Financing Agreement

(Agriculture and Fisheries Cyclone Response Project)

between

INDEPENDENT STATE OF SAMOA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 1, 2013
FINANCING AGREEMENT

AGREEMENT dated November 1, 2013, entered into between INDEPENDENT STATE OF SAMOA ("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 in an amount equivalent to three million three hundred thousand Special Drawing Rights (SDR 3,300,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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 Payment Dates are February 15 and August 15 in each year.

2.05. The Payment Currency is Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Agriculture and Fisheries 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—TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient’s Address is:

Ministry of Finance
Private Bag
Apia, Independent State of Samoa

Facsimile:
+68521312

5.03. 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

Washington, D.C.
AGREED at SYDNEY, AUSTRALIA as of the day and year first above written.

INDEPENDENT STATE OF SAMOA

By

Authorized Representative

Name: Lemalu Samu Taiti Simi
Title: High Commissioner

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Franz R. Drees-Gross
Title: Country Director, EACNF
SCHEDULE 1

Project Description

The development objective of the Project is to provide recovery assistance to cyclone-affected farmers and fishers through vouchers and grants with the aim of restoring their lost production capacity, and to enhance preparedness of the agricultural sector to better respond to future disasters.

The Project consists of the following parts:

Part 1. Cyclone Recovery for Subsistence Farmers and Fishers

Carrying out a program of activities aimed at restoring production capacity of cyclone affected subsistence farmers and fishers including: (i) issuing Vouchers to subsistence farmers for purchase of eligible farm items; and (ii) issuing Vouchers to subsistence fishers for purchase of eligible fishing equipment and/or farm items.

Part 2. Cyclone Recovery for Commercial Farmers and Fishers

Carrying out a program of activities aimed at restoring production capacity of cyclone affected commercial farmers and fishers, including: (i) providing Recovery Grants to commercial farmers to assist in restoration of farm equipment and infrastructure lost or damaged due to the cyclone; and (ii) providing Recovery Grants to commercial farmers involved in aquaculture to assist in restoration of the equipment or infrastructure damaged due to the cyclone.

Part 3. Restoration of MAF Facilities and Strengthening the Agricultural Sector’s Capacity for Disaster Preparedness and Response

Carrying out a program of activities aimed at: (i) supporting the repair of essential MAF facilities, damaged during the cyclone; (ii) establishing systems for the regular collection and updating of agricultural production information; (iii) development of a standard methodology for collection and analysis of damage and loss data for the agricultural sector; and (iv) strengthening capacities of farmers and sector institutions in disaster preparedness and response.

Part 4. Project Coordination and Management

Implementation and management of the Project including: (i) provision of technical assistance, necessary for coordination and implementation of the Project; (ii) procurement of vehicles and provision of adequate work facilities for MAF; (ii) design and implementation of a MIS system for the Voucher Program and Recovery Grant Scheme and enhancing MAF’s monitoring and evaluation systems to track implementation progress and results.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall establish, by not later than three months after the Effective Date, and thereafter maintain throughout the period of Project implementation:

   (i) A Project steering committee, assigned with such functions, powers, resources and competencies, satisfactory to the Association, as shall be required, inter alia, for the overall guidance and general oversight of the Project implementation and reviewing annual work programs.

   (ii) A MAF executive management team, headed by chief executive officer and assisted by all divisional assistant chief executive officers, the AFCRP Project manager and the SACEP Project coordinator, assigned with such powers, resources and competencies, satisfactory to the Association, as shall be required for implementation of the Project.

   (iii) A Project management unit within the MAF headed by the Project manager and responsible for coordination of all project activities including, inter alia, management of the Voucher Program and monitoring the development impact of the Project.

   (iv) A Grant steering committee headed by the Project manager, comprising of representatives from MAF, MOF and SBEC, responsible for the implementation of the Recovery Grants under Part 2 of the Project.

B. Voucher Program

1. The Recipient shall maintain and implement the Voucher Program in accordance with eligibility criteria and procedures acceptable to the Association, as further detailed in the Project Implementation Manual.

