



FFA

Service Agreement

between

Solomon Islands

and

Forum Fisheries Agency

for the Implementation of

Pacific Islands Regional Oceanscape Program

Dated 4 March, 2016

SERVICE AGREEMENT

DATED this 4th day of March, 2016

Between Solomon Islands represented by Permanent Secretary, Solomon Islands Ministry of Fisheries and Marine Resources, and Forum Fisheries Agency (FFA) represented by its Director General, hereinafter referred to collectively, as the "Parties."

WHEREAS:

- A. Solomon Islands, Tuvalu, the Republic of the Marshall Islands, FSM, and FFA wish to carry out the Pacific Islands Regional Oceanscape Program (the "Program" or "PROP") to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend in the four countries and other countries which may wish to participate in the future;
- B. the International Development Association (hereinafter called the "Association" or the "World Bank" or "IDA") and Solomon Islands have signed a Financing Agreement (Pacific Islands Regional Oceanscape Program) dated March 20, 2015 (hereinafter the "Solomon Islands FA") pursuant to which the Association has agreed to provide to Solomon Islands a Grant (the "Grant") in an amount of six million seven hundred thousand Special Drawing Rights (SDR 6,700,000.00) to be made available on the terms and conditions set forth or referred to in the Solomon Islands FA;
- C. the Association and FFA have signed a Financing Agreement (Pacific Islands Regional Oceanscape Program) dated 29 January 2015 (hereinafter the "FFA FA") pursuant to which the Association has agreed to provide to FFA a Grant in an amount of two million seven hundred thousand Special Drawing Rights (SDR 2,700,000) to be made available on the terms and conditions set forth or referred to in the FFA FA and FFA has agreed to carry out the Program as described in Schedule 1 and 2 of the FFA FA.
- D. pursuant to the Solomon Islands FA, Solomon Islands and FFA shall enter into a Service Agreement setting forth the technical, fiduciary and safeguards monitoring support that FFA will provide Solomon Islands with respect to the Solomon Islands PROP Project;
- E. FFA will provide its assistance through the Program Support Unit (PSU); and
- F. Pursuant to the Solomon Islands FA, the Ministry of Fisheries and Marine Resources of the Solomon Islands is responsible for implementing the Project.

NOW THEREFORE the Parties hereto hereby agree as follows:

I. General Provisions

- Section 1.01 The Service Agreement shall be read in conjunction with the Solomon Islands FA and FFA FA and the General Conditions thereto deemed all an integral part of this Service Agreement, and the definitions contained in the FAs shall apply to this Agreement.
- Section 1.02 Unless the context otherwise requires, the following terms used in this Agreement have the following meanings:
- (a) "FAs" means the agreements between the Association and the respective Program countries.
 - (b) "Program Countries" means the Republic of the Marshall Islands, Federated States of Micronesia, Solomon Islands, and Tuvalu;
 - (c) "Program Director" means the Director of Fisheries Management at FFA;
 - (d) "Program Operations Manual" and the acronym "POM" means the operations manual for the Program, setting forth detailed guidelines and procedures for the implementation of the Solomon Islands PROP Project, including in the areas of monitoring and evaluation, procurement, coordination, social and environmental safeguards, financial management, and such other arrangements and procedures as shall be required for the Solomon Islands Project, as the same may be amended and/or supplemented from time to time with the prior written agreement of the Association;
 - (e) "PSC" means the Program Steering Committee comprised of, *inter alia*, the heads of the Implementing Agencies (or their designated representatives) from each of the Program Countries, and the Program Director (or their designated representative) from FFA;
 - (f) "RPEC" means the Regional Procurement Evaluation Committee comprised of representatives of the Program Countries and FFA, responsible for evaluating regional level procurement activities under the Program;
 - (g) "RFP" means Request for Proposals referred to in the Guidelines;
- Section 1.03 Both parties to this Service Agreement are responsible for ensuring that all procurement and selection of consultants is conducted in accordance with the "Guidelines Procurement of Goods, Works, and Non-Consulting Services, under IBRD Loans and IDA Credits & Grants, by World Bank Borrowers", dated January 2011 (revised July 2014) and the "Consultant Guidelines under IBRD Loans and IDA Credits & Grants, by World Bank Borrowers", dated January 2011 (revised July 2014) (collectively, the "Guidelines"). In the event that there is a conflict between the Guidelines and any procurement and selection procedures or guidelines mandated by Solomon Islands with respect to this Service Agreement, then it is expressly agreed that the Guidelines shall prevail and be followed.

