

---

GRANT NUMBER 0624-REG(SF)

GRANT AGREEMENT  
(Special Operations)

(Systems Strengthening for Effective Coverage of New Vaccines in the Pacific Project)

between

KINGDOM OF TONGA

and

ASIAN DEVELOPMENT BANK

DATED 29 NOVEMBER 2018

---

REG 50282

## **GRANT AGREEMENT (Special Operations)**

GRANT AGREEMENT dated 29 November 2018 between KINGDOM OF TONGA ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

### **WHEREAS**

(A) the Recipient has applied to ADB for a grant for the purposes of the Project described in Schedule 1 to this Grant Agreement; and

(B) ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

## **ARTICLE I**

### **Grant Regulations; Definitions**

Section 1.01. All provisions of ADB's Special Operations 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 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) "Additional Agreement" means any agreement, apart from the Cooperation Agreement or the VII Agreement, which UNICEF requires the Recipient to enter into for the purposes of the Project;
- (b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (c) "Consulting Services" means the services to be financed out of the proceeds of the Grant as described in paragraph 3 of Schedule 1 to this Grant Agreement;
- (d) "Cooperation Agreement" means the Standard Basic Cooperation Agreement between UNICEF and the Government of Tonga dated 10 October 1997;
- (e) "Gender Action Plan" or "GAP" means the gender action plan prepared for the Project in consultation with the Recipient and approved by ADB;

- (f) "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, but excluding Consulting Services;
- (g) "Increase to VII Credit Line" means the increase, in respect of purchases of vaccines, medical equipment, and Consulting Services from UNICEF, to the amount which the Recipient agreed to guarantee under the VII Agreement or the Additional Agreement;
- (h) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (i) "PAM" means the project administration manual for the Project dated August 2018 and agreed between the Recipient and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;
- (j) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (k) "Procurement Plan" means the procurement plan for the Project dated August 2018 and agreed between the Recipient and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;
- (l) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (m) "UNICEF" means the United Nations Children's Fund;
- (n) "VII Agreement" means the agreement between UNICEF and the Government of Tonga on procurement services for the vaccines independence initiative dated 11 July 2016; and
- (o) "WHO" means the World Health Organization.

## ARTICLE II

### The Grant

Section 2.01. ADB agrees to make available to the Recipient from ADB's Special Funds resources an amount of three million eight hundred fifty thousand Dollars (\$3,850,000).

### **ARTICLE III**

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

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

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 2 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 this Grant Agreement.

Section 3.04. Withdrawals from the Grant Account in respect of Goods and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (b) Goods and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 May 2024 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 this Grant 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 the Consulting Services, and any relevant records and documents.

## **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 to fund the procurement of vaccines, the Increase to VII Credit Line, and Goods and Consulting Services associated with vaccines, for the purposes of Section 8.01(k) of the Grant Regulations:

- (a) by 31 December 2020, the VII Agreement has not been extended through at least the Project completion date; and
- (b) the VII Agreement has been terminated by UNICEF and other arrangements satisfactory to ADB have not been made.

**ARTICLE VI****Effectiveness**

Section 6.01. 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 a date ten years after the date of this Agreement.

**ARTICLE VIII****Miscellaneous**

Section 8.01. The Minister for Finance and National Planning 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**

Ministry of Finance and National Planning  
Vuna Road, PO Box 87  
Nuku'alofa, Tonga

Facsimile Number:

(676) 26011

For ADB

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

## Facsimile Numbers:

(632) 636-2444  
(632) 636-2443.

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.


KINGDOM OF TONGA

By

  
\_\_\_\_\_  
SYURKANI ISHAK KASIM  
Authorized Representative

ASIAN DEVELOPMENT BANK

By

  
\_\_\_\_\_  
MA. CARMELA D. LOCSIN  
Director General  
Pacific Department

**SCHEDULE 1****Description of the Project**

1. The objective of the Project is increased immunization coverage of vaccines in the Pacific region.
2. The Project shall:
  - (a) (i) provide vaccines (including vaccines against human papilloma virus, pneumococcal conjugate and rotavirus, and measles, mumps and rubella); (ii) provide WHO and UNICEF Performance, Quality and Safety certified cold chain equipment and associated supplies; (iii) support microplanning in health facilities; and (iv) support the Recipient's Ministry of Health in procurement forecasting for vaccines including emergency preparedness planning and maintaining a buffer stock;
  - (b) (i) update immunization and cold chain policies, guidelines, and training materials; (ii) train health workers through workshops and on-the-job training in vaccine administration, routine and adverse event reporting, waste management, preventative maintenance and supportive supervision and supply chain management; and (iii) build the capacity of health systems to (A) provide evidence-based planning (including bottom-up budgeting for routine integrated outreach with an equity focus), (B) report and integrate, within the broader health information system, sex-disaggregated immunizations, and (C) generate evidence through surveys to assess the quality and equity of vaccine management; and
  - (c) support community awareness of public health knowledge, attitudes and practices for better overall health seeking behavior and vaccine acceptance.
3. Consulting Services will be provided in connection with the above activities.
4. The Project is expected to be completed by 30 November 2023.



