

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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CREDIT NUMBER 5847-VU  
GRANT NUMBER D122-VU

## Financing Agreement

(Infrastructure Reconstruction and Improvement Project)

between

REPUBLIC OF VANUATU

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 02<sup>nd</sup> August , 2016

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**CREDIT NUMBER 5847-VU**  
**GRANT NUMBER D122-VU**

**FINANCING AGREEMENT**

AGREEMENT dated *02<sup>nd</sup> August*, 2016, entered into between REPUBLIC OF VANUATU (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
  - (a) an amount equivalent to seventeen million six hundred fifty thousand Special Drawing Rights (SDR 17,650,000) (“Grant”); and
  - (b) an amount equivalent to seventeen million six hundred fifty thousand Special Drawing Rights (SDR 17,650,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Infrastructure and Public Utilities (“MIPU”), in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient’s Representative is its Minister responsible for finance.
- 5.02. The Recipient’s Address is:

Ministry of Finance and Economic Management  
PMB 9058

Port Vila  
Republic of Vanuatu

5.03. The Association's Address is:


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

Telex:            Facsimile:  
  
248423 (MCI) 1-202-477-6391

AGREED at *Port-Vila* , *Vanuatu* , as of the day  
and year first above written.

REPUBLIC OF VANUATU

By



Authorized Representative

Name: *Hon. Godefridus Rioune (MP)*

Title: *Minister of Finance*

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

*Mona Sur*

Authorized Representative

Name: *MONA SUR*

Title: *Acting Country Director*

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to reconstruct and/or improve the disaster and climate resilience of selected public sector assets in provinces impacted by Tropical Cyclone Pam, and to provide immediate and effective response to an Eligible Crisis or Emergency.

The Project consists of the following parts:

**Part 1. Road Reconstruction and Improvement.**

- (a) Carrying out road repair works and undertaking spot improvements to road sector assets affected by Tropical Cyclone Pam, including improving the resilience of road sector assets in provinces affected by Tropical Cyclone Pam.
- (b) Provision of technical support for the design and supervision of the civil works under this part of the Project.

**Part 2. School Reconstruction and Improvement**

- (a) Reconstruction, rehabilitation, repair, or retrofit of schools affected by Tropical Cyclone Pam, including improving the resilience of schools in provinces affected by Tropical Cyclone Pam.
- (b) Construction or reconstruction of at least one disaster resilient building, in selected schools, that complies with technical standards required for evacuation centers.
- (c) Carrying out a program of activities designed to improve water supply and sanitation facilities and other amenities in schools affected by Tropical Cyclone Pam.
- (d) Provision of technical support for the design and supervision of the civil works under this part of the Project.

**Part 3. Public Building Reconstruction and Improvement**

- (a) Reconstruction, rehabilitation, improvement, or retrofit of Selected Public Buildings affected by Tropical Cyclone Pam, including improving the resilience of Selected Public Buildings in provinces affected by Tropical Cyclone Pam.
- (b) Provision of technical support for the design and supervision of the civil works under this part of the Project.

**Part 4. Project Implementation and Technical Support**

- (a) Carrying out a program of activities designed to enhance the capacity of the Recipient for Project management, implementation, coordination, monitoring and evaluation of the Project, such program to include the establishment and maintenance of a Project support team.
- (b) Provision of technical assistance to support the Recipient in reviewing and assessing the existing legislative and institutional framework for the creation of a sustainable source of funding for maintenance of road assets and/or schools and/or Selected Public Buildings, and developing action plans and/or recommendations to strengthen such legislative and institutional framework so as to improve its implementation.
- (c) Carrying out a program of activities designed to build the capacity of outer-island contractors and communities to participate in improvement works to road sector assets and/or schools and/or Selected Public Buildings under the Project, and providing training to said communities on safe building construction methods.

**Part 5. Contingency Emergency Response**

Carrying out a program of activities designed to provide rapid response to an Eligible Crisis or Emergency, as needed.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

##### 1. Project Implementation Committee

The Recipient shall, throughout the Project implementation period, maintain the Project Implementation Committee, to act as steering committee for the Project, chaired by the Director of Public Works Department, and composed, inter alia, representatives at directors level from the Department of Strategic Planning, Policy and Aid Coordination, Ministry of Finance and Economic Management and the Ministry of Education and Training (“MOET”); with responsibility for providing overall oversight of the Project, including providing advice and proposing remedial actions on issues and concerns that arise on the Project.

##### 2. Ministry of Infrastructure and Public Utilities

The Recipient shall vest in the Ministry of Infrastructure and Public Utilities, overall implementation of the Project, including coordinating all aspects of Project implementation with other government ministries/agencies involved in the Project.

