March 27, 2018

Hon. Manasseh D Sogavare, MP
Minister of Finance and Treasury
Ministry of Finance and Treasury
PO Box 26
Honiara
Solomon Islands

Dear Honorable Minister,

Solomon Islands: Community Benefit Sharing Pilot Project
JSDF Grant No. TF0A6839
Letter Agreement

In response to the request for financial assistance made on behalf of the Solomon Islands (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank” or “IBRD”), acting as administrator of grant funds provided by Japan (“Donor”) under the Japan Social Development Fund, proposes to extend to the Recipient, a grant in an amount not to exceed two million eight hundred thousand United States Dollars ($2,800,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Solomon Islands

-2-

March 27, 2018

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Michel Kerf
Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region

AGREED:

SOLOMON ISLANDS

By: [Signature]

Authorized Representative

Name: Hon. Manasseh Sogavare

Title: Minister of Finance and Treasury

Date: 10.04.18

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with Disbursement Guidelines for Investment Project Financing, dated February 2017

Cc: Pradip Verma, Chief Executive Officer, Solomon Islands Electricity Authority
Article I  
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement (including the cover letter to this Agreement and this Section) as follows:


(b) “Benefit Sharing Community” means the communities, villages, and hamlets selected in accordance with the eligibility criteria and procedures detailed in the Project Operations Manual, to be eligible for receiving benefits from the Tina River Hydropower Development Project through the Community Benefit Sharing Fund; and “Benefit Sharing Communities” means more than one Benefit Sharing Community.

(c) “Community Benefit Sharing Fund” means the fund to be established by the Recipient under Part 1 of the Project to facilitate the sharing of benefits from the Tina River Hydropower Development Project with Benefit Sharing Communities.


(e) “Environmental and Social Management Framework” or “ESMF” means the framework dated February 2017, prepared by the Recipient and acceptable to the World Bank, setting out screening, mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental and social impacts of Project activities, offset them, reduce them, or enhance positive impacts, including, *inter alia*, those related to natural habitats, chance cultural finds and land use procedures, as well as guidelines and procedures for the preparation and disclosure of Environmental and Social Management Plans, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such framework.

(f) “Environmental and Social Management Plan” means a plan, to be prepared or caused to be prepared by the Recipient and to be agreed with the World Bank in accordance with the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental or social impacts of Project activities, offset them, reduce them, or enhance positive impacts, as the same may be modified from time to time with the prior written...
agreement of the World Bank, and such term includes any annexes or schedules to such
plan; and "Environmental and Social Management Plans" means more than one such plan.
(g) "Ministry of Mines, Energy and Rural Electrification" means the Recipient’s
Ministry of Mines, Energy and Rural Electrification, or any successor thereto.

(h) "Operating Costs" means reasonable Project related incremental expenses incurred
by the Recipient on account of the implementation of the Project, including office rental
fees, equipment maintenance, office maintenance, administration costs, utilities, insurance
costs, communication, translation and interpretation, printing, procurement-related
advertising, office supplies, banking charges, Project related travel including per diem
accommodation and transportation, vehicle rental and fuel, postal fee, but excluding
salaries, fees, honoraria, bonuses, and any other supplements of officials and public
servants of the Recipient’s civil service.

(i) "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works
and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World

(j) "Procurement Plan" means the Recipient’s procurement plan for the Project, dated
March 21, 2017, as 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 by the Recipient in accordance with the provisions of said paragraphs.

(k) "Project Implementing Entity" means the Solomon Islands Electricity Authority,
as established by the Solomon Islands Electricity Act (CAP 128).

(l) "Project Office" means the office established under the Ministry of Mines, Energy
and Rural Electrification responsible for the overall management of the Tina River
Hydropower Development Project.

(m) "Project Operations Manual" means the Recipient’s manual referred to in Section
2.03.D of the Annex to this Agreement, in form and substance satisfactory to the World
Bank, containing detailed arrangements and procedures for the implementation of the
Project, including: (i) institutional coordination and day-to-day execution of the Project;
(ii) disbursement and financial management; (iii) procurement; (iv) environmental and
social safeguards management; (v) monitoring and evaluation, Project indicators, reporting
and communication; (vi) eligibility/prioritization criteria and selection procedures of
Benefit Sharing Communities and individuals in the Benefit Sharing Communities, as may
be relevant, to receive benefits under Parts 2 and 3 of the Project; and (vii) such other
administrative, financial, technical and organizational arrangements and procedures as
shall be required for the Project, as said manual may be modified from time to time with
the prior written no-objection of the World Bank.

(n) "Safeguards Instruments" means, collectively, the ESMF and the Environmental
and Social Management Plans.

