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GRANT NUMBER D911-TO

# **Financing Agreement**

**(Tonga Climate Resilient Transport Project II)**

between

**KINGDOM OF TONGA**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**GRANT NUMBER D911-TO**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between the KINGDOM OF TONGA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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 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 twenty-seven million Special Drawing Rights (SDR 27,000,000) ("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 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 Project. To this end, the Recipient shall carry out Part 1, 2 and 3 of the Project through the Ministry of Infrastructure (MOI), and Part 4 through the Ministry of Finance, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01 The additional Effectiveness Condition consists of namely that the Recipient has recruited and thereafter maintained during Project implementation, a Project manager, with experience and terms of reference acceptable to the Association.
- 4.02 The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03 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 V — REPRESENTATIVE; ADDRESSES**

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

Ministry of Finance  
Vuna Road, PO Box 87  
Nuku'alofa  
Kingdom of Tonga; and

- (b) the Recipient's Electronic Address is:

Facsimile:

+676 26011

E-mail:

[minister@finance.gov.to](mailto:minister@finance.gov.to)

- 5.03. 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	<a href="mailto:cdpngpacific@worldbank.org">cdpngpacific@worldbank.org</a>



AGREED as of the Signature Date.

KINGDOM OF TONGA

By



\_\_\_\_\_  
Authorized Representative

Name: TATAFU MOEAIKI

Title: MINISTER FOR FINANCE

Date: 31-JAN-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



\_\_\_\_\_  
Authorized Representative

Stephen Ndegwa

Name: \_\_\_\_\_

Title: Country Director, PNG & Pacific Islands

Date: 13-Jan-2022

## SCHEDULE 1

### Project Description

The objectives of the Project are to improve the climate resilience and safety of the Recipient's transport sector, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

The Project consists of the following parts:

#### **Part 1. Capacity Building on Transport Planning and Policies**

- (a) Provision of a gender-informed commercial driver licensing training, including education and safety courses, and outreach programs on commercial drivers' licenses for women.
- (b) Development of a road sector climate vulnerability assessment and climate resilient road strategy.
- (c) Provision of technical assistance to: (i) LTD in areas of road asset management, road and traffic and public transport; (ii) MPD in areas of International Maritime Organization compliance and development of a maritime maintenance fund; and (iii) MOI and other governmental entities in the areas of climate resilient transport infrastructure development, as well as development of local contractor industry.

#### **Part 2. Climate Resilient and Safe Infrastructure Solutions**

- (a) Road Sector Activities
  - (i) Rehabilitating and/or upgrading selected roads across Tongatapu and other outer islands with upgraded climate resilient and safety measures.
  - (ii) Developing designs and carrying out supervision activities for rehabilitation works on selected non-asphalt concrete roads in Tongatapu and other outer islands.
  - (iii) Developing designs for rehabilitation works on selected asphalt concrete roads, including Airport Road in Tongatapu.
  - (iv) Carrying out of a road safety audit and works at selected high road accident risk locations.

(b) Maritime Sector Activities

- (i) Carrying out of a technical assessment, detailed design and rehabilitation/reconstruction of breakwater berth for small boats and a passenger terminal in Nafanua Port, 'Eua.
- (ii) Carrying out of a technical assessment, detailed design and rehabilitation of breakwater, berth and container storage areas at Taufaha'ahu Port, Ha'apai.
- (iii) Carrying out of a feasibility study of a slipway for domestic vessels at Nuku'alofa, Tongatapu.
- (iv) Carrying out of other priority works to enhance climate resilience and safety of port and maritime infrastructure.

(c) Aviation Sector Activities

- (i) Implementing critical mechanical and electrical asset maintenance at Fua'amotu International Airport, Tongatapu and Lupepau'u International Airport, Vava'u to improve safety and climate resilience of said airports, through a multi-year Performance-based Contract.
- (ii) Acquisition of safety equipment and facilities, such as rescue fire trucks and bird strike risk mitigation equipment for international airports.
- (iii) Carrying out of a detailed design and resurfacing of the runway at the Kaufana Airport in 'Eua.
- (iv) Acquisition of safety equipment and facilities, such as rescue fire trucks, construction of a storage facility and provision of ancillary equipment and goods at selected domestic airports.

**Part 3. Project Management**

Supporting the Recipient in the areas of Project management, coordination, supervision, environmental and social safeguards, fiduciary aspects including procurement and contracts management, financial management, communication and monitoring and evaluation; all through the provision of technical assistance, Training and Workshops, Operating Costs and goods required for the purpose.

**Part 4. Contingent Emergency Response**

Providing immediate response to an Eligible Crisis or Emergency, as needed.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

###### Project Steering Committee

1. The Recipient shall establish no later than six (6) months after the Effective Date, and thereafter maintain, throughout Project implementation period, the Project Steering Committee ("PSC"), which shall be chaired by the Minister of Finance, or his or her delegate, and comprising of representatives from MOI and other relevant entities, as provided under the Project Operations Manual. To this end, the PSC shall meet at least quarterly and provide strategic guidance and oversight to the Project.