##### 3. Ministry of Education and Training

Notwithstanding the foregoing paragraph 2 of this Section, the Recipient shall ensure that MOET shall be responsible for implementation of the technical aspects of Part 2 of the Project, including active participation in the development of terms of reference and design documents, reviewing the output of consultants and supervising, in conjunction with MIPU, civil works under Part 2 of the Project.

##### 4. Project Support Team

To ensure proper and efficient day to day implementation of the Project, the Recipient shall establish by not later than four months after the Effective Date, and thereafter maintain, throughout the Project implementation period, a Project Support Team (“PST”) within MIPU, with terms of reference acceptable to the Association, to be responsible for day to day implementation of the Project. To this end, the Recipient shall ensure that the PST shall have adequate financial resources and shall be staffed with qualified and experienced staff in adequate numbers, such staff to include a Project manager/coordinator, a procurement specialist, a Project accountant, and a safeguards specialist.

**B. Implementation Covenants**

1. Selected Public Buildings under Part 3

The Recipient shall ensure that: (a) only the Selected Public Buildings included in an approved Annual Work Plan and Budget shall be eligible for financing under the Project; and (b) the total financing for any reconstruction/rehabilitation works for each respective Selected Public Building shall not exceed \$300,000 (three hundred thousand Dollars) equivalent, unless otherwise approved in writing by the Association.

2. Project Operations Manual

- (a) The Recipient shall prepare, by not later than three (3) months after the Effective Date, and thereafter adopt a Project Operations Manual, setting forth the arrangements and procedures for the implementation of the Project, including: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring and evaluation, reporting and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as said manual may be modified from time to time with the prior written no-objection of the Association.
- (b) The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual, including any supplements thereto.
- (c) In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

3. Annual Work Plans

- (a) The Recipient shall prepare and furnish to the Association not later than July 31 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association's no-objection, an Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures, including: (i) a list of Selected Public Buildings, schools and road assets proposed to be included for reconstruction activities under Parts 1, 2 and 3 of the Project in the Recipient's following fiscal year, and (ii) environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.E of this Schedule.



- (b) The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plan and Budget accepted by the Association for the Recipient's respective fiscal year; provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (c) The Recipient shall not make or allow to be made any change to the Annual Work Plan and Budget without prior no-objection in writing by the Association.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Contingent Emergency Response**

- 1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project ("Emergency Response Part"), the Recipient shall:
  - (a) prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Implementation Plan ("CERIP"), or Contingent Emergency Response Implementation Plans ("CERIPs"), as the case may be, for each Eligible Crisis or Emergency, which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the ESMF, and/or the relevant Safeguards Assessments and Plans to the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;
  - (b) afford the Association a reasonable opportunity to review the proposed CERIP(s);
  - (c) promptly adopt the CERIP(s) for the Emergency Response Part as shall have been accepted by the Association;

- (d) ensure that the Emergency Response Part is carried out in accordance with the CERIP(s); provided, however, that in the event of any inconsistency between the provisions of the CERIP(s) and this Agreement, the provisions of this Agreement shall prevail; and
  - (e) not amend, suspend, abrogate, repeal or waive any provision of the CERIP(s) without prior written approval by the Association.
2. The Recipient ensure that no activities under the Emergency Response Part shall commence unless and until the following conditions have been met in respect of said activities:
- (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
  - (b) the Recipient has ensured the preparation and disclosure of all Safeguard Assessments and Plans required for said activities, in accordance with the ESMF, the Association has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

**E. Safeguards**

- 1.. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework (“ESMF”) and the relevant Safeguard Assessments and Plans.
- 2. Whenever a Safeguard Assessment and Plan shall be required for any proposed Project activity in accordance with the provisions of the ESMF, the Recipient shall ensure that:
  - (a) prior to the commencement of such activity, such Safeguard Assessment and Plan is: (i) prepared in accordance with the provisions of the ESMF; (ii) furnished to the Association for review and no-objection in accordance with the Project Operations Manual; and (iii) thereafter adopted and disclosed as accepted by the Association, in a manner satisfactory to the Association; and
  - (b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan.

3. The Recipient shall:
  - (a) take all necessary actions to avoid any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof; and
  - (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation at full replacement cost and, as applicable, relocate and rehabilitate the Affected Persons in accordance with the ESMF and any Resettlement Action Plan(s) and in a manner satisfactory to the Association.
4. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF or any Safeguard Assessments and Plans, unless the Association has provided its prior no-objection thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.
5. The Recipient shall ensure that:
  - (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Association's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environment and social aspects; and
  - (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.
6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a calendar quarter basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF and the Safeguard Assessments and Plans, giving details of:
  - (a) measures taken in accordance with the said instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and
  - (c) remedial measures taken or required to be taken to address such conditions.