## SCHEDULE 2

### 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 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 to fund the procurement of vaccines, the Increase to VII Credit Line, and Goods and Consulting Services associated with vaccines until (a) the VII Agreement has been amended, if necessary, to permit procurement of the vaccines under the Project; and (b) any Additional Agreement has become effective.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	Vaccines*	1,310,000		
1A	Year 2		780,000	100% of total expenditure claimed**
1B	Year 3		230,000	80% of total expenditure claimed**
1C	Year 4		180,000	60% of total expenditure claimed**
1D	Year 5		120,000	40% of total expenditure claimed**
2	Increase to VII Credit Line, other Goods, and Consulting Services*	1,140,000		100% of total expenditure claimed**
3	Communication materials, community engagement grants, and implementation and monitoring services	1,010,000		100% of total expenditure claimed**
4	Administration and operations	210,000		100% of total expenditure claimed
5	Unallocated	180,000		
	<b>TOTAL</b>	<b>3,850,000</b>		

\* Subject to the condition for withdrawal described in paragraph 5 of Schedule 2.

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

### **SCHEDULE 3**

#### **Procurement of Goods and Consulting Services**

##### General

1. The procurement of Goods and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. Except as ADB may otherwise agree, Goods shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Grant Agreement have the meanings provided in the Procurement Guidelines and the Consulting Guidelines, as applicable.

##### Eligible Source of Procurement of Goods and Consulting Services through UNICEF

4. Notwithstanding the provision of Section 3.04(a) of this Grant Agreement, Goods and Consulting Services which are procured through UNICEF under the Project may also be procured from non-member countries of ADB which are eligible sources of procurement of UNICEF.

##### Goods

5. Goods shall be procured on the basis of procurement methods set forth below:
  - (a) Shopping; and
  - (b) Direct Contracting.

##### Consulting Services

6. Except as set forth in the paragraph below, the Recipient shall apply Quality- and Cost-Based Selection for Consulting Services.
7. The Recipient shall apply the following selection method for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Individual Consultant Selection for Health Demographer and Statistician.

##### Industrial or Intellectual Property Rights

8. (a) The Recipient shall ensure that all Goods procured (including without limitation all computer hardware, software and systems, whether separately procured or

incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Recipient shall ensure that all contracts for the procurement of Goods contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

9. The Recipient shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

#### ADB's Review of Procurement Decisions

10. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Recipient and ADB and set forth in the Procurement Plan.

## **SCHEDULE 4**

### **Execution of Project**

#### Implementation Arrangements

1. The Recipient shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.

#### Safeguards

2. The Recipient shall ensure that the Project has only minimal or no adverse environmental impact, and does not involve any involuntary resettlement or indigenous peoples' impacts, in either case within the meaning of the SPS. The Recipient shall ensure that the Project complies with applicable laws and regulations of the Recipient. In the event that the Project results in more than a minimal adverse environmental impact, or any involuntary resettlement or indigenous peoples' impacts, the Recipient shall take all steps required to ensure that the Project complies with the SPS.

#### Prohibited List of Investments

3. The Recipient shall ensure that no proceeds of the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

#### Gender and Development

4. The Recipient shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

#### Counterpart Support

5. The Recipient shall make available through budgetary allocations or other means all counterpart funds required for timely and effective implementation of the Project, including funds to mitigate unforeseen environmental and social impacts, and to meet additional costs arising from design changes, price escalation in construction or installation costs or other unforeseen circumstances. The Recipient shall contribute the following amounts towards procurement of vaccines: \$59,000 in year 3 (20% of total expenditures claimed), \$117,000 in year 4 (40% of total expenditures claimed), and \$176,000 in year 5 (60% of total expenditures claimed). In addition to the foregoing, the Recipient shall ensure that it has sufficient funds to satisfy its liabilities arising from any Goods and/or Consulting Services contract.

Governance and Anticorruption

6. The Recipient shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledges that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

7. The Recipient shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

Agreements with UNICEF

8. Except with the concurrence of ADB, the Recipient shall take no action to terminate, or (apart from the amendments described in section 5.01(a) and paragraph 5 of Schedule 2 to this Grant Agreement) to amend, the Cooperation Agreement, the VII Agreement, or if applicable an Additional Agreement.

Operations & Maintenance

9. The Recipient shall develop and implement a program for regular and periodic maintenance of the Goods in accordance with WHO technical standards, and make adequate resources available, through budgetary allocations or otherwise, for this purpose.