###### Central Services Unit

2. The Recipient shall maintain, throughout the Project implementation period, the Central Services Unit within the Ministry of Finance, with a mandate, composition and resources satisfactory to the Association, which shall be responsible for, *inter alia*: (a) supporting the Project Management Unit on fiduciary aspects of Project implementation, and monitoring and evaluation, on an as-needed basis; (b) reviewing Project Reports prepared by the Project Management Unit and submitting such reports to the Association in accordance with this Agreement; and (c) carrying out Part 4 of the Project.

###### Project Management Unit

3. The Recipient shall maintain, throughout the Project implementation period, a Project Management Unit (PMU), within the Ministry of Infrastructure, with a mandate, composition and resources satisfactory to the Association, which shall be responsible for, *inter alia*, carrying out day-to-day implementation of the Part 1, 2 and 3 of the Project, with support from the Central Services Unit.
4. Without limitation to the generality of Section I.A.2 above, the Recipient shall:
  - (a) ensure that the PMU includes at all times during implementation of the Project, the following minimum staff and/or personnel: (i) a Project



manager; (ii) a procurement officer; (iii) a Project accountant; (iv) a contracts manager; (v) an administrative assistant; (vi) a safeguards officer and (vii) a communication, monitoring and evaluation officer; each with terms of reference, qualifications and experience satisfactory to the Association.

- (b) ensure that the PMU receives support from, and pays due attention to the recommendations of, Tonga Airports Limited for the activities carried out under Parts 1(c) and 2(c) of the Project, in a manner agreed by Tonga Airports Limited and described under the TAL Letter.
- (c) ensure that the PMU receives support from, and pays due attention to the recommendations of, Ports Authority of Tonga for the activities carried out under Parts 1(c) and 2(b)(iii) of the Project, in a manner agreed by Ports Authority of Tonga and described under the PAT Letter.

**B. Performance-Based Contract**

- 1. Under Part 2(c)(i) of the Project, the Recipient shall enter into a Performance-Based Contract, with a private sector contractor selected on the basis of terms of reference, qualifications and experience satisfactory to the Association, in accordance with the provisions included or referred to in this Agreement ("PBC Contractor"), under terms and conditions acceptable to the Association.
- 2. The Recipient shall carry out its obligations and exercise its rights under the Performance-Based Contract in such a manner as to protect the interests of the Recipient and the Association, and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any provision of the Performance-Based Contract.

**C. Project Operations Manual**

- 1. The Recipient shall, by not later than two (2) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion):
  - (a) update and furnish to the Association for its review and no-objection a Project operations manual, which shall set forth, *inter alia*, detailed arrangements and procedures for: (i) institutional arrangements for day to day execution of the Project; (ii) the preparation and successive updates of

the Procurement Plan and its implementation arrangements; (iii) implementation arrangements for the Environmental and Social Standards and the ESCP; (iv) budgeting, disbursement and financial management arrangements; (v) Project monitoring, reporting, evaluation and communication arrangements; (vi) the criteria and procedures for identifying and approving road works under Part 2(a) of the Project; and (vii) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objectives (“Project Operations Manual”);

- (b) afford the Association a reasonable opportunity to review the proposed Project Operations Manual; and
  - (c) adopt the Project Operations Manual as accepted by the Association.
2. The Recipient shall thereafter ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association may 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.
  3. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

**D. Annual Work Plans and Budgets**

1. The Recipient shall prepare and furnish to the Association, by not later than June 15 of each year during the implementation of the Project (or such other interval or date as the Association may agree), for the Association’s review and no-objection, an Annual Work Plan and Budget, which shall, *inter alia*: (a) list all activities (including Operating Costs and Training and Workshops) proposed to be included in the Project in the Recipient’s following fiscal year; (b) provide a budget for their financing (with a financial plan specifying all sources of financing including the Financing and any other resources provided by the Recipient); and (c) describe the environmental and social safeguards measures taken or planned to be taken in accordance with the provisions of Section I.F of this Schedule 2.
2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the Recipient’s respective fiscal year; provided, however, that in the event of any

conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets, unless the Association has provided its prior no-objection thereof in writing.

**E. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project ("Emergency Response Part"), the Recipient shall:
  - (a) a manual ("CERC Manual") is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
  - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
  - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.



2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:
  - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

**F. Environmental and Social Standards.**

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph 2 above, if 60 days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the

Recipient shall: (a) not later than 30 days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.

4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

## **Section II. Project Monitoring, Reporting and Evaluation**

### Project Report

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

### Mid-Term Review

2. The Recipient shall carry out, jointly with the Association, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, a mid-term review of the Project ("Mid-Term Review") to assess the status of Project implementation, as measured against Project indicators acceptable to the Association, and compliance with the legal covenants included or referred to in this Agreement. Such review shall include an assessment of the following:

(a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on implementation of safeguards measures; (e) implementation arrangements and Project staff turnover; and (f) the need to make any adjustments to the Project to improve performance. To this end, the Recipient shall:

- (i) prepare and furnish to the Association, at least one (1) month before the date of the Mid-Term Review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule 2 and the General Conditions, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof; and
- (ii) review, jointly with the Association, the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.