7. In the event of any conflict between the provisions of any of the ESMF or the Safeguard Assessments and Plans, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Operations Manual. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) after the end of the period covered by such report.
2. Mid-term Review

The Recipient shall: (a) not later than June 30, 2019 (or such other date as the Association may agree in writing), carry out a mid-term review of the Project and, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association such mid-term report, on or about the date one (1) month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty-five days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the

Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in Schedule 4 to this Agreement; (b) Shopping; (c) Direct Contracting; and (d) Force Account.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**E. Procurement of Emergency Expenditures under the Emergency Response Part**

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in the Emergency Response Part shall be procured in accordance with the procurement methods and procedures set forth in the CERIP(s).

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, Incremental Operating Costs and Training for the Project (excluding works under Part 3(a) of the Project)	15,520,000	15,520,000	100%
(2) Works for Part 3(a) of the Project	2,130,000	2,130,000	100%
(3) Emergency Expenditures	0	0	100%
<b>TOTAL AMOUNT</b>	<b>17,650,000</b>	<b>17,650,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed the amount of SDR 10,590,000 from the Grant and SDR 3,530,000 from the Credit, may be made for payments made prior to this date but on or after the date but on or after January 1, 2016, for Eligible Expenditures under Categories (1) and (2).
  - (b) under Category (3) for Emergency Expenditures unless and until the Recipient has: (i) declared that an Eligible Crisis or Emergency has occurred, and the Association has agreed in writing to such determination; and (ii) complied with all requirements set forth in Section I.D of this Schedule 2.

2. The Closing Date is April 30, 2022.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 and September 15:	
Commencing September 15, 2026 to and including March 15, 2036	1%
commencing September 15, 2036 to and including March 15, 2056	2%

\*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## **SCHEDULE 4**

### **Conditions for Use of National Competitive Bidding Procedure**

The procurement procedure to be followed for National Competitive Bidding shall be the Open and Competitive Bidding procedure set forth in the Government Contracts and Tenders, Chapter 245 of Laws of the Recipient, Consolidated Edition 2006, and Tenders Regulation Order No.40 of 1999 issued by Ministry of Finance and Economic Management, provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”) and the following additional provisions:

#### **Eligibility**

1. Eligibility to participate in a procurement process for and to be awarded an Association financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. No domestic preference shall be granted in bid evaluation on the basis of bidder’s nationality, origin of goods or services, and/or preferential programs.

#### **Advertising; time for bid preparation**

2. Invitations for bids shall be advertised in the local press of national coverage or the official gazette or on a widely used website or electronic portal with free national and international access. The Invitations for Bids shall contain at least the following information: nature of works, procurement methods, duration of works, the date for submission and opening of bids, the address of the entity awarding the contract and for asking clarifications, qualification and technical requirements, amount of bids security. Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bids or the date of availability of the bidding documents, whichever is later, to prepare and submit bids.

#### **Standard bidding documents**

3. Bidding documents acceptable to the Association shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I and paras 3.3 and 3.4 of the Procurement Guidelines.

**Registration of contractors**

4. Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Employer, prior to contract signing.

**Bid Submission, Bid Opening and Bid Evaluation**

5. Bidders may submit bids, at their option, either in person or by courier service or by mail. All bidding for works shall be carried out through a one-envelope procedure. Bids shall be opened in public, immediately after the deadline for submission of bids. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids and to the Association, with respect to the contracts subject to prior review. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
6. All bidders shall be required to provide security in an amount sufficient to protect the Employer in case of breach of contract by the contractor/supplier, and the bidding documents shall specify the required form and amount of such security. In place of a bid security, the bidding documents may require that a bidder submits with its bid a signed declaration accepting that, if the bidder withdraws or modify its bid during the bid validity period or, if awarded the contract, the bidder fails to sign the contract or submit any required performance security before the deadline required in the bidding documents, the bidder will be suspended for the period of time specified in the bidding documents from being eligible to bid for any contract with the entity that invited bids.
7. Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder's or prospective bidder's capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.
8. In the procurement of works where pre-qualification is not used, the qualifications of the bidder who is recommended for award of contract shall be assessed by post qualification, applying the qualification criteria stated in the bidding documents.

9. No bids shall be rejected solely on the basis of comparison with the cost estimates without the Association's prior written concurrence.
10. Each contract shall be awarded within the period of the validity of bids to the lowest evaluated responsive bidder, that is, the bidder, who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the requirements of the bidding documents and (ii) to offer the lowest evaluated cost. No negotiations shall be permitted. A bidder shall neither be required nor permitted, as a condition of award, to undertake responsibilities for the works/goods supply not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

**Rejection of All Bids and Re-bidding**

11. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence.

**Currency of bid and currency of payment**

12. The bidder shall express the bid in the currency/currencies set forth in the bidding documents. The payment of the contract price shall be made in the currency or currencies of bid.

**Extension of the Validity of Bids**

13. Extension of validity of bids may be allowed in exceptional circumstances, but there shall be no amendment to the price or any other conditions of bids. Bidders may refuse such an extension without forfeiting their bids securities, but bidders granting an extension shall provide extension of the validity of their bid securities.

