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GRANT NUMBER 0789-REG(SF)  
(Additional Financing to Grant 0624-REG(SF))

GRANT AGREEMENT  
(Special Operations)

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

between

KINGDOM OF TONGA

and

ASIAN DEVELOPMENT BANK

DATED 20 MAY 2021

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REG 50282

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

GRANT AGREEMENT dated 20 May 2021 between KINGDOM OF TONGA ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

### **WHEREAS**

(A) by a grant agreement dated 29 November 2018 between the Recipient and ADB ("Initial Grant Agreement"), ADB agreed to make a grant to the Recipient from ADB's Special Funds resources in an amount of three million eight hundred fifty thousand Dollars (\$3,850,000) ("Initial Grant") for the purposes of the project described in Schedule 1 to the Initial Grant Agreement ("Initial Project");

(B) the Recipient has applied to ADB for an additional grant for the purposes of expanding the scope of the Initial Project as described in Schedule 1 to this Grant Agreement ("Project"); and

(C) ADB has agreed to make an additional 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) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (b) "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;
- (c) "COVID-19" means coronavirus disease;

- (d) "Eligibility Criteria" means criteria with respect to a COVID-19 vaccine, as described in paragraph 29 (including footnotes 28, 29 and 30) of ADB's policy on Support to Enhance COVID-19 Vaccine Access;
- (e) "Eligible Vaccine" means a COVID-19 vaccine eligible for financing out of the proceeds of the Grant which, at all times during the Project implementation period, (i) satisfies the Eligibility Criteria, and (ii) has received all necessary authorizations of the Recipient for its distribution and administration within the territory of the Recipient, including authorization for use, and any other necessary authorizations for its manufacture, marketing or importation;
- (f) "GAP" means the updated gender action plan prepared for the Project in consultation with the Recipient and approved by ADB;
- (g) "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;
- (h) "Governor's Letter" means the governor's letter dated 10 March 2021, confirming the Recipient's commitment to implement its Vaccination Allocation Plan and setting forth certain objectives, policies and actions of the Recipient designed to provide access within its territory to vaccines for COVID-19;
- (i) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (j) "Outputs Agreement" means the Agreement for Delivery of Outputs dated 21 February 2020 between the Government of the Recipient and UNICEF pursuant to which UNICEF agreed to deliver certain outputs in connection with the Initial Project;
- (k) "PAM" means the project administration manual for the Project dated 17 March 2021 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;
- (l) "Part" means a part of the Project as described in Schedule 1 to this Grant Agreement;
- (m) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (n) "Procurement Plan" means the procurement plan for the Project dated 17 March 2021 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;

- (o) "Project Executing Agency" for the purposes of, and within the meaning of, the Grant Regulations means the Recipient's Ministry of Finance or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (p) "SPS" means ADB's Safeguard Policy Statement (2009);
- (q) "SRA" means entity designated by the WHO as a stringent regulatory authority for purposes of assessment and approval of COVID-19 vaccines;
- (r) "UNICEF" means the United Nations Children's Fund, an international inter-governmental organization established by the General Assembly of the United Nations by resolution 57(l) of 11 December 1946 as a subsidiary organ of the United Nations;
- (s) "Vaccination Allocation Plan" means the Recipient's National Vaccine Deployment Plan attached to and endorsed in the Governor's Letter, which, amongst other things, describes the Recipient's prioritization of COVID-19 vaccine access consistent with international norms and safeguards against exclusion of marginalized and vulnerable groups and sets out the national policy in relation to vaccine selection, acquisition, procurement, distribution, deployment and administration, as well as any related medical waste management, in the territory of the Recipient;
- (t) "VII Agreement" means the Agreement on Procurement Services for the Vaccine Independence Initiative between the Government of the Recipient and UNICEF dated 11 July 2016 (as amended on 17 March 2020), and as the same may be amended from time to time; and
- (u) "WHO" means the World Health Organization, established on 22 July 1946 as a specialized agency within the terms of Article 57 of the Charter of the United Nations.

## **ARTICLE II**

### **The Grant**

Section 2.01. ADB agrees to make available to the Recipient from ADB's Special Funds resources five million five hundred thousand Dollars (\$5,500,000).



### **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. 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 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 for the purposes of Section 8.01(k) of the Grant Regulations:

- (a) the VII Agreement or the Outputs Agreement shall have become suspended or terminated for any reason whatsoever; and
- (b) any amendments or revisions shall have been made to the VII Agreement or Outputs Agreement, which may, in the reasonable opinion of ADB, materially and adversely affect the ability of the Recipient to perform one or more of its obligations under this Grant Agreement.