2. The Recipient, through MOF and MAF, shall within one (1) month after the Effective Date, enter into a Memorandum of Understanding with each respective supplier participating in the Voucher Program, on terms and conditions acceptable to the Association.

C. Recovery Grant Scheme

The Recipient shall (i) make Recovery Grants under Part 2 of the Project, to Beneficiaries and in accordance with eligibility criteria and procedures
acceptable to the Association, as further detailed in the Project Implementation Manual; and (ii) ensure that such Recovery Grants are implemented in accordance with the Project Implementation Manual.

D. Anti-Corruption

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

E. Project Implementation Manual and Safeguards.

1. The Recipient shall, prior to any disbursements under Categories (2) and (3), prepare and adopt the Project Implementation Manual, in form and substance acceptable to the Association.

2. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Project Implementation Manual and the Safeguards Documents.

3. The Recipient shall ensure that all plans prepared in accordance with the Safeguard Documents are implemented in accordance with their terms.

4. The Recipient shall not amend the Project Implementation Manual or the Safeguard Documents without the prior written approval of the Association.

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 agreed with the Association and set forth in the Project Implementation Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. Without limitation to the provisions of paragraph (a) above the Recipient shall furnish to the Association no later than three (3) months after the Effectiveness Date and by September 30 of each year thereafter throughout the Implementation of the Project, an annual work plan and corresponding budget for each Part of the Project, satisfactory to the Association.

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. Without limitation on the provisions of Part A of this Section, 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 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, the provisions of this Section and the provisions of the Annex to this Agreement.

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. The Procurement Plan shall specify the circumstances under which such methods may be used: (a) National Competitive Bidding, with the additional procedures set forth in the Annex to this Schedule; (b) Shopping; (c) Direct Contracting;
(d) Force Account; (e) Community Participation procedures which have been found acceptable to the Association as are set forth in the Project Implementation Manual.

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. The Procurement Plan shall specify the circumstances under which such methods may be used: (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. 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 them Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing 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,</td>
<td>1,080,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs for Parts 3 and 4 of the project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Subsistence farmer grants and subsistence fisher grants under Part</td>
<td>2,030,000</td>
<td>100%</td>
</tr>
<tr>
<td>1 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Commercial farmer grants and commercial fisher grants under Part 2</td>
<td>190,000</td>
<td>100%</td>
</tr>
<tr>
<td>of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,300,000</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 the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 660,000 equivalent may be made for payments made prior to this date but on or after December 13, 2012 for Eligible Expenditures under Category 1;

   (b) under Category 2 unless:

      (i) the Recipient has hired Payment System Operator for implementation of the Voucher program on terms acceptable to the Association;

      (ii) the Recipient has certified in writing that the piloting of the payment system has been successful; and
(iii) the Recipient has adopted the Project Implementation Manual in accordance with Section I.E.1 of Schedule 2 to this Agreement;

(c) under Category (3), unless, the Recipient has adopted the Project Implementation Manual in accordance with Section I.E.1 of Schedule 2 to this Agreement.

2. The Closing Date is December 31, 2015
ANNEX TO SCHEDULE 2
Additional Procedures for National Competitive Bidding

The procurement procedure to be followed for National Competitive Bidding shall be the Open Competitive Bidding procedure (public tendering) set forth in the Guidelines for Government Procurement and Contracting: Goods and Works (GWG), dated June 2008, 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 to bid shall be advertised in at least one newspaper of national circulation or the official gazette, or on a widely used website or electronic portal with free national and international access. Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid 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 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 Recipient, 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 goods and works shall be carried out through a one-envelope procedure. Bids shall be opened in public, immediately after the deadline for submission of bids. 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. 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.

7. In the procurement of goods and works where pre-qualification is not used, the qualification 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.

8. No bids shall be rejected on the basis of comparison with the cost estimates without the Association’s prior written concurrence.

Rejection of All Bids and Re-bidding

9. 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

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

Fraud and Corruption

11. 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.

