

4. Section III (Procurement) of Schedule 2 to the Original Financing Agreement is amended to read as follows:

“Section III. Procurement”

1. Subject to the provisions of Section III.2 below, all goods, works, and non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

2. Notwithstanding the provisions of Section III.1 above:

A. Transitional Provisions - General

1. **Goods, Works, and Non-consulting Services.** All goods, works and non-consulting services for the Project for which the letter of invitation or advertisement was published on or before the date the Second Additional Financing Agreement entered into effect in accordance with its terms, 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 III.2.

2. **Consultants’ Services.** All consultants’ services for the Project for which the call for expressions of interest or letter of invitation was published on or before the date the Second Additional Financing Agreement entered into effect in accordance with its terms, and to be financed out of the proceeds of the Financing, shall be selected 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 III.2.

3. **Definitions.** The capitalized terms used below in this Section III.2 to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Section II and III of the Procurement Guidelines, or Section II, III, IV and V of the Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph (ii) below, goods, works, and non-

consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works, and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works, and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) Force Account.

C. Particular Methods of Selection of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Selection 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) Quality Based Selection; (C) Least Cost Selection; (D) Single Source Selection; (E) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (F) Single-source procedures for the Selection of Individual Consultants; and (G) Selection of UN Agencies.

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."

5. Section IV.B.2 of Schedule 2 to the Original Financing Agreement is amended to read as follows:
 - "2. The Closing Date is March 31, 2020."
6. A new Paragraph 1 is inserted into the Appendix to the Original Financing Agreement, and all subsequent paragraphs are amended to restore numeric order, as follows:
 - "1. "2016 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 and as of July 1, 2016.”

7. A new Paragraph 5 is inserted into the Appendix to the Original Financing Agreement, and all subsequent paragraphs are amended to restore numeric order, as follows:

- “5. “Centralized Technical Services Support Unit” means the Centralized Technical Services Support Unit within the Recipient’s Ministry of Finance, referred to in Section I.A.4 of Schedule 2 to this Agreement, established by the Recipient’s cabinet pursuant to the notice of the Recipient’s cabinet approval dated November 22, 2017.”

8. The definition in Paragraph 18 (originally Paragraph 16) is amended to read as follows:

- “18. “Procurement Plan” means the procurement plan for the Program, dated January 20, 2014 as updated, *inter alia*, on February 29, 2016 and March 21, 2019, and referred to in paragraph 1.18 of the Procurement Guidelines, paragraph 1.25 of the Consultant Guidelines and Section IV of the Procurement Regulations, as applicable, as the same shall be updated from time to time in accordance with the provisions of said paragraphs and in agreement with the Association.”

9. A new Paragraph 19 is inserted into the Appendix to the Original Financing Agreement, and all subsequent paragraphs are amended to restore numeric order, as follows:

- “19. “Procurement Regulations” means the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.”

10. The definition in Paragraph 21 (originally Paragraph 18) is amended to read as follows:

- “21. Program Countries” means the Recipient, the Republic of Kiribati, the Kingdom of Tonga, Tuvalu, the Republic of Vanuatu and Solomon Islands.”

11. A new Paragraph 30 is inserted into the Appendix to the Original Financing Agreement, and all subsequent paragraphs are amended to restore numeric order, as follows:

- “30. “Second Additional Financing Agreement” means the financing agreement for a Second Additional Financing for the Pacific Aviation

Investment Program - Samoa Aviation Investment Project between the Recipient and the Association (Grant Number D457-WS).”

12. A new Paragraph 38 is inserted into the Appendix to the Original Financing Agreement, and all subsequent paragraphs are amended to restore numeric order, as follows:

“38. “Transport and Infrastructure Sector Coordination Division” means the Transport and Infrastructure Sector Coordination Division within MWTI, referred to in Section I.A.4 of Schedule 2 to this Agreement, established by the Recipient’s cabinet pursuant to the notice of the Recipient’s cabinet approval dated November 22, 2017.”

Section IV. Amendments to the First Additional Financing Agreement

1. Section I (Implementation Arrangements) of Schedule 2 to the First Additional Financing Agreement is amended to read as follows:

“Section I. Implementation Arrangements

The provisions of Section I (Implementation Arrangements) of Schedule 2 to the Original Financing Agreement, as amended to the date the Second Additional Financing Agreement entered into effect in accordance with its terms, are hereby incorporated by reference and shall apply, *mutatis mutandis*, to this Agreement, with all references to “Project”, “Agreement” and “Financing” being deemed references, respectively, to this Project, this Agreement and this Financing as defined in this Agreement. The Recipient undertakes to comply with the provisions as so incorporated to the same extent as if they had been set out in full in this Agreement.”

2. Section III (Procurement) of Schedule 2 to the First Additional Financing Agreement is amended to read as follows:

“Section III. Procurement

The provisions of Section III (Procurement) of Schedule 2 to the Original Financing Agreement, as amended to the date the Second Additional Financing Agreement entered into effect in accordance with its terms, are hereby incorporated by reference and shall apply, *mutatis mutandis*, to this Agreement, with all references to “Project”, “Agreement” and “Financing” being deemed references, respectively, to this Project, this Agreement and this Financing as defined in this Agreement. The Recipient undertakes to comply with the provisions as so incorporated to the same extent as if they had been set out in full in this Agreement.”

3. Section IV.B.2 of Schedule 2 to the First Additional Financing Agreement is amended as follows:
 - “2. The Closing Date is March 31, 2020.”
4. The following Paragraphs in Section I of the Appendix to the First Additional Financing Agreement are deleted in their entirety: (a) Paragraph 2 (Consultant Guidelines); (b) Paragraph 8 (Procurement Guidelines); and (c) Paragraph 9 (Procurement Plan); and the subsequent definitions are renumbered to restore ascending order.
5. The definition in Paragraph 8 (originally Paragraph 11) is amended to read as follows:
 - “8. Program Countries” means the Recipient, the Republic of Kiribati, the Kingdom of Tonga, Tuvalu, the Republic of Vanuatu and Solomon Islands.”
6. A new Paragraph 11 is inserted into the Appendix to the Original Financing Agreement, and all subsequent paragraphs are amended to restore numeric order, as follows:
 - “11. “Second Additional Financing Agreement” means the financing agreement for a Second Additional Financing for the Pacific Aviation Investment Program - Samoa Aviation Investment Project between the Recipient and the Association (Grant Number D457 -WS).”