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OFFICIAL DOCUMENTS

CREDIT NUMBER 5805-WS
AMENDMENT to H914-WS

Financing Agreement

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

and

Amendment to the Original Financing Agreement

between

INDEPENDENT STATE OF SAMOA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 19th, 2016

FINANCING AGREEMENT

AGREEMENT dated *August 19th*, 2016, entered into 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: (i) sets out the terms and conditions related to the Additional Financing for the Project; and (ii) amends specific provisions of the Original Financing Agreement (as such term is defined in the Appendix to this Agreement), as set forth in Section II 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) 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 the Original Financing Agreement 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 credit in an amount equivalent to twelve million one hundred thousand Special Drawing Rights (SDR 12,100,000) (variously, “Credit” and “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective 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 IV of the General Conditions and the Project Implementation Agreement.
- 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 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 Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. For purposes of Section 8.05 (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 date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister responsible for Finance.

6.02. The Recipient's Address is:

Ministry of Finance
Private Bag
Apia, Independent State of Samoa

Facsimile:
685 21 312

6.03. The Association's Address is:

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

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

AGREED at Apia, Samoa, as of the day
and year first above written.

INDEPENDENT STATE OF SAMOA

By:

Authorized Representative

Name: SILI ERA TU'OTO

Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: MONA SUR

Title: ACTING COUNTRY DIRECTOR

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 (as defined in the Appendix to this Agreement).

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

The provisions of Section I of Schedule 2 to the Original Financing Agreement are hereby incorporated and shall apply, *mutatis mutandis*, to this Project, 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 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 Program Operations Manual. Each Project Report shall cover the period of one (1) calendar quarter, 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 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 quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements 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

C. General

1. **Goods, Works, and Non-consulting Services.** All goods, works, 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 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.
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 Section II and III of the Procurement Guidelines, or Section II, III, IV and V of the Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 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.

E. Particular Methods of Selection 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 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.

F. 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 Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training, TFSU Costs and Operating Costs for the Project (excluding Part 2(c)).	12,100,000	100% of the TFSU Costs paid as per the terms of the Service Agreement; and 100% of all other Eligible Expenditures
TOTAL AMOUNT	12,100,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is June 30, 2019.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15: commencing August 15, 2026 to and including February 15, 2036	1%
commencing August 15, 2036 to and including February 15, 2056	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Category” means the category set forth in the table in Section IV of Schedule 2 to this Agreement.
2. “Consultant Guidelines” means “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
3. “General Conditions” means the “International Development Association General Conditions for Credits and Grants,” dated July 31, 2010.
4. “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.
5. “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 No. H914-WS).
6. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
7. “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.
8. “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.
9. “Procurement Plan” means the procurement plan for the Program, dated February 29, 2016, 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.

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 and the Republic of Vanuatu.
12. "SAA Legislation" means the Recipient's Airport Authority Act of 2012.
13. "Samoa Airport Authority" or "SAA" means the corporation established and operating in the Recipient's territory pursuant to the SAA Legislation.
14. "Service Agreement" means the agreement entered into by the Recipient, SAA, and TAL, dated July 18, 2014, concerning Project and Program implementation, 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 agreements; "Service Agreements" also includes similar agreements between TAL and the Republic of Kiribati, the Kingdom of Tonga, Tuvalu and the Republic of Vanuatu, respectively.
15. "TAL" means Tonga Airport Limited, a corporation established in the Kingdom of Tonga 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.
16. "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.
17. "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.
19. "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 Amendments to the Original Financing Agreement

The Original Financing Agreement is amended as follows:

1. Section 4.02 of the Original Financing Agreement is deleted.
2. Part 1 of the Original Project is amended to read as follows:

“Part 1: Aviation Infrastructure Investments

Carrying out of aviation infrastructure investments at the Faleolo airport, including, *inter alia*:

- (a) Repair and rehabilitation of airport runways;
 - (b) Repair, rehabilitation and/or expansion of taxiways, and aprons;
 - (c) installation of new navigation aids, automatic weather monitoring, safety and security equipment, and air traffic control equipment;
 - (d) upgrading of generator capacity and installation of energy efficient equipment such as terminal lighting;
 - (e) provision of water storage tanks;
 - (f) security improvements such as closed circuit television;
 - (g) upgrading of runway lighting;
 - (h) provision or upgrading of fire safety equipment;
 - (i) provision of the VSAT secure communications system;
 - (j) provision of the design and supervision consulting services required for implementation of the infrastructure investments; and
 - (k) reconfiguration of fuel hydrant.”
3. Section II.A.F of Schedule 2 to the Original Financing Agreement is amended to read as follows:

“F. Safeguards

1. The Recipient shall, through SAA, carry out the Project in accordance with the provisions of the Integrated Environmental and Social Management Plan (“IESMP”).

2. The Recipient shall ensure that each contract for civil works in the Project Area of Influence includes the obligation of the relevant contractor and any sub-contractors to comply with the relevant provisions of the IESMP applicable to such civil works commissioned/awarded pursuant to said contract, including the obligation to possess all required permits and licenses for construction material extraction.

3. The Recipient shall ensure that all waste generated in the Project Area of Influence shall be safely and adequately managed and disposed of, in a manner satisfactory to the Association, and in accordance with the IESMP.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient, through SAA, shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the IESMP; and (b) prepare quarterly reports and furnish the same to the Association, as part of the Project Reports, on the results of such monitoring activities, giving details of:

- (a) measures taken in furtherance of the IESMP;
- (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the IESMP; and
- (c) remedial measures taken or required to be taken to address such conditions.

5. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 4 of this Part F, and thereafter shall carry out or cause to be carried out, with due diligence, all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the IESMP.

6. Except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive any provision of the provisions of the IESMP. In the event of a conflict between the provisions of the IESMP, and those of this Agreement, the latter shall prevail.”

4. The withdrawal table in Section IV.A.2 of Schedule 2 to the Original Financing Agreement is deleted in its entirety and replaced with the following:

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, Training, TFSU Costs and Operating Costs for the Project (excluding Part 2(c))	16,249,191	100% of the TFSU Costs paid as per the terms of the Service Agreement; and 100% of all other Eligible Expenditures
(2) Refund of Preparation Advance	50,809	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	16,300,000	

5. In Section I of the Appendix to the Original Financing Agreement, definitions number (4) – “Co-financier”; (5) “Co-financing”, (6) “Co-financing Agreement” and (8) Environmental Management Plan (EMP), are deleted and the subsequent definitions are renumbered to restore ascending order.
6. A new paragraph 6 is added to Section I of the Appendix to the Original Financing Agreement (as renumbered under paragraph 5 above) and the subsequent paragraphs are renumbered to restore ascending numeric value:

“6. “Integrated Environmental and Social Management Plan” or “IESMP” means the integrated environmental and social management plan dated January 30, 2016, prepared by the Recipient, setting forth, with respect to the Project Area of Influence, including all of its ancillary aspects and investments, measures to be implemented in the Recipient’s territory, details of measures to manage potential environmental and social risks and mitigate, reduce and/or offset adverse environmental and social impacts in the Project Area of Influence, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as any such plan may be amended and /or supplemented from time to time with prior written approval of the Association.”

7. A new paragraph 21 is added to Section I of the Appendix to the Original Financing Agreement (as renumbered under paragraphs 5 and 6 above) and the subsequent paragraphs are renumbered to restore ascending numeric value:

“21. “Project Area of Influence” means the area likely to be affected by the Project including all its ancillary aspects.”

8. In Section I of the Appendix to the Original Financing Agreement, the following definitions, as renumbered, are amended to read as follows:

(a) “10. “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.

(b) “18. “Program Countries” means the Recipient, the Republic of Kiribati, the Kingdom of Tonga, Tuvalu and the Republic of Vanuatu.”

(c) “30. “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 TFSU Service Agreement; and

(b) the applicable TFSU Operating Costs.”