

---

GRANT NUMBER 0531-FIJ(EF)

**GRANT AGREEMENT  
(Externally Financed)**

**(Urban Water Supply and Wastewater Management Investment Program – Project 1)**

between

**REPUBLIC OF FIJI**

and

**ASIAN DEVELOPMENT BANK**

**DATED 16 OCTOBER 2017**

---

FIJ 49001

**GRANT AGREEMENT  
(Externally Financed)**

GRANT AGREEMENT dated 16 October 2017 between REPUBLIC OF FIJI ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

**WHEREAS**

(A) by a loan agreement of even date herewith between the Recipient and ADB ("ADB Loan Agreement"), ADB has agreed to make a loan to the Recipient from ADB's ordinary capital resources in the amount of \$42,109,000 for the purposes of the Project described in Schedule 1 to the ADB Loan Agreement;

(B) the Recipient has applied to Green Climate Fund ("GCF") for a grant, to be administered by ADB, for the purposes of cofinancing expenditures under the Project;

(C) by agreement of even date herewith between ADB and GCF for GCF cofinancing of the Project ("Funded Activity Agreement"), GCF has agreed to provide, and ADB has agreed to administer, the grant provided for herein upon the terms and conditions set out in the Funded Activity Agreement;

(D) the Project will be carried out by the Recipient through WAF, and for this purpose the Recipient will make available to WAF the proceeds of the grant provided for herein upon terms and conditions satisfactory to ADB; and

(E) ADB has agreed to make the proceeds of the grant from GCF available to the Recipient upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and WAF;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Grant Regulations; Definitions**

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 1 January 2017 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(m) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and WAF, as such agreement may be amended from time to time; and such term includes all agreements supplementary to the Project Agreement and all schedules to the Project Agreement.

- (b) The term "Project Executing Agency" appearing in Sections 8.01(c), 8.01(e), 8.01(i), 9.01(b) and 9.02(b) of the Grant Regulations shall be substituted by the term "WAF".

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the ADB Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Grant Agreement have the following meanings:

- (a) "ADB Loan" means the loan provided for in the ADB Loan Agreement;
- (b) "GCF Trust Fund" means the bank account established and administered by ADB, in its capacity as trustee of the Grant proceeds in respect of the Project and other GCF financed projects, for the benefit of GCF and for the purposes described in Clause 3 of the Funded Activity Agreement, to which GCF will transfer the Grant proceeds in accordance with the Funded Activity Agreement;
- (c) "Goods" means equipment and materials to be financed out of the proceeds of the Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance; and
- (d) "Works" means construction or civil works to be financed out of the proceeds of the Grant, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract.

## **ARTICLE II**

### **The Grant**

Section 2.01. ADB agrees to make available to the Recipient a grant from GCF in the amount of thirty-one million forty thousand Dollars (\$31,040,000) ("Grant").

## **ARTICLE III**

### **Use of Proceeds of the Grant**

Section 3.01. The Recipient shall make the proceeds of the Grant available to WAF and shall cause WAF to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement and the Project Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 1 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 4 to the ADB Loan Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 January 2026 or such other date as may from time to time be agreed between the Recipient and ADB.

## ARTICLE IV

### Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 2 to this Grant Agreement, Schedule 5 to the ADB Loan Agreement and the Project Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Grant proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Recipient shall take all actions which shall be necessary on its part to enable WAF to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as trustee of GCF. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from GCF, and (ii) that ADB does not assume any obligations or responsibilities of GCF in respect of the Project or the Grant other than those set out in this Grant Agreement.

## **ARTICLE V**

### **Suspension**

Section 5.01. The following are specified as additional events for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations:

- (a) the Recipient shall have failed to perform any of its obligations under the ADB Loan Agreement; and
- (b) the EIB Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations:

- (a) the ADB Loan Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled or arrangements satisfactory to ADB shall have been made for the fulfillment thereof within a period of time satisfactory to ADB; and

- (b) the EIB Loan Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled or arrangements satisfactory to ADB shall have been made for the fulfillment thereof within a period of time satisfactory to ADB.

Section 6.02. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

## **ARTICLE VII**

### **Termination**

Section 7.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on the date on which the ADB Loan Agreement terminates.

