

# OFFICIAL DOCUMENTS

V034-KI

## The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 473-1000  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

October 7, 2016

Hon. Dr. Teuea Toatu  
Minister  
Ministry of Finance and Economic Development  
P.O. Box 67  
Bairiki, Tarawa  
Kiribati

Dear Minister,

***Republic of Kiribati: Advance Agreement for Preparation of Proposed Pacific Regional  
Connectivity Program, Phase 4: Connectivity Project  
Preparation Advance No. V034-KI***

In response to the request for financial assistance made on behalf of the Republic of Kiribati (variously referred as "Recipient" or "Kiribati"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed six hundred thousand Dollars (\$600,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed Pacific Regional Connectivity Program, Phase 4: Connectivity Project designed to reduce the cost and increase the availability of Internet services in Kiribati ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

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

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Sincerely,

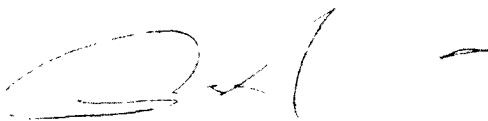
**INTERNATIONAL DEVELOPMENT ASSOCIATION**



Virginia Horscroft  
Acting Country Director  
Timor-Leste, Papua New Guinea  
& Pacific Islands  
East Asia and Pacific Region

AGREED:

**REPUBLIC OF KIRIBATI**

By:   
Authorized Representative

Name: DR. TEUEA TOATU

Title: MINISTER OF FINANCE

Date: 17 OCTOBER, 2016

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006.

## ANNEX

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

1.01. **Standard Conditions.** The Standard Conditions constitute an integral part of this Agreement.

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

- (a) "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.
- (b) "Kiribati Fiduciary Support Unit" or "KFSU" means the central unit established with the Ministry of Finance and Economic Development, responsible for providing fiduciary support to all World Bank-financed projects.
- (c) "Ministry of Finance and Economic Development" means the Recipient's ministry responsible for finance and economy, or any successor thereto.
- (d) Ministry of Information, Communication, Transport and Tourism Development or "MICTTD" means the Recipient's ministry responsible for information, communication, transport and tourism, or any successor thereto.
- (e) "Operating Costs" means reasonable expenditures directly related to the Activities, incurred by the Recipient (which expenditures would not have been incurred absent the Activities), including consumable materials and supplies, communications services (postage, telephone and internet), media and printing services, translation and interpretation services, office space rental and utilities, maintenance of office equipment, operation and maintenance, fuel costs, bank charges required for the Activities, administrative support staff, and staff travel, lodging and per diems, but excluding salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient's civil service.
- (f) "Procurement Plan" means the Recipient's procurement plan for the Activities, dated September 2016 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
- (g) "Procurement Regulations" means the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016.
- (h) "East Micronesia Cable Steering Committee" or "EMC Steering Committee" means – a joint steering committee established by a memorandum of understanding between the Federated States of Micronesia (FMS), Republic of Kiribati and Republic of Nauru (Nauru) concerning the undertaking of a joint effort to finance a regional cable system.

- (i) "Standard Conditions" means the "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility" dated July 31, 2010.
- (j) "Training and Workshops" means the reasonable costs of goods and services required for the participation of personnel involved in training activities and workshops under the Project, including travel and subsistence costs for training or workshop participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course or workshop preparation and implementation, but excluding consultants' fees.

## **Article II**

### **Execution of the Activities**

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

- (a) Preparation of an implementation plan, technical specifications, draft bidding documents (in consultation with Nauru and FSM stakeholders), stakeholder/industry consultations, assistance with site selection and appraisal for onshore facilities, coordination with preparation of safeguards documents, strengthening procurement and financial management capacity.
- (b) Preparation of legal and transactional documents related to the deployment of a cable system under the Project.
- (c) Strengthening the capacity of the MICTTD to prepare and implement the Project.
- (d) Conducting consultations and regional meetings and stakeholder consultations, including coordination with the EMC Steering Committee.
- (e) Carrying out of other activities relating to the preparation of the Project, its effectiveness and implementation-readiness, including the hiring of a technical Project manager and legal and transactional advisory services experts with qualifications, experience and under terms of reference acceptable to the World Bank.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through MICTTD in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the "Anti-Corruption.

2.03. **Institutional and Other Arrangements.**

The Recipient shall ensure that the terms of reference for any consultancies related to studies, assessments, regulations, technical guidelines, training and technical assistance activities under the Project shall be satisfactory to the World Bank and, to that end, such terms of reference shall, *inter alia*, duly incorporate the requirements of the World Bank's safeguard policies then in force, as applied to the

advice conveyed through such studies, assessments, regulations, technical guidelines, training and technical assistance activities.

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

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

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

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. The first audit of the Financial Statements shall cover the period from the date the first withdrawal under the Advance is made to December 31 2017; and subsequent audits shall cover the period of one (1) fiscal year of the Recipient beginning on January 1, 2018. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

#### 2.06. **Procurement**

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

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

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, non-consulting services, consulting services, Training and Operating Costs	600,000	100%
<b>TOTAL AMOUNT</b>	<b>600,000</b>	

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

3.03. **Refinancing Date.** The Refinancing Date is August 31, 2017.

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

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

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

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

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is Minister of Finance and Economic Development

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

Ministry of Finance and Economic Development  
P.O. Box 67  
Bairiki  
Tarawa

Facsimile:

(686) 21307

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

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

Facsimile:

(1)-202-477-6391