Amended and Restated Financing Agreement

(The Pacific Islands Regional Oceanscape Program Project)

between

SOLOMON ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 14 November, 2015
AGREEMENT dated 14 November, 2018, entered into between SOLOMON ISLANDS ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) pursuant to a Financing Agreement dated January 29, 2015 between the Recipient and the Association ("Original Financing Agreement"), the Association extended to the Recipient a grant in an amount equivalent to two million six hundred thousand Special Drawing Rights (SDR 2,600,000) ("Grant") and a credit in an amount equivalent to four million one hundred thousand Special Drawing Rights (SDR 4,100,000) ("Credit") (the Grant and Credit, collectively referred to as the "Financing"), to assist in financing the project described in Schedule I to said Agreement ("Original Project"), on the terms and conditions set out in said agreement;

(B) pursuant to a Global Environment Facility ("GEF") Grant Agreement of same date between the Recipient and the International Bank for Reconstruction and Development ("World Bank"), acting as an Implementing Agency of the GEF ("GEF Grant Agreement"), the World Bank extended to the Recipient a grant (GEF Grant Number TF018607) in an amount equal to one million three hundred seventy thousand Dollars ($1,370,000) ("GEF Grant") to assist in the financing of the Original Project, on the terms and conditions set out in said agreement; and

(C) the Recipient has requested the Association and the World Bank to agree to restructure the Original Project in order to (1) right-size the Disbursement-Linked Indicator (DLI) budget envelope; and (2) prioritize activities to improve Project performance and alignment with the Recipient's strategic and sector priorities; all so as to facilitate the achievement of the Original Project's objectives; and

WHEREAS the Association and the World Bank are willing, on the basis, inter alia, of the foregoing, to proceed with said restructuring on terms and conditions to be agreed with the Recipient, by amending, respectively: (1) the Original Financing Agreement (said agreement, as so amended, referred to as "Amended and Restated IDA Financing Agreement"); and (2) the GEF Grant Agreement.

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement, to read as one consolidated text as follows (variously, "Agreement" and "Amended and Restated Financing Agreement"): 
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 has agreed 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 two million six hundred thousand Special Drawing Rights (SDR 2,600,000) (“Grant”), of which the Recipient hereby agrees to cancel an amount equivalent to one million two hundred seventy thousand Special Drawing Rights (SDR 1,270,000); and

(b) an amount equivalent to four million one hundred thousand Special Drawing Rights (SDR 4,100,000) (“Credit”), of which the Recipient hereby agrees to cancel an amount equivalent to one million two hundred seventy thousand Special Drawing Rights (SDR 1,270,000).

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 May 1 and November 1 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 Fisheries and Marine Resources 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Fisheries Management Act has been amended, suspended, abrogated, repealed or waived in a manner that is not compatible with international law, specifically the United Nations Convention on the Law of the Sea, or in a manner that would affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS OF AMENDED AND RESTATED FINANCING AGREEMENT

5.01. This Amended and Restated Financing Agreement shall enter into effect on the later of the following dates ("Amendment Effective Date"): 

(a) the date as of which this Amended and Restated Financing Agreement has been executed by both parties hereto; and 

(b) the date as of which the GEF Grant Agreement has been amended as described in the Preamble hereto and executed on behalf of both parties thereto.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister of Finance.

6.02. The Recipient’s Address is:

Ministry of Finance
P.O. Box 26
Honiara, Solomon Islands

Facsimile: +677 27855
6.03. The Association’s Address is:

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

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

AGREED at Honiara, Solomon Islands, as of the day and
year first above written.

SOLOMON ISLANDS

By: ________________________________
Authorized Representative

Name: Hon Manasseh D. Sogavare
Title: Minister of Finance and Treasury

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: ________________________________
Authorized Representative

Name: MICHEL KEEF
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the shared management of selected Pacific island oceanic and coastal fisheries, and the critical habitats upon which they depend.

