
GRANT NUMBER D528-TV

Financing Agreement

(First Resilience Development Policy Operation)

between

TUVALU

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between TUVALU (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework.

WHEREAS (A) the Recipient, to enhance its preparedness for and resilience to disasters, has requested the Association provide a grant with a Catastrophe-Deferred Draw Down Option (“Cat-DDO”) in an amount equivalent to four million five hundred thousand Special Drawing Rights (SDR 4.5 million) (Grant Number D529-TV) to the Recipient for the purpose of providing further financing in support of the Program pursuant to the financing agreement between the Recipient and the Association of the same date as this Agreement for the First Resilience Development Policy Financing with a Cat-DDO, as such agreement may be amended from time to time (“Cat-DDO Financing Agreement”); and

(B) the Association is willing, on the basis, *inter alia*, of the foregoing to extend a grant to the Recipient upon the terms and conditions set forth in this Agreement.

NOW AND THEREFORE, the Recipient and the Association therefore 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 five million six hundred thousand Special Drawing Rights (SDR 5.6 million) (“Financing”).

- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Payment Dates are February 15 and August 15 in each year.
- 2.04. The Payment Currency is Dollar.
- 2.05. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension is that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness is that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.

- 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 the 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
Vaiaku
Funafuti
Tuvalu

and

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

E-mail:
sevepaeniu@gmail.com

- 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.

TUVALU

By

Seve Paeniu

Authorized Representative

Name: Seve Paeniu

Title: Hon Mr

Date: 06-Jan-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

David M. Gould

Authorized Representative

Name: David M. Gould

Title: Acting Country Director

Date: 17-Dec-2019

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

1. The Recipient, through its Cabinet, has established the Tuvalu Medical Treatment Scheme (TMTS) Review Committee and directed the TMTS Review Committee to develop a draft policy to reduce overseas medical treatment costs, as evidenced by: (a) the letter from the Acting Clerk to Cabinet, Office of the Prime Minister to the Secretary of Health, dated January 21, 2019, titled “Cabinet Decision – M007-19. Review of the Tuvalu Medical Treatment Scheme (TMTS) Policy”; (b) a copy of the terms of reference for the TMTS Review Committee; and (c) the letter from the Recipient’s Minister of Finance to the Association, dated October 21, 2019, titled ‘Re: First Resilience Development Policy Operation with a Catastrophe-Deferred Drawdown Option’.
2. The Recipient, through its Cabinet, has approved: (i) the Public Procurement Manual; (ii) the Procurement Complaints and Appeals Rules of Procedure; and (iii) the Procurement Suspension and Debarment Procedure, as evidenced by: (a) the letter from the Acting Clerk to Cabinet, Office of the Prime Minister to the Secretary for Finance & Economic Development, dated April 18, 2019, titled “Cabinet Decision – M102-19. Endorsement of the Procurement Manual, Tuvalu Procurement’s Mechanism and Debarment Procedures”; and (b) the letter from the Recipient’s Minister of Finance to the Association, dated October 21, 2019, titled ‘Re: First Resilience Development Policy Operation with a Catastrophe-Deferred Drawdown Option’ attaching copies of the approved Public Procurement Manual, Procurement Complaints and Appeals Rules of Procedure, and Procurement Suspension and Debarment procedure.
3. The Recipient, through its Cabinet, has approved the Tuvalu Asset Management Framework, as evidenced by: (a) the letter from the Acting Clerk to Cabinet, Office of the Prime Minister to the Secretary for Finance & Economic Development, dated April 18, 2019, titled “Cabinet Decision – M102-19. Tuvalu Asset Management Framework (TAMF)”; and (b) the letter from the Recipient’s Minister of Finance to the Association, dated October 21, 2019, titled ‘Re: First Resilience Development Policy Operation with a Catastrophe-Deferred Drawdown Option’ attaching a copy of the approved Tuvalu Asset Management Framework.
4. The Recipient has enacted and published the Building Act 2019 to improve the quality of buildings, as evidenced by the Building Act 2019, signed by the Acting

Clerk to Parliament, Acting Attorney General and Acting Secretary to Government on June 18, 2019 and assented to by the Governor General on July 1, 2019.

5. The Recipient, through its Cabinet, has approved the Waste Management (Levy Deposit) Regulation 2019 and the Waste Management (Prohibition on the Importation of Single-Use Plastic) Regulation 2019; as evidenced by: (a) the Waste Management (Levy Deposit) Regulation 2019, Legal Notice No.5 of 2019, signed by the Minister of Home Affairs and Rural Development and the Secretary to Government, dated June 18, 2019; (b) the Waste Management (Prohibition on the Importation of Single-Use Plastic) Regulation 2019, Legal Notice No.3 of 2019, signed by the Minister of Home Affairs and Rural Development and the Secretary to Government, dated June 18, 2019.
6. The Recipient, through its Cabinet has approved the Tuvalu National Policy for Persons With Disability, as evidenced by the letter from the Recipient's Minister of Finance to the Association, dated October 21, 2019, titled 'Re: First Resilience Development Policy Operation with a Catastrophe-Deferred Drawdown Option' attaching a copy of the approved Tuvalu National Policy for Persons With Disability.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in SDR)
(1) Single Withdrawal Tranche	5,600,000
TOTAL AMOUNT	5,600,000

- C. Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the Recipient's account to which the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management system; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Audit. The Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than six (6) months after the date of the last disbursement, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association and
3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is December 23, 2022.

APPENDIX

Definitions

1. “Building Act 2019” means the Recipient’s *Building Act 2019*.
2. “Cabinet” means the Recipient’s Cabinet established under Section 73 of the *Constitution of Tuvalu 1986*.
3. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018.
4. “Office of the Prime Minister” means the Recipient’s Office of the Prime Minister, established under Part V of the *Constitution of Tuvalu 1986*.
5. “Parliament” means the Recipient’s Parliament, established under Section 81 of the *Constitution of Tuvalu 1986*.
6. “Procurement Complaints and Appeals Rules of Procedure” means the Recipient’s *Ministry of Finance and Economic Development – Central Procurement Unit’s Procurement Complaints and Appeals Rules of Procedure*.
7. “Procurement Suspension and Debarment Procedure” means the Recipient’s *Ministry of Finance and Economic Development – Central Procurement Unit’s Procurement Suspension and Debarment Procedure*.
8. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 16, 2019 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
9. “Public Procurement Manual” means the Recipient’s *Ministry of Finance and Economic Development – Central Procurement Unit’s Public Procurement Manual*.
10. “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.

11. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
12. “Tuvalu Asset Management Framework” means the Recipient’s ‘Tuvalu Asset Management Framework’ dated April 2018.
13. “Tuvalu National Policy for Persons With Disability” means the Recipient’s ‘Tuvalu National Policy for Persons With Disability 2018’, endorsed by Cabinet on May 8, 2019.
14. “Tuvalu Medical Treatment Scheme (TMTS) Review Committee” and “TMTS Review Committee” means the Recipient’s Tuvalu Medical Treatment Scheme Review Committee established in accordance with Cabinet’s endorsement on January 21, 2019.
15. “Waste Management (Levy Deposit) Regulation 2019” means the Recipient’s Waste Management (Levy Deposit) Regulation 2019 made under Section 10(1) of the Recipient’s *Waste Management Act 2017*.
16. “Waste Management (Prohibition on the Importation of Single-Use Plastic) Regulation 2019” means the Recipient’s Waste Management (Prohibition on the Importation of Single-Use Plastic) Regulation 2019 made under section 11(a)(A) of the Recipient’s *Waste Management Act 2017*.