### **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: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:



<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training and Workshops	26,360,000	100%
(2) Emergency Expenditures under Part 4 of the Project	0	100%
(3) Refund of Preparation Advance	640,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>27,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date; except that withdrawals up to an aggregate amount not to exceed 290,000 SDR may be made for payments prior to this date but on or after November 1, 2021; and
  - (b) for Emergency Expenditures under Category (2), unless and until the Association all of the following conditions have been met in respect of said expenditures:
    - (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred and has furnished to the Association a request to withdraw Financing amounts under Category (2); (ii) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and (iii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.
2. The Closing Date is June 30, 2029.

## APPENDIX

### Definitions

1. “Annual Work Plan and Budget” means an annual work plan and budget for the implementation of the Project accepted by the Association, referred to in Section I.D of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means, collectively, all such plans and budgets.
2. “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.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Central Services Unit” means the Central Services Unit, established by the Recipient within the Ministry of Finance under the Skills and Employment for Tongans Project financed by the Association, referred to in Section I.A.1 of Schedule 2 to this Agreement.
5. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 13, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
6. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous

Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.

7. “CERC Manual” means the manual referred to in Section I.E of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Operational Manual.
8. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
9. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
10. “Emergency Expenditure” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.E of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
11. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.
12. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, and April 1, 2021).
13. “LTD” means the MOI’s Land Transport Division, or any successor thereto.
14. “Mid-Term Review” shall have the meaning ascribed to it in Section II.2 of Schedule 2 to this Agreement.
15. “Ministry of Finance” means the Recipient’s ministry responsible for finance, or any successor thereto.
16. “Ministry of Infrastructure” or “MOI” means the Recipient’s ministry responsible for infrastructure and tourism, or any successor thereto.



17. "MPD" means MOI's Marine and Ports Division, or any successor thereto.
18. "Operating Costs" means reasonable expenditures incurred by the Recipient on account of Project implementation and management (which expenditures would not have been incurred absent of the Project) and included in the Annual Work Plans and Budgets accepted by the Association, including the Recipient's staff travel costs, allowances, costs of vehicle rental, fuel and maintenance, bank charges, communications costs, office supplies and equipment, office rental fees, advertising expenses, utilities and consumables required for holding meetings related to the Project, but excluding salaries, fees, honoraria, bonuses and any other salary supplements of civil servants of the Recipient.
19. "PAT Letter" means the letter, dated October 4<sup>th</sup>, 2021, from Ports Authority of Tonga to the Ministry of Infrastructure, setting forth, *inter alia*, Ports Authority of Tonga's undertakings to support the Ministry of Infrastructure in carrying out activities under Part 1(c) and Part 2(b)(iii) of the Project, referred to in Section I.A.4(c) of Schedule 2 to this Agreement.
20. "Ports Authority of Tonga" or "PAT" means the corporation established and operating pursuant to the Recipient's Ports Authority Act of 1998, as amended.
21. "PBC Contractor" shall have the meaning ascribed to it in Section I.B.1 of Schedule 2 to this Agreement.
22. "Performance-Based Contract" means a multi-year contract between the Recipient and a PBC Contractor, referred to Section I.B.1 of Schedule 2 to this Agreement, setting forth, *inter alia*, the PBC Contractor's responsibilities in carrying out activities under Part 2(c)(i) of the Project; and "Performance-Based Contracts" means all such contracts.
23. "Preparation Advance" means the portion of the advance referred to in Section 2.07(a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 16, 2018 and on behalf of the Recipient on May 24, 2018.
24. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.



25. "Project Operations Manual" means the Recipient's manual, referred to in Section I.C.1 of Schedule 2 to this Agreement, to be updated and thereafter adopted by the Recipient in accordance with the provisions of said Section and in form and substance satisfactory to the Association, as said manual may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to the manual.
26. "Project Management Unit" or "PMU" means the team of staff and consultants within the Ministry of Infrastructure, designated to support the Project, referred to in Section I.A.3 of Schedule 2 to this Agreement.
27. "Project Steering Committee" or "PSC" means the Recipient's steering committee to be established under this Project, pursuant to section I.A.1 of Schedule 2 to this Agreement.
28. "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.
29. "TAL Letter" means the letter, dated October 4<sup>th</sup>, 2021, from Tonga Airports Limited to the Ministry of Infrastructure, setting forth, *inter alia*, Tonga Airports Limited's undertakings to support the Ministry of Infrastructure in carrying out activities under Part 1(c) and Part 2(c) of the Project, referred to in Section I.A.3(c).
30. "Tonga Airports Limited" or its acronym "TAL" means the corporation established and operating pursuant to the Recipient's Civil Aviation Act 2014, Companies Act 1995 and Public Enterprises Act 2002, as amended to date.
31. "Training and Workshops" means the reasonable costs incurred by the Recipient and included in the Annual Work Plans and Budgets accepted by the Association, for trainings and workshops carried out under the Project, including purchase, translation and publication of materials, rental of facilities, course fees, workshop supplies, rental of equipment, reasonable honorarium/stipend of resource persons, and travel, accommodation and subsistence of participants, but excluding fees of consultants.