(o) "Standard Conditions" means the "Standard Conditions for Grants Made by the

(p) "Sub-Grant" shall have the meaning ascribed to it in Section 2.03.C.1(a) of the
Annex to this Agreement.
(q) "Subsidiary Agreement" shall have the meaning ascribed to it in Section 2.03.C.1 of the Annex to this Agreement.

(r) "Tina River Hydropower Development Project" or "TRHDP" means the project defined in the TRHDP Preparation Grant Agreement.

(s) "Training" means the reasonable costs of training under the Project, based on the annual budgets approved by the World Bank, and attributable to seminars, workshops, and study tours, along with domestic and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

(t) "TRHDP Preparation Grant Agreement" means the agreement between the Recipient and the IDA, acting as administrator of grant funds provided by the Commonwealth of Australia under the Australia-Pacific Islands Partnership Trust Fund, for the Preparation of the Tina River Hydro Power Development Project, Grant No. TF0A1895, dated March 1, 2016, as amended.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to establish the institutional arrangements and capacity for Benefit Sharing Communities to manage a share of the revenues from a large-scale infrastructure investment project and improve their basic services and economic opportunities.

The Project consists of the following parts:

Part 1. Establishment of Community Benefit Sharing Fund and Community Capacity Building

Carrying out a program of activities to:

(a) support the development, establishment and operationalization of a Community Benefit Sharing Fund, including to facilitate active community and stakeholder consultations for inputs into the Community Benefit Sharing Fund’s arrangements; and

(b) support the development and delivery of capacity building programs and trainings for effective management and administration of the Community Benefit Sharing Fund as well as building of awareness in communities regarding the Community Benefit Sharing Fund’s arrangements.

Part 2. Improvement of Community Infrastructure

Carrying out a program of activities in the Benefit Sharing Communities to:

(a) repair existing, and/or install new, water supply systems; and

(b) extend the Project Implementing Entity’s electricity grid.
Part 3. Human Resource Development

Carrying out a program of activities designed to increase the capacity and readiness of individuals from Benefit Sharing Communities to undertake employment connected to the Tina River Hydropower Development Project.

Part 4. Project Management, Administration, Monitoring and Evaluation, and Knowledge Dissemination

Carrying out a program of activities designed to support and strengthen the capacity of the Recipient to undertake Project management activities including, but not limited to, monitoring and evaluation, reporting on Project activities, knowledge dissemination, procurement, accounting and financial management, Project audits, and administration.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts 1, 2(a), 3, and 4 of the Project through its Ministry of Mines, Energy and Rural Electrification, and cause Part 2(b) of the Project to be carried out by Project Implementing Entity, in accordance with the provisions of: (a) Article II of the Standard Conditions (amended for this purpose so as to provide that the Recipient’s obligations thereunder are also the Project Implementing Entity’s obligations for the execution of Part 2(b) of the Project); (b) Anti-Corruption Guidelines; and (c) this Article II.

2.03. Institutional and Other Arrangements.

A. Project Office

To ensure proper and efficient day to day implementation of the Project, the Recipient shall maintain until the Closing Date, the Project Office, with terms of reference, composition and resources satisfactory to the World Bank, to be responsible for day to day implementation of the Project, including procurement, financial management, safeguards implementation and monitoring, and monitoring and evaluation of the Project. To this end, the Recipient shall ensure that the Project Office shall have adequate resources and shall be staffed with qualified and experienced staff in adequate numbers satisfactory to the World Bank, such staff to include a benefit sharing coordinator, Project officer, finance officer, and sufficient specialists and support staff to efficiently implement the Project.

B. Safeguards

1. The Recipient shall, and shall cause the Project Implementing Entity to, carry out the Project in accordance with the Safeguards Instruments.

2. Whenever an Environmental and Social Management Plan shall be required for any proposed Project activity in accordance with the provisions of the ESMF, the Recipient shall ensure, and shall cause the Project Implementing Entity to ensure, that:

(a) prior to the commencement of such activity, such Environmental and Social Management Plan is: (i) prepared in accordance with the provisions of the ESMF; (ii) furnished to the World Bank for review and no-objection in accordance with the Project Operations Manual; and (iii) thereafter adopted and disclosed as accepted by the World Bank, in a manner satisfactory to the World Bank; and
(b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such Environmental and Social Management Plan.