## **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 10 years after the date of this Agreement.

## **ARTICLE VIII**

### **Miscellaneous**

Section 8.01. The Minister of Finance 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  
Vuna Road, PO Box 87  
Nuku'alofa, Tonga

#### For ADB

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

#### Facsimile Numbers:

(632) 8636-2444  
(632) 8636-2443.

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 \_\_\_\_\_  
TEVITA LAVEMAAU  
Minister of Finance

ASIAN DEVELOPMENT BANK

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



## **SCHEDULE 1**

### **Description of the Project**

1. The objective of the Project is to increase the immunization coverage of vaccines.
2. The Project shall comprise the following Parts:

#### Part 1: Strengthening Regional Vaccine Procurement

Provision of COVID-19 vaccines through UNICEF and upgradation of cold chain capacities to accommodate the transportation and storage of COVID-19 vaccines;

#### Part 2: Strengthening Health Systems

- (a) Provision of support for the rollout of the National Vaccine Deployment Plan, including the revision of national immunization policies and guidelines to include the COVID-19 vaccine, training on COVID-19 vaccines for vaccinators, micro-planning for health managers to target vulnerable and high-risk populations, and supplementary immunization activities for rapid catch-up campaigns; and
- (b) Sex-disaggregated data collection, monitoring and surveillance reporting and support for the Recipient to contribute to the global knowledge pool on the roll-out of COVID-19 vaccines; and

#### Part 3: Improving Community Awareness

Support for improved community engagement, through UNICEF, on rolling out communication campaigns on infection prevention control, demand generation, vaccine acceptance, as well as targeted risk communication on the national COVID-19 vaccine strategy to minimize potential vaccine hesitancy or misinformation.

3. The Project includes Consulting Services for Part 2 and Part 3.
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 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.

#### Retroactive Financing

5. Withdrawals from the Grant Account may be made to finance eligible expenditures incurred under the Project before the Effective Date in connection with Category 1, subject to a maximum amount equivalent to 30% of the Grant Amount; provided that the expenditures have been incurred after the allocation by the Recipient of resources to respond to the COVID-19 pandemic, but not earlier than 12 months before the date of this Grant Agreement.

Conditions for Withdrawals from Grant Account

6. Notwithstanding any other provision of this Grant Agreement, no withdrawals shall be made from the Grant Account for Category 1 until:

- (a) the Recipient and UNICEF have amended either the VII Agreement or the Outputs Agreement or entered into a separate agreement, in form and substance satisfactory to ADB, to enable UNICEF to undertake activities under Part 1 of the Project;
- (b) ADB has received a letter from the Recipient confirming (i) which COVID-19 vaccine(s) has/have been selected to be procured using the proceeds of the Grant; (ii) which of the Eligibility Criteria has been satisfied in respect of the selected COVID-19 vaccine(s); and (iii) that such COVID-19 vaccine(s) has/have received all necessary authorizations of the Recipient, including any necessary authorization for distribution and administration within the territory of the Recipient; and
- (c) based on the information provided in the aforementioned letter, ADB has notified the Recipient that the COVID-19 vaccine(s) to be procured are designated as Eligible Vaccines.

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	Eligible Vaccines*	1,040,000		
1a	Year 2		210,000	100% of total expenditures claimed**
1b	Year 3		830,000	100% of total expenditure claimed**
2	Goods and Consulting Services	1,200,000		100% of total expenditure claimed**
3	Communication Materials	10,000		100% of total expenditure claimed
4	Implementation and Monitoring Services	1,470,000		100% of total expenditure claimed**
5	Administration and Operations	210,000		100% of total expenditure claimed
6	Unallocated	1,570,000		
	<b>TOTAL</b>	<b>5,500,000</b>		

\* Subject to the condition for withdrawal described in paragraph 6 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. (a) The procurement of Goods and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.

(b) Notwithstanding paragraph (a) above, Good and Consulting Service which are procured by UNICEF shall be subject to and governed by UNICEF's Supply Manual and Human Resource Manual.

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 method and the selection method 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 method and the selection method 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/or the Consulting Guidelines, as applicable.

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

4. Goods and Consulting Services may also be procured under the Project from non-member countries of ADB.

##### Goods

5. Goods shall be procured on the basis of the procurement method set forth herein: Contract variations to contracts awarded under the Initial Project.

##### Consulting Services

6. Consulting Services shall be procured on the basis of the procurement method set forth herein: Contract variations to contracts awarded under the Initial Project.

##### Industrial or Intellectual Property Rights

7. (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.