**Inspection and Audit Rights**

12. 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**

13. 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. "AFCRP" means this Agriculture and Fisheries Cyclone Response Project.


3. "Beneficiary" or "Beneficiaries" means one or several eligible Subsistence or Commercial Farmers and/or Fishers, in the Recipient’s territory, who meet the criteria, established in the Project Implementation Manual and has or have received or is or are to receive the Recovery Grant(s).

4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. "Commercial Farmer/Fisher" means a farmer/isher that produces primarily for sale and is identified by MAF as such during the beneficiary identification process.

7. "Environmental and Social Management Framework" means the Recipient’s framework for the Project dated August 22, 2013, setting forth mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be amended from time to time with the prior written agreement of the Association.


9. "Integrated Pest Management Plan" means the Recipient’s integrated pest management plan for the Samoa Agriculture Competitiveness Enhancement Project dated December 2, 2011, setting out the measures to be taken for the development and implementation of integrated pest management and safe handling of pesticides in the course of Project implementation, as the same may be modified from time to time with the prior written agreement of the Association.
10. “MAF” means the Recipient’s Ministry of Agriculture and Fisheries, or any successor thereto.

11. “MIS” means the management information system of MAF designed to store monitoring and evaluation data related to the Recipient’s agriculture sector, including the Voucher Program and Recovery Grants.

12. “Memorandum of Understanding” or “MoU” means the memorandum of understanding between the MOF and MAF, on behalf of the Recipient, and suppliers participating under Part 1 of the Project.

13. “MOF” means the Recipient’s Ministry of Finance or any successor thereto.

14. “Operating Costs” means the recurrent operating costs, incurred by the Recipient on account of Project implementation, monitoring, evaluation, coordination and supervision, as approved by the Association based on the annual budgets acceptable to the Association, including: (i) operation and maintenance of vehicles, repairs, fuel and spare parts; (ii) equipment and computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies and equipment; (v) rent for office facilities; (vi) utilities and insurances; (vii) travel and per diem costs, including car hire, for technical staff carrying out training, supervisory, data collection and quality control activities; (viii) salaries of local Project administrative staff, but excluding salaries of the Recipient’s civil servants; (ix) costs for conducting meetings, including travel costs for meeting participants; (x) costs for piloting the payment system; and (xi) bank charges.

15. “Payment System Operator” means the service provider for the Voucher Program.

16. “Project Implementation Manual” means the manual to be prepared by the Recipient pursuant to Section I.E.1. of Schedule 2 to this Agreement outlining the processes to be followed by the agencies and institutions involved in the implementation of the project and which includes the detailed information on: (i) implementation arrangements and activities for the Project; (ii) fiduciary aspects (including, inter alia, provisions on procurement and financial management); (iii) safeguards; (iv) implementation arrangements for the Voucher Program and the Recovery Grant Scheme; (v) draft terms of reference; and (vi) monitoring and evaluation arrangements.

18. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated September 2, 2013 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. "Recovery Grant" means, non-reimbursable grant made or proposed to be made under Part 2 of the Project to a Beneficiary.

20. "Recovery Grant Scheme" means scheme under which Recovery Grants shall be made available to eligible Beneficiaries under Part 2 of the Project.

21. "SACEP" means the Samoa Agriculture Competitiveness Enhancement Project (IDA Credit Number 5089-WSO).


23. "SBEC" means the Recipient’s Small Business Enterprise Center.

24. "Subsistence Farmers/Fishers" means a farmer/fisher that does not produce primarily for sale and is identified by MAF as such during the beneficiary identification process.

25. "Training" means: (a) reasonable travel, room and per diem expenditures as incurred by trainers and trainees in connection with their training; (b) course fees; (c) training facility rentals and (d) training material preparation, acquisition, reproduction and distribution expenses.

26. "Voucher" means an instrument for transferring assistance to farmers as described under Schedule 1 Part 1 of this Agreement.

27. "Voucher Program" means the scheme to distribute Vouchers to subsistence farmers as described under Part 1 of the Project.