

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H311-WSO
CREDIT NUMBER 3848-1-WSO

Financing Agreement

(Additional Financing for the Second Infrastructure Asset Management Project)

between

INDEPENDENT STATE OF SAMOA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 13, 2007

Public Disclosure Authorized

FINANCING AGREEMENT

Additional Financing Agreement dated August 13, 2007, entered into between INDEPENDENT STATE OF SAMOA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Additional Financing Agreement). 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 Additional Financing Agreement) constitute an integral part of this Additional Financing Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Additional Financing Agreement have the meanings ascribed to them in the General Conditions, in the Appendix to this Additional Financing Agreement and in Section 1.01 of the Original Development Credit Agreement as amended by the Amendment 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 Additional Financing Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Additional Financing Agreement (“Project”):
 - (a) an amount equivalent to two million seven hundred twelve thousand Special Drawing Rights (SDR 2,712,000) (“Grant”); and
 - (b) an amount equivalent to two million seven hundred twelve thousand Special Drawing Rights (SDR 2,712,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Additional Financing 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 15 and December 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 Additional Financing Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III – PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project 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 Additional Financing 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 Additional Financing Agreement.

ARTICLE IV – EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Additional Financing 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 Additional Financing Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Additional Financing Agreement.

ARTICLE V – REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient’s Representative is the Minister of Finance.
- 5.02. The Recipient’s Address is:

Ministry of Finance
Private Bag
Apia, Independent State of Samoa

| | |
|----------------|------------|
| Cable address: | Facsimile: |
| FINSEC | 685-21312 |
| Apia | 685-24779 |

5.03. The Association's Address is:

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

| | | |
|-----------------------------|--------------|----------------|
| Cable: | Telex: | Facsimile: |
| INDEVAS Washington, D.C. | 248423 (MCI) | 1-202-477-6391 |

AGREED at, Washington, District of Columbia, as of the day and year first above written.

INDEPENDENT STATE OF SAMOA

By: /s/ Feturi Elisaia
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Nigel Roberts
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project is to assist the Recipient in: (a) enhancing the economic, environmental, and social sustainability of transport and coastal infrastructure assets; and (b) managing said assets, natural resources, and response to national emergencies, through an effective partnership with the private sector stakeholders.

The Project consists of the Original Project.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional and Implementation Arrangements.**

1. Schedule 4 and Schedule 5 to the Original Development Credit Agreement as amended by the Amendment Agreement is incorporated by reference in this Additional Financing Agreement, and the provisions thereof shall apply *mutatis mutandis* to this Additional Financing Agreement, subject, however, to the following modifications, unless the context otherwise requires:
 - (a) references to the “Borrower” shall be construed as references to the “Recipient”;
 - (b) references to the “Credit” shall be construed as references to the “Financing”; and
 - (c) references to the “Project” shall be construed as references to the Project as defined in this Additional Financing Agreement.
2.
 - (a) Subject to sub-paragraph (b) of this paragraph, the Recipient undertakes to comply with the provisions referred to in paragraph 1 of this Section as if those provisions had been set out and reproduced in full in this Additional Financing Agreement.
 - (b) So long as any part of the Credit provided for under the Original Development Credit Agreement shall remain outstanding and unless the Recipient has been notified otherwise by the Association:
 - (i) all actions taken, including approvals given by the Association, pursuant to any of the provisions referred to in paragraph 1 of this Section, shall be deemed to have been taken or given pursuant to this Additional Financing Agreement; and
 - (ii) all information or documentation furnished by the Recipient to the Association pursuant to any of the provisions referred to in paragraph 1 of this Section shall be deemed to have been furnished pursuant to this Additional Financing Agreement.

B. Anti-Corruption.

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

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 the indicators in Schedule 5 to the Original Development Credit Agreement as amended by the Amendment Agreement. 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) days after the end of the period covered by such report.
2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

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 as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have the 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.
4. Without limiting the generality of the foregoing provisions of Section II(A) and Section II(B) of this Schedule 2, the Recipient shall undertake consolidated Project reporting and financial management reporting under this Additional Financing Agreement and the Original Development Credit Agreement.

Section III. Procurement

A. General.

1. **Goods and Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works.

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

| <u>Procurement Method:</u> |
|---|
| (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2. |
| (b) Shopping. |
| (c) Procurement from the Inter Agency Procurement Services Office in accordance with paragraph 3.9 of the Procurement Guidelines. |

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

| <u>Procurement Method:</u> |
|--|
| (a) Selection based on Consultants' Qualifications. |
| (b) Single-source Selection. |
| (c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants. |
| (d) Sole 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.

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:

| <u>Category</u> | <u>Amount of the Credit Allocated (expressed in SDR)</u> | <u>Amount of the Grant Allocated (expressed in SDR)</u> | <u>Percentage of Expenditures to be Financed</u> |
|--|---|--|---|
| (1) Works | 1,864,000 | 1,864,000 | 60% |
| (2) Goods | 35,000 | 35,000 | 100% of Foreign Expenditures; 100% of Local Expenditures (ex-factory cost) and 90% of Local Expenditures for other items procured locally |
| (3) Consultants services | | | |
| (a) under Parts B and E of the Project | 269,000 | 269,000 | 80% for foreign individual consultants; 75% for local individual consultants and local firms; and 67% for foreign firms |
| (b) under Parts C and D of the Project | 157,000 | 157,000 | |
| (4) Training | 7,000 | 7,000 | 100% |
| (5) Incremental Operating Costs | -- | -- | 75% |
| (6) Grants | -- | -- | 100% of Grant amounts distributed |
| (7) Unallocated | 380,000 | 380,000 | |
| TOTAL AMOUNT | <u>2,712,000</u> | <u>2,712,000</u> | |

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Additional Financing Agreement.
2. The Recipient and the Association intend, to the extent practicable, that the proceeds of the Credit provided for in the Original Development Credit Agreement be disbursed on account of expenditures for the Project before disbursements of the proceeds of the Financing provided for in this Additional Financing Agreement, and that the proceeds of the Grant provided for in this Additional Financing Agreement be disbursed on account of expenditures before disbursements of the proceeds of the Credit provided for in this Additional Financing Agreement.
3. The Closing Date is June 30, 2010.

ANNEX to SCHEDULE 2**National Competitive Bidding**

The procedure to be followed for National Competitive Bidding shall be those set forth in the provisions on competitive bidding in the *Guidelines for Government Procurement by Public Tender* (February 2003) with modifications set forth below in order to ensure economy, efficiency and transparency and broad consistency with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Association in May 2004 and revised in October 2006 (the Guidelines), as required by paragraph 3.3 and 3.4 of the Guidelines:

Eligibility

- (i) The eligibility of bidders shall be as defined under Section I of the 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 Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with national bidders in order to submit a bid.

Registration

- (ii) 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, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any let or hindrance. The registration process shall not be applicable for Sub-contractors. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

Advertising: Time for Bid Preparation

- (iii) Invitations to bid shall be advertised in at least one (1) newspaper of national circulation, allowing a minimum of thirty (30) days for the preparation and submission of bids except for commodities and small goods contract. Potential bidders shall be allowed to purchase bidding documents up to anytime prior to the deadline for submission of bids.

Standard Bidding Documents

- (iv) Standard Bidding Documents, acceptable to the Association, shall be used.

Qualification Criteria

- (v) Qualification criteria shall be clearly specified in the bidding documents, and 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 merits points shall not be used. Such assessment shall only take into account the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity. The evaluation of the bidder's qualifications shall be conducted separately from the technical and commercial evaluation of the bid.

Bid Submission, Bid Opening and Bid Evaluation

- (vi) Bidders may submit bids, at their option, either in person or by courier service or by mail. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened.
- (vii) All bidding for goods and works shall be carried out through a one-envelope procedure.
- (viii) Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation.
- (ix) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted.
- (x) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (xi) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the Association's prior concurrence.
- (xii) A copy of the minutes of the public bid opening for contracts financed under the Financing shall be promptly provided to all bidders, and to the Association with respect to contracts subject to prior review.

Rejection of All Bids and Re-bidding

- (xiii) Neither shall all bids be rejected nor new bids solicited without Association's prior written concurrence.

Extension of the Validity of Bids

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

Complaints by Bidders and Handling of Complaints

- (xv) The Recipient shall establish and implement an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.

Fraud and Corruption

- (xvi) The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.

Right to Inspect/Audit

- (xvii) Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

SCHEDULE 3**Repayment Schedule**

| <u>Date Payment Due</u> | Principal Amount of the Credit repayable (<u>expressed as a percentage</u>)* |
|--|---|
| On each June 15 and December 15: | |
| commencing December 15, 2017 to and including June 15, 2027 | 1% |
| commencing December 15, 2027 to and including June 15, 2047 | 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.

APPENDIX**Definitions**

1. “Amendment Agreement” means the agreement amending the Original Development Credit Agreement dated the date of this Agreement.
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Association in May 2004 and revised in October 2006.
5. “Foreign Expenditures” means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
7. “Incremental Operating Costs” means reasonable expenditures directly related to the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project), including expenditures for the cost of: (i) travel per diem and transportation of Project staff and other participants, but excluding salaries and allowances; (ii) rental of facilities; (iii) publication and dissemination of Project related materials; (iv) office supplies and consumables; and (v) communication.
8. “Local Expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient.
9. “Original Development Credit Agreement” means the development credit agreement for the Second Infrastructure Asset Management Project between the Recipient and the Association, dated January 20, 2004 as amended to the date of this Agreement (Credit No.3848-WSO).
10. “Original Project” means the Project described in the Original Development Credit Agreement.

11. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Association in May 2004 and revised in October, 2006.
12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 15, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.