The Project constitutes the first phase of the Pacific Islands Regional Oceanscape Program, and consists of the following parts:

Part 1. Sustainable Management of Oceanic Fisheries

Carrying out a program of activities aimed at strengthening MFMR's capacity to manage the Recipient's shared tuna fisheries sustainably, such program to comprise:

(a) design, construction and equipping of a fisheries enforcement center at Noro;

(b) development of an electronic monitoring system to monitor fish catch by long line vessels, including design, supply and installation of equipment in long line vessels; training in the usage of the equipment; and related advisory services; and

(c) strengthening of the Recipient's compliance officer and observer training programs, through the of technical assistance, including training, and goods required for the purpose.

Part 2. Sustainable Management of Coastal Fisheries

Carrying out a program of activities designed to enable MFMR to sustainably manage defined coastal fisheries, such program to comprise:

(a) implementation of a nationwide frame survey to develop a baseline study of the coastal fisheries;

(b) carrying out of assessments of coastal fisheries resources and environmental risk assessments of coastal fisheries; and

(c) development and implementation of management plans for key fisheries species, and provision of technical assistance to: (i) review coastal fisheries regulations and assist government to develop and implement fisheries ordinances in line with the Fisheries Management Act; and (ii) monitor said management plans.
Part 3. National Program Management, Monitoring and Evaluation

Carrying out a program of activities designed to strengthen MFMR's capacity for Project management and implementation, including for financial and procurement management, monitoring and evaluation and safeguards oversight.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Ministry of Fisheries and Marine Resources

   (a) To ensure proper and efficient implementation of the Project, the Recipient shall, throughout Project implementation, vest in the MFMR overall responsibility for implementation of the Project, including financial and procurement management, and shall ensure that MFMR has adequate resources, including qualified staff in adequate numbers, required for the purpose.

   (b) To this end, the Recipient shall not later than two (2) months following the Amendment Effective Date, and thereafter, throughout Project implementation, maintain within MFMR the following persons whose qualifications, experience and terms of reference shall be satisfactory to the Association:

      (i) a national Project coordinator to be responsible for, inter alia, overseeing implementation and monitoring of the Project, and managing all contracts financed under the Project;

      (ii) a financial management specialist;

      (iii) a procurement officer; and

      (iv) a safeguards specialist.

2. Service Agreement

   In light of the Project restructuring under this Amended and Restated Financing Agreement, the service agreement entered into between the Recipient and FFA pursuant to the Original Financing Agreement is no longer required for Project implementation. Consequently, the Recipient shall:

   (a) take all measures necessary to enable the independent verification agent appointed by FFA, to complete its independent verification of, and report to FFA and the Association on, the status of achievement of all DLI Targets through the DLI Period 2018 in accordance with the verification protocol and procedures set out in the Program Operations Manual for the Original Project; and
take all action required on its part to ensure that, not later than one (1) month after the final disbursement under Category (2) of the table in Section IV.A.2 of Schedule 2 to this Amended and Restated Financing Agreement, said service agreement is duly terminated by agreement with FFA.

B. Program Operations Manual

1. The Recipient shall by not later than two (2) months after the Amendment Effective Date revise its program operations manual adopted for the Original Project, in form and substance acceptable to the Association, to ensure the proper execution of the Project as restructured in accordance with this Amended and Restated Financing Agreement, said manual to set forth the detailed arrangements and procedures for: (a) day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement processing procedures including the decision-making process; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project ("Program Operations Manual" or "POM").

2. The Recipient shall carry out the Project in accordance with the POM, as revised in accordance with paragraph 1 of this Section I.B; and except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM, or any provision thereof.

3. In the event of a conflict between the provisions of the POM on the one hand, and those of this Agreement on the other hand, the provisions of this Agreement shall prevail.

C. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association not later than October 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, a consolidated annual work Plan and budget containing all Project activities and expenditures, proposed to be included in the Project during the Recipient's following fiscal year, including a specification of the source or sources of financing for all said expenditures (including in particular those expenditures to be financed out of the proceeds of the Financing and those to be financed out of the proceeds of the GEF Grant), the environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.E of this Schedule, and the updated Procurement Plan for said next following fiscal year.
2. The Recipient shall implement the Project in accordance with the annual work plan and budget accepted by the Association ("Annual Work Plan and Budget") 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.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plan and Budget without the Association’s prior no-objection in writing.

D. Anti-Corruption

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

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 Process Framework.