**Fraud and Corruption**

14. The bidding document and contract as deemed acceptable by the Association shall include provisions stating the Association's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

**Public of Award of Contract**

15. Result of bid evaluation and contract award shall be published in a national press or an official gazette or free and open access website. The publication shall include: (a) the name of each bidder that submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, and final total contract price, as well as the duration and summary scope of the contract. Such publication shall be within two weeks of receiving the Association's no objection to

the award recommendation for contracts subject to the Association's prior review, and within two weeks of the Recipient's award decision for contracts subject to the Association's post review.

**Complaints by Bidders and Handling of Complaints**

16. The Recipient shall establish and implement an effective, fair and independent protest mechanism allowing bidders to protest and to have their protests handled in a timing manner.

**Inspection and Audit Rights**

17. In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

**Contract Modifications**

18. With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

## APPENDIX

### Section I. Definitions

1. “Affected Persons” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
2. “Annual Work Plan and Budget” means each annual work plan, together with the related budget, for the Project accepted by the Association pursuant to the provisions of Section I.B.3 of Schedule 2 to this Agreement; as the said plan and budget may be modified from time to time with the prior written no-objection of the Association.
3. “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.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
6. “Contingent Emergency Response Implementation Plan” and “CERIP” each means the plan referred to in Section I.D.1 of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part in accordance with the provisions of said Section.
7. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
8. “Emergency Expenditure” means any of the eligible expenditures set forth in the CERIP in accordance with the provisions of Section I.D of Schedule 2 to this Agreement, and required for the Emergency Response Part.

9. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 5 of the Project.
10. “Environmental and Social Impact Assessment” means any assessment to be prepared in accordance with the environmental and social screening guidelines, procedures and forms included in the ESMF, each such assessment in form and substance satisfactory to the Association, defining details of potential environmental and social risks and adverse impacts associated with the implementation of Project activities.
11. “Environmental and Social Management Framework” and the acronym “ESMF” mean the Recipient’s framework, including its Resettlement Policy Framework, and a detailed voluntary land donation protocol, dated April 2016, setting out the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure, reporting and grievance redress procedures, including, *inter alia*, the guidelines, procedures and forms for preparing and implementing Environmental and Social Impact Assessments and Resettlement Action Plans, as said framework may be modified from time to time with the prior written approval of the Association, and such term includes any schedules or annexes to such framework.
12. “Environmental and Social Management Plan” means any plan to be prepared in accordance with the ESMF, each such plan in form and substance satisfactory to the Association, defining details of measures to manage potential environmental and social risks and avoid, minimize and/or mitigate any adverse environmental and social impacts associated with Project activities, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms; as said plan may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such plan.
13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
14. “Incremental Operating Costs” means incremental recurrent expenditures incurred on account of Project implementation and approved by the Association, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service

15. "MIPU" means the Recipient's Ministry of Infrastructure and Public Utilities or any successor thereto.
16. "MOET" means the Recipient's Ministry of Education and Training or any successor thereto.
17. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
18. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 12, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. "Project Implementation Committee" means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
20. "Project Operations Manual" means the manual to be prepared pursuant to Section I.B.2 of the Schedule 2 to this Agreement, as the same may be amended and/or supplemented from time to time with the prior written agreement of the Association.
21. "PST" means the Project Support Team to be established pursuant to Section I.A.4 of Schedule 2 to this Agreement.
22. "Resettlement Action Plan" and the acronym "RAP" means each resettlement action plan to be prepared by the Recipient in accordance with the provisions of the ESMF, and pursuant to Section I.E.3 of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, containing a program of actions, measures and policies for compensation and resettlement of any Affected Persons, including the magnitude of displacement, compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms, as said plan may be modified from time to time with the prior written approval of the Association, and such term includes any annexes and schedules to such plan.
23. "Safeguard Assessment and Plan" means any Environmental and Social Impact Assessment or Environmental and Social Management Plan or RAP, as the case may be, pursuant to Section I.E.2 of Schedule 2 to this Agreement; and "Safeguard Assessments and Plans" means, collectively, all such assessments and plans.



24. "Selected Public Buildings" means the selected public buildings identified by the Recipient, approved by the Association and included in the Approved Work Plan and Budget, for financing under Part 3 of the Project, but excluding any law enforcement buildings and detention facilities and any housing.
25. "Training" means the reasonable costs of goods and services required for the participation of personnel involved in training and educational activities, workshops and study tours under the Project as approved by the Association, including travel and subsistence costs for training, workshop and study tour 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 or education course, workshop or study tour preparation and implementation, but excluding fees of consultants.
26. "Tropical Cyclone Pam" means the category 5 tropical cyclone that impacted the Recipient's territory from March 12 and 14, 2015.