- Section 1.04 Both parties shall, at all times, exercise their respective rights and obligations under this Agreement in such a manner, so as to ensure that the Solomon Islands PROP Project is carried out successfully in a timely manner, and so as to protect the interests of Solomon Islands and FFA and to accomplish the objectives of the Solomon Islands PROP Project. Except as the Association shall otherwise agree in writing in advance, Solomon Islands and FFA shall not assign, amend, abrogate or waive this Service Agreement or any provision thereof.

II. Regional Coordination Obligations

- Section 2.01 Solomon Islands and FFA agree to maintain, in collaboration with the Federated States of Micronesia, Tuvalu and Republic of the Marshall Islands at all times throughout implementation the Regional Procurement Evaluation Committee (RPEC).
- Section 2.02 For overall Program monitoring, FFA will report on progress annually to the Forum Fisheries Committee (FFC) comprising Heads of Fisheries.
- Section 2.03 The RPEC will convene on an as-needed basis to conduct bid/proposal evaluations for regional investments. The RPEC will make contract award recommendations.
- Section 2.04 The Program Director, or their designee, will be the Chairperson of the RPEC. The PSU will act as Secretariat of the RPEC.

III. Obligations of FFA

III.A Staffing

- Section 3.01 FFA will establish a PSU as required to fulfil the purposes of this Agreement. The FFA, led by the Program Director, will ensure that the PSU shall have an appropriate staff composition that reflects the needs of the Program. The list of personnel/specialists as approved by the Association is presented in the POM. Prior agreement to modifications of the FFA PSU staff composition will be agreed between the Association and the FFA prior to taking place, and Solomon Islands will be notified accordingly.
- Section 3.02 FFA will make its PSU staff available (as reasonably required) to provide technical guidance to Solomon Islands, on an as-needed basis. PSU staff will provide technical support to Solomon Islands in response to a written request for specific expertise and in accordance with the terms agreed to by Solomon Islands.

III.B Implementation Support

- Section 3.03 FFA, through the PSU, shall work with Solomon Islands to ensure effective implementation of Program activities, including (but not limited to):
- (a) Undertaking technical reviews:

- (b) Procurement handling for bidding/tendering of works and management of works implementation, supply and installation of goods, and consultant services;
- (c) Submission to the World Bank through the Program Director of all documents related to regional procurement activities for 'No Objection' as required;
- (d) Ensure, as relevant, coordination of Program countries' annual work plans, budgets and procurement plans;
- (e) Assist MFMR to prepare project implementation reports; and
- (f) Consolidate project implementation reports for all implementing agencies for submission to the World Bank.

Section 3.04 FFA will also provide guidance and recommendations to Solomon Islands on Project-financed activities, if requested.

Section 3.05 FFA, through the PSU, will:

- (a) Coordinate inputs for all technical and cost estimates;
- (b) Assist with contract management responsibilities as requested by Solomon Islands;
- (c) Coordinate Program annual work plans, budgets and procurement plans as may be relevant;
- (d) Coordinate all Program communications/public relations; and
- (e) Submit progress reports to World Bank as required.

III.C Procurement

Section 3.06 FFA, through the PSU, shall coordinate advertisements, bidding document preparation, request for proposal (RFP) preparation and procurement processing, bid/tender evaluation and contract negotiations in relation to all regional procurements required pursuant to the Program.

