

---

GRANT NUMBER 0653-KIR(EF)

GRANT AGREEMENT  
(Externally Financed - Green Climate Fund)  
(South Tarawa Water Supply Project)

between

REPUBLIC OF KIRIBATI

and

ASIAN DEVELOPMENT BANK  
acting as an accredited entity of the  
Green Climate Fund

DATED 6 NOVEMBER 2020

---

KIR 49453

## **GRANT AGREEMENT (Externally Financed)**

GRANT AGREEMENT dated 6 NOVEMBER 2020 between REPUBLIC OF KIRIBATI ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

### **WHEREAS**

(A) by a grant agreement of even date herewith between the Recipient and ADB ("Special Funds Grant Agreement"), ADB has agreed to provide a grant ("Special Funds Grant") from its Special Funds resources in an amount of thirteen million Dollars (\$13,000,000) to the Recipient for the purposes of the Project described in Schedule 1 to the Special Funds Grant Agreement;

(B) the Recipient has also applied to the World Bank for a grant of twelve million nine hundred sixty thousand Dollars (\$12,960,000) ("WB Grant") for the purposes of cofinancing expenditures under the Project, and the World Bank intends to make the WB Grant available to the Recipient under a grant agreement to be entered into between the Recipient and the World Bank ("WB Grant Agreement");

(C) the Recipient has also applied to Green Climate Fund ("GCF") for an additional grant, to be administered by ADB, for the purposes of cofinancing expenditures under the Project; and

(D) ADB, acting in its capacity as an accredited entity of GCF in accordance with the Accreditation Master Agreement dated 17 August 2017 ("AMA") and the Funded Activity Agreement dated 21 September 2020 ("FAA") between GCF and ADB, has agreed to make the proceed of the grant from GCF available to the Recipient upon terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Grant Regulations; Definitions**

Section 1.01. All the provisions of ADB's Externally Financed Grant Regulations, 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.

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

## **ARTICLE II**

### **The Grant**

Section 2.01. ADB agrees to make available to the Recipient a grant from GCF in the amount of twenty-eight million six hundred thirty thousand Dollars (\$28,630,000) ("Grant").

## **ARTICLE III**

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

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement and the Special Funds Grant 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 3 to the Special Funds Grant Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2027 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 4 to the Special Funds Grant Agreement.

Section 4.02. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as an accredited entity of GCF. Accordingly, the Recipient agrees that (a) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from GCF, and (b) 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 has failed to perform one or more of its obligations under the Special Funds Grant Agreement or the WB Grant Agreement; or
- (b) the Special Funds Grant or the WB Grant has become liable for suspension or cancellation for any reason whatsoever.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the Special Funds Grant 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. The following is specified as an additional matter, for the purposes of Section 9.02(c) of the Grant Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Special Funds Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and is legally binding upon the Recipient in accordance with its terms.

Section 6.03. 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 Special Funds Grant Agreement terminates.

## **ARTICLE VIII**

### **Miscellaneous**

Section 8.01. The Minister of Finance and Economic Development of the Recipient is designated as 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

Minister of Finance and Economic Development  
P.O. Box 67, Bairiki  
Tarawa, Kiribati

#### For ADB


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

Facsimile Numbers:


(632) 636-2444  
(632) 636-2388.

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 KIRIBATI

By   
ANTHONY KENNETH MCDONALD  
Authorized Representative

ASIAN DEVELOPMENT BANK

  
By \_\_\_\_\_  
LEAH GUTIERREZ  
Director General  
Pacific Department

## 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 of the Table.)

#### Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure, as 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.

#### Condition for Withdrawals from Grant Account

5. Notwithstanding any other provision of this Grant Agreement, no withdrawals shall be made from the Grant Account for the Water Supply until the WB Grant Agreement has been duly executed and delivered, and all conditions precedent to its effectiveness have been fulfilled or arrangements satisfactory to ADB have been made for the fulfilment thereof within a period of time satisfactory to ADB.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for GCF Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Water Supply***	15,174,100	40.6% of total expenditure claimed*
2	Solar	6,190,400	100% of total expenditure claimed*
3	Consulting Services	2,370,000	38.06% of total expenditure claimed*
4	Unallocated**	4,895,500	
	<b>TOTAL</b>	<b>28,630,000</b>	

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

\*\*Includes physical and price contingencies.

\*\*\*Subject to the condition for withdrawal described in paragraph 5 of Schedule 1.



## **SCHEDULE 2**

### **Execution of Project**

1. The Recipient acknowledges and agrees that the Recipient has no right of action, whether in contract, tort or under statute to the extent permitted by law, against GCF in respect of the ADB Green Climate 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. The Recipient shall fully cooperate with ADB regarding any reviews, ad hoc checks, verifications or evaluations by GCF, subject to advance notice.
3. 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 cooperate with such audit. The Recipient shall bear the reasonable cost of such audit, if the audit finds that the Grant proceeds have not been used according to this Grant Agreement.
4. 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 are valid for the duration of the Project.
5. 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.
6. 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.