3. The Recipient shall not, and shall ensure that the Project Implementing Entity shall not, amend, abrogate or waive, nor permit to be amended, abrogated or waived, any provisions of the Safeguards Instruments, unless the World Bank has provided its prior no-objection thereof in writing, and the Recipient or the Project Implementing Entity, as the case may be, has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that:

   (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with the World Bank's environmental and social safeguards policies, as well as the Recipient's laws relating to the environment and social aspects and the Safeguards Instruments; and

   (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies, laws and instruments.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, and shall ensure the Project Implementing Entity shall, collect, compile and submit to the World Bank on a six-monthly basis (or such other frequency as may be agreed with the World Bank) or promptly whenever the circumstances warrant, consolidated reports on the status of compliance with the Safeguards Instruments for both the Recipient and the Project Implementing Entity, giving details of:

   (a) measures taken in furtherance of the Safeguards Instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and

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

6. In the event of any conflict between the provisions of any of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Subsidiary Agreement

1. To facilitate the carrying out of Part 2(b) of the Project, the Recipient shall make part of the proceeds of the Grant available to Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank ("Subsidiary Agreement"), which shall include:

   (a) the Recipient shall make available to the Project Implementing Entity, on a non-reimbursable grant basis, the proceeds of the Grant allocated from time to time to Categories (4) and (6) in the table set forth in Section 3.01 of this Annex ("Sub-Grant");
the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to suspend or terminate the right of the Project Implementing Entity, to use the proceeds of the Sub-Grant, or require the Project Implementing Entity to refund of all or any part of the amount of the Sub-Grant then withdrawn, upon (i) the Project Implementing Entity’s failure to perform any of its obligations under the Subsidiary Agreement, or (ii) the World Bank exercising any of the remedies under Articles IV of the Standard Conditions, the Procurement Guidelines, the Consultants Guidelines and/or the Anti-Corruption Guidelines; and

the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including require the Project Implementing Entity to:

(i) declare its commitment to the objectives of the Project and carry out Part 2(b) of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of this Agreement, the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient, the Project Operations Manual and the Safeguards Instruments;

(ii) provide, promptly as needed, the funds, facilities, services and other resources required for the purpose of carrying out Part 2(b) of the Project;

(iii) procure the goods and works to be financed out of the proceeds of the Sub-Grant in accordance with the provisions of this Agreement;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate the progress of Part 2(b) of the Project and the achievement of its objectives, in accordance with indicators acceptable to the World Bank and set forth in the Project Operations Manual;

(v) prepare Project Reports for Part 2(b) of the Project in accordance with the provisions of Section 2.06 of the Standard Conditions, with each Project Report covering the period of one (1) calendar semester and furnished to the Recipient not later than two (2) weeks after the end of the period covered by such report, for incorporation into the overall Project Report and forwarding by the Recipient to the World Bank;

(vi) prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions, with the Completion Report furnished to the Recipient not later than three (3) months after the Closing Date, for incorporation into the overall Completion Report and forwarding by the Recipient to the World Bank;

(vii) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to Part 2(b) of the Project;
(viii) without limitation on the provisions of the foregoing sub-paragraph, prepare interim unaudited financial reports for Part 2(b) of the Project covering the semester, in form and substance satisfactory to the World Bank, and furnish to the Recipient for further consolidation by not later than twenty (20) days after the end of each calendar semester;

(ix) have its financial statements referred to in the above paragraph (vii) audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, with each audit of these financial statements covering the period of one (1) fiscal year of the Project Implementing Entity; furnished to the Recipient and the World Bank not later than six (6) months after the end of the period; and made publicly available in a timely fashion and in a manner acceptable to the World Bank;

(x) enable the Recipient and the World Bank to inspect Part 2(b) of the Project, its operation and any relevant records and documents; and

(xi) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Project Operations Manual

1. The Recipient shall, and shall cause the Project Implementing Entity to, carry out the Project in accordance with the Project Operations Manual.

2. The Recipient shall, and shall cause the Project Implementing Entity to, obtain from the World Bank written agreement prior to assigning, amending, abrogating, or waiving the Project Operations Manual, or any provision thereof, or permitting any entity participating in the Project to do so.

3. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank and set forth in the Project Operations Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than four (4) months after the Closing Date.
2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard 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 World Bank not later than six (6) months after the end of such period.

2.06. **Procurement.**

(a) **General.** All goods, works, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the Procurement Guidelines, in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the Procurement Plan.