Section 3.07 FFA, through the PSU, shall be responsible for the following in relation to all international procurement by each implementing agency:

- (a) Assisting with Procurement Plan updates, as required;
- (b) Preparing bidding/tender documents (for civil works and goods);
- (c) Preparing Requests for Expressions of Interest for consulting services contracts;
- (d) Preparing the request for Request for Proposal documents;
- (e) Preparing the shortlist evaluation report;
- (f) Finalising terms of reference and approving cost estimates prior to submission for World Bank 'No Objection' by the Program Director;
- (g) Responding to bidders' / consultants' questions and clarification of Bidding Documents / Request for Proposals;

- (h) Convening the RPEC and coordinating the inputs of the committee members for all relevant Project activities;
- (i) Preparing Evaluation Reports, as required;
- (j) Leading contract negotiations;
- (k) Assisting with the preparation of contracts;
- (l) Publishing contract award information in accordance with the appropriate World Bank Guidelines as indicated in the Solomon Islands FAs;
- (m) In accordance with the provisions of the Program Operations Manual and the Financial Management Manual, retaining originals (and/or copies) of all procurement documentation and files, including complaints, in conjunction with Solomon Islands; and
- (n) Preparing reports for submission to World Bank, as required, in conjunction with Solomon Islands.

Section 3.08 FFA, through the PSU, shall, on request, assist Solomon Islands to undertake the tasks listed in Section 3.07 in relation to national procurement.

Section 3.09 FFA, through the Program Director, shall be responsible for

- (a) Submitting final draft terms of reference and cost estimates to the World Bank;
- (b) Submitting the shortlist evaluation report to the World Bank; and
- (c) Submitting Evaluation Reports to the World Bank, as required.

III.D Financial Management

Section 3.10 FFA, through the PSU, may at the request of Solomon Islands, provide advice and assistance to support the implementing agency to meet its obligations for financial management, including by providing training, support and advice to the Project personnel, on an ongoing basis, together with financial management monitoring and oversight for the Program as a whole. Specific financial management obligations that Solomon Islands may request assistance with include but are not limited to:

- (a) Preparing a consolidated monthly report for the program, for management purposes;
- (b) Monitoring and reviewing financial performance of the Program in relation to disbursement schedules;
- (c) Supporting budgeting/fund flow forecasting for the Project, in the preparation of the Annual Financial Statements;
- (d) Facilitation and follow up for the annual external audits and IDA implementation review missions, and provide guidance and recommendations to the national accountant on addressing issues raised;
- (e) Conduct on-site visits, as necessary; and

- (1) Prepare reports for the World Bank as required.

III.E Contract Management

Section 3.11 FFA, through the PSU, may, at the request of Solomon Islands, provide contract management support and technical advice to the IA, including but not limited to:

- (a) Development and maintenance of contract management systems and tools to support effective contract management;
- (b) Provision of technical advice and support to the Project personnel, on an ongoing basis, together with contractual management monitoring and oversight of the Program as a whole;
- (c) Conducting on-site visits if necessary;
- (d) Reviewing contract/consultant deliverables in conjunction with the IA and providing feedback to Solomon Islands;
- (e) Preparing quarterly contract management reports for the Program;
- (f) Monitoring the contract management function of each Project, including Consultant/Contractor performance;
- (g) Preparing reports for the World Bank as required.

III.F Monitoring and Evaluation

Section 3.12 FFA, through the PSU, will support the IAs in reporting to the World Bank on the Program including:

- (a) Data collection for the monitoring and evaluation of the Program, including baseline data, and supporting the IA in collection requirements for monitoring and evaluation of the Solomon Islands PROP Project;
- (b) Assisting in the updating of project related documentation as required from time to time including (but not limited to) the Project Operations Manual, relevant legal and contract documents, and other project documents to improve implementation.
- (c) Supporting the IAs in preparation of the bi-annual consolidated project progress report, Implementation Completion and Results Reports;
- (d) Such other reports as may be necessary.