## **ARTICLE VIII**

### **Miscellaneous**

Section 8.01. The Minister for Economy and the Permanent Secretary, Ministry of Economy, of the Recipient each is designated as a representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

#### For the Recipient

Ministry of Economy  
Ro Lalabalavu House  
Victoria Parade  
Suva  
Republic of Fiji

Facsimile Number:

(679) 3300-834

For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

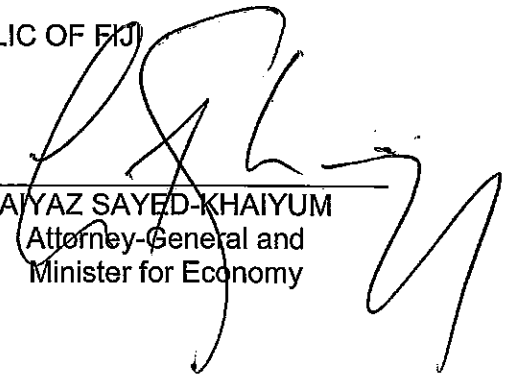
Facsimile Numbers:

(632) 636-2444  
(632) 636-2446.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

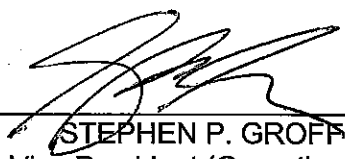
REPUBLIC OF FIJI

By

  
\_\_\_\_\_  
AIYAZ SAYED-KHAIYUM  
Attorney-General and  
Minister for Economy

ASIAN DEVELOPMENT BANK

By

  
\_\_\_\_\_  
STEPHEN P. GROFF  
Vice President (Operations 2)



**SCHEDULE 1****Allocation and Withdrawal of Grant Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table

- (a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

5. The Grant proceeds shall not be used to finance any commitments or costs incurred prior to the Effective Date unless approved by GCF in advance in writing.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS</b>			
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for GCF Financing (\$) Category</b>	<b>Basis for Withdrawal from the Grant Account</b>
1	Rewa water intake, water treatment plant and transmission main	24,987,000	24% of total expenditure claimed*
2	Unallocated	6,053,000	
	<b>TOTAL</b>	<b>31,040,000</b>	

\* Exclusive of taxes and duties imposed within the territory of the Recipient.

**SCHEDULE 2****Execution of Project**

1. The Recipient acknowledges and agrees that the Recipient and WAF have no right of action, whether in contract, tort or under statute to the extent permitted by law, against GCF in respect of the GCF Trust Fund, the Project or any loss or damage arising out of ADB's acts or omissions, or the acts of omissions of its officers, employees, agents or consultants under, or in connection with, this Grant Agreement.
2. Without limiting the generality of Section 5.01(a) of the Grant Regulations, the Recipient shall refund, or procure and refund, any unused Grant proceeds to ADB, and shall impose similar refund requirements on its counterparties involved in the Project.
3. The Recipient shall fully cooperate with ADB regarding any reviews, ad hoc checks, verifications or evaluations by GCF.
4. In addition to the audit requirement under Section 4.02 of this Grant Agreement, the Recipient acknowledges and agrees that ADB has the right to conduct financial audits of the Project, by an external auditor selected by ADB, if GCF has a concern as to the manner in which the Grant proceeds have been used; and shall fully cooperate with such audit. The Recipient shall bear the cost of such audit, if the concern of GCF as to the manner in which the Grant proceeds have been used is found to be substantially correct by the auditor.
5. The Recipient shall ensure that all necessary and applicable licenses, approvals and consents, including those relating to intellectual property, to implement and carry out the Project and operate the Project facilities are valid for the duration of the Project.
6. The Recipient shall ensure that the activities related to the Project are implemented in compliance with the laws of the Recipient and other laws applicable to it, including but not limited to intellectual property law, if and to the extent any such laws may be applicable to it.
7. The Recipient shall endeavor to acknowledge the visual identity of GCF in funding the Project (e.g., through use of the GCF logo, in accordance with GCF's branding guidelines, and appropriate references in reports, publications, information given to beneficiaries and news media, related publicity materials and any other forms of public information and the displaying of the GCF logo on the site of any infrastructure works). Any branding activities in support of GCF shall comply with GCF's branding guidelines and be reviewed by the GCF Secretariat.