2. Whenever an ESMP shall be required for any proposed Project activity in accordance with the provisions of the ESMF, as the case may be, the Recipient shall ensure that:

   (a) prior to the commencement of such activity, such ESMP is: (i) prepared in accordance with the provisions of the ESMF (including the Process Framework); (ii) furnished to the Association for review and no-objection; 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 ESMP.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF (including the Process Framework) or any ESMP, unless the Association has provided its prior no-objection thereto in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instrument.

4. The Recipient shall ensure that all terms of reference for any technical assistance or studies carried out under the Project shall be consistent with the Association’s environmental and social safeguards policies, as well as the Recipient’s laws relating to the environment and social aspects, and 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.
5. The Recipient shall ensure that:

(a) all monitoring, control and surveillance activities carried out by the Recipient shall be under the control of a civilian fisheries officer or another civilian agency of the Recipient acceptable to the Association, and shall be carried out under terms of reference limited to fisheries surveillance;

(b) each surveillance mission carried out by the Recipient shall be: (i) governed by detailed protocols prepared in accordance with terms of reference satisfactory to the Association, requiring that such missions be: (ii) under the operational command or authority of a civilian fisheries officer; (iii) conducted during a specific time period that is duly recorded and documented; and (iv) conducted by personnel who have been properly trained in the operation of any equipment used in the surveillance mission;

(c) where a patrol or surveillance mission has multiple tasks: (i) accounts are maintained in a manner acceptable to the Association which demonstrate that the Financing has been used for the exclusive purpose of financing fisheries surveillance activities; and (ii) the Association is granted access to such accounts;

(d) all goods, works, services and operating costs for fisheries monitoring, control and surveillance and related activities financed out of the proceeds of the Financing are used for the sole purpose of enforcing the fisheries laws and regulations and shall not be used for any military purpose, or for enforcement of other non-fisheries laws; and

(e) all fisheries monitoring, control and surveillance and related enforcement activities carried out under the Project shall be compatible with international law, and specifically, with Article 73 of the United Nations Convention Law of the Sea Treaty (UNCLOS), that: (i) any foreign vessels and crew arrested in the Recipient's exclusive economic zone shall be immediately released upon posting a reasonable bond or other security; (ii) penalties imposed by the Recipient for violations of fisheries laws and regulations may not include imprisonment; and (iii) in cases of arrest or detention of foreign vessels, the Recipient shall promptly notify the flag state of the action taken and of any penalties subsequently imposed.

6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the ESMF (including the Process Framework) and the provisions of paragraphs 4 and 5 of this Section I.E; and (b) prepare quarterly reports and furnish the same to the Association, as part of the Project Reports, on the results of such monitoring activities, giving details of:
(i) measures taken in furtherance of the ESMF (including the Process Framework), any such ESMP and said paragraphs;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF (including the Process Framework), of any such ESMP or said paragraphs; and

(iii) remedial measures taken or required to be taken to address such conditions.

7. In the event of any conflict between the provisions of the ESMF (including the Process Framework) or an ESMP, 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 set forth in the Program Operations Manual. Each Project Report shall cover the period of one (1) calendar semester, 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. Mid-term Review

The Recipient shall: (a) not later than February 15, 2019 (or such other date as the Association may agree), 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 objective, 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 (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 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 nine (9) 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 Annex 1 to this Schedule 2; (b) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (c) Force Account; (d) Direct Contracting; and (e) Shopping.

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) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) 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.

Section IV. **Cancellation; 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: (a) the categories: (i) of Eligible Expenditures that may be financed out of the proceeds of the Financing; and (ii) of amounts of the
Credit and Grant cancelled in accordance with this Amended and Restated Financing Agreement ("Category"); (b) the allocations of the amounts of the Credit and of the Grant to each Category; and (c) the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services and Incremental Operating Costs for Parts 1 and 3 of the Project</td>
<td>2,275,800</td>
<td>1,151,100</td>
<td>100%</td>
</tr>
<tr>
<td>(2) DLI Expenditures under Part 1(a) of the Original Project for the DLI Periods 2015, 2016, 2017 and 2018</td>
<td>554,200</td>
<td>178,900</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Cancelled amounts</td>
<td>1,270,000</td>
<td>1,270,000</td>
<td>--</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,100,000</td>
<td>2,600,000</td>
<td></td>
</tr>
</tbody>
</table>