IV. Obligations of Solomon Islands

IV.A Staffing

- Section 4.01 Solomon Islands will maintain throughout the Solomon Islands PROP project a project implementation team to manage the Project and to liaise with the PSU as per the provisions of the FA.

IV.B Management, Recruitment, and Implementation

- Section 4.02 Solomon Islands, through the project implementation team, will:
- (a) Prepare all terms of reference, requests for proposals, bidding and tender documents;
 - (b) Oversee implementation of contracts;
 - (c) In accordance with the provisions of the Program Operations Manual, be responsible for retaining originals (and/or copies) of documentation and files, including procurement, financial management and payment, complaints, and others, in conjunction with PSU;
 - (d) Prepare annual work plans, budget and procurement plans in coordination with FFA for submission to the World Bank for no objection in accordance with the POM; and
 - (e) Prepare reports for submission to FFA PSU, as required in a timely manner reflective of associated deadlines.

IV.C Procurement

- Section 4.03 Solomon Islands will maintain throughout the Solomon Islands PROP project a technical specialist/representative to participate in the RPEC.

- Section 4.04 Solomon Islands, through the project implementation team, shall provide procurement inputs to the PSU as required for the purposes of:

- (a) Preparing bidding documents;
- (b) Preparing requests for Expressions of Interest;
- (c) Preparing Terms of Reference and Requests for Proposals;
- (d) Preparing shortlist evaluation reports;
- (e) Responding to bidder/consultant questions and clarifications of Requests for Proposals/Bidding Documents;
- (f) Evaluation of submissions/tenders;
- (g) Preparing evaluation reports for submission to the World Bank as required;
- (h) Contract negotiations; and
- (i) Coordinating contract signatures.

- Section 4.05 Solomon Islands will sign all contracts for the consultants, contractors and/or suppliers for works and/or goods financed by the Solomon Islands PROP Project.

IV.D Financial Management

- Section 4.06 Solomon Islands, through the project implementation team, is responsible for:
- (a) Establishing the in-country Project accounts, and signatories thereto, and maintaining those accounts;
 - (b) Establishing the signatories for the accounts;
 - (c) Preparing annual budgets/fund flow forecasts, to 31 December each year, based on the Procurement Plan and progress to date, and with support from PSU as required;
 - (d) Day to day processing of payments through the Designated Account and any other PROP Project accounts, as applicable, ensuring retention of all supporting documents;
 - (e) Establishing the Chart of Accounts for the Solomon Islands PROP Project;
 - (f) Maintaining the books of account for each Project account;
 - (g) Preparing monthly financial reports and schedules, for internal management purposes;
 - (h) Preparation of Applications (for withdrawal/commitment from the IDA Grant Account);
 - (i) Preparation of Annual Financial Statements and facilitation/follow up of the annual external audits;
 - (j) Facilitating/following up IDA review missions, with necessary support from the PSU;
 - (k) Maintaining complete Project records, including all supporting documents, to provide a satisfactory audit trail;
 - (l) Approving and authorizing certificates for payments submitted by contractors;
 - (m) Preparing Project reports as required;
 - (n) Approving and submitting withdrawal applications; and,
 - (o) Preparing reports for submission to the PSU, as required.

IV.E Contract Management

- Section 4.07 Solomon Islands will:
- (a) Monitor/manage the implementation of the contracts for the activities financed under the Solomon Islands PROP Project, in particular with regards to contractor/consultant compliance with the contract, timely delivery of services, coordinating Solomon Islands's response to issues that arise under the contract, timely responses to consultant deliverables/requests and reviewing quality of deliverables;
 - (b) Respond to contractors/consultants;

- (c) Provide supporting justification as regards variations within Contracts;
- (d) Utilize a Contracts Management database for the Program and ensure it is kept up to date;
- (e) Advise/assist (where required) with contracts' management related technical expertise for inclusion in Bid Documents for Project funded activities;
- (f) Support the administration and management of the contracts, and planning throughout the duration of the contracts; and
- (g) Appraisal of Consultant submitted deliverables.