8. 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

9. 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 does not involve any environmental, involuntary resettlement or indigenous peoples' impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Recipient shall consult with ADB without any undue delay and take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and 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 suppliers and consultants 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 price escalations or other unforeseen circumstances. 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.

#### Operation and Maintenance

6. 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.

Vaccine Selection; Vaccination Allocation Plan

## 7. The Recipient:

- (a) represents that it has conducted its own due diligence, and made its own independent determination of, the quality, safety, and efficacy of the Eligible Vaccines to be procured under the Project;
- (b) shall ensure that Grant proceeds allocated for financing of vaccines shall only be used for the procurement, distribution or administration of a vaccine which has been confirmed by ADB to be an Eligible Vaccine;
- (c) assumes sole responsibility for the selection, importation, procurement, distribution, marketing or administration, of any Eligible Vaccine under the Project, and agrees that ADB shall have no responsibility or liability in respect thereof;
- (d) shall ensure that the deployment, distribution and administration of Eligible Vaccines are implemented in accordance with the Vaccination Allocation Plan; and
- (e) shall (i) inform and exchange views with ADB on any changes to the Vaccination Allocation Plan and any sector, legal, regulatory or policy reform discussions that may be held with other bilateral or multilateral agencies that may have implications on the implementation of the deployment, distribution and administration of the Eligible Vaccines, and (ii) provide ADB a reasonable opportunity to comment on any resulting policy proposal.

8. In instances where any COVID-19 vaccine which ADB has not confirmed as an Eligible Vaccine is proposed for procurement under the Project subsequent to the initial withdrawal from the Grant Account for any Eligible Vaccine, the Recipient shall ensure that no withdrawal request is made from the Grant Account in relation to such vaccine until:

- (a) ADB has received a letter from the Recipient confirming (i) which of the Eligibility Criteria in the definition of Eligible Vaccine has been satisfied in respect of such vaccine; and (ii) that such vaccine has received all necessary authorizations of the Recipient, including any necessary authorization for distribution and administration within the territory of the Recipient; and
- (b) based on the information provided in the aforementioned letter, ADB has notified the Recipient that such vaccine is designated as an Eligible Vaccine.

Compliance with Local Laws

9. The Recipient shall ensure that the selection, importation, procurement, deployment, distribution, marketing, administration and disposal of any Eligible Vaccine is



conducted in accordance with the applicable laws and regulations of the Recipient.

10. The Recipient shall promptly take all such steps as may be necessary to facilitate the continuing authorization of Eligible Vaccines for distribution and administration within the territory of the Recipient, including through the prompt issuance or renewal of all the necessary authorizations, provided that the requisite quality, safety efficacy and other legal requirements for authorization continue to be met. The Recipient shall promptly inform ADB of any event or circumstance which may arise that may prevent, hinder, delay or place conditions on such continuing authorization.

#### Vaccine Storage, Transportation and Waste Management

11. The Recipient shall ensure that:

- (a) Eligible Vaccines are properly stored, handled and transported within the territory of the Recipient to preserve their quality, efficacy and safety in accordance with, the relevant vaccine manufacturer's requirements, applicable laws and regulations of the Recipient and international good practice, including the effective vaccine management framework of WHO and UNICEF; and
- (b) any medical or other waste generated in connection with the storage, transportation, distribution or administration of Eligible Vaccines and associated medical equipment is properly treated, disposed of and managed in accordance with the Vaccination Allocation Plan.

#### Limitation of Liability

12. The Recipient acknowledges and agrees that:

- (a) the confirmation by ADB of any vaccine as an Eligible Vaccine does not constitute an endorsement, or warranty of the fitness, by ADB of such vaccine for any particular purpose, including with regard to its quality, safety or efficacy, and the Recipient is exclusively responsible for authorizing the use of any Eligible Vaccines, for distribution and administration within the territory of the Recipient, including but not limited to quality monitoring throughout the supply chain, compliance with applicable treatment guidelines and application of measures to monitor and address adverse reactions; and
- (b) ADB disclaims any and all financial or other liability and responsibility for any injury, death, loss, damage or other prejudice of any kind whatsoever that may arise as a result of or in connection with the selection, procurement, importation, manufacturing, fill and finish, distribution, marketing, administration or use of any vaccine under the Project or the treatment, disposal, or management of any medical or other waste generated in connection with the storage, handling, transportation, distribution or administration of any such vaccine.

Governance and Anticorruption

13. The Recipient and Project Executing Agency shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge 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.

14. The Recipient and Project Executing Agency 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.