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional procedures set out in Attachment I to this Annex; (B) Shopping; and (C) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection based on Consultants’ Qualifications; (C) Least-Cost Selection; (D) Single-source procedures for the Selection of Individual Consultants; (E) Selection of Individual Consultants; and (F) Single-source Selection of consulting firms.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants Services under Parts 1, 2(a), 3 and 4 of the Project</td>
<td>556,400</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training under Parts 1, 2(a), 3 and 4 of the Project</td>
<td>325,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods under Parts 1, 2(a), 3 and 4 of the Project</td>
<td>666,657</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods under Part 2(b) of the Project</td>
<td>732,455</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Works under Parts 1, 2(a), 3 and 4 of the Project</td>
<td>180,219</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Works under Part 2(b) of the Project</td>
<td>254,689</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Operating Costs under Parts 1, 2(a), 3 and 4 of the Project</td>
<td>84,080</td>
<td>100%</td>
</tr>
<tr>
<td><strong>(8) TOTAL AMOUNT</strong></td>
<td><strong>2,800,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, 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 two hundred thousand United States Dollars
($200,000) equivalent may be made for payments made prior to this date but on or after August 12, 2017, for Eligible Expenditures under Categories (2) and (7); or under Categories (4) or (6) unless and until the Subsidiary Agreement, in form and substance satisfactory to the World Bank, has been executed on behalf of the Recipient and the Project Implementing Entity.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2021.

**Article IV**

**Additional Remedies**

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Subsidiary Agreement.

(b) The Project Implementing Entity has failed to perform any obligation under the Subsidiary Agreement.

(c) At any time, the World Bank determines that any representative of the Project Implementing Entity, or any other recipient of any proceeds of the Grant has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Grant, without the Project Implementing Entity (or any other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

(d) IBRD or the International Development Association has suspended in whole or in part the right of the Project Implementing Entity to make withdrawals under any agreement with IBRD or IDA because of a failure by the Project Implementing Entity to perform any of its obligations under such agreement.

(e) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project can be carried out or that the Project Implementing Entity will be able to perform its obligations under the Subsidiary Agreement.

(f) The Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has, without the consent of the World Bank: (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Subsidiary Agreement; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Grant; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the World Bank: (A) do not materially and adversely affect the ability of the Project Implementing Entity (or any other entity) to perform any of its obligations arising under or entered into pursuant to the Subsidiary Agreement or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Project Implementing Entity (or such other entity).
(g) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project); (ii) the Project Implementing Entity (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of this Agreement; or (iii) in the opinion of the World Bank, the legal character, ownership or control of the Project Implementing Entity (or of any other entity responsible for implementing any part of the Project) has changed from that prevailing as of the date of this Agreement and/or the Subsidiary Agreement so as to materially and adversely affect the ability of the Recipient or of the Project Implementing Entity (or such other entity) to perform any of its obligations arising under or entered into pursuant to this Agreement and/or the Subsidiary Agreement, or to achieve the objectives of the Project.

(h) IBRD or IDA has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD or IDA that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

(i) The Solomon Islands Electricity Act (CAP 128), pursuant to which the Project Implementing Entity has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Subsidiary Agreement.

Article V
Recipient's Representative; Addresses

5.01. Recipient's Representative. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the minister at the time responsible for finance.

5.02. Recipient's Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Treasury
PO Box 26
Honiara.
Solomon Islands

Telex:
+677 22556
5.03. **World Bank's Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
ATTACHMENT 1 TO THE ANNEX

Special Procedures for National Competitive Bidding in Solomon Islands

The procedure to be followed for National Competitive Bidding shall be those set forth in the provisions on competitive bidding in the Interim Financial Instructions 2014, Chapter 7 (Supply Chain Management) issued by the Ministry of Finance 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 January 2011 and revised July 2014 (the Guidelines), as required by paragraphs 3.3 and 3.4 of the Guidelines.

Eligibility

1. The eligibility of bidders shall be defined under Section I of the World Bank’s Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank 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

2. 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

3. 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 shall be allowed except for commodities and small goods contract. Potential bidders shall be allowed to purchase bidding documents up to any time prior to the deadline for submission of bids.

Standard Bidding Documents

4. Standard Bidding Documents, acceptable to the World Bank, shall be used.

Qualification Criteria

5. 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

6. 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.

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

8. 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.

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

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

11. No bidder shall be rejected on the basis of a comparison with the employer’s estimate and budget ceiling without the World Bank’s prior concurrence.

12. A copy of the minutes of the public bid opening shall be promptly provided to all bidders, and to the World Bank with respect to contracts subject to prior review.

Rejection of All Bids and Re-Bidding

13. Neither shall all bids be rejected nor new bids solicited without the World Bank’s prior written concurrence.

Extension of the Validity of Bids

14. 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

15. 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

16. The World Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank, 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 World Bank.
Right to Inspect/Audit

17. Each bidding document and contract financed from the proceeds of a Grant shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the World Bank 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 World Bank. The deliberate and material violation by the bidder, supplier, contractor or subcontractor or such provision may amount to obstructive practice.