IV.F Monitoring and Evaluation

Section 4.08 Solomon Islands, through the project implementation team (and with support from FFA through the PSU), is responsible for:

- (a) monitoring the overall performance of the Solomon Islands PROP Project and its implementation,
- (b) Ensuring environmental and social safeguard compliance;
- (c) Monitoring key performance indicators as per the Results Framework.

IV.G Reporting

Section 4.09 Solomon Islands will prepare all reports in accordance with the requirements of the Solomon Islands FA. Solomon Islands shall provide these reports to the PSU along with other information to allow for preparation of consolidated Program reports.

V. Conflict, Governing Law: Waiver, Duration Termination

Section 5.01 In case of conflict between any of the provisions contained in this Service Agreement, on the one hand, and those set forth in the Solomon Islands FA, on the other, the provisions of the Solomon Islands FA shall at all times prevail.

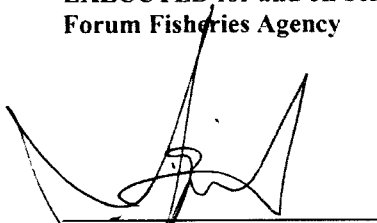

Section 5.02 In the event of a disagreement among the RPEC members on contract award decisions related to regional activities, the matter will be referred to the Director of the Solomon Islands Fisheries Department and the Program Director for resolution and recommendation to Solomon Islands, who retains final decision power in the compliance of the provisions of its FA.

Section 5.03 This Agreement shall be governed by and constructed in accordance with the laws and regulations of the Solomon Islands.

Section 5.04 The failure of either of the Parties to enforce for any period of time any provision of this Agreement shall not be constructed to be a waiver of such provision.


- Section 5.05 This Agreement shall become effective upon its signature by the Parties and shall remain valid until the completion of Solomon Islands PROP Project implementation.
- Section 5.06 This Agreement shall terminate forthwith in the event that the Solomon Islands FA is terminated.
- Section 5.07 This Agreement may only be amended in writing by agreement between both Parties.
- Section 5.08 This Agreement may be signed in counterparts, which taken together constitute one document.
- Section 5.09
- (a) If a difference or dispute ("Dispute") between the Parties arises in connection with the subject matter of this agreement, then the Party raising the Dispute must deliver to the other Parties a notice specifying the nature and grounds of the Dispute ("Dispute Notice").
 - (b) Upon receiving the Dispute Notice, a meeting of senior representatives of all the Parties must be promptly convened in an attempt to resolve the Dispute.
 - (c) If within 14 days of delivery of the Dispute Notice the Dispute has not been resolved, then any Party may issue a notice referring the Dispute to arbitration and nominating a proposed arbitrator ("Arbitration Notice").
 - (d) If within 14 days of receipt of the Arbitration Notice the Parties receiving the Arbitration Notice have not given notice agreeing to the nominated arbitrator, then all the Parties shall submit names of up to two (2) proposed arbitrators to the Association who shall then decide on an arbitrator and that decision shall be binding on all the Parties. The arbitrator shall within two weeks of his/her appointment convene a meeting of the Parties to discuss the manner in which the arbitration will be conducted.
 - (e) The arbitration shall:
 - (i) Take place in Honiara, Solomon Islands and:
 - (ii) Shall proceed in accordance with rules agreed by the Parties or in the absence of such agreement, set by the Arbitrator:
 - (f) The arbitrator's decision on the Dispute will be final and binding on the Parties.

EXECUTED for and on behalf of
Forum Fisheries Agency


Authorized Signature
In the presence of:
Witness

Dated: 4/3/16.

EXECUTED for and on behalf of
Solomon Islands


Authorized Signature
In the presence of:
Witness

Dated: 4/3/16