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 January 29, 2015, except that withdrawals up to an aggregate amount not to exceed SDR 100,000 equivalent may be made for payments made prior to this date but on or after November 1, 2014, for Eligible Expenditures under Category (1); or

   (b) for DLI Expenditures under Category (2) until and unless the Recipient shall have: (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including submission to the Association of the applicable statements of expenditure evidencing the incurrence of eligible DLI Expenditures during the respective DLI Period for which payment is requested; and (ii) furnished evidence satisfactory to the
Association, in accordance with the verification protocol set out in Annex 2 to Schedule 2 to the Original Financing Agreement, that the DLI Target for the respective DLI Period for which payment is requested has been achieved.

2. Withdrawals under Category (2) shall not exceed the lesser of: (a) the DLI Value allocated to each DLI Target achieved during the respective DLI Period; and (b) the amount of DLI Expenditures actually incurred during the DLI Period for which payment is requested.

3. Notwithstanding the provisions of Parts A and B.1 of this Section, the amount of the Financing to be withdrawn upon the verified achievement of any DLI Target shall correspond to the DLI Value of such DLI Target as set forth in Annex 2 to this Schedule 2 to the Original Financing Agreement.

4. Notwithstanding the provisions of Part B.1 (b) of this Section, the Recipient may withdraw as an advance under Category (2) an amount not to exceed the total amount of the DLI Values against the DLI Targets which are set to be achieved during a given DLI Period; provided, however, that if any of the DLI Targets for such period, in the opinion of the Association, are not achieved or are only partially achieved by the relevant DLI Target Achievement Date, then: (a) the amount of the advance for any subsequent DLI Period shall be reduced by an amount corresponding to the amount of the DLI Value(s) (or portion of such amount as applicable) of the unachieved or partially unachieved DLI Target(s); or (b) in the case any DLI Target(s) remaining unachieved or partially unachieved after the Closing Date, the Recipient shall refund to the Association the amount of the advance corresponding to the amount of the DLI Value(s) (or portion of such amount as applicable) of the unachieved or partially unachieved DLI Target(s), promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded.

5. Notwithstanding the provisions of Part B.1 (b) of this Section, if the Association shall determine, based on the evidence furnished by the Recipient under paragraph 1 of this Part B, that any DLI Target has not been achieved by its DLI Target Achievement Date, the Association may in its sole discretion, by notice to the Recipient: (a) withhold in whole or in part the amount of the Financing allocated to such DLI Target; (b) disburse in whole or in part the amount of the Financing allocated to such DLI Target at any later time if and when such DLI Target is actually completed, to the extent that such completion remains feasible at a later time; (c) reallocate in whole or in part any withheld amount of the Financing allocated to such DLI Target; and/or (d) cancel in whole or in part any withheld amount of the Financing allocated to such DLI Target.
6. For purposes of this Section IV, the following terms have the meanings ascribed to them in the Original Financing Agreement: “DLI”, “DLI Expenditures”, “DLI Period”, “DLI Target”, “DLI Target Achievement Date” and “DLI Value”.

Additional Procedures for National Competitive Bidding

The procedures to be followed for National Competitive Bidding shall be those set forth in the provisions on competitive bidding in Chapter 7 (Supply Chain Management) (July 2010) of the Financial Instructions of the Recipient's Ministry of Finance and Treasury, with the modifications set forth below in order to ensure economy, efficiency and transparency and broad consistency with the provisions of Section I of the Procurement Guidelines, as required by paragraph 3.3 and 3.4 of the Procurement Guidelines.

1. **Eligibility**

   The eligibility of bidders 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 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.

2. **Registration**

   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 a reasonable opportunity to register, 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.

3. **Advertising; Time for Bid Preparation**

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

4. **Standard Bidding Documents**

   Standard Bidding Documents, acceptable to the Association, shall be used.
5. **Qualification Criteria**

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 merit 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.

6. **Bid Submission, Bid Opening and Bid Evaluation**

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.

(a) All bidding for goods and works shall be carried out through a one-envelope procedure.

(b) 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.

(c) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted.

(d) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(e) 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.

(f) A copy of the minutes of the public bid opening shall be promptly provided to all bidders, and to the Association with respect to contracts subject to prior review.

7. **Rejection of All Bids and Re-Bidding**

Neither shall all bids be rejected nor new bids solicited without the Association’s prior written concurrence.
8. **Extension of the Validity of Bids**

   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.

9. **Complaints by Bidders and Handling of Complaints**

   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.

10. **Fraud and Corruption**

    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.

11. **Right to Inspect/ Audit**

    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 to such provision may amount to obstructive practice.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1:</td>
<td></td>
</tr>
<tr>
<td>commencing May 1, 2025 to and including November 1, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing May 1, 2035 to and including November 1, 2054</td>
<td>2%</td>
</tr>
</tbody>
</table>

* 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. “Annual Work Plan and Budget” means each annual work plan, together with the related budget and updated procurement plan, for the Project accepted by the Association pursuant to the provisions of Section I.C 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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “Displaced Person” 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.

6. “Environmental and Social Management Framework” and the acronym “ESMF” means the Recipient’s framework dated October 2014, as updated on September 5 2018, 2018 and disclosed in-country and on the World Bank’s website, 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, as said framework 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 framework.

7. “Environmental and Social Management Plan” and the acronym “ESMP” means a plan, to be prepared or caused to be prepared by the Recipient pursuant to Section I.E of Schedule 2 to this Agreement and agreed with the Association in accordance with the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of Project activities, offset them, reduce them, or enhance
positive impacts, as the same may be modified from time to time in accordance with said Section I.E, and such term includes any annexes or schedules to such plan; and “Environmental and Social Management Plans” means more than one such plan.


9. “Fisheries Management Act” means the Recipient’s Act no. 6 of 1998 which makes provision for the proper management and development of fisheries in the Recipient’s territory.


11. “Incremental Operating Costs” means reasonable expenditures directly related to the Project (which expenditures would not have been incurred absent the Project), based on an annual budget for such costs approved ex-ante in writing by the Association, including expenditures for consumable materials, office supplies, communications services (including postage handling, telephone and internet costs), publication services, translation services, office space rental and utilities, maintenance of office equipment and operation, travel-related expenses for Project staff but excluding salaries, bonuses, fees and honoraria of members of the Recipient’s civil service.

12. “Ministry of Fisheries and Marine Resources” and the acronym “MFMR” each means the Recipient’s ministry responsible for fisheries and marine resources, and any successor thereto.

13. “Original Financing Agreement” has the meaning ascribed to it in the Preamble to this Agreement.

14. “Original Project” has the meaning ascribed to it in the Preamble to this Agreement.

15. “Pacific Islands Regional Oceanscape Program” means a regional fisheries development program comprising a series of projects, including the Project, that are designed with a common objective, component design and results framework and implemented over a multi-year period by the Recipient and the Participating Countries.

16. “Participating Countries” means collectively, the following countries: Federated States of Micronesia, Republic of the Marshall Islands, Solomon Islands and Tuvalu.
17. "Process Framework" means the framework included in the ESMF, setting out the mechanisms through which Displaced Persons living in and around protected areas will participate in determining any restrictions of access to natural resources, the assessment of the impact of any such restrictions, the determination of remedial measures to redress those impacts, and the resolution of any grievances, as well as the definition and implementation of a monitoring program to assess the adequacy of any remedial measures; as said framework may be modified from time to time in accordance with the provisions of Section I.E of Schedule 2 to this Agreement; and such term includes any schedules or annexes to such framework.


19. "Procurement Plan" means the Recipient's procurement plan for the Project, dated 4 October 2018 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1d.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. "Program Operations Manual" and the acronym "POM" each means the manual referred to in Section I.B of Schedule 2 to this Agreement.

21. "Training and Workshops" means the reasonable costs, which shall have been agreed by the Association, associated with the training and workshop participation of personnel involved in carrying out the Project, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation.

22. "United Nations Convention Law of the Sea Treaty" or "UNCLOS" means the international treaty which came into force on November 16, 1994, and provides a regulatory framework for the use of the world's seas and oceans, \textit{inter alia}, to ensure the conservation and equitable usage of resources and the marine environment and to ensure the protection and preservation of